

KINGDOM OF CAMBODIA
NATION RELIGION KING



PHNOM PENH WATER SUPPLY AUTHORITY



SECOND QUARTERLY REPORT 2024

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

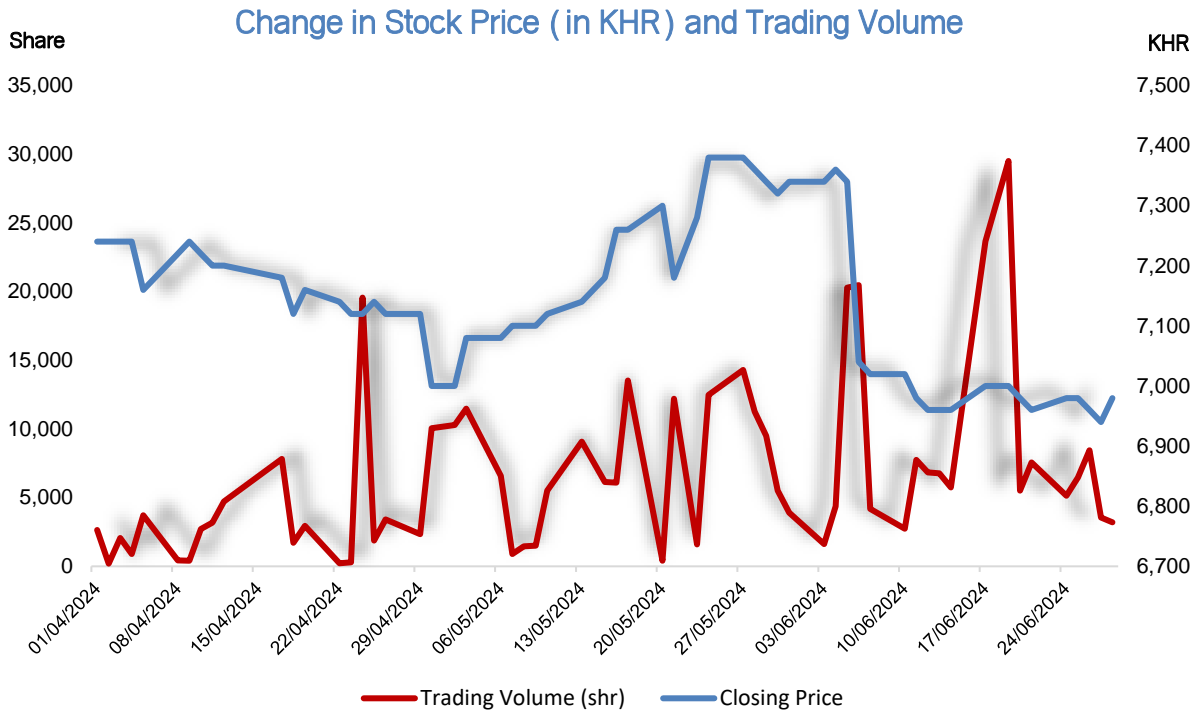


1,200 mm PIPE CONNECTION CONSTRUCTION SITE

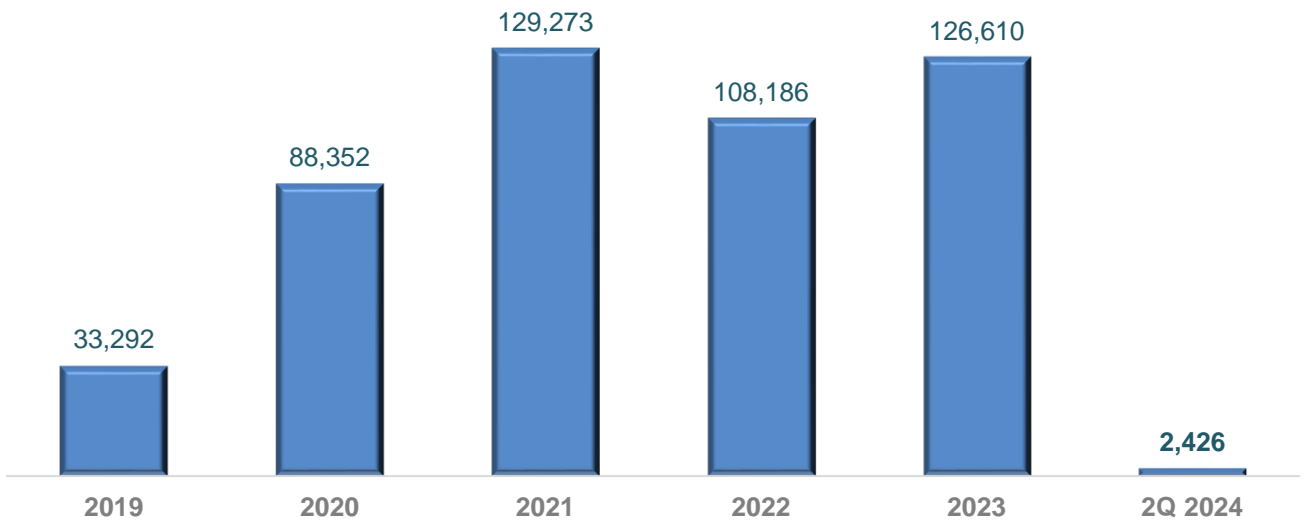
FINANCIAL HIGHLIGHTS

Financial Position		Second Quarter of 2024	2023	2022
Total assets (KHR'000)		3,244,337,301	3,159,060,323	2,684,135,875
Total liabilities (KHR'000)		1,799,867,564	1,764,542,852	1,411,922,828
Total shareholders' equity (KHR'000)		1,444,469,737	1,394,517,471	1,272,213,047
Profit/(Loss)		Second Quarter of 2024	Second Quarter of 2023	Second Quarter of 2022
Total Revenue(KHR'000)		92,598,718	99,562,496	80,318,827
Profit/(Loss) before tax (KHR'000)		3,167,377	23,255,853	30,722,519
Profit/(Loss) after tax (KHR'000)		2,425,928	13,231,299	27,791,585
Total comprehensive income (KHR'000)		2,425,928	13,231,299	27,791,585
Financial Ratios		Second Quarter of 2024	2023	2022
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	2.83	2.60	2.21
	Quick Ratio(Times)	1.60	1.51	1.46
		Second Quarter of 2024	Second Quarter of 2023	Second Quarter of 2022
Profitabilities Ratio	Return on Assets (%)	0.07	0.47	1.12
	Return on Equity (%)	0.17	1.01	2.30
	Gross Profit margin (%)	27.90	38.86	31.73
	Profit Margin (%)	2.62	13.29	34.60
	Earning Per Share (KHR)	27.89	152.13	319.54
Interest Coverage Ratio (Times)		1.05	1.97	5.85

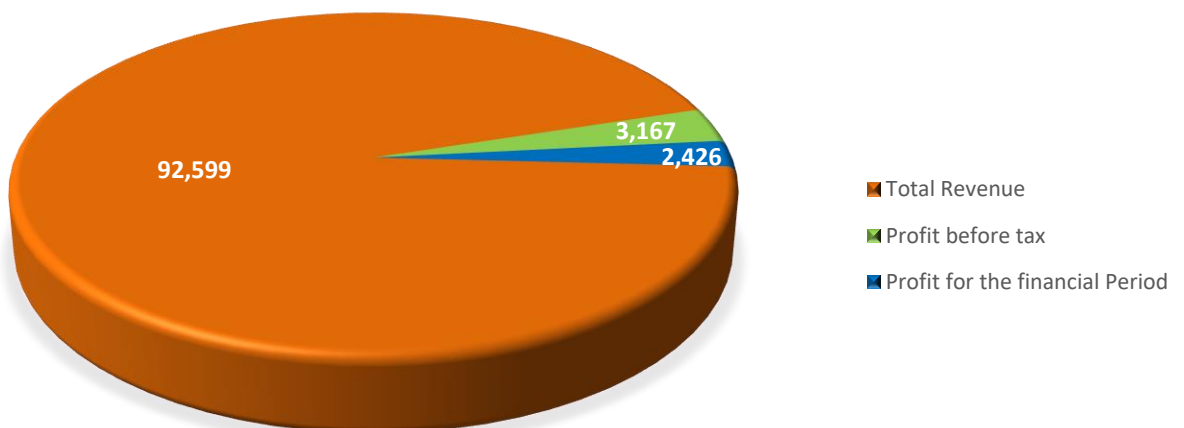
FINANCIAL SUMMARY CHARTS



PROFIT BY YEAR (in million KHR)



PROFIT FOR SECOND QUARTER OF 2024 (in million KHR)



BOARD OF DIRECTORS



H.E. EK SONNCHAN

Minister Attached to the Prime Minister

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 STATEMENT



Gaining the trust from the Royal Government and the support from the 2 parent ministries, PPWSA strived to regularly implement innovations in its water supply system management and develop its service to ensure 24/7 sustainable supply of clean water that is drinkable straight from the tap as well as to meet the water demand for the population in Phnom Penh and the provincial town of Takmao, contributing to the developments of the 2 municipalities.

In the 2nd quarter of 2024, PPWSA laid 132,202.63 meters of the main and distribution pipes, produced 81,937,276m³ of clean water and installed 5,700 new house connections including 510 connections for the low-income households. As a result, PPWSA earned total revenue of KHR92,598,718,000, and made a net income of KHR2,425,928,000. Basic earning per share was KHR27.89.

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 present laws.

Furthermore, PPWSA has continued a close, strategic collaboration on technical and financial support with development partners to implement the projects of water treatment system expansion and other development projects based on its third Master Plan (2021-2030) in contribution to achieving *Goal 6 "Clean Water and Sanitation"* of Cambodian Sustainable Development Goals as well as the goals of Pentagonal Strategy – Phase 1 of the Royal Government of Cambodia of the 7th Legislature of the National Assembly in term of clean water supply in 2030. On 25 June 2024, PPWSA organized the official inauguration of Bakheng Water Treatment Plant – Phase 2 with production capacity of 195,000m³/day, presided over by **H.E. Dr. Aun Pornmoniroth**, Deputy Prime Minister, Minister of Economy and Finance, on behalf of **Samdech Moha Borvor Thipadei Hun Manet**, Prime Minister of the Kingdom of Cambodia.

In the 3rd quarter of 2024, PPWSA plans to produce 78,954,200m³ of clean water, expand 126,020 meters of additional distribution network, and forecasts total revenue of KHR114,749,205,000 and total expenses of KHR70,489,384,000 as approved by the Board and the 2 parent ministries.

Performance of the Board of Directors

In the 2nd quarter of 2024, the Board of Directors for Mandate 8 organized 2 meetings with the following resolutions:

A. Board of Directors' 2nd extraordinary meeting in 2024 (10th meeting) on 3 April 2024

- The Board agreed to the Nomination and Remuneration Committee's request for transferring, appointing and promoting the senior officers as below:
 1. Transferring Mr. CHEA Satephoat from his current position as Deputy Director General in charge of Water Supply and Sanitation Branch to Deputy Director General in charge of the Secretariat.
 2. Transferring Mr. TUY Bunsereyryth from his current position as Director of Water Supply and Sanitation Branch to Director of Water Supply Network Management, in substitution of Mr. KAING Sophyna who is appointed to a new position.
 3. Appointing Mr. CHOU Phalla, currently Company Secretary in charge of the Secretariat with equal rank to Deputy Director General, as Deputy Director General in charge of Planning and Project, in substitution of Mr. SAMRET Sovithia who is retired.
 4. Appointing Mr. OU Kunavath, currently Director of Planning and Project, as Deputy Director General of Water Supply and Sanitation Branch.
 5. Appointing Mr. REANG Chanphirum, currently Deputy Director of Planning and Project, as Director of Water Supply and Sanitation Branch.
 6. Appointing Mr. KHEM Vichhanin, currently Deputy Director of Planning and Project, as Director of Planning and Project.
 7. Promoting Mr. HUOT Sok Heng, currently Company Secretary and Head of Company Secretary Unit, with equal rank to Deputy Director General.
- The Board approved the proposed revision of the organizational chart of PPWSA:
 1. Agreed to add to the organization chart a new department, Research and Development Department, with 3 offices – Research and Institutional Development Office, Technology and Innovation Office, and Training Center, and a new position, Deputy Director General in charge of Research and Development, to manage and lead this new department.
 2. Agreed to rename 3 offices under Planning and Project Department – Planning and Foreign Project Office was renamed “Planning and Foreign Project Management Office”; Project Management Office was renamed “Civil Engineering Office”; and As-built Drawings Office was renamed “Water Supply Engineering Office”.
- The Board approved the Nomination and Remuneration Committee's request for:
 1. Transferring Mr. CHEA Satephoat, whose position has just been approved above, to Deputy Director General in charge of Research and Development.
 2. Appointing Mr. SAMAUN Sereysomanuh, currently Manager of Planning and Foreign Project, Planning and Project Department, as Director of Research and Development.

B. Board of Directors' 11th meeting on 27 June 2024

- The Board approved the extension of Mrs. SENG Keadara's mandate as Head of Internal Audit until her retirement.
- The Board agreed in principle to the proposed revision of Nomination and Remuneration Committee composition based on the previous decision.
- The Board agreed to the Business Report for the 2nd quarter of 2024 and Business Plan for the 3rd quarter of 2024.
- The Board acknowledged the Procurement Report for the 2nd quarter of 2024 and approved the revision of Procurement Plan for the 2nd semester of 2024.
- The Board acknowledged the Social Fund Report for the 2nd quarter of 2024, and approved the 5 expenditure requests.
- The Board acknowledged the Internal Audit Report for the 2nd quarter of 2024.
- The Board acknowledged the Report on Formulation of PPWSA's Action Plan 2024, and suggested PPWSA follow the Board's recommendations.
- The Board discussed a training course on Water Loss Management for all the 11 public water utilities' board chairmen, directors general and deputy directors general in charge of water loss management, and a course on Leadership in Water Sector. The Board in principle agreed that the training venue at PPWSA head office and PPWSA's social fund are used in favor of the above training courses.

Acknowledgement

We would like to express our deep gratitude to the Royal Government, the 2 tutelary ministries – Ministry of Industry, Science, Technology and Innovation, and Ministry of Economy and Finance, Securities and Exchange Regulator of Cambodia, Cambodia Securities Exchange, 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, September 30, 2024

CHAIRMAN

EK SONNCHAN

Content

Financial Highlights	i
Financial Summary Charts	ii
Board of Directors	iii
Chairman’s Statement	v
Part 1: General Information of Phnom Penh Water Supply Authority	1
A- Identity of Phnom Penh Water Supply Authority	1
B- Nature of Business	1
C- Phnom Penh Water Supply Authority’s Key Events	1
Part 2: Information on Business Operating Performance	3
A-Business Operating Performance Including Business Segments Information	2
B-Revenue Structure	5
Part 3- Financial Statement reviewed by the external auditor	6
Part 4- Management’s Discussion and Analysis	8
A- Overview of Operations	8
B- Significant Factors Affecting Profit	12
C- Material Changes in Sales and Revenue	13
D- Impact of Foreign Exchange, Interest Rates and Commodity Prices	13
E- Impact from Inflation	13
F- Economic, Fiscal and Monetary Policies of the Royal Government	13
Part 5- Other Necessary Information for Investor Protection	14
Signature of Directors of Phnom Penh Water Supply Authority	15

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

C. Phnom Penh Water Supply Authority's Key Event

on June 25, 2024 – **H.E. Dr. Aun Porn Moniroth, Deputy Prime Minister, Minister of Economy and Finance Ministry** representing **Samdech Moha Borvor Thipadei HUN MANET Prime minister of Cambodia**, presided over the highly anticipated inauguration of the Bakheng Water Production Facilities Phase 2 and ground breaking of the Bakheng Water Production Facilities Phase 3 at Bakheng Water Treatment Plant located at Bakheng Commune, Chroy Changva District, Phnom Penh.

In accordance with policy of the Royal Government of Cambodia (RGC) to achieve the sustainable development goals (SDG) as it ensures access to safe and clean water for over 2 million residents in Phnom Penh Capital and Ta Khmau City in Kandal Province, the parent ministries, Board of Directors, have given approval for PPWSA to implement the investment project on the construction of the Bakheng water production facility phase II and phase III.

PART1: General Information of PPWSA (Con't)

C- Phnom Penh Water Supply Authority's Key Event (Con't)

The construction of Bakheng WPFs phase I, II and III is constructed on the site area of 15 hectares which will produce the clean water in total 580,000m³/day. As of June 2024, the construction of Bakheng WPFs Phase I and II have been complete 100%, Bakheng WPFs phase I is going to be officially inauguration on June 2024. Bakheng WPFs phase II is going to be officially inauguration on June 25, 2024. Bakheng WPFs phase III is planning to finish the construction in quarter 3 of 2027. These projects are constructed by VINCI Construction Grand Projet from France with supervision by PPWSA and technical assistance by SAFEGE Consulting Engineer. These projects are contracted within the design-build contract standard.

Bakheng water supply project phase III is one among many other projects to be implemented in accordance to the update of the third Master plan 2021-2030 of PPWSA in order to response the increasing water demand of people living in Phnom Penh capital city and takmao city of Kandal Province which is expected to increase to around 1.8 million m³/day.

These three projects have main components as following:

1. Construction of Bakheng Water Treatment plant:

- Phase I with a capacity of 195,000m³/day, which already finished for construction and officially launched for operation on June 19, 2023.
- Phase II with a capacity of 195,000m³/day, which already finished for construction and officially launched for operation on June 25, 2024.
- Phase III with a capacity of 195,000m³/day, which will be officially ground Breaking on June 25, 2024 and expects to finish in the third quarter of 2027. The supply and delivery of transmission main for approximately 51km and distribution main for approximately 750km.

2. Consulting service for supervision of the construction of WTPs.

Bakheng WPFs phase I and II plan to produce 390,000m³/day of clean water and being able to give additional water supply to approximately 263,000 household. In addition, after the Bakheng WPFs phase III is finished construction, the facility will help to provide additional clean water for 195,000m³/day which will increase the supply to additional 147,000 households. Thus, PPWSA's total production capacity will be increasing to 1,177,000m³/day coming from Five WTPs with expected household to receive access of portable water about 587,000 household and network extension to 6,200 kilometers in 2027. Through the operation of the Bakheng WPFs Phase II, the people living in Phnom Penh and Takmao, especially those living at the outskirts of Phnom Penh will have clean water supply that ensure better water pressure than current condition.

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 Second Quarter of 2024:

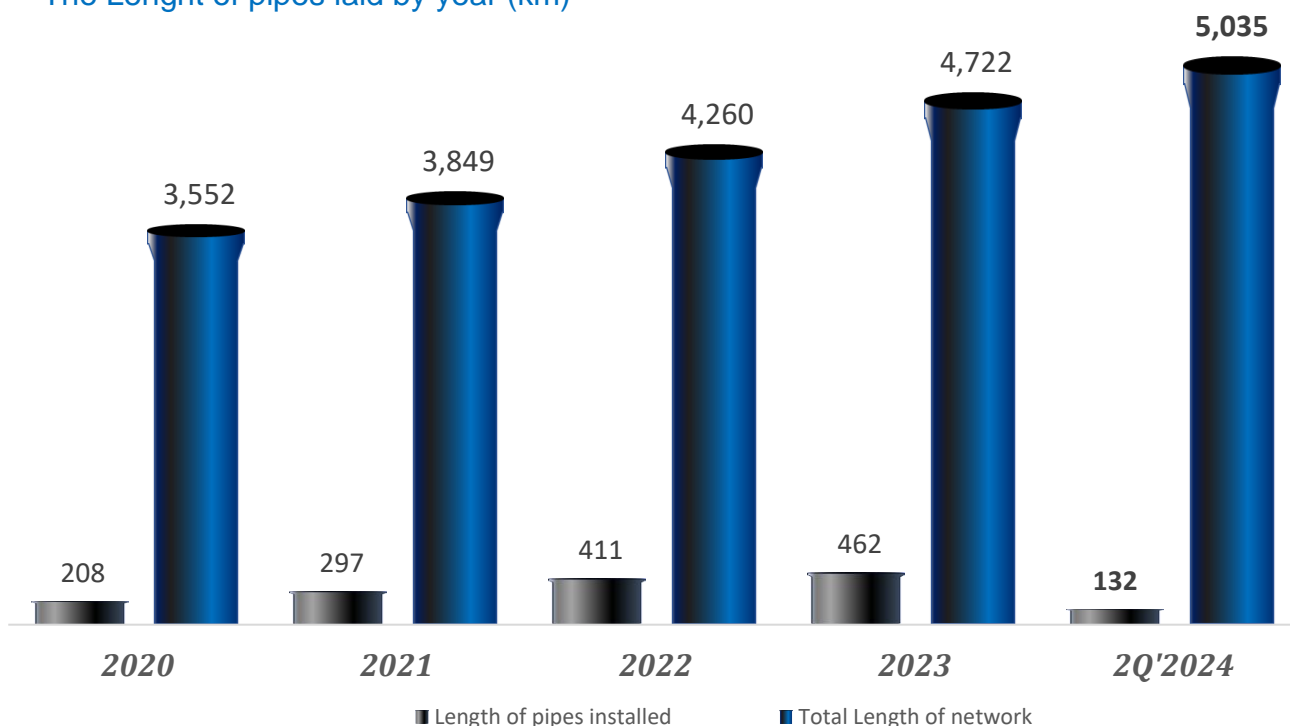
Description	Planned (m ³)	Actual (m ³)	Rate (%)
Phum Prek WTP	14,865,000	13,766,720	93
Chroy Changvar WTP	13,043,000	13,388,936	103
Chamkar Mon WTP	4,975,000	4,732,160	95
Nirodh WTP	24,084,000	23,244,323	97
Bakheng WTP	19,382,000	26,515,519	137
Mlech WTP	129,850	139,623	108
Tbong Khmom WTP	148,700	149,995	101
TOTAL	<u>76,627,550</u>	<u>81,937,276</u>	<u>107</u>

➤ 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	0.13	0.18	0.15	0.25	0.07	0.21	0.22	0.26
pH Value	pH	6.5-8.5	7.64	7.70	7.68	7.63	7.69	7.16	7.27	7.57
Free Available Chlorine	mg/l	0.1-1	1.66	1.28	1.17	1.51	1.32	1.22	1.03	0.48
Total Available Chlorine	mg/l	<2	1.86	1.43	1.32	1.67	1.45	1.37	1.21	0.61
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0	0

A.1.2. Pipes Laying

The Length of pipes laid by year (km)



PART 2. Information on Business Operation Performance (Con't)

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

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

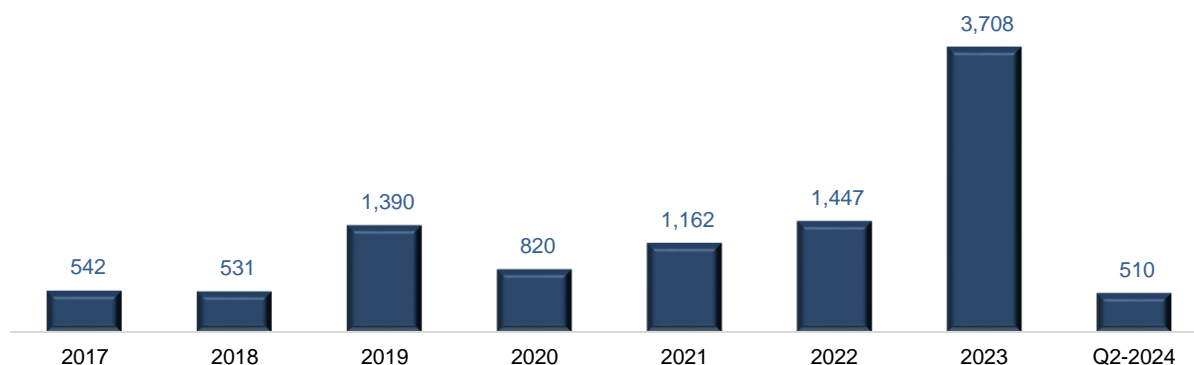
A.1.3. Water Loss Reduction

In the Second Quarter of 2024, PPWSA's non-revenue water rate was kept at **27.17%**.

A.2. Business Activities and Results

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

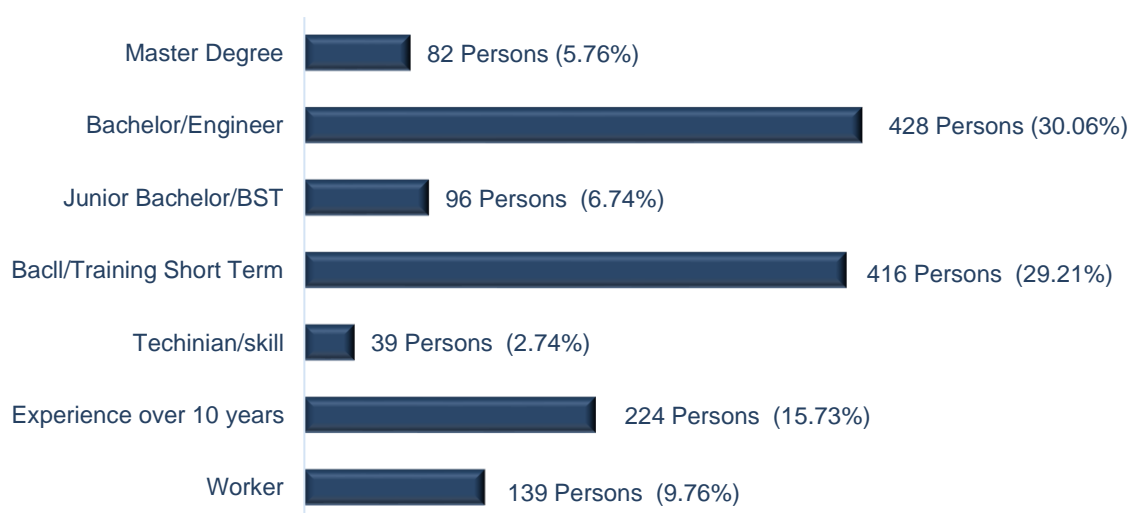
low-incom household connections



A.2.2. House Connection and Customer Management

Type of Customers	2020	2021	2022	2023	Q2-2024	
	(Connections)	(Connections)	(Connections)	(Connections)	(Connections)	(%)
Domestic	333,099	350,463	360,948	381,752	391,828	79.7267
Commercial	68,136	74,344	83,874	89,702	93,060	18.9353
Administrative	744	823	913	918	832	0.1693
Wholesalers	10	11	9	6	6	0.0012
RDE Representative	14	16	5	3	3	0.0006
Standpipe	17	16	16	14	13	0.0027
Room rental	5,759	5,728	5,789	5,746	5,722	1.1643
TOTAL	407,779	431,401	451,554	478,141	491,464	

A.3- Human Resource Management



Total staff of PPWSA in Q2-2024: 1,424 persons (246 females)

PART 2. Information on Business Operation Performance (Con't)

B- Revenue Structure

No	Source of Revenue	Second Quarter of 2024		Second Quarter of 2023		Second Quarter of 2022	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	84,132,663	90.86	89,071,558	89.46	73,981,962	92.11
2	Construction Service fees	1,073,763	1.16	4,342,368	4.36	5,008,429	6.24
3	Foreign exchange gains-net	-	-	-	-	-	-
4	Other income	7,392,292	7.98	6,148,570	6.18	1,328,436	1.65
	Total revenue	92,598,718		99,562,496		80,318,827	

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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 30 June 2024 compared to the period of 30 June 2023

Description	Second Quarter of 2024	Second Quarter of 2023	Changes	
	(KHR'000)	(KHR'000)	(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total Revenues	92,598,718	99,562,496	(6,963,778)	(6.99)

PPWSA had a total revenue of KHR92,598,718,000 for the period ended 30 June 2024 and KHR99,562,496,000 for the period ended 30 June 2023. The revenue decreased by KHR6,963,778,000 or 6.99%. The main reason of this decrease in revenue is due to the decrease of KHR4,938,895,000 in sales revenue or 5.54% and construction service fee decrease by KHR3,268,605,000 or 75.27% and non-revenue water rate increased by 27.17%.

2. Revenue analysis by segment

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

Description	Second Quarter of 2024	%	Second Quarter of 2023	%
	(KHR'000)		(KHR'000)	
Sale	84,132,663	90.86	89,071,558	89.46
Construction service fee	1,073,763	1.16	4,342,368	4.36
Foreign exchange gains-net	-	-	-	-
Other income	7,392,292	7.98	6,148,570	6.18
Total Revenues	92,598,718		99,562,496	

PART 4: Management’s Discussion and Analysis (Con’t)

A. Overview of operations (Con’t)

2. Revenue analysis by segment (Con’t)

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

- The period ended 30 June 2024 compared to the period of 30 June 2023

Description	Second Quarter of 2024		Second Quarter of 2023		Changes		
	Volume	Amount	Volume	Amount	Volume	Amount	%
	(M ³)	(KHR'000)	(M ³)	(KHR'000)	(M ³)	(KHR'000)	
	a	b	c	d	a - c	b - d	(b-d)/d*100
Domestic	28.920.258	29.218.064	34,215,254	33,384,595	(5.294.996)	(4.166.531)	(12.48%)
Commercial	26.019.586	43.807.366	24,149,981	43,826,081	1.869.605	(18.715)	(0.04%)
Public administrative and autonomy	2.375.466	5.938.665	2,941,009	6,060,513	(565.543)	(121.848)	(2.01%)
Representative and room rental	2.360.206	2.591.431	3,774,424	3,126,197	(1.414.218)	(534.766)	(17.11%)

◆ Revenue from domestic/household water sales

Revenue from domestic water sales amounted to KHR29,218,064,000 for the period ended 30 June 2024 and KHR33,384,595,000 for the period ended 30 June 2023, that is prompting an decrease of KHR 4,166,531,000 or 12.48%. The reason of the decrease is that the monthly consumption per connection decreased by 6.47m³ from 30.80m³ to 24.33m³. On the other hand, the number of connections ascended by 21,627 from 369,493 to 391,120 connections and the average tariff ascended by KHR34.58/m³ from KHR975.72/m³ to KHR1,010.30/m³.

◆ Revenue from commercial water sales

Revenue from commercial water sales amounted to KHR43,807,366,000 for the period ended of 30 June 2024 and KHR43,826,081,000 for the period ended of 30 June 2023, that is prompting an decrease of KHR18,715,000 or 0.04%. The reason of the decrease is that the monthly consumption per connection descended by 1.71m³ from 94.18m³ to 92.47m³ and the average tariff descended by KHR131.12/m³ from KHR1,814.75/m³ to KHR1,683.63/m³. On the other hand, the number of connections ascended by 4,422 from 86,573 to 90,995 connections.

◆ Revenue from public administrative water sales

Revenue from public administrative water sales amounted to KHR5,938,665,000 for the period ended of 30 June 2024 and KHR6,060,513,000 for the period ended of 30 June 2023, that is prompting an decrease of KHR121,848,000 or 2.01%. The reason of the decrease is that the monthly consumption per connection descended by 121.27m³ from 861.46m³ to 740.19m³ and the average tariff KHR 2,500/m³. On the other hand, the connections ascended by 74 connections from 823 to 897 connections.

◆ Revenue from water sales for representatives and rented rooms

Revenue from representative and rent rooms water sales amounted of KHR2,591,431,000 for the period ended of 30 June 2024 and KHR3,126,197,000 for the period ended of 30 June 2023, that is prompting an decrease of KHR534,766,000 or 17.11%. The reason of the decrease is that the monthly consumption per connection descended by 81.33m³ from 217.07m³ to 135.74m³ and the number of connections descended by 31 connections from 5,775 to 5,744 connections. On the other hand, the average tariff ascended by KHR397.97m³ from KHR700/m³ to KHR1,097.97/m³.

PART 4: Management’s Discussion and Analysis (Con’t)

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 30 June 2024 compared to the period ended 30 June 2023

Description	Second Quarter of 2024 (KHR'000)	Second Quarter of 2023 (KHR'000)	Changes	
			(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total revenues	92,598,718	99,562,496	(6,963,778)	(6.99)
Salaries, Wages and related expenses	(23,174,825)	(20,833,846)	(2,340,979)	11.24
Depreciation and amortisation charges	(14,655,993)	(15,673,564)	1,017,571	(6.49)
Electricity costs	(14,043,918)	(11,405,368)	(2,638,550)	23.13
Raw materials for water treatment	(4,135,823)	(3,814,874)	(320,949)	8.41
Construction service expenses	(687,661)	(2,154,885)	1,467,224	(68.09)
Finance income	2,045,162	4,186,070	(2,140,908)	(51.14)
Finance costs	(24,711,184)	(19,615,663)	(5,095,521)	25.98
Profit before tax	3,167,377	23,255,853	(20,088,476)	(86.38)

PPWSA earned profit before tax of KHR3,167,377,000 for the period ended 30 June 2024 and KHR23,255,853,000 for the period ended 30 June 2023, decreasing by KHR20,088,476,000 or 86.38%. The main reason of this decrease is due to the increase of KHR2,638,550,000 in electricity costs or 23.13%, KHR5,095,521,000 or 25.98% in finance costs and non-revenue water rate increased by 27.17%.

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.

PART 4: Management's Discussion and Analysis (Con't)

A. Overview of operations (Con't)

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

➤ The period ended 30 June 2024 compared to the period ended 30 June 2023

Description	Second Quarter of 2024 (KHR'000)	Second Quarter of 2023 (KHR'000)	Changes	
			(KHR'000)	Percentage
	c	d	c - d	(c-d)/d*100
Profit before tax (a)	3,167,377	23,255,853	(20,088,476)	(86.38)
Tax expense (b)	(741,449)	(10,024,554)	9,283,105	(92.60)
Profit for the financial year	2,425,928	13,231,299	(10,805,371)	(81.67)
Total comprehensive income for the financial year	2,425,928	13,231,299	(10,805,371)	(81.67)
Effective tax reate (b)/(a)	23.41%	43.11%		

PPWSA earned profit for the financial period of KHR2,425,928,000 for the period ended 30 June 2024 and KHR13,231,299,000 for the period ended 30 June 2023, decreasing by KHR10,805,371,000 or 81.67%. The main reason of this decrease is due to the decrease of KHR4,938,895,000 in sales revenue or 5.54%, However, electricity costs increased by KHR2,638,550,000 or 23.13%, KHR5,095,521,000 or 25.98% in finance costs and non-revenue water rate increased by 27.17%.

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 Second Quarter of 2024. The reason the Authority could secure this profit is that water sales increased quarter on quarter, with the supporting factors as below:

- **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, raw material consumption cost which is huge expense 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.

PART 4: Management's Discussion and Analysis (Con't)

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 Second Quarter of 2024. The real estate and tourism sector in Cambodia was likely to be on a declining trend, but 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 continued construction a Bakheng WTP - Phase 3 with the production capacity of 195,000 m³/day which is scheduled to be completed in the third quarter of 2027, Boeung Thom WTP with a production capacity of 6,000 m³/day date scheduled to end at the end of third quarter of 2024 and Takhmao WTP with a production capacity of 30,000m³/day which are scheduled to complete 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 June 30, 2024, the management believes that PPWSA does not have any unusual and extraordinary elements.

PART 4: Management’s Discussion and Analysis (Con’t)

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 90.86% of gross revenue in Second Quarter of 2024. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, according 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 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.

PART 4: Management's Discussion and Analysis (Con't)

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 សំណៅ.ស្រុក, 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 សំណៅ.អង្គជំនុំ, dated 18 May 2011.

PART 5: Other Necessary Information for Investor Protection

In the Second Quarter of 2024, Phnom Penh Water Supply Authority has no other necessary information to disclose.

SIGNATURE OF DIRECTORS OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, September 30, 2024

Read and Approved

Signature

EK SONNCHAN

Chairman of the Board

Phnom Penh, September 30, 2024

Read and Approved

Signature

Long Naro

Director

APPENDIX I

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024**

Registration No:
Co.0839 Et/2012

**PHNOM PENH WATER SUPPLY AUTHORITY
(INCORPORATED IN CAMBODIA)**


**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024**

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONTENTS	PAGE
STATEMENT BY THE DIRECTORS	1
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	2
CONDENSED STATEMENT OF FINANCIAL POSITION	3
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONDENSED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED STATEMENT OF CASH FLOWS	6 - 7
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	8 - 19

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

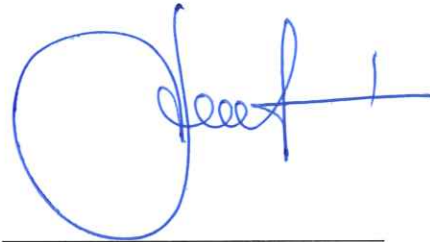
STATEMENT BY THE DIRECTORS

In the opinion of Directors, the accompanying condensed statement of financial position of Phnom Penh Water Supply Authority (“PPWSA”) as at 30 June 2024, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter period and six-month then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”) are presented fairly, in all material respects, in accordance with Cambodia International Accounting Standard 34 *Interim Financial Reporting*. 

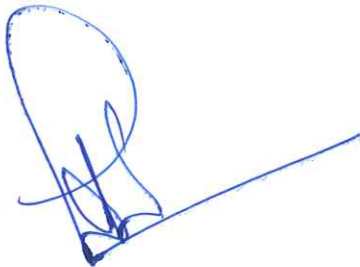
Signed on behalf of the Board of Directors,



Ek Sonnchan
Chairman of the Board of Directors



Long Naro
Director General



Deng Polyden
Deputy Director General
in charge of Finance

Phnom Penh, Cambodia
Date: 30-September-2024

REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)
(Registration No: Co.0839 Et/2012)

Introduction

We have reviewed the accompanying condensed statement of financial position of Phnom Penh Water Supply Authority (“PPWSA”) as at 30 June 2024, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of the PPWSA are responsible for the preparation of and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information 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 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.

Conclusion

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



BDO (Cambodia) Limited
Phnom Penh, Cambodia
Date: 30 September 2024

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,646,241,096	2,495,436,312
Intangible assets		9,707,629	10,463,074
		<u>2,655,948,725</u>	<u>2,505,899,386</u>
Current assets			
Inventories		245,729,532	318,746,592
Trade and other receivables		38,410,413	27,980,236
Contract assets	10	173,962,409	155,501,255
Loan to employees		8,147,143	7,956,651
Short-term investments	5	115,405,223	127,316,003
Cash and bank balances		6,733,856	15,660,200
		<u>588,388,576</u>	<u>653,160,937</u>
TOTAL ASSETS		<u>3,244,337,301</u>	<u>3,159,060,323</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		620,759,107	620,759,107
Reserves	6	769,192,273	647,148,782
Retained earnings		54,518,357	126,609,582
TOTAL EQUITY		<u>1,444,469,737</u>	<u>1,394,517,471</u>
LIABILITIES			
Non-current liabilities			
Borrowings	7	1,352,386,480	1,296,464,956
Deferred government and other grants	8	73,157,791	74,162,746
Deferred tax liabilities		83,223,041	81,946,858
Other payables	9	85,914,933	82,903,732
		<u>1,594,682,245</u>	<u>1,535,478,292</u>
Current liabilities			
Trade and other payables	9	157,856,300	179,944,621
Borrowings	7	31,841,492	24,137,129
Contract liabilities	10	5,542,224	4,254,138
Current tax liabilities		9,945,303	20,728,672
		<u>205,185,319</u>	<u>229,064,560</u>
TOTAL LIABILITIES		<u>1,799,867,564</u>	<u>1,764,542,852</u>
TOTAL EQUITY AND LIABILITIES		<u>3,244,337,301</u>	<u>3,159,060,323</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	Unaudited		Unaudited	
		Three-month period ended 30.6.2024 ⁽¹⁾ KHR'000	30.6.2023 ⁽²⁾ KHR'000	Six-month period ended 30.6.2024 ⁽¹⁾ KHR'000	30.6.2023 ⁽²⁾ KHR'000
Revenue:					
Sales	12	84,132,663	89,071,558	178,795,914	162,814,113
Construction service fee		1,073,763	4,342,368	3,268,590	11,167,587
Foreign exchange gains - net		-	-	872,197	-
Other income		7,392,292	6,148,570	16,295,056	8,592,409
		<u>92,598,718</u>	<u>99,562,496</u>	<u>199,231,757</u>	<u>182,574,109</u>
Expenses:					
Depreciation and amortisation charges		(14,655,993)	(15,673,564)	(29,421,024)	(30,791,516)
Electricity costs		(14,043,918)	(11,405,368)	(26,452,936)	(20,358,588)
Salaries, wages and related expenses		(23,174,825)	(20,833,846)	(43,021,280)	(39,290,936)
Raw materials for water treatment		(4,135,823)	(3,814,874)	(8,380,820)	(7,195,952)
Raw materials for household water connections		(1,470,547)	(1,226,633)	(2,860,754)	(2,383,716)
Repairs and maintenance		(3,696,601)	(2,462,236)	(7,517,242)	(4,755,974)
Construction service expense		(687,661)	(2,154,885)	(2,514,023)	(5,359,649)
Reversal of impairment on loan to employees		-	-	260,874	-
Other operating expenses		(4,721,477)	(3,296,170)	(8,273,143)	(5,981,655)
Foreign exchange losses - net		(178,474)	(9,474)	-	(900,231)
		<u>(66,765,319)</u>	<u>(60,877,050)</u>	<u>(128,180,348)</u>	<u>(117,018,217)</u>
Operating profit		25,833,399	38,685,446	71,051,409	65,555,892
Finance income	13	2,045,162	4,186,070	21,490,116	20,234,759
Finance costs	13	(24,711,184)	(19,615,663)	(26,552,809)	(20,793,146)
Profit before tax		3,167,377	23,255,853	65,988,716	64,997,505
Tax expense	14	(741,449)	(10,024,554)	(11,470,359)	(13,355,819)
Profit for the financial period		2,425,928	13,231,299	54,518,357	51,641,686
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		<u>2,425,928</u>	<u>13,231,299</u>	<u>54,518,357</u>	<u>51,641,686</u>
Earnings per share attributable to equity holders:					
Basic earnings per share (KHR)	15	27.89	152.13	626.84	593.77
Diluted earnings per share (KHR)	15	27.89	152.13	626.84	593.77

Notes:

(1) *The Condensed 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 2023 and the accompanying explanatory notes attached to this interim financial report.*

(2) *The comparative figures for the corresponding period were reviewed but not audited.*

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance as at 1 January 2024		620,759,107	647,148,782	126,609,582	1,394,517,471
Profit for the financial period, representing total comprehensive income		-	-	54,518,357	54,518,357
Transactions with owners					
Transfer to reserves	6	-	122,043,491	(122,043,491)	-
Dividends	11	-	-	(4,566,091)	(4,566,091)
Total transactions with owners		-	122,043,491	(126,609,582)	(4,566,091)
Balance as at 30 June 2024⁽¹⁾		620,759,107	769,192,273	54,518,357	1,444,469,737
Unaudited					
Balance as at 1 January 2023		620,759,107	543,268,075	108,185,865	1,272,213,047
Profit for the financial period, representing total comprehensive income				51,641,686	51,641,686
Transactions with owners					
Transfer to reserves	6	-	103,880,707	(103,880,707)	-
Dividends		-	-	(4,305,158)	(4,305,158)
Total transactions with owners		-	103,880,707	(108,185,865)	(4,305,158)
Balance as at 30 June 2023⁽²⁾		620,759,107	647,148,782	51,641,686	1,319,549,575

Notes:

(1) *The Condensed Statement of Change in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*

(2) *The comparative figures for the corresponding period were reviewed but not audited.*

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	Unaudited	
		Six-month period ended 30.6.2024 ⁽¹⁾ KHR'000	30.6.2023 ⁽²⁾ KHR'000
Cash flows from operating activities			
Profit before tax		65,988,716	64,997,505
Adjustments for:			
Amortisation of intangible assets		780,919	918,116
Amortisation of deferred government and other grants	8	(1,004,955)	(1,004,954)
Depreciation of property, plant and equipment	4	28,640,106	29,873,400
Finance income	13	(21,490,116)	(20,234,759)
Finance costs	13	26,552,809	20,793,146
Property, plant and equipment written-off	4	2,365,075	444,668
Reversal of impairment on loans to employees		(190,492)	-
Operating profit before changes working capital		101,642,062	95,787,122
Changes in working capital:			
Inventories		(71,979,354)	(7,946,521)
Trade and other receivables		(9,965,213)	(5,992,545)
Trade and other payables		(6,805,190)	31,116,476
Contract assets		(18,461,154)	(24,314,780)
Contract liabilities		1,288,086	1,023,188
Refundable water deposits		3,011,201	3,410,876
Cash (used in)/generated from operations		(1,269,562)	93,083,816
Income tax paid		(20,977,545)	(19,073,122)
Net cash (used in)/from operating activities		(22,247,107)	74,010,694
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(48,360,785)	(192,060,307)
Purchase of intangible assets		(25,474)	(236,253)
Interest received		3,440,614	2,919,001
Withdrawal/(Placement) of short-term investments		11,910,780	(1,008,416)
Net cash used in investing activities		(33,034,865)	(190,385,975)
Cash flows from financing activities			
Dividend paid		(4,566,091)	(4,305,158)
Drawdown of borrowings		71,312,377	101,439,083
Interest paid		(9,471,786)	(6,810,575)
Repayments of borrowings		(10,918,872)	(10,628,303)
Proceed from government grant		-	6,157,801
Net cash from financing activities		46,355,628	85,852,848

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2024 (continued)

	Note	Unaudited	
		Six-month period ended 30.6.2024 ⁽¹⁾ KHR'000	30.6.2023 ⁽²⁾ KHR'000
Net decrease cash and cash equivalents		(8,926,344)	(30,522,433)
Cash and cash equivalents at the beginning of financial period		<u>15,660,200</u>	<u>56,716,439</u>
Cash and cash equivalents at the end of financial period		<u>6,733,856</u>	<u>26,194,006</u>

Notes:

- (1) *The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were reviewed but not audited.*

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
30 JUNE 2024

1. CORPORATE INFORMATION

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

This condensed interim financial information are presented in Khmer Riel (“KHR”), which is also the functional currency of the PPWSA.

The condensed interim financial information was authorised for issue by the Board of Directors on 30 September 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the 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 the PPWSA are to:

- Invest in, build, enlarge, operate, repair and maintain the means of water sanitation and distribution;
- Manage devices to increase water productions, 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.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the PPWSA since the financial year ended 31 December 2023.

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023 except for the adoption of the following accounting standards, amendments and interpretations:

	Effective Date
<i>Supplier Finance Arrangements (Amendments to CIAS 7 Statement of Cash Flows and CIFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
Amendments to CIFRS 16 <i>Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to CIAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to CIAS 1 <i>Non-current Liabilities with Covenants</i>	1 January 2024

3. BASIS OF PREPARATION (continued)

Supplier Finance Arrangement (Amendments to CIAS 7 Statement of Cash Flows and CIFRS 7 Financial Instruments: Disclosures)

These Amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the entity.

The PPWSA carried out an assessment of its contracts and operations and concluded that these amendments have had no effect on the interim condensed financial statements, regardless of the transition relief provided.

Amendments to CIFRS 16 Lease Liability in Sale and Leaseback

This amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

These amendments had no effect on the interim condensed financial statements of the PPWSA.

Amendments to CIAS 1 Classification of Liabilities as Current or Non-current

CIAS 1 *Presentation of Financial Statements* has been amended to:

- Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period;
- Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- Explain that rights are in existence if covenants are complied with at the end of the reporting period; and
- Introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

These amendments had no effect on the interim condensed financial statements of the PPWSA.

Amendments to CIAS 1 Non-current Liabilities with Covenants

The amendment modifies the requirements introduced by *Classification of Liabilities as Current or Non-current* on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

These amendments had no effect on the interim condensed financial statements of the PPWSA.

3. BASIS OF PREPARATION (continued)

The following are accounting standards and amendments that have been issued but have not been early adopted by the PPWSA:

	Effective Date
Amendments to CIAS 21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to CIFRS 7 and CIFRS 9 <i>Classification and measurement of financial instruments</i>	1 January 2026
CIFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	1 January 2027
CIFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The PPWSA is in the process of making an assessment of the potential impact from the adoption of these accounting standards and amendments hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of the PPWSA.

The possible effects from the adoption of the above accounting standards and amendments are as follows:

Amendments to CIAS 21 *Lack of Exchangeability*

Amendments to CIAS 21 *Lack of Exchangeability* has been amended to:

- Specify when a currency is exchangeable into another currency and when it is not a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Amendments to CIFRS 7 and CIFRS 9 *Classification and measurement of financial instruments*

The amendments clarify:

- the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer.
- the requirements for assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features.
- characteristics of non-recourse loans and contractually linked instruments.

The amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI and for financial instruments with contingent features.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards and amendments are as follows: (continued)

CIFRS 18 Presentation and Disclosures in Financial Statements

CIFRS 18 will replace CIAS 1 *Presentation of Financial Statements* as the primary source of requirements in IFRS Accounting Standards for financial statement presentation.

The following is a summary of the most significant changes introduced by CIFRS 18:

- Required categories and sub-totals in the statement of profit or loss: items of income and expense will be classified into operating, financing, investing, income tax or discontinued operations categories. This classification will depend on a combination of an assessment of the entity's main business activities and certain accounting policy choice;
- Required sub-totals in the statement of profit or loss: based on an entity's application of the classification requirements as described in #1, certain sub-totals will be required to be presented in financial statements, such as operating profit. The operating profit sub-total is now defined in CIFRS 18;
- Labelling, aggregation and disaggregation: expanded requirements for labelling, aggregation and disaggregation of information in financial statements;
- Narrow scope changes to the statement of cash flows: revised requirements for how the statement of cash flow will be presented, including the classification of interest and dividend cash flows; and
- Management-defined performance measures: the requirement for certain entities to include 'management-defined performance measures' (i.e. alternative performance measures, 'non-GAAP measures', etc.) in their financial statement notes, with reconciliations to the nearest IFRS-compliant sub-total. For example, 'adjusted profit or loss' reconciled to profit or loss.

CIFRS 19 Subsidiaries without Public Accountability: Disclosures

CIFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standard with reduced disclosures.

A subsidiary may elect to apply CIFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability; and
- its parents produces consolidated financial statements that are available for public use under IFRS Accounting Standards.

A subsidiary applying CIFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that CIFRS 19 has been adopted.

Amendments to CIFRS 10 and CIAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000 (restated)
<i>Cost</i>		
Balance at the beginning of financial period/year	3,153,360,119	2,805,461,230
Additions	36,813,551	281,994,800
Transfers from inventory	144,996,414	72,143,423
Written-off	<u>(7,226,938)</u>	<u>(6,239,334)</u>
Balance at the end of financial period/year	<u>3,327,943,146</u>	<u>3,153,360,119</u>
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	657,923,807	602,419,317
Depreciation for financial period/year	28,640,106	60,115,369
Written-off	<u>(4,861,863)</u>	<u>(4,610,879)</u>
Balance at the end of financial period/year	<u>681,702,050</u>	<u>657,923,807</u>
<i>Carrying amounts</i>		
Balance at the end of financial period/year	<u>2,646,241,096</u>	<u>2,495,436,312</u>

During the financial period, the PPWSA made the following cash payment to purchase property, plant and equipment:

	Unaudited 30.6.2024 KHR'000	Unaudited 30.6.2023 KHR'000
Additions	36,813,551	197,156,841
Decrease in payables and performance guarantee	15,283,131	-
Interest capitalised on qualifying assets	<u>(3,735,897)</u>	<u>(5,096,534)</u>
Cash payment for purchase of property, plant and equipment	<u>48,360,785</u>	<u>192,060,307</u>

5. SHORT-TERM INVESTMENTS

These represent fixed deposits placed with financial institutions for a period of between nine and twelve months and earn interest at rates 3.50% to 6.75% (2023: 3.50% to 4.75%) per annum.

Short-term investments include deposits amounting to KHR115.4 billion (2023: KHR127.3 billion) set up specifically for the purpose of paying retirement benefits to retirees who are entitled to retirement benefits under the pension scheme.

6. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
As at 1.1.2024	1,648,435	43,990,965	43,990,965	557,518,417	647,148,782
Transfer from retained earnings	<u>-</u>	<u>6,330,479</u>	<u>6,330,479</u>	<u>109,382,533</u>	<u>122,043,491</u>
As at 30.6.2024 (Unaudited)	<u>1,648,435</u>	<u>50,321,444</u>	<u>50,321,444</u>	<u>666,900,950</u>	<u>769,192,273</u>

6. RESERVES (continued)

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
As at 1.1.2023	1,648,435	38,581,671	38,581,671	464,456,298	543,268,075
Transfer from retained earnings	<u>-</u>	<u>5,409,294</u>	<u>5,409,294</u>	<u>93,062,119</u>	<u>103,880,707</u>
As at 31.12.2023 (Audited)	<u>1,648,435</u>	<u>43,990,965</u>	<u>43,990,965</u>	<u>557,518,417</u>	<u>647,148,782</u>

On 15 March 2024, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR122 billion.

In accordance with the PPWSA's Articles of Incorporation, article 44, dated 27 June 2012, the 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

7. BORROWINGS

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000
Non-current		
MoEF - Japanese International Cooperation Agency ("JICA")	28,455,481	32,905,221
MoEF - Asian Development Bank ("ADB")	26,663,477	28,181,178
Agence Francaise De Development ("AfD") - Credit No. 1121 01 F	-	9,120,093
AfD - Credit No. 1174 01 P	142,008,404	146,790,388
AfD - Credit No. 1176 01 S	343,050,985	334,124,904
AfD - Credit No. 1244 01 M	408,156,848	348,610,836
European Investment Bank ("EIB")	<u>404,051,285</u>	<u>396,732,336</u>
	<u>1,352,386,480</u>	<u>1,296,464,956</u>
Current		
MoEF - JICA	1,240,315	1,406,237
MoEF - ADB	2,335,334	2,377,251
AfD - Credit No. 1121 01F	17,651,623	18,260,514
AfD - Credit No. 1174 01 P	7,023,002	1,349,843
AfD - Credit No. 1176 01 S	291,367	275,702
AfD - Credit No. 1244 01 M	477,299	357,428
EIB	<u>2,822,552</u>	<u>110,154</u>
	<u>31,841,492</u>	<u>24,137,129</u>
	<u>1,384,227,972</u>	<u>1,320,602,085</u>

7. BORROWINGS (continued)

The maturity dates of these borrowings are as follows:

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000
Current		
- Not later than one year	<u>31,841,492</u>	<u>24,137,129</u>
Non-current		
- Later than one year but not later than two years	38,314,307	31,779,581
- Later than two years but not later than five years	256,271,206	222,815,146
- Later than five years	<u>1,057,800,967</u>	<u>1,041,870,229</u>
	<u>1,352,386,480</u>	<u>1,296,464,956</u>
	<u>1,384,227,972</u>	<u>1,320,602,085</u>

8. DEFERRED GOVERNMENT AND OTHER GRANTS

	EU grant KHR'000	Government grant KHR'000	JICA grant KHR'000	Other grants KHR'000	Total KHR'000
Balance at 1.1.2024	54,436,199	14,496,321	3,838,433	1,391,793	74,162,746
Amortisation charges	-	(926,503)	(66,253)	(12,199)	(1,004,955)
Balance at 30.6.2024 (Unaudited)	<u>54,436,199</u>	<u>13,569,818</u>	<u>3,772,180</u>	<u>1,379,594</u>	<u>73,157,791</u>
Balance at 1.1.2023	54,436,199	10,191,527	3,972,502	638,249	69,238,477
Additions	-	6,157,800	-	776,377	6,934,177
Amortisation charges	-	(1,853,006)	(134,069)	(22,833)	(2,009,908)
Balance at 31.12.2023 (Audited)	<u>54,436,199</u>	<u>14,496,321</u>	<u>3,838,433</u>	<u>1,391,793</u>	<u>74,162,746</u>

9. TRADE AND OTHER PAYABLES

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000
Other payables - non-current		
Refundable water deposits	<u>85,914,933</u>	<u>82,903,732</u>
Trade payable - current		
Third parties	<u>67,870,430</u>	<u>84,791,276</u>

9. TRADE AND OTHER PAYABLES (continued)

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000
Other payables - current		
Accrued staff incentive	6,378,938	11,505,191
Amount due to Phnom Penh Municipality	68,526,456	65,492,330
Amount due to employees	4,501,505	4,510,286
Performance guarantee	67,382	67,356
Other tax payable	469,368	972,848
Other payables	<u>10,042,221</u>	<u>12,605,334</u>
	<u>89,985,870</u>	<u>95,153,345</u>
	<u>157,856,300</u>	<u>179,944,621</u>
	<u>243,771,233</u>	<u>262,848,353</u>

10. CONTRACT ASSETS AND LIABILITIES

	Unaudited 30.6.2024 KHR'000	Audited 31.12.2023 KHR'000
Contract assets		
Construction service receivable	5,421,807	6,551,201
Accrued water revenue	<u>168,540,602</u>	<u>148,950,054</u>
	<u>173,962,409</u>	<u>155,501,255</u>
Contract liabilities		
Deferred income	(5,278)	(5,278)
Unearned income	<u>(5,536,946)</u>	<u>(4,248,860)</u>
	<u>(5,542,224)</u>	<u>(4,254,138)</u>

11. DIVIDEND

On 24 May 2024, the Board of Directors proposed and approved the dividend in respect of the financial year ended 31 December 2023 of KHR350 per share, amounting to a total dividend of KHR4,566,091,250.

12. SALES

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	KHR'000	KHR'000	KHR'000	KHR'000
Water sales:				
- households	29,218,064	33,384,595	64,413,841	59,908,374
- commercial	43,807,366	43,826,081	89,193,688	79,472,879
- public administration institution	5,737,418	5,662,922	12,279,056	11,166,889
- autonomous state authorities	201,247	397,591	466,749	579,206
- wholesalers	2,591,431	3,126,197	5,595,850	5,473,588
Rounding difference on water sales revenue	19,729	21,199	41,953	38,374
Less: Invoice cancellations	(1,403,919)	(111,238)	(1,479,515)	(656,227)
	<u>80,171,336</u>	<u>86,307,347</u>	<u>170,511,622</u>	<u>155,983,083</u>
Water connection revenue	2,937,519	1,835,992	5,944,434	4,586,973
Water meter replacement charges	1,000,240	893,147	2,271,753	2,156,762
Spare parts and meter sales	23,568	35,072	68,105	87,295
	<u>84,132,663</u>	<u>89,071,558</u>	<u>178,795,914</u>	<u>162,814,113</u>

13. FINANCE INCOME/(COSTS)

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	KHR'000	KHR'000	KHR'000	KHR'000
Finance income:				
- Interest income on bank deposits (a)	2,045,162	1,776,980	3,905,578	3,439,817
- Net foreign exchange gains on borrowings	-	2,409,090	17,584,538	16,794,942
	<u>2,045,162</u>	<u>4,186,070</u>	<u>21,490,116</u>	<u>20,234,759</u>
Finance costs:				
- Interest expense on borrowings (b)	(4,948,058)	(4,329,698)	(9,627,961)	(6,866,138)
- Net foreign exchange losses on borrowings	(20,660,745)	(18,775,730)	(20,660,745)	(19,023,542)
- Interest expense capitalised on qualifying assets	897,619	3,489,765	3,735,897	5,096,534
	<u>(24,711,184)</u>	<u>(19,615,663)</u>	<u>(26,552,809)</u>	<u>(20,793,146)</u>
	<u>(22,666,022)</u>	<u>(15,429,593)</u>	<u>(5,062,693)</u>	<u>(558,387)</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.

14. TAX EXPENSE

Under the Cambodian Law on Taxation, the PPWSA has an obligation to pay tax on profit at 20% (2023: 20%) of the taxable profit or a minimum tax at 1% (2023: 1%) of total revenue, whichever is higher. It represents the minimum amount of tax that the PPWSA will pay to tax authorities. The PPWSA has a tax on profit liability that exceeds the minimum tax liability, thus, no minimum tax will be payable. Tax is payable even if the PPWSA is in a tax loss position.

15. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Unaudited		Unaudited	
	Three-month period ended	Three-month period ended	Six-month period ended	Six-month period ended
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	KHR'000	KHR'000	KHR'000	KHR'000
Profit attributable to equity holders (KHR'000)	2,425,928	13,231,299	54,518,357	51,641,686
Weighted average number of shares	<u>86,973,162</u>	<u>86,973,162</u>	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share (KHR)	<u>27.89</u>	<u>152.13</u>	<u>626.84</u>	<u>593.77</u>

(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.

The 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.

16. RELATED PARTY TRANSACTIONS

(a) The PPWSA had the following transactions with related parties during the financial period.

	Unaudited		Unaudited	
	Three-month period ended	Three-month period ended	Six-month period ended	Six-month period ended
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	KHR'000	KHR'000	KHR'000	KHR'000
<u>Common control</u>				
MoEF				
Interest on borrowings paid	<u>4,948,057</u>	<u>4,329,698</u>	<u>9,627,961</u>	<u>6,866,139</u>

(b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited		Unaudited	
	Three-month period ended	Three-month period ended	Six-month period ended	Six-month period ended
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	KHR'000	KHR'000	KHR'000	KHR'000
Salaries and other expenses	<u>547,480</u>	<u>649,492</u>	<u>1,164,394</u>	<u>1,278,156</u>

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The PPWSA primary exposure to credit risk arises through its trade receivables from its customers. The credit period is one months and the PPWSA 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 the PPWSA's management of working capital. It is the risk that the PPWSA will encounter difficulty in meeting its financial obligations when due.

The 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, the PPWSA maintains a level of cash and cash equivalents deemed adequate to finance the 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 the PPWSA would fluctuate because of changes in market interest rates.

The exposure of the PPWSA to interest rate risk arises primarily from borrowings. The 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. The PPWSA does not use derivative financial instruments to hedge any debt obligations.

18. CAPITAL COMMITMENTS

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

	Unaudited	Audited
	30.6.2024	31.12.2023
	KHR'000	KHR'000
Construction of water treatment plant	428,629,072	27,799,075
Consultation services	4,897,298	9,949,247
Purchase of iron pipes, fitting and accessories	9,465,442	21,870,848
	<u>442,991,812</u>	<u>59,619,170</u>

19. TAXATION CONTINGENCIES

Law on taxation in Cambodia including Sub Decree, Prakas, Circular and Notification is frequently changing based on the amendment of tax authorities and subject to interpretation. Often, differing interpretations on law of taxation exist among relevant parties and this could result in higher tax risks. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. Management believes that it has adequately provided tax liabilities based on its interpretation of tax legislation.

20. COMPARATIVE FIGURES

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

	As restated KHR'000	As previously stated KHR'000
Statement of financial position		
Non-current liabilities		
Borrowings	1,296,464,956	1,296,924,684
Current liabilities		
Borrowings	<u>24,137,129</u>	<u>23,677,401</u>

21. PRIOR YEAR ADJUSTMENTS

The comparatives were restated due to reclassification of certain financial statements areas to reflect the nature of the transaction. The effects are as follows:

	As restated KHR'000	As previously stated KHR'000
Statement of financial position		
Non-current assets		
Property, plant and equipment	2,495,436,312	2,494,979,290
Current assets		
Cash and bank balances	<u>15,660,200</u>	<u>16,117,222</u>

22. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 10 April 2024, the PPWSA and VINCI Construction Grands Projects enter into agreement on Construction of Bakheng Water Production Facilities Phase 3 with the production capacity of 195,000m³/day. This construction contract is approximately US\$103 million which are financed by subsidiary loan from MoEF funded by development partners, AfD amounting to US\$61 million and PPWSA's fund, amounting to US\$42 million. The construction will be started by June 2024 and completed by third quarter of 2027.



PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)



: + 855(23) 635 08 08



: ir@ppwsa.com.kh



: www.ppwsa.com.kh

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