

Registration No:  
Co.0839 Et/2012

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

**AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
31 DECEMBER 2024**

Registration No:  
Co.0839 Et/2012

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

**CORPORATE INFORMATION**

**DIRECTORS:**

H.E. Ek SonnChan  
H.E. Mey Vann  
H.E. Long Naro  
H.E. Chhay Virak  
Mr. Ma Noravin  
Mr. Nam Channtry  
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 Microfinance Institution  
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 2024.

**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

85,042,913

**Dividend**

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

**KHR'000**

In respect of financial year ended 31 December 2023:

First and final dividend of KHR350 per ordinary share, paid on 24 May 2024

4,566,091

**Reserves and provisions**

There was a transfer of KHR122,043,490,750 from retained earnings to legal, general and development reserves, as approved during the Board of Directors meeting on 15 March 2024.

**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**  
**(Incorporated in Cambodia)**

**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**

The PPWSA did not issue any shares during the current 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.

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

**DIRECTORS' REPORT (continued)**

**Directors**

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

H.E. Ek SonnChan	(appointed on 10 June 2024)
H.E. Sim Sitha	(end of mandate on 10 June 2024)
H.E. Mey Vann	
H.E. Long Naro	
H.E. Chhay Virak	(appointed on 17 September 2024)
H.E. Nuon Pharat	(resigned on 17 September 2024)
Mr. Ma Noravin	
Mr. Nam Channtry	
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 2024, 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
- (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.

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


**DIRECTORS' REPORT (continued)**

**Significant events during the financial year**

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

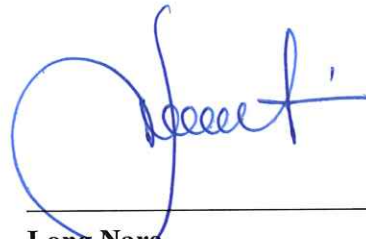
**Statement by the Directors**

In the opinion of the Directors, the financial statements set out on pages 11 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 2024, and of its financial performance and cash flows for the financial year then ended.

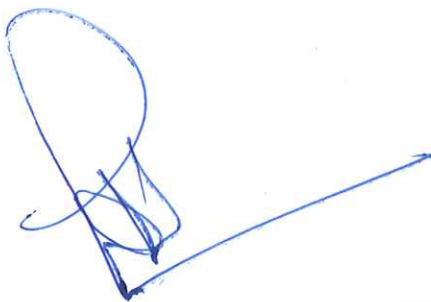
Signed on behalf of the Board of Directors, 



**Ek SonnChan**  
Chairman of the Board of Directors



**Long Naro**  
Director General



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

Phnom Penh, Cambodia  
Date: 28 MAY 2025

**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 2024, 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 11 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 2024, 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") 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 KHR33.2 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
- Involving our appointed IT specialists to evaluate the reliability and integrity of the billing and water production systems used to generate the underlying data supporting the accrued revenue estimation, as well as assessing the adequacy of related disclosures in the financial statements.

**(b) Impairment of trade receivables**

Gross trade receivables of the PPWSA as at 31 December 2024 were KHR7.52 billion as disclosed in Note 8 to the financial statements.

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, 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 (continued)**

***Audit response***

Our audit procedures included the following:

- 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;
- Inquiries of management to assess the rationale underling the relationship between the forward-looking information and expected credit losses; and
- Assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

**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.



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

**Responsibilities of the Directors for the Financial Statements (continued)**

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.

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.

**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)**

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

- 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.

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.

The financial statements of the PPWSA for the financial year ended 31 December 2023 was audited by another firm of Certified Public Accountants, whose report dated 13 March 2024 expressed an unqualified opinion on those statements.

For and on behalf of  
BDO (Cambodia) Limited



Song Sreyratha  
Certified Public Accountant

Phnom Penh, Cambodia  
Date: 28 May 2025

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Note	31.12.2024 KHR'000	31.12.2023 KHR'000 (restated)	1.1.2023 KHR'000 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	2,939,664,426	2,494,501,714	2,203,041,914
Intangible assets	6	9,080,507	10,463,074	12,089,587
		<u>2,948,744,933</u>	<u>2,504,964,788</u>	<u>2,215,131,501</u>
<b>Current assets</b>				
Inventories	7	144,235,770	318,746,592	152,737,078
Trade and other receivables	8	27,537,927	17,664,096	25,377,170
Contract assets	9	37,586,190	38,628,477	34,925,467
Loan to employees	10	3,894,589	7,956,651	7,956,651
Short-term investments	11	94,961,360	127,316,003	126,118,416
Current tax assets		3,797,846	-	-
Cash and bank balances	12	18,406,666	23,088,570	61,158,915
		<u>330,420,348</u>	<u>533,400,389</u>	<u>408,273,697</u>
<b>TOTAL ASSETS</b>		<u>3,279,165,281</u>	<u>3,038,365,177</u>	<u>2,623,405,198</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	13	620,759,107	620,759,107	620,759,107
Reserves	14	713,232,603	591,192,666	543,268,075
Retained earnings		31,080,903	72,644,018	52,226,195
<b>TOTAL EQUITY</b>		<u>1,365,072,613</u>	<u>1,284,595,791</u>	<u>1,216,253,377</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	15	443,727,099	457,818,735	986,495,717
Deferred government and other grants	16	72,625,961	74,162,746	69,238,477
Deferred tax liabilities	17	105,146,861	91,994,321	77,016,716
Other payables	18	88,950,566	82,903,732	76,801,705
		<u>710,450,487</u>	<u>706,879,534</u>	<u>1,209,552,615</u>
<b>Current liabilities</b>				
Trade and other payables	18	213,224,225	169,743,640	149,890,145
Borrowings	15	986,892,283	862,783,350	23,499,158
Contract liabilities	9	3,525,673	4,254,138	4,456,756
Current tax liabilities		-	10,108,724	19,753,147
		<u>1,203,642,181</u>	<u>1,046,889,852</u>	<u>197,599,206</u>
<b>TOTAL LIABILITIES</b>		<u>1,914,092,668</u>	<u>1,753,769,386</u>	<u>1,407,151,821</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,279,165,281</u>	<u>3,038,365,177</u>	<u>2,623,405,198</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 2024**

	Note	2024 KHR'000	2023 KHR'000 (restated)
<b>Revenue:</b>			
Sales	19	317,778,996	297,416,141
Construction service fees	20	11,392,112	14,854,539
Other income	21	18,526,670	21,138,150
		<u>347,697,778</u>	<u>333,408,830</u>
<b>Expenses:</b>			
Depreciation and amortisation charges		(59,515,914)	(61,978,134)
Electricity costs		(48,653,063)	(42,291,446)
Salaries, wages and related expenses	22	(85,552,510)	(80,292,438)
Raw materials for water treatment	23	(18,976,590)	(15,875,313)
Raw materials for household water connections	24	(6,293,277)	(4,816,514)
Repairs and maintenance		(14,666,732)	(11,651,058)
Construction service expenses		(8,961,596)	(9,731,518)
Reversal of impairment on loan to employees	10	260,874	-
Other operating expenses		(14,136,399)	(15,155,437)
Foreign exchange loss - net	25	(2,196,121)	(5,856,919)
		<u>(258,691,328)</u>	<u>(247,648,777)</u>
Operating profit		89,006,450	85,760,053
Finance income	26	57,169,387	39,038,591
Finance costs	26	(39,001,476)	(25,860,597)
Profit before tax		107,174,361	98,938,047
Tax expense	27	(22,131,448)	(26,290,475)
Profit for the financial year		85,042,913	72,647,572
Other comprehensive income, net of tax		-	-
Total comprehensive income for the financial year		<u>85,042,913</u>	<u>72,647,572</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	977.81	835.29
Diluted earnings per share	28	<u>977.81</u>	<u>835.29</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 2024**

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<b>Balance as at 1 January 2023, as previously reported</b>		620,759,107	543,268,075	108,185,865	1,272,213,047
Prior year adjustments	37	-	-	(55,959,670)	(55,959,670)
<b>Balance as at 1 January 2023, as restated</b>		620,759,107	543,268,075	52,226,195	1,216,253,377
Profit for the financial year, representing total comprehensive income:					
- As previously reported		-	-	126,609,582	126,609,582
- Prior year adjustments	37	-	-	(53,962,010)	(53,962,010)
As restated		-	-	72,647,572	72,647,572
<b>Transactions with owners</b>					
Transfer to reserves:					
- As previously reported	14	-	103,880,707	(103,880,707)	-
- Prior year adjustments	37	-	(55,956,116)	55,956,116	-
Dividends	29	-	-	(4,305,158)	(4,305,158)
Total transactions with owners, as restated		-	47,924,591	(52,229,749)	(4,305,158)
<b>Balance as at 31 December 2023/1 January 2024, as restated</b>		620,759,107	591,192,666	72,644,018	1,284,595,791
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</b>		620,759,107	713,236,157	31,077,349	1,365,072,613

*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 2024**

	Note	2024 KHR'000	2023 KHR'000 (restated)
<b>Cash flows from operating activities</b>			
Profit before tax		107,174,361	98,938,047
Adjustments for:			
Amortisation of intangible assets	6	1,157,155	1,856,450
Amortisation of deferred government and other grants	16	(2,009,908)	(2,009,908)
Depreciation of property, plant and equipment	5	58,107,873	60,115,369
Finance income	26	(57,169,387)	(39,038,591)
Finance costs	26	39,001,476	25,860,597
Property, plant and equipment written-off	5	365,907	1,628,455
Intangible assets written-off	6	250,886	6,315
Reversal of impairment on loan to employees	10	(260,874)	-
Operating profit before working capital changes		146,617,489	147,356,734
Changes in working capital:			
Inventories		130,023,452	(238,152,938)
Trade and other receivables		(15,084,160)	8,140,350
Trade and other payables		(14,746,833)	12,772,383
Contract assets		1,042,287	(3,703,010)
Contract liabilities		(728,465)	(202,618)
Cash generated from/(used in) operations		247,123,770	(73,789,099)
Income tax paid		(19,087,632)	(20,957,293)
Net cash from/(used in) operating activities		228,036,138	(94,746,392)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(389,896,854)	(256,226,232)
Purchase of intangible assets	6	(25,474)	(236,252)
Interest received		8,025,977	6,310,491
Withdrawal/(Placement) of short-term investments		32,354,643	(1,197,587)
Net cash used in investing activities		(349,541,708)	(251,349,580)



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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)**

	Note	2024 KHR'000	2023 KHR'000 (restated)
<b>Cash flows from financing activities</b>			
Dividend paid		(4,566,091)	(4,305,158)
Drawdown of borrowings		155,911,598	341,987,537
Interest paid		(19,232,563)	(15,111,475)
Repayments of borrowings		(20,085,337)	(21,479,454)
Proceed from government grant	16	473,123	6,934,177
Proceed from settlement of loan to employee		4,322,936	-
Net cash from financing activities		<u>116,823,666</u>	<u>308,025,627</u>
Net decrease in cash and cash equivalents		(4,681,904)	(38,070,345)
Cash and cash equivalents at beginning of financial year		<u>23,088,570</u>	<u>61,158,915</u>
Cash and cash equivalents at end of financial year	12	<u>18,406,666</u>	<u>23,088,570</u>

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Borrowings (Note 15) KHR'000
<b>At 1 January 2023</b>	<b>1,009,994,875</b>
Cash flows	320,508,079
Non-cash flows:	
- Effect of foreign exchange	(9,967,955)
- Accrued interest	<u>67,086</u>
<b>At 31 December 2023</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><u>1,430,619,382</u></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 2024**

**1. CORPORATE INFORMATION**

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

The registered office of the PPWSA is 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 28 May 2025.

**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 38 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 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>Cost</i>													
<b>Balance at 1.1.2023</b>	176,576,155	415,986,870	137,498,829	724,116,832	3,123,700	28,249,561	164,671,590	49,935,680	45,439,288	13,580,286	30,394,033	1,015,888,406	2,805,461,230
Additions	-	88,525	368,690	-	-	1,789,175	1,334,822	7,775,357	430,214	-	-	269,750,993	281,537,776
Transfer from inventory	-	-	3,281,533	4,385	144,633	56,849	1,261,430	11,088	2,487,058	54,974	-	64,841,475	72,143,425
Transfers	23,535,153	1,593,975	78,567	67,927,030	-	-	864,757	3,505,311	452,933	848,521	6,537,616	(105,343,863)	-
Written-off	-	(448,092)	(1,276,997)	-	(57,662)	(802,819)	(727,454)	(607,470)	(1,131,314)	(3,741)	-	(1,183,785)	(6,239,334)
<b>Balance at 31.12.2023, as previously reported</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	1,243,953,226	3,152,903,097
Prior year adjustment (Note 37)	-	-	-	-	-	-	-	-	-	-	-	(477,576)	(477,576)
<b>Balance at 31.12.2023, as restated</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

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	Construct- ion in progress KHR'000	Total KHR'000
<i>Accumulated depreciation</i>													
Balance at 1.1.2023	-	93,795,771	72,662,657	228,636,245	1,194,499	19,221,555	107,385,595	41,699,808	22,190,935	9,517,293	6,114,959	-	602,419,317
Depreciation for the year	-	8,907,305	7,288,804	20,479,280	364,711	2,571,019	8,240,805	3,724,453	4,268,766	1,487,828	2,782,398	-	60,115,369
Written-off	-	(110,231)	(1,223,804)	-	(56,137)	(780,362)	(727,454)	(607,470)	(1,101,680)	(3,741)	-	-	(4,610,879)
Balance at 31.12.2023	-	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)
Balance at 31.12.2024	-	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
<i>Carrying amounts</i>													
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
Balance at 31.12.203, as restated	200,111,308	314,628,433	61,222,965	542,932,722	1,707,598	8,280,554	52,506,199	15,803,175	22,320,158	3,478,660	28,034,292	1,243,475,650	2,494,501,714

## 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:

	2024 KHR'000	2023 KHR'000 (restated)
Additions	459,149,122	281,994,799
Increase in payables to suppliers	(64,274,252)	(14,117,735)
Interest capitalised on qualifying assets	(4,978,016)	(11,650,832)
	<u>389,896,854</u>	<u>256,226,232</u>
Cash payments on purchase of property, plant and equipment		

## 6. INTANGIBLE ASSETS

	<b>KHR'000</b>
<i>Cost</i>	
<b>Balance as at 1.1.2023</b>	26,752,870
Additions	236,252
Written-off	<u>(6,315)</u>
<b>Balance as at 31.12.2023</b>	26,982,807
Additions	25,474
Written-off	<u>(250,886)</u>
<b>Balance as at 31.12.2024</b>	<u>26,757,395</u>
<i>Accumulated amortisation</i>	
<b>Balance as at 1.1.2023</b>	14,663,283
Amortisation for the year	<u>1,856,450</u>
<b>Balance as at 31.12.2023</b>	16,519,733
Amortisation for the year	<u>1,157,155</u>
<b>Balance as at 31.12.2024</b>	<u>17,676,888</u>
<i>Carrying amounts</i>	
<b>Balance as at 31.12.2024</b>	<u>9,080,507</u>
Balance as at 31.12.2023	<u>10,463,074</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>2024</b>	<b>2023</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>At cost</b>		
Distribution pipes and fittings	108,972,392	236,369,780
Water meters	10,244,393	7,421,159
Spare parts and tools	11,631,120	8,804,282
Chemicals	2,134,409	2,542,060
Drums and other packages	100,216	100,216
Inventories in transit*	733,496	48,933,853
Other materials	<u>10,419,744</u>	<u>14,575,242</u>
	<u>144,235,770</u>	<u>318,746,592</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 KHR25.27 billion (2023: KHR20.69 billion).

## 8. TRADE AND OTHER RECEIVABLES

	2024 KHR'000	2023 KHR'000 (restated)
<b>Trade receivables</b>		
Household receivables	854,897	2,429,381
Commercial receivables	1,270,300	1,673,696
Public administration receivables	5,342,516	4,476,734
Water wholesalers	60,096	221,508
Less: Impairment loss (household receivables)	(5,553)	(5,553)
	<u>7,522,256</u>	<u>8,795,766</u>
<b>Other receivables</b>		
Interest receivables	1,323,663	2,736,146
Other receivables	<u>6,399,986</u>	<u>5,491,907</u>
	<u>7,723,649</u>	<u>8,228,053</u>
<b>Total receivables</b>	<u>15,245,905</u>	<u>17,023,819</u>
Advances to suppliers	<u>12,292,022</u>	<u>640,277</u>
	<u>27,537,927</u>	<u>17,664,096</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 (2023: one month) and to government departments is one year (2023: 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:

	2024 KHR'000	2023 KHR'000
Khmer Riel	15,980,156	17,023,819
United States Dollar	<u>11,557,771</u>	<u>640,277</u>
	<u>27,537,927</u>	<u>17,664,096</u>

- (e) For impairment of trade receivables and contract assets 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:

	2024 KHR'000	2023 KHR'000
Maximum exposure	7,522,256	8,795,766
Collateral obtained (deposits from customers)	<u>(7,522,256)</u>	<u>(8,795,766)</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 2023/1 January 2024	5,553	5,553
Charge for the year	<u>-</u>	<u>-</u>
At 31 December 2023/31 December 2024	<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 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)

	2024 KHR'000	2023 KHR'000 (restated)
<b>Contract assets</b>		
Construction service receivable	4,398,564	7,624,339
Accrued water revenue	<u>33,187,626</u>	<u>31,004,138</u>
	<u>37,586,190</u>	<u>38,628,477</u>
<b>Contract liabilities</b>		
Deferred income	(5,278)	(5,278)
Unearned income	<u>(3,520,395)</u>	<u>(4,248,860)</u>
	<u>(3,525,673)</u>	<u>(4,254,138)</u>
	<u>34,060,517</u>	<u>34,374,339</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

	Construction service receivable KHR'000	Accrued water revenue KHR'000	Unearned income KHR'000
<b>At 1 January 2023 (restated)</b>	3,533,897	28,507,354	4,451,478
Increase due to revenue recognised for unbilled construction service fee/ water sales to customers	14,854,539	310,104,717	-
Progress billing	(10,764,097)	(307,607,933)	(202,618)
<b>At 31 December 2023 (restated)</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	(14,617,887)	(299,989,435)	(2,059,657)
<b>At 31 December 2024</b>	<b>4,398,564</b>	<b>33,187,626</b>	<b>3,520,395</b>

### (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:

	2024 US\$	2025 US\$	Total US\$
31 December 2024	-	3,520,395	3,520,395
31 December 2023	4,248,860	-	4,248,860

### (e) The PPWSA applies the CIFRS 9 simplified approach to measuring expected credit losses using a lifetime credit loss provision as disclosed in Note 8 to the financial statements.

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

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

	2024 KHR'000	2023 KHR'000
<b>Contract assets</b>		
Khmer Riel	33,187,626	31,004,138
United States Dollar	<u>4,398,564</u>	<u>7,624,339</u>
	<u>37,586,190</u>	<u>38,628,477</u>
<b>Contract liabilities</b>		
Khmer Riel	5,278	5,278
United States Dollar	<u>3,520,395</u>	<u>4,248,860</u>
	<u>3,525,673</u>	<u>4,254,138</u>

**10. LOAN TO EMPLOYEES**

	2024 KHR'000	2023 KHR'000
Receivables from employees	3,894,589	8,217,525
Less: Impairment loss	<u>-</u>	<u>(260,874)</u>
	<u>3,894,589</u>	<u>7,956,651</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 to the financial statements.

On 31 December 2024, the share price has increased and management has decided to make a reversal of impairment amounting approximately to KHR261 million (2023: nil) in 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:

	2024 KHR'000	2023 KHR'000
Maximum exposure	3,894,589	7,956,651
Collateral obtained	<u>(3,894,589)</u>	<u>(7,956,651)</u>
Net exposure to credit risk	<u>-</u>	<u>-</u>

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

	2024 KHR'000	2023 KHR'000
At 1 January	260,874	260,874
Reversal of impairment loss	<u>(260,874)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>260,874</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 KHR94.9 billion (2023: KHR127.3 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 (2023: nine and twelve months), earning interest at rate of 3.50% to 5.25% (2023: 3.50% to 6.75%) 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 2024</b>			
Fixed rates	4.57	<u>94,961,360</u>	<u>94,961,360</u>
<b>31 December 2023</b>			
Fixed rates	6.02	<u>127,316,003</u>	<u>127,316,003</u>

# 11. SHORT-TERM INVESTMENTS (continued)

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

	2024 KHR'000	2023 KHR'000
Khmer Riel	30,000,000	35,000,000
United States Dollar	64,961,360	92,316,003
	<u>94,961,360</u>	<u>127,316,003</u>

# 12. CASH AND BANK BALANCES

	2024 KHR'000	2023 KHR'000 (restated)
Cash on hand	196,820	335,071
Cash at banks	18,209,846	22,753,499
	<u>18,406,666</u>	<u>23,088,570</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:

	2024 KHR'000	2023 KHR'000
Khmer Riel	17,033,379	18,919,990
United States Dollar	1,373,287	4,168,580
	<u>18,406,666</u>	<u>23,088,570</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:

	2024 %	2023 %
Fixed rates	<u>1.65</u>	<u>1.50</u>

# 13. SHARE CAPITAL

	Ordinary shares Number	Ordinary shares KHR'000	Class A shares Number	Class A shares KHR'000	Share premium KHR'000	Capital reserve KHR'000	Total KHR'000
As at 31.12.24	86,973,162	86,973,162	391,101,942	391,100,942	63,153,178	79,531,825	620,759,107
As at 31.12.23	86,973,162	86,973,162	391,100,942	391,100,942	63,153,178	79,531,825	620,759,107

- (a) On 15 February 2012, the Board of Directors approved the split of the existing capital of KHR465,028,000 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) 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.

### 14. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
<b>As at 1.1.2023, as previously reported</b>	1,648,435	38,581,671	38,581,671	464,456,298	543,268,075
Transfer from/(to) retained earnings:					
- As previously reported	-	5,409,294	5,409,294	93,062,119	103,880,707
- Prior year adjustments (Note 37)	-	-	-	(55,956,116)	(55,956,116)
<b>As restated</b>	-	5,409,294	5,409,294	37,106,003	47,924,591
<b>As at 31.12.2023/ 1.1.2024 (restated)</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</b>	1,648,435	50,321,444	50,321,444	610,944,834	713,236,157

#### 14. RESERVES (continued)

- (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.
- (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) During the financial year ended 31 December 2024, 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

	2024 KHR'000	2023 KHR'000 (restated)
<b>Non-current</b>		
MoEF - Japanese International Cooperation Agency ("JICA")	27,748,910	32,905,221
MoEF - Asian Development Bank ("ADB")	24,830,029	28,181,178
European Investment Bank ("EIB")	391,148,159	396,732,336
	<u>443,727,099</u>	<u>457,818,735</u>
<b>Current</b>		
MoEF - JICA	1,234,163	1,406,237
MoEF - ADB	2,267,990	2,377,251
AfD - Credit No. 1121 01F	8,425,878	27,380,607
AfD - Credit No. 1174 01P	145,661,453	148,140,231
AfD - Credit No. 1176 01S	337,198,657	334,400,606
AfD - Credit No. 1244 01M	411,982,858	348,968,264
AfD - Credit No. 1273 01P	72,043,646	-
EIB	8,077,639	110,154
	<u>986,892,283</u>	<u>862,783,350</u>
<b>Total borrowings</b>		
MoEF - JICA	28,983,073	34,311,458
MoEF - ADB	27,098,019	30,558,429
AfD - Credit No. 1121 01F	8,425,878	27,380,607
AfD - Credit No. 1174 01P	145,661,453	148,140,231
AfD - Credit No. 1176 01S	337,198,657	334,400,606
AfD - Credit No. 1244 01M	411,982,858	348,968,264
AfD - Credit No. 1273 01P	72,043,646	-
EIB	399,225,798	396,842,490
	<u>1,430,619,382</u>	<u>1,320,602,085</u>

(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% (2023: 0.66%) per annum.

**15. BORROWINGS (continued)**

**(b) MoEF – JICA**

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% (2023: 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.

**(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.



## 15. BORROWINGS (continued)

### (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.

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.

## 15. BORROWINGS (continued)

### (g) AfD – Credit No. 1244 01M (continued)

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.

### (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 EUR200,00,000 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.

## 15. BORROWINGS (continued)

### (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.
- (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.

## 15. BORROWINGS (continued)

### (i) European Investment Bank ("EIB") (continued)

- (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.

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:

Financial liability	Valuation technique used	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value
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:

	2024		2023	
	pCarrying amount	Fair value	Carrying amount	Fair value
	KHR'000	KHR'000	KHR'000	KHR'000
Fixed rate loans	1,325,202,151	1,230,749,415	1,220,958,182	1,101,759,853

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.

# 15. BORROWINGS (continued)

- (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.
- (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 2024	Weighted average effective interest rate per annum %	Within 1 year KHR'000	1 - 2 years KHR'000	2 - 5 years KHR'000	More than 5 years KHR'000	Total KHR'000
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
<b>31 December 2023</b>						
Fixed rates	0.98	862,783,350	11,367,921	56,874,633	289,932,278	1,220,958,182
Floating rates	6.09	-	-	1,327,625	98,316,278	99,643,903

- (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:

	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 2024</b>				
Borrowings	1,058,173,893	91,671,186	379,859,786	1,529,704,865
<b>31 December 2023</b>				
Borrowings	925,237,678	76,996,179	412,315,158	1,414,549,015

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

	2024 KHR'000	2023 KHR'000
United States Dollar	1,366,112,412	1,228,351,591
Euro	8,425,878	27,380,607
Special Drawing Right	27,098,019	30,558,429
Japanese Yen	28,983,073	34,311,458
	<u>1,430,619,382</u>	<u>1,320,602,085</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 (2023: 0.25% to 1.80%) are repayable over terms ranging from 1 to 24 years (2023: 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 2024 and 31 December 2023, the PPWSA exceeded the maximum leverage covenant. The PPWSA has received the waivers from the AFD which is dated on 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 grant KHR'000	Government grant KHR'000	JICA grant KHR'000	Other grant KHR'000	Total KHR'000
Balance as at 1.1.2023	54,436,199	10,191,527	3,972,502	638,249	69,238,477
Addition	-	6,157,800	-	776,377	6,934,177
Amortisation	-	(1,853,006)	(134,069)	(22,833)	(2,009,908)
<b>Balance as at 31.12.2023</b>	<b>54,436,199</b>	<b>14,496,321</b>	<b>3,838,433</b>	<b>1,391,793</b>	<b>74,162,746</b>
Balance as at 1.1.2024	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>

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 Korean Government amounting to USD80,000 or equivalent to KHR322,000,000 and general grant amounting to KHR151,123,407.

# **17. DEFERRED TAX LIABILITIES**

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

	At 1.1.2024 KHR'000 (restated)	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>

	At 1.1.2023 KHR'000	Recognised in profit or loss (Note 27) KHR'000 (restated)	At 31.12.2023 KHR'000 (restated)
Property, plant and equipment	(80,466,518)	(6,539,711)	(87,006,229)
Accrual income	-	(7,725,695)	(7,725,695)
Allowance for inventory obsolescence	-	850,828	850,828
Allowance for doubtful debts	10,081	-	10,081
Staff benefits	53,285	-	53,285
Unearned revenue	306,926	(1,250,796)	(943,870)
Unrealised exchange	3,079,510	(312,231)	2,767,279
	<u>(77,016,716)</u>	<u>(14,977,605)</u>	<u>(91,994,321)</u>

# 18. TRADE AND OTHER PAYABLES

	2024 KHR'000	2023 KHR'000 (restated)
<b>Other payables - non-current</b>		
Refundable water deposits	<u>88,950,566</u>	<u>82,903,732</u>
<b>Trade payables - current</b>		
Third parties	<u>126,157,814</u>	<u>83,856,677</u>
<b>Other payables - current</b>		
Accrued staff incentive	11,950,764	11,505,191
Amount due to Phnom Penh Municipality	64,642,768	56,225,947
Amount due to employees	731,516	4,510,286
Performance guarantee	67,292	67,356
Other tax payable	75,184	972,848
Other payables	<u>9,598,887</u>	<u>12,605,335</u>
	<u>87,066,411</u>	<u>85,886,963</u>
	<u>213,224,225</u>	<u>169,743,640</u>
	<u>302,174,791</u>	<u>252,647,372</u>

- Trade and other payables are classified as financial liabilities measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credit terms granted to the PPWSA range from one to three months (2023: one to three months).
- 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.
- 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:

	2024 KHR'000	2023 KHR'000
At 1 January	4,510,286	6,071,437
Provision during the year	4,451,191	3,696,765
Settlement of seniority with loan to employees	(3,760,568)	-
Payment made during the year	<u>(4,469,393)</u>	<u>(5,257,916)</u>
At 31 December	<u>731,516</u>	<u>4,510,286</u>

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

	2024 KHR'000	2023 KHR'000 (restated)
Khmer Riel	138,028,099	151,952,888
United States Dollar	149,328,936	60,893,636
Euro	<u>14,817,756</u>	<u>39,800,848</u>
	<u>302,174,791</u>	<u>252,647,372</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 2024</b>				
Trade and other payables	<u>213,224,225</u>	-	88,950,566	<u>302,174,791</u>
<b>31 December 2023</b>				
Trade and other payables	<u>169,743,640</u>	-	82,903,732	<u>252,647,372</u>

## 19. REVENUE

	2024 KHR'000	2023 KHR'000 (restated)
Water sales:		
- households	110,620,320	105,156,032
- commercial	160,128,367	145,874,812
- public administration institution	22,123,978	20,657,824
- autonomous state authorities	930,292	928,416
- wholesalers	9,910,587	9,679,895
Rounding difference on water sales revenue	74,359	69,368
Less: Invoice cancellations	<u>(1,614,980)</u>	<u>(833,399)</u>
	302,172,923	281,532,948
Water connection revenue	10,836,343	11,314,526
Water meter replacement charges	4,625,106	4,343,275
Spare parts and meter sales	<u>144,624</u>	<u>225,392</u>
	<u>317,778,996</u>	<u>297,416,141</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.

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

	2024 KHR'000	2023 KHR'000 (restated)
Government and other grants	2,009,908	2,009,908
Spare parts and meter sales	10,827,272	15,414,676
Penalty revenue	1,666,418	280,701
Other revenue	4,023,072	3,432,865
	<u>18,526,670</u>	<u>21,138,150</u>

## 22. SALARY, WAGES AND RELATED EXPENSES

	2024 KHR'000	2023 KHR'000
Employee salaries	43,164,538	40,835,357
Incentives	12,521,512	11,941,755
Bonuses	11,437,559	10,716,017
Seniority payment	1,078,624	1,117,889
Wages for contractors	2,203,329	1,465,621
Other employee-related expenses	15,146,948	14,215,799
	<u>85,552,510</u>	<u>80,292,438</u>

**23. RAW MATERIALS FOR WATER TREATMENT**

	<b>2024</b>	<b>2023</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Chlorine	5,615,471	4,486,066
Poly Aluminium Chloride	9,291,267	8,820,735
Salt	1,235,577	1,255,432
Lime	2,101,685	432,404
Other materials	732,590	880,676
	<u>18,976,590</u>	<u>15,875,313</u>

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

	<b>2024</b>	<b>2023</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Consumer water meter replacement	5,684,590	4,225,950
Pipe costs	14,847	26,501
Other costs	593,840	564,063
	<u>6,293,277</u>	<u>4,816,514</u>

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

	<b>2024</b>	<b>2023</b>
	<b>KHR'000</b>	<b>KHR'000</b> (restated)
Foreign exchange gain	(7,675,139)	(4,699,446)
Foreign exchange losses	9,871,260	10,556,365
	<u>2,196,121</u>	<u>5,856,919</u>

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

	<b>2024</b>	<b>2023</b>
	<b>KHR'000</b>	<b>KHR'000</b> (restated)
Finance income:		
- Interest income on bank deposits (a)	6,613,494	6,737,767
- Foreign exchange gain on borrowings	50,555,893	32,300,824
	<u>57,169,387</u>	<u>39,038,591</u>
Finance costs:		
- Interest expense on borrowing (b)	(19,399,041)	(15,178,560)
- Foreign exchange loss on borrowings	(24,580,451)	(22,332,869)
- Interest capitalised on qualifying assets	4,978,016	11,650,832
	<u>(39,001,476)</u>	<u>(25,860,597)</u>
Finance income - net	<u>18,167,911</u>	<u>13,177,994</u>

## 26. FINANCE INCOME/(COSTS) (continued)

- (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

	2024 KHR'000	2023 KHR'000 (restated)
Income tax expense:		
Current year	<u>8,978,908</u>	<u>11,312,870</u>
Deferred tax expense (Note 17):		
Origination and reversal of temporary differences	<u>13,152,540</u>	<u>9,460,706</u>
Under provision in prior year	<u>-</u>	<u>5,516,899</u>
	<u>13,152,540</u>	<u>14,977,605</u>
Total tax expense	<u>22,131,448</u>	<u>26,290,475</u>

Under the Cambodian Law on Taxation, the PPWSA has an obligation to pay tax on profit at 20% (2023: 20%) of the taxable profit or a minimum tax at 1% (2023: 1%) of total revenue, whichever is higher.

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:

	2024 KHR'000	2023 KHR'000 (restated)
Profit before tax	<u>107,174,361</u>	<u>98,938,047</u>
Tax at Cambodian statutory tax rate of 20%	21,434,872	19,787,609
Tax effects in respect of:		
Non-allowable expenses	<u>696,576</u>	<u>985,967</u>
	<u>22,131,448</u>	<u>20,773,576</u>
Under provision of deferred tax in prior year	<u>-</u>	<u>5,516,899</u>
Total tax expense	<u>22,131,448</u>	<u>26,290,475</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.

	2024 KHR'000	2023 KHR'000 (restated)
Profit attributable to ordinary equity holders	85,042,913	72,647,572
Weighted average number of ordinary shares in issue	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share	977.81	835.29
Diluted earnings per share	<u>977.81</u>	<u>835.29</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

	2024		2023	
	Dividend per share KHR	Amount of dividend KHR'000	Dividend per share KHR	Amount of dividend KHR'000
First and final dividend declared	<u>350</u>	<u>4,566,091</u>	<u>330</u>	<u>4,305,158</u>

On 24 May 2024, the Board of Directors proposed and approved the dividend in respect of the financial year ended 31 December 2023 of KHR350 per share, amounting to a total dividend of KHR4,566,091,350.

## 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.

	2024 KHR'000	2023 KHR'000
<u>Common control</u>		
MoEF		
Interest on borrowings paid	<u>19,396,655</u>	<u>15,178,560</u>

### 30. RELATED PARTY DISCLOSURES (continued)

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:

	2024 KHR'000	2023 KHR'000
Salaries and other expenses	<u>2,458,422</u>	<u>2,398,299</u>

### 31. CAPITAL COMMITMENTS

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

	2024 KHR'000	2023 KHR'000 (restated)
Construction of water treatment plant	283,057,881	37,240,137
Consultation services	2,669,794	9,762,877
Purchase of iron pipes, fitting and accessories	<u>1,054,176</u>	<u>26,950,546</u>
	<u>286,781,851</u>	<u>73,953,560</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 2024 and 31 December 2023.

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.

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

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

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)

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

	2024 KHR'000	2023 KHR'000 (restated)
<u>Short-term investments</u>		
United States Dollar	64,961,360	92,316,003
<u>Cash and bank balances</u>		
United States Dollar	1,373,287	4,168,580
<u>Trade and other receivables</u>		
United States Dollar	11,557,771	640,277
<u>Contract assets</u>		
United States Dollar	4,398,564	7,624,339
<u>Contract liabilities</u>		
United States Dollar	3,520,395	4,248,860
<u>Borrowings</u>		
United States Dollar	1,366,112,412	1,228,351,591
Euro	8,425,878	27,380,607
Special Drawing Right	27,098,019	30,558,429
Japanese Yen	28,983,073	34,311,458
<u>Trade and other payables</u>		
United States Dollar	149,328,936	60,893,636
Euro	14,817,756	39,800,848



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

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

##### (i) Foreign currency risk (continued)

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:

		2024 KHR'000	2023 KHR'000
<b>Profit after tax</b>			
US\$/KHR	- strengthen by 3% (2023: 3%)	(31,194,666)	(27,164,808)
	- weaken by 3% (2023: 3%)	31,194,666	27,164,808
EUR/KHR	- strengthen by 3% (2023: 3%)	(202,221)	(657,135)
	- weaken by 3% (2023: 3%)	202,221	657,135
SDR/KHR	- strengthen by 3% (2023: 3%)	(650,352)	(733,402)
	- weaken by 3% (2023: 3%)	650,352	733,402
JPY/KHR	- strengthen by 3% (2023: 3%)	(695,594)	(823,475)
	- weaken by 3% (2023: 3%)	695,594	823,475

##### (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:

	2024 KHR'000	2023 KHR'000
<b>Profit after tax</b>		
- Increased by 0.1% (2023: 0.1%)	(181,686)	(200,620)
- Decreased by 0.1% (2023: 0.1%)	181,686	200,620

The sensitivity is lower in 2024 than in 2023 because of higher interest capitalised during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

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

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

#### (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.

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) 11% (2023: 28%) of the PPWSA's trade receivables were due from household customers.
- (ii) 17% (2023: 19%) of the PPWSA's trade receivables were due from commercial customers.
- (iii) 71% (2023: 51%) 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.

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

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

##### **(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% (2023: 4%) of the total revenue, while water sales account for 97% (2023: 96%) 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**

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

### 36. COMPARATIVE FIGURES

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

	As restated KHR'000	As previously stated KHR'000
<b>Statement of financial position</b>		
<b>Non-current liabilities</b>		
Borrowings	457,818,735	1,296,924,684
<b>Current liabilities</b>		
Borrowings	<u>862,783,350</u>	<u>23,677,401</u>
<b>Statements of cash flows</b>		
Net cash used in operating activities	(94,746,392)	(82,656,302)
Net cash used in investing activities	<u>(251,349,580)</u>	<u>(265,968,542)</u>

Reclassification from non-current borrowing to current borrowing of KHR839,105,947,905.

### 37. PRIOR YEAR ADJUSTMENTS

Certain comparative figures in the financial statements of the PPWSA for the financial year ended ("FYE") 31 December 2023 have been restated in view of the following prior year adjustments ("PYAs"):

- (a) Over recognition of accrued water sales of KHR57,718,278,224.
- (b) Over recognition of construction service receivable of KHR1,811,077.652.
- (c) Reclassification from trade and other payable to property, plant and equipment of KHR934,598,589.
- (d) Reclassification from cash and bank balances to property, plant and equipment of KHR457,021,908.
- (e) Reclassification from foreign exchange gains/(losses) - net to finance income/(cost) of KHR32,300,825,000 and KHR22,332,867,000 respectively.
- (f) Reclassification from other receivables to cash and cash bank balances of KHR5,242,286,021.
- (g) Reconciliation of discrepancy of treasury balance under cash and bank balances of KHR2,186,084,409.
- (h) Transferred from reserves to retained earnings of KHR55,956,116,048.
- (i) Misclassification and improper reversal of Bank Guarantee Receivable and omission of foreign exchange differences of KHR2,887,769,316.
- (j) Over recognition of current tax liabilities and under provision of deferred tax liability of KHR10,619,948,534 and KHR10,047,462,955 respectively.

### 37. PRIOR YEAR ADJUSTMENTS (continued)

The effects of the correction of the abovementioned errors are as follows:

(a) Reconciliation of statement of financial position as at 1 January 2023

	As previously stated KHR'000	Prior year adjustments KHR'000	As restated KHR'000
Trade and other receivables	32,707,416	(7,330,246)	25,377,170
Contract assets	92,768,374	(57,842,907)	34,925,467
Cash and bank balances	56,716,439	4,442,476	61,158,915
Retained earnings	108,185,865	(55,959,670)	52,226,195
Trade and other payables - current	154,661,152	(4,771,007)	149,890,145

(b) Reconciliation of statement of financial position as at 31 December 2023

	As previously stated KHR'000	Prior year adjustments KHR'000	As restated KHR'000
Property, plant and equipment	2,494,979,290	(477,576)	2,494,501,714
Trade and other receivables	27,980,236	(10,316,140)	17,664,096
Contract assets	155,501,255	(116,872,778)	38,628,477
Cash and bank balances	16,117,222	6,971,348	23,088,570
Reserves	647,148,782	(55,956,116)	591,192,666
Retained earnings	126,609,582	(53,962,010)	72,647,572
Deferred tax liabilities	81,946,858	10,047,463	91,994,321
Trade and other payables - current	179,944,621	(10,200,981)	169,743,640
Current tax liabilities	20,728,672	(10,619,948)	10,108,724

(c) Reconciliation of statement of profit or loss and other comprehensive income for financial year ended 31 December 2023

	As previously stated KHR'000	Prior year adjustments KHR'000	As restated KHR'000
Sales	349,640,073	(52,223,932)	297,416,141
Construction service fee	16,665,617	(1,811,078)	14,854,539
Foreign exchange gains - net	4,111,039	(4,111,039)	-
Other income	21,637,636	(499,486)	21,138,150
Foreign exchange losses - net	-	(5,856,919)	(5,856,919)
Finance income	6,737,766	32,300,825	39,038,591
Finance costs	(3,527,730)	(22,332,867)	(25,860,597)
Tax expense	(26,862,961)	572,486	(26,290,475)

### 38. ADOPTION OF NEW CIFRSs

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

PPWSA adopted the following amendments during the financial year.

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

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

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

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

#### *Amendments to CIFRS 16 Lease Liability in Sale and Leaseback*

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

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

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

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

#### *Amendments to CIAS 1 Non-current Liabilities with Covenants*

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

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

#### 38.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

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

	Effective Date
Amendments to CIAS 21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to CIFRS 7 and CIFRS 9 <i>Classification and measurement of financial instruments</i>	1 January 2026
Annual Improvements to <i>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 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

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

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; and
- 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.

### **38. ADOPTION OF NEW CIFRSs (continued)**

#### **38.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025 (continued)**

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

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

The amendments clarify:

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

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

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

The annual improvements has amended the following standards:

- 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.



### **38. ADOPTION OF NEW CIFRSs (continued)**

#### **38.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025 (continued)**

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

##### CIFRS 18 *Presentation and Disclosures in Financial Statements*

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

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

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

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

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

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

- It does not have public accountability; and
- Its parents produces consolidated financial statements that are available for public use under CIFRS Accounting Standards.

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

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

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