

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

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
THREE MONTH PERIOD ENDED 31 MARCH 2021

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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PHNOM PENH WATER SUPPLY AUTHORITY
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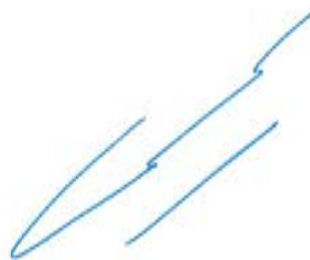
STATEMENT BY THE DIRECTORS

In the opinion of the directors, the accompanying condensed interim statement of financial position of the Phnom Penh Water Supply Authority as at 31 March 2021, and the related condensed interim statement of profit or loss and other comprehensive income for the quarter and three-month period then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Information") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of the Board of Directors,



OUM SOTHA
Chairman of the Board of Directors



SIM SITHA
Director General



ROS KIMLEANG
Deputy Director General in
charge of Finance and Stock Exchange

Phnom Penh, Cambodia
Date: 14 June 2021

PHNOM PENH WATER SUPPLY AUTHORITY
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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Unaudited 31.3.2021 KHR'000	Audited 31.12.2020 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,554,489,969	1,573,602,099
Intangible assets		13,271,944	13,083,204
Total non-current assets		<u>1,567,761,913</u>	<u>1,586,685,303</u>
Current assets			
Inventories		89,190,092	78,612,888
Trade and other receivables		156,363,980	25,642,206
Contract assets	5	41,688,869	42,922,547
Loan to employees		7,956,651	7,956,651
Short-term investments	6	68,572,350	67,939,714
Current tax receivables		1,485,676	4,643,326
Cash and cash equivalents		46,271,586	50,215,505
Total current assets		<u>411,529,204</u>	<u>277,932,837</u>
TOTAL ASSETS		<u>1,979,291,117</u>	<u>1,864,618,140</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the PPWSA			
Share capital	7	619,315,886	541,227,282
Reserves	8	418,038,410	352,473,530
Retained earnings		30,771,609	88,351,845
TOTAL EQUITY		<u>1,068,125,905</u>	<u>982,052,657</u>
Non-current liabilities			
Borrowings	9	521,249,625	517,288,403
Deferred government and other grants		18,319,617	18,822,093
Deferred tax liabilities		66,532,755	62,506,657
Other payables	10	66,231,895	65,195,836
Total non-current liabilities		<u>672,333,892</u>	<u>663,812,989</u>

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (CONTINUED)

		Unaudited	Audited
		31.3.2021	31.12.2020
	Note	KHR'000	KHR'000
Current liabilities			
Trade and other payables	10	199,811,441	156,599,805
Borrowings	9	29,124,442	30,847,173
Contract liabilities	5	2,512,585	3,616,566
Current tax liabilities		7,382,852	27,688,950
Total current liabilities		<u>238,831,320</u>	<u>218,752,494</u>
TOTAL LIABILITIES		<u>911,165,212</u>	<u>882,565,483</u>
TOTAL EQUITY AND LIABILITIES		<u>1,979,291,117</u>	<u>1,864,618,140</u>

The Condensed Interim Statement of Financial Position should be read in conjunction with the audited financial statement for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
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**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Note	Unaudited	
		Quarter and three-months period ended	
		31.3.2021	31.3.2020
		KHR'000	KHR'000
Revenue:			
Sale	11	68,729,063	66,887,838
Construction service fee		6,968,342	1,678,422
Foreign exchange gains - net		543,626	-
Other income		8,063,695	7,251,056
		<u>84,304,726</u>	<u>75,817,316</u>
Expenses:			
Depreciation and amortisation charges		(12,620,985)	(12,650,174)
Electricity costs		(8,946,794)	(9,738,572)
Employee benefits expense		(14,685,992)	(13,417,477)
Raw materials for water treatment		(2,912,588)	(2,287,008)
Raw materials for household water connections		(753,305)	(667,329)
Repairs and maintenance		(1,373,701)	(2,428,200)
Construction service expense		(6,507,350)	(1,568,903)
Impairment on loan to employees		-	(52,175)
Other operating expenses		(1,921,857)	(1,338,169)
Foreign exchange losses - net		-	(208,449)
		<u>(49,722,572)</u>	<u>(44,356,546)</u>
Operating profit		34,582,154	31,460,770
Finance income	12	8,132,742	2,511,448
Finance costs	13	(298,857)	(815,305)
Profit before tax		42,416,039	33,156,913
Income tax	14	(11,644,430)	(6,552,969)
Profit for the period, representing total comprehensive income for the period		30,771,609	26,603,944
Earnings per share attributable to owners			
Basic earnings per share (KHR)		353.81	305.89
Diluted earnings per share (KHR)		353.81	305.89

The Condensed Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this condensed interim financial information.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance at 1 January 2021		541,227,282	352,473,530	88,351,845	982,052,657
Profit for the financial period, representing total comprehensive income for the period		-	-	30,771,609	30,771,609
Transactions with owners					
Capital contribution		78,088,604	-	-	78,088,604
Transfer to reserves		-	65,564,880	(65,564,880)	-
Dividends	15	-	-	(22,786,965)	(22,786,965)
Total transactions with owners		78,088,604	65,564,880	(88,351,845)	55,301,639
Balance at 31 March 2021		619,315,886	418,038,410	30,771,609	1,068,125,905
Unaudited					
Balance at 1 January 2020		541,227,282	339,185,444	33,291,913	913,704,639
Profit for the financial period, representing total comprehensive income for the period		-	-	26,603,944	26,603,944
Balance at 31 March 2020		541,227,282	339,185,444	59,895,857	940,308,583

The Condensed Interim Statement of Changes in Equity be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the condensed interim financial information.

PHNOM PENH WATER SUPPLY AUTHORITY
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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Unaudited	
	Quarter and three-months period ended 31.3.2021 KHR'000	31.3.2020 KHR'000
Cash flows from operating activities		
Profit before tax	42,416,039	33,156,913
Adjustments for:		
Amortisation of intangible assets	401,843	614,288
Depreciation of property, plant and equipment	12,219,142	12,035,886
Amortisation of deferred government and other grants	(502,476)	(566,395)
Reversal of impairment on loan to employees	-	52,175
Written off of:		
- property, plant and equipment	25,008	478,476
Finance income	(463,489)	(232,107)
Finance costs	298,857	348,098
Net unrealised foreign exchange gain	(7,669,253)	(1,812,134)
Operating profit before changes in working capital	46,725,671	44,075,200
(Increase)/Decrease in inventories	(10,577,204)	5,621,001
Increase in trade and other receivables	(2,495,402)	(26,571,349)
Increase/(Decrease) in trade and other payables	20,250,400	(47,306,398)
Decrease/(Increase) in contract assets	1,233,678	(10,608,472)
(Decrease)/Increase in contract liabilities	(1,103,981)	2,838,545
Increase in refundable water deposits	1,036,059	1,102,272
Net cash from/(used in) operations	55,069,221	(30,849,201)
Income tax paid	(24,766,780)	(5,552,772)
Net cash from/(used in) operating activities	30,302,441	(36,401,973)
Cash flows from investing activities		
Purchase of property, plant and equipment	(42,495,712)	(16,313,906)
Purchase of intangible assets	(590,583)	(230,167)
Assets transfer from Tbong Khmum Water Supply	(78,192,260)	-
Increase in short-term investments	(632,636)	(5,589,829)
Interest capitalised on qualifying assets	(1,165,925)	(764,801)
Interest received	958,994	669,417
Net cash used in investing activities	(122,118,122)	(22,229,286)

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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Cash flows from financing activities		
Proceed from capital contribution	78,088,604	-
Dividend paid	-	(6,884,786)
Drawdown of borrowings	22,443,187	54,004,870
Interest paid	(765,442)	(885,616)
Repayments of borrowings	(11,894,588)	(10,035,162)
Net cash generated from financing activities	87,871,762	36,199,306
Net decrease in cash and cash equivalents	(3,943,919)	(22,431,953)
Cash and cash equivalents at the beginning of the period	50,215,505	55,212,070
Cash and cash equivalents at the end of the period	46,271,586	32,780,117

The Condensed Interim Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the condensed interim financial information.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021**

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS FOR PREPARATION

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

The condensed interim financial information does not include all notes of type normally included in an annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in PPWSA's financial position and performance since the last annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2020 and any public announcements made by PPWSA during the interim reporting period.

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

3. SEASONAL OR CYCLICAL FACTOR

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31.3.2021 KHR'000	Audited 31.12.2020 KHR'000
Cost		
Balance at the beginning of the financial period/year	2,075,369,345	1,827,579,498
Additions	121,853,897	249,933,042
Transfer to intangible assets	-	(1,551,154)
Transfer to other receivables *	(128,721,877)	-
Written-off	(25,008)	(592,041)
Balance at the end of the financial period/year	<u>2,068,476,357</u>	<u>2,075,369,345</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	501,767,246	453,547,944
Depreciation for the financial period/year	12,219,142	48,219,302
Balance at the end of the financial period/year	<u>513,986,388</u>	<u>501,767,246</u>
Carrying amount		
Balance at the end of the financial period/year	<u>1,554,489,969</u>	<u>1,573,602,099</u>

* These represent advance payment made to supplier in respect of construction in progress capitalised in prior financial year, for which controls of such assets are yet to be passed to PPWSA as at 31 December 2020. The management of PPWSA has rectified this by reversing these advance payment from its construction in progress to the other receivables in the quarter and three-month period ended 31 March 2021.

During the quarter and three-month period ended 31 March 2021, PPWSA made the following cash payment for its additions of property, plant and equipment:

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Additions	121,853,897	15,226,969
Assets transfer from Tbong Khmum Water Supply	(78,192,260)	-
Increase in payables and performance guarantee	-	1,851,739
Interest capitalised on qualifying assets	(1,165,925)	(764,802)
Cash payment for purchase of property, plant and equipment	<u>42,495,712</u>	<u>16,313,906</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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5. CONTRACT ASSETS / (LIABILITIES)

	Unaudited 31.3.2021 KHR'000	Audited 31.12.2020 KHR'000
Contract assets		
Contract assets relating to construction service contracts	4,370,974	4,861,270
Contract assets relating to water revenue	37,317,895	38,061,277
	<u>41,688,869</u>	<u>42,922,547</u>
Contract liabilities		
Contract liabilities relating to construction service contracts	<u>2,512,585</u>	<u>3,616,566</u>

6. SHORT-TERM INVESTMENTS

These represent fixed deposit placed with financial institutions for a period of between three and twelve months (2020: four to twelve months) and earn interest at rates ranging from 1.50% to 4.25% (2020: 1.50% to 4.00%) per annum.

7. SHARE CAPITAL

The Ministry of Economy and Finance ("MoEF") had on 23 March 2021 increased its capital in PPWSA. The MoEF had instructed PPWSA, without the issuance of ordinary shares of PPWSA, inject the assets, liabilities and equity of Tbong Khmum Province Water Treatment Plant Operation into PPWSA, totaling to KHR78,088,604,000.

8. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
At 1 January 2020 (Audited)	1,648,435	26,035,789	26,035,789	285,465,431	339,185,444
Transfer from retained earnings	-	1,664,596	1,664,596	9,958,894	13,288,086
At 31 December 2020 (Audited)	<u>1,648,435</u>	<u>27,700,385</u>	<u>27,700,385</u>	<u>295,424,325</u>	<u>352,473,530</u>
Transfer from retained earnings	-	4,417,592	4,417,592	56,729,696	65,564,880
At 31 March 2021 (Unaudited)	<u>1,648,435</u>	<u>32,117,977</u>	<u>32,117,977</u>	<u>352,154,021</u>	<u>418,038,410</u>

On 26 March 2021, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR65,564,880,000.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

9. BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Carrying amount KHR'000
Balance at 1 January 2021				548,135,576
New issues				
AfD - Credit No. 1176 01 S	USD	0.900%	2038	5,642,560
European Investment Bank ("EIB")	USD	0.965%	2048	16,800,627
Repayments				
Principle				
MoEF - JICA	YEN	0.660%	2049	(866,300)
MoEF - ADB	SDR	1.650%	2037	(1,188,741)
AfD - Credit No. 1121 01 F	EURO	0.250%	2025	(9,839,547)
Interest				
MoEF - JICA	YEN	0.660%	2049	(161,644)
MoEF - ADB	SDR	1.650%	2037	(323,405)
AfD - Credit No. 1121 01 F	EURO	0.250%	2025	(111,384)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(1,334,934)
Accrued interest				1,464,782
Unrealised exchange gain				(7,843,524)
Balance at 31 March 2021				550,374,067

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)

10. TRADE AND OTHER PAYABLES

	Unaudited 31.3.2021 KHR'000	Audited 31.12.2020 KHR'000
Non-current:		
Refundable water deposits	66,231,895	65,195,836
Current:		
Trade payable		
Third parties	96,006,089	78,123,933
Other payable		
Accrued staff incentive	10,193,514	8,743,427
Amount due to Phnom Penh Municipality	40,939,693	38,524,322
Performance guarantee	67,313	67,313
Dividend payable	39,790,219	17,003,254
Other tax payable	321,898	584,751
Accruals	6,034,200	7,191,258
Other payables	6,458,515	6,361,547
	<u>103,805,352</u>	<u>78,475,872</u>
Total trade and other payables (current)	<u>199,811,441</u>	<u>156,599,805</u>
Total trade and other payables (non-current and current)	<u>266,043,336</u>	<u>221,795,641</u>

11. SALE

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021 KHR'000	31.3.2020 KHR'000
Water sales:		
- households	27,924,616	26,877,006
- commercial	33,445,347	32,108,709
- public administration institution	4,103,476	2,848,609
- autonomous state authorities	120,851	144,258
- wholesalers	2,256,204	1,951,470
Rounding difference on water sales revenue	16,201	15,665
Less: Invoice cancellations	(1,754,079)	(468,830)
	<u>66,112,616</u>	<u>63,476,887</u>
Water connection revenue	1,496,071	2,591,896
Water meter replacement charges	1,099,091	763,556
Spare parts and meter sales	21,285	55,499
	<u>68,729,063</u>	<u>66,887,838</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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12. FINANCE INCOME

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Interest income on bank deposits	463,489	232,107
Unrealised foreign exchange gain on borrowings	7,669,253	2,279,341
	8,132,742	2,511,448

13. FINANCE COSTS

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Interest expense on borrowings	1,464,782	1,112,900
Unrealised foreign exchange loss on borrowings	-	467,207
Interest capitalised on qualifying assets	(1,165,925)	(764,802)
	298,857	815,305

14. INCOME TAX

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

PPWSA's effective tax rate for the quarter and three-month period ended 31 March 2021 was 27% (quarter and three-month period ended 31 March 2020: 20%). The change in effective tax rate was mainly contributed by the recognition of deferred tax liabilities in the quarter and three-month period ended 31 March 2021.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)

15. DIVIDEND

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Recognised during the financial period		
Dividend for the financial period ended 31 March 2021 of KHR262 per ordinary share	22,786,965	-

16. RELATED PARTY TRANSACTIONS

PPWSA has the following significant transactions with related parties:

(a) Government-related entities

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

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

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

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

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

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	Unaudited	
	Quarter and three-months period ended	
	31.3.2021	31.3.2020
	KHR'000	KHR'000
Salaries and other expenses	566,420	601,227

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

(b) Liquidity and cash flow risk

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

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

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

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

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

18. CAPITAL COMMITMENTS

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

	Unaudited	
	Quarter and three-months period ended 31.3.2021	31.3.2020
	KHR'000	KHR'000
Construction of water treatment plant	528,515,547	452,261,269
Consultation services	142,144	688,919
Purchase of iron pipes, fitting and accessories	141,068,268	1,056
	<u>669,725,959</u>	<u>452,951,244</u>

19. SEGMENTAL REPORTING

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

20. AUTHORISATION OF FINANCIAL STATEMENTS

The condensed interim financial information of PPWSA for the financial period ended 31 March 2021 were authorised for issue by the Board of Directors on 14 June 2021.

Baker Tilly (Cambodia) Co., Ltd.
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Register No. 0839 Et/2012

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as at 31 March 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and notes to the condensed interim financial information (collectively referred to as "condensed interim financial information of PPWSA"). The directors of PPWSA are responsible for the preparation and fair presentation of the condensed interim financial information of PPWSA in accordance with the Cambodian International Accounting Standard ("CIAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information of PPWSA based on our review.

Scope of review

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

Register No. 0839 Et/2012

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

Conclusion

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

Other Matter

The financial statements of PPWSA for the financial year ended 31 December 2020 and the condensed interim financial information of PPWSA for the quarter and three-month period ended 31 March 2020 were audited and reviewed by another firm of certified public accountants whose report dated 24 March 2021 and 28 July 2020 expressed an unmodified opinion and unmodified conclusion, on those financial statements and condensed interim financial information respectively.



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

Phnom Penh, Kingdom of Cambodia

Date: 14 June 2021



Tan Khee Meng
Certified Public Accountant



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