



KINGDOM OF CAMBODIA
NATION RELIGION KING

PHNOM PENH WATER SUPPLY AUTHORITY



QUARTERLY REPORT Q2-2022

MAJOR STRATEGIC GOALS OF THE PHNOM PENH WATER SUPPLY AUTHORITY AREAS FOLLOW:

Expand water supply to Phnom Penh's suburban areas and surrounding regions at the same Rate and standard as in Phnom Penh. Analysis the cost and reform the process and procedure To reduce the cost of water, improve staff efficiencies, and build the ability of authority. Maintain a strong commitment to social responsibilities. Engage in Strategic benchmarking compare with the most efficient water supply organization in the world.



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FINANCIAL HIGHLIGHTS

Financial Position		Second Quarter 2022	2021	2020
Total assets (KHR'000)		2,537,839,543	2,306,806,174	1,864,618,140
Total liabilities (KHR'000)		1,317,172,248	1,140,177,961	882,565,483
Total shareholders'equity (KHR'000)		1,220,667,295	1,166,628,213	982,052,657

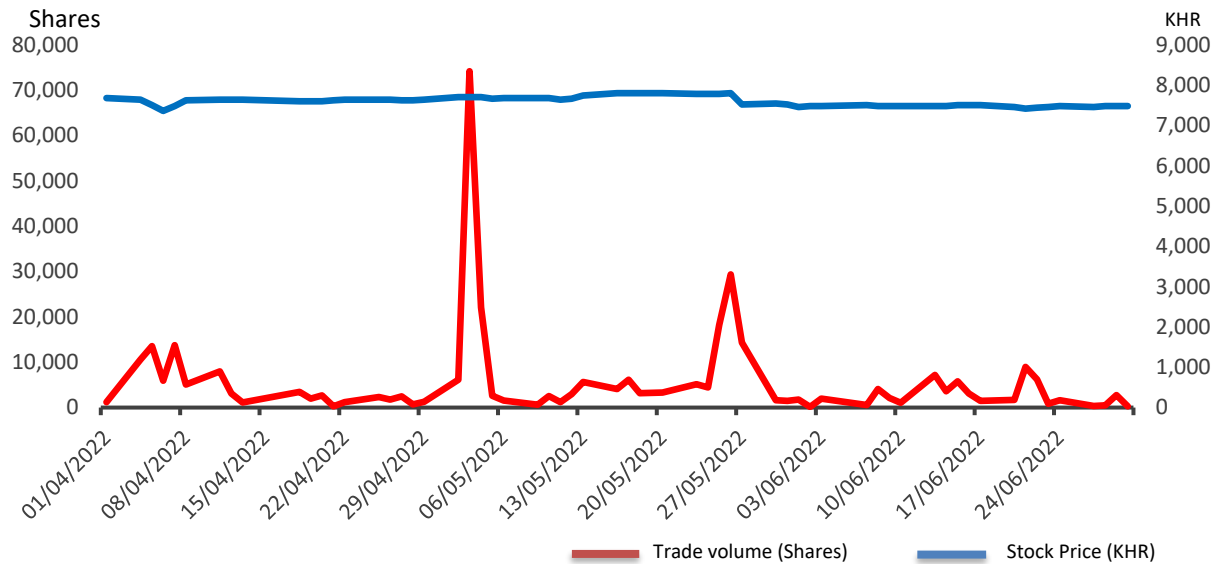
Profit/(Loss)		Second Quarter 2022	Second Quarter 2021	Second Quarter 2020
Total Revenue(KHR'000)		80,318,827	77,181,395	75,245,090
Profit/(Loss) before tax (KHR'000)		30,722,519	22,493,736	22,575,813
Profit/(Loss) after tax (KHR'000)		27,791,585	16,810,774	15,821,249
Total comprehensive income (KHR'000)		27,791,585	16,810,774	15,821,249

Financial Ratios		Second Quarter 2022	2021	2020
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	1.82	1.65	1.08
	Quick Ratio(Times)	1.23	1.11	0.68

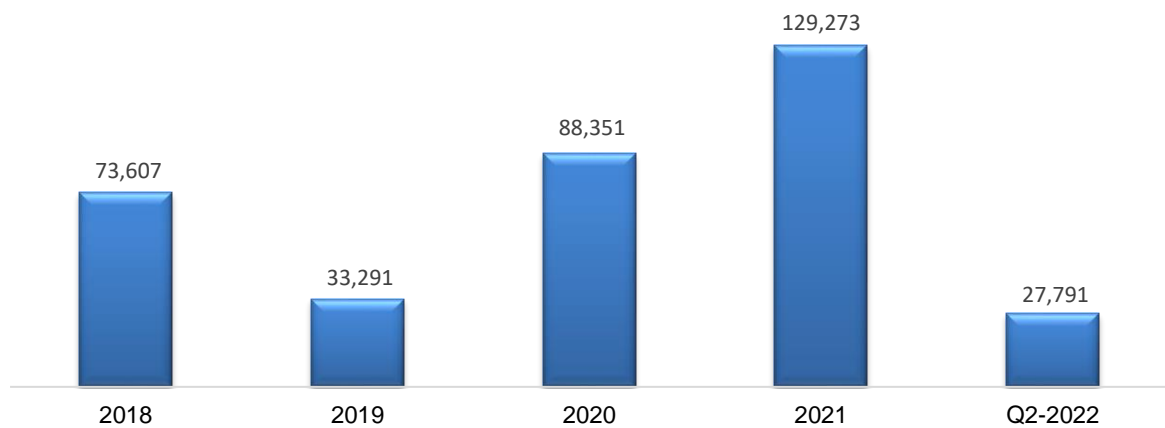
		Second Quarter 2022	Second Quarter 2021	Second Quarter 2020
Profitabilities Ratio	Return on Assets (%)	1.12	0.82	0.96
	Return on Equity (%)	2.30	1.56	1.69
	Gross Profit margin (%)	31.73	35.89	35.69
	Profit Margin (%)	34.60	21.78	21.03
	Earning Per Share (KHR)	319.54	193.29	181.91
Interest Coverage Ratio (Times)		5.85	4.71	5.72

FINANCIAL SUMMARY CHARTS

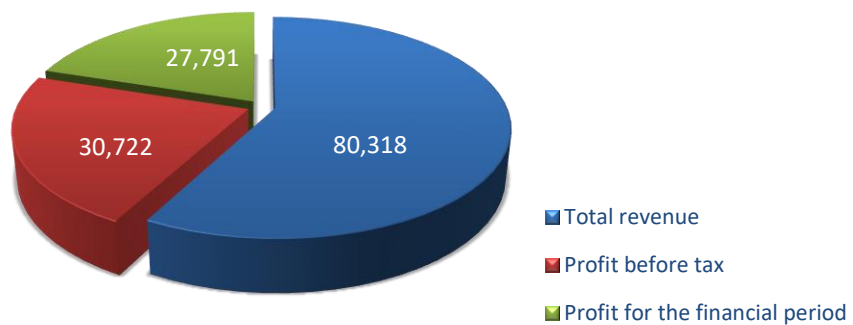
Changes in stock price (in KHR) and trading volume



PROFIT FOR EACH YEAR (in million KHR)



PROFIT FOR THE FIRST QUARTER OF 2022 (in million KHR)



BOARD OF DIRECTOR



H.E. Oum Sotha
Secretary of State. Ministry of Industry
Science Technology and Innovation
Chairman



H.E. Long Naro
Director General Of
PPWSA
Member



H.E. Mey Vann
Delegate to the Royal Government
In charge as Director General of
General Department of Financial industry
Ministry of Economy and Finance
Member



H.E. Noun Pharath
Deputy Governor of the Board
Of Governors of Phnom Penh
Member



Mr. Ma Noravin
Representative
Of PPWSA's employees
Member



Mr. Nam Chantry
Non-Executive Director
Representative of Private
Shareholder
Member



Mr. Sreng Samork
Independent Director
Member

MESSAGE FROM CHAIMAN OF THE BOARD



H.E. Oum Sotha

Secretary of State, Ministry of Industry
Science Technology and Innovation

Chairman

In the 2nd quarter of 2022, by gaining the trust from the Royal Government and the support from the two parent ministries, PPWSA successfully performed all its business activities. We have been continuing to develop its water service from day to day, both in terms of qualities and quantities, to meet the water demand for the population in Phnom Penh and the provincial town of Takhmao as well as to contribute to the developments of the two municipalities.

In this quarter, PPWSA reported total revenues of KHR 80,318,827,000, and profit before tax of KHR 30,722,519,000. Profit for the period was KHR 27,791,858, and basic earning per share is KHR 319.54.

PPWSA invests in the construction, expansion, operation and maintenance of means for the production and distribution of clean water and sanitation. Utilize all measures to increase production-service and ensure clean water quality to meet the needs of living, business, service and industry. Doing business, services and other work related to water and sanitation in or outside the country as decided by the Board and in accordance with the law.

Cooperate on technical, trade and financial with development partners, both domestic and foreign, to expand and develop PPWSA in accordance with the policy of the Royal Government to ensure the sustainability of production, business and financial processes in conjunction with social benefits, increase staff efficiency and continue to build enterprise capacity, analyze cost factors and reform processes and procedures to reduce water costs, strategically compare with water entities. The most effective beauties in the world.

Effective Service

PPWSA keeps supplying clean water that is straight drinkable from the tap on a 24x7 basis. In the 2nd quarter of 2022, we laid the mains and distribution pipes of 92,890.70 m and produced 58,221,207 m³ of clean water, installed 5,828 new house connections, of which 478 connections were for the low-income whom we always care for. Furthermore, the water loss accounted for 8.66%.

Performance of the Board of Directors

In the 2nd quarter of 2022, the Board of Directors for mandate 7 held the 14th meeting online via ZOOM on June 24, 2022 at 9:00AM with the following:

1. Official induction of the Non-Executive Director Representing of Private Shareholders and Independent Director in the PPWSA's Board of Directors mandate 7th
2. Request for approval on the mandate extension for the Head of Internal Audit
3. Request for approval on the revision of the composition of Audit Committee
4. Request for the recommendations on the drafted documentation and tools for corporate governance of PPWSA Board of Directors
5. Request for approval on the limitation of PPWSA's water supply mission domain outside Phnom Penh and Takmao in accordance with the Phnom Penh Land Use Master Plan 2035
6. Request for review on the re-demarcation of land boundary at Niroth Water Treatment Plant (WTP)
7. Report on the reservation of 2-hectares land on Koh Norea Thmey for the construction of future WTP
8. Report on the budget status and revision of procurement plan for Bakheng Water Supply Project Phase 2
9. Business Report for the 2nd quarter of 2022 and Business Plan for the 3rd quarter of 2022
10. Procurement Report for the 2nd quarter of 2022 and request for approval on the revised procurement plan for the 2nd semester of 2022
11. Report on the Social Fund for the 2nd quarter of 2022
12. Internal Audit Report for the 2nd quarter of 2022
13. Others
 - a) Request for the recommendations on the impact caused by Shanghai Construction Group Co.,Ltd on 200mm and 300mm pipelines of PPWSA under the Royal Government's 3rd Ring Road Construction Project
 - b) Report on the study of water consumption of the rented rooms at 4 locations in Por Senchey District
 - c) Report on the situation of water consumption in Borey Chhouk Va II area and Kombol commune after the installation of additional water supply network
 - d) Request for approval on the proposed backfilling of 14,710m³ soil for the construction of Boeung Thom WTP (5,000m³/day)
 - e) Report on the situation of installation of 1400mm-diameter water transmission along Street 30 meter at Sangkat Svay Pak, Russey Keo District, Phnom Penh

The 3rd quarter of 2022

PPWSA has a clear strategy to expand the water distribution network to the surrounding areas of Phnom Penh based on the extension of water treatment facilities, keeping the same tariff and standard for Phnom Penh, and a strong commitment to social and environmental responsibility. In the 3rd quarter of 2022, PPWSA plans to produce 58,860,836 m³ of clean water, expand 70,570 m of additional distribution network, and general total revenues of KHR 80,869,143,000 with total expenses of KHR 54,779,614,000 as approved by the Board and the two parents ministries.

Acknowledgement

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries (Ministry of Industry, Science, Technology and Innovation, and Ministry of Economy and

Finance), Securities and Exchange Committee of Cambodia, and all the shareholders who always trust and support PPWSA.

We are also proud and thankful to PPWSA's staff at all levels, who worked hard and responsibly to achieve the best results.

Phnom Penh, 12 August 2022

CHAIRMAN

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PART1: General Information of PPWSA

A. Identification of the Phnom Penh Water Supply Authority

- ◆ Name in Khmer: រដ្ឋាករទឹកស្វយ័តក្រុងភ្នំពេញ (រ.ទ.ស.ភ)
- ◆ Name in Latin: Phnom Penh Water Supply Authority (PPWSA)
- ◆ Standard Code: KH1000010004
- ◆ Address: Office No.45, St. 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
- ◆ Phone number: +855(0)23 635 8080
- ◆ Website: www.ppwsa.com.kh Email: ir@ppwsa.com.kh
- ◆ Company Registration Number : Co.0839Et/2012 Date: March 27th, 2012
- ◆ License number: Sub-decree No. 52 ANKr.BK Issued by: The Royal Government of Cambodia Date: December 19th, 1996 Disclosure document registration number by SERC: 012/12 SECC/SSR Date: March 23rd, 2012
- ◆ Representative: **H.E. LONG NARO**

B. Nature of Business

- ◆ Invest in, build, expand, operate, repair and maintain water supply and sanitation facilities.
- ◆ Take all the means to improve its production and service, and assure clean water quality to satisfy the requirements for living, businesses, services and industries.
- ◆ Engage in domestic or overseas business and services related to water and sanitation sectors due to the Board of Directors's resolutions and the existing laws.
- ◆ Enhance technical, commercial and financial corporations with local and international development partners to develop PPWSA in accordance with the Royal Government's policies.
- ◆ Maintain financial and operational sustainability pertaining to social interests.
- ◆ Improve staff efficiency and continue to build the capacity of the enterprise.
- ◆ Analyze cost factors and reform processes and procedures to reduce water costs.
- ◆ Strategically compare with the most efficient water utilities in the world.
- ◆ Strong commitment to social and environmental responsibility.

PART 2. Information on Business Operation Performance

A. Business Operation Performance including business segments information

A.1. Water Treatment and Distribution System and Water Loss Reduction

A.1.1. Water Treatment

The water treatment in the second quarter 2022 as follows:

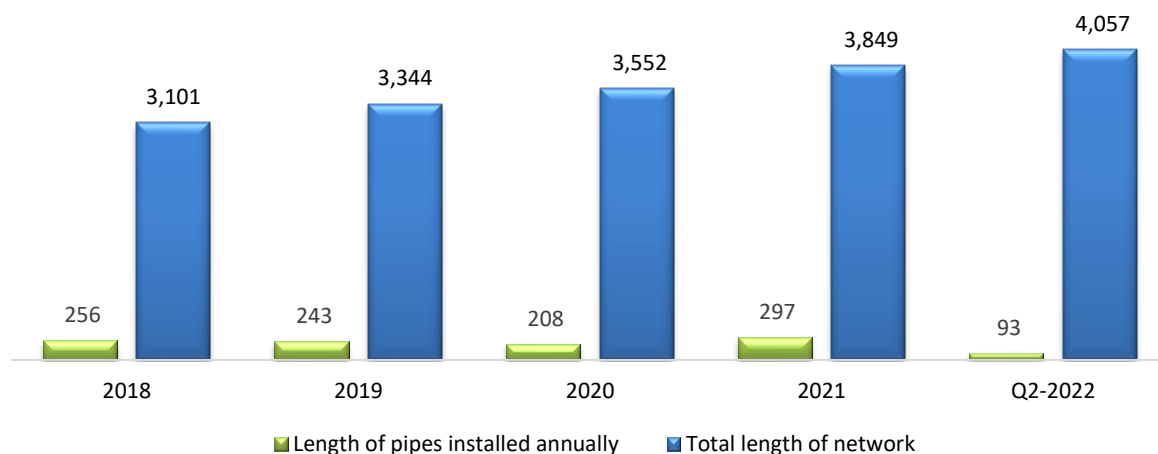
Description	Plan (m ³)	Actual (m ³)	Rate (%)
Phum Prek	13,800,000	15,622,881	113
Chroy Chang War	15,622,000	16,191,972	104
Chamkar Mon	4,899,000	5,344,160	109
Niroth	21,292,000	20,901,120	98
Mlech	98,462	96,814	98
Thbong Khmom	81,900	64,260	81
TOTAL	55,793,362	58,221,207	104

The quality of treated water at the six water treatment plants and distribution networks

Parameters	Unit	WHO	Phum Prek WTP	Chroy Chang War WTP	Chamkar Mon WTP	Niroth WTP	Mlech WTP	Thbong Khmom WTP	Along Distribution Pipes
Turbidity	NTU	≤ 5	0.54	0.51	0.13	0.27	0.46	0.80	0.60
pH Value	pH	6.5-8.5	7.48	7.71	7.71	7.51	7.23	7.69	7.56
Free Available Chlorine	mg/l	0.1-1	1.73	1.39	1.27	1.38	1.22	0.64	0.53
Total Available Chlorine	mg/l	<2	1.94	1.55	1.45	1.53	1.49	0.79	0.66
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0

A.1.2. Pipes Laying

The Length of pipes for each year (km)



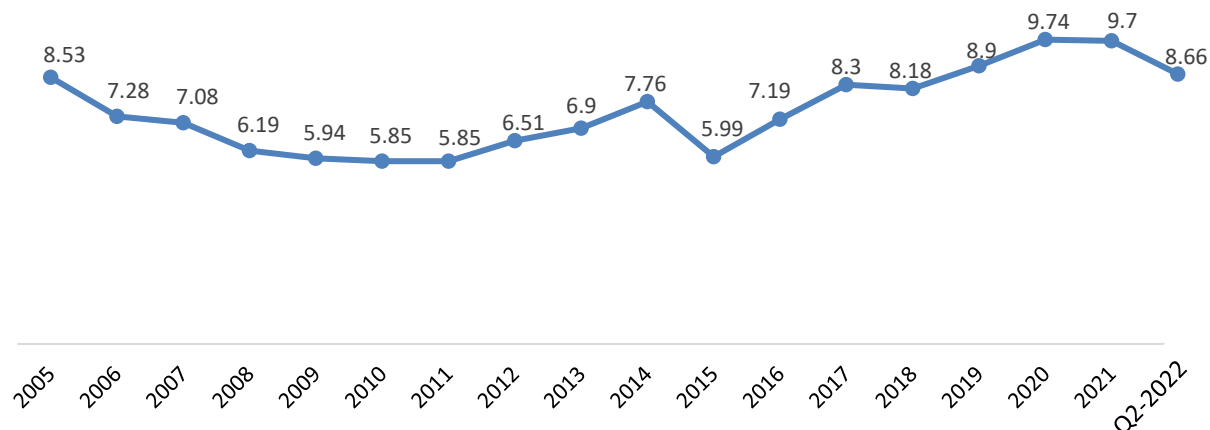
A. Business Operation Performance including business segments information (con't)

A.1. Water Treatment and Distribution System and Water Loss Reduction (con't)

A.1.3. Water Loss Reduction

In the second quarter 2022, PPWSA's water loss rate was kept in single digits 8.66%, as shown in the graph below.

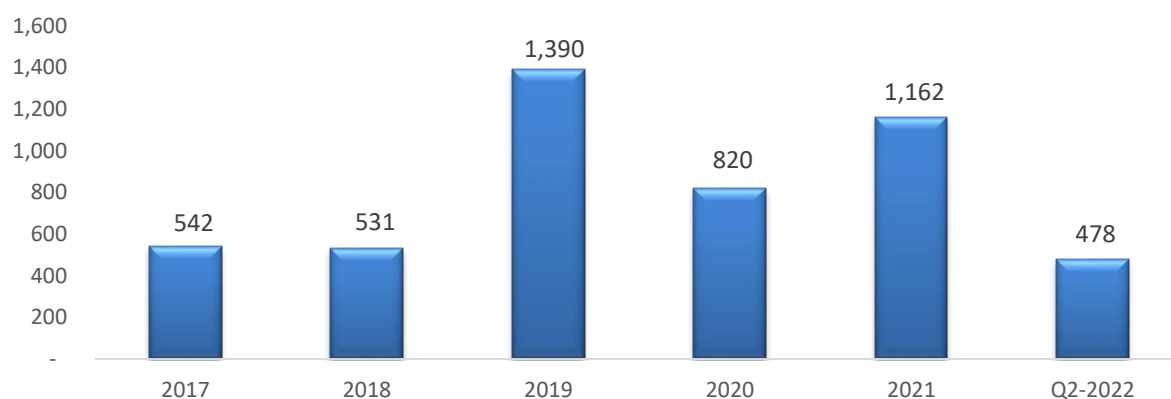
NRW trend from 2005 to Q2-2022(in percent)



A.2. Business Activities and Results

A.2.1. Water for All Program

Increase in low-income household connections



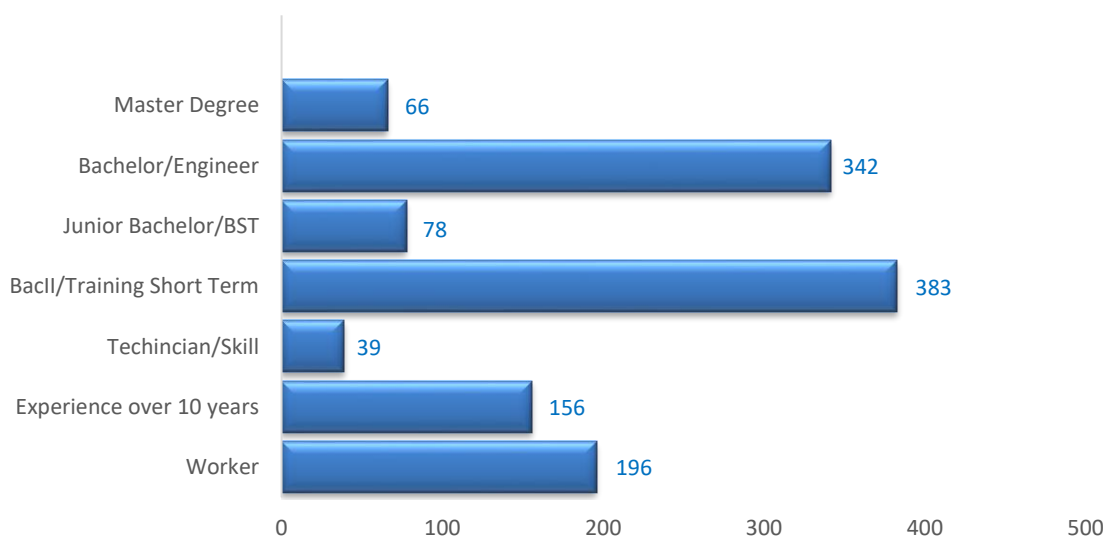
A.2.2. House Connection and Customer Management

Type of Customers	2018	2019	2020	2021	Q2-2022	
	(Connections)	(Connections)	(Connections)	(Connections)	(Connections)	(%)
Domesic	301,834	321,212	333,099	350,463	356,127	80.4945
Commercial	58,789	62,366	68,136	74,344	79,597	17.9911
Administrative	664	696	744	823	902	0.2039
Wholesalers	07	07	10	11	11	0.0024
RDE Representative	21	17	14	16	5	0.0011
Standpipe	14	17	17	16	16	0.0036
Room rental	5,703	5,752	5,759	5,728	5,766	1.3033
TOTAL	367,032	390,067	407,779	431,401	442,424	

Unofficial Translation

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

A.3- Human Resource Management



B- Revenue Structure

No	Source of Revenue	Q2-2022		Q2-2021		Q2-2020	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	73,981,962	92.11	66,431,633	86.07	67,117,431	89.20
2	Construction Service fees	5,008,429	6.23	5,060,797	6.56	5,474,382	7.28
3	Foreign exchange gain-net	-	-	-	-	163,749	0.22
4	Other income	1,328,436	1.65	5,688,965	7.37	2,489,528	3.31
	Total revenue	<u>80,318,827</u>		<u>77,181,395</u>		<u>75,245,090</u>	

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

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

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
SIX-MONTH PERIOD ENDED 30 JUNE 2022

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 30 JUNE 2022**

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Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

STATEMENT BY THE DIRECTORS

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

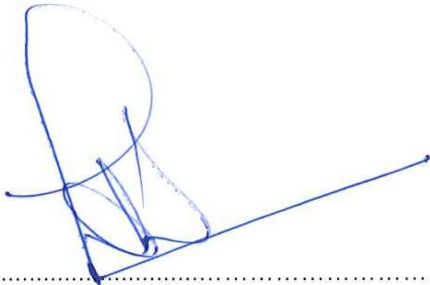
Signed on behalf of the Board of Directors,



.....
OUM SOTHA
Chairman of the Board of Director



.....
LONG NARO
Director General



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

Date: Friday, August 12, 2022

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	Unaudited 30.06.2022 KHR'000	Audited 31.12.2021 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,002,940,334	1,893,864,619
Intangible assets		13,105,112	12,530,278
Total non-current assets		2,016,045,446	1,906,394,897
Current assets			
Inventories		174,300,610	143,731,508
Trade and other receivables		99,885,438	24,875,167
Contract assets	5	73,572,944	66,024,580
Loan to employees		7,956,651	7,956,651
Short-term investments	6	89,211,397	68,163,833
Cash and cash equivalents		76,867,057	89,659,538
Total current assets		521,794,097	400,411,277
TOTAL ASSETS		2,537,839,543	2,306,806,174
EQUITY AND LIABILITIES			
Equity attributable to owners of PPWSA			
Share capital and share premium		619,315,886	619,315,886
Reserves		543,268,075	418,038,410
Retained earnings		58,083,334	129,273,917
TOTAL EQUITY		1,220,667,295	1,166,628,213
Non-current liabilities			
Borrowings	7	852,460,642	790,359,750
Deferred government and other grants		15,807,233	16,812,186
Deferred tax liabilities		75,015,684	72,307,299
Other payables	8	72,038,902	69,446,073
Total non-current liabilities		1,015,322,461	948,925,308

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONTINUED)**

	Note	Unaudited 30.06.2022 KHR'000	Audited 31.12.2021 KHR'000
Current liabilities			
Trade and other payables	8	264,700,593	141,969,545
Borrowings	7	21,132,560	23,128,518
Contract liabilities	5	1,788,894	1,788,894
Current tax liabilities		14,227,740	24,365,696
Total current liabilities		<u>301,849,787</u>	<u>191,252,653</u>
TOTAL LIABILITIES		<u>1,317,172,248</u>	<u>1,140,177,961</u>
TOTAL EQUITY AND LIABILITIES		<u>2,537,839,543</u>	<u>2,306,806,174</u>

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

	Note	Unaudited		Unaudited	
		Three-month period ended 30.6.2022 KHR'000	30.6.2021 KHR'000	Six-month period ended 30.6.2022 KHR'000	30.6.2021 KHR'000
Income:					
Sales	9	73,981,962	66,431,633	143,114,089	135,160,696
Construction service fee		5,008,429	5,060,797	8,824,986	12,029,139
Foreign exchange gains - net		-	-	-	243,843
Other income		1,328,436	5,688,965	10,399,762	13,752,660
		<u>80,318,827</u>	<u>77,181,395</u>	<u>162,338,837</u>	<u>161,186,338</u>
Expenses:					
Depreciation and amortisation charges		(14,881,112)	(13,511,711)	(29,759,950)	(26,132,696)
Electricity costs		(8,837,402)	(8,866,191)	(17,361,061)	(17,812,985)
Salaries, wages and related expenses		(18,526,465)	(16,282,458)	(34,580,933)	(30,968,456)
Raw materials for water treatment		(2,626,123)	(1,626,417)	(5,206,116)	(4,539,005)
Raw materials for household water connections		(1,486,862)	(487,209)	(2,640,951)	(1,240,514)
Repairs and maintenance		(1,231,932)	(1,682,492)	(2,591,382)	(3,056,193)
Construction service expense		(3,610,005)	(3,942,690)	(5,601,033)	(10,450,040)
Other operating expenses		(3,111,865)	(2,781,327)	(5,427,911)	(4,703,184)
Foreign exchange losses - net		(521,117)	(299,783)	(1,648,021)	-
		<u>(54,832,883)</u>	<u>(49,480,278)</u>	<u>(104,817,358)</u>	<u>(98,903,073)</u>
Operating profit		25,485,944	27,701,117	57,521,479	62,283,265
Finance income	10	9,592,130	676,734	19,061,037	8,809,476
Finance costs	11	(4,355,555)	(5,884,115)	(5,173,728)	(6,182,972)
Profit before tax		30,722,519	22,493,736	71,408,788	64,909,769
Income tax	12	(2,930,934)	(5,682,962)	(13,325,454)	(17,327,392)
Profit for the period, representing total comprehensive income for the period		27,791,585	16,810,774	58,083,334	47,582,377
Earnings per share attributable to owners					
Basic earnings per share (KHR)		319.54	193.29	667.83	547.09
Diluted earnings per share (KHR)		319.54	193.29	667.83	547.09

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2022**

	Note	Share capital and share premuim KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance at 1 January 2022		619,315,886	418,038,410	129,273,917	1,166,628,213
Profit for the financial period, representing total comprehensive income for the period		-	-	58,083,334	58,083,334
Transactions with owners					
Transfer to reserves		-	125,229,665	(125,229,665)	-
Dividends	13	-	-	(4,044,252)	(4,044,252)
Total transactions with owners		-	125,229,665	(129,273,917)	(4,044,252)
Balance at 30 June 2022		619,315,886	543,268,075	58,083,334	1,220,667,295
Unaudited					
Balance at 1 January 2021		541,227,282	352,473,530	88,351,845	982,052,657
Profit for the financial period, representing total comprehensive income for the period		-	-	47,582,377	47,582,377
Transactions with owners					
Capital contribution		78,088,604	-	-	78,088,604
Transfer to reserves		-	65,564,880	(65,564,880)	-
Dividends	13	-	-	(22,786,965)	(22,786,965)
Total transactions with owners		78,088,604	65,564,880	(88,351,845)	55,301,639
Balance at 30 June 2021		619,315,886	418,038,410	47,582,377	1,084,936,673

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Unaudited	
	Six-month period ended	
	30.6.2022	30.6.2021
	KHR'000	KHR'000
Cash flows from operating activities		
Profit before tax	71,408,788	64,909,769
Adjustments for:		
Amortisation of intangible assets	978,622	826,486
Depreciation of property, plant and equipment	28,781,328	25,306,210
Amortisation of deferred government and other grants	(1,004,953)	(1,004,953)
Written off of property, plant and equipment	107,191	63,881
Finance income	(1,902,021)	(1,140,223)
Finance costs	4,290,934	3,052,487
Net unrealised foreign exchange gain	(10,176,437)	(2,077,175)
	<hr/>	<hr/>
Operating profit before changes in working capital	92,483,452	89,936,482
Increase in inventories	(2,160,996)	(79,696,685)
Decrease/(Increase) in trade and other receivables	40,550,870	(6,627,758)
Increase in trade and other payables	118,886,467	25,614,917
Increase in contract assets	(7,548,364)	(4,013,884)
Decrease in contract liabilities	-	(1,856,866)
Increase in refundable water deposits	2,592,829	1,924,403
	<hr/>	<hr/>
Net cash from operations	244,804,258	25,280,609
Income tax paid	(20,755,025)	(24,738,677)
	<hr/>	<hr/>
Net cash from operating activities	224,049,233	541,932
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(279,258,075)	(109,264,442)
Purchase of intangible assets	(428,456)	(616,487)
Increase in short-term investments	(21,047,564)	(1,128,970)
Interest capitalised on qualifying assets	(2,691,293)	(2,461,593)
Interest received	792,908	1,167,353
	<hr/>	<hr/>
Net cash used in investing activities	(302,632,480)	(112,304,139)
	<hr/>	<hr/>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	Unaudited	
	Six-month period ended	
	30.6.2022	30.6.2021
	KHR'000	KHR'000
Cash flows from financing activities		
Capital contribution from MoEF, net	-	(103,656)
Dividend paid	(4,044,252)	(3,418,042)
Drawdown of borrowings	85,110,004	135,719,764
Interest paid	(4,451,099)	(4,292,648)
Repayments of borrowings	(10,823,887)	(16,872,170)
Net cash generated from financing activities	65,790,766	111,033,248
Net decrease in cash and cash equivalents	(12,792,481)	(728,959)
Cash and cash equivalents at the beginning of the period	89,659,538	50,215,505
Cash and cash equivalents at the end of the period	76,867,057	49,486,546

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2022**

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS FOR PREPARATION

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

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

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

3. SEASONAL OR CYCLICAL FACTOR

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30.6.2022 KHR'000	Audited 31.12.2021 KHR'000
Cost		
Balance at the beginning of the financial period/year	2,438,823,008	2,075,369,345
Additions	281,949,368	294,115,414
Acquisition through capital contribution	-	78,192,260
Transfer (to)/from inventory	(28,408,106)	7,212,446
Transfer to intangible assets	(1,125,000)	(16,431)
Transfer to other receivables *	(114,452,028)	-
Written-off	(107,191)	(16,050,026)
Balance at the end of the financial period/year	<u>2,576,680,051</u>	<u>2,438,823,008</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	544,958,389	501,767,246
Depreciation for the financial period/year	28,781,328	53,491,993
Written-off	-	(10,300,850)
Balance at the end of the financial period/year	<u>573,739,717</u>	<u>544,958,389</u>
Carrying amount		
Balance at the end of the financial period/year	<u>2,002,940,334</u>	<u>1,893,864,619</u>

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

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

	Unaudited Six-month period ended	
	30.6.2022 KHR'000	30.6.2021 KHR'000
Additions	281,949,368	189,918,295
Assets transfer through capital contribution	-	(78,192,260)
Interest capitalised on qualifying assets	(2,691,293)	(2,461,593)
Cash payment for purchase of property, plant and equipment	<u>279,258,075</u>	<u>109,264,442</u>

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

5. CONTRACT ASSETS / (LIABILITIES)

	Unaudited	Audited
	30.6.2022	31.12.2021
	KHR'000	KHR'000
Contract assets		
Contract assets relating to construction service contracts	1,552,053	536,051
Contract assets relating to water revenue	72,020,891	65,488,529
	<u>73,572,944</u>	<u>66,024,580</u>
Contract liabilities		
Contract liabilities relating to construction service contracts	<u>1,788,894</u>	<u>1,788,894</u>

6. SHORT-TERM INVESTMENTS

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

7. BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Carrying amount KHR'000
Balance at 1 January 2022				813,488,268
New issues				
European Investment Bank ("EIB")	USD	0.610% - 0.965%	2048	30,506,699
AfD - Credit No. 1174 01 P	USD	1.800%	2037	19,568
AfD - Credit No. 1176 01 S	USD	0.900%	2038	24,934,572
AfD - Credit No. 1244 01 M	USD	0.900%	2039	29,649,165
Repayments				
Principle				
MoEF - JICA	JPY	0.660%	2049	(810,175)
MoEF - ADB	SDR	1.650%	2037	(1,148,427)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(8,865,285)
Interest				
European Investment Bank ("EIB")	USD	0.610% - 0.965%	2048	(1,059,116)
MoEF - JICA	JPY	0.660%	2049	(145,849)
MoEF - ADB	SDR	1.650%	2037	(293,712)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(77,958)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(1,322,925)
AfD - Credit No. 1176 01 S	USD	0.900%	2038	(1,416,458)
AfD - Credit No. 1244 01 M	USD	0.900%	2039	(135,082)
Accrued interest				4,290,934
Realised exchange gain				(436,089)
Unrealised exchange gain				(13,584,929)
Balance at 30 June 2022				873,593,202

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

8. TRADE AND OTHER PAYABLES

	Unaudited 30.6.2022 KHR'000	Audited 31.12.2021 KHR'000
Non-current:		
Refundable water deposits	72,038,902	69,446,073
Current:		
Trade payables		
Third parties	166,095,401	33,251,064
Accruals construction-in-progress	20,842,234	38,283,099
	<u>186,937,635</u>	<u>71,534,163</u>
Other payables		
Accrued staff incentive	5,215,811	9,241,237
Amount due to Phnom Penh Municipality	53,163,187	47,455,958
Performance guarantee	67,340	67,344
Other tax payable	432,111	293,258
Accruals	6,000,755	6,146,076
Other payables	12,883,754	7,231,509
	<u>77,762,958</u>	<u>70,435,382</u>
Total trade and other payables (current)	<u>264,700,593</u>	<u>141,969,545</u>
Total trade and other payables (non-current and current)	<u>336,739,495</u>	<u>211,415,618</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

9. SALES

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Water sales:				
- households	26,171,578	26,336,911	52,591,603	54,261,527
- commercial	37,872,706	28,835,079	70,038,424	62,280,426
- public administration	4,854,892	6,701,856	9,596,152	10,926,183
- wholesalers	2,585,132	2,272,874	4,769,857	4,529,078
Rounding difference on water sales revenue	17,443	15,724	33,552	31,925
Less: Invoice cancellations	(739,131)	(391,699)	(843,407)	(2,145,778)
	<u>70,762,620</u>	<u>63,770,745</u>	<u>136,186,181</u>	<u>129,883,361</u>
Water connection revenue	2,247,087	1,769,036	4,670,672	3,265,107
Water meter replacement charges	905,836	872,554	2,126,662	1,971,645
Spare parts and meter sales	66,419	19,298	130,574	40,583
	<u>73,981,962</u>	<u>66,431,633</u>	<u>143,114,089</u>	<u>135,160,696</u>

10. FINANCE INCOME

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Interest income on bank deposits	1,037,139	676,734	1,902,021	1,140,223
Unrealised foreign exchange gain on borrowings	8,554,991	-	17,159,016	7,669,253
	<u>9,592,130</u>	<u>676,734</u>	<u>19,061,037</u>	<u>8,809,476</u>

11. FINANCE COSTS

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Interest expense on borrowings	2,394,450	1,587,705	4,290,934	3,052,487
Unrealised foreign exchange loss on borrowings	3,574,087	5,592,078	3,574,087	5,592,078
Interest capitalised on qualifying assets	(1,612,982)	(1,295,668)	(2,691,293)	(2,461,593)
	<u>4,355,555</u>	<u>5,884,115</u>	<u>5,173,728</u>	<u>6,182,972</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

12. INCOME TAX

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

PPWSA's effective tax rate for the quarter and six-month period ended 30 June 2022 of 19% (quarter and six-month period ended 30 June 2021: 27%). The change in effective tax rate was mainly contributed by the recognition of deferred tax liabilities in the quarter and six-month period ended 30 June 2021.

13. DIVIDENDS

	Unaudited	
	Six-month period ended	
	30.6.2022	30.6.2021
	KHR'000	KHR'000
Recognised during the financial period		
Dividend for the financial period ended 31 December 2021 of KHR310 per ordinary share *	4,044,252	-
Dividend for the financial period ended 31 December 2020 of KHR262 per ordinary share	-	22,786,965

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

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

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

14. RELATED PARTY TRANSACTIONS

PPWSA has the following significant transactions with related parties:

- (a) Government-related entities

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

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

14. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(a) Government-related entities (continued)

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

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

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

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	Unaudited	
	Six-months period ended	
	30.6.2022	30.6.2021
	KHR'000	KHR'000
Salaries and other expenses	1,155,267	1,132,839

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PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2022 (CONTINUED)**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

(b) Liquidity and cash flow risk

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

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

(c) Interest rate risk

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

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

(d) Fair values

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair values (continued)

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

	Carrying amount KHR'000	Fair value of financial instruments not carried at fair value KHR'000
Borrowings		
30.06.2022	873,593,202	882,085,037
31.12.2021	813,488,268	821,446,238

Level 3 fair value

Fair value on financial instruments not carried at fair value

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

16. CAPITAL COMMITMENTS

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

	Unaudited Six-month period ended	
	30.6.2022 KHR'000	30.6.2021 KHR'000
Construction of water treatment plant	271,871,991	555,812,218
Consultation services	5,291,968	144,437
Purchase of iron pipes, fitting and accessories	1,903,789	1,059
	<u>279,067,748</u>	<u>555,957,714</u>

17. SEGMENTAL REPORTING

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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

18. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

PPWSA had on 16 May 2022 made an announcement on the change of Board of Director in Cambodia Securities Exchange ("CSX") as follows:

1. Mr. Sreng Samork was appointed as the Independent Director to replace Mr. Om Sengbora.
2. Mr. Nam Chantry was appointed as the Non-Executive Director Representing Private Shareholders to replace Mr. Zhang Yunfeng.

19. COMPARATIVE FIGURES

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

20. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of PPWSA for the quarter and six-month period ended 30 June 2022 were authorised for issue by the Board of Directors on 12 August 2022.

Registration No. Co.0839 Et/2012

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

Introduction

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

Scope of review

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

Registration No. Co.0839 Et/2012

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

Conclusion

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



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



Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 12 AUG 2022

PART 4: Management's Discussion and Analysis

A. Overview of operations

1. Revenue analysis

PPWSA generates revenues from three main sources – water sales, construction service fees and other incomes.

- Water sales revenue is sourced from water consumption – domestic/households, commercial and industrial, administrative, rented rooms, and wholesalers. This revenue is reported net of discounts, allowances and credits and is recognized based on the volume of water supplied to the customers. Water bills are issued every two months.
- Construction service revenue is sourced from the fees of construction services related to the expansion of the distribution network that PPWSA constructs for a construction company.
- Other revenues/incomes are sourced from water meter maintenance charge, sales of water connection materials, penalty charges for unauthorized water use, and others.
 - Water meter maintenance revenue is generated from the monthly meter maintenance charge on a basis of KHR50 per 1 mm of water meter diameter. This revenue is used to cover the cost of future replacement of water meters for the customers.
 - Plumbing material sales revenue is generated from the sale of water meters, pipes and fittings.
 - Penalty fees is a revenue generated from penalties for customers' late payments penalties and illegal connections.
 - Other revenues are generated from contributions by commercial and industrial customers for installing special network connections into their properties and fees earned for collection of sewerage maintenance charges on behalf of Phnom Penh Municipality.

The period ended 30 June 2022 compared to the period of 30 June 2021

Description	Second quarter 2022 (KHR'000)	Second quarter 2021 (KHR'000)	Changes(KHR'000/Percent)	
Total Revenues	80,318,827	77,181,395	3,137,432	4.07%

PPWSA has a total revenue of KHR 80,318,827,000 for 30 June 2022 and KHR 77,181,395,000 at 30 June 2021. The revenue increased by KHR 3,137,432,000 or 4.07%. The increase was due to the increase in the revenue of sales about 11.37% or KHR 7,550,329,000, but the other income was decreased about 76.65% or KHR 4,360,529,000.

2. Revenue analysis by segment

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

Description	Second quarter 2022 (KHR'000)		Second quarter 2021 (KHR'000)	
Sale	73,981,962	92.11	66,431,633	86.07
Construction service fee	5,008,429	6.23	5,060,797	6.56
Foreign Exchange gains-net	-	-	-	-
Other income	1,328,436	1.65	5,688,965	7.37

PART 4: Management Discussion and Analysis (con't)

A. Overview of operations (Con't)

2. Revenue analysis by segment (Con't)

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

➤ The period ended 30 June 2022 compared to the period of 30 June 2021

Description	Second quarter 2022		Second quarter 2021		Changes		
	Volume	Amount	Volume	Amount	Volume	Amount	Percent
	(M ³)	(KHR'000)	(M ³)	(KHR'000)	(M ³)	(KHR'000)	
Water Sales-Household	26,931,495	26,171,578	25,919,605	26,336,911	1,011,890	(165,333)	(0.63%)
Water Sales-Commercial	20,918,659	37,872,706	17,076,828	28,835,079	3,841,831	9,037,627	31.34%
Water Sale-Administrative Institution	1,935,843	4,854,892	2,633,870	6,701,856	(698,027)	(1,846,964)	(27.56%)
Water Saler-Holdsaler- rental room	3,318,818	2,585,132	3,246,964	2,272,874	71,845	312,258	13.74%

◆ Revenue from household sales

PPWSA has the revenue from household is KHR 26,171,578,000 on 30 June 2022 and KHR 26,336,811,000 on 30 June 2021 that decreased by KHR 165,333,000 or 0.63%. The decreased because of the water consumption per connection per month decreased 1.51m³/connection/month from 26.58m³/connection/month to 25.07m³/connection/month and the average tariff decreased by KHR 44.32/m³ from KHR 1,016.10/ m³ to KHR 971.78/m³,but the number of customers increased 16,643 customers from 339,484 customers to 356,127 customers.

◆ Revenue from commercial

PPWSA has the revenue from commercial and industry is KHR 37,872,706,000 on 30 June 2022 and KHR 28,835,079,000 on 30 June 2021 that increased by KHR 9,037,627,000 or 31.34%. The increasing is due to the number of customers increased 9,990 customers from 69,543 customers to 79,533 customers. The average tariff were increase by KHR 125.81/m³ from KHR 1,684.55/m³ to KHR 1,810.36/m³ and the consumption per connection per month increased by 2.09m³/month from 84.99m³/connection/month to 87.08m³/connection/month.

◆ Revenue from government institution sales

PPWSA has the revenue from government institution sales is KHR 4,854,892,000 on 30 June 2022 and KHR 6,701,856,000 on 30 June 2021 that decreased by KHR 1,846,964,000 or 27.56%. The increase is due to the consumption per connection per month decreased by 68.43m³/connection/month from 923.58m³/connection/month to 855.15m³/connection/month, but the number of the customers increased by 117 connections from 785 connections to 902 connections.

◆ Revenue from wholesalers and rental-rooms

PPWSA has the revenue from wholesaler and rental room is KHR 2,585,132,000 on 30 June 2022 and KHR 2,272,874,000 on 30 June 2021 that is increased by KHR 312,258,000 or 13.74%.The increase is due to the number of customers increased by 50 customers from 5,748 customers to 5,798 customers, the water consumption per connection per month increased by 11.85m³/connection/month from 174.77m³/connection/month to 186.62m³/connection/month and the average tariff increased by KHR 46.68/m³ from KHR 732.25/m³ to KHR 778.93m³.

3. Gross profit margin analysis

PPWSA prepared and presented its income statements by nature, without showing gross profit. However, this presentation enables discussions and analyzes on the operating profit which is calculated by subtracting operating expenses from total income.

The details of the operating expenses will be discussed in Item “a-4” below.

4. Profit before tax

Profit before tax is derived from the subtraction of operating expenses from the gross revenues and net finance income (expenses). In discussing and analyzing the operating expenses, we considered the total expenses as follows.

➤ The period ended 30 June 2022 compared to the period ended 30 June 2021

Description	Second quarter 2022	Second quarter 2021	Changes(KHR'000/Percent)	
	(KHR'000)	(KHR'000)		
Total revenues	80,318,827	77,181,395	3,137,432	4.07%
Depreciation and amortisation charges	(14,881,112)	(13,511,711)	(1,369,401)	10.13%
Electricity costs	(8,837,402)	(8,866,191)	28,789	(0.32)%
Salaries, wages and related expenses	(18,526,465)	(16,282,458)	(2,244,007)	13.78%
Raw materials for water treatment	(2,626,123)	(1,626,417)	(999,706)	61.47%
Construction service expenses	(3,610,005)	(3,942,690)	332,685	(8.44)%
Finance income	9,592,130	676,734	8,915,396	1,317.42%
Finance costs	(4,355,555)	(5,884,115)	1,528,560	(25.98)%
Profit before tax	30,722,519	22,493,736	8,228,783	36.58%

PPWSA earned profit before tax of KHR 30,722,519,000 at 30 June 2022 and KHR 22,493,736,000 at 30 June 2021 that was increased by KHR 8,228,783,000 or 36.58%. The increase in profit before tax was primarily due to the increase in total revenues by KHR 3,137,432,000 or 4.07% while depreciation increased by 1,369,401,000 or 10.13%. Salaries, wages and related expenses increased 2,244,007,000 or 13.78%. Raw material increased KHR 999,706,000 or 61.47%. The construction service expenses decreased KHR 332,685,000 or 8.44%. The Finance income increase by KHR 8,915,369,000 or 1,317.42% and The financial costs decreased by KHR 1,528,560,000 or 25.98%.

5. Profit for the financial year

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA had to pay annual taxes at the rate of 20%. This 20% tax is calculated by applying the 20% tax rate on the taxable profit.

➤ The period ended 30 June 2022 compared to the period ended 30 June 2021

Description	Second quarter 2022	Second quarter 2021	Changes(KHR'000/Percent)	
	(KHR'000)	(KHR'000)		
Profit before tax (a)	30,722,519	22,493,736	8,228,783	36.58%
Tax expense (b)	(2,930,934)	(5,682,962)	2,752,028	(48.42)%
Profit for the financial year	27,791,585	16,810,774	10,980,811	65.32%
Total comprehensive income for the financial year	27,791,585	16,810,774	10,980,811	65.32%
Effective tax reate (b)/(a)	9.54%	25.26%		

PPWSA earned profit for the financial period of KHR 27,791,585,000 at 30 June 2022 and KHR 16,810,774,000 in 30 June 2021, the increased by KHR 10,980,811,000 or 65.32%. The increase in profit for the financial period was due to the increase in profit before tax by KHR 8,228,783,000 or 36.58%.

6. Analysis of factors and trends analysis affecting financial conditions and results

Although the condition of Covid-19 has continued to threaten social health as well as the state of war between Russia and Ukraine has hurt the world economy and Cambodia, the benefits that Earnings in the second quarter of 2022 higher than the second quarter of 2021 as sales revenue continues to grow from quarter to quarter also due to the following supporting factors:

- **NRW rate:** PPWSA utilized an effective mechanism to reduce NRW to 8.66% in this quarter. It is a critical factor enabling PPWSA to ensure its financial viability and sustainable enterprise development.
- **Increase in customer base:** To generate revenues from water sales, PPWSA increased its customer base, expanding its service coverage to unserved areas by filling up its coverage with distribution networks in Phnom Penh and its surrounding areas, in particular, the economically potential zones.
- **Increase in average water tariff:** Finding new commercial and industrial customers increased PPWSA's average water tariff because the tariff for this customer category is higher than that of other customer categories.
- **Operating expenses management:** PPWSA managed these expenses, especially the electricity consumption cost which is huge and significant in the water treatment process, through the introduction of new technologies such as variable speed distribution pumps. PPWSA Managed the efficient and economical use of raw materials in water treatment.

For operating expenses, PPWSA try to reduce unimportant expenditures such as general administration, maintenance by controlling and maintaining general tools and usage material regularly to ensure the quality and reduce others expenses.

- **Strict practices in procurement process:** PPWSA has strictly adhered to applicable laws, regulation and other guidelines in relation to the procurement process for purchases of material and raw materials. This process is transparent and encourages market price competition, which allows PPWSA to make low cost purchases, without neglecting quality.
- **Cash management:** With the above high collection ratio 99.90%, PPWSA was capable enough to manage its cash efficiently. With this, PPWSA reserved cash as working capital for two-three months, and invested available cash in short-term fixed deposits at commercial banks with high interest rates. PPWSA also scrutinizes risks and benefits associated with the high interest rates.
- **Selection of low-rate financiers:** Due to the increasing water demand, PPWSA is in need of finance for its investment projects, such as construction of WTPs, and laying of transmission and distribution pipes. PPWSA has sought international development partners such as AFD to get the low interest rate financing.
- **Economic situation:** Although the global epidemic of Covid-19 continues and the war between Russia-Ukraine have had impact on the global economy, as has Cambodia, but the average tariff of water was not significantly affected.

B. Significant Factors Affecting Profit

1. Demand and supply conditions analysis

According to a study on water demand against the population growth in Phnom Penh due to the expansion of its surrounding areas, PPWSA will construct additional water treatment plants in 2 phases at Bakheng. The investment project for Bakheng WTP Phase 1, with a production capacity of 195,000m³/day, is scheduled to be put into operation in 2023. Bakheng WTP Phase 2 will be constructed with additional production capacity of 195,000m³/day to meet the clean water demand in current and the future.

2. Variations in prices of raw materials analysis

Variation in prices of raw materials for water treatment might slightly affect the production cost because the portion of this cost is not higher than 10% of the operating expenses. However, PPWSA adhered very strictly to the procurement procedures to ensure the conformity of raw material prices to market prices, and this procedure allows PPWSA to obtain low competitive prices.

3. Tax analysis

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA is obliged to pay duties and taxes as stipulated in the existing laws and regulations. PPWSA is required to pay taxes under the real regime tax system and is a large taxpayer determined by the General Department of Taxation.

4. Exceptional and extraordinary items analysis

At the end of June 30, 2022, the management believes that PPWSA does not have any unusual and extraordinary elements.

C. Material changes in sales and revenues

PPWSA's main revenues are the sales of safe water and house connection which is a basic need of Phnom Penh residents. The water sales represented about 92.11% of gross revenue on 30 June 2022. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, subject to the demography including the enlargement of Phnom Penh capital and the Takhmao city.

D. Impact of foreign exchange, interest rates and commodity prices

D.1. Impact of exchange rate

The PPWSA maintains its accounting records in functional currency – “Cambodian Riel (KHR)”. All transactions carried out in foreign currencies must be converted into Cambodian Riel based on the average exchange rate on the transaction date. Gain or loss arising from the translation and the settlement of assets and liabilities denominated in foreign currencies into Riel is recognized in the comprehensive income statement. Because most of PPWSA's payments are made in KHR like this PPWSA is not significantly affected by the exchange rate.

D.2. Impact of interest rates

D.2.1. Impact of interest rate on interest income

Due to the absence of a currency market in Cambodia, PPWSA could afford only short-term investments in 9-12 month fixed deposits at local commercial banks.

D.2.2. Impact of interest rate on interest expense

The PPWSA has had two financing sources with floating and fixed interest rates. The fixed-rate financing was received via MEF from ADB at the interest rate of 1.65% per annum, and from JICA at the interest rate of 0.66% per annum. The floating-rate loan is received directly from AFD at the interest rate of 6-month EURIBOR - 1.35%. The interest rate must range from 0.25% to 5.21% per annum.

D.2.3. Impact of raw materials prices

Through PPWSA's procurement procedure in compliance with the existing laws and regulations, as well as other guidelines, the Authority has to sign contracts with material and raw material suppliers at a competitive price or negotiable price. In a situation where Covid-19 continues to spread, as well as the war between Russia and Ukraine in the second quarter of 2022, the price of materials and raw materials in the domestic and foreign markets were increased. The increase is due to the rising fuel prices as well as unbalanced demand and supply. The rising prices of materials and raw materials have also affected PPWSA's investment and operating costs. However, despite the increase in the cost of materials and raw materials, the management has taken into account thoroughly planning and demanding raw materials to ensure timely and cost-effective use appropriate in accordance with the public procurement law in force.

E. Impact of inflation

PPWSA's water tariff remained unchanged from 2001 to 2019. To adjust to the variations in inflation, PPWSA has been implementing the revised tariff since 1 January 2020, and maintained better financial stability.

F. Economic / Fiscal / Monetary Policies of the Royal Government

PPWSA's business was influenced by a number of the government policies such as:

- **Service coverage expansion:** Further expansion of the water service coverage is restricted due to PPWSA's mission that allows water production and distribution to the public in Phnom Penh only. This restriction is stipulated in Sub-decree No. 52 ANKR.BK, dated 19 December 1996, on the Establishment of PPWSA.
- **Enlargement of Phnom Penh area:** The Royal Government had a policy to enlarge the Phnom Penh area by integrating 20 additional communes into Phnom Penh, which expanded PPWSA service coverage.
- **Immovable property tax policy:** Ministry of Economy and Finance (MEF) has put into force PRAKAS No. 493 សហវិ.ប្រក្រឹត្យ, dated 19 July 2010, on Immovable Property Tax Collection. PPWSA's immovable properties are used to process the water treatment facilities, and tax-exempt according to MEF's Notification No. 006 សហវិ.អំណាច, dated 18 May 2011.

PART 5: Other Necessary Information for Investor Protection

In the second quarter of 2022, Phnom Penh Water Supply Authority has no other necessary information to disclose.

SIGNATURE OF DIRECTORS OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, 12 August 2022

Read and Approved

Signature

Oum Sotha

Chairman of the Board

Phnom Penh, 12 August 2022

Read and Approved

Signature

Long Naro

Director



PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)



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