

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

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

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)


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

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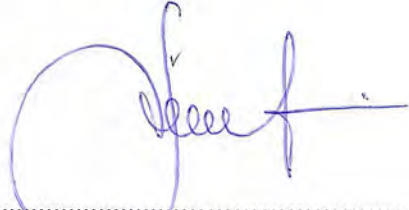
STATEMENT BY THE DIRECTORS

In the opinion of the directors, the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority as at 30 September 2022, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and nine-month period then ended, and notes to the condensed interim financial information (collectively known as "Condensed Interim Financial Information") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

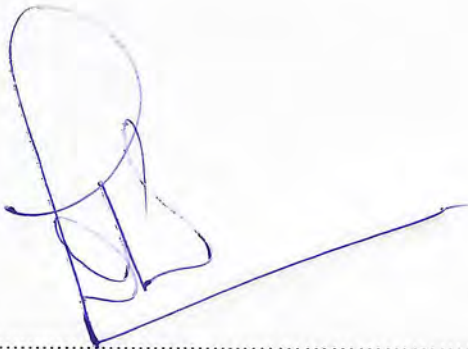
Signed on behalf of the Board of Directors 



OUM SOTHA
Chairman of the Board of Director



LONG NARO
Director General



DENG POLYDEN
Deputy Director General
in charge of Finance

Date: 04 NOV 2022

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

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

The Condensed Interim Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

The Condensed Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

The Condensed Interim Statement of Changes in Equity be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to the condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

The Condensed Interim Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the condensed interim financial information.

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

1. CORPORATE INFORMATION

Phnom Penh Water Supply Authority ("PPWSA") is under the technical supervision of the Ministry of Industry Science Technology and Innovation ("MISTI") and the financial supervision of the Ministry of the Economy and Finance ("MoEF"), and has its headquarter in Phnom Penh. PPWSA is acknowledged as having the economic characteristic of a public enterprise by the Ministry of Commerce under the registration number Co.0839 Et/2012, dated 27 March 2012.

The registered office of the PPWSA is No. 45, Street 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The principal activities of PPWSA are to process and distribution of water for general used by the public in the city of Phnom Penh. The objectives of the PPWSA are to:

- Invest in, build, enlarge, operate, repair and maintain the means of water sanitation and distribution;
- Manage devices to increase water production, and improve services and water quality to meet demand;
- Operate the business, services and related duties for water supply in accordance with the Board of Director's resolutions and the laws of Cambodia;
- Cooperate with local and external development partners on technology, trade and finance in order to improve and develop the PPWSA in accordance with government policy; and
- Ensure sustainable production processes, business and finance for the public interest.

2. BASIS FOR PREPARATION

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

The condensed interim financial information does not include all notes of type normally included in an annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in PPWSA's financial position and performance since the last annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2021 and any public announcements made by PPWSA during the interim reporting period.

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

3. SEASONAL OR CYCLICAL FACTOR

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

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

4. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

5. CONTRACT ASSETS / (LIABILITIES)

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

6. SHORT-TERM INVESTMENTS

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

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

7. BORROWINGS

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

Breach of loan covenants

PPWSA has unsecured borrowings with a carrying amount of KHR577,510,464,000 as at 30 September 2022. These borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 7.5 to 12.5 years. However, these borrowings contained certain covenants which PPWSA has to comply, otherwise MoEF and / or AfD may suspend or cancel the rights of PPWSA to request additional disbursement of the unwithdrawn amount and repayable on demand of its existing outstanding balance, if such covenant breached is material.

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

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

8. TRADE AND OTHER PAYABLES

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

9. SALES

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

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

10. FINANCE INCOME

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

11. FINANCE COSTS

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

12. INCOME TAX

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

PPWSA's effective tax rate for the quarter and nine-month period ended 30 September 2022 of 19% (quarter and nine-month period ended 30 September 2021: 19%).

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

13. DIVIDENDS

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

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

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

Accordingly, the dividends recognised during the financial period were for the remaining shareholders of PPWSA, whilst the portion for MoEF were transferred from retained earnings to development reserve of PPWSA directly.

14. RELATED PARTY TRANSACTIONS

PPWSA has the following significant transactions with related parties:

(a) Government-related entities

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

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

14. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(a) Government-related entities (continued)

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

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

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

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

(b) Liquidity and cash flow risk

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

PPWSA actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, PPWSA maintains a level of cash and cash equivalents deemed adequate to finance PPWSA's activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of PPWSA would fluctuate because of changes in market interest rates.

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair values

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

Trade and other receivables, contract assets, loan to employees, short-term investments, cash and cash equivalents, trade and other payables, contract liabilities are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

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

Level 3 fair value

Fair value of financial instruments not carried at fair value

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

16. CAPITAL COMMITMENTS

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

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

17. SEGMENTAL REPORTING

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

18. COMPARATIVE FIGURES

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

19. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as at 30 September 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and nine-month period then ended, and notes to the condensed interim financial information (collectively referred to as "condensed interim financial information of PPWSA"). The directors of PPWSA are responsible for the preparation and fair presentation of the condensed interim financial information of PPWSA in accordance with the Cambodian International Accounting Standard ("CIAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information of PPWSA based on our review.

Scope of review

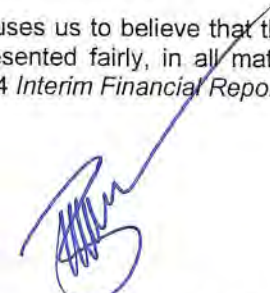
We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). A review of condensed interim financial information consists of making inquiries, primarily of persons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

Conclusion

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



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



Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 04 NOV 2022