

PHNOM PENH WATER SUPPLY AUTHORITY

**Condensed Interim Financial Statements
for the three-month
period ended 31 March 2026**

and

**Independent Auditors' Report on Review of
Condensed Interim Financial Statements**

Phnom Penh Water Supply Authority

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Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying condensed interim financial statements of Phnom Penh Water Supply Authority ("PPWSA" or the "Company"), which comprises the condensed interim statement of financial position as at 31 March 2026, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial statements, are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, Interim Financial Reporting.

Signed in accordance with a resolution of the Board of Directors, 



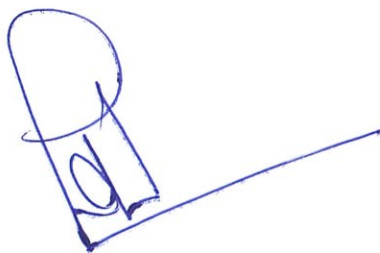
Ek Sonnchan

Chairman of the Board of Directors



In Sakan

Director General



Deng Polyden

Deputy Director General
in charge of Finance

Phnom Penh, Kingdom of Cambodia

Date: 14 July 2026



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THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Phnom Penh Water Supply Authority

Introduction

We have reviewed the accompanying condensed interim financial statements of Phnom Penh Water Supply Authority ("PPWSA" or "the Company"), as set out on pages 5 to 31 (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 31 March 2026;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2026;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2026;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2026; and
- other explanatory notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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



Basis for Qualified Conclusion

The Company has not assessed or quantified the accounting implications arising from certain post-employment benefit arrangements provided to current and former employees, including a lump-sum retirement benefit equivalent to six months of final salary upon retirement and continuing monthly payments to 109 eligible retired employees for the remainder of their lives. As a result, no liability, expense or related disclosures have been recognised in the condensed interim financial statements in respect of these arrangements. Furthermore, certain items of property, plant and equipment relating to the Bakheng Water Production Facilities Phase 1 and Phase 2 projects that were completed and available for use have not been depreciated.

The financial effects of the above matters have not been determined. In the absence of sufficient information to quantify those effects, it was not practicable to obtain review evidence through the performance of additional review procedures or alternative means. Accordingly, we were unable to determine whether any adjustments to employee benefit liabilities, employee benefit expense, property, plant and equipment, depreciation expense, related tax, retained earnings and the related disclosures in the condensed interim financial statements were necessary.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the Cambodian International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of Matter – Comparative Information

We draw attention to Note 20 to the condensed interim financial statements which indicates that the comparative information presented as at 31 December 2025 and 1 January 2025, and for the three-month period ended 31 March 2025 has been restated. Our conclusion is not further modified in respect of this matter.

Other Matter Relates to Comparative Information

The Company's condensed interim financial statements for the three-month period ended 31 March 2025 and financial statements for the years ended 31 December 2025 and 2024 (not presented herein), excluding the adjustments described in Note 20 to the condensed interim financial statements, were reviewed and audited by another firm of auditors who expressed an unmodified conclusion and unmodified opinions on those financial statements on 14 July 2025, 7 April 2026 and 28 May 2025, respectively.



As part of our review of the condensed interim financial statements for the three-month period ended 31 March 2026, we reviewed the adjustments described in Note 20 that were applied to restate the comparative information presented as at 31 December 2025 and 1 January 2025, and for the three-month period ended 31 March 2025. We were not engaged to review or apply any procedures to the condensed interim financial statements for the three-month period ended 31 March 2025 or the financial statements for the years ended 31 December 2025 and 2024 (not presented herein), other than with respect to the adjustments described in Note 20 to the condensed interim financial statements. Accordingly, we do not express a conclusion or any other form of assurance on those respective financial statements taken as a whole. However, based on our review, nothing has come to our attention that causes us to believe that the adjustments described in Note 20 are not appropriate or have not been properly applied.

For **KPMG Cambodia Ltd**

Yim Lundy
Engagement Partner

Phnom Penh, Kingdom of Cambodia

14 July 2026

Phnom Penh Water Supply Authority

Condensed interim statement of financial position as at 31 March 2026

	Note	31 March 2026 KHR'000	31 December 2025 KHR'000 (Restated)	1 January 2025 KHR'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,215,638,025	3,162,986,393	2,939,664,426
Intangible assets		9,686,334	8,287,336	9,080,507
		<u>3,225,324,359</u>	<u>3,171,273,729</u>	<u>2,948,744,933</u>
Current assets				
Inventories		128,183,512	127,019,755	144,235,770
Trade and other receivables		31,749,770	17,941,570	27,537,927
Contract assets	10	26,704,457	35,665,659	37,586,190
Loan to employees		3,385,893	3,425,716	3,894,589
Short-term investments	5	68,118,783	66,661,827	94,961,360
Current tax assets		6,475,604	-	3,797,846
Cash and bank balances		35,342,613	24,175,047	18,406,666
		<u>299,960,632</u>	<u>274,889,574</u>	<u>330,420,348</u>
TOTAL ASSETS		<u>3,525,284,991</u>	<u>3,446,163,303</u>	<u>3,279,165,281</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		636,601,984	636,601,984	620,759,107
Reserves	6	739,747,415	739,747,415	713,236,157
Retained earnings		130,563,455	102,668,008	38,622,076
TOTAL EQUITY		<u>1,506,912,854</u>	<u>1,479,017,407</u>	<u>1,372,617,340</u>

Phnom Penh Water Supply Authority

Condensed interim statement of financial position (continued) as at 31 March 2026

	Note	31 March 2026 KHR'000	31 December 2025 KHR'000 (Restated)	1 January 2025 KHR'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings	7	418,963,810	422,754,225	443,727,099
Deferred government and other grants	8	72,235,993	72,738,240	72,625,961
Deferred tax liabilities		110,774,807	106,860,485	97,602,134
Other payables	9	98,889,238	111,588,949	88,950,566
		<u>700,863,848</u>	<u>713,941,899</u>	<u>702,905,760</u>
Current liabilities				
Trade and other payables	9	150,979,011	86,511,749	212,443,546
Borrowings	7	1,165,393,073	1,158,455,758	986,892,283
Contract liabilities	10	1,136,205	5,791,093	4,306,352
Current income tax liabilities		-	2,445,397	-
		<u>1,317,508,289</u>	<u>1,253,203,997</u>	<u>1,203,642,181</u>
TOTAL LIABILITIES		<u>2,018,372,137</u>	<u>1,967,145,896</u>	<u>1,906,547,941</u>
TOTAL EQUITY AND LIABILITIES		<u>3,525,284,991</u>	<u>3,446,163,303</u>	<u>3,279,165,281</u>

The accompanying notes form an integral part of these condensed interim financial statements.

Phnom Penh Water Supply Authority

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2026

	Note	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000 (Restated)
Revenue			
Revenue from contracts with customers	11	83,407,615	75,962,517
Construction service fee		3,956,567	3,093,401
Other income		8,894,899	3,566,953
		<u>96,259,081</u>	<u>82,622,871</u>
Expenses			
Depreciation and amortisation		(16,448,224)	(15,110,888)
Electricity costs		(11,002,489)	(11,297,423)
Salaries, wages and related expenses		(20,224,129)	(19,445,487)
Raw materials for water treatment		(4,592,693)	(3,923,705)
Raw materials for household water connections		(1,788,838)	(1,434,221)
Repairs and maintenance		(2,897,833)	(3,065,397)
Construction service expense		(3,017,612)	(2,496,226)
Other operating expenses		(1,951,102)	(1,748,686)
		<u>(61,922,920)</u>	<u>(58,522,033)</u>
Operating profit		34,336,161	24,100,838
Finance income	12	5,194,059	8,129,258
Finance costs	12	(4,610,437)	(4,768,247)
Finance income, net		<u>583,622</u>	<u>3,361,011</u>
Profit before tax		34,919,783	27,461,849
Income tax expense	13	(7,024,336)	(4,766,419)
Net profit for the period		<u>27,895,447</u>	<u>22,695,430</u>
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		<u>27,895,447</u>	<u>22,695,430</u>

Earnings per share attributable to equity holders of the Company during the period were as follows:

Basic earnings per share	14	320.74	260.95
Diluted earnings per share	14	<u>320.74</u>	<u>260.95</u>

The accompanying notes form an integral part of these condensed interim financial statements.

Phnom Penh Water Supply Authority

Condensed interim statement of changes in equity for the three-month period ended 31 March 2026

	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Balance at 1 January 2026	636,601,984	739,747,415	102,668,008	1,479,017,407
Net profit for the period	-	-	27,895,447	27,895,447
Other comprehensive income	-	-	-	-
Balance at 31 March 2026	<u>636,601,984</u>	<u>739,747,415</u>	<u>130,563,455</u>	<u>1,506,912,854</u>
Balance at 1 January 2025 (Restated)	620,759,107	713,236,157	38,622,076	1,372,617,340
Net profit for the period (Restated)	-	-	22,695,430	22,695,430
Other comprehensive income	-	-	-	-
Balance at 31 March 2025 (Restated)	<u>620,759,107</u>	<u>713,236,157</u>	<u>61,317,506</u>	<u>1,395,312,770</u>

The accompanying notes form an integral part of these condensed interim financial statements.

Phnom Penh Water Supply Authority

Condensed interim statement of cash flows for the three-month period ended 31 March 2026

	Note	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000 (Restated)
Cash flows from operating activities			
Profit before tax		34,919,783	27,461,849
<i>Adjustments for:</i>			
Amortisation of intangible assets		320,546	293,332
Amortisation of deferred government and other grants	8	(502,247)	(502,477)
Depreciation of property, plant and equipment	4	16,127,678	14,817,556
Interest income	12	(643,277)	(1,107,601)
Interest expenses	12	4,610,437	4,768,247
Net unrealised foreign exchange gain		(6,772,731)	(7,887,749)
Property, plant and equipment written-off	4	-	311,624
Operating profit before changes working capital		48,060,189	38,154,781
<i>Changes in working capital:</i>			
Inventories		(17,316,200)	51,045,157
Trade and other receivables		(13,808,200)	(82,565,797)
Trade and other payables		16,333,322	9,996,631
Contract assets		8,961,202	11,148,766
Contract liabilities		(4,654,888)	621,999
Cash generated from operations		37,575,425	28,401,537
Income tax paid		(12,031,017)	(5,733,883)
Net cash from operating activities		25,544,408	22,667,654
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(16,690,313)	(47,268,786)
Purchase of intangible assets		(339,763)	(239,667)
Interest received		(356,177)	1,107,601
Proceed from settlement of loan to employee		39,823	188,008
Placement of short-term investments		(20,714,376)	(20,044,601)
Proceeds from maturity of short-term investments		20,256,874	19,722,886
Net cash used in investing activities		(17,803,932)	(46,534,559)
Cash flows from financing activities			
Proceeds from borrowings		12,232,529	41,483,550
Interest paid		(1,532,160)	(1,680,961)
Repayments of principal of borrowings		(7,273,279)	(15,652,450)
Net cash from financing activities		3,427,090	24,150,139

Phnom Penh Water Supply Authority

Condensed interim statement of cash flows (continued) for the three-month period ended 31 March 2026

	Note	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000 (Restated)
Net increase in cash and cash equivalents		11,167,566	283,234
Cash and cash equivalents at the beginning of financial period		<u>24,175,047</u>	<u>18,406,666</u>
Cash and cash equivalents at the end of financial period		<u>35,342,613</u>	<u>18,689,900</u>
Significant non-cash transactions from investing activities			
Property, plant and equipment transferred to intangible assets		(1,379,781)	-
Property, plant and equipment transferred from/(to) inventories		16,152,443	(22,262,736)
Interest capitalised to property, plant and equipment		727,479	529,634
Credit purchases of property, plant and equipment		<u>36,588,856</u>	<u>(14,022,112)</u>
		<u>52,088,997</u>	<u>(35,755,214)</u>

The accompanying notes form an integral part of these condensed interim financial statements.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements for the three-month period ended 31 March 2026

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 characteristics of a public enterprise by the Ministry of Commerce under the registration number Co.0839 Et/2012, dated 27 March 2012.

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

This condensed interim financial statements is presented in Khmer Riel ("KHR"), which is also the functional currency of PPWSA.

Principal activities

The principal activities of PPWSA are to process and distribute 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 PPWSA in accordance with government policy; and
- Ensure sustainable production processes, business and finance for the public interest.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

2. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with Cambodian International Accounting Standard ("CIAS") 34, *"Interim Financial Reporting"*. They do not include all the information required for a complete set of CIFRS financial statements. However, selected explanatory notes, including restatement information in Note 20, are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and financial performance since the last annual financial statements as at and for the year ended 31 December 2025.

The condensed interim financial statements was authorised for issue by the Board of Directors on 14 July 2026.

(b) Functional currency

The Company transacts its business and maintains its accounting records in Khmer Riel ("KHR"). Management has determined the KHR to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

All amounts have been rounded to the nearest thousand KHR, unless otherwise indicated.

(c) Use of estimates and judgements

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. Material accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2025.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

4. Property, plant and equipment

	For the three-month period ended	
	31 March 2026	31 March 2025
	KHR'000	KHR'000
Cost		
Balance at the beginning of financial period/year	3,935,236,418	3,651,415,105
Additions	54,006,648	33,776,308
Transfers to intangible assets	(1,379,781)	-
Transfers from/(to) inventories	16,152,443	(22,262,736)
Written-off	-	(311,624)
Balance at the end of financial period/year (*)	<u>4,004,015,728</u>	<u>3,662,617,053</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	772,250,025	711,750,679
Depreciation for financial period/year	16,127,678	14,817,556
Balance at the end of financial period/year	<u>788,377,703</u>	<u>726,568,235</u>
Carrying amount		
Balance at the end of financial period/year	<u>3,215,638,025</u>	<u>2,936,048,818</u>

(*) Among the ending balance as at 31 March 2026, there is work in-progress balance of KHR 1,659,707,979 thousand.

During the financial period, for cash flows purposes, the acquisition of property, plant and equipment comprises:

	For the three-month period ended	
	31 March 2026	31 March 2025
	KHR'000	KHR'000
Cash purchase	<u>16,690,313</u>	<u>47,268,786</u>
Property, plant and equipment transferred to intangible assets	(1,379,781)	-
Property, plant and equipment transferred from/(to) inventories	16,152,443	(22,262,736)
Interest capitalised to property, plant and equipment	727,479	529,634
Credit purchases of property, plant and equipment	<u>36,588,856</u>	<u>(14,022,112)</u>
	<u>52,088,997</u>	<u>(35,755,214)</u>
	<u>68,779,310</u>	<u>11,513,572</u>

5. Short-term investments

These represent fixed deposits placed with financial institutions for a period of nine months and twelve months (2025: twelve months) and earn interest at rates ranging from 3.00% to 4.40% (2025: 3.50% to 5.25%) per annum.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

6. Reserves

	Capital reserves KHR'000	Legal reserves KHR'000	General reserves KHR'000	Development reserves KHR'000	Total KHR'000
As at 1 January 2026	1,648,435	54,573,590	54,573,590	628,951,800	739,747,415
Transfer from retained earnings	-	-	-	-	-
As at 31 March 2026	<u>1,648,435</u>	<u>54,573,590</u>	<u>54,573,590</u>	<u>628,951,800</u>	<u>739,747,415</u>
As at 1 January 2025	1,648,435	50,321,444	50,321,444	610,944,834	713,236,157
Transfer from retained earnings	-	-	-	-	-
As at 31 March 2025	<u>1,648,435</u>	<u>50,321,444</u>	<u>50,321,444</u>	<u>610,944,834</u>	<u>713,236,157</u>

In accordance with PPWSA's Articles of Incorporation, article 44, dated 27 June 2012, PPWSA's profit, after offsetting with losses carried forward (if any), can be used as follows:

- for management and staff bonus
- for legal reserve - 5%
- for general reserve - 5%
- the remaining balance for development reserve.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

7. Borrowings

	31 March 2026 KHR'000	31 December 2025 KHR'000
Non-current		
MoEF – Japanese International Cooperation Agency ("JICA")	25,541,615	26,832,595
MoEF – Asian Development Bank ("ADB")	22,358,722	23,745,246
European Investment Bank ("EIB")	371,063,473	372,176,384
	<u>418,963,810</u>	<u>422,754,225</u>
Current		
MoEF-JICA	1,166,294	1,244,247
MoEF-ADB	2,233,172	2,368,730
AFD – Credit No. 1174 01P	127,464,743	134,040,320
AFD – Credit No. 1176 01S	337,449,029	337,702,165
AFD – Credit No. 1244 01M	444,983,917	445,186,289
AFD – Credit No. 1273 01P	235,157,324	222,931,545
EIB	16,938,594	14,982,462
	<u>1,165,393,073</u>	<u>1,158,455,758</u>
	<u>1,584,356,883</u>	<u>1,581,209,983</u>

The maturity dates of these borrowings are as follows:

	31 March 2026 KHR'000	31 December 2025 KHR'000
Non-current		
Later than one year but not later than two years	18,161,976	19,384,707
Later than two years but not later than five years	70,010,550	70,361,436
Later than five years	330,791,284	333,008,082
	<u>418,963,810</u>	<u>422,754,225</u>
Current		
Within 1 year	<u>1,165,393,073</u>	<u>1,158,455,758</u>
	<u>1,584,356,883</u>	<u>1,581,209,983</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

7. Borrowings (continued)

Movements of borrowings during the period were as follows:

	For the three-month period ended	
	31 March 2026	31 March 2025
	KHR'000	KHR'000
Balance at beginning of the period	1,581,209,983	1,430,619,382
Addition	12,232,529	41,483,550
Interest expense	4,610,437	4,768,247
Interest capitalised into property, plant, and equipment	727,479	529,634
Interest paid	(1,532,160)	(1,680,961)
Principal paid	(7,273,279)	(15,652,450)
Unrealised exchange gain	(5,618,106)	(7,018,287)
Balance at end of the period	<u>1,584,356,883</u>	<u>1,453,049,115</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

8. Deferred government and other grants

	EU Grant KHR'000	JICA grant KHR'000 (Restated)	Government grant KHR'000 (Restated)	Other grants KHR'000	Total KHR'000
Balance at 1 January 2026	54,436,199	10,790,309	3,573,419	3,938,313	72,738,240
Amortisation charges	-	(463,251)	(33,127)	(5,869)	(502,247)
Balance at 31 March 2026	<u>54,436,199</u>	<u>10,327,058</u>	<u>3,540,292</u>	<u>3,932,444</u>	<u>72,235,993</u>
Balance at 1 January 2025	54,436,199	12,643,315	3,705,926	1,840,521	72,625,961
Amortisation charges	-	(463,251)	(33,127)	(6,099)	(502,477)
Balance at 31 March 2025	<u>54,436,199</u>	<u>12,180,064</u>	<u>3,672,799</u>	<u>1,834,422</u>	<u>72,123,484</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

9. Trade and other payables

	31 March 2026 KHR'000	31 December 2025 KHR'000 (Restated)
Non-current – Other payable		
Refundable water deposits	98,889,238	96,588,949
Amount due to Phnom Penh Municipality	-	15,000,000
	<u>98,889,238</u>	<u>111,588,949</u>
Current		
Trade payables – third parties	<u>70,737,031</u>	<u>28,708,785</u>
Other payables:		
Accrued staff incentive	16,261,334	13,384,762
Amount due to Phnom Penh Municipality	56,509,637	34,822,396
Amount due to employees	734,704	726,651
Performance guarantee	67,279	67,279
Other tax payable	326,414	1,457,406
Other payables	<u>6,342,612</u>	<u>7,344,470</u>
	<u>80,241,980</u>	<u>57,802,964</u>
	<u>150,979,011</u>	<u>86,511,749</u>

10. Contract assets and liabilities

	31 March 2026 KHR'000	31 December 2025 KHR'000 (Restated)
Contract assets		
Construction service receivable	5,983,027	3,985,026
Accrued water revenue	<u>20,721,430</u>	<u>31,680,633</u>
	<u>26,704,457</u>	<u>35,665,659</u>
Contract liabilities		
Deferred income	(5,278)	(5,278)
Unearned income	<u>(1,130,927)</u>	<u>(5,785,815)</u>
	<u>(1,136,205)</u>	<u>(5,791,093)</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

11. Revenue from contracts with customers

	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000
Water sales (*)	79,240,068	73,334,497
Water connection	2,644,480	1,168,717
Water meter replacement charge	1,462,371	1,390,718
Spare parts and meter sales	60,696	68,585
	<u>83,407,615</u>	<u>75,962,517</u>

(*) Revenue from contracts with customers on water sales is disaggregated by type of customer as follows:

	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000
Water sales		
Household	27,179,739	26,419,976
Commercial	43,974,978	38,868,876
Public administrative and autonomy	5,901,815	6,073,788
Representative and room rental	2,230,075	2,220,400
Rounding differences	19,335	18,000
Less: invoice cancellations	(65,874)	(266,543)
	<u>79,240,068</u>	<u>73,334,497</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

12. Finance income, net

	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000 (Restated)
Finance income:		
Interest income on bank deposits (a)	643,277	1,107,601
Net foreign exchange gains	<u>4,550,782</u>	<u>7,021,657</u>
	<u>5,194,059</u>	<u>8,129,258</u>
Finance costs:		
Interest expense on borrowings (b)	<u>(4,610,437)</u>	<u>(4,768,247)</u>
	<u>583,622</u>	<u>3,361,011</u>

- (a) Interest income represents interest earned from savings and deposit accounts held at local banks during the period.
- (b) Interest expense represents the interest charges on the loan obtained from AFD and the subsidiary loans obtained from the MoEF, which are funded through loans obtained from the ADB, EIB and JICA.

13. Income tax

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

During the period, the Company has paid a total of KHR 12,031,017 thousand in respect to the tax on income and prepayment tax on income (31 March 2025: KHR 5,733,883 thousand).

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

14. Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of PPWSA by the weighted average number of ordinary shares in issue during the period.

	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000 (Restated)
Profit attributable to equity holders (KHR'000)	27,895,447	22,695,430
Weighted average number of shares	86,973,162	86,973,162
Basic earnings per share (KHR)	320.74	260.95

(b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

PPWSA had no dilutive potential ordinary shares as at the period end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

15. Related party transactions

(a) Significant transactions with related parties

	For the three-month period ended 31 March 2026 KHR'000	31 March 2025 KHR'000
Common control MoEF		
Interest on borrowings	4,610,437	4,768,247

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

15. Related party transactions (continued)

(b) Compensation of key management personnel

	For the three-month period ended	
	31 March 2026	31 March 2025
	KHR'000	KHR'000
Salaries and other expenses	<u>601,347</u>	<u>635,862</u>

16. Financial risk management objectives and policies

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

The Directors are responsible for setting the objectives and underlying principles of financial risk management for PPWSA. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

(a) Credit risk

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

PPWSA primary exposure to credit risk arises through its trade receivables from its customers and seeks to maintain strict control over its outstanding receivables to minimise 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 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.

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

16. Financial risk management objectives and policies (continued)

(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 risk 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.

17. Seasonality or cyclical of operations

The demand of water supply is subject to seasonal fluctuation as a result of the high demand for water during the dry season.

18. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to PPWSA's decision makers. Those who are responsible for allocating resources to and assessing the performance of the operating segments has been identified as the key management team. PPWSA operates in one operating segment being water supply related business.

19. Capital commitments

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

	31 March 2026 KHR'000	31 December 2025 KHR'000
Construction of water treatment plant	386,807,164	356,219,567
Consultation services	3,363,303	3,363,303
Purchase of iron pipes, fitting and accessories	34,836,974	1,186,420
	<u>425,007,441</u>	<u>360,769,290</u>

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information

During the preparation of the condensed interim financial statements for the three-month period ended 31 March 2026, management identified certain errors in the prior years' financial statements related to the following:

- A. Measurement of current income tax liabilities and deferred tax.
- B. Classification of items under Trade and other payable, and deferred government and other grants
- C. Presentation of foreign exchange (loss)/gain.
- D. Presentation in statement of cash flows.
- E. Earnings per share.

The errors described below have been corrected retrospectively, and the comparative information has been restated accordingly.

A. Measurement of current income tax liabilities and deferred tax

As at 31 December 2025 and 2024, PPWSA reported net deferred tax liabilities amounting to KHR 114,548,371 thousand and KHR 105,146,861 thousand, respectively. Subsequently, management identified errors in the calculation of current income tax and deferred tax balances. The following items were impacted:

As at 31 December 2024:

- Net deferred tax liabilities and retained earnings were overstated and understated, respectively, by KHR 7,544,727 thousand.

As at 31 December 2025:

- Net deferred tax liabilities were overstated by KHR 7,687,886 thousand;
- Income tax expense was overstated by KHR 143,159 thousand; and
- Retained earnings were understated by KHR 7,687,886 thousand.

As at and for the three-month period ended 31 March 2025:

- Net deferred tax liabilities were overstated by KHR 5,388,162 thousand;
- Income tax expense was understated by KHR 2,156,565 thousand; and
- Retained earnings were understated by KHR 5,388,162 thousand.

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information (continued)

B. Classification of items under Trade and other payable, and deferred government and other grants

- 1) PPWSA has identified an error in classification of unearned income balance amounting to KHR 5,756,402 thousand and KHR 780,679 thousand as at 31 December 2025 and 2024. These balances were incorrectly presented under other payables rather than contract liabilities. Consequently, contract liabilities were understated and other payables were overstated by the respective amounts.
- 2) As at 31 December 2025, in accordance with the 17th board of meeting mandate 8th of minute held on 19 June 2025, amount due to Phnom Penh Municipality of KHR 15,000,000 thousand, which was due for settlement in 2027, was classified under current liabilities instead of non-current liabilities. Consequently, the non-current and current trade and other payable was understated and overstated, respectively, by KHR 15,000,000 thousand.
- 3) PPWSA has identified a transposition error between deferred JICA grant and Government grant balance as of 31 December 2025, 2024 and for the three-month period ended 31 March 2025. As a result, the balance of deferred JICA grant was understated and deferred government grant was overstated by KHR 7,216,890 thousand, KHR 8,937,389 thousand, and KHR 8,507,265 thousand, respectively. The error has no impact on the deferred government and other grants caption, presented herein under Note 8.

C. Presentation of foreign exchange (loss)/gain

PPWSA has presented the net foreign exchange (loss)/gain in various captions under Revenues, and Net finance income/costs in statement of profit or loss. Following a review of its accounting presentation policy, PPWSA has elected to present the net foreign exchange (loss)/gain under net finance income/cost. As a result, for the three-month period ended 31 March 2025, the total revenue was overstated by KHR 3,370 thousand, and the net finance income was understated by KHR 3,370 thousand.

D. Presentation of statement of cash flows

PPWSA has identified numerous arithmetic errors in presentation of the statement of cash flows for the three-month period ended 31 March 2025. As a result:

- Net cash from operating activities was overstated by KHR 7,083,389 thousand;
- Net cash used in investing activities was overstated by KHR 7,271,397 thousand; and
- Net cash from financing activities was overstated by KHR 188,008 thousand.

The significant non-cash transactions from investing activities were overstated by KHR 29,068,639 thousand. The errors had no impact on the balance of cash and cash equivalents.

E. Earnings per share

As a result of item A, the earnings per share and diluted earnings per share for the three-month period ended 31 March 2025 were both consequently adjusted to KHR 260.95 thousand per share.

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information (continued)

A summary of the line items effected by the restatements of the comparative information and correction of those errors is as follows:

Statement of financial position

		31 December 2025			1 January 2025		
	Items	Previously reported KHR'000	Restatement KHR'000	As restated KHR'000	Previously reported KHR'000	Restatement KHR'000	As restated KHR'000
Equity							
Retained earnings	A	<u>94,980,122</u>	<u>7,687,886</u>	<u>102,668,008</u>	<u>31,077,349</u>	<u>7,544,727</u>	<u>38,622,076</u>
Liabilities							
Non-current liabilities							
Deferred tax liabilities, net	A	114,548,371	(7,687,886)	106,860,485	105,146,861	(7,544,727)	97,602,134
Other payables	B	96,588,949	15,000,000	111,588,949	88,950,566	-	88,950,566
Current liabilities							
Trade and other payables	B	107,268,151	(20,756,402)	86,511,749	213,224,225	(780,679)	212,443,546
Contract liabilities	B	<u>34,691</u>	<u>5,756,402</u>	<u>5,791,093</u>	<u>3,525,673</u>	<u>780,679</u>	<u>4,306,352</u>
		<u>318,440,162</u>	<u>(7,687,886)</u>	<u>310,752,276</u>	<u>410,847,325</u>	<u>(7,544,727)</u>	<u>403,302,598</u>

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information (continued)

A summary of the line items effected by the restatements of the comparative information and correction of those errors is as follows: (continued)

Statement of profit or loss and other comprehensive income

		For the three-month period ended 31 March 2025		
	Items	Previously reported KHR'000	Restatement KHR'000	As restated KHR'000
Revenues				
		75,962,517	-	75,962,517
		3,093,401	-	3,093,401
	C	3,370	(3,370)	-
		3,566,953	-	3,566,953
		<u>82,626,241</u>	<u>(3,370)</u>	<u>82,622,871</u>
Expenses				
		(15,110,888)	-	(15,110,888)
		(11,297,423)	-	(11,297,423)
		(19,445,487)	-	(19,445,487)
		(3,923,705)	-	(3,923,705)
		(1,434,221)	-	(1,434,221)
		(3,065,397)	-	(3,065,397)
		(2,496,226)	-	(2,496,226)
		(1,748,686)	-	(1,748,686)
		<u>(58,522,033)</u>	<u>-</u>	<u>(58,522,033)</u>
		24,104,208	(3,370)	24,100,838
	C	9,633,887	(1,504,629)	8,129,258
	C	<u>(6,276,246)</u>	<u>1,507,999</u>	<u>(4,768,247)</u>
		3,357,641	3,370	3,361,011
		27,461,849	-	27,461,849
	A	<u>(2,609,854)</u>	<u>(2,156,565)</u>	<u>(4,766,419)</u>
		<u>24,851,995</u>	<u>(2,156,565)</u>	<u>22,695,430</u>

Earning per share attributable to shareholder of PPWSA during the period are as follows:

Basic earnings per share	E	285.74	(24.80)	260.95
Diluted earnings per share	E	<u>285.74</u>	<u>(24.80)</u>	<u>260.95</u>

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information (continued)

A summary of the line items effected by the restatements of the comparative information and correction of those errors is as follows: (continued)

Statement of cash flows

	For the three-month period ended 31 March 2025		
	Previously reported KHR'000	Restatement KHR'000	As restated KHR'000
Cash flows from operating activities			
Profit before tax	27,461,849	-	27,461,849
<i>Adjustments for:</i>			
Amortisation of intangible assets	293,332	-	293,332
Amortisation of deferred government and other grants	(502,477)	-	(502,477)
Depreciation of property, plant and equipment	14,817,556	-	14,817,556
Interest income	(9,633,887)	8,526,286	(1,107,601)
Interest expenses	6,276,246	(1,507,999)	4,768,247
Net unrealised foreign exchange gain	-	(7,887,749)	(7,887,749)
Property, plant and equipment written-off	311,624	-	311,624
Operating profit before changes working capital	39,024,243	(869,462)	38,154,781
<i>Changes in working capital:</i>			
Inventories	28,782,421	22,262,736	51,045,157
Trade and other receivables	(82,288,311)	(277,486)	(82,565,797)
Trade and other payables	39,042,018	(29,045,387)	9,996,631
Contract assets	11,148,766	-	11,148,766
Contract liabilities	(224,211)	846,210	621,999
Cash generated from operations	35,484,926	(7,083,389)	28,401,537
Income tax paid	(5,733,883)	-	(5,733,883)
Net cash from operating activities	29,751,043	(7,083,389)	22,667,654
Cash flows from investing activities			
Purchase of property, plant and equipment	(54,074,689)	6,805,903	(47,268,786)
Purchase of intangible assets	(239,667)	-	(239,667)
Interest received	830,115	277,486	1,107,601
Proceed from settlement of loan to employee	-	188,008	188,008
Placement of short-term investments	-	(20,044,601)	(20,044,601)
Proceeds from maturity of short-term investments	(321,715)	20,044,601	19,722,886
Net cash used in investing activities	(53,805,956)	7,271,397	(46,534,559)

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

20. Restatement of comparative information (continued)

A summary of the line items effected by the restatements of the comparative information and correction of those errors is as follows: (continued)

Statement of cash flows (continued)

	For the three-month period ended 31 March 2025		
	Previously reported KHR'000	Restatement KHR'000	As restated KHR'000
Cash flows from financing activities			
Proceeds from borrowings	41,483,550	-	41,483,550
Interest paid	(1,680,961)	-	(1,680,961)
Proceed from settlement of loan to employee	188,008	(188,008)	-
Repayments of principal of borrowings	(15,652,450)	-	(15,652,450)
Net cash from financing activities	<u>24,338,147</u>	<u>(188,008)</u>	<u>24,150,139</u>
Net increase/(decrease) in cash and cash equivalents	283,234	-	283,234
Cash and cash equivalents at the beginning of financial period	<u>18,406,666</u>	<u>-</u>	<u>18,406,666</u>
Cash and cash equivalents at the end of financial period	<u>18,689,900</u>	<u>-</u>	<u>18,689,900</u>
<i>Significant non-cash transactions from investing activities</i>			
Property, plant and equipment transferred from/(to) inventories	(22,262,736)	-	(22,262,736)
Interest capitalised to property, plant and equipment	529,634	-	529,634
Credit purchases of property, plant and equipment	(43,090,751)	29,068,639	(14,022,112)
	<u>(64,823,853)</u>	<u>29,068,639</u>	<u>(35,755,214)</u>

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

21. Taxation contingencies

On 22 January 2025, PPWSA received a tax reassessment letter from the General Department of Taxation ("GDT") for a Comprehensive tax audit for the period from 1 January 2019 to 31 December 2019. The letter imposed a total penalty for underpaid tax on profit amounting to KHR 2,817,141,466 and underpaid tax on value-added taxes amounting to KHR 1,371,227,617. On 18 February 2025, PPWSA submitted a protest letter. As of the date of these financial statements, PPWSA has not yet received a response from the GDT.

On 28 January 2025, PPWSA received a tax reassessment letter from the General Department of Taxation ("GDT") for a Comprehensive tax audit for the period from 1 January 2020 to 31 December 2021. The letter imposed a total penalty for underpaid tax on profit, tax on value-added taxes and withholding tax on service 15% amounting to KHR 5,225,347,223. On 27 February 2025, PPWSA submitted a protest letter. As of the date of these financial statements, PPWSA has not yet received a response from the GDT.

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 financial statements, 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, no provision was recorded in relation to the accrued tax penalty expense.

The Company assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Company's tax positions and continually monitors regulatory developments. While the Company commit to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

22. Financial instruments – fair values

PPWSA has not disclosed the fair value information for the financial assets and financial liabilities because their carrying amounts are a reasonable approximation of the fair value.

Phnom Penh Water Supply Authority

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2026

23. Significant events subsequent to the end of the reporting period

On 7 April 2026, the Board of Directors approved the transfer of retained earnings to reserves as follows:

- for management and staff bonus amounting to KHR 11,504,516 thousand;
- for legal reserve – 5% amounting to KHR 4,749,006 thousand;
- for general reserve – 5% amounting to KHR 4,749,006 thousand; and
- the remaining balance for development reserve amounting to KHR 1,973,112 thousand.

On the same date, the Board of Directors of PPWSA proposed and the shareholders subsequently approved, a dividend of KHR 330 per share in respect of the financial year ended 31 December 2025. The total dividend declared amounting to KHR 4,305,171,750 to other shareholders and KHR 24,395,971,710 to the MEF.