

KINGDOM OF CAMBODIA

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**PHNOM PENH
WATER SUPPLY AUTHORITY**

PRESS RELEASE

**Revision on Condensed Interim Financial Information
For the Quarter and Three-month Period Ended 31 March 2023**

Phnom Penh Water Supply Authority

Phnom Penh Water Supply Authority (PPWSA) would like to announce to investors and the public that PPWSA has revised and edited the Mistaken on some date of Condensed Interim Financial Information for the Quarter and Three-month Period Ended 31 March 2023, that has been disclosed publicly on May 12, 2023, on the **Note 13. DIVIDEND** of Khmer version and **Note 18. AUTHORIZATION OF CONDENSED INTERIM FINANCIAL INFORMATION** of English Version as detailed below:

Description	Previous Revision Date	Current Revision Date
Note 13. DIVIDEND Page 17 of Khmer Version	31 March 2021	31 march 2023
Note18. AUTHORIZATION OF CONDENSED INTERIM FINANCIAL INFORMATION Page 14 of English Version	31 March 2022	31 march 2023

In this regard, please be informed.

Phnom Penh, May 16, 2023

PHNOM PENH WATER SUPPLY AUTHORITY



Unofficial Translation

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

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
THREE-MONTH PERIOD ENDED 31 MARCH 2023

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)


**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

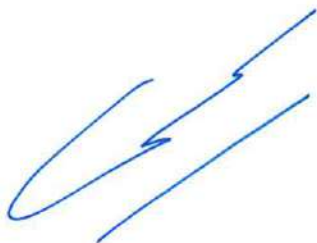
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PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

STATEMENT BY THE DIRECTORS

We, **H.E. SIM SITHA**, **H.E. LONG NARO** and **DENG POLYDEN**, being the directors and officer of Phnom Penh Water Supply Authority ("PPWSA"), do hereby state that in the opinion of the directors, the accompanying condensed interim statement of financial position of PPWSA as at 31 March 2023, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and three-month period then ended, and notes to the condensed interim financial information (collectively known as "Condensed Interim Financial Information") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

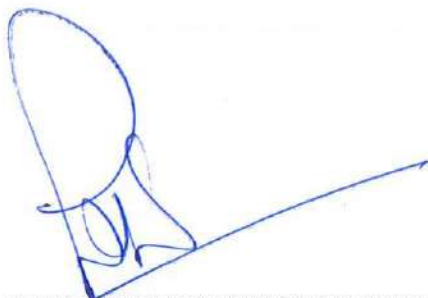
Signed on behalf of the Board of Directors and the management, 



.....
SIM SITHA
Chairman of the Board of Director



.....
LONG NARO
Director General



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

Date: 12th May 2023

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Unaudited 31.3.2023 KHR'000	Audited 31.12.2022 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,293,721,681	2,203,041,914
Intangible assets		11,765,724	12,089,587
Total non-current assets		<u>2,305,487,405</u>	<u>2,215,131,501</u>
Current assets			
Inventories		131,278,926	152,737,078
Trade and other receivables		48,419,059	28,264,940
Contract assets	5	93,205,688	92,768,374
Loan to employees		7,956,651	7,956,651
Short-term investments	6	125,404,908	126,118,416
Cash and cash equivalents		42,251,424	61,158,915
Total current assets		<u>448,516,656</u>	<u>469,004,374</u>
TOTAL ASSETS		<u>2,754,004,061</u>	<u>2,684,135,875</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of PPWSA			
Share capital and share premium		620,759,107	620,759,107
Reserves		647,148,782	543,268,075
Retained earnings		38,410,385	108,185,865
TOTAL EQUITY		<u>1,306,318,274</u>	<u>1,272,213,047</u>
Non-current liabilities			
Borrowings	7	996,259,610	986,495,717
Deferred government and other grants		68,736,001	69,238,477
Deferred tax liabilities		77,016,716	77,016,716
Other payables	8	78,805,380	76,801,705
Total non-current liabilities		<u>1,220,817,707</u>	<u>1,209,552,615</u>
Current liabilities			
Trade and other payables	8	193,418,624	154,661,152
Borrowings	7	23,188,388	23,499,158
Contract liabilities	5	5,479,944	4,456,756
Current tax liabilities		4,781,124	19,753,147
Total current liabilities		<u>226,868,080</u>	<u>202,370,213</u>
TOTAL LIABILITIES		<u>1,447,685,787</u>	<u>1,411,922,828</u>
TOTAL EQUITY AND LIABILITIES		<u>2,754,004,061</u>	<u>2,684,135,875</u>

The Condensed Interim Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Note	Unaudited	
		Quarter and three-month period ended	
		31.3.2023	31.3.2022
		KHR'000	KHR'000
Income:			
Sales	9	73,742,555	69,132,127
Construction service fee		6,825,219	3,816,557
Other income		2,443,839	9,071,326
		<u>83,011,613</u>	<u>82,020,010</u>
Expenses:			
Depreciation and amortisation charges		(15,117,954)	(14,878,838)
Electricity costs		(8,953,220)	(8,523,659)
Employee benefits expense		(18,457,090)	(16,054,468)
Raw materials for water treatment		(3,381,078)	(2,579,993)
Raw materials for household water connections		(1,157,083)	(1,154,089)
Repairs and maintenance		(2,293,738)	(1,359,450)
Construction service expense		(3,204,764)	(1,991,028)
Other operating expenses		(2,685,485)	(2,316,046)
Foreign exchange losses - net		(890,757)	(1,126,904)
		<u>(56,141,169)</u>	<u>(49,984,475)</u>
Operating profit		26,870,444	32,035,535
Finance income	10	16,048,689	9,468,907
Finance costs	11	(1,177,483)	(818,173)
Profit before tax		41,741,650	40,686,269
Income tax	12	(3,331,265)	(10,394,520)
Profit for the period, representing total comprehensive income for the period		<u>38,410,385</u>	<u>30,291,749</u>
Earnings per share attributable to owners			
Basic earnings per share (KHR)		441.63	348.29
Diluted earnings per share (KHR)		<u>441.63</u>	<u>348.29</u>

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 2022 and the accompanying explanatory notes attached to this condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Note	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance 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 for the period		-	-	38,410,385	38,410,385
Transactions with owners					
Transfer to reserves		-	103,880,707	(103,880,707)	-
Dividends	13	-	-	(4,305,158)	(4,305,158)
Total transactions with owners		-	103,880,707	(108,185,865)	(4,305,158)
Balance at 31 March 2023		620,759,107	647,148,782	38,410,385	1,306,318,274
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		-	-	30,291,749	30,291,749
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 31 March 2022		619,315,886	543,268,075	30,291,749	1,192,875,710

The Condensed Interim Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to the condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Cash flows from operating activities		
Profit before tax	41,741,650	40,686,269
Adjustments for:		
Amortisation of intangible assets	453,165	476,435
Depreciation of property, plant and equipment	14,664,789	14,402,403
Amortisation of deferred government and other grants	(502,476)	(502,477)
Written off of property, plant and equipment	444,666	107,191
Finance income	(1,662,838)	(864,883)
Finance costs	2,536,441	1,896,483
Net unrealised foreign exchange gain	(14,138,039)	(7,059,349)
Operating profit before changes in working capital	43,537,358	49,142,072
Decrease/(Increase) in inventories	18,287,786	(8,637,420)
(Increase)/Decrease in trade and other receivables	(18,910,978)	7,726,129
Increase in trade and other payables	34,452,314	91,418,725
(Increase)/Decrease in contract assets	(437,314)	2,633,498
Increase in contract liabilities	1,023,188	-
Increase in refundable water deposits	2,003,675	1,449,733
Net cash from operations	79,956,029	143,732,737
Income tax paid	(18,303,288)	(20,116,702)
Net cash generated from operating activities	61,652,741	123,616,035
Cash flows from investing activities		
Purchase of property, plant and equipment	(101,012,086)	(130,554,816)
Purchase of intangible assets	(129,302)	(390,075)
Increase in short-term investments	713,508	(253,950)
Interest capitalised on qualifying assets	(1,606,770)	(1,078,310)
Interest received	419,697	765,209
Net cash used in investing activities	(101,614,953)	(131,511,942)
Cash flows from financing activities		
Drawdown of borrowings	32,095,692	24,642,142
Interest paid	(1,534,376)	(517,519)
Repayments of borrowings	(9,506,595)	(10,822,159)
Net cash generated from financing activities	21,054,721	13,302,464
Net (decrease)/increase in cash and cash equivalents	(18,907,491)	5,406,557
Cash and cash equivalents at the beginning of the period	61,158,915	89,659,538
Cash and cash equivalents at the end of the period	42,251,424	95,066,095

The Condensed Interim Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

1. CORPORATE INFORMATION

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

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

The principal activities of PPWSA are to 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 2022 and any public announcements made by PPWSA during the interim reporting period.

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

3. SEASONAL OR CYCLICAL FACTOR

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

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31.3.2023 KHR'000	Audited 31.12.2022 KHR'000
Cost		
Balance at the beginning of the financial period/year	2,805,461,230	2,438,823,008
Additions	102,618,856	287,124,812
Transfer from inventory	3,170,366	80,775,249
Transfer to intangible assets	-	(1,125,000)
Written-off	<u>(5,055,547)</u>	<u>(136,839)</u>
Balance at the end of the financial period/year	<u>2,906,194,905</u>	<u>2,805,461,230</u>
Accumulated depreciation		
Balance at the beginning of the financial period/year	602,419,316	544,958,389
Depreciation for the financial period/year	14,664,789	57,460,927
Written-off	<u>(4,610,881)</u>	<u>-</u>
Balance at the end of the financial period/year	<u>612,473,224</u>	<u>602,419,316</u>
Carrying amount		
Balance at the end of the financial period/year	<u>2,293,721,681</u>	<u>2,203,041,914</u>

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

	Unaudited Quarter and three-month period ended	
	31.3.2023 KHR'000	31.3.2022 KHR'000
Additions	102,618,856	131,633,126
Interest capitalised on qualifying assets	<u>(1,606,770)</u>	<u>(1,078,310)</u>
Cash payment for purchase of property, plant and equipment	<u>101,012,086</u>	<u>130,554,816</u>

5. CONTRACT ASSETS / (LIABILITIES)

	Unaudited 31.3.2023 KHR'000	Audited 31.12.2022 KHR'000
Contract assets		
Contract assets relating to construction service contracts	5,931,224	3,533,898
Contract assets relating to water revenue	<u>87,274,464</u>	<u>89,234,476</u>
	<u>93,205,688</u>	<u>92,768,374</u>
Contract liabilities		
Contract liabilities relating to construction service contracts	<u>5,479,944</u>	<u>4,456,756</u>

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

6. SHORT-TERM INVESTMENTS

These represent fixed deposit placed with financial institutions for a period of between nine to twelve months (2022: nine to twelve months) and earn interest at rates ranging from 3.50% to 4.75% (2022: 3.50% to 4.75%) per annum.

7. BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Carrying amount KHR'000
Balance at 1 January 2023				1,009,994,875
Drawdown				
AfD - Credit No. 1176 01 S	USD	0.900%	2038	12,179,690
AfD - Credit No. 1244 01 M	USD	0.900%	2039	8,900,038
European Investment Bank	USD	0.610% - 0.965%	2048	11,015,964
Repayments				
<u>Principle</u>				
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(8,793,340)
MoEF - JICA	JPY	0.660%	2049	(713,255)
<u>Interest</u>				
MoEF - JICA	JPY	0.660%	2049	(118,174)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(54,821)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(1,361,381)
Accrued interest				2,536,441
Unrealised exchange gain				(14,138,039)
Balance at 31 March 2023				1,019,447,998

Breach of loan covenants

PPWSA has unsecured borrowings with a carrying amount of KHR1,019,447,998,000 as at 31 March 2023. These borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 2 to 26 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 three-month period ended 31 March 2023. As disclosed in the audited financial statement for the year ended 31 December 2022, PPWSA has obtained a waiver from the relevant party, extended until 31 December 2022.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

8. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	31.3.2023	31.12.2022
	KHR'000	KHR'000
Non-current:		
Other payables		
Refundable water deposits	78,805,380	76,801,705
Current:		
Trade payables		
Third parties	88,069,364	48,078,710
Accruals construction-in-progress	20,898,444	23,208,075
	<u>108,967,808</u>	<u>71,286,785</u>
Other payables		
Accrued staff incentive	3,006,926	9,993,226
Amount due to Phnom Penh Municipality	59,111,871	57,830,594
Performance guarantee	67,323	67,390
Dividend payable	4,305,158	-
Other tax payable	1,582,610	385,903
Accruals	6,150,877	6,071,437
Other payables	10,226,051	9,025,817
	<u>84,450,816</u>	<u>83,374,367</u>
Total trade and other payables (current)	<u>193,418,624</u>	<u>154,661,152</u>
Total trade and other payables (non-current and current)	<u>272,224,004</u>	<u>231,462,857</u>

9. SALES

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Water sales:		
- households	26,523,779	26,420,025
- commercial	35,646,798	32,165,718
- public administration	5,685,582	4,741,260
- wholesalers	2,347,391	2,184,725
Rounding difference on water sales revenue	17,175	16,109
Less: Invoice cancellations	(544,989)	(104,276)
	<u>69,675,736</u>	<u>65,423,561</u>
Water connection revenue	2,750,981	2,423,585
Water meter replacement charges	1,263,615	1,220,826
Spare parts and meter sales	52,223	64,155
	<u>73,742,555</u>	<u>69,132,127</u>

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

10. FINANCE INCOME

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Interest income on bank deposits	1,662,838	864,883
Unrealised foreign exchange gain on borrowings	14,385,851	8,604,024
	<u>16,048,689</u>	<u>9,468,907</u>

11. FINANCE COSTS

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Interest expense on borrowings	2,536,441	1,896,483
Unrealised foreign exchange loss on borrowings	247,812	-
Interest capitalised on qualifying assets	(1,606,770)	(1,078,310)
	<u>1,177,483</u>	<u>818,173</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 three-month period ended 31 March 2023 of 8% (quarter and three-month period ended 31 March 2022: 26%). The change in effective tax rate was mainly contributed by the recognition of deferred tax liabilities in the quarter and three-month period ended 31 March 2022.

13. DIVIDENDS

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Recognised during the financial period		
Dividend for the financial period ended 31 March 2023 of KHR330 per ordinary share (*)	<u>4,305,158</u>	<u>-</u>
Dividend for the financial period ended 31 December 2022 of KHR310 per ordinary share	<u>-</u>	<u>4,044,252</u>

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

13. DIVIDENDS (CONTINUED)

- (*) The Board of Directors had on 15 March 2023 declared and approve the dividend of KHR330 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.

14. RELATED PARTY TRANSACTIONS

PPWSA has the following significant transactions with related parties:

- (a) Government-related entities

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

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

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

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

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

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

14. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	Unaudited	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Salaries and other expenses	<u>628,664</u>	<u>545,001</u>

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

- (a) Credit risk

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

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

- (b) Liquidity and cash flow risk

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

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

- (c) Interest rate risk

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (continued)

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.

(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		
31.3.2023	1,019,447,998	876,281,593
31.12.2022	<u>1,009,994,875</u>	<u>868,569,688</u>

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	
	Quarter and three-month period ended	
	31.3.2023	31.3.2022
	KHR'000	KHR'000
Construction of water treatment plant	27,799,074	288,897,974
Consultation services	9,949,247	6,790,329
Purchase of iron pipes, fitting and accessories	<u>21,870,849</u>	<u>1,908,227</u>
	<u>59,619,170</u>	<u>297,596,530</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2023 (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. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of PPWSA for the quarter and three-month period ended 31 March 2023 were authorised for issue by the Board of Directors on 12 May 2023.

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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 31 March 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and three-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

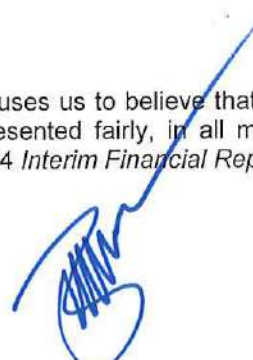
We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). A review of condensed interim financial information consists of making inquiries, primarily of persons 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: 12 MAY 2023