

Registration No:  
Co.0839 Et/2012

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

**AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
31 DECEMBER 2025**

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**CORPORATE INFORMATION**

**DIRECTORS:**

H.E. Ek SonnChan  
H.E. Mey Vann  
H.E. In Sakan  
H.E. Chhay Virak  
Mr. Sok Nareth  
Mr. Nam Chantry  
Mr. Sreng Samork

**REGISTERED OFFICE:**

No. 45, St.106  
Sangkat Srah Chork, Khan Daun Penh  
Phnom Penh, Cambodia

**PRINCIPAL BANKERS:**

ACLEDA Bank Plc.  
Advance Bank of Asia Limited  
AMK Microfinance Institution Plc.  
Amret Plc.  
BRED Bank (Cambodia) Plc.  
Cambodia Post Bank Plc.  
Cambodian Public Bank Plc.  
Canadia Bank Plc.  
Chip Mong Commercial Bank Plc.  
Foreign Trade Bank of Cambodia  
Hattha Bank Plc.  
KB Prasac Bank Plc.  
Maybank (Cambodia) Plc.  
Phillip Bank Plc.  
Phnom Penh Commercial Bank Plc.  
Sathapana Bank Plc.  
Shinhan Bank (Cambodia) Plc.  
Vattanac Bank  
National Treasury  
Municipal Treasury  
Takmao Treasury  
Tboung Khmum Treasury

**AUDITORS:**

BDO (Cambodia) Limited

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

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**PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)**

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report and the audited financial statements of the Phnom Penh Water Supply Authority ("PPWSA") for the financial year ended 31 December 2025.

**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.

There have been no significant changes in the nature of these activities during the financial year.

**Results of operations**

**KHR'000**

Profit for the financial year

94,980,122

**Dividend**

Dividend paid and declared during the financial year was as follows:

**KHR'000**

In respect of financial year ended 31 December 2024:

Final dividend of KHR350 per ordinary share, paid on 29 May 2025

4,566,091

**Reserves and provisions**

There was a transfer of KHR26,511,258,865 from retained earnings to legal, general and development reserves, as approved during the Board of Directors meeting on 29 May 2025.

**Bad and doubtful debts**

Before the statement of profit or loss and other comprehensive income and statement of financial position of the PPWSA were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or the amount of the allowance for doubtful debts in the financial statements of the PPWSA inadequate to any material extent.

**PHNOM PENH WATER SUPPLY AUTHORITY  
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**DIRECTORS' REPORT (continued)**

**Current assets**

Before the statement of profit or loss and other comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the PPWSA have been written down to an amount expected if realised.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the PPWSA misleading.

**Valuation methods**

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the PPWSA misleading or inappropriate.

**Contingent and other liabilities**

At the date of this report, there does not exist:

- (i) any charge on the assets of the PPWSA which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of the PPWSA which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the PPWSA to meet its obligations when they fall due.

**Change of circumstances**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the PPWSA, which would render any amount stated in the financial statements as misleading.

**Items of an unusual nature**

The results of the operations of the PPWSA during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the PPWSA for the financial year for which this report is made.

**Share capital**

During the financial year, the issued and paid-up share capital of the PPWSA was increased through a capital contribution by the Ministry of Economy and Finance ("MoEF") amounting to KHR15,842,877,000. The contribution comprised the transfer of two plots of land intended for the construction of (i) the Mlech Water Treatment Plant in Kampot Province and (ii) the Boeng Thom Water Treatment Plant in Phnom Penh.

**PHNOM PENH WATER SUPPLY AUTHORITY  
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**DIRECTORS' REPORT (continued)**

**Share capital (continued)**

No new ordinary shares were issued in respect of this capital contribution and the registered number of shares of the PPWSA remained unchanged. The capital contribution was recognised as additional paid-up capital of PPWSA. There were no other issues of shares during the financial year.

No option to take up unissued shares in the PPWSA was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the PPWSA.

**Directors**

The Directors who have held for office since the date of the last report are:

H.E. Ek SonnChan	
H.E. Mey Vann	
H.E. Long Naro	(end of mandate on 10 March 2026)
H.E. In Sakan	(appointed on 10 March 2026)
H.E. Chhay Virak	
Mr. Ma Noravin	(end of mandate on 27 February 2026)
Mr. Sok Nareth	(appointed on 27 February 2026)
Mr. Nam Chantry	
Mr. Sreng Samork	

**Directors' benefits**

During and at the end of the financial year, no arrangements subsisted to which the PPWSA is a party, with the object or objects of enabling the Directors of the PPWSA to acquire benefits by means of the acquisition of shares in or debentures of the PPWSA or other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the PPWSA or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 30 to the financial statements.

**Directors' responsibility in respect of the financial statements**

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the PPWSA as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the PPWSA will continue its operations in the foreseeable future; and

**PHNOM PENH WATER SUPPLY AUTHORITY  
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**DIRECTORS' REPORT (continued)**

**Directors' responsibility in respect of the financial statements (continued)**

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the PPWSA as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:  
(continued)

- (e) control and direct effectively the PPWSA in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

**Significant events during the financial year**

The significant events during the financial year are disclosed in Note 35 to the financial statements.

**Statement by the Directors**

In the opinion of the Directors, the financial statements set out on pages 12 to 54 have been drawn up in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of the PPWSA as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended.

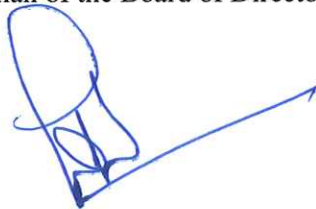
Signed on behalf of the Board of Directors, 



**Ek Sonnchan**  
Chairman of the Board of Directors



**In Sakan**  
General Director



**Deng Polyden**  
Deputy General Director  
in charge of Finance

Phnom Penh, Cambodia  
Date: 7 APR 2026

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)  
(Registration No: Co.0839 Et/2012)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Phnom Penh Water Supply Authority (“PPWSA”), which comprise statement of financial position as at 31 December 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and note to financial statements, including material accounting policy information, as set out on pages 12 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the PPWSA as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the PPWSA in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”) as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the PPWSA for the current year. These matters were addressed in the context of our audit of the financial statements of the PPWSA as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)  
(Registration No: Co.0839 Et/2012) (continued)**

**Key Audit Matters (continued)**

**(a) Accrued water revenue**

Accrued water revenue of KHR31.7 billion as disclosed in Note 9 to the financial statements represents the value of water supplied to customers between the date of the last meter reading and the reporting date where no bill has been issued by the PPWSA to the customer at the end of the reporting period. We determined this to be key audit matter as it involves significant management judgement and assumptions to estimate water loss, unbilled consumption and applying the appropriate average tariff rate.

***Audit response***

Our audit procedures included the following:

- Obtaining an understanding of management's estimation methodology and evaluating whether it was applied consistently and appropriately;
- Testing the mathematical accuracy of the accrued revenue calculation;
- Assessing the reasonableness of key inputs, including;
  - (i) Water volume produced during the period, by agreeing to production reports;
  - (ii) Water revenue billed, by reconciling to billing records;
  - (iii) Water loss estimates, by reviewing historical data and NRW reports;
  - (iv) Average tariff rate, by reviewing approved tariff schedules and customer usage profiles;
- Comparing the current year's estimates to actual subsequent billings to assess the reliability of management's estimation process; and

**(b) Impairment of trade receivables and contract assets - accrued revenue**

Gross trade receivables and contract assets - accrued revenue of the PPWSA as at 31 December 2025 were KHR9.67 billion and KHR31.68 billion as disclosed in Note 8 and Note 9 to the financial statements, respectively.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and contract assets - accrued revenue, appropriate forward looking information.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)  
(Registration No: Co.0839 Et/2012) (continued)**

**Key Audit Matters (continued)**

**(b) Impairment of trade receivables and contract assets - accrued revenue (continued)**

*Audit response*

Our audit procedures included the following:

- Inquired of management to understand the credit terms and payment conditions applicable to trade receivables;
- Obtained an understanding of management's expected credit loss ("ECL") methodology applied to trade receivables, including the model used to estimate the probability of default ("PD"), loss given default ("LGD"), and the incorporation of forward-looking macroeconomic information;
- Tested the completeness and accuracy of the data used in the ECL model by reconciling the trade receivable balances and related historical loss data used in the model to the underlying accounting records and general ledger;
- Recomputed the probability of default using historical data and forward-looking information adjustment applied by the PPWSA;
- Recomputed the correlation coefficient between the macroeconomic indicators used by the PPWSA and historical losses to determine the appropriateness of the forward-looking information used by the PPWSA;
- Evaluated the appropriateness of the macroeconomic variables and forward-looking assumptions used by management by comparing them with available external economic data and historical trends;
- Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- Assessed the reasonableness of collateral and other credit enhancements considered in the LGD calculation by verifying the underlying data and evaluating whether such balances are sufficient to mitigate potential credit losses;
- Reperformed the calculation of the ECL for selected receivable categories based on management's assumptions and verified the mathematical accuracy of the model; and
- Evaluated the adequacy of disclosures related to credit risk and expected credit losses in the financial statements in accordance with the requirements of IFRS 9.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
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**Key Audit Matters (continued)**

**(c) Revenue recognition using input method**

PPWSA recognises revenue from construction service fees over time as control of the asset is transferred progressively to the customer, consistent with its accounting policy. For the year ended 31 December 2025, revenue from construction contracts amounted to KHR16.16 billion (2024: KHR11.39 billion). The performance obligations are measured using the input method (cost method), whereby revenue is recognised based on actual costs incurred relative to total estimated contract costs.

This approach requires management to make significant judgements, including:

- Identifying distinct and material performance obligations within each contract;
- Estimating total contract costs, particularly the forecasted costs to complete each project;
- Allocating the fixed transaction price to performance obligations; and
- Assessing whether any contracts are onerous and recognising provisions where required.

These judgements directly affect the determination of the stage of completion and the amount of revenue recognised. Because these estimates involve inherent uncertainty and are susceptible to management bias, especially where project timelines and remaining costs are subject to variation. This area was considered to be of most significance to our audit.

***Audit response***

Our audit procedures included the following:

- Examined significant contract revenue and reviewed them to obtain an understanding of the key terms of the contracts and the contract sums;
- Reviewed management's conclusion that such contracts fulfil over-time recognition criteria in accordance with CIFRS 15 and the choice of method in measuring the progress;
- Assessed the completeness of the total contract costs estimated by management, taking into account the actual costs incurred, estimation of costs to complete, historical accuracy of past estimates in respect of those contracts;
- Discussed with management on potential significant costs overruns which may result in provision for onerous contracts; and
- Recalculated management's computation of the progress.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)  
(Registration No: Co.0839 Et/2012) (continued)**

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the PPWSA are responsible for the other information. The other information comprises the annual report but does not include the financial statements of the PPWSA and our auditors' report thereon.

Our opinion on the financial statements of the PPWSA does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the PPWSA, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the PPWSA or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the PPWSA are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the PPWSA that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the PPWSA, the Directors are responsible for assessing the PPWSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the PPWSA, or to cease operations, or has no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the PPWSA as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
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(Registration No: Co.0839 Et/2012) (continued)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the PPWSA, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPWSA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPWSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the PPWSA or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the PPWSA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the PPWSA, including the disclosures, and whether the financial statements of the PPWSA represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)  
(Registration No: Co.0839 Et/2012) (continued)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the PPWSA for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the shareholders of the PPWSA, as a body. We do not assume responsibility to any other person for the content of this report.

For and on behalf of  
**BDO (Cambodia) Limited**


Song Sreyratha  
*Certified Public Accountant*

Phnom Penh, Cambodia  
Date: 7 April 2026

**PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

	Note	2025 KHR'000	2024 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,162,986,393	2,939,664,426
Intangible assets	6	8,287,336	9,080,507
		<u>3,171,273,729</u>	<u>2,948,744,933</u>
<b>Current assets</b>			
Inventories	7	127,019,755	144,235,770
Trade and other receivables	8	17,941,570	27,537,927
Contract assets	9	35,665,659	37,586,190
Loan to employees	10	3,425,716	3,894,589
Short-term investments	11	66,661,827	94,961,360
Current tax assets		-	3,797,846
Cash and bank balances	12	24,175,047	18,406,666
		<u>274,889,574</u>	<u>330,420,348</u>
<b>TOTAL ASSETS</b>		<u>3,446,163,303</u>	<u>3,279,165,281</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	636,601,984	620,759,107
Reserves	14	739,747,415	713,236,157
Retained earnings		94,980,122	31,077,349
<b>TOTAL EQUITY</b>		<u>1,471,329,521</u>	<u>1,365,072,613</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	422,754,225	443,727,099
Deferred government and other grants	16	72,738,240	72,625,961
Deferred tax liabilities	17	114,548,371	105,146,861
Other payables	18	96,588,949	88,950,566
		<u>706,629,785</u>	<u>710,450,487</u>
<b>Current liabilities</b>			
Trade and other payables	18	107,268,151	213,224,225
Borrowings	15	1,158,455,758	986,892,283
Contract liabilities	9	34,691	3,525,673
Current tax liabilities		2,445,397	-
		<u>1,268,203,997</u>	<u>1,203,642,181</u>
<b>TOTAL LIABILITIES</b>		<u>1,974,833,782</u>	<u>1,914,092,668</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,446,163,303</u>	<u>3,279,165,281</u>

*The accompanying notes form an integral part of the financial statements.*

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025 KHR'000	2024 KHR'000
<b>Revenue:</b>			
Sales	19	316,715,258	317,778,996
Construction service fees	20	16,161,397	11,392,112
Foreign exchange gains - net	25	1,874,528	-
Other income	21	38,525,745	18,526,670
		<u>373,276,928</u>	<u>347,697,778</u>
<b>Expenses:</b>			
Depreciation and amortisation charges		(62,980,287)	(59,515,914)
Electricity costs		(39,098,813)	(48,653,063)
Salaries, wages and related expenses	22	(83,785,187)	(85,552,510)
Raw materials for water treatment	23	(17,510,654)	(18,976,590)
Raw materials for household water connections	24	(9,240,813)	(6,293,277)
Repairs and maintenance		(11,719,387)	(14,666,732)
Construction service expenses		(8,779,409)	(8,961,596)
Reversal of impairment on loan to employees	10	-	260,874
Other operating expenses		(9,450,530)	(14,136,399)
Foreign exchange loss - net	25	-	(2,196,121)
		<u>(242,565,080)</u>	<u>(258,691,328)</u>
Operating profit		130,711,848	89,006,450
Finance income	26	15,231,902	57,169,387
Finance costs	26	(27,079,119)	(39,001,476)
Profit before tax		118,864,631	107,174,361
Tax expense	27	(23,884,509)	(22,131,448)
Profit for the financial year		94,980,122	85,042,913
Other comprehensive income, net of tax		-	-
Total comprehensive income for the financial year		<u>94,980,122</u>	<u>85,042,913</u>
Earnings per share (expressed in KHR) attributable to shareholders of the PPWSA during the financial year are as follows:			
Basic earnings per share	28	1,092.06	977.81
Diluted earnings per share	28	<u>1,092.06</u>	<u>977.81</u>

*The accompanying notes form an integral part of the financial statements.*



**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<b>Balance as at 1 January 2024</b>		<b>620,759,107</b>	<b>591,192,666</b>	<b>72,644,018</b>	<b>1,284,595,791</b>
Profit for the financial year, representing total comprehensive income		-	-	85,042,913	85,042,913
<b>Transactions with owners</b>					
Transfer to reserves	14	-	122,043,491	(122,043,491)	-
Dividends	29	-	-	(4,566,091)	(4,566,091)
Total transactions with owners		-	122,043,491	(126,609,582)	(4,566,091)
<b>Balance as at 31 December 2024/1 January 2025</b>		<b>620,759,107</b>	<b>713,236,157</b>	<b>31,077,349</b>	<b>1,365,072,613</b>
Profit for the financial year, representing total comprehensive income		-	-	94,980,122	94,980,122
<b>Transactions with owners</b>					
Capital contribution	13	15,842,877	-	-	15,842,877
Transfer to reserves	14	-	26,511,258	(26,511,258)	-
Dividends	29	-	-	(4,566,091)	(4,566,091)
Total transactions with owners		15,842,877	26,511,258	(31,077,349)	11,276,786
<b>Balance as at 31 December 2025</b>		<b>636,601,984</b>	<b>739,747,415</b>	<b>94,980,122</b>	<b>1,471,329,521</b>

*The accompanying notes form an integral part of the financial statements.*

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025 KHR'000	2024 KHR'000
<b>Cash flows from operating activities</b>			
Profit before tax		118,864,631	107,174,361
Adjustments for:			
Amortisation of intangible assets	6	1,205,382	1,157,155
Amortisation of deferred government and other grants	16	(2,009,680)	(2,009,908)
Depreciation of property, plant and equipment	5	61,774,905	58,107,873
Finance income	26	(15,231,902)	(57,169,387)
Finance costs	26	27,079,119	39,001,476
Property, plant and equipment written-off	5	952,597	365,907
Intangible assets written-off	6	-	250,886
Reversal of impairment on loan to employees	10	-	(260,874)
		<hr/>	<hr/>
Operating profit before working capital changes		192,635,052	146,617,489
Changes in working capital:			
Inventories		17,216,015	130,023,452
Trade and other receivables		9,433,967	(15,084,160)
Trade and other payables		5,553,038	(14,746,833)
Contract assets		1,920,531	1,042,287
Contract liabilities		(3,490,982)	(728,465)
		<hr/>	<hr/>
Cash generated from operations		223,267,621	247,123,770
Income tax paid		(8,239,756)	(19,087,632)
		<hr/>	<hr/>
Net cash from operating activities		215,027,865	228,036,138
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(371,744,406)	(389,896,854)
Purchase of intangible assets	6	(412,211)	(25,474)
Interest received		4,473,379	8,025,977
Withdrawal of short-term investments		28,299,533	32,354,643
		<hr/>	<hr/>
Net cash used in investing activities		(339,383,705)	(349,541,708)

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)**

	Note	2025 KHR'000	2024 KHR'000
<b>Cash flows from financing activities</b>			
Dividend paid		(4,566,091)	(4,566,091)
Drawdown of borrowings		189,090,731	155,911,598
Interest paid		(20,851,641)	(19,232,563)
Repayments of borrowings		(36,139,610)	(20,085,337)
Proceed from government grant	16	2,121,959	473,123
Proceed from settlement of loan to employee		468,873	4,322,936
		<u>130,124,221</u>	<u>116,823,666</u>
<b>Net cash from financing activities</b>		<b>130,124,221</b>	<b>116,823,666</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,768,381</b>	<b>(4,681,904)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>18,406,666</b>	<b>23,088,570</b>
<b>Cash and cash equivalents at end of financial year</b>	12	<b>24,175,047</b>	<b>18,406,666</b>

***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES***

	<b>Borrowings (Note 15) KHR'000</b>
<b>At 1 January 2024</b>	<b>1,320,602,085</b>
Cash flows	135,826,261
Non-cash flows:	
- Effect of foreign exchange	(25,975,442)
- Accrued interest	<u>166,478</u>
<b>At 31 December 2024</b>	<b>1,430,619,382</b>
Cash flows	152,951,121
Non-cash flows:	
- Effect of foreign exchange	(2,364,017)
- Accrued interest	<u>3,497</u>
<b>At 31 December 2025</b>	<b>1,581,209,983</b>

*The accompanying notes form an integral part of the financial statements.*

**PHNOM PENH WATER SUPPLY AUTHORITY  
(Incorporated in Cambodia)**

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2025**

**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 No. 45, Street 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, the Kingdom of Cambodia.

The financial statements are presented in Khmer Riel (“KHR”), which is also the financial currency of the PPWSA.

The financial statements were authorised for issue by the Board of Directors on 7 April 2026.

**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.

There have been no significant changes in the nature of these activities during the financial year.

**3. BASIS OF PREPARATION**

The financial statements of the PPWSA have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) as issued by the Accounting and Auditing Regulator (“ACAR”) of the Ministry of Economy and Finance.

**4. BASIS OF ACCOUNTING**

The accounting policies adopted are consistent with those of the previous financial year except for the effects, if any, of the adoption of new CIFRSs during the financial year. The new CIFRSs adopted during the financial year are disclosed in Note 36 to the financial statements.

The financial statements of the PPWSA have been prepared under the historical cost convention except as otherwise stated in the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Machinery	Fluid equipment	Laboratory equipment	Office furniture and equipment	Electricity equipment	Motor vehicles	Valves and tools	Water meters	House connection	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<i>Cost</i>													
<b>Balance at 1.1.2024</b>	200,111,308	417,221,278	139,950,622	792,048,247	3,210,671	29,292,766	167,405,145	60,619,966	47,678,179	14,480,040	36,931,649	1,243,475,650	3,152,425,521
Additions	-	23,179	120,245	-	-	2,071,952	212,411	1,453,052	175,940	-	-	455,092,343	459,149,122
Transfer from inventory	-	-	2,514,279	-	277,157	-	2,352,287	4,100,112	2,069,613	806,149	10,454,720	21,913,053	44,487,370
Transfers	-	1,001,602	-	30,739,311	-	-	209,751	-	514,935	741,056	-	(33,206,655)	-
Written-off	-	(73,009)	(662,435)	-	-	(1,523,306)	(1,769,274)	-	(618,884)	-	-	-	(4,646,908)
<b>Balance at 31.12.2024</b>	200,111,308	418,173,050	141,922,711	822,787,558	3,487,828	29,841,412	168,410,320	66,173,130	49,819,783	16,027,245	47,386,369	1,687,274,391	3,651,415,105
Additions	15,842,877	-	38,840	-	-	2,438,023	6,073	55,160	57,878	12,162	-	191,378,193	209,829,206
Transfer from inventory	-	12,272	1,488,633	582,078	322,048	32,611	1,807,431	-	2,013,552	509,848	-	69,451,790	76,220,263
Transfers	-	159,080,886	6,642	50,595,858	-	122,588	107,806	-	1,208,991	328,319	7,299,179	(218,750,269)	-
Written-off	-	-	-	-	-	-	-	-	-	-	-	(952,597)	(952,597)
<b>Balance at 31.12.2025</b>	215,954,185	577,266,208	143,456,826	873,965,494	3,809,876	32,434,634	170,331,630	66,228,290	53,100,204	16,877,574	54,685,548	1,728,401,508	3,936,511,977

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land KHR'000	Building KHR'000	Machinery KHR'000	Fluid equipment KHR'000	Laboratory equipment KHR'000	Office furniture and equipment KHR'000	Electricity equipment KHR'000	Motor vehicles KHR'000	Valves and tools KHR'000	Water meters KHR'000	House connection KHR'000	Construction in progress KHR'000	Total KHR'000
<i>Accumulated depreciation</i>													
<b>Balance at 1.1.2024</b>	-	102,592,845	78,727,657	249,115,525	1,503,073	21,012,212	114,898,946	44,816,791	25,358,021	11,001,380	8,897,357	-	657,923,807
Depreciation for the year	-	9,028,063	6,561,224	17,739,729	393,127	2,463,747	8,456,160	4,211,037	4,338,595	1,389,307	3,526,884	-	58,107,873
Written-off	-	(36,876)	(595,665)	-	-	(1,492,646)	(1,536,930)	-	(618,884)	-	-	-	(4,281,001)
<b>Balance at 31.12.2024</b>	-	111,584,032	84,693,216	266,855,254	1,896,200	21,983,313	121,818,176	49,027,828	29,077,732	12,390,687	12,424,241	-	711,750,679
Depreciation for the year	-	11,625,155	6,618,714	18,202,894	442,782	2,280,584	8,575,808	3,931,145	4,304,382	1,556,095	4,237,346	-	61,774,905
<b>Balance at 31.12.2025</b>	-	123,209,187	91,311,930	285,058,148	2,338,982	24,263,897	130,393,984	52,958,973	33,382,114	13,946,782	16,661,587	-	773,525,584
<i>Carrying amounts</i>													
<b>Balance at 31.12.2025</b>	<b>215,954,185</b>	<b>454,057,021</b>	<b>52,144,896</b>	<b>588,907,346</b>	<b>1,470,894</b>	<b>8,170,737</b>	<b>39,937,646</b>	<b>13,269,317</b>	<b>19,718,090</b>	<b>2,930,792</b>	<b>38,023,961</b>	<b>1,728,401,508</b>	<b>3,162,986,393</b>
Balance at 31.12.2024	200,111,308	306,589,018	57,229,495	555,932,304	1,591,628	7,858,099	46,592,144	17,145,302	20,742,051	3,636,558	34,962,128	1,687,274,391	2,939,664,426

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Building	30 to 50 years
Machinery	3 to 20 years
Fluid equipment	6 to 50 years
Laboratory equipment	6 to 7 years
Office furniture and equipment	2 to 7 years
Electricity equipment	2 to 20 years
Motor vehicles	2 to 7 years
Valves and tools	3 to 15 years
Water meters	5 to 20 years
House connection	12 years

Freehold land has unlimited useful life and is not depreciated.

Constructions in progress represent construction of new water treatment plant, extension of the transmission and distribution networks and renovation-in-progress. Constructions in progress are not depreciated until such time when the asset is available for use.

- (b) During the financial year, the PPWSA made the following cash payments to purchase property, plant and equipment:

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Additions	209,829,206	459,149,122
Transfers from inventories	76,220,263	44,487,370
Capital contribution from MoEF	(15,842,877)	-
Decrease/(Increase) in payables to suppliers	103,870,729	(108,761,622)
Interest capitalised on qualifying assets	<u>(2,332,915)</u>	<u>(4,978,016)</u>
Cash payments on purchase of property, plant and equipment	<u>371,744,406</u>	<u>389,896,854</u>

## 6. INTANGIBLE ASSETS

	<b>KHR'000</b>
<i>Cost</i>	
<b>Balance as at 1.1.2024</b>	26,982,807
Additions	25,474
Written-off	<u>(250,886)</u>
<b>Balance as at 31.12.2024</b>	26,757,395
Additions	<u>412,211</u>
<b>Balance as at 31.12.2025</b>	<u>27,169,606</u>
<i>Accumulated amortisation</i>	
<b>Balance as at 1.1.2024</b>	16,519,733
Amortisation for the year	<u>1,157,155</u>
<b>Balance as at 31.12.2024</b>	17,676,888
Amortisation for the year	<u>1,205,382</u>
<b>Balance as at 31.12.2025</b>	<u>18,882,270</u>
<i>Carrying amounts</i>	
<b>Balance as at 31.12.2025</b>	<u>8,287,336</u>
Balance as at 31.12.2024	<u>9,080,507</u>

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.
- (b) Intangible assets comprise accounting software as well as network software and are amortised over seven years using the straight line method.

## 7. INVENTORIES

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<i>At cost</i>		
Distribution pipes and fittings	86,124,085	108,972,392
Water meters	7,670,332	10,244,393
Spare parts and tools	15,071,828	11,631,120
Chemicals	2,042,149	2,134,409
Drums and other packages	100,216	100,216
Inventories in transit*	2,827,847	733,496
Other materials	<u>13,183,298</u>	<u>10,419,744</u>
	<u>127,019,755</u>	<u>144,235,770</u>

\* Inventories in transit are main pipes which arrived at the port of Cambodia.

- (a) Inventories costs are determined using the weighted average cost basis and stated at the lower of cost and net realisable value.
- (b) During the financial year, inventories of the PPWSA recognised as expenses amounted to KHR26.75 billion (2024: KHR25.27 billion).



**8. TRADE AND OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Trade receivables</b>		
Household receivables	950,700	854,897
Commercial receivables	1,866,027	1,270,300
Public administration receivables	5,067,291	5,342,516
Water wholesalers	111,408	60,096
Construction service receivables	1,678,586	-
Less: Impairment loss (household receivables)	<u>(5,553)</u>	<u>(5,553)</u>
	<u>9,668,459</u>	<u>7,522,256</u>
<b>Other receivables</b>		
Interest receivables	1,161,273	1,323,663
Other receivables	<u>7,036,205</u>	<u>6,399,986</u>
	<u>8,197,478</u>	<u>7,723,649</u>
<b>Total receivables</b>	<u>17,865,937</u>	<u>15,245,905</u>
Advances to suppliers	<u>75,633</u>	<u>12,292,022</u>
	<u>17,941,570</u>	<u>27,537,927</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the PPWSA to households and businesses is one month (2024: one month) and to government departments is one year (2024: one year).
- (c) Public administrator customers are related to receivables from government departments with whom there is no recent history of default.
- (d) The currency exposure profile of receivables is as follow:

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Khmer Riel	16,930,484	15,980,156
United States Dollar	<u>1,011,086</u>	<u>11,557,771</u>
	<u>17,941,570</u>	<u>27,537,927</u>

- (e) For impairment of trade receivables and contract assets - accrued revenue that do not contain a significant financing component, the PPWSA applies the CIFRS 9 simplified approach to measuring expected credit loss using a lifetime credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The expected loss rates are based on the PPWSA's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the PPWSA's customers.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

## 8. TRADE AND OTHER RECEIVABLES (continued)

- (e) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the PPWSA are summarised in the table below:

	2025 KHR'000	2024 KHR'000
Maximum exposure	9,668,459	7,522,256
Collateral obtained (deposits from customers)	<u>(9,668,459)</u>	<u>(7,522,256)</u>
Net exposure to credit risk	<u>-</u>	<u>-</u>

During the financial year, the PPWSA did not renegotiate the terms of any trade receivables.

- (f) Movements in the impairment allowance for trade receivables are as follows:

	Specific allowance KHR'000	Total allowance KHR'000
At 1 January 2024/2025	5,553	5,553
Charge for the year	<u>-</u>	<u>-</u>
At 31 December 2024/2025	<u>5,553</u>	<u>5,553</u>

Specific allowance refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of financial year.

- (g) Impairment for other receivables, contract assets - construction service receivables and loan to employees are recognised based on the general approach within CIFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

## 9. CONTRACT ASSETS/(LIABILITIES)

	2025 KHR'000	2024 KHR'000
<b>Contract assets</b>		
Construction service receivable	3,985,026	4,398,564
Accrued water revenue	<u>31,680,633</u>	<u>33,187,626</u>
	<u>35,665,659</u>	<u>37,586,190</u>
<b>Contract liabilities</b>		
Deferred income	(5,278)	(5,278)
Unearned income	<u>(29,413)</u>	<u>(3,520,395)</u>
	<u>(34,691)</u>	<u>(3,525,673)</u>
	<u>35,630,968</u>	<u>34,060,517</u>

**9. CONTRACT ASSETS/(LIABILITIES) (continued)**

(a) Construction service receivable and unearned income

Construction service receivable and unearned income represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Construction service receivable is transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the PPWSA issues billing to the customers.

Unearned income represents the cash received in advance for the construction services provided in relation to the expansion of the water distribution system to a water supply distributor in the provinces. Unearned income is recognised as revenue when performance obligations are satisfied.

(b) Accrued water revenue

Accrued water revenue represents water supplied to customers but not billed at the year end. These contract assets are transferred to receivables when the right to economic benefits becomes unconditional, which occurs when the PPWSA issues the bill.

(c) Significant changes in contract balances

	<b>Construction service receivable KHR'000</b>	<b>Accrued water revenue KHR'000</b>	<b>Unearned income KHR'000</b>
<b>At 1 January 2024</b>	7,624,339	31,004,138	4,248,860
Increase due to revenue recognised for unbilled construction service fee/water sales to customers	11,392,112	302,172,923	1,331,192
Progress billing	<u>(14,617,887)</u>	<u>(299,989,435)</u>	<u>(2,059,657)</u>
<b>At 31 December 2024</b>	4,398,564	33,187,626	3,520,395
Increase due to revenue recognised for unbilled construction service fee/water sales to customers	16,161,397	302,657,076	-
Progress billing	<u>(16,574,935)</u>	<u>(304,164,069)</u>	<u>(3,485,704)</u>
<b>At 31 December 2025</b>	<u>3,985,026</u>	<u>31,680,633</u>	<u>34,691</u>

(d) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	<b>2025 KHR'000</b>	<b>2026 KHR'000</b>	<b>Total KHR'000</b>
31 December 2025	-	29,413	29,413
31 December 2024	<u>3,520,395</u>	<u>-</u>	<u>3,520,395</u>

(e) The measuring of expected credit losses using a lifetime credit loss provision as disclosed in Note 8 (e) and 8 (g) to the financial statements.

**9. CONTRACT ASSETS/(LIABILITIES) (continued)**

(f) The currency exposure profile of contract assets and contract liabilities are as follow:

	2025 KHR'000	2024 KHR'000
<b>Contract assets</b>		
Khmer Riel	35,665,659	33,187,626
United States Dollar	-	4,398,564
	<u>35,665,659</u>	<u>37,586,190</u>
<b>Contract liabilities</b>		
Khmer Riel	34,691	5,278
United States Dollar	-	3,520,395
	<u>34,691</u>	<u>3,525,673</u>

**10. LOAN TO EMPLOYEES**

	2025 KHR'000	2024 KHR'000
Receivables from employees	3,425,716	3,894,589
Less: Impairment loss	-	-
	<u>3,425,716</u>	<u>3,894,589</u>

(a) Loan to employees are classified as financial assets measured at amortised cost.

(b) On 15 February 2012, the Board of Directors approved the motion that 10% of the floating shares be reserved for the PPWSA's staff. The number of shares to be allotted to each employee was finalised on 3 April 2012. This date is therefore regarded as the grant date for the employee share option plan. The total loans, paid on 6 April 2012, amounted to KHR8,218 million. The PPWSA provided interest-free loans with a term of three year to employees and senior officers to purchase these shares. On the due date the loans must be repaid in full to the PPWSA. According to the minutes of the Board of Directors meeting dated 20 December 2012, the employees are allowed to trade their shares if the loans have been paid. PPWSA has established a temporary account at the Securities Depository to hold the ownership securities of 529 directors and officers, totalling 1,304,396 shares, as stated in Securities Depository Certificate No. 185/12 issued by the Cambodian Stock Exchange ("CSX").

On 24 January 2024, PPWSA submitted a request to the Securities and Exchange Regulator of Cambodia ("SERC") for approval to transfer the shares currently held under PPWSA's name to 396 directors and officers. This transfer is necessary for PPWSA to proceed with the next steps with CSX. The remaining 133 individuals, whose combined shareholding amounts to 498,839 shares, including those who have retired, deceased, or cannot be contacted, remain under the temporary account pending a resolution. SERC approved PPWSA's request through an official letter dated on 28 February 2024.

On 26 June 2024, the Department of Administration and Human Resources officially announced to the relevant directors and employees that the loan settlement would be made through salary deductions, commencing from June 2024 onward.

Following the approval letter from SERC, on 7 August 2024, PPWSA submitted a request to the CSX to transfer the trading accounts to its staff. However, only 390 individuals were eligible for the transfer, as the remaining 6 individuals, holding a total of 18,487 shares, either did not agree to settle the loan through salary deductions, retired, or were deceased.

## 10. LOAN TO EMPLOYEES (continued)

- (b) On 13 September 2024, the PPWSA completed the transfer of 787,043 shares from its temporary account to the trading accounts of 390 directors, senior officers, and employees, following the implementation of internal procedures.
- (c) The PPWSA applies the CIFRS 9 general approach to measuring expected credit losses using forward looking expected credit loss model provision as disclosed in Note 8 (g) to the financial statements.
- (d) As at the end of each reporting period, the credit risks exposures and concentration relating to loan to employees of the PPWSA are summarised in the table below:

	2025 KHR'000	2024 KHR'000
Maximum exposure	3,425,716	3,894,589
Collateral obtained	<u>(3,425,716)</u>	<u>(3,894,589)</u>
Net exposure to credit risk	<u>-</u>	<u>-</u>

- (e) Movements in the impairment allowance for loan to employees is as follows:

	2025 KHR'000	2024 KHR'000
At 1 January	-	260,874
Reversal of impairment loss	<u>-</u>	<u>(260,874)</u>
At 31 December	<u>-</u>	<u>-</u>

## 11. SHORT-TERM INVESTMENTS

- (a) Short-term investments are classified as financial assets measured at amortised cost.
- (b) Short-term investments include deposits amounting to KHR66.66 billion (2024: KHR94.96 billion) set up specifically for the purpose of receiving the interest and for precautionary measures and speculative activities.
- (c) The short-term investments represents fixed deposits placed with financial institutions for a period of between nine and twelve months (2024: nine and twelve months), earning interest at rate of 3.25% to 4.25% (2024: 3.50% to 5.25%) per annum.
- (d) Weighted average effective interest rate of short-term investments of the PPWSA as at the end of each reporting period are as follows:

	Weighted average effective interest rate per annum %	Within 1 year KHR'000	Total KHR'000
<b>31 December 2025</b>			
Fixed rates	3.54	<u>66,661,827</u>	<u>66,661,827</u>
<b>31 December 2024</b>			
Fixed rates	4.57	<u>94,961,360</u>	<u>94,961,360</u>

## 11. SHORT-TERM INVESTMENTS (continued)

(e) The currency exposure profile of short-term investments is as follows:

	2025 KHR'000	2024 KHR'000
Khmer Riel	-	30,000,000
United States Dollar	<u>66,661,827</u>	<u>64,961,360</u>
	<u>66,661,827</u>	<u>94,961,360</u>

## 12. CASH AND BANK BALANCES

	2025 KHR'000	2024 KHR'000
Cash on hand	227,518	196,820
Cash at banks	<u>23,947,529</u>	<u>18,209,846</u>
	<u>24,175,047</u>	<u>18,406,666</u>

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances is as follows:

	2025 KHR'000	2024 KHR'000
Khmer Riel	22,042,062	17,033,379
United States Dollar	<u>2,132,985</u>	<u>1,373,287</u>
	<u>24,175,047</u>	<u>18,406,666</u>

(c) Weighted average effective interest rate of deposits with licensed banks of the PPWSA as at the end of each reporting period are as follows:

	2025 %	2024 %
Fixed rates	<u>1.65</u>	<u>1.65</u>

## 13. SHARE CAPITAL

	Ordinary shares		Class A shares		Share premium	Capital reserve	Total
	Number	KHR'000	Number	KHR'000	KHR'000	KHR'000	KHR'000
As at 31.12.25	<u>86,973,162</u>	<u>86,973,162</u>	<u>391,100,942</u>	<u>391,100,942</u>	<u>63,153,178</u>	<u>95,374,702</u>	<u>636,601,984</u>
As at 31.12.24	<u>86,973,162</u>	<u>86,973,162</u>	<u>391,101,942</u>	<u>391,100,942</u>	<u>63,153,178</u>	<u>79,531,825</u>	<u>620,759,107</u>

(a) On 15 February 2012, the Board of Directors approved the split of the existing capital of KHR465,028,000,000 into 73,927,187 ordinary shares and 391,100,942 Class A shares with a par value of KHR1,000 per share. Class A shares are not eligible for interest or dividend and have rights and conditions as detailed in article 12.2 of the Articles of Incorporation dated 27 June 2012.

**13. SHARE CAPITAL (continued)**

- (b) On 18 April 2012, the PPWSA was successfully listed on the Cambodia Securities Exchange (“CSX”). It is the first company on the CSX. The total number of ordinary shares is 86,973,162 shares with a par value of KHR1,000 per share. The costs of issuing 13,045,975 new shares amounting to KHR6,000 million have been offset with the share premium. All issued ordinary shares are fully paid. The details of ordinary shares are as follows:

Shareholders	Number of shares	%
MoEF	73,927,187	85%
Other shareholders	12,547,136	14%
Employee share option scheme*	498,839	1%
	<u>86,973,162</u>	<u>100%</u>

\* Based on the minutes of the Board of Directors meeting dated 20 December 2012, the employees are allowed to trade their shares if the corresponding loans have been repaid.

- (c) Movement of the capital contribution are as follows:

	2025 KHR'000	2024 KHR'000
Balance at 1 January	79,531,825	79,531,825
Addition	<u>15,842,877</u>	<u>-</u>
Balance at 31 December	<u>95,374,702</u>	<u>79,531,825</u>

On 23 March 2021, the MoEF increased its capital in PPWSA by injecting the assets, liabilities and equity of Tbong Khmum Province Water Treatment Plant Operation (“the Tbong Khmum Project”) into PPWSA, totalling to KHR78,088,604,000, without the issuance of any additional shares of PPWSA.

During the financial year, the issued and paid-up share capital of the PPWSA was increased through a capital contribution by the Ministry of Economy and Finance (“MoEF”) amounting to KHR 15,842,877,000. The contribution comprised the transfer of two plots of land intended for the construction of (i) the Mlech Water Treatment Plant in Kampot Province, and (ii) the Boeng Thom Water Treatment Plant in Phnom Penh.

On 5 July 2025, the MoEF issued a letter on the approval of the determination of the price of the land plot to be recognised in the financial statements as capital contribution of land for the Mlech Water Treatment Plant in Kampot Province and the Boeng Thom Water Treatment Plant in Phnom Penh.

- (d) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company’s residual assets.

#### 14. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
<b>As at 1.1.2024</b>	1,648,435	43,990,965	43,990,965	501,562,301	591,192,666
Transfer from retained earnings	-	6,330,479	6,330,479	109,382,533	122,043,491
<b>As at 31.12.2024/1.1.2025</b>	1,648,435	50,321,444	50,321,444	610,944,834	713,236,157
Transfer from retained earnings	-	4,252,146	4,252,146	18,006,966	26,511,258
<b>As at 31.12.2025</b>	1,648,435	54,573,590	54,573,590	628,951,800	739,747,415

- (a) In accordance with the PPWSA's status dated 22 February 1999, article 29 the PPWSA's profit, after offsetting with losses carried forward (if any), can be used as follows:
- for management and staff bonuses
  - for legal reserve - 5%
  - for general reserve - 5%
  - the remaining balance for development reserve
- (b) Effective from the year ended 31 December 2007, the MoEF accepted the proposed 10% annual profit distribution from the PPWSA in its letter No. 2254, dated 2 May 2008. However, from 2012 onward, after the listing of the PPWSA, the distribution of dividends will be in accordance with the new status of the PPWSA, date 27 June 2012. The distribution of dividends shall be as follows:

The dividend policy shall be determined in line with the following criteria for profit allocation:

1. Compensation for losses incurred in previous years
2. After the compensation for losses, the remaining profit, if any, shall be distributed as follows:
  - i. Reward to management and employees as follows:
    - One month's salary for all employees if the net profit is between 5% and 10% of operating expenses
    - Two months' salary for all employees if the net profit is between 10% and 20% of operating expenses
    - Three months' salary for all employees if the net profit is more than 20% of operating expense
  - ii. 2% for retirement benefits and disability benefits
  - iii. 5% for legal reserve
  - iv. 5% for general reserve
  - v. 5% for social fund, which shall be recorded as an expense in the year of the transition
3. The remaining amount after the above allocations shall be allocated to:
  - i. Reserve for future investments (retained earnings) subject to the Board of Director's approval
  - ii. The remaining balance after investment reserve is allocated to the MoEF and public investors at the ratio of 85% and 15%, respectively.



#### 14. RESERVES (continued)

- (c) The use of reserves to pay for corporate social responsibility is in accordance with letter No. 284 from the Ministry of the Council of Ministers, dated 11 March 2010. Corporate social responsibility represents the development of a water supply system for military teams in several provinces. The work extended into 2011 in accordance with the letter of the Deputy Prime Minister Keat Chhon No. 2210 MoEF, dated 22 April 2011.
- (d) In the previous financial year, there is a reallocation of KHR55.956 billion was made from the development reserve to retained earnings. This transfer reflects a refinement in the estimation of previously accrued water sales.

The reallocation has been accounted for through equity and has no impact on the profit or loss for the current financial year.

#### 15. BORROWINGS

	2025 KHR'000	2024 KHR'000
<b>Non-current</b>		
MoEF - Japanese International Cooperation Agency ("JICA")	26,832,595	27,748,910
MoEF - Asian Development Bank ("ADB")	23,745,246	24,830,030
European Investment Bank ("EIB")	372,176,384	391,148,159
	<u>422,754,225</u>	<u>443,727,099</u>
<b>Current</b>		
MoEF - JICA	1,244,247	1,234,163
MoEF - ADB	2,368,730	2,267,989
Agence Francaise De Development ("AfD") - Credit No. 1121 01F	-	8,425,878
AfD - Credit No. 1174 01P	134,040,320	145,661,453
AfD - Credit No. 1176 01S	337,702,165	337,198,657
AfD - Credit No. 1244 01M	445,186,289	411,982,858
AfD - Credit No. 1273 01P	222,931,545	72,043,646
EIB	14,982,462	8,077,639
	<u>1,158,455,758</u>	<u>986,892,283</u>
<b>Total borrowings</b>		
MoEF - JICA	28,076,842	28,983,073
MoEF - ADB	26,113,976	27,098,019
AfD - Credit No. 1121 01F	-	8,425,878
AfD - Credit No. 1174 01P	134,040,320	145,661,453
AfD - Credit No. 1176 01S	337,702,165	337,198,657
AfD - Credit No. 1244 01M	445,186,289	411,982,858
AfD - Credit No. 1273 01P	222,931,545	72,043,646
EIB	387,158,846	399,225,798
	<u>1,581,209,983</u>	<u>1,430,619,382</u>

## 15. BORROWINGS (continued)

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) MoEF – JICA

With reference to the subsidiary loan agreement dated 18 May 2010, the PPWSA was provided with a term loan in a maximum amount of JPY3,513,000,000 from MoEF.

The purpose of the loan is to finance the design and construction of the water treatment plant and transmission in Niroth (Sub-package B).

The annual interest is 0.66% (2024: 0.66%) per annum.

The loan shall be repaid in 24 equal half-yearly instalments commencing on 20 September 2014 and ending on 20 March 2026. All transactions are carried out in US\$, both withdrawals and repayments.

On 15 March 2019, pursuant to the amendment to the Subsidiary Loan Agreement No. CP-P9 (MoEF – JICA), the loan shall be dominated in Japanese Yen (“JPY”) and PPWSA shall repay the principal and interest of the loan in local currency at the exchange rate which MoEF pays to JICA. The annual interest rate was adjusted from 7.50% to 0.66% per annum. The loan maturity was extended from 12 years to 40 years, which is ending on 20 March 2049.

(c) MoEF – ADB

With reference to the subsidiary loan agreement dated 5 May 1997, the PPWSA was provided with a term loan in a maximum amount of KHR38,299,937,500 (SDR9,605,000) from MoEF.

The purpose of the loan is to finance the Provincial and Peri-urban Water and Sanitation Project.

The annual interest is 1.65% (2024: 1.65%) per annum.

The loan shall be repaid in semi-annual instalments on 15 January and 15 July of each year, commencing from 2012. The foreign exchange risk resulting from any fluctuations between the value of the currency of the loan (SDR) and the currency used for repayment by the PPWSA (KHR) shall be borne in full by the MoEF. The exchange rate (KHR/SDR) is fixed at the contract date.

On 15 March 2019, pursuant to the amendment to the Subsidiary Loan Agreement No.1468 - CAM (MoEF – ADB), the loan shall be dominated in Special Drawing Right (“SDR”) and PPWSA shall repay the principal and interest of the loan in local currency at the exchange rate which MoEF pays to ADB. The annual interest rate was adjusted from 6.50% to 1.65% per annum. The loan shall be repaid in semi-annual instalments on 1 April and 1 October of each year, commencing from 2019.

## 15. BORROWINGS (continued)

(d) AfD – Credit No. 1121 01F

With reference to the credit facility agreement No.CKH 1121 01F dated 11 March 2013, the PPWSA was provided with a credit facility in a maximum amount of EUR30,000,000 from AfD.

The purpose of the credit facility is to finance the construction of the second tranche of the water production facility in Niroth and for the extension and optimisation of the Phnom Penh transmission and distribution system.

The annual interest is EURIBOR six-month rate minus 0.59%, capped at 5.19% per annum and with a minimum of 0.25% per annum.

The credit facility shall be repaid in 24 equally half-yearly including a grace period of four years. It is repayable commencing from March 2018. All transactions are carried out in EUR, both withdrawals and repayments.

(e) AfD – Credit No. 1174 01P

With reference to the credit facility agreement No.CKH 1174 01P dated 27 December 2016, the PPWSA was provided with a credit facility in a maximum amount of US\$47,100,000, which is equivalent to EUR30,000,000 from AfD.

The purpose of the credit facility is to finance the construction of a new water treatment plant on the site of the present Chamkar Mon water treatment plant and the extension of the transmission and distribution networks.

The effective global rate (tax effective global) applicable to the facility may be valued at an annual rate of 1.16% on the basis of a 365 days and an interest period of 6 months, capped at 1.14% per annum plus 0.65%, which is charged by MoEF and with a minimum of 0.25% per annum.

The credit facility shall be repaid in 26 equal semi-annual instalments including a grace period of seven years. It is repayable commencing from January 2025. All transactions are carried out in US\$, both withdrawals and repayments.

(f) AfD – Credit No. 1176 01S

With reference to the credit facility agreement No.CKH 1176 01PS dated 31 December 2018, the PPWSA was provided with a credit facility in a maximum amount of US\$85,000,000, which is equivalent to EUR77,300,000 from AfD.

The purpose of the credit facility is to finance the construction of a new water treatment plant on the site of the present Bakheng water treatment plant and the extension of the transmission and distribution networks.

## 15. BORROWINGS (continued)

### (f) AfD – Credit No. 1176 01S (continued)

The annual interest rate is based on the Fixed Reference Rate, adjusted for fluctuations in the Index Rate between the Signing Date and the Rate Setting Date, as specified in the loan agreement. For the drawdown on 23 December 2019, the Fixed Reference Rate was 1.22% per annum. The Index Rate at the Signing Date was 0.68% per annum, while the Index Rate on the Rate Setting Date (18 December 2019) was 0.01% per annum. This resulted in a downward adjustment of 0.67%, leading to an applicable fixed interest rate of 0.55% per annum. In accordance with the subsidiary credit agreement between the MoEF and the PPWSA, an additional charge of 0.35% per annum is applied by MoEF to PPWSA on the disbursed loan balance. Interest is payable semi-annually on 15 June and 15 December each year, based on the outstanding principal, and the number of days in the interest period is 360 days per year.

The credit facility shall be repaid in 26 equal semi-annual instalments including a grace period of seven years. It is repayable commencing from 15 May 2026 and ending on 15 November 2038. All transactions are carried out in US\$, both withdrawals and repayments.

### (g) AfD – Credit No. 1244 01M

With reference to the credit facility agreement No. CKH 1244 01M dated 14 November 2020, the PPWSA was provided with a credit facility in a maximum amount of US\$101,400,000, which is equivalent to EUR100,000,000 from AfD.

The purpose of the credit facility is to finance the construction of a new water treatment plant on the site of the present Bakheng Phase 2 water treatment plant and the extension of the transmission and distribution networks.

The annual interest rate is based on the Fixed Reference Rate adjusted for fluctuations in the Index Rate from the Signing Date to the Rate Setting Date. For the drawdown on 8 November 2021, the Fixed Reference Rate was 0.48% per annum and the Index Rate was 0.08% per annum, resulting in an applicable fixed interest rate of 0.55% per annum. In accordance with the subsidiary credit agreement between the MoEF and the PPWSA, an additional charge of 0.35% per annum is applied by the MoEF to PPWSA on the disbursed loan balance. Interest is payable semi-annually on 15 June and 15 December each year, based on the outstanding principal, and the number of days in the interest period is 360 days per year.

The principal shall be repaid in 26 equal semi-annual instalments including a grace period of seven years. It is repayable commencing from 15 May 2027 and ending on 15 November 2039. All transactions are carried out in US\$, both withdrawals and repayments.

Commitment fees are payable to the MoEF under the Credit Facility Agreement and are charged only on the undisbursed portion of the loan. These fees begin to apply from the second year after the signing of the agreement, at a rate of 0.25% per annum. From the third year onward, the rate increases to 0.35% per annum. The fee is calculated on a daily basis based on the undisbursed loan balance and is payable on specified dates. For the purposes of this calculation, the undisbursed balance includes any amounts requested but not yet made available by the lender.

## 15. BORROWINGS (continued)

### (h) AfD – Credit No. 1273 01P

With reference to the credit facility agreement No. CKH 1273 01P dated 29 December 2023, the PPWSA was provided with a credit facility in a maximum amount of EUR200,000,000 from AfD.

This credit facility consists of two components which are Tranche A and Tranche B. Tranche A represents up to seventy percent (70%) of the total credit amount in Euro and Tranche B represents up to thirty percent (30%) of the total credit amount in Euro.

Amounts under each approved credit facility may be disbursed to the PPWSA in one or several drawdowns during the applicable availability period, subject to a maximum of thirty (30) drawdowns per credit. For each credit, Tranche A must be fully drawn before any drawdown of Tranche B may occur. The minimum amount of each drawdown is set at EUR300,000 for Tranche A, or the remaining available balance if less than this amount. For Tranche B, if the borrower selects a floating interest rate, the minimum drawdown is also EUR300,000, or the remaining available balance if lower. If the PPWSA opts for a fixed interest rate under Tranche B, the minimum drawdown increases to EUR3,000,000, or the available balance if lower. These conditions are stipulated in accordance with the credit facility agreement terms.

The purpose of the credit facility is to finance the construction of a new water treatment plant on the site of the present Bakheng Phase 3 water treatment plant and the extension of the transmission and distribution networks.

The indicative interest rate applicable to Tranche A is 1.10% per annum, while the indicative interest rate for Tranche B is 1.00% per annum. These rates are subject to final confirmation and may vary at the time of rate setting.

The credit facility shall be repaid in 26 equal semi-annual instalments including a grace period of seven years. All transactions are carried out in US\$, both withdrawals and repayments.

### (i) European Investment Bank (“EIB”)

With reference to the finance contract dated 18 December 2018 and 18 June 2019 between the Government of the Kingdom of Cambodia (“RGC”) (represented by the Ministry of Economic and Finance) with the European Investment Bank (“EIB”) and the onlending agreement dated 7 November 2019 between the RGC and the PPWSA, the PPWSA was provided a loan with an aggregate amount not exceeding US\$100,000,000.

The purpose of the credit facility is to finance the construction of a new water treatment plant on the site of the present Bakheng water treatment plant and the extension of the transmission and distribution networks.

The EIB loan comprises six principal amounts as follows:

- (i) The PPWSA was provided with a credit facility with a maximum amount of US\$10,000,000, which is equivalent to EUR8,428,150 from EIB under the contract number FIN.91016 Tranche 1, with a Scheduled Disbursement Date on 7 December 2020. The loan bears a fixed interest rate of 0.258% per annum. The principal is to be repaid in equal semi-annual instalments starting from the first repayment date on 15 December 2025 and ending on the final repayment date of 15 June 2045. All transactions are carried out in US\$, both withdrawals and repayments.

## 15. BORROWINGS (continued)

### (i) European Investment Bank (“EIB”) (continued)

The EIB loan comprises six principal amounts as follows: (continued)

- (ii) The PPWSA was provided with a credit facility with a maximum amount of US\$22,400,000, which is equivalent to EUR19,045,999 from EIB under the contract number FIN.91016 Tranche 2, with a Scheduled Disbursement Date on 7 September 2021. The loan bears a fixed interest rate of 0.485% per. The principal is to be repaid in equal semi-annual instalments starting from the first repayment date on 15 December 2026 and ending on the final repayment date of 15 June 2046. All transactions are carried out in US\$, both withdrawals and repayments.
- (iii) The PPWSA was provided with a credit facility with a maximum amount of US\$13,000,000 from EIB under the contract number FIN.91016 Tranche 3, with a Scheduled Disbursement Date of 16 September 2022. The loan carries a floating interest rate based on the 6-month LIBOR plus a spread of 39.4 basis points (“bps”), resulting in a period rate of 2.09% for each six-month period. The effective global rate (tax effective global), inclusive of applicable charges, is 4.18% per annum, calculated on the basis of a 360-day year and a semi-annual interest period. Repayment of principal will be made in equal semi-annual instalments, beginning on the first repayment date of 15 December 2027 and ending on the final repayment date of 15 June 2047. All transactions are carried out in US\$, both withdrawals and repayments.
- (iv) The PPWSA was provided with a credit facility with a maximum amount of US\$14,600,000 from EIB under the contract number FIN.91016 Tranche 4, with a Scheduled Disbursement Date of 18 January 2023. The loan carries a floating interest rate based on the 6-month LIBOR plus a spread of 32.1 basis points (“bps”), resulting in a period rate of 2.09% for each six-month period. The effective global rate (tax effective global), inclusive of applicable charges, is 4.99% per annum, calculated on the basis of a 360-day year and a semi-annual interest period. Repayment of principal will be made in equal semi-annual instalments, beginning on the first repayment date of 15 June 2028 and ending on the final repayment date of 15 December 2047. All transactions are carried out in US\$, both withdrawals and repayments.
- (v) The PPWSA was provided with a credit facility with a maximum amount of US\$26,000,000, which is equivalent to EUR23,840,088 from EIB under the contract number FIN.89008 Tranche 1, with a Scheduled Disbursement Date of 16 April 2020. The loan bears a fixed interest rate of 0.615% per annum. The principal is to be repaid in equal semi-annual instalments starting from the first repayment date on 15 June 2025 and ending on the last repayment date on 15 December 2044. All transactions are carried out in EUR, both withdrawals and repayments.
- (vi) The PPWSA was provided with a credit facility with a maximum amount of US\$14,000,000, which is equivalent to EUR11,799,410 from EIB under the contract number FIN. 89008 Tranche 2, with a Scheduled Disbursement Date of 7 December 2020. The loan bears a fixed interest rate of 0.26% per annum. The principal is to be repaid in equal semi-annual instalments starting from the first repayment date on 15 December 2025 and ending on the last repayment date on 15 June 2045. All transactions are carried out in US\$, both withdrawals and repayments.

**15. BORROWINGS (continued)**

(i) European Investment Bank (“EIB”) (continued)

The applicable interest rate on the outstanding balance of each tranche is the fixed or floating rate charged by the EIB to the MoEF under the Finance Contracts, plus an additional 0.35% per annum charged by MoEF to PPWSA. Interest shall accrue from the date of disbursement and calculate based on a 360-days year by using either a fixed rate method (30-day months) or a floating rate method (actual days elapsed). Interest is payable semi-annually on 15 June and 15 December each year.

The principal shall be repaid in equal semi-annual instalments on these same dates, with the first repayment date occurring no earlier than 30 days and no later than five years from the Scheduled Disbursement Date and the final repayment occurring not earlier than 4 years and no later than 25 years from the Scheduled Disbursement Date. All repayments of principal, interest and other charges must be made to MoEF in the currency of the disbursed tranche.

(j) Fair values of the borrowings of the PPWSA are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Valuation techniques used and key inputs to valuation on the borrowing measured at level 3 are described below:

<b>Financial liability</b>	<b>Valuation technique used</b>	<b>Significant unobservable input</b>	<b>Inter-relationship between key unobservable inputs and fair value</b>
Borrowings	Discounted cash flow method	Discount rate	The higher the discount rate, the lower the fair value of the financial liabilities would be

(k) Borrowings that are not carried at fair values and whose carrying amounts do not approximate of fair values are as follows:

	<b>2025</b>		<b>2024</b>	
	<b>Carrying amount KHR'000</b>	<b>Fair value KHR'000</b>	<b>Carrying amount KHR'000</b>	<b>Fair value KHR'000</b>
Fixed rate loans	<u>1,473,743,374</u>	<u>861,893,111</u>	<u>1,325,202,151</u>	<u>1,230,749,415</u>

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the PPWSA for similar financial instruments.

(l) The carrying amount of borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

**15. BORROWINGS (continued)**

- (m) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the PPWSA that are exposed to interest rate risk:

31 December 2025	Weighted average effective interest rate per annum %	Within	1 - 2	2 - 5	More than	Total
		1 year	years	years	5 years	
		KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Fixed rates	1.03	1,158,455,759	18,080,482	54,241,446	242,965,685	1,473,743,372
Floating rates	5.39	-	1,304,225	16,119,992	90,042,394	107,466,611
<b>31 December 2024</b>						
Fixed rates	0.99	986,892,283	15,743,879	54,030,435	268,535,554	1,325,202,151
Floating rates	6.44	-	-	11,849,848	93,567,383	105,417,231

- (n) The table below summarises the maturity profile of the borrowings of the PPWSA at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2025	On demand	One to five	Over five	Total
	or within one	years	years	
	year			KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Borrowings	1,259,260,578	98,030,867	347,275,872	1,704,567,317
<b>31 December 2024</b>				
Borrowings	1,058,173,893	91,671,186	379,859,786	1,529,704,865

- (o) The currency exposure profile of borrowings is as follows:

	2025	2024
	KHR'000	KHR'000
United States Dollar	1,527,019,165	1,366,112,412
Euro	-	8,425,878
Special Drawing Right	26,113,976	27,098,019
Japanese Yen	28,076,842	28,983,073
	<u>1,581,209,983</u>	<u>1,430,619,382</u>



## 15. BORROWINGS (continued)

### (p) Breach of loan covenants

The non-current borrowings of the PPWSA from the AFD, which bear interest ranging from 0.25% to 6.09% per annum (2024: 0.25% to 6.09%) are repayable over terms ranging from 1 to 24 years (2024: 1 to 25 years). These borrowings are subject to covenants, including a maximum leverage threshold, which if breached, may result in the suspension or cancellation of undrawn amounts and render the outstanding loan balance repayable on demand at the discretion of the MoEF and/or AFD.

As at 31 December 2025 and 31 December 2024, the PPWSA exceeded the maximum leverage covenant. The PPWSA has received the waivers from the AFD which is dated on 25 March 2026 (2024: 28 May 2025). Accordingly, the borrowings have been classified as current as at those reporting dates. The PPWSA continues to monitor its compliance with covenant terms and maintain active communication with the relevant lenders to manage any potential breaches.

## 16. DEFERRED GOVERNMENT AND OTHER GRANTS

	EU Government grant KHR'000	Government grant KHR'000	JICA grant KHR'000	Other grant KHR'000	Total KHR'000
<b>Balance as at 1.1.2024</b>	54,436,199	14,496,321	3,838,433	1,391,793	74,162,746
Addition	-	-	-	473,123	473,123
Amortisation	-	(1,853,006)	(132,507)	(24,395)	(2,009,908)
<b>Balance as at 31.12.2024</b>	<b>54,436,199</b>	<b>12,643,315</b>	<b>3,705,926</b>	<b>1,840,521</b>	<b>72,625,961</b>
<b>Balance as at 1.1.2025</b>	54,436,199	12,643,315	3,705,926	1,840,521	72,625,961
Addition	-	-	-	2,121,959	2,121,959
Amortisation	-	(1,853,006)	(132,507)	(24,167)	(2,009,680)
<b>Balance as at 31.12.2025</b>	<b>54,436,199</b>	<b>10,790,309</b>	<b>3,573,419</b>	<b>3,938,313</b>	<b>72,738,240</b>

Amortisation of deferred government and other grants is recognised as other income in the statement of profit or loss and other comprehensive income.

### (a) EU grant

EU grants represent grant for purchase of materials for Bakheng Water Supply Project C amounted to EUR12,700,000 in the form of an investment grant made available through the general budget of the European Union ("EU").

### (b) Government Grant

The government grant represents the gain arising from a favourable differences in rates used for a fixed conversion (KHR/SDR) under the Subsidy Loan Agreement between the MoEF and the PPWSA on 5 May 1997 at the sum of SDR9,695,000 from the ADB. The PPWSA has decided to keep the gain on the PPWSA's books as a grant (no refund requirement on the gain) and the gain is to be amortised using the same policy as other deferred grants.

### (c) JICA grants

JICA grants represent the project for introduction of clean energy by solar electricity generation system.

**16. DEFERRED GOVERNMENT AND OTHER GRANTS (continued)**

(c) JICA grants (continued)

The additional grants represent amount received from the general budget of the Japanese Government amounting to USD1,494,624 or equivalent to KHR6,157,800,000. The purpose of the grant is to fund the Boeng Thum Water Production Project to improve the water supply service in the South-Western part of Phnom Penh City.

(d) Other grants

Other grants represent donations of property, plant and equipment from the Association International des Maires Francophones (“AIMF”), KUBOTA Construction Co., Ltd and Korean Government.

The additional grants represent amount received from the KUBOTA Construction Co., Ltd amounting to USD2,252,586 or equivalent to KHR2,121,958,286.

**17. DEFERRED TAX LIABILITIES**

The components and movements of deferred tax (liabilities)/assets are as follows:

	At 1.1.2025 KHR'000	Recognised in profit or loss (Note 27) KHR'000	At 31.12.2025 KHR'000
Property, plant and equipment	(94,204,162)	(8,077,634)	(102,281,796)
Accrual income	(7,517,238)	590,026	(6,927,212)
Allowance for inventory obsolescence	705,135	(698,196)	6,939
Allowance for doubtful debts	10,081	-	10,081
Staff benefits	53,285	-	53,285
Unearned revenue	(6,205,487)	(1,216,679)	(7,422,166)
Unrealised exchange	2,011,525	973	2,012,498
	<u>(105,146,861)</u>	<u>(9,401,510)</u>	<u>(114,548,371)</u>

	At 1.1.2024 KHR'000	Recognised in profit or loss (Note 27) KHR'000	At 31.12.2024 KHR'000
Property, plant and equipment	(87,006,229)	(7,197,933)	(94,204,162)
Accrual income	(7,725,695)	208,457	(7,517,238)
Allowance for inventory obsolescence	850,828	(145,693)	705,135
Allowance for doubtful debts	10,081	-	10,081
Staff benefits	53,285	-	53,285
Unearned revenue	(943,870)	(5,261,617)	(6,205,487)
Unrealised exchange	2,767,279	(755,754)	2,011,525
	<u>(91,994,321)</u>	<u>(13,152,540)</u>	<u>(105,146,861)</u>

**18. TRADE AND OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Other payables - non-current</b>		
Refundable water deposits	<u>96,588,949</u>	<u>88,950,566</u>
<b>Trade payables - current</b>		
Third parties	<u>28,708,785</u>	<u>126,157,814</u>
<b>Other payables - current</b>		
Accrued staff incentive	13,384,762	11,950,764
Amount due to Phnom Penh Municipality	49,822,396	64,642,768
Amount due to employees	726,651	731,516
Performance guarantee	67,279	67,292
Other tax payable	1,457,406	75,184
Other payables	<u>13,100,872</u>	<u>9,598,887</u>
	<u>78,559,366</u>	<u>87,066,411</u>
	<u>107,268,151</u>	<u>213,224,225</u>
	<u>203,857,100</u>	<u>302,174,791</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the PPWSA range from one to three months (2024: one to three months).
- (c) Refundable water deposits are collected from customers based on the size of the water meter prior to connection and are recorded at the received amount as refundable water deposits under non-current liabilities.
- (d) Amount due to employees represents the amount to be distributed to the employees as full settlement arising from the termination of the PPWSA's pension scheme effective on 31 December 2019.

On 21 September 2018, the Ministry of Labour and Vocational Training ("MoLVT") issued the Prakas No. 443 on the Seniority Payment Indemnity, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019. It required all employers, other than textile and garment sectors, to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): starting from end 2022 onwards at the amounts equal to 6 days of net wage per year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6-months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

The seniority indemnity payments are made twice a year, in June and December. Employees who resign before their indemnity is due will forfeit the remaining back-pay seniority indemnity.

**18. TRADE AND OTHER PAYABLES (continued)**

- (d) Under Prakas No. 018/20 issued on 2 June 2020, MoLVT delayed the issuance of seniority indemnity back-pay for periods before 2019 and postponed the seniority payments for 2020. These payments were rescheduled to be issued in 2021.

This back-pay indemnity for employees with seniority before 2019 is offset by the loan to employees (as disclosed in note 10 to the financial statement), where outstanding amounts are managed and settled in accordance with the pension scheme termination and seniority indemnity requirements.

Below is the movement of the amount due to employees:

	2025 KHR'000	2024 KHR'000
At 1 January	731,516	4,510,286
Provision during the year	3,874,289	4,451,191
Settlement of seniority with loan to employees	(76,311)	(3,760,568)
Payment made during the year	<u>(3,802,843)</u>	<u>(4,469,393)</u>
At 31 December	<u>726,651</u>	<u>731,516</u>

- (e) The currency exposure profile of trade and other payables is as follows:

	2025 KHR'000	2024 KHR'000
Khmer Riel	193,464,609	138,028,099
United States Dollar	10,235,960	149,328,936
Euro	<u>156,531</u>	<u>14,817,756</u>
	<u>203,857,100</u>	<u>302,174,791</u>

- (f) The table below summarises the maturity profile of the trade and other payables of the PPWSA at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within one year KHR'000	One to five years KHR'000	Over five years KHR'000	Total KHR'000
<b>31 December 2025</b>				
Trade and other payables	<u>135,976,936</u>	-	96,588,949	<u>203,857,100</u>
<b>31 December 2024</b>				
Trade and other payables	<u>213,224,225</u>	-	88,950,566	<u>302,174,791</u>

**19. SALES**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Water sales:		
- households	107,443,679	110,620,320
- commercial	163,590,613	160,128,367
- public administration institution	21,425,784	22,123,978
- autonomous state authorities	1,072,722	930,292
- wholesalers	9,580,048	9,910,587
Rounding difference on water sales revenue	74,089	74,359
Less: Invoice cancellations	<u>(529,859)</u>	<u>(1,614,980)</u>
	302,657,076	302,172,923
Water connection revenue	8,824,066	10,836,343
Water meter replacement charges	4,861,666	4,625,106
Spare parts and meter sales	<u>372,450</u>	<u>144,624</u>
	<u>316,715,258</u>	<u>317,778,996</u>

(a) Sale of water

Revenue from sale of water is recognised at a point in time when the water has been supplied by the PPWSA and consumed by the customers.

(b) Water connection revenue

Revenue from water connection revenue is recognised at a point in time when the water connection is completed.

(c) Water meter replacement charge

Revenue from water meter replacement is recognised at a point in time based on an amount of KHR50 per 1mm of water meter is charged each month during the billing cycle.

**20. CONSTRUCTION SERVICE FEES**

Construction service fees represent fees from construction service provided in relation to the expansion of the water distribution system to a water supply distributor in the provinces.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the PPWSA would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the PPWSA does not create an asset with an alternative use to the PPWSA and the PPWSA has an enforceable right to payment for performance completed to date.

**20. CONSTRUCTION SERVICE FEES (continued)**

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The PPWSA identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The PPWSA also estimated total contract costs in applying the input method to recognise revenue over time.

**21. OTHER INCOME**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Government and other grants	2,009,680	2,009,908
Spare parts and meter sales	14,360,456	10,827,272
Penalty revenue	361,253	1,666,418
Other revenue	21,794,356	4,023,072
	<u>38,525,745</u>	<u>18,526,670</u>

**22. SALARY, WAGES AND RELATED EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Employee salaries	43,747,625	43,164,538
Incentives	13,942,078	12,521,512
Bonuses	11,635,711	11,437,559
Seniority payment	1,042,991	1,078,624
Wages for contractors	2,170,525	2,203,329
Other employee-related expenses	11,246,257	15,146,948
	<u>83,785,187</u>	<u>85,552,510</u>

**23. RAW MATERIALS FOR WATER TREATMENT**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Chlorine	5,527,709	5,615,471
Poly Aluminium Chloride	8,024,232	9,291,267
Salt	1,497,178	1,235,577
Lime	1,869,537	2,101,685
Other materials	591,998	732,590
	<u>17,510,654</u>	<u>18,976,590</u>

**24. RAW MATERIALS FOR HOUSEHOLD WATER CONNECTIONS**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Consumer water meter replacement	7,676,275	5,684,590
Pipe costs	12,174	14,847
Other costs	1,552,364	593,840
	<u>9,240,813</u>	<u>6,293,277</u>

**25. FOREIGN EXCHANGE (GAIN)/LOSS – NET**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Foreign exchange gain	(6,064,165)	(7,675,139)
Foreign exchange losses	4,189,637	9,871,260
	<u>(1,874,528)</u>	<u>2,196,121</u>

**26. FINANCE INCOME/(COSTS)**

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Finance income:		
- Interest income on bank deposits (a)	4,310,989	6,613,494
- Foreign exchange gain on borrowings	10,920,913	50,555,893
	<u>15,231,902</u>	<u>57,169,387</u>
Finance costs:		
- Interest expense on borrowing (b)	(20,855,138)	(19,399,041)
- Foreign exchange loss on borrowings	(8,556,896)	(24,580,451)
- Interest capitalised on qualifying assets	2,332,915	4,978,016
	<u>(27,079,119)</u>	<u>(39,001,476)</u>
Finance (cost)/income - net	<u>(11,847,217)</u>	<u>18,167,911</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.

## 27. TAX EXPENSE

	2025 KHR'000	2024 KHR'000
Income tax expense:		
Current year	<u>14,482,999</u>	<u>8,978,908</u>
Deferred tax expense (Note 17):		
Origination and reversal of temporary differences	<u>9,401,510</u>	<u>13,152,540</u>
Total tax expense	<u>23,884,509</u>	<u>22,131,448</u>

Under the Cambodian Law on Taxation, the PPWSA has an obligation to pay tax on profit at 20% (2024: 20%) of the taxable profit or a minimum tax at 1% (2024: 1%) of total revenue, whichever is higher.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the PPWSA is as follows:

	2025 KHR'000	2024 KHR'000
Profit before tax	<u>118,864,631</u>	<u>107,174,361</u>
Tax at Cambodian statutory tax rate of 20%	23,772,926	21,434,872
Tax effects in respect of:		
Non-allowable expenses	<u>111,583</u>	<u>696,576</u>
Total tax expense	<u>23,884,509</u>	<u>22,131,448</u>

## 28. EARNINGS PER SHARE

### (a) Basis earnings per share

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

	2025 KHR'000	2024 KHR'000
Profit attributable to ordinary equity holders	94,980,122	85,042,913
Weighted average number of ordinary shares in issue	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share	1,092.06	977.81
Diluted earnings per share	<u>1,092.06</u>	<u>977.81</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.



## 29. DIVIDEND

	2025		2024	
	Dividend per share KHR	Amount of dividend KHR'000	Dividend per share KHR	Amount of dividend KHR'000
First and final dividend declared	350	4,566,091	350	4,566,091

On 29 May 2025, the Board of Directors proposed and approved the dividend in respect of the financial year ended 31 December 2024 of KHR350 per share, amounting to a total dividend of KHR4,566,091,350.

## 30. RELATED PARTY DISCLOSURES

- (a) Parties are considered related to the PPWSA if the PPWSA has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the PPWSA and the party are subject to common control or common significant influence. Related parties can be individuals or other parties.

Key management personnel comprises persons (including the Directors of the PPWSA) having the authority and responsibility for planning, directing and controlling the activities of the PPWSA directly and indirectly.

- (b) The PPWSA had the following transactions with related parties during the financial year.

	2025 KHR'000	2024 KHR'000
<u>Common control</u>		
MoEF		
Interest on borrowings paid	<u>20,774,770</u>	<u>19,396,655</u>

Balances with related parties at the end of the reporting period are disclosed in Note 15 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

- (c) Key management compensation during the financial year is as follows:

	2025 KHR'000	2024 KHR'000
Salaries and other expenses	<u>3,015,963</u>	<u>2,458,422</u>

### 31. CAPITAL COMMITMENTS

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

	2025 KHR'000	2024 KHR'000
Construction of water treatment plant	356,219,567	283,057,881
Consultation services	3,363,303	2,669,794
Purchase of iron pipes, fitting and accessories	<u>1,186,420</u>	<u>1,054,176</u>
	<u>360,769,290</u>	<u>286,781,851</u>

### 32. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### (a) Capital management

The primary objective of the PPWSA's capital management is to ensure that the PPWSA would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the PPWSA remains unchanged from that in the previous financial year.

The PPWSA manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the PPWSA may adjust the dividend payment to shareholders, return capital to its shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

The PPWSA monitors and maintains a prudent level of total debts and to ensure compliance with any externally imposed capital requirements.

#### (b) Financial risk management

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.

The PPWSA is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

##### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates. PPWSA's exposure to the risk of changes in foreign exchange rates relates primarily to PPWSA's operating activities (when cash and cash equivalents, short-term investments, purchases and borrowings that are denominated in a foreign currency)

**32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(i) Foreign currency risk (continued)

PPWSA's unhedged financial assets and liabilities that are not denominated in its functional currency are as follows:

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<u>Short-term investments</u>		
United States Dollar	66,661,827	64,961,360
<u>Cash and bank balances</u>		
United States Dollar	2,132,985	1,373,287
<u>Trade and other receivables</u>		
United States Dollar	1,011,086	11,557,771
<u>Contract assets</u>		
United States Dollar	-	4,398,564
<u>Contract liabilities</u>		
United States Dollar	-	3,520,395
<u>Borrowings</u>		
United States Dollar	1,527,019,165	1,366,112,412
Euro	-	8,425,878
Special Drawing Right	26,113,976	27,098,019
Japanese Yen	28,076,842	28,983,073
<u>Trade and other payables</u>		
United States Dollar	10,235,960	149,328,936
Euro	156,531	14,817,756

The following table demonstrates the sensitivity analysis of the PPWSA to a reasonably possible change in the US\$, EUR, SDR and JPY exchange rates against the functional currency of the PPWSA, with other variables held constant:

	<b>2025</b>	<b>2024</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Profit after tax</b>		
US\$/KHR - strengthen by 3% (2024: 3%)	(35,015,617)	(31,194,666)
- weaken by 3% (2024: 3%)	35,015,617	31,194,666
EUR/KHR - strengthen by 3% (2024: 3%)	(3,757)	(202,221)
- weaken by 3% (2024: 3%)	3,757	202,221
SDR/KHR - strengthen by 3% (2024: 3%)	(626,735)	(650,352)
- weaken by 3% (2024: 3%)	626,735	650,352
JPY/KHR - strengthen by 3% (2024: 3%)	(673,844)	(695,594)
- weaken by 3% (2024: 3%)	673,844	695,594

## 32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (b) Financial risk management (continued)

#### (ii) 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 loans and 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.

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the PPWSA if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

	2025 KHR'000	2024 KHR'000
<b>Profit after tax</b>		
- Increased by 0.1% (2024: 0.1%)	(1,109,284)	(181,686)
- Decreased by 0.1% (2024: 0.1%)	<u>1,109,284</u>	<u>181,686</u>

The sensitivity is higher in 2025 than in 2024 because of lower interest capitalised during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

#### (iii) 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's 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's primary exposure to credit risk arises through its trade receivables from its customers. The PPWSA controls the credit risk on sales by ensuring that its customers have sound financial position and credit history.

The PPWSA determines a financial asset to be in default when contractual payments are past due and when internal or external information indicates that financial asset is not recoverable. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

To manage the risk on trade receivables, the PPWSA requires a deposit before the water meter connection is made. No deposit is required for government departments as the PPWSA believes that it can collect from those departments through the MoEF (the source of finance for those departments), which is the PPWSA's financial supervisor and shareholder.

## 32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (b) Financial risk management (continued)

#### (iii) Credit risk (continued)

A deposit deduction policy is applied to customers who have not settled their debts in accordance with credit terms and conditions.

To minimise credit risk on cash at banks and short-term investments (bank fixed deposits), the PPWSA has diversified its deposits with different banks using a few large and well-known local banks operating in Cambodia.

#### Exposure to credit risk and credit risk concentration profile

The maximum exposure to credit risk for the PPWSA is represented by the carrying amounts of each financial asset.

At the end of the reporting period, approximately:

- (i) 12% (2024: 11%) of the PPWSA's trade receivables were due from household customers.
- (ii) 13% (2024: 17%) of the PPWSA's trade receivables were due from commercial customers.
- (iii) 63% (2024: 71%) of the PPWSA's trade receivables were due from public administrative customers.

The PPWSA do not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

#### (iv) 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 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, the PPWSA maintains a level of cash and cash equivalents deemed adequate to finance the PPWSA's activities.

## 33. SEGMENT INFORMATION

The PPWSA treats water for supply to residents in Phnom Penh and surrounding areas. To support its water distribution business, it needs to provide water meter connection as a supporting service. Revenue from water meter connection (a supporting service for water sales) accounts for less than 3% (2024: 3%) of the total revenue, while water sales account for 97% (2024: 97%) of the total revenue of the PPWSA.

The PPWSA has one reportable segment, namely, water sales. The chief operating decision maker (the management team) reviews the internal management report, which reports the performance of the water sales segment as a whole, to assess performance and allocate resources. The chief operating decision-maker accesses the performance of the reportable segment by measuring gross revenue, profit before tax and net profit compared to prior periods.

### 34. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. 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. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

### 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 29 May 2025, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR80,476,821,750.
- (b) On 29 May 2025, the Board of Directors of PPWSA proposed and the shareholders subsequently approved, a dividend of KHR350 per share in respect of the financial year ended 31 December 2024. The total dividend declared amounting to KHR4,566,091,250. This approval was made following the conclusion of the reporting period and reflects PPWSA's financial performance and commitment to shareholder returns.
- (c) On 30 June 2025, the MoEF increased its capital contribution to PPWSA through the transfer of two plots of land. These plots are intended for the construction of the Mlech Water Treatment Plant in Kampot Province and the Boeng Thom Water Treatment Plant in Phnom Penh. The total value of the land granted amounting to KHR15,842,877,000. This capital increase was made without the issuance of additional shares in PPWSA.
- (d) On 5 July 2025, the MoEF issued an approval letter in response to the Board of Directors' request for the determination of the land price to be recognised as capital contribution to PPWSA.

### 36. ADOPTION OF NEW CIFRSs

#### 36.1 New CIFRSs adopted during the current financial year

PPWSA adopted the following amendments during the financial year.

	<b>Effective Date</b>
Amendments to CIAS 21 <i>Lack of Exchangeability</i>	1 January 2025

Adoption of the above amendments did not have any material effect on the financial performance or position of the PPWSA.

### 36. ADOPTION OF NEW CIFRSs (continued)

#### 36.1 New CIFRSs adopted during the current financial year (continued)

##### Amendments to CIAS 21 *Lack of Exchangeability*

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.

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

#### 36.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

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

	<b>Effective Date</b>
Amendments to CIFRS 7 and CIFRS 9 <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to CIFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to CIFRS 9 and CIFRS 7 <i>Contracts Referencing Nature-dependent Electricity</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 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to CIAS 21 <i>Translation to a Hyperinflationary Presentation Currency</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.

### 36. ADOPTION OF NEW CIFRSs (continued)

#### 36.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026 (continued)

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

##### Amendments to CIFRS 7 and CIFRS 9 *Classification and Measurement of Financial Instruments*

These 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; and
- Characteristics of non-recourse loans and contractually linked instruments.

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

##### Annual Improvements to CIFRS Accounting Standards - Volume 11

The annual improvements address the following:

- Hedge accounting by a first-time adopter (Amendments to CIFRS 1 *First-time Adoption of International Financial Reporting Standards*);
- Disclosure of deferred difference between fair value and transaction price (Amendments to Guidance on implementing CIFRS 7);
- Gain or loss on derecognition (Amendments to CIFRS 7);
- Introduction and credit risk disclosures (Amendments to Guidance on implementing CIFRS 7);
- Derecognition of lease liabilities (Amendments to CIFRS 9);
- Transaction price (Amendments to CIFRS 9);
- Determination of a “De Facto Agent” (Amendments to CIFRS 10); and
- Cost method (Amendments to CIAS 7).

##### Amendments to CIFRS 9 and CIFRS 7 *Contracts Referencing Nature-dependent Electricity*

These amendments include:

- Clarifying the application of the “own-use” requirements;
- Permitting hedge accounting if these contracts are used as hedging instruments; and
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

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 choices;
- Required sub-totals in the statement of profit or loss: based on an entity’s application of the classification requirements as described in above, 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;



### 36. ADOPTION OF NEW CIFRSs (continued)

#### 36.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026 (continued)

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

##### CIFRS 18 *Presentation and Disclosures in Financial Statements* (continued)

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

- 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 CIFRS-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 CIFRS Accounting Standards 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 CIFRS Accounting Standards.

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

##### Amendments to CIFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The newly issued amendments to CIFRS 19 help eligible subsidiaries by reducing disclosure requirements for standards and amendments issued between February 2021 and May 2024, specifically:

- CIFRS 18 *Presentation and Disclosure in Financial Statements*;
- Amendments to CIAS 7 and CIFRS 7 *Supplier Finance Arrangements*;
- Amendments to CIAS 12 *International Tax Reform - Pillar Two Model Rules*;
- Amendments to CIAS 21 *Lack of Exchangeability*; and
- Amendments to CIFRS 7 and CIFRS 9 *Amendments to the Classification and Measurement of Financial Instruments*.

##### Amendments to CIAS 21 *Translation to a Hyperinflationary Presentation Currency*

These amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

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

These 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.