



PHNOM PENH WATER SUPPLY AUTHORITY



# FOURTH 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 analyze 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 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)23 635 08 08  
Fax: (855)23 625 07 07



E-mail:  
ir@ppwsa.com.kh

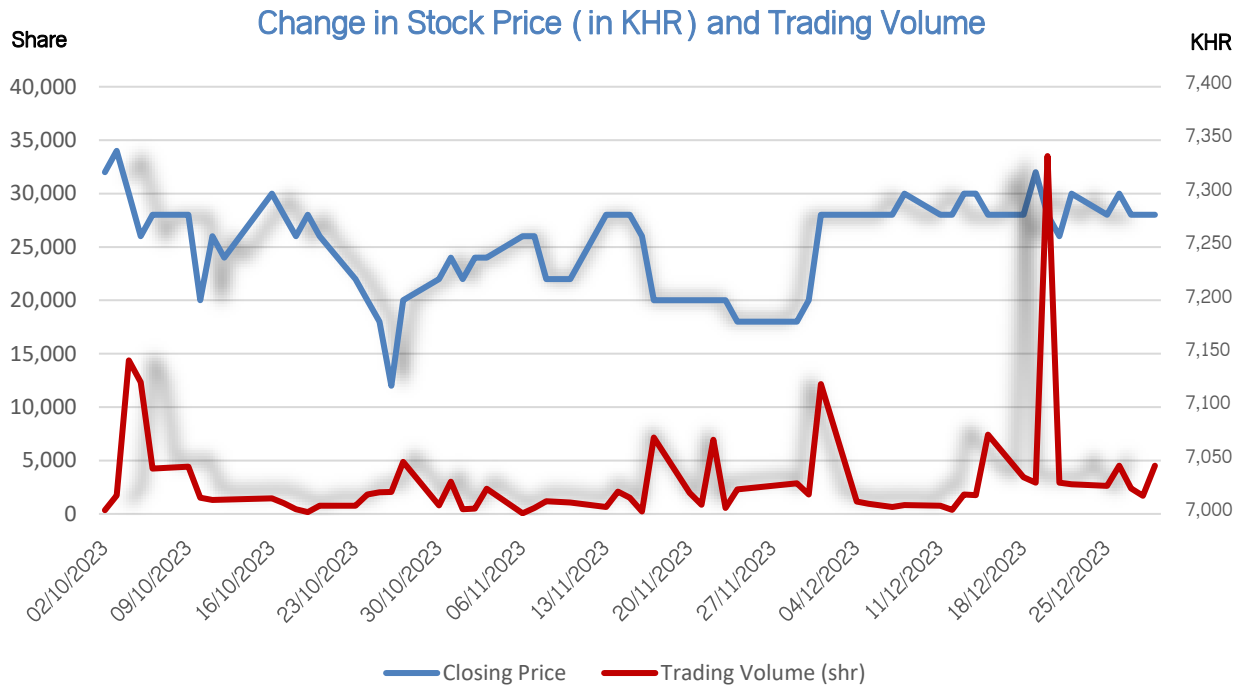


Gasket installation and checking alignment for installation

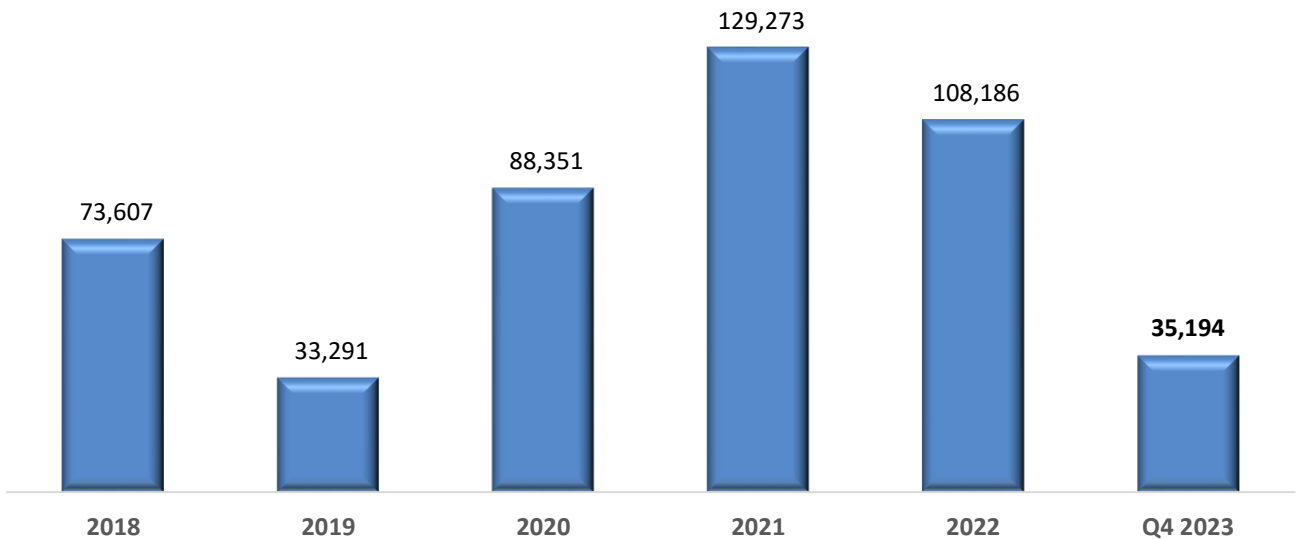
# FINANCIAL HIGHLIGHTS

Financial Position		Fourth Quarter of 2023	2022	2021
Total assets (KHR'000)		3,159,060,323	2,684,135,875	2,306,806,174
Total liabilities (KHR'000)		1,764,542,852	1,411,922,828	1,140,177,961
Total shareholders' equity (KHR'000)		1,394,517,471	1,272,213,047	1,166,628,213
Profit/(Loss)		Fourth Quarter of 2023	Fourth Quarter of 2022	Fourth Quarter of 2021
Total Revenue(KHR'000)		104,892,531	92,266,465	92,676,362
Profit/(Loss) before tax (KHR'000)		40,111,562	24,540,708	33,065,356
Profit/(Loss) after tax (KHR'000)		35,194,084	22,090,605	21,952,861
Total comprehensive income (KHR'000)		35,194,084	22,090,605	21,952,861
Financial Ratios		Fourth Quarter of 2023	2022	2021
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	2.67	2.21	1.65
	Quick Ratio(Times)	1.45	1.46	1.11
		Fourth Quarter of 2023	Fourth Quarter of 2022	Fourth Quarter of 2021
Profitabilities Ratio	Return on Assets (%)	1.14	0.84	0.97
	Return on Equity (%)	2.56	1.75	1.90
	Gross Profit margin (%)	37.39	25.88	31.31
	Profit Margin (%)	33.55	23.94	23.69
	Earning Per Share (KHR)	404.65	253.99	252.41
Interest Coverage Rario (Times)		44.98	24.25	30.04

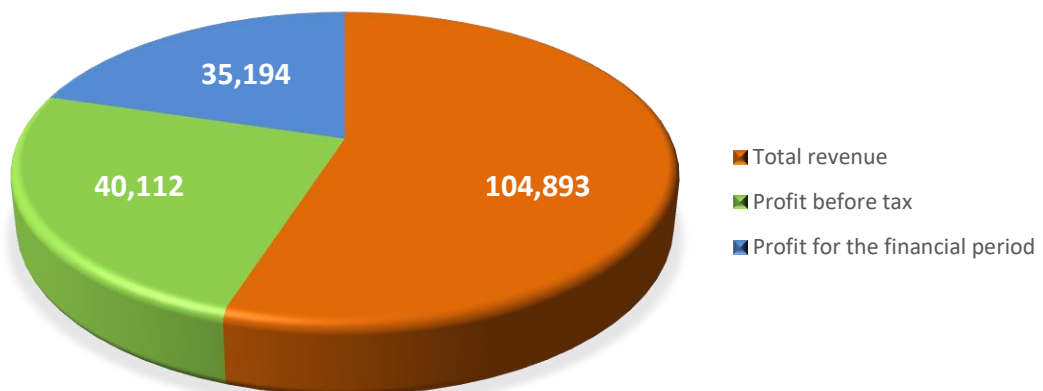
# FINANCIAL SUMMARY CHARTS



## PROFIT BY YEAR (in million KHR)



## PROFIT FOR FOURTH 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 4<sup>th</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 KHR104,892,531,000 and profit before tax of KHR40,111,562,000. Net income was KHR35,194,084,000 while the basic earnings per share was KHR404.65

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 4<sup>th</sup> quarter of 2023, we laid the mains and distribution pipes of 101,682.90 meters; produced 72,526,431m<sup>3</sup> of clean water; installed 11,412 new house connections, of which 2,239 connections were for the low-income whom we always care for; and NRW accounted for 10.36%.

## Performance of the Board of Directors

In the 4<sup>th</sup> quarter of 2023, the Board of Directors for mandate 8 held the 7<sup>th</sup> meeting on December 22, 2023 at 9:00 AM at the headquarter of PPWSA with the following agendas:

- 1) Request for approval on the Board meeting calendar in 2024

The Board approved the following the following dates for the Board meetings in 2024:

- March 15, 2024 is for the 1<sup>st</sup> quarter's meeting
- June 21, 2024 is for the 2<sup>nd</sup> quarter's meeting
- September 20, 2024 is for the 3<sup>rd</sup> quarter's meeting
- December 20, 2024 is for the 4<sup>th</sup> quarter's meeting

- 2) Request for discussion on the 2023 Board Performance Evaluation Report

The Board agreed to the 2023 Board Performance Evaluation Report.

- 3) Business Report 2023 (10 months actual and 2 months estimate) and Business Plan for the 1<sup>st</sup> quarter of 2024

The Board totally agreed to the Business Report 2023 (10 months actual and 2 months estimate) and Business Plan for the 1<sup>st</sup> quarter of 2024 as well as approved the request for extension of implementation schedule for the Project on Construction of Boeng Thom Water Treatment Plant and advised PPWSA carefully implement this project as scheduled.

- 4) Report on the Social Fund for the 4<sup>th</sup> quarter of 2023 and request for approval on 3 expenditure requests

The Board approved the report on Social Fund for the 4<sup>th</sup> quarter of 2023 and agreed to the 3 expenditure requests.

- 5) Procurement Report for the 4<sup>th</sup> quarter of 2023

The Board totally approved the Procurement Report for the 4<sup>th</sup> quarter of 2023.

- 6) Internal Audit Report for the 4<sup>th</sup> quarter of 2023

The Board acknowledged the report and also advised PPWSA to follow the recommendations raised.

- 7) Report on the construction of Boeng Thom Water Treatment Plant with production capacity of 6,000m<sup>3</sup>/day

The Board already acknowledged and approved in Agenda 3 above.

- 8) Report on the water supply to Borey Morn Dany

The Board acknowledged the report and requested H.E. NUON Pharat to intervene in creating more representative(s) of the residents living in Borey projects No. 14 and No. 22 to facilitate the collection of budget from the residents to be paid to PPWSA for investment costs in term of installation of the water distribution network at the above locations as well as urged the Borey Morn Dany to take responsibility for the investment cost for the installation of the water distribution network in Borey project 31.

- 9) Other

- a) Request for in-principle approval on an annual grant scheme for 5 postgraduate scholarships at Cambodia University of Technology and Science (CamTech)  
After detailed discussion and since such a request is not described in the Decision No.001 above, the Board approved a grant to the civil servants of Ministry of Industry, Science, Technology and Innovation for payment of 2-year tuition fee for only 5 master degree scholarships at CamTech University, worth a total of USD45,000 or USD22,500 per annum.

- b) Report on the power delegation for implementation of the external projects and updates on legal documents for bidding external projects by Water Sanitation Service Branch.



The Board acknowledged the report as well as authorised the Deputy Director General in charge of Water and Sanitation Service Branch to sign the contract with Kubota Construction Co., Ltd. and the documents relevant to the Project on Extension of Water Supply System in Svay Rieng province.

- c) Report on the dissemination of PPWSA statute to the management and employees of PPWSA

The Board acknowledged the report.

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 1<sup>st</sup> quarter of 2024, PPWSA plans to produce 75,206,950m<sup>3</sup> of clean water, expand 147,100 meters of additional distribution network, and total revenues of KHR111,698,845,000 with total expenses of KHR67,107,916,000 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, February 14, 2024

**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>1</b>
A- Identity of Phnom Penh Water Supply Authority	1
B- Nature of Business	1
<b>Part 2: Information on Business Operating Performance</b>	<b>2</b>
A-Business Operating Performance	2
B-Revenue Structure	4
<b>Part 3- Financial Statement reviewed by the external auditor</b>	<b>5</b>
<b>Part 4- Management’s Discussion and Analysis</b>	<b>7</b>
A- Overview of Operations	7
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. Identity 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 (WTP) in the fourth quarter of 2023:

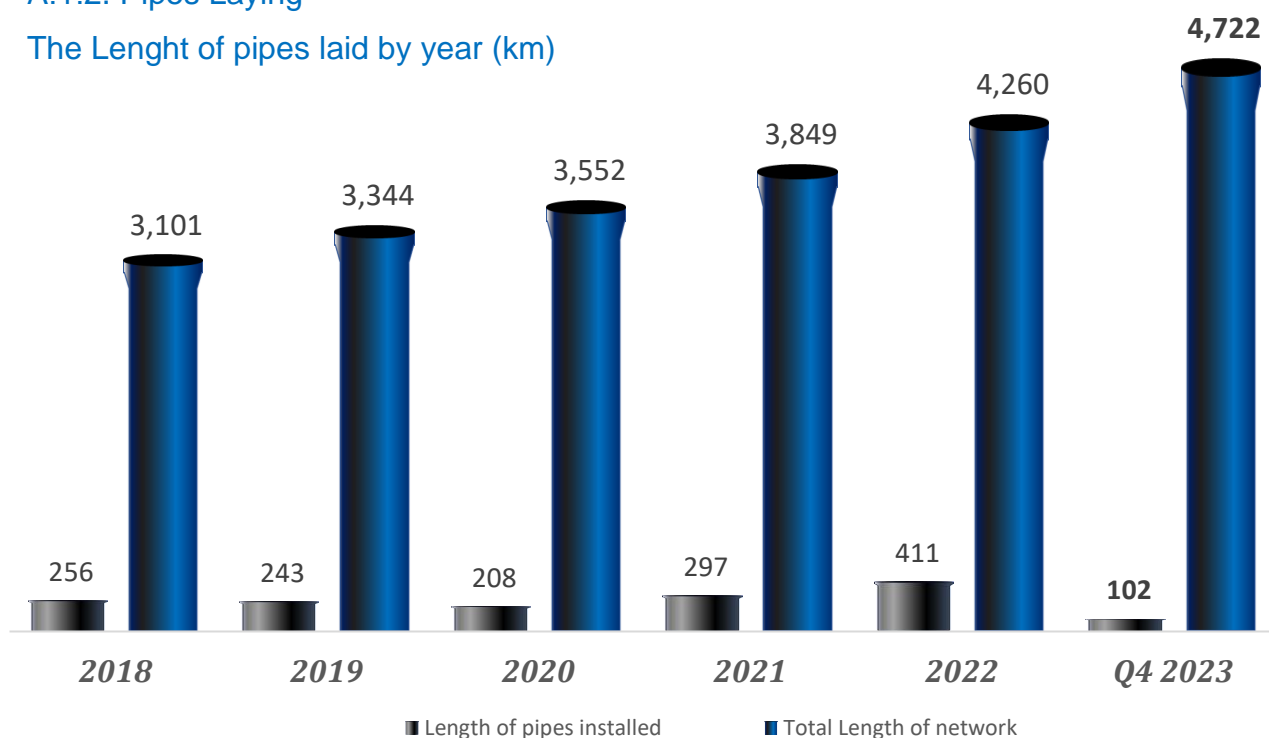
Description	Planned (m <sup>3</sup> )	Actual (m <sup>3</sup> )	Rate (%)
Phum Prek WTP	14,933,000	14,768,808	99
Chroy Changvar WTP	11,930,000	12,493,190	105
Chamkar Mon WTP	4,631,000	3,562,512	77
Nirodh WTP	24,005,000	23,790,980	99
Bakheng WTP	17,878,000	17,691,032	99
Mlech WTP	70,600	124,153	176
Tbong Khmom WTP	73,600	95,756	130
Beoung Thom WTP	458,900	-	-
<b>TOTAL</b>	<b><u>73,980,100</u></b>	<b><u>72,526,431</u></b>	<b><u>98</u></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	0.34	0.22	0.17	0.29	0.09	0.27	0.55	<b>0.31</b>
pH Value	pH	6.5-8.5	7.40	7.52	7.33	7.18	7.46	7.01	7.47	<b>7.31</b>
Free Available Chlorine	mg/l	0.1-1	1.55	1.21	0.97	1.37	1.03	1.47	1.11	<b>0.43</b>
Total Available Chlorine	mg/l	<2	1.77	1.35	1.14	1.54	1.15	1.62	1.26	<b>0.61</b>
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0	<b>0</b>
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0	<b>0</b>

##### A.1.2. Pipes Laying

The Length of pipes laid by year (km)



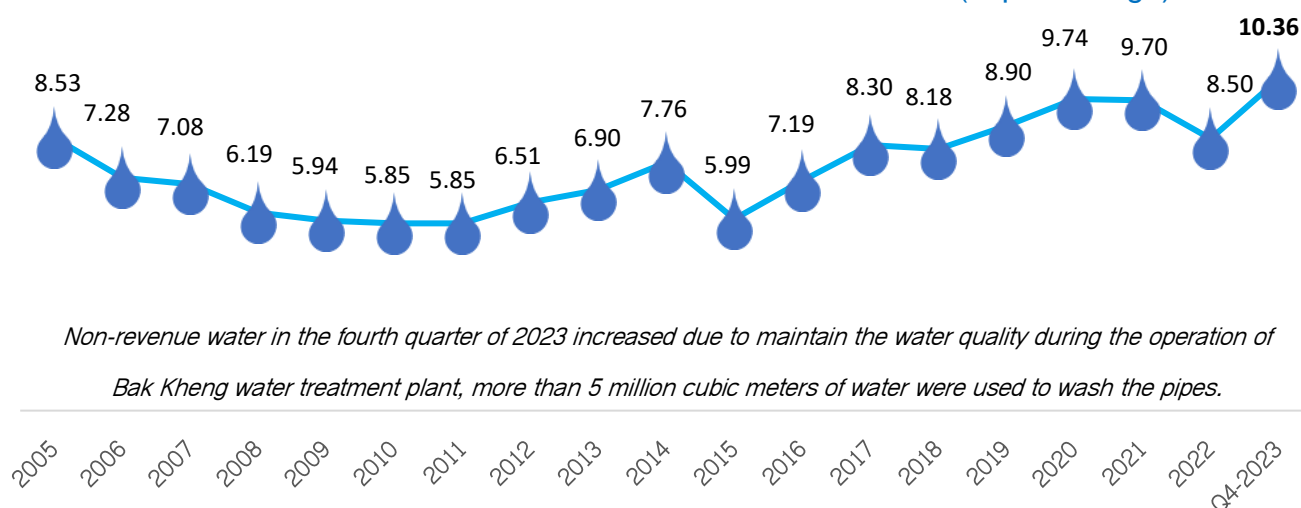
## A. Business Operation Performance including business segments information (con't)

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

#### A.1.3. Water Loss Reduction

In the fourth quarter of 2023, PPWSA's non-revenue water rate was kept at 10.36%, as shown in the graph below.

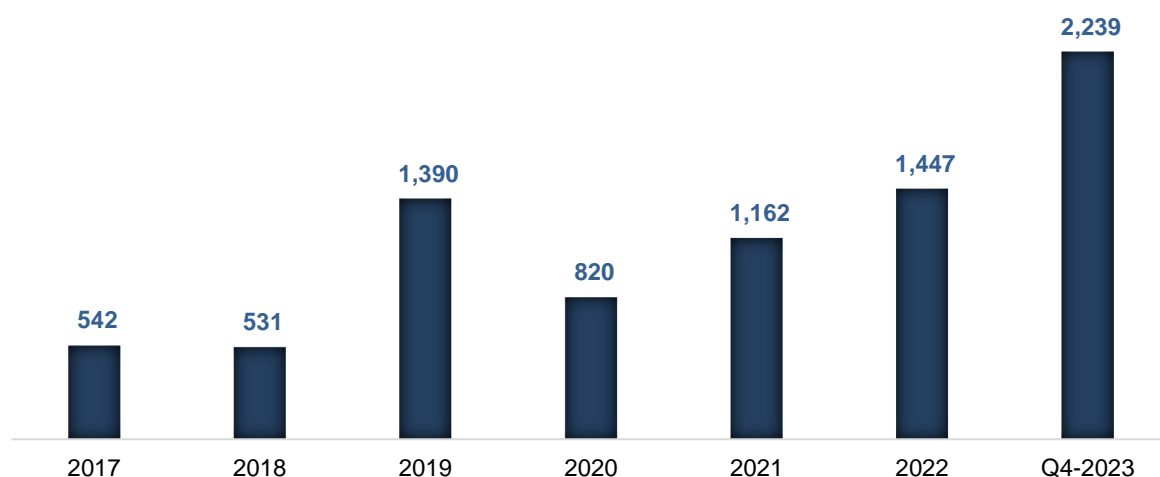
NRW Trend from 2005 to the Fourth Quarter of 2023 (in percentage)



## A.2. Business Activities and Results

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

#### low-incom household connections

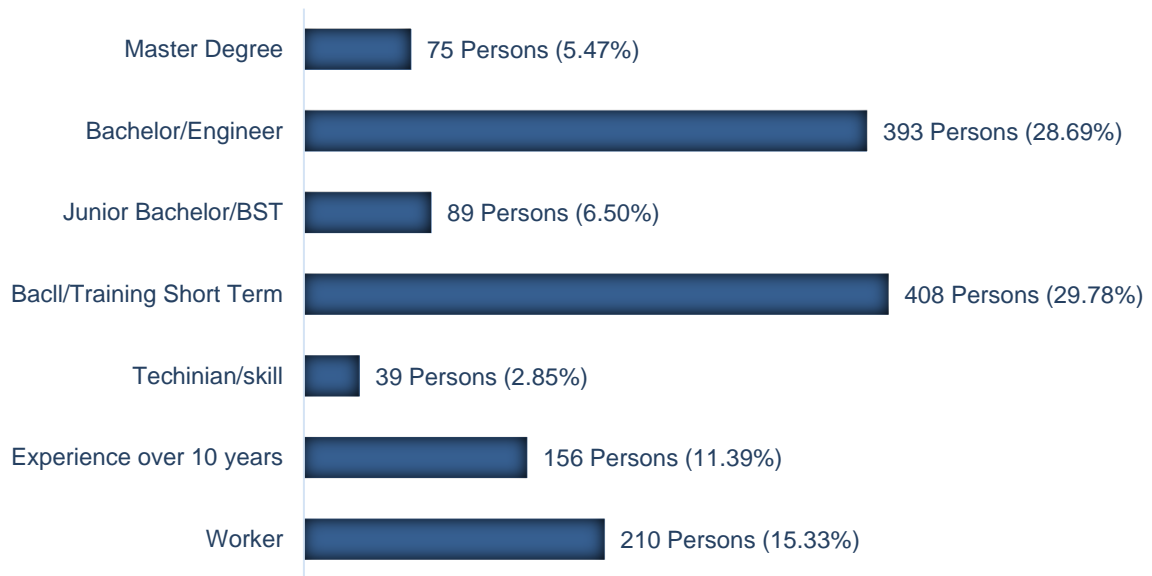


### A.2.2. House Connection and Customer Management

Type of Customers	2019	2020	2021	2022	Q4-2023	
	(Connections)	(Connections)	(Connections)	(Connections)	(Connections)	(%)
Domestic	321,212	333,099	350,463	360,948	381,752	79.8409
Commercial	62,366	68,136	74,344	83,874	89,702	18.7606
Administrative	696	744	823	913	918	0.1920
Wholesalers	7	10	11	9	6	0.0013
RDE Respresentative	17	14	16	5	3	0.0006
Standpipe	17	17	16	16	14	0.0029
Room rental	5,752	5,759	5,728	5,789	5,746	1.2017
<b>TOTAL</b>	<b>390,067</b>	<b>407,779</b>	<b>431,401</b>	<b>451,554</b>	<b>478,141</b>	

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

### A.3- Human Resource Management



*Total staff of PPWSA in Q4-2023: 1,370 persons (229 females)*

### B- Revenue Structure

No	Source of Revenue	Fourth Quarter of 2023		Fourth Quarter of 2022		Fourth Quarter of 2021	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	87,623,462	83.54	79,607,062	86.28	76,670,760	82.73
2	Construction Service fees	2,707,178	2.58	11,476,698	12.44	6,709,409	7.24
3	Foreign exchange gains-net	3,969,828	3.78	-	-	1,652,286	1.78
4	Other income	10,592,063	10.10	1,182,705	1.28	7,643,907	8.25
	<b>Total revenue</b>	<b>104,892,531</b>		<b>92,266,465</b>		<b>92,676,362</b>	

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND  
TWELVE-MONTH PERIOD ENDED 31 December 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 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:
  - 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.
  - Interest income is the income from interest on fixed savings accounts in which the Authority deposited cash surplus at various commercial bank accounts.

In addition to revenues as above, PPWSA has revenue from commercial and industrial customers' investments for installing special network connections into their properties, and fees earned from collection of sewerage maintenance charges on behalf of Phnom Penh Municipality.

➤ The period ended 31 December 2023 compared to the period of 31 December 2022

Description	Fourth Quarter of 2023	Fourth Quarter of 2022	Changes	
	(KHR'000)	(KHR'000)	(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total Revenues	104,892,531	92,266,465	12,626,066	13.68

PPWSA had a total revenue of KHR104,892,531,000 for the period ended 31 December 2023 and KHR92,266,465,000 for the period ended 31 December 2022. The revenue increased by KHR12,626,066,000 or 13.68%. The main reason of this increase in revenue is due to the increase of KHR8,016,400,000 in sales revenue or 10.07% and other income increase by KHR9,409,358,000 or 795.58%

#### 2. Revenue analysis by segment

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

Description	Fourth Quarter of 2023	%	Fourth Quarter of 2022	%
	(KHR'000)		(KHR'000)	
Sale	87,623,462	83.54	79,607,062	86.28
Construction service fee	2,707,178	2.58	11,476,698	12.44
Foreign exchange gains-net	3,969,828	3.78	-	-
Other income	10,592,063	10.10	1,182,705	1.28
Total Revenues	104,892,531		92,266,465	

## 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 31 December 2023 compared to the period of 31 December 2022

Description	Fourth Quarter of 2023		Fourth 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	30,375,840	30,548,176	29,197,285	28,492,401	1,178,555	2,055,775	7.22%
Commercial	23,887,435	42,407,808	23,695,052	44,963,289	192,383	(2,555,481)	(5.68%)
Public administrative and autonomy	2,661,720	5,529,299	2,619,325	4,998,643	42,395	530,656	10.62%
Representative and room rental	3,862,963	2,994,868	3,086,188	2,901,520	776,775	93,348	3.22%

#### ◆ Revenue from domestic/household water sales

Revenue from domestic water sales amounted to KHR30,548,176,000 for the year ended of 31 December 2023 and KHR28,492,401,000 for the year ended 31 December 2022, prompting an increase of KHR2,055,775,000 or 7.22%. The reason of the increase is that the number of connections ascended by 20,804 from 360,948 to 381,752 connections and the average tariff ascended by KHR29.82/m<sup>3</sup> from KHR975.86/m<sup>3</sup> to KHR1,005.67/m<sup>3</sup> and monthly consumption per connection increased by 0.29m<sup>3</sup> from 27.15m<sup>3</sup> to 27.44m<sup>3</sup>.

#### ◆ Revenue from commercial water sales

Revenue from commercial water sales amounted to KHR42,407,808,000 for the year ended of 31 December 2023 and KHR44,963,289,000 for the year ended of 31 December 2022, prompting a decrease of KHR2,555,481,000 or 5.68%. The reason of the decrease is that the monthly consumption per connection descended by 1.82m<sup>3</sup> from 95.02m<sup>3</sup> to 93.20m<sup>3</sup> and the average tariff descended by KHR1.82/m<sup>3</sup> from KHR1,897.58/m<sup>3</sup> to KHR1,775.32/m<sup>3</sup>. On the other hand, the number of connections ascended by 5,828 from 83,874 to 89,702 connections.

#### ◆ Revenue from public administrative water sales

Revenue from public administrative water sales amounted to KHR5,529,299,000 for the year ended of 31 December 2023 and KHR4,998,643,000 for the year ended of 31 December 2022, prompting an increase of KHR530,656,000 or 10.62%. The reason of the increase is that the monthly consumption per connection ascended by 6.98m<sup>3</sup> from 771.98m<sup>3</sup> to 778.96m<sup>3</sup> and the connections ascended by 5 connections from 913 to 918 connections and the average tariff KHR2,500/m<sup>3</sup>.

#### ◆ Revenue from water sales for representatives and rented rooms

Revenue from representative and rent rooms water sales amounted to KHR2,994,868,000 for the year ended of 31 December 2023 and KHR2,901,520,000 for the year ended of 31 December 2022, prompting an increase of KHR93,348,000 or 3.22%. The reason of the increase is that the monthly consumption per connection ascended by 45.94m<sup>3</sup> from 177.49m<sup>3</sup> to 223.43m<sup>3</sup>. On the other hand, the number of connections declined by 50 connections from 5,819 to 5,769 connections and the average tariff descended KHR164.89 from KHR940.16/m<sup>3</sup> to KHR775.28/m<sup>3</sup>.

## 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 analyses 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 31 December 2023 compared to the period ended 31 December 2022

Description	Fourth Quarter of 2023 (KHR'000)	Fourth Quarter of 2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total revenues	104,892,531	92,266,465	12,626,066	13.68
Employee benefits expense	(21,609,866)	(19,016,132)	(2,593,734)	13.64
Depreciation and amortisation charges	(15,528,373)	(14,846,062)	(682,311)	4.60
Electricity costs	(10,451,709)	(8,579,316)	(1,872,393)	21.82
Raw materials for water treatment	(4,016,488)	(3,463,717)	(552,771)	15.96
Construction service expenses	(2,355,906)	(8,027,104)	5,671,198	(70.65)
Finance income	1,765,685	1,571,839	193,846	12.33
Finance costs	(871,859)	(910,885)	39,026	(4.28)
<b>Profit before tax</b>	<b>40,111,562</b>	<b>24,540,708</b>	<b>15,570,854</b>	<b>63.45</b>

PPWSA earned profit before tax of KHR40,111,562,000 for the period ended 31 December 2023 and KHR24,540,708,000 for the period ended 31 December 2022, increasing by KHR15,570,854,000 or 63.45%. The main reason of this increase is due to the increased of KHR8,016,400,000 in sales revenue or 10.07% and other income increased by KHR9,409,358,000 or 795.58% and loss from foreign exchange - Net decreased by KHR6,289,678,000 or 100%.

### 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 31 December 2023 compared to the period ended 31 December 2022

Description	Fourth Quarter of 2023 (KHR'000)	Fourth Quarter of 2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	c	d	c - d	(c-d)/d*100
Profit before tax (a)	40,111,562	24,540,708	15,570,854	63.44
Tax expense (b)	(4,917,478)	(2,450,103)	(2,467,375)	100.70
Profit for the financial year	35,194,084	22,090,605	13,103,479	59.32
Total comprehensive income for the financial year	35,194,084	22,090,605	13,103,479	59.32
Effective tax rate (b)/(a)	12.26%	9.98%		

PPWSA earned profit for the financial period of KHR35,194,084,000 for the period ended 31 December 2023 and KHR22,090,605,000 for the period ended 31 December 2022, increasing by KHR 13,103,479,000 or 59.32%. The main reason of this increase is due to the increased of KHR8,016,400,000 in sales revenue or 10.07% and other income increased by KHR9,409,358,000 or 795.58% and loss from foreign exchange - Net decreased by KHR6,289,678,000 or 100%.

### 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 continues to affect the economic growth in the globe and in the region as well. However, PPWSA continues to operate daily and remains profitable in the Fourth 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 10.36% 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 to 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:** The economy in the globe as well as in the region was not in good conditions in the Fourth quarter of 2023. The real estate sector in Cambodia was likely to be on a declining trend, which somewhat affected the entity's revenue earned from investments for installing water distribution networks in the construction project sites for Boreys, villas, flats and condos, etc. Based on this situation, though the Cambodian economy has been affected to some extent by the global economic situation, PPWSA is still striving to maintain a good average water price, ensuring its financial sustainability.

## 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 Phnom Penh surrounding areas, PPWSA constructed a Bakheng WTP - Phase 1 with a production capacity of 195,000 m<sup>3</sup>/day and placed it in operation at the end of April 2023; and is continuing the construction of Bakheng WTP - Phase 2 with the same production capacity of 195,000 m<sup>3</sup>/day which is scheduled to operate in the first quarter of 2024, Boeung Thom WTP with a production capacity of 6,000 m<sup>3</sup>/day and Takhmao WTP with a production capacity of 30,000m<sup>3</sup>/day which are scheduled to complete in the second quarter of 2024 and at the end of 2024, respectively.

### 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 the period ended December 31, 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 83.54% of gross revenue in the fourth 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. 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 សហវ.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 សហវ.អនុក្រឹត្យ, dated 18 May 2011.

## PART 5: Other Necessary Information for Investor Protection

PPWSA has been striving to produce quality and safe water to supply to its customers. To gain more trust from its customers, in the fourth quarter of 2023, PPWSA has sent the sample of water taken from the distribution network of Steung Mean Chey in Phnom Penh, to TUV SUD PSB Pte Ltd., Singapore's independent laboratory for quality analysis by testing **125 parameters** as follows:

1.	Microbiological parameter	1 test
2.	Physical parameters	6 tests
3.	Radiological parameters	2 tests
4.	Chemical parameters	116 tests

As a result, clean water distributed by PPWSA from Steung Mean Chey water network is compliance with National Water Drinking Quality Standard (NWDQS) and WHO Drinking Water Quality Guidelines (1st Addendum of 4th Edition 2017) as detailed in the appendix of TEST REPORT: 7191321955-CHM23-NHT.

# SIGNATURE OF DIRECTORS OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, February 14, 2024

Read and Approved

---

Signature

**Sim Sitha**

Chairman of the Board

Phnom Penh, February 14, 2024

Read and Approved

---

Signature

**Long Naro**

Director



# **APPENDIX I**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND  
TWELVE-MONTH PERIOD ENDED 31 December 2023**

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

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER AND**  
**TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

**PHNOM PENH WATER SUPPLY AUTHORITY**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

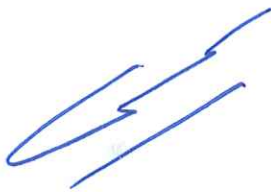
<b>CONTENTS</b>	<b>Page</b>
STATEMENT BY THE DIRECTORS	1
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	2
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	4
CONDENSED INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	6 - 13
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	14 - 15

**PHNOM PENH WATER SUPPLY AUTHORITY**

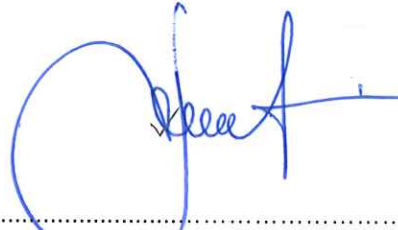
**STATEMENT BY THE DIRECTORS  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

We, H.E. **SIM SITHA**, H.E. **LONG NARO** and **DENG POLYDEN**, being the directors and officers 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 31 December 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 twelve-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*.

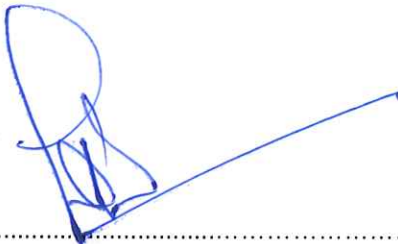
Signed on behalf of the Board of Directors and the management, ✓



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



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



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

Date: 14<sup>th</sup> February 2024

**PHNOM PENH WATER SUPPLY AUTHORITY**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	Notes	Unaudited 31.12.2023 KHR'000	Audited 31.12.2022 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,494,979,290	2,203,041,914
Intangible assets		10,463,074	12,089,587
<b>Total non-current assets</b>		<u>2,505,442,364</u>	<u>2,215,131,501</u>
<b>Current assets</b>			
Inventories		318,746,592	152,737,078
Trade and other receivables		27,980,236	32,707,416
Contract assets	5	155,501,255	92,768,374
Loan to employees		7,956,651	7,956,651
Short-term investments	6	127,316,003	126,118,416
Cash and cash equivalents		16,117,222	56,716,439
<b>Total current assets</b>		<u>653,617,959</u>	<u>469,004,374</u>
<b>TOTAL ASSETS</b>		<u><b>3,159,060,323</b></u>	<u><b>2,684,135,875</b></u>
<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		126,609,582	108,185,865
<b>TOTAL EQUITY</b>		<u><b>1,394,517,471</b></u>	<u><b>1,272,213,047</b></u>
<b>Non-current liabilities</b>			
Borrowings	7	1,296,924,684	986,495,717
Deferred government and other grants	8	74,162,746	69,238,477
Deferred tax liabilities - net		81,946,858	77,016,716
Other payables	9	82,903,732	76,801,705
<b>Total non-current liabilities</b>		<u>1,535,938,020</u>	<u>1,209,552,615</u>
<b>Current liabilities</b>			
Trade and other payables	9	179,944,621	154,661,152
Borrowings	7	23,677,401	23,499,158
Contract liabilities	5	4,254,138	4,456,756
Current tax liabilities		20,728,672	19,753,147
<b>Total current liabilities</b>		<u>228,604,832</u>	<u>202,370,213</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,764,542,852</b></u>	<u><b>1,411,922,828</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,159,060,323</b></u>	<u><b>2,684,135,875</b></u>

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

		Three-month period ended		Twelve-month period ended	
		Unaudited	Unaudited	Unaudited	Audited
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Notes	KHR'000	KHR'000	KHR'000	KHR'000
<b>Income:</b>					
Sales	10	87,623,462	79,607,062	349,640,073	299,723,507
Construction service fee		2,707,178	11,476,698	16,665,617	24,976,316
Foreign exchange gains - net		3,969,828	-	4,111,039	1,105,700
Other income		10,592,063	1,182,705	21,637,636	21,478,333
		<b>104,892,531</b>	<b>92,266,465</b>	<b>392,054,365</b>	<b>347,283,856</b>
<b>Expenses:</b>					
Employee benefits expense		(21,609,866)	(19,016,132)	(80,292,438)	(70,175,422)
Depreciation and amortisation charges		(15,528,373)	(14,846,062)	(61,978,135)	(59,455,074)
Electricity costs		(10,451,709)	(8,579,316)	(42,291,446)	(35,218,743)
Raw materials for water treatment		(4,016,488)	(3,463,717)	(15,875,313)	(12,140,740)
Repairs and maintenance		(3,624,960)	(3,487,621)	(11,651,058)	(8,009,358)
Construction service expenses		(2,355,906)	(8,027,104)	(9,731,518)	(16,618,024)
Raw materials for household water connections		(1,225,304)	(1,036,638)	(4,816,514)	(4,953,371)
Foreign exchange losses - net		-	(6,289,678)	-	-
Other operating expenses		(6,862,189)	(3,640,443)	(15,155,436)	(11,243,416)
		<b>(65,674,795)</b>	<b>(68,386,711)</b>	<b>(241,791,858)</b>	<b>(217,814,148)</b>
<b>Operating profit</b>		<b>39,217,736</b>	<b>23,879,754</b>	<b>150,262,507</b>	<b>129,469,708</b>
Finance income		1,765,685	1,571,839	6,737,766	4,656,618
Finance costs	11	(871,859)	(910,885)	(3,527,730)	(3,610,434)
<b>Profit before tax</b>		<b>40,111,562</b>	<b>24,540,708</b>	<b>153,472,543</b>	<b>130,515,892</b>
Income tax	12	(4,917,478)	(2,450,103)	(26,862,961)	(22,330,027)
<b>Profit for the period, representing total comprehensive income for the period</b>		<b>35,194,084</b>	<b>22,090,605</b>	<b>126,609,582</b>	<b>108,185,865</b>
Earnings per share attributable to owners:					
Basic earnings per share (KHR)		404.65	253.99	1,455.73	1,243.90
Diluted earnings per share (KHR)		404.65	253.99	1,455.73	1,243.90

The Condensed Interim Statement of 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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

	Notes	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 period, representing total comprehensive income for the period		-	-	126,609,582	126,609,582
<b>Transactions with owners</b>					
Transfer to reserves		-	103,880,707	(103,880,707)	-
Dividends	13	-	-	(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 31 December 2023</b>		<b>620,759,107</b>	<b>647,148,782</b>	<b>126,609,582</b>	<b>1,394,517,471</b>
<b>Audited</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 period, representing total comprehensive income for the period		-	-	108,185,865	108,185,865
<b>Transactions with owners</b>					
Capital contribution		1,443,221	-	-	1,443,221
Transfer to reserves		-	125,229,665	(125,229,665)	-
Dividends	13	-	-	(4,044,252)	(4,044,252)
<b>Total transactions with owners</b>		<b>1,443,221</b>	<b>125,229,665</b>	<b>(129,273,917)</b>	<b>(2,601,031)</b>
<b>Balance at 31 December 2022</b>		<b>620,759,107</b>	<b>543,268,075</b>	<b>108,185,865</b>	<b>1,272,213,047</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**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**

**FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

		<b>Twelve-month period ended</b>	
		<b>Unaudited</b>	<b>Audited</b>
		<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>Notes</b>	<b>KHR'000</b>	<b>KHR'000</b>
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>153,472,543</b>	<b>130,515,892</b>
Adjustments for:			
Amortisation of intangible assets		1,856,450	1,994,147
Depreciation of property, plant and equipment	4	60,115,370	57,460,927
Amortisation of deferred government and other grants	8	(2,009,908)	(2,009,908)
Loss on write-off of property, plant and equipment	4	1,628,455	136,839
Loss on write-off of intangible assets		6,315	-
Finance income		(6,737,766)	(4,656,618)
Finance costs	11	3,527,730	3,610,434
Net unrealised foreign exchange gain on borrowings	7	(9,967,958)	(4,586,866)
Net unrealised foreign exchange loss on trade payables		2,142,944	6,140,607
<b>Operating profit before changes in working capital</b>		<b>204,034,175</b>	<b>188,605,454</b>
Changes in working capital:			
Inventories		(238,152,939)	(89,819,201)
Trade and other receivables		6,112,703	(6,110,525)
Trade and other payables		23,140,525	8,509,694
Contract assets		(62,732,881)	(26,743,794)
Contract liabilities		(202,618)	2,667,862
Refundable water deposits		6,102,027	7,355,632
<b>Net cash from operations</b>		<b>(61,699,008)</b>	<b>84,465,122</b>
Income tax paid		(20,957,294)	(22,233,157)
<b>Net cash (used in)/ generated from operating activities</b>		<b>(82,656,302)</b>	<b>62,231,965</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(269,886,946)	(281,619,716)
Purchase of intangible assets		(236,252)	(390,075)
Increase in short-term investments		(1,197,587)	(57,954,583)
Interest received		5,352,243	2,934,894
<b>Net cash used in investing activities</b>		<b>(265,968,542)</b>	<b>(337,029,480)</b>
<b>Cash flows from financing activities</b>			
Capital contribution from MoEF		-	1,443,221
Dividends paid	13	(4,305,158)	(4,044,252)
Drawdown of borrowings	7	341,987,537	218,280,439
Interest paid	7	(15,111,475)	(7,491,804)
Repayments of borrowings	7	(21,479,454)	(20,769,386)
Receipt of Japanese government/ EU grants	8	6,934,177	54,436,199
<b>Net cash generated from financing activities</b>		<b>308,025,627</b>	<b>241,854,417</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(40,599,217)</b>	<b>(32,943,099)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>56,716,439</b>	<b>89,659,538</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>16,117,222</b>	<b>56,716,439</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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 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 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**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited 31.12.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
<b>Cost</b>		
Balance at the beginning of the period/year	2,805,461,230	2,438,823,008
Additions	281,537,776	287,124,812
Transfer from inventory	72,143,425	80,775,249
Transfer to intangible assets	-	(1,125,000)
Written-off	<u>(6,239,334)</u>	<u>(136,839)</u>
Balance at the end of the period/year	<u>3,152,903,097</u>	<u>2,805,461,230</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of period/year	602,419,316	544,958,389
Depreciation for the period/year	60,115,370	57,460,927
Written-off	<u>(4,610,879)</u>	<u>-</u>
Balance at the end of the period/year	<u>657,923,807</u>	<u>602,419,316</u>
<b>Carrying amount</b>		
Balance at the end of the period/year	<u>2,494,979,290</u>	<u>2,203,041,914</u>

During the quarter and twelve-month period ended 31 December 2023, PPWSA made the following cash payment for its additions of property, plant and equipment:

	<b>Unaudited 31.12.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
Additions	281,537,776	287,124,812
Interest capitalised on qualifying assets (Note 11)	<u>(11,650,830)</u>	<u>(5,505,096)</u>
Cash payment for purchase of property, plant and equipment	<u>269,886,946</u>	<u>281,619,716</u>

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

	<b>Unaudited 31.12.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
<b>Contract assets</b>		
Contract assets relating to construction service contracts	6,551,201	3,533,898
Contract assets relating to water revenue	<u>148,950,054</u>	<u>89,234,476</u>
	<u>155,501,255</u>	<u>92,768,374</u>
<b>Contract liabilities</b>		
Contract liabilities relating to construction service contracts	<u>4,254,138</u>	<u>4,456,756</u>

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

**6. SHORT-TERM INVESTMENTS**

These represent fixed deposit placed with financial institutions with maturity of one year or less and earn interest at rates ranging from 3.50% to 5.75% (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>				
AfD - Credit No. 1244 01 M	USD	0.900%	2039	232,891,147
European Investment Bank	USD	0.610% - 0.965%	2048	57,725,301
AfD - Credit No. 1176 01 S	USD	0.900%	2038	51,371,089
<b>Interest charged (Note 11)</b>				
European Investment Bank	USD	0.610% - 0.965%	2048	7,132,719
AfD - Credit No. 1176 01 S	USD	0.900%	2038	2,882,342
AfD - Credit No. 1174 01 P	USD	1.800%	2037	2,694,751
AfD - Credit No. 1244 01 M	USD	0.900%	2039	1,635,772
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	88,091
MoEF - Asian Development Bank	SDR	1.650%	2037	517,346
MoEF - JICA	JPY	0.660%	2049	227,539
<b>Repayments</b>				
<u>Principal</u>				
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(17,847,480)
MoEF - Asian Development Bank	SDR	1.650%	2037	(2,255,712)
MoEF - JICA	JPY	0.660%	2049	(1,376,262)
<u>Interest</u>				
European Investment Bank	USD	0.610% - 0.965%	2048	(7,160,473)
AfD - Credit No. 1176 01 S	USD	0.900%	2038	(2,870,815)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(2,704,468)
AfD - Credit No. 1244 01 M	USD	0.900%	2039	(1,515,108)
MoEF - Asian Development Bank	SDR	1.650%	2037	(526,391)
MoEF - JICA	JPY	0.660%	2049	(234,095)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(100,125)
<b>Unrealised exchange gain</b>				(9,967,958)
<b>Balance at 31 December 2023</b>				1,320,602,085
<b>Less: Current portion</b>				(23,677,401)
<b>Non-current portion</b>				1,296,924,684

**Breach of loan covenants**

PPWSA has unsecured borrowings with a carrying amount of KHR1,320,602,085,000 as at 31 December 2023. These borrowings bear interest from 0.250% to 1.800% with repayment schedules ranging from 2 to 26 years.

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

**7. BORROWINGS (CONTINUED)**

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 twelve-month period ended 31 December 2023. PPWSA has obtained a waiver from the relevant party, extended until 31 December 2023. Accordingly, the borrowings were not classified as payable on demand at 31 December 2023.

**8. DEFERRED GOVERNMENT AND OTHER GRANTS**

	<b>Unaudited 31.12.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
Balance at 1 January	69,238,477	16,812,186
Additions (*)	6,934,177	54,436,199
Amortisation charged for the period/year	<u>(2,009,908)</u>	<u>(2,009,908)</u>
Balance at 31 December	<u>74,162,746</u>	<u>69,238,477</u>

(\*) The additional grants include amount received from the general budget of the Japanese Government amounting 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 Phnom Penh City.

**9. TRADE AND OTHER PAYABLES**

	<b>Unaudited 31.12.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
<b>Non-current:</b>		
<b>Other payable</b>		
Refundable water deposits	<u>82,903,732</u>	<u>76,801,705</u>
<b>Current:</b>		
<b>Trade payables</b>		
Third parties	66,159,022	48,078,710
Accruals construction services	<u>18,632,254</u>	<u>23,208,075</u>
	<u>84,791,276</u>	<u>71,286,785</u>
<b>Other payables</b>		
Amount due to Phnom Penh Municipality	65,492,330	57,830,594
Other payables	12,605,334	9,025,817
Accrued staff incentive	11,505,191	9,993,226
Seniority payables	4,510,286	6,071,437
Other tax payable	972,848	385,903
Performance guarantee	67,356	67,390
	<u>95,153,345</u>	<u>83,374,367</u>
Total trade and other payables (current)	<u>179,944,621</u>	<u>154,661,152</u>
Total trade and other payables (non-current and current)	<u>262,848,353</u>	<u>231,462,857</u>

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023**

**10. SALES**

	Three-month period ended		Twelve-month period ended	
	Unaudited 31.12.2023 KHR'000	Unaudited 31.12.2022 KHR'000	Unaudited 31.12.2023 KHR'000	Audited 31.12.2022 KHR'000
Water sales:				
- commercial	42,407,808	44,963,289	169,743,939	151,870,153
- households	30,548,176	28,492,401	129,038,204	110,873,519
- public administration	5,529,299	4,998,643	23,785,957	19,671,036
- wholesalers	2,994,868	2,901,520	11,940,060	10,317,389
Rounding difference on water sales revenue	20,117	18,773	82,119	70,442
Less: Invoice cancellations	(92,731)	(5,010,208)	(833,399)	(6,513,321)
	<u>81,407,537</u>	<u>76,364,418</u>	<u>333,756,880</u>	<u>286,289,218</u>
Water connection revenue	5,210,460	2,153,208	11,314,526	8,819,483
Water meter replacement charges	959,520	879,021	4,343,275	4,222,754
Spare parts and meter sales	45,945	210,415	225,392	392,052
	<u>6,215,925</u>	<u>3,242,644</u>	<u>15,883,193</u>	<u>13,434,289</u>
	<u>87,623,462</u>	<u>79,607,062</u>	<u>349,640,073</u>	<u>299,723,507</u>

**11. FINANCE COSTS**

	Three-month period ended		Twelve-month period ended	
	Unaudited 31.12.2023 KHR'000	Unaudited 31.12.2022 KHR'000	Unaudited 31.12.2023 KHR'000	Audited 31.12.2022 KHR'000
Interest expense on borrowings	4,179,006	2,273,033	15,178,560	9,115,530
Interest capitalised on qualifying assets	(3,307,147)	(1,362,148)	(11,650,830)	(5,505,096)
	<u>871,859</u>	<u>910,885</u>	<u>3,527,730</u>	<u>3,610,434</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 twelve-month period ended 31 December 2023 of 17% (quarter and twelve-month period ended 31 December 2022: 17%).

## PHNOM PENH WATER SUPPLY AUTHORITY

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

#### 13. DIVIDENDS

	Twelve-month period ended	
	Unaudited	Audited
	31.12.2023	31.12.2022
	KHR'000	KHR'000
<b>Recognised during the period</b>		
Dividend of KHR330 per ordinary share were declared and paid during the year (*)	4,305,158	-
Dividend of KHR310 per ordinary share were declared and paid during the year	-	4,044,252

(\*) 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 to MoEF until the year ending 2024, with dividends of year ending 2025 to be resumed as PPWSA's usual practice.

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

#### 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.

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.

## PHNOM PENH WATER SUPPLY AUTHORITY

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

#### 14. RELATED PARTY TRANSACTIONS (CONTINUED)

##### (b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	Twelve-month period ended	
	Unaudited	Audited
	31.12.2023	31.12.2022
	KHR'000	KHR'000
Salaries and other expenses	<u>2,398,299</u>	<u>2,380,572</u>

#### 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

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

#### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (d) Fair values

The fair values of the financial assets and liabilities are not materially different from their carrying amounts due to relatively short-term in nature or the interest is close to current market rates.

#### 16. CAPITAL COMMITMENTS

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

	<b>Unaudited</b>	
	<b>Twelve-month period ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Construction of water treatment plant	36,343,800	101,740,068
Purchase of iron pipes, fitting and accessories	26,950,547	23,120,399
Consultation services	9,762,877	9,891,722
	<u>73,057,224</u>	<u>134,752,189</u>

#### 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 only in Cambodia.

#### 18. COMPARATIVE FIGURES

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

#### 19. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE PERIOD

On 17 January 2024, PPWSA received a tax reassessment letter from the General Department of Taxation ("GDT") for a limited tax audit for the period from 1 January 2022 to 31 March 2023. The letter imposed a total penalty for underpaid value-added taxes amounting to KHR 8,743,629,148. On 14 February 2024, PPWSA submitted a protest letter. As of the date of these condensed interim financial information, PPWSA has not yet received a response from the GDT.

PPWSA's management is confident that they can effectively communicate their position to the GDT, supported by substantial evidence, in order to address this matter. Hence, as at 31 December 2023, no provision was recorded in relation to the accrued tax penalty expense.

#### 20. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of PPWSA for the quarter and twelve-month period ended 31 December 2023 were authorised for issue by the Board of Directors on 14 February 2024.



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

Ref: REV/0004/0224/P014-0004/KMT

## **REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH WATER SUPPLY AUTHORITY**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as of 31 December 2023 and the related condensed interim statement of comprehensive income for the three-month and twelve-month periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the twelve-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*. 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: **14 FEB 2024**



**Oknha Tan Khee Meng**  
Certified Public Accountant



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



: + 855(23) 635 08 08



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



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

---

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