



KINGDOM OF CAMBODIA  
NATION RELIGION KING

PHNOM PENH WATER SUPPLY AUTHORITY



# ANNUAL REPORT 2022

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

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



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# VISION & MISSION

## VISION

PPWSA has committed to continue to grow its water supply services in a sustainable manner and to act as a consultant as a facilitator for people who are living in towns, provinces, and the cities throughout the Kingdom of Cambodia and residents in the developing countries of the world, there is access to clean water.

## MISSION

PPWSA mission is keep supplying of clean water 24 hours a day, 7 days a week with sufficient pressure and at a reasonable price to the people in Phnom Penh and the town of Kandal province adjacent to Phnom Penh, and low-income residents. In addition, PPWSA has been sharing its work experiences to a number of provincial and municipal water utilities in the Kingdom of Cambodia, as well as regional and global water to achieve the Cambodia's Sustainable Development Goals (CSDGs).

# FINANCIAL HIGHLIGHTS

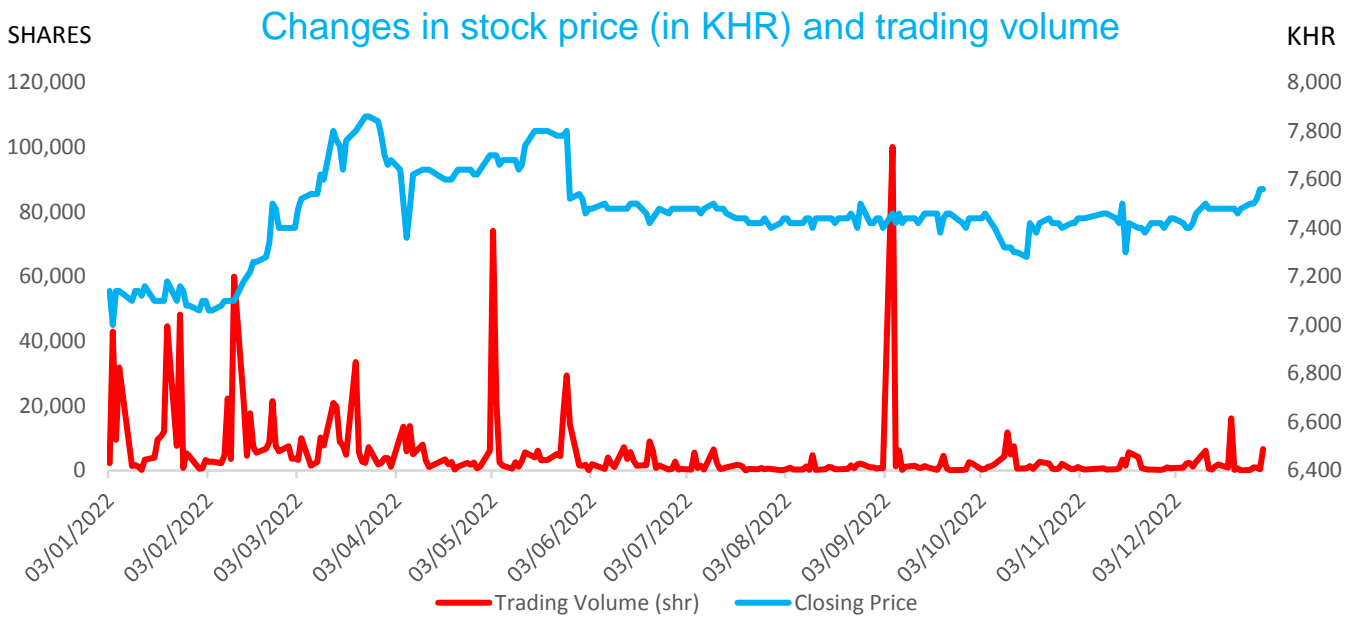
Financial Position	2022	2021	2020
Total assets (KHR'000)	2,684,135,875	2,306,806,174	1,864,618,140
Total liabilities (KHR'000)	1,411,922,828	1,140,177,961	882,565,483
Total shareholders'equity (KHR'000)	1,272,213,047	1,166,628,213	982,052,657

Profit/(Loss)	2022	2021	2020
Total Revenue (KHR'000)	346,178,156	369,145,257	324,367,856
Profit/(Loss) before tax (KHR'000)	130,515,892	165,856,586	120,746,477
Profit/(Loss) after tax (KHR'000)	108,185,865	129,273,917	88,351,845
Total comprehensive income (KHR'000)	108,185,865	129,273,917	88,351,845

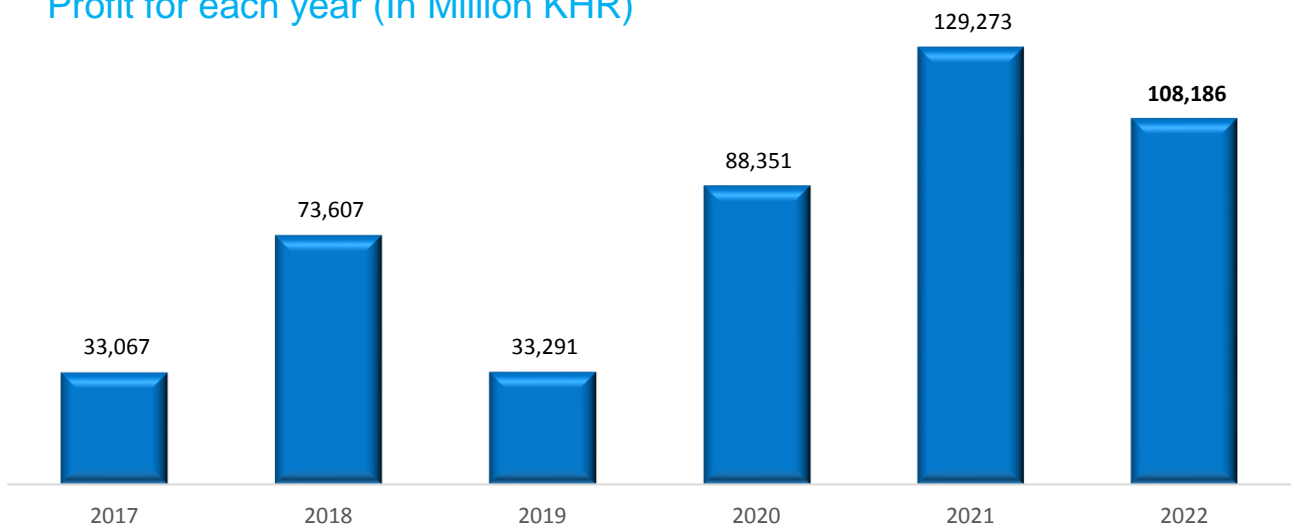
Financial Ratio	2022	2021	2020	
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	2.21	1.65	1.08
	Quick Ratio(Times)	1.46	1.11	0.68
Profitabilities Ratio	Return on Assets (%)	4.34	6.20	5.09
	Return on Equity (%)	8.87	12.03	9.32
	Gross Profit margin (%)	36.07	42.56	39.95
	Profit Margin (%)	31.25	35.02	27.24
	Earning Per Share (KHR)	1,243.90	1,486.37	1,015.85
Interest Coverage Ratio (Times)		10.32	32.76	10.25

# Financial Summary Charts

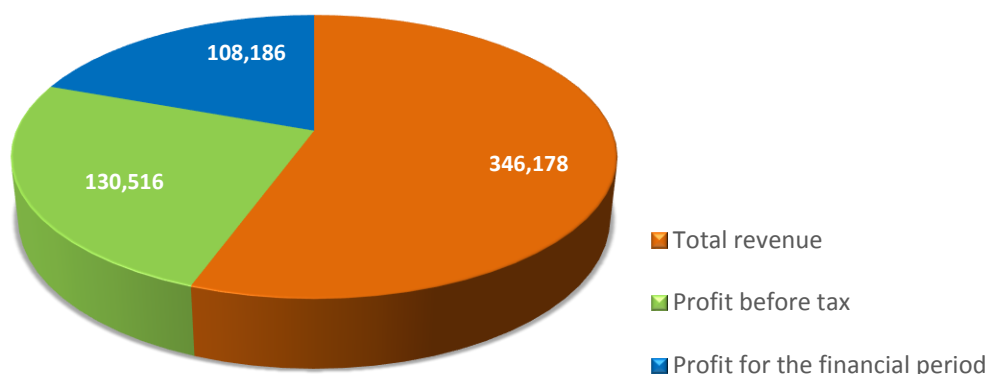
## Summary Charts



### Profit for each year (In Million KHR)



### Profit for the year ended of 2022 (In million KHR)



# BOARD OF DIRECTORS

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**H.E. Sim Sitha**

Secretary of State Ministry of Industry  
Science Technology and Innovation

**Chairman**



**H.E. Long Naro**

Director General  
of PPWSA

**Member**



**H.E. Mey Vann**

Secretary of State,  
Ministry of Economy and Finance

**Member**



**H.E. Nuon Pharat**

Deputy Governor of the Board  
Of Governors of Phnom Penh

**Member**



**Mr. Ma Noravin**

Representative  
Of PPWSA's Employee

**Member**



**Mr. Nam Chantry**

Non-Executive Director  
Representing Private Shareholders

**Member**



**Mr. Sreng Samork**

Independent Director

**Member**

# MESSAGE FROM CHAIRMAN OF THE BOARD



In 2022

*“ By gaining the trust from the royal government and the support from the two parent ministries, PPWSA successfully performed all its business activities. We have been continuing to develop its service from day to day, both qualitatively and quantitatively, to meet the water demand for the population in Phnom Penh and the provincial town of Takhmao as well as to contribute to the developments of the two municipalities. ”*

This year, PPWSA reported total revenues of KHR 346,178,156,000, and profit before tax of KHR 130,515,892,000 Net income was KHR 108,185,865,000 while the basic earnings per share was KHR 1,243.90.

PPWSA invests in, builds, expands, operates and maintains water supply and sanitation facilities; takes all the means to improve its production and service, and assure clean water quality to satisfy the requirements for livings, businesses, services and industries; engages in domestic or oversea businesses and services related to water and sanitation sectors due to the Board's resolutions and the existing laws.

Enhances technical, commercial and financial cooperation with local and international development partners to develop PPWSA based on the Royal Government's policy; maintains financial and operational viability linked to social responsibility; improves staff efficiency and strengthens institutional capacity; conducts cost analysis and reforms the processes and procedures to minimize the costs; and benchmarks its performance against other most effective peers in the world.

## **Effective Service**

PPWSA keeps supplying clean water that is straight drinkable from the tap on a 24x7 basis. In 2022, we laid the mains and distribution pipes of 410,344.79m, produced 239,208,657m<sup>3</sup> of clean water and installed 23,800 new house connections, of which 1,447 connections were for the low-income whom we always care for. Furthermore, the water loss accounted for 8.50% only.

## Performance of the Board of Directors

In 2022, the Board of Directors organized the 6 following meetings:

### A. Outcomes of the 1<sup>st</sup> extraordinary meeting (the 11<sup>th</sup> meeting) of the Board of Directors

The meeting was held online via Zoom on January 21, 2022 at 10:00 AM with the following agendas:

1. Request for review-approval on the request for nomination of Inspector of Accounts  
*The Board agreed to set a time for H.E. NET Mony to study and give additional opinions on the procedure for the nomination of Accounting Agent and advised PPWSA to apply for guidance from Ministry of Economy and Finance on the nomination of Accounting Agent.*
2. Request for approval on nomination of senior staffs, company secretary and disclosure officers of PPWSA  
*The Board approved on the Nomination and Remuneration Committee's request for nominating seven senior staff and one company secretary:*
  - 1) Mr. CHEA Setephoat as Deputy Director General in charge of Water Sanitation Service Branch
  - 2) Mr. DENG Polyden as Deputy Director General in charge of Finance
  - 3) Mr. PHENG Ty as Deputy Director General in charge of Water Supply Network Management
  - 4) Mr. CHOU Phalla as Company Secretary with equal rank to Deputy Director General
  - 5) Mr. SOK Nareth as Director of Accounting and Finance Department
  - 6) Mr. TUY Bunsereyryth as Director of Water Sanitation Service Branch
  - 7) Mr. KAING Sorphyna as Director of Water Supply Network Management Department
  - 8) Mr. KEM Kanvicheth as Director of Production Management Department*And two disclosure officers, Mr. DENG Polyden and Mr. CHOU Phalla*
3. Report on the updated result of the survey of house owners reselling water of tenant workers and students in Phnom Penh and Takhmao.  
*The Board acknowledged the report and request PPWSA to adopt the five points of board's recommendation to implement.*
4. Others
  - a) Request for approval on the update of composition of the Commission for Liquidation and Sales of State-Owned Property  
*The Board approved to revised the composition of the Commission for Liquidation and Sales of State Owned Property by adding Mr. DENG Polyden as a member of Commission.*
  - b) Request for in-principle approval to appoint Mr. ROS Kimleang as assistant to Director General after retirement  
*The Board approved in principle on the request of nominating Mr. ROS Kimleang as a PPWSA advisor after his retirement.*

**Present members: 7 Persons and the State of Controller attached to PPWSA**

### B. Outcomes of the 12<sup>th</sup> ordinary meeting of the Board of Directors

The meeting was held online via Zoom on March 18, 2022 at 9:00 AM with the following agendas:

1. Request for approval on the candidacy of Independent Director and Non-Executive Director Representing Private Shareholder  
*The Board agreed in principle to accept one candidate of Non-Executive Director Representing Private Shareholders and 4 candidates of Independent Director for election at the 10th General*



*Meeting of Shareholders, and PPWSA has to make a request for further confirmation from SERC whether a candidate appointed by a legal shareholder holding sufficient ordinary shares of PPWSA as required, can be allowed for the election at the General Meeting of Shareholders in case the candidate does not have any shares. The above candidate and the number of candidates may be changed based on SERC's recommendation and will be finally nominated and submitted to the General Meeting of Shareholders..*

2. Request for approval on Annual Report 2021 and on distribution of profit and dividend in 2021.  
*The Board of Director decided:*
  - a) *Unanimously adopted the proposed allocation net income in 2021, where:*
    - *Reward to staff (3months) : KHR 8,767,511,308.00*
    - *Social Fund (5%) : KHR 4,202,162,302.79*
    - *Mandatory reserved fund (5%) : KHR 6,463,695,859.00*
    - *Voluntary reserved fund (5%) : KHR 6,463,695,859.00*
  - b) *Unanimously adopted the retained earnings : KHR 89,384,845,080.00*
  - c) *Total dividend to be distributed : KHR 26,961,680,220.00*
    - *Dividend yield : 4%*
    - *Dividend per share : KHR 310/share*
    - *Dividend payout ratio : 20.86%*
    - *Record date : 30 May 2022*
    - *Payment date : 8 to 14 June 2022*
3. Business Report for the 1<sup>st</sup> quarter of 2022 and Business Plan for the 2<sup>nd</sup> quarter of 2022  
*The Board acknowledge the Business Report for the 1<sup>st</sup> quarter of 2022 and Business Plan for the 2<sup>nd</sup> quarter of 2022. Regarding the issue of solving the impact that obstruct the transmission's installation with the length of 1,330 meter on road 143R, the board of directors authorize H.E NUON Pharat to intervene the further solution proposed by PPWSA and to provide the option for solving the implementation to avoid the obstruction.*
4. Request for review and recommendation on the use of PPWSA's counterpart budget for the supply and installation of 800mm pipeline from the intake to Phum Prek Water Treatment Plant (WTP) in the fromwork of the Project for Expansion of Production Capacity of 45,000m<sup>3</sup>/day under Japanese Grant Aid in the form of Special Purpose Company (SPC).  
*The Board agreed in-principle to support in the option 3 and requested PPWSA to re-examine the cost of the entire project in detail for approval by the Board.*
5. Request for approval of an unplanned project, allowing PPWSA to install 600mm pipes with a length of 2,882 meters in emergency along National Road 2 from Takhmao roundabout to Prek Ho bridge.  
*The Board agreed in principle for PPWSA to implement this unplanned project by allowing the plane to be regulated later but before the second semester of 2022.*
6. Request for permission to prepare Concept Notes for the projects on the construction of Niroth WTP Stage 3 with production capacity of 130,000m<sup>3</sup>/day, on the renovation of Phum Prek WTP Stage 3 with production capacity of 100,000m<sup>3</sup>/day, and on the construction of Bakheng WTP Stage 3 with production capacity of 195,000m<sup>3</sup>/day to Ministry of Economy and Finance.  
*The Board agreed to support PPWSA to prepare Concept Notes for these three projects to the Ministry of Economy and Finance.*
7. Request for approval on the organization of the 10th General Meeting of Shareholders

The Board advised PPWSA to follow the above recommendation and adopted the following settings:

- a) *Date of the 10th General Meeting of Shareholders (GMS): May 13, 2022 and April 11, 2022 is a Record Date for attending the 10th General Meeting of Shareholders*
- b) *The 10th GMS including the voting session will be organized via Online meeting*
- c) *The GMS will start at 8:00AM with the proposed agendas as below:*
  - *Registration (possibly online)*
  - *Opening call*
  - *National Anthem*
  - *Presentation on the Annual Business Report 2021 and Business Plan 2022*
  - *Voting on the approval on dividend*
  - *Voting on the bonus of Board of Directors*
  - *Voting on the candidacy of Non-Executive Director Representing Private Shareholders*
  - *Voting on the candidacy of Independent Director*
  - *Closing remarks*
- d) *Authorize Mr. DENG Polyden, deputy director general in charge of Finance, deliver the presentation on the Annual Business Report 2021 and Business Plan 2022*
- e) *Authorize the Director General to organize and conduct the 10th GMS, and allow PPWSA to make this Authorize (letter) Decision in the spirit of the 12<sup>th</sup> BoD's meeting*

**Present members: 7 Persons and the State of Controller attached to PPWSA**

#### **C. Outcomes of the second extraordinary meeting (the 13<sup>th</sup> meeting) of the Board of Directors**

The meeting was held online via Zoom on March 30, 2022 at 8:30 AM with the following agendas:

1. Report on the study of Master Plan Phase 3.  
*The Board acknowledged the report and encouraged PPWSA to formally complete the document.*
2. Request for approval on PPWSA's counterpart budget for Boeng Thom water supply project under Japanese Grant Aid.  
*The Board approved on PPWSA's counterpart budget with amount USD930,000 for Boeng Thom water supply project under Japanese Grant Aid.*
3. Report on the request for intervention in investment fund for implementing the project on the construction of Techo International Airport WTP in Takhmao and WTP in Ksach Kandal.  
*The Board supported the two projects above and authorize Director General to request a technical assistance from the Republic of Korea to study the feasibility of both projects through Ministry of Economy and Finance also report to the Board of Directors later. Separately, the location for project implementation will be discussed based on the result of feasibility study.*
4. Request for approval on the revision of the composition of Procurement Committee.  
*The Board approved on the revision of the new composition of Procurement Committee as below:*
  - 1) *H.E. LONG Naro* Chairman
  - 2) *Mr. CHOU Phalla* Vice-Chairman
  - 3) *Mr. SOK Nareth* Member
  - 4) *Mr. LON Phanith* Member

- 5) Mr. KEM Kansomreth Member
  - 6) Mr. PHANN Norin Member
  - 7) Mrs. SIM Voleka Secretary
5. Procurement Report for the end of 2021 and for the 1<sup>st</sup> quarter of 2022.  
*The Board approved the Procurement Report for the end of 2021 and for the 1<sup>st</sup> quarter of 2022.*
  6. Report on the Social Fund for the end of 2021 and for the 1<sup>st</sup> quarter of 2022  
*The Board acknowledged the Social Fund Report for the end of 2021 and for the 1<sup>st</sup> quarter of 2022*
  7. Internal Audit Report for the 1<sup>st</sup> quarter of 2022.  
*The Board acknowledged and advised Internal Audit Unit to prepare the report format in a table to facilitate the detailed examination of each section.*
  8. Others
    - a) Request for recommendation on the preparation of inauguration ceremony for the construction of Takhmao WTP  
*The Board agreed to authorize Director General in preparing a document requesting official principle from the management of Ministry to request the exact time for the groundbreaking ceremony for the construction of Takhmao WTP and prepare for the launching ceremony.*
    - b) Eight newly appointed senior staff's express of their impressions and commitments

**Present members : 7 Persons and the State of Controller attached to PPWSA**

#### **D. Outcomes of the 14<sup>th</sup> ordinary meeting of the Board of Directors**

The meeting was held online via Zoom on June 24, 2022 at 9:00 AM with the following agendas:

1. Official induction of the Non-Executive Director Representing of Private Shareholders and Independent Director in the PPWSA's Board of Directors mandate 7<sup>th</sup>.
2. Request for approval on the mandate extension for the Head of Internal Audit  
*The Board approved on the mandate extension for the Head of Internal Audit Mrs. SENG Keadara for 2-years term.*
3. Request for approval on the revision of the composition of Audit Committee.  
*The Board agreed to revise the new composition of Audit Committee as below:*
  - 1) Mr. SRENG Samork Board Member Chairman  
Independent Director
  - 2) H.E. MEY Vann Board Member Vice-Chairman  
Representative of Ministry of Economy and Finance
  - 3) Mr. NAM Chantry Board Member Member  
Non-Executive Director Representing Private Shareholders
  - 4) H.E. NET Mony State Controller Member
  - 5) Mr. MA Noravin Board Member Member  
Employee Representative
4. Request for the recommendations on the drafted documentation and tools for corporate governance of PPWSA Board of Directors  
*The Board agreed to accept the result of the drafted documentation and tools for corporate governance of PPWSA in the above 4 points as compass to be implemented.*

5. Request for approval on the limitation of PPWSA's water supply mission domain outside Phnom Penh and Takhmao in accordance with the Phnom Penh Land Use Master Plan 2035.  
*The Board totally approved on the request of limitation of PPWSA's water supply mission domain outside Phnom Penh and Takhmao in accordance with the Phnom Penh Land Use Master Plan 2035 and also recommended PPWSA :*
  - 1) *Have to regulate the plans of expand its water supply network and the map show an area to be reached without highlighting the impact on private sector, which is a practical task to be addressed later.*
  - 2) *Have to prepare a letter request for supporting from both parent ministries according to the plan of water supply network expansion which is regulated above. After receiving support from both parent ministries, PPWSA can begin to inform the development partners about this plan to attract the attention.*
6. Request for review on the re-demarcation of land boundary at Niroth Water Treatment Plant (WTP)  
*The Board totally agreed on the request by taking the above six conditions as a basis for the formal negotiations with the land owner in adjusting the boundary at the Niroth WTP.*
7. Report on the reservation of 2-hectars land on Koh Norea Thmey for the construction of future WTP  
*The Board acknowledged the report and advised PPWSA to comply with the above recommendation.*
8. Report on the budget status and revision of procurement plan for Bakheng Water Supply Project Phase 2.  
*The Board acknowledged the report and agreed on the revision of procurement plan for Bakheng Water Supply Project Phase 2.*
9. Business Report for the 2<sup>nd</sup> quarter of 2022 and Business Plan for the 3<sup>rd</sup> quarter of 2022.  
*The Board acknowledged the report.*
10. Procurement Report for the 2<sup>nd</sup> quarter of 2022 and request for approval on the revised procurement plan for 2<sup>nd</sup> semester of 2022.  
*The Board agreed to the Procurement Report for the 2<sup>nd</sup> quarter of 2022 and approved on the revision of Procurement Plan for the 2<sup>nd</sup> semester of 2022.*
11. Report on the Social Fund for the 2<sup>nd</sup> quarter of 2022  
*The Board agreed on the Social Fund Report for the 2<sup>nd</sup> quarter of 2022 also agreed on both requests and total budget plan with amount of KHR528,023,200. Moreover, the Board further recommended PPWSA to consider deploying the support to other provinces that had not previously received support from PPWSA, that is, do not encourage to continue the support to the province that have already received support from PPWSA, except for any recommendation from the management.*
12. Internal Audit Report for the 2<sup>nd</sup> quarter of 2022  
*The Board acknowledged the report and advised the Internal Audit to make an instruction of mechanisms of auditing and complimenting for the best implemented auditorium in quarterly or annually as a tool for the Department of Administration and Human Resource to evaluate as well as offering rewards to the best implemented auditoriums.*
13. Others

- a) Request for the recommendations on the impact caused by Sanghai Construction Group Co.,Ltd on 200mm and 300mm pipelines of PPWSA under the Royal Government's 3<sup>rd</sup> Ring Road Construction Project.

*The Board acknowledged the information and requested PPWSA to follow the recommendation of H.E. MEY Vann, Secretary of State of Ministry of Economy and Finance.*

- b) Report on the study of water construction of the rented rooms at 4 locations in Por Senchey District.

*The Board acknowledged the information and agreed to support on the second option as proposed above.*

- c) Report on the situation of water consumption in Borey Chhouk Va II area and Kombol commune after the installation of additional water supply network

*The Board acknowledged the information.*

- d) Request for approval on the proposed backfilling of 14,710m<sup>3</sup> soil for the construction of Boeng Thom WTP (5,000m<sup>3</sup>/day)

*The Board approved on the request.*

- e) Report on the situation of installation of 1400mm-diameter water transmission along Street 30meter at Sangkat Svay Pak, Russey Keo District, Phnom Penh

*The Board acknowledged the information and advised PPWSA to make a detailed report on the progresses and other challenges in term of the construction project of Bakheng WTP to the Governor of Phnom Penh Capital Administration by requesting additional participation and intervention from H.E. NUON Pharat.*

**Present members : 6 Persons and the State of Controller attached to PPWSA**

**Absent members : 1 Person**

## **E. Outcomes of the 15<sup>th</sup> meeting of the Board of Directors**

The meeting was held online via Zoom on September 23, 2022 at 8:30 AM with the following agendas:

1. Request for approval on the disposal of obsolete or damaged fixed assets received from the waterworks of Sihanoukville province.

*The Board approval in-principle :*

- 1) *Agreed on PPWSA to request the Ministry of Economy and Finance to approve on the disposal of obsolete or damaged fixed assets with total amount of KHR418,406,375.48.*

- 2) *Agreed to record assets in stock with a total amount of KHR1,404,456,036.01 to increase the capital also authorized Director General to negotiate with Anco Water Supply Co.,Ltd. with a minute of meeting which confirming the recognition of debt as inventory with a total amount of KHR38,764,695.24 and discuss about the repayment options (by cash or supplies).*

2. Request for approval on Preparatory Study of the Project for Smart Water Management System in Cambodia.

*The Board approved on Preparatory Study of the Project for Smart Water Management System in PPWSA's water supply network management under condition that this project receive a Grant Aid.*

3. Request for recommendation on water debts of Ministry of National Defense.

*The Board acknowledged the report and suggested H.E. MEY Vann, Secretary of State of Ministry of Economy and Finance and a member of Board of Directors to intervene pushing and accelerating this work at the Ministry of Economy and Finance in order to be able to resolve the Ministry of National Defense's water debt.*

4. Business Report 2022 (8 months actual and 4 months estimate) and request for approval on Business and Investment Plan 2023.

*The Board totally agreed to the result of Business Report 2022 (8 months actual and 4 months estimate) and unanimously adopted all the requests raised in the Business and Investment Plan 2023 and agreed to increase 10% of basic salary of 2023 and one-step salary increase for PPWSA's staff of the 4 cadres. The main indicators of the Business and Investment Plan 2023 to be proposed for support and approval from both parent ministries are as below:*

1) Total Revenue	KHR	413,855,436,000
2) Total Expense	KHR	267,940,090,000
2.1 Operating Expense	KHR	176,286,000,000
2.2 Loss on Exchange Rate	KHR	15,653,910,000
2.3 Depreciation	KHR	63,173,096,000
2.4 Interest	KHR	3,574,513,000
2.5 Meter Change	KHR	3,414,078,000
2.6 Non-Operating Expense	KHR	5,838,493,000
3) Net Profit	KHR	116,781,260,000
4) Total Investment	KHR	441,955,873,879
4.1 Counterpart Budget	KHR	129,645,412,259
4.2 AFD	KHR	178,945,635,576
4.3 EIB	KHR	133,364,826,044

5. Procurement Report for the 3<sup>rd</sup> quarter of 2022 and request for approval on Procurement Plan 2023  
*The Board totally approved on the Procurement Report for the 3<sup>rd</sup> quarter of 2022 and Procurement Plan 2023*

6. Report on the Social Fund for the 3<sup>rd</sup> quarter of 2022 and request for approval on the Social Fund Plan 2023.

*The Board approved:*

- 1) *Totally agreed on Social Fund Report for the 3<sup>rd</sup> quarter of 2022 and the expenditure plan 2023*
- 2) *Agreed on the request of preparing water supply in the Campus of National Defense University, which will be cost about KHR33,759,825 . As for the two requests of the 8<sup>th</sup> Intervention Brigade which is alliance, PPWSA shall send professional team to inspect and evaluate at the actual location and request for approval from the Board of Director at the next meeting*
- 3) *Agreed in-principle to PPWSA's delegator to visit and bring donations such as supplies to the 8<sup>th</sup> Intervention Brigade at the end of 2022*

7. Internal Audit Report for the 3<sup>rd</sup> quarter of 2022.

*The Board totally agreed on result of Internal Audit for the 3<sup>rd</sup> quarter of 2022 and agreed in-principle to accept the Audit Committee's request to select an independent auditor for 2-years but have to prepare this task in accordance with the procedures in force and request for in-principle approval from Ministry of Economy and Finance.*

8. Others

- a) Request for in-principle approval on the solution to PPWSA's ESOP debts during IPO stage  
*The Board approved in-principle on the above three solutions to PPWSA's request.*
- b) Guideline on the Selection of Independent Director and Non-Executive Director Representing Private Shareholders for Publicly Listed Enterprises

*The Board acknowledged the report and advised PPWSA to extract the experiences in election of Independent Director and Non-Executive Director Representing Private Shareholders to combine as a sample of archives for future lesson.*

c) Report of the current mandate of PPWSA's Board of Directors

*The Board acknowledged the report and advised PPWSA to start the process of preparing the application for nominating new mandate of Board of Director in November 2022 by submitting a letter for in-principle approval from Ministry of Industry Science Technology and Innovation who is a technical guardian and specified in the letter about the Board composition as stated in Sub-decree No.08 អនក្រឹត្យលេខ ០៨ ចុះថ្ងៃទី ១៣ ខែ កុម្ភៈ ឆ្នាំ ២០២០, on the modification of New Article 8 of Sub-decree No.34 អនក្រឹត្យលេខ ៣៤ ចុះថ្ងៃទី ១២ ខែ មិថុនា ឆ្នាំ ២០០០, on the modification of Sub-decree No.52 អនក្រឹត្យលេខ ៥២ ចុះថ្ងៃទី ១៩ ខែ ធ្នូ ឆ្នាំ ១៩៩៦, on Establishment of Phnom Penh Water Supply Authority before the Ministry submit a letter requesting the composition of the representative of Ministry and Institution to attend in the new mandate of PPWSA's Board of Director (except for the composition of PPWSA employee representative, Non-Executive Director Representing Private Shareholders and Independent Director who are elected to continue the mandate through voting).*

**Present members : 7 Persons and the State of Controller attached to PPWSA**

**F. Outcomes of the 16<sup>th</sup> meeting of the Board of Directors**

The meeting was held online via Zoom on December 23, 2022 at 8:30 AM with the following agendas:

1. Request for approval on the Board meeting calendar in 2023

*The Board approved the following dates for the Board meetings in 2023 :*

- *March 17, 2023 for the 1<sup>st</sup> trimester*
- *June 23, 2023 for the 2<sup>nd</sup> trimester*
- *September 22, 2023 for the 3<sup>rd</sup> trimester*
- *December 22, 2023 for the 4<sup>th</sup> trimester*

2. Business Report 2022 (10 months actual and 2 months estimate) and Plan for the 1<sup>st</sup> quarter of 2023

*The Board had :*

- a) *Totally agreed on Business Plan for the 1<sup>st</sup> quarter of 2023, part of the Plan 2023, which has already been approved in principle by Ministry of Industry, Science, Technology and Innovation through Letter No. 2091 MISTI/2022 dated 20 October 2022 and by Ministry of Economy and Finance through Letter No. 12403 សុំស្រាវជ្រាវ ចុះថ្ងៃទី ១៥ ខែ ធ្នូ ឆ្នាំ ២០២២ dated 15 December 2022.*
- b) *Granted supported the initiative on the request for purchasing 5 plots of land including provision of option for sale or exchange as mentioned above by considering on the 3 principles recommended by Ministry of Economy and Finance as stated in the above reference letter to implement the project for the production capacity expansion in accordance with the 3<sup>rd</sup> Master Plan (2021-2030); and allowed PPWSA to establish an inter-ministerial committee to inspect, study, research and purchase the land as well as the need of sale or exchange of land by properly following the procedures in force and report to the Board of Directors in the next meetings and suggest to request for in-principle permission from parent ministries.*

3. Procurement Report for the 4<sup>th</sup> quarter of 2022

*The Board totally approved the Procurement Report for the 4<sup>th</sup> quarter of 2022.*

4. Report on Social Fund for the 4<sup>th</sup> quarter of 2022

*The Board had:*

- a) *Totally agreed to Report on Social Fund for the 4<sup>th</sup> quarter of 2022*
- b) *Approved on the proposal to construct a school building with 5 rooms, located in Pursat city, Pursat province, with a approximate budget of USD 60,000.*
- c) *Granted a support to the PPWSA's initiative on in-depth study on the actual status of water supply at the 8<sup>th</sup> Intervention Brigade which is the alliance of PPWSA.*

5. Internal Audit Report for the 4<sup>th</sup> quarter of 2022

*The Board totally approved on the Internal Audit Report for the 4<sup>th</sup> quarter of 2022 and approved on the request to select an independent auditor for one-year auditing service on Financial Report and Financial Information for PPWSA in fiscal year 2023.*

6. Others

- a) Request for the permission to purchase 5 plots of land for the construction of Intake of Bakheng Water Treatment Plant Stage 3, TECHO International Airport Intake and Water Treatment Plant in Takhmao City and Ksach Kandal Intake and Water Treatment Plant.

*The Board has already discussed this agenda in connection with agenda 2 as above.*

**Present members : 7 Persons and the State of Controller attached to PPWSA**

PPWSA has a clear strategy to expand the water distribution network to the surrounding areas of Phnom Penh based on the extension of water treatment facilities, keeping the same tariff and standard for Phnom Penh, and a strong commitment to social and environmental responsibility.

In the fiscal year 2023, PPWSA plans to produce 273,263,100m<sup>3</sup> of clean water, expand 462,800m of additional distribution network, and generate total revenues of KHR413,855,436,000 with total expenses of KHR267,940,090,000 as approved by the Board and the 2 parent ministries.

**Acknowledgement**

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries (Ministry of Industry, Science, Technology and Innovation, and Ministry of Economy and Finance), Securities and Exchange Committee of Cambodia, and all the shareholders who always trust and support PPWSA.

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

Phnom Penh, March 15, 2023

**CHAIRMAN**

**SIM SITHA**



# MESSAGE FROM DIRECTOR GENERAL



In 2022

*“ On behalf of PPWSA, I am honored and pleased to present the Annual Report 2022 and the financial statements of PPWSA. For the year ended December 31, 2022. PPWSA earned total revenue by KHR346 billion and profit before tax by KHR131 billion and total comprehensive income for the financial year by KHR108 billion. ”*

## The significant activities in 2022

With the support of the Royal Government, the Ministry of Guardians and the Board of Director during this year, PPWSA remains strong with better risk management, efficient use of financial resources and throughout management of expenditures, especially with a focus on reducing water loss rates, despite road repair and widening activities. Across Phnom Penh, this is one of the many reasons for the leakage of water pipes, as shown in the financial report audited by an independent auditor in 2022. PPWSA earned total revenue by KHR346,178,156,000, the profit before tax by KHR130,515,892,000 and basic earning per share by KHR1,243.90. At the end of this period, the total assets increased up to KHR2,684,135,875,000, the capital increased up to KHR1,272,213,047,000. This increase is due to PPWSA achieving great success in reducing the rate of water loss to the single digit. The rate in 2022 is only 8.50%. Reducing water loss as a life-and-death factor for PPWSA in the course of its operations and business. At the same time, in order to adapt the fluctuations of inflation, we have adjusted the selling price of clean water from January 1, 2020 to the present, which allows us to supply clean water to roughly ten thousands of families, including low-income residents, at a reasonable price to contribute to the government's poverty reduction policy. Phnom Penh Water Supply Authority has the capacity to supply water 24 hours/day and 7 days/week, this year we can produce 239,208,657m<sup>3</sup>.

Water treatment practices are in line with National and World Health Organization (WHO) water quality standards, with 53 water quality laboratories analyzed from (Singapore and Shanghai laboratories). Paying attention to the water quality makes PPWSA guarantee customers to drink directly from the faucet to contribute to society responsibly in order to encourage people to have access to clean water, which is a clean water program (Water for All). Proper sanitation services for healthy living, a better life and environment.

The goal of expanding the water distribution network is to areas with economic potential, and low-income residents. In 2022, PPWSA were installed pipes 396,057.84m, making the total length of the main pipe and the current distribution pipe equal to about 4,245km, and maintaining an average pressure of 20 meters in the entire distribution network with the pipes size 63mm to 1600mm were laid by PPWSA. We have been working to improve the quality of customer services to find and increase the number of large customers with high water demand to ensure efficient collection of water bills, which this year maintains maximum rates and network growth. The year ended 31 December 2022, the number of customers increased by 451,554 connections.

## Expectations for 2023

For the year 2023, we will make more efforts to improve the corporate government of PPWSA, and still adhere to the vision and mission of the previous years. As a destination for next year, PPWSA estimated to earn profit for the financial year about KHR116,781,260,000 that was approved by the Board of Directors, and the two parent ministries.

PPWSA is still committed to providing quality and efficient water supply and serve to provide trust to the customers. In addition, PPWSA is still striving to provide water supply to low-income people. In the form of subsidizing the right to purchase water in accordance with the standard of living of each family from 30%, 50%, 70% and 100% to implement a special water distribution project for the poor communities using PPWSA funds for the benefit of the people.

## Acknowledgement

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries the Ministry of Industry, Science, Technology, and Innovation, and the Ministry of Economic and Finance, and the Board of Directors for their support and good leadership for 2022, and all the customers who made PPWSA succeeded as today.

Phnom Penh, March 15, 2023

**DIRECTOR GENERAL OF PPWSA**

**LONG NARO**

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## PART 1. GENERAL INFORMATION OF PPWSA

### A. IDENTITY OF PHNOM PENH WATER SUPPLY AUTHORITY

- ◆ Name in Khmer : រដ្ឋាករទឹកស្វយ័តក្រុងភ្នំពេញ (រ.ទ.ស.ក)
- ◆ Name in Latin : PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)
- ◆ Standard Code : KH1000010004
- ◆ Address : #45, St. 106, Sangkat Srah Chark, Khan Daun Penh, Phnom Penh, Cambodia
- ◆ Phone number : (855) 31 322 6345
- ◆ Website : www.ppwsa.com.kh Email : ir@ppwsa.com.kh
- ◆ Company registration number: Co.០៨៣៩៩៤/២០១២ Date : 27 March 2012
- ◆ License number: Sub-decree No. 52 អនក្រឹត្យ.បកី Issued by : Royal Government of Cambodia  
Date : 19 December 1996
- ◆ Disclosure Document approved and registered by SECC's Resolution No.012/12គ.ម.ក/ស.ស.វ.  
Date : 23 March 2012
- ◆ Representative of the listed entity: **H.E. Long Naro**

### B. NATURE OF BUSINESS

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

### C. GROUP STRUCTURE OF THE PPWSA

The PPWSA neither had any subsidiary nor was owned by another group as of December 31, 2022.

### D. THE PPWSA'S MILESTONES

On March 7, 2022 at PPWSA's Head Office, under the presidency of **H.E. Oum Sotha**, chairman of the Board of Director, PPWSA celebrated signing ceremony of the contract on the project for the extension of water supply system in Takhmau between Phnom Penh Water Supply Authority and KKKCT Consortium under Japanese Grant AID by Japan International Cooperation Agency (JICA).

The scope of this project for the extension of water supply system had:

- Water treatment plant in capacity of producing water 30,000 m<sup>3</sup>/day

## D. THE PPWSA'S MILESTONES (Con't)

- Raw water pumping station has capacity of 33,000 m<sup>3</sup>/day
- Main pipe
- Clean water tank
- Raw water pumping motor
- SCADA system

The type of this project for the extension of water supply system is Special Purpose Company (SPC) project of which wholesale back to PPWSA in the lower price or not over KHR 500 per m<sup>3</sup> for a project period of 10years (2024 to 2034). The construction will be started from June 2022 to December 2024 under control of KKKCT Consortium construction and Consortium of Nihon Suido Consultants Co.,Ltd and Crown Agents Japan Limited, technical consultants, from Japan.

## E. MARKET SITUATION

Phnom Penh Water Supply Market is managed through " Service area including 14 Khans and Takhmao City" which provides the supply of clean water 24 hours per day, 7 days per week to people living in across Phnom Penh Capital and Takhmao City with sufficient supply pressure with water quality complied to drinking water standards of the WHO and national drinking water standards and reasonable prices.

## F. COMPETITIVE SITUATION

Phnom Penh Water Supply Authority is the only public enterprise (monopoly) in the business operation of providing clean water supply through out Phnom Penh Capital and Takhmao City with technical and economic characteristics. In addition to this, PPWSA does not compete on water price in the market and is not come under any political pressure no matter what the circumstances.

## G. FUTURE PLAN

- ◆ Provide reliable water supply by follow-up and implementation of the master plan 2021-2030 to strengthen the potential and the coverage of water supply throughout Phnom Penh Capital and Takhmao City.
- ◆ Driving innovation through technology and technical in the water sector to response to the development of Industry 4.0 to ensure sustainability and to contribute to reducing energy consumption.
- ◆ Ensure the effectiveness and efficiency in repairing and maintaining of water production and supply system to keep a long-life service to ensure the supply of clean water to the people 24 hours per day, 7 days per week.
- ◆ Update and prepare "documents of technical specification" to be standardized in order to ensure high quality of water supply system.
- ◆ Promote sustainable water solutions by reducing energy consumption and greenhouse gas emission in the existing and new water production facilities.
- ◆ Provide economically effective solutions by minimizing capital and operational cost
- ◆ Reducing non-revenue water as lowest as possible.

## H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation”

Phnom Penh Water Supply Authority is responsible for the production and distribution of water for general use for the public service in an administrative and technical manner, with the guarantee of both quantity and quality of clean, sterile water and drinking water directly from the network. However, there are still some risk factors that are facing and the following preventive measures:

### H.1- Planning and Project Department

#### ➤ Analysis

1. Construction of Bakheng Water Production Facility, Phase 1:

Estimation of 4-month delay of 2,000 mm Installation under Tonle Sap River by drilling in microtunnel due to unforeseen underground obstacle and heavy rainings.

2. Koh Norea Development Project:

Landfilling for Koh Norea has affected the water quality in the river at the location of Niroth intake that not only leads to the increase in raw material consumption for water treatment process but also influent the production cost.

3. Water Demand:

The growth and expansion of the administrative territory of Phnom Penh has made the water supply in Phnom Penh face challenges. The current demand for clean water in Phnom Penh as a whole is about 746,000 m<sup>3</sup> / day. The capacity of the water treatment plant of the Phnom Penh Water Supply Authority in all 4 locations is only 630,000 m<sup>3</sup> / day.

#### ➤ Management Opinion and Risk Mitigation

1. Construction of Bakheng Water Production Facility, Phase 1:

Backup study of HDPE 1400 mm to be installed and immersed under riverbed has prepared in order to meet target date of water distribution on May 2023.

2. Koh Norea Development Project

- Continue to cooperate with OCIC to mitigate the impact on raw water intake.
- Speed up the construction activities of a new intake station at Norea Development Island.

3. Water Demand:

- Follow-up and implement to meet targets according to Master Plan 2021-2030.
- Speed up and supervise on Bakheng Water Supply Project in Construction in Water Production Facility.
- Notification on information has been issued to appeal to all people in both Phnom Penh and Takhmao to save water and share water to other people, especially people living in the suburb.
- Continuing on the improvement and building new water treatment plants and expanding of drinking water pipeline.

### H.2- Production Management Department

#### ➤ Analysis

In the circumstances of climate change and the on-going Covid-19 situation, the Production System Management Department took into consideration and made a decision to implement in this difficult time: "Must Produce and Supply Water with the Utmost Capability and Quality".

## H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation” (Con’t)

### H.2- Production Management Department (Con’t)

#### ➤ Management Opinion and Risk Mitigation

Based on the above considerations, the Production System Management Department has observed and paid attention to the water plant operation system in many aspects, including:

- a. People (Operator): Employees operating Water Treatment Plant must be protected and kept safe.
- b. Facilities (Machine and Spare part): Machinery in each Water Treatment Plant must not be inactive and have adequate spare parts for repair, replacement in case of any damage.
- c. Raw materials (PAC, Salt, Chlorine and Reagent): The water produced from each Water Treatment Plant must be in accordance to the standard water production, so the raw materials used must have sufficient quantity in the warehouse.

### H.3- Water Supply Network Management Department

#### ➤ Analysis

##### 1. Water Loss Detection office

- New connections and water network expanding at suburb area made the water supply coverage area of PPWSA is increasing day by day with insufficient water pressure to customer complaints.
- The leakages under reinforces concrete and Asphalt road with thick layers is draining the power of leakages team to find the leakage point and will spend more time (sometimes days) to repair it.
- The number of leakages is largely attributable to material factor on the house connection with the diameter from 25mm to 32mm which installed in 1998 to 2000.

##### 2. Distributions Maintenance office

Infrastructure development in the city like sewerage system installation, road reconstruction, telephone and electrical cable laying with timely notification that make our water pipe broken.

##### 3. Transmission Water Network Maintenance office

Some plumbing fixtures are old, rusty, can cause pipes to explode and fail to supply customers.

#### ➤ Management Opinion and Risk Mitigations

##### 1. Water Loss Detection office

- Suspend new meter connection at suburb area should be temporarily suspended until Bak Khaeng Water Treatment Plant (Phase I) start operation on May 2023 (as planned).
- Repairing team try to carry out the task at night time to detect the leak point and it's required use the suitable equipment for detection and repairing because at night time leakage noise could be detect louder than day.
- Review the quality of this material and change high quality new materials to reduce further leakage.



## H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation” (Con’t)

### H.3- Water Supply Network Management Department (Con’t)

#### ➤ Management Opinion and Risk Mitigations (Con’t)

##### 2. Distributions Maintenance office

Continue to have a good cooperation with the local authority to deliver the timely and provides the heavy penalty affect to our water supply network system and has the staffs stand-by at all the sites of infrastructures to prevent the all the water pipe and facilities impacts as low as possible

##### 3. Transmission Water Network Maintenance office

Transmission Maintenance team are and continue to repairing apply with new paint and clean up all of the transmission pipe and facilities for better performance and longer life time for using.

### H.4- Commercial Department

#### ➤ Analyst

##### 1. Revenue Offices

- Mechanisms for the management of water meter reading and bill issuance, and promotion of water debt are still limited.
- In case of illness or accidents, there are no substitute collectors.
- Collectors may face a loss of their means of transport (motobike) while executing the work.

##### 2. Customer Relation Office

- Limited technical and technological knowledge of Smart Meters.
- Water disconnection team had some trouble with the customers on their duties.
- There were some challenges in water meter relocation due to development of the infrastructure.
- Test bench can test water meters of less than 150mm diameter only.

##### 3. House Connection Office

- For the management of workflow and techniques of house connection, there was a lack of the inspection and monitoring of the results and quality.

❖ All the offices of the Commercial Department are also facing the to Covid-19 pandemic.

#### ➤ Management Opinion and Risk Mitigation

##### 1. Revenue Offices

- Re-inforce the discipline, inspect the annual results, improve the customer service, prepare the water disconnection team and conduct the department-level spot-checks on the debt of big customers.
- Regularly remind the collectors of the traffic law obeyance and pay high precaution to transport means care, and advise collectors not to take any benefits from customers’ money, and monitor the default water debts.
- Monitor the big customers and invite them to pay extra deposits due to PPWSA’s policy.

##### 2. Customer Relation Office

- Propose a training course on Smart Water Maintenance for the relevant employees.
- Disseminate to customers the coming launch of the Mobile App of PPWSA.

## H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation” (Con’t)

### H.4- Commercial Department (Con’t)

- Management Opinion and Risk Mitigation (Con’t)
- 3. House Connection Office
  - Weekly report of the remaining house connections and reason.
  - Take photos of new house connection and customer keep in SOP.
- ❖ All the office of Commercial Department are continue to disseminate to all officials and employees to maintain good hygiene by practicing consistently under the high guidance of **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of Kingdom of Cambodia** and the guidelines of the Ministry of Health 3 protect 3 do not in the rules prevention of communicable disease Covid-19.

### H.5- Information Technology Center

- Risk factors
  - Some daily transactions cannot be complete in time.
  - Electricity in the Data Center was cut off for more than 2 hours.
- Analyst
  - All servers and devices must be turned off if the electricity was cut off more than 2 hours, because the smart UPS device can support only 2 hours max.
- Managemnt Opinion and Risk Mitigation
  - Daily check all the automatic job queues on working hours (8:30, 12:00, and 16:30).

### H.6- Legislation and Inspection Unit

- Analyst
  - No lawyer to represented Phnom Penh Water Supply Authority after the mandate expired, which makes it a legal challenge to deal with those who do not comply with the PPWSA’s policy.
  - Lack of employee to cooperate with the relevant departments.
- Management Opinion and Risk Mitigation
  - Request a lawyer to represented Phnom Penh Water Supply Authority
  - Should have a legal training program
- Requisition
  - Request for cooperation from relevant departments
  - Request for additional employee

### H.7- Procurement Units

- Risk factors
  - Delay in delivering Primary commodities as below:
    - A. Poly Aluminum Chloride (PAC)
    - B. Refined Salt for production of Hypochlorite for Disinfection of Drinking Water

## H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation” (Con’t)

### H.7- Procurement Units (Con’t)

#### ➤ Analysis

- For An External Factors: Poly Aluminum Chloride (PAC) and Refined Salt for production of Hypochloride for Disinfection of Drinking Water are original made in China. Due to the cause in 2022, there are a global epidemic of covid-19 which raised production concerns and delivery have been delayed, those cases are affecting to production process of PPWSA.
- For The Processing of Procurement Plan 2022 The Samples have to be sent to SGS Laboratories in China. Due to covid-19 spreaded to worldwide all packages which are chemistry products including PAC’s samples had been blocked by General Administration of Customs China. This policy affecting procurement contract’s signing and goods’s supply delayed.

#### ➤ Management Opinion and Risk Mitigation

##### A. Poly Aluminum Chloride (PAC):

In the context, Procurement Unit has cooperated with Department of Water Production and Supply to study the speeding of daily use, storage condition of PAC and requested the principle of additional direct purchase to reserve and research the possibility of purchasing from other country in case of emergency.

##### B. Refined Salt for Production of Hypochloride for Disinfection of Drinking Water

As a global epidemic of Covid-19, Refined Salt for Production which shipped from China has been delayed due to reducing the freights Transport Companies . The method in solving this problem, supplier requested changing the source of Refined salt from China to Thailand.

For the 2022 Procurement plan, due to the Chinese Customs' restrictions on the import of chemical goods, PAC and refined salt samples from Bidder are original made from China factory. In order to have sample tested and process contract on time, procurement unit willing to ask for permission from the Director General to directly send the sample of PAC and refined salt of Bidder from factory in China to the same China SGS laboratory and test results of SGS Laboratory are sent directly to Phnom Penh Water Supply Authority.

## PART 2. Information on Business Operation Performance

### A. Business Operation Performance including business segments information

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

##### A.1.1. Water Treatment

The water treatment in 2022 as follows:

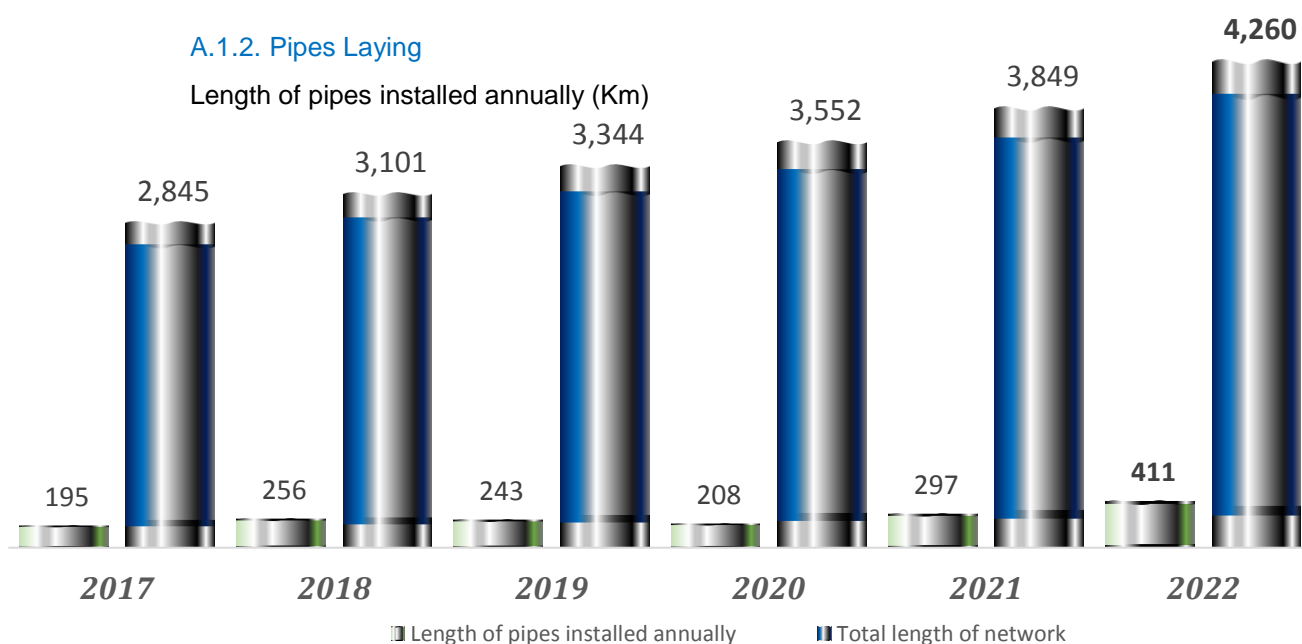
Description (water treatment plant)	PLAN (m <sup>3</sup> )	ACTUAL (m <sup>3</sup> )	RATE (%)
Phum Prek	57,164,000	61,845,348	108
Chruoy Chang War	60,955,500	64,619,282	106
Chamkar Morn	19,390,500	21,365,412	110
Niroth	90,465,000	90,680,490	100
Mlech	395,114	414,459	105
Thbong Khmom	365,500	283,666	78
<b>TOTAL</b>	<b>228,735,614</b>	<b>239,208,657</b>	<b>105</b>

The quality of treated water at the 6 water treatment plants (WTPs) and distribution networks

Parameters	Unit	WHO	Phum Prek WTP	Chroy Chang War WTP	Chamcar Morn WTP	Niroth WTP	Mlech WTP	Thbong Khmom WTP	Distribution Pipes
Turbidity	NTU	≤5	0.51	0.52	0.18	0.37	0.50	0.60	0.58
pH Value		6.50-8.50	7.49	7.91	7.52	7.49	7.24	7.60	7.36
Free Available Chlorine	mg/l	0.10-1.0	1.63	1.32	1.23	1.43	1.16	0.75	0.47
Total Available Chlorine	mg/l	<2	1.84	1.48	1.41	1.59	1.41	0.91	0.59
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0

##### A.1.2. Pipes Laying

Length of pipes installed annually (Km)

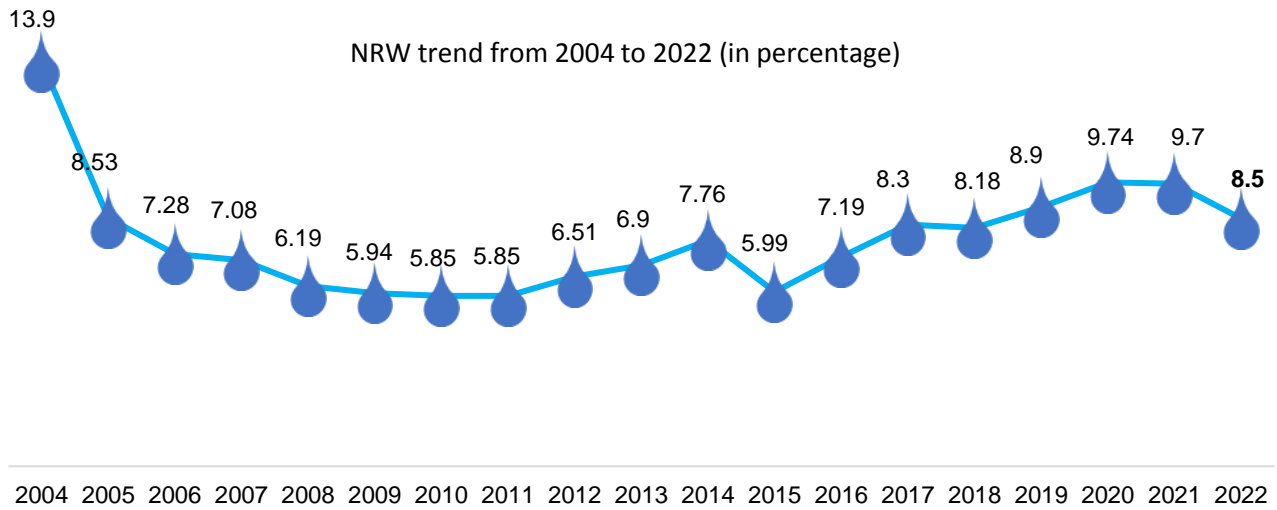


## A. Business Operation Performance including business segments information (con't)

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

#### A.1.3. Water Loss Reduction

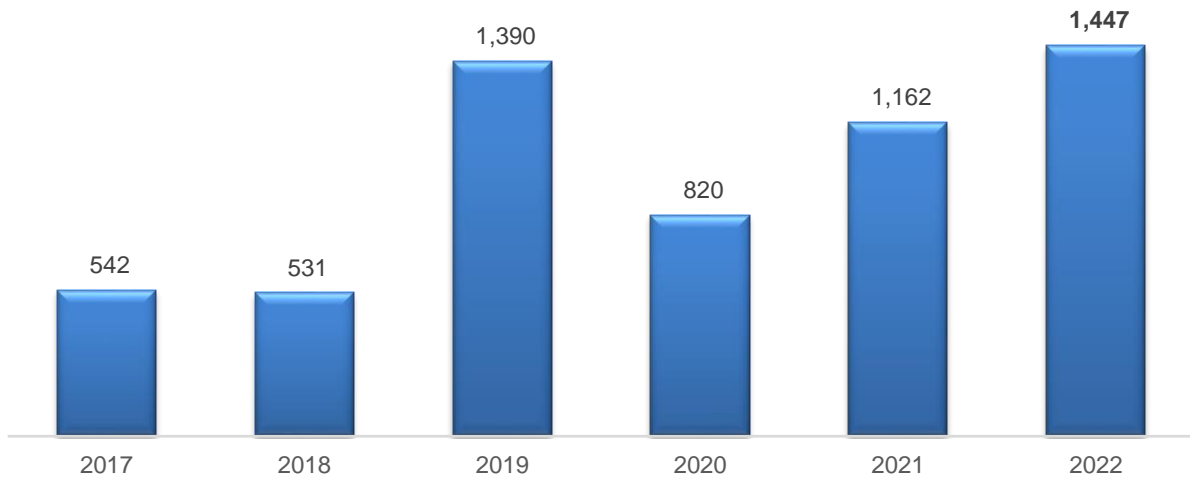
In 2022, PPWSA's water loss rate was kept in single digits 8.50%, as shown in the graph below.



### A.2. Business Activities and Results

#### A.2.1. Water for All Program

##### low-income household connections

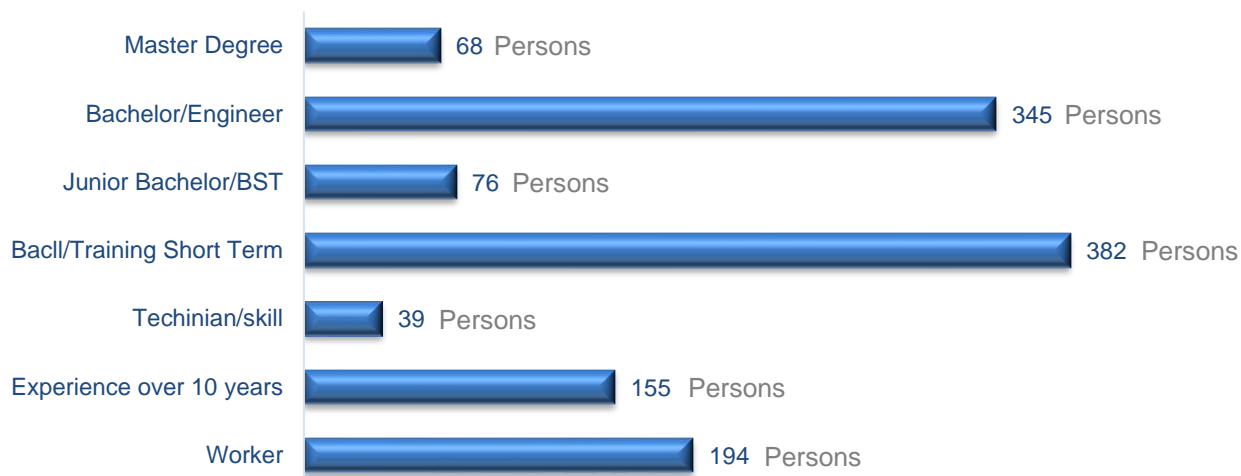


#### A.2.2. House Connection and Customer Management

Type of Customers	2017	2018	2019	2020	2021	2022	
	(connection)	(connection)	(connection)	(connection)	(connection)	(connection)	(%)
Domestic	271,317	301,834	321,212	333,099	350,463	360,948	79.9346
Commercial	55,891	58,789	62,366	68,136	74,344	83,874	18.5745
Administrative	655	664	696	744	823	913	0.2022
Wholesalers	08	07	07	10	11	09	0.0020
RDE Representative	20	21	17	14	16	05	0.0011
Standpipe	-	14	17	17	16	16	0.0035
Room rental	5397	5,703	5,752	5,759	5,728	5,789	1.2820
<b>Total</b>	<b><u>333,288</u></b>	<b><u>367,032</u></b>	<b><u>390,067</u></b>	<b><u>407,779</u></b>	<b><u>431,401</u></b>	<b><u>451,554</u></b>	

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

### A.3- Human Resource Management



## B. Revenue Structure

Nº	Source of Revenue	2022		2021		2020	
		Amount (KHR'000)	Percent	Amount (KHR'000)	Percent	Amount (KHR'000)	Percent
1	Sales	299,723,507	86.58%	282,369,797	76.49%	281,649,338	86.83%
2	Construction service fees	24,976,316	7.21%	26,241,989	7.11%	23,324,228	7.91%
3	Foreign exchange gain – net	-	-	2,273,984	0.62%	-	-
4	Other income	21,478,333	6.21%	58,259,487	15.78%	19,394,290	5.98%
<b>Total revenues</b>		<b>346,178,156</b>		<b>369,145,257</b>		<b>324,367,856</b>	

# PART 3. Information on Corporate Governance

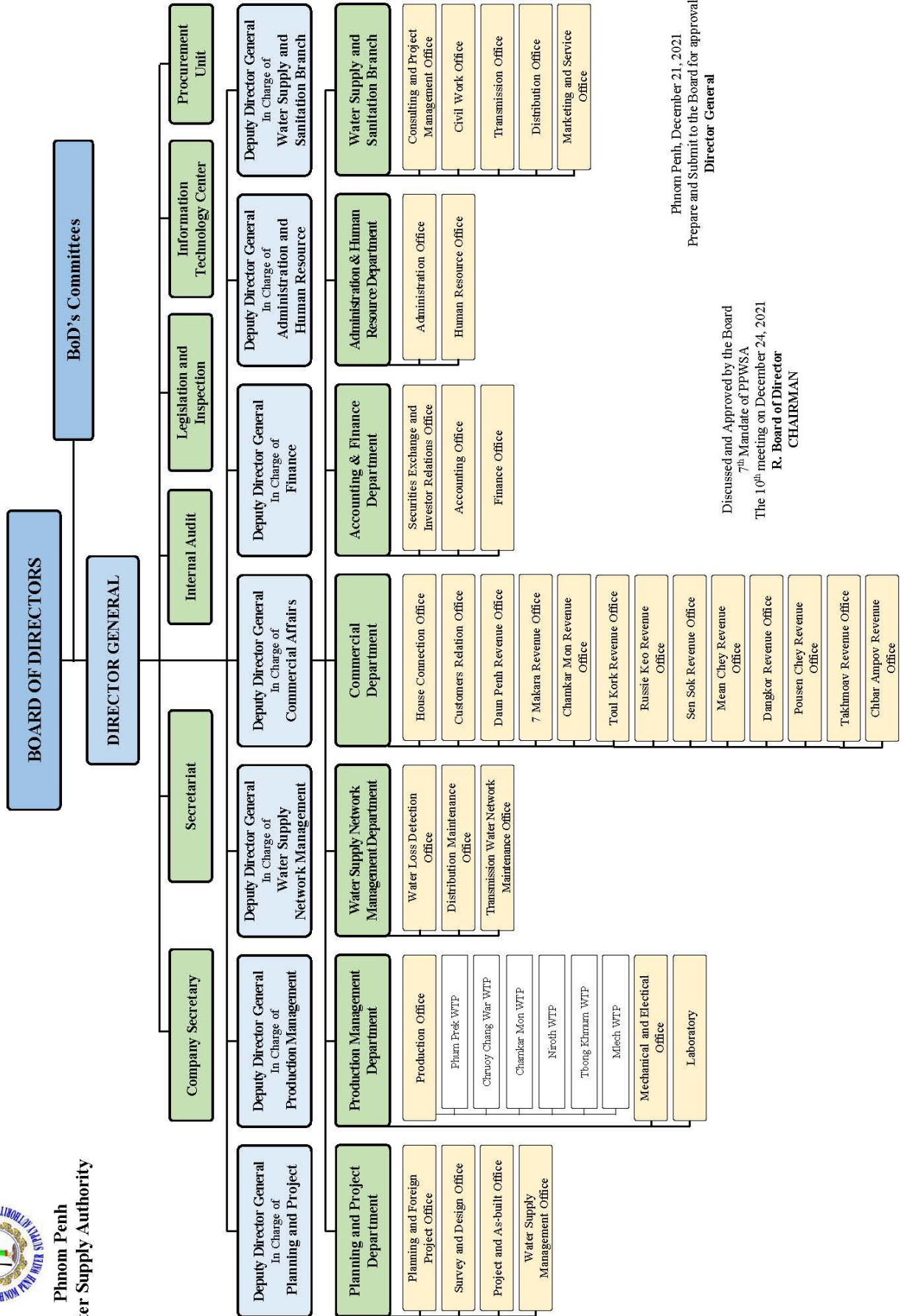
## A. Organization Structure

KINGDOM OF CAMBODIA  
Nation Religion King

### ORGANIZATIONAL CHART OF PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)



Phnom Penh  
Water Supply Authority



Phnom Penh, December 21, 2021  
Prepare and Submit to the Board for approval  
**Director General**

Discussed and Approved by the Board  
7<sup>th</sup> Mandate of PPWSA  
The 1<sup>st</sup> meeting on December 24, 2021  
**R. Board of Director**  
**CHAIRMAN**

## PART3. Information on Corporate Governance (con't)

### B. Board of Directors

No.	Name	Position	Date of being a governor	Deadline of current mandate
1	H.E. SIM Sitha *	Chairman	06 January 2023	06 January 2026
2	H.E. LONG Naro *	Member	06 January 2023	06 January 2026
3	H.E. MEY Vann *	Member	06 January 2023	06 January 2026
4	H.E. Nuon Pharat *	Member	06 January 2023	06 January 2026
5	Mr. Ma Noravin **	Member	27 February 2023	27 February 2026
6	Mr. SRENG Samork	Independent Director	13 May 2022	13 May 2025
7	Mr. NAM Chantry	Non-Executive Director Representing Private Shareholders	13 May 2022	13 May 2025

- ◆ PPWSA Secretary
  - Mr. CHOU Phalla
  - Mr. HUOT SokHeng

#### Notice :

- \* According to Anukret No. 31 អនក្រឹត្យ. អីក្រឹត្យ dated January 06, 2023 on the appointment of the Board of Director of Phnom Penh Water Supply Authority for the 8<sup>th</sup> mandate.
- \*\* According to Article of Incorporation of Phnom Penh Water Supply Authority dated on June 27, 2012 and the minute on the result of the election of the 8<sup>th</sup> mandate employee representative of Phnom Penh Water Supply Authority dated on February 27, 2023.

### C. Senior Officers

#### Senior Officer Composition

No.	Name	Sex	Position at PPWSA
1	H.E. Long Naro	Male	Director General
2	H.E. Neth Mony	Male	State Controller
3	Mr. Samreth Sovithiea	Male	Deputy Director General
4	Mr. Chan Piseth	Male	Deputy Director General
5	Mr. Ma Noravin	Male	Deputy Director General
6	Mrs. Roeun Nary	Female	Deputy Director General
7	Mr. Chea Setephoah	Male	Deputy Director General
8	Mr. Pheng Ty	Male	Deputy Director General
9	Mr. Deng Polyden	Male	Deputy Director General and Disclosure Officer
10	Mr. Chou Phalla	Male	Company Secretary and Disclosure Officer
11	Mr. Huot Sokheng	Male	Company Secretary
12	Mr. Som Sovann	Male	Director of Commercial Department
13	Mrs. Seng Keadara	Female	Director of Internal Audit
14	Mr. Savuth Vathana	Male	Director of Information Technology Center
15	Mr. Heng Sophannarath	Male	Director of Admin and Human Resource Department
16	Mr. Ou Kunavath	Male	Director of Planning and Project Department
17	Mr. Sok Nareth	Male	Director of Accounting and Finance Department
18	Mr. Chhim Sereyvuth	Male	Director of Legislation and Inspection Unit.



No.	Name	Sex	Position at PPWSA
19	Mr. Tuy Bunsereyrieth	Male	Director of Water and Sanitation Service Subsidiary
20	Mr. Kaing Sorphyna	Male	Director of Water Supply Network Management Department
21	Mr. Kem Kanvicheth	Male	Director of Production System Management Department
22	Mrs. Sim Voleka	Female	Director of Procurement Unit
23	Mr. Meas Kosal	Male	Assistant of Deputy Director General in charge of Planning and Project
24	Mrs. Prak Chanmakara	Female	Assistant of Director General
25	Mr. Ros Borin	Male	Assistant of Director General

Note: Details related to corporate governance are attached in appendix I.

## PART4. Information on Securities' Trading and Shareholder

### A. Information on Securities

#### 1. Information on Equity Securities

- ◆ Name of equity securities: Ordinary Share
- ◆ Equity securities' symbol: PWSA
- ◆ Class of equity securities: Voting Share
- ◆ Par value per equity securities: KHR 1,000
- ◆ IPO Price: KHR 6,300
- ◆ The total number of outstanding Shares: 13,045,975 shares
- ◆ Market capitalization: KHR 657,517,104,720 (as at December 30, 2022)
- ◆ Permitted Securities Market: Cambodia Securities Exchange (CSX)
- ◆ Listing Date: April 18, 2012

### B. Securities' Price and Trading Volume

Share		January	February	March	April	May	June
Trading Price (KHR)	Maximum	7,180	7,500	7,860	7,680	7,800	7,500
	Average	7,114	7,216	7,680	7,601	7,703	7,475
	Minimum	7,000	7,060	7,400	7,360	7,520	7,420
Trading Volume (Share)	Maximum	48,226	59,933	33,572	13,743	74,170	8,992
	Average	12,106	10,823	7,636	4,229	10,039	2,665
	Minimum	214	684	1,485	287	619	152

Share		July	August	September	October	November	December
Trading Price (KHR)	Maximum	7,500	7,500	7,460	7,460	7,500	7,560
	Average	7,454	7,434	7,436	7,388	7,420	7,474
	Minimum	7,400	7,400	7,380	7,280	7,300	7,400
Trading Volume (Share)	Maximum	6,551	4,743	100,060	11,744	5,680	16,124
	Average	1,327	939	6,107	2,256	1,195	2,192
	Minimum	39	101	61	310	173	31

### C. Controlling Shareholder

No.	Name	Nationality	Number of Shares	Percentage
1	The State represented by the Ministry of Economy and Finance	Khmer	73,927,187	85%
<b>Total :</b>			<b>73,927,187</b>	<b>85%</b>

### D. Substantial Shareholder

As of December 31, 2022, there were no substantial shareholders who held PPWSA's shares.

### E. Information on Dividend Distribution in the last 3 (three) years

Details of dividend distribution	2021	2020	2019
Net comprehensive income (KHR'000)	129,273,917	88,351,845	33,291,913
Total cash dividend (KHR'000)	26,961,680	22,786,968	20,003,827
Total share dividend	N/A	N/A	N/A
Other dividend	N/A	N/A	N/A
Dividend payout ratio	20.86%	25.79%	60.09%
Dividend yield	*4.33%	**4.30%	***3.83%
Dividend per share	KHR 310	KHR 262	KHR 230

\*Closing price as at 31 December 2021: KHR 7,160

\*\*Closing price as at 31 December 2020: KHR 6,100

\*\*\*Closing price as at 31 December 2019: KHR 6,000

**PART 5:**  
INTERNAL CONTROL  
AUDITOR REPORT BY  
INTERNAL AUDITOR

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**Internal Audit Report**  
**On Compliance and Operation Monitoring**  
**In 2022**

**Attached as APPENDIX II**

**PART 6:**  
FINANCIAL STATEMENT  
AUDITED BY THE  
EXTERNAL AUDITOR

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**Directors' Report and  
Audited Financial Statements  
For the Financial Year Ended 31 December 2022**

**Attached as APPENDIX III**

## PART 7. Information on Related Party Transactions and Conflict of Interest

- A. Material Transactions with Shareholder(s) who hold at least 5% or more shares of outstanding equity securities

There are no such transactions.

- B. Material Transactions with Director(s) and Senior Officer(s)

There are no such transactions.

- C. Transactions with Director(s) and Shareholder(s) related to buy/sell asset and service

There are no such transactions.

- D. Material Transactions with Immediate Family Members of the Director(s), Senior Officer(s) and Shareholder(s) who hold at least 5% or more shares

There are no such transactions.

- E. Material Transactions with the Person, who associated with Director(s) of the Listed Entity, its Subsidiary or Holding Company

There are no such transactions.

- F. Material Transactions with Former Director(s) or a Person who involved with Former Director(s)

There are no such transactions.

- G. Material Transactions with Director(s) who is holding any position in a non-profit organization or in any other company other than the listed entity

There are no such transactions.

- H. Material Transactions with Director(s) who get benefit whether finance or non-financial from the listed entity

There are no such transactions.

## PART 8. Management's Discussion and Analysis

### A. Overview of operations

#### 1. Revenue analysis

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

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

➤ Year ended 31 December 2022 compared to year ended 31 December 2021

Description	2022 (KHR'000)	2021 (KHR'000)	CHANGES	
			(KHR'000)	Percent
Total revenues	346,178,156	369,145,257	(22,967,101)	(6.22%)

PPWSA has a total revenue KHR346,178,156,000 for 31 Dec 2022 and KHR 369,145,257,000 at 31 Dec 2021. The revenue decreased by KHR22,967,101,000 or 6.22%. The decrease in total revenue FY2022 was due to other income was decreased by KHR36,781,154,000 or 63.13% cause in FY2021 PPWSA had recognized as other income from exemption of dividend payments for the period of FY2019-2020 to the Ministry of Economy and Finance of approximately KHR36,372,177,000 although sales revenue in 2022 increased by KHR17,353,710,000 or 6.15%.

#### 2. Revenue analysis by segment

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

Description	2022 (KHR'000)		2021 (KHR'000)	
Sales	299,723,507	86.58%	282,369,797	76.49%
Construction service fees	24,976,316	7.21%	26,241,989	7.11%
Foreign exchange gain – net	-	-	2,273,984	0.62%
Other income	21,478,333	6.21%	58,259,487	15.78%



## A. Overview of operations (Con't)

### 2. Revenue analysis by segment (Con't)

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

➤ Year ended 31 December 2022 compared to year ended 31 December 2021

Description	2022		2021		Changes		
	Volume (M <sup>3</sup> )	Amount (KHR'000)	Volume (M <sup>3</sup> )	Amount (KHR'000)	Volume (M <sup>3</sup> )	Amount (KHR'000)	Amount (%)
Household	112,027,600	110,873,519	108,203,470	112,290,774	3,824,130	(1,417,255)	(1.26%)
Commercial	84,775,017	151,870,153	74,242,308	128,582,099	10,532,709	23,288,054	18.11%
Public Administrative and autonomy	9,131,668	19,671,036	8,665,542	21,500,185	466,126	(1,829,149)	(8.51%)
Representative and room rental	12,814,186	10,317,389	12,499,186	9,333,345	315,000	984,044	10.54%

#### ◆ Revenue from household water sales (Domestic)

Revenue from domestic water sales amounted to KHR 110,873,519,000 for the year ended 31 December 2022 and KHR 112,290,774,000 for the year ended 31 December 2021, that is prompting a decrease by KHR 1,417,255,000 or 1.26%. The reason of the decrease is that the average tariff declined by KHR 48.07/m<sup>3</sup>, from KHR 1,037.77/m<sup>3</sup> to KHR 989.70/m<sup>3</sup> and monthly consumption per connection declined by 0.31m<sup>3</sup> from 26.62m<sup>3</sup> to 26.31m<sup>3</sup>. On the other hand, the number of connections increased by 10,485 from 350,463 to 360,948 connections.

#### ◆ Revenue from commercial and industrial water sales (Commerce)

Revenue from commercial water sales amounted to KHR 151,870,153,000 for the year ended of 31 December 2022 and KHR 128,582,099,000 for the year ended of 31 December 2021, that is prompting an increase by KHR 23,288,054,000 or 18.11%. The reason of the increase is that the number of connections ascended by 9,530 from 74,344 to 83,874 connections and monthly consumption per connection ascended by 0.52m<sup>3</sup> from 88.85m<sup>3</sup> to 89.37m<sup>3</sup> and the average tariff ascended by KHR 59.53/m<sup>3</sup> from KHR 1,731.92/m<sup>3</sup> to KHR 1,791.45/m<sup>3</sup>.

#### ◆ Revenue from public administrative water sales

Revenue from public administrative water sales amounted to KHR 19,671,036,000 for the year ended of 31 December 2022 and KHR 21,500,185,000 for the year ended of 31 December 2021, that is prompting a decrease KHR 1,829,149,000 or 8.51%. The reason of the decrease is that monthly consumption per connection declined by 142.69m<sup>3</sup> from 880.19m<sup>3</sup> to 737.50m<sup>3</sup> and some state institutions have not yet paid the water bill. On the other hand, the connections ascended by 90 connections from 823 to 913 connections and water tariff KHR 2,500/m<sup>3</sup>.

#### ◆ Revenue from representative and rental rooms water sales

Revenue from representative and rent rooms water sales amounted of KHR 10,317,389,000 for the year ended of 31 December 2022 and KHR 9,333,345,000 for the year ended of 31 December 2021, that is prompting an increase KHR 984,044,000 or 10.54%. The reason of the increase is that the number of customer ascended by 48 connections from 5,771 to 5,819 connections, monthly consumption per connection ascended by 20.59m<sup>3</sup> from 164.35m<sup>3</sup> to 184.94m<sup>3</sup> and the average tariff ascended by KHR 105.15/m<sup>3</sup> from KHR 700.00/m<sup>3</sup> to KHR 805.15/m<sup>3</sup>.

## A. Overview of operations (Con't)

### 3. Gross profit margin analysis

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

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

### 4. Profit before tax

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

➤ Year ended 31 December 2022 compared to year ended 31 December 2021

Description	2022 (KHR'000)	2021 (KHR'000)	CHANGES (KHR'000 / %)	
Total revenues	346,178,156	369,154,257	(22,968,101)	(6.22%)
Depreciation and amortisation charges	(59,455,074)	(55,194,412)	4,260,662	7.72%
Electricity costs	(35,218,743)	(35,791,983)	(573,240)	(1.60%)
Employee benefit expense	(70,175,422)	(63,631,237)	6,544,185	10.28%
Raw materials for water treatment	(12,140,740)	(9,541,982)	2,598,758	27.23%
Construction service expense	(16,618,024)	(22,448,213)	(5,830,189)	(25.97%)
Finance income	17,737,746	13,555,064	4,182,682	30.86%
Finance costs	(12,104,696)	(4,794,779)	7,309,917	152.46%
Profit before tax	<b>130,515,892</b>	<b>165,856,586</b>	<b>(35,340,694)</b>	<b>(21.31%)</b>

PPWSA earned profit before tax of KHR130,515,892,000 at 31 Dec 2021 and KHR 165,856,586,000 at 31 Dec 2020, representing an decrease of KHR35,340,694,000 or 21.31%. The decrease in profit before tax was primarily due to other income was decreased by KHR36,781,154,000 or 63.13% cause in FY2021 PPWSA had recognized as other income from exemption of dividend payments for the period of FY2019-2020 to the Ministry of Economy and Finance of approximately KHR36,372,177,000 although sales revenue in 2022 increased by KHR17,353,710,000 or 6.15%..

### 5. Profit for the financial year

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

## A. Overview of operations (Con't)

### 5. Profit for the financial year (con't)

➤ Year ended 31 December 2022 compared to year ended 31 December 2021

Description	2022 (KHR'000)	2021 (KHR'000)	CHANGES (KHR'000 / %)	
Profit before tax (a)	130,515,892	165,856,586	(35,340,694)	(21.31%)
Tax expense (b)	(22,330,027)	(36,582,669)	(14,252,642)	(38.96%)
Profit for the financial year	108,185,865	129,273,917	(21,088,052)	(16.31%)
Total comprehensive income for the financial year	108,185,865	129,273,917	(21,088,052)	(16.31%)
Effective tax reate (b)/(a)	17.11%	22.06%		

PPWSA earned profit for the financial year of KHR108,185,865,000 at 31 Dec 2022 and KHR 129,273,917,000 in 2021, representing an decreases of KHR21,088,052,000 or 16.31%. The decrease in profit for the financial year was due to other income was decreased by KHR36,781,154,000 or 63.13% cause in FY2021 PPWSA had recognized as other income from exemption of dividend payments for the period of FY2019-2020 to the Ministry of Economy and Finance of approximately KHR36,372,177,000 although finance income-net was decreased by KHR3,127,235,000 or 35.70% and tax expense was decreased by 38.96%.

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

The protracted situation of the war between Russia and Ukraine, as well as the uncertain state of the world economy continues to affect the progress of the global economy and in the region as well, however. PPWSA continues to operate daily and remains profitable in the fourth quarter of 2022. Continuing to maintain this profit as sales revenue continues to grow quarter-on-quarter due to the following supporting factors:

- **NRW rate:** PPWSA utilized an effective mechanism to reduce NRW to 8.50% in this quarter. Maintaining water loss rate to a minimum, it is a critical factor enabling PPWSA to ensure its financial viability and sustainable enterprise development.
- **Increase in customer base:** To generate revenues from water sales, PPWSA increased its customer base, expanding its service coverage to unserved areas by filling up its coverage with distribution networks in Phnom Penh and its surrounding areas, in particular, the economically potential zones.
- **Increase in average water tariff:** Finding new commercial and industrial customers increased PPWSA's average water tariff because the tariff for this customer category is higher than that of other customer categories.
- **Operating expenses management:** PPWSA managed these expenses, especially the electricity consumption cost which is huge and significant in the water treatment process, through the introduction of new technologies such as variable speed distribution pumps. PPWSA Managed the efficient and economical use of raw materials in water treatment.

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

## A. Overview of operations (Con't)

### 6. Analysis of factors and trends analysis affecting financial conditions and results (con't)

- **Strict practices in procurement process:** PPWSA has strictly adhered to applicable laws, regulation and other guidelines in relation to the procurement process for purchases of material and raw materials. This process is transparent and encourages market price competition, which allows PPWSA to make low cost purchases, without neglecting quality.
- **Cash management:** With the above high collection ratio 99.90%, PPWSA was capable enough to manage its cash efficiently. With this, PPWSA reserved cash as working capital for two-three months, and invested available cash in short-term fixed deposits at commercial banks with high interest rates. PPWSA also scrutinizes risks and benefits associated with the high interest rates.
- **Selection of low-rate financiers:** Due to the increasing water demand, PPWSA is in need of finance for its investment projects, such as construction of WTPs, and laying of transmission and distribution pipes. PPWSA has sought international development partners such as AFD to get the low interest rate financing.
- **Economic situation:** Although the economic situation of Cambodia in 2022 is projected to grow at a rate of 5.3% lower than forecast at the beginning of the year, the war between Russia and Ukraine continues to prolong and uncertain economic growth in China. As a result of the global economy as well as Cambodia, PPWSA's average water prices have not been significantly affected.

## B. Significant Factors Affecting Profit

### 1. Demand and supply conditions analysis

According to a study of water demand relative to population growth in Phnom Penh due to the expansion of the area around Phnom Penh, PPWSA is building a Bak Kheng water treatment plant. Phase 1 with a production capacity of 195,000 m<sup>3</sup> / day and is scheduled to start production in 2023 and is continuing to build the Bak Kheng water treatment plant Phase 2 with the same production capacity of 195,000 m<sup>3</sup> / day and Boeung Thom Water Treatment Plant with a production capacity of 5,000 m<sup>3</sup> / day to complete current and future water demand.

### 2. Variations in prices of raw materials analysis

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

### 3. Tax analysis

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

### 4. Exceptional and extraordinary items analysis

At the end of December 31, 2022, the management believes that PPWSA does not have any unusual and extraordinary elements.

## C. Material changes in sales and revenues

PPWSA's main revenues are the sales of safe water and house connection which is a basic need of Phnom Penh residents. The water sales represented about 86.58% of gross revenue on 30 September 2022. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, subject to the demography including the enlargement of Phnom Penh capital and the Takhmao city.

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

### D.1. Impact of exchange rate

The PPWSA records the accounting using the base currency, the riel, and foreign currency transactions are converted to the base currency at the exchange rates ruling at the dates of the transactions. Gains and losses arising from the settlement of such transactions, changes in assets and liabilities denominated in foreign currencies are recorded in the detailed income statement. For the third quarter of 2022, the depreciation of the riel exchange rate against the foreign exchange rate has resulted in a false loss from the exchange rate on loans. PPWSA is mostly made in riel, so PPWSA is not significantly affected by the exchange rate.

### D.2. Impact of interest rates

#### D.2.1. Impact of interest rate on interest income

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

#### D.2.2. Impact of interest rate on interest expense

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

### D.3. Impact of raw materials prices

Through PPWSA's procurement procedure in compliance with the existing laws and regulations, as well as other guidelines, the Authority has to sign contracts with material and raw material suppliers at a competitive price or negotiable price. The protracted war between Russia and Ukraine has pushed up the prices of raw materials in domestic and foreign markets due to rising fuel prices, unbalanced transportation and supply and demand. Rising prices of materials and raw materials have also affected PPWSA's investment and operating costs. However, despite the increase in the cost of materials and raw materials, the management has carefully considered the plan and the need for raw materials to ensure the timely and affordable use of public procurement laws effective.

## E. Impact of inflation

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

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

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

- **Service coverage expansion:** Further expansion of the water service coverage is restricted due to PPWSA's mission that allows water production and distribution to the public in Phnom Penh only. This restriction is stipulated in Sub-decree No. 52 ANKR.BK, dated 19 December 1996, on the Establishment of PPWSA.

## F. Economic / Fiscal / Monetary Policies of the Royal Government (Con't)

- **Enlargement of Phnom Penh area:** The Royal Government had a policy to enlarge the Phnom Penh area by integrating 20 additional communes into Phnom Penh, which expanded PPWSA service coverage.
- **Immovable property tax policy:** Ministry of Economy and Finance (MEF) has put into force PRAKAS No. 493 សហវិ.ប្រកាស, dated 19 July 2010, on Immovable Property Tax Collection. PPWSA's immovable properties are used to process the water treatment facilities, and tax-exempt according to MEF's Notification No. 006 សហវិ.អនុក្រឹត្យ, dated 18 May 2011.

## PART 9: Other Necessary Information for Investor Protection

PPWSA has been striving to produce quality and safe water for the people who use PPWSA water. In order to build more customer's confidence, In fourth quarter, PPWSA has sent water sample, which produce Chamkar Morn Water Treatment Plant, to TUY SUD PSB Pte Ltd., the independent laboratory of Singapore in order to analyze in 116 parameters as follows:

- |                              |           |
|------------------------------|-----------|
| 1. Microbiological Parameter | 1 test    |
| 2. Physical Parameter        | 6 tests   |
| 3. Chemical Parameter        | 109 tests |

As a result, clean water produced from PPWSA's Chamkar Morn water treatment plant is complied with World Health Organization (WHO) guidelines as well as standard of Drinking-Water Quality, 4th Edition 2011 as attached in the appendix IV TEST REPORT 7191297902-01-CHM22-PN.

# SIGNATURE OF DIRECTORES OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, March 15, 2023  
Read and Approved

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Signature

**Sim Sitha**

Chairman of the Board

Phnom Penh, March 15, 2023  
Read and Approved

Phnom Penh, March 15, 2023  
Read and Approved

Phnom Penh, March 15, 2023  
Read and Approved

---

Signature

**Long Naro**

Director

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Signature

**Mey Vann**

Director

---

Signature

**Nuon Pharat**

Director

Phnom Penh, March 15, 2023  
Read and Approved

Phnom Penh, March 15, 2023  
Read and Approved

Phnom Penh, March 15, 2023  
Read and Approved

---

Signature

**Ma Noravin**

Director

---

Signature

**Nam Chantry**

Director

---

Signature

**Sreng Samork**

Director

**APPENDIX I**  
**ANNUAL CORPORATE**  
**GOVERNANCE REPORT 2022**



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# ANNAUL REPORT APPENDIX

## FOR 2022

### ANNUAL CORPORATE GOVERNANCE REPORT

#### Part 1. Shareholders

##### A. Shareholders Structure (by 31 December 2022)

###### 1. Shareholder Information

Description	Nationality	Types of Shareholder	Number of Shareholders	Number of Shares	Percentage
<b>Less Than 5%</b>	Cambodian	Individual	3,140	4,691,143	5.394%
		Legal Person	7	2,612,713	3.004%
	Non-Cambodian	Individual	590	5,340,933	6.141%
		Legal Person	6	401,186	0.461%
<b>From 5% to 30%</b>	Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A
	Non-Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A
<b>From 30%</b>	Cambodian	Individual	N/A	N/A	N/A
		Legal Person	1	73,927,187	85%
	Non-Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A

###### 2. Shareholders who are directors, senior officers, and employees of the PPWSA

Shareholders	Number of Shareholders	Number of Shares	Percentage
Directors	2	20,216	0.023%
Senior officers	20	125,900	0.145%
Employees	387	718,522	0.826%
<b>Total:</b>	<b>409</b>	<b>864,638</b>	<b>0.994%</b>

## B. Shareholders' and Protection of Shareholders' Rights

### 1. Shareholders' rights

PPWSA's ordinary shareholders have been had equal rights as follow:

- The rights in receiving information disclosed by the PPWSA in compliance with the applicable Laws and Regulations.
- The rights for participating in the PPWSA's general shareholder meeting according to the instruction of participating in the general shareholder meeting.
- The voting rights in the general shareholder meeting according to the instruction of participating in the general shareholder meeting.
- The rights in receiving the dividend declared by the PPWSA according to the shareholding proportion of shareholders.
- The rights in receiving the remaining assets from the PPWSA's dissolution according to the shareholders' shareholding proportion.
- Other rights are determined by the applicable Laws and Regulations.

### 2. The rights prevention of shareholders and minority shareholders

The rights of Shareholders of PPWSA are protected by the Article of Incorporation of Phnom Penh Water Supply Authority dated June 27, 2012 and through establishing the Code of Conduct for Directors and Senior officers.

In 2022 Phnom Penh Water Supply Authority had prepared the 10<sup>th</sup> General Meeting of Shareholders at May 13, 2022. PPWSA had passed the announcement to all PPWSA's shareholder and eligible to join the meeting through the process of meeting procedure prepared by PPWSA. Moreover, all shareholders were able to vote on the subjects raised by PPWSA in the 10<sup>th</sup> GMS. In addition to this, PPWSA had distributed the dividend for the year 2021 to PPWSA's shareholders by payment was made in June 08, 2022.

### 3. The Protection of Minority Shareholders' Rights and the Practice in 2022

PPWSA has no restricted to the rights of minority shareholders by protected equally and had practiced in 2022 the same way to othe shareholders as mentioned above.

## C. General Shareholder Meeting

### 1. Procedures of General Shareholder Meeting and Voting

General Shareholder Meeting and Voting may be made in compliance with the applicable Laws and Regulations.

## C. General Shareholder Meeting (Con't)

### 2. Information of the 10<sup>th</sup> General Shareholder Meeting and voting

No.	Date	Type of Meeting	Quorums	Agendas	Resolutions
1	13 May 2022	Ordinary	138 Shareholders (76,754,680 shares)	<ol style="list-style-type: none"> <li>1. Report of the Annual Business Performance for 2021</li> <li>2. The Annual Business Plan for 2022</li> <li>3. Q &amp; A</li> <li>4. The voting program: <ul style="list-style-type: none"> <li>➢ Approval on the candidacy of Non- Executive Director representing private shareholders</li> <li>➢ Approval on the selection of Independent Director.</li> <li>➢ Approval of the dividend distribution to shareholders for 2021.</li> <li>➢ Approval of the remuneration of the Board of Directors for 2022.</li> </ul> </li> </ol>	<p><b>The voting results:</b></p> <ul style="list-style-type: none"> <li>➢ Approve on appointing <b>Mr. Nam Chantry</b> as Non-Executive Director representing private shareholders</li> <li>➢ Approve on selecting <b>Mr. Sreng Samork</b> to become Independent Director</li> <li>➢ Approve on the dividend distribution for 2021: <ul style="list-style-type: none"> <li>▪ Dividend per share: KHR 310</li> <li>▪ Record date: May 30, 2022</li> <li>▪ Payment date: June 08, 2022</li> </ul> </li> <li>➢ Approve the remuneration for the seven BOD members and one State Controller amounting to KHR 1,007,254,000 for 2022.</li> </ul>

## D. Dividend Distribution

### 1. Dividend Policy

After approving the accounting, if having profit, the Board of Directors of the PPWSA may decide to transfer money for:

1.1 Settlement of loss of the previous year;

1.2 After the settlement of loss of the previous year, if there is still any profit left, the board of Directors may use the profit for:

(a) Allocating the Management and employees as follows:

- In case the profit is from 5% to 10% of the total annual operating expenses of the PPWSA, the allocation shall be equal to one (1) month of net salary to Management and each employee.
- In case the profit is from 10% to 20% of the total annual operating expenses of the PPWSA, the allocation shall be equal to two (2) months of net salary to Management and each employee.
- In case the profit is more than 20% of the total annual operating expenses of the PPWSA, the allocation shall be equal to three (3) months of net salary to Management and each employee.

(b) 2% of retirement benefit for the professional disabilities.

(c) Creating mandatory reserve: 5%

(d) Creating voluntary reserve: 5%

(e) 5% for the social fund shall be recorded as expenses in the year of the transaction.

1.3 After the above allocation, the remaining profits shall be:

(a) Kept for investment reserve as approved by the Board of Directors.

(b) The remainder of the investment reserve shall be distributed 85% to the Ministry of Economy and Finance and 15% to shareholders who are public investors.

### 2. Historical information of dividend distribution for the last three years

No.	Detail of Dividend Distribution	2021	2020	2019
1	Announcement date of dividend distribution	May 13, 2022	March 26, 2021	June 26, 2020
2	Record date	May 30, 2022	April 21, 2021	July 02, 2020
3	Dividend payment date	June 08, 2022	June 01, 2021	July 13, 2020

## Part 2. Board of Director

### A. Board of Director

#### 1. Board Composition

No.	Name	Position	Date of being a governor	Deadline of current mandate
1	H.E. SIM Sitha *	Chairman	06 January 2023	06 January 2026
2	H.E. LONG Naro *	Member	06 January 2023	06 January 2026
3	H.E. MEY Vann *	Member	06 January 2023	06 January 2026
4	H.E. Nuon Pharat *	Member	06 January 2023	06 January 2026
5	Mr. Ma Noravin **	Member	27 February 2023	27 February 2026
6	Mr. SRENG Samork	Independent Director	13 May 2022	13 May 2025
7	Mr. NAM Chantry	Non-Executive Director Representing Private Shareholders	13 May 2022	13 May 2025

- ◆ PPWSA Secretary
  - Mr. CHOU Phalla
  - Mr. HUOT SokHeng

#### Notice :

- \* According to Anukret No. 31អនក្រឹត្យ.៧៧ dated January 06, 2023 on the appointment of the Board of Director of Phnom Penh Water Supply Authority for the 8<sup>th</sup> mandate.
- \*\* According to Article of Incorporation of Phnom Penh Water Supply Authority dated on June 27, 2012 and the minute on the result of the election of the 8<sup>th</sup> mandate employee representative of Phnom Penh Water Supply Authority dated on February 27, 2023.

#### 2. Short biography of directors

##### H.E. SIM SITHA

Khmer, Khmer nationality, His Excellency was born on August 3, 1961 and was awarded the Industrial-civil Engineering at Cambodia-Soviet Institute of Technology of Cambodia, Phnom Penh, Cambodia in 1989. He graduated of Master's degree in Business Administration from University of Management and Economics, Sihanoukville, Cambodia in 2004. Moreover, in 2004, he had successfully completed his PhD thesis in Business Management at Asia Europe University, Phnom Penh, Cambodia. His Excellency was a Deputy Chief of Sihanoukville waterworks from February 1996 and promoted to be Chairman from June 2003 to July 2012. After that His Excellency became Director General of Phnom Penh Water Supply Authority and also a member of the Board of Director, the 5th mandate from July 2012 till 2021. After retired as Director General of PPWSA in 2021, H.E. Sim Sitha was appointed as Secretary of State, Ministry of Industry Science Technology and Innovation and appointed as Chairman of the Board of Director, the 8th mandate of PPWSA from January 6, 2023 to the present.

##### H.E. MEY VANN

Khmer, Khmer nationality, His Excellency was born on October 6, 1969 and graduated with a Master of Economic Policy from the University of D'AUVERGNE, France in 1999. He graduated with a PhD in Business Economics from PRESTON University, USA in 2009. His Excellency is the Director General of the General Department of Financial Industry at the Ministry of Economy and Finance. His Excellency Mey Van is a member of the Board of Directors of the 5th Mandate of Phnom Penh Water Supply Authority from February 24, 2014 to the present.

## A. Board of Director (Con't)

### 2. Short biography of directors (Con't)

#### **H.E. LONG NARO**

Khmer, Khmer nationality, His Excellency was born on February 24, 1966. From 1984 to 1988 He was studied at Engineering School for Plan and Construction “ Georgi Dimitroff ” Glauchau (East Germany) and received Mechanical Engineer certificate. In 2004 he was graduated with Master degree of Business administration from the Charles Sturt University (Australia University). H.E LONG NARO, started working at PPWSA in 1989 and was promoted as the Director of Technical Production and Distribution Department in 1997. From 2002 to 2006 was promoted as Deputy Director in charge of Controlling and Managing the Chroy Changva and Niroth water treatment plant construction. From 2012 to August 12 , 2021 was a Deputy director general in charge of Sanitation and Branch, and from August 12 to the present is Director General of PPWSA.

#### **H.E. NUON PHARAT**

Khmer, Khmer nationality, His Excellency was born on January 1, 1980 and graduated with Bachelor of Laws in Public and Private Sector in 2001 at the Royal University of Law and Economics. At Jean Moulin Lyon3, he graduated with a Master Degree in Judicial and Criminal Science and a Bachelor of Laws in 2003. From 2003 to 2005, he was the Assistant Director at the Royal School of Judges. From 2005 to 2006, he was the officer in charge of International Relations at the Royal Academy of Judicial Professions. From 2006 to 2008, he was a professor of law at three universities. From 2008 to 2015, he was the Chief Legal Officer of the Office of the Investigating Judge at the Extraordinary Chambers in the Courts of Cambodia. From 2007 to present, he is a member of the Council of Jurists at the Office of the Council of Ministers. From 17/06/2017 to the present, His Excellency is the Deputy Governor of Phnom Penh Municipality. H.E. Nuon Pharat is the member of the Board of Directors of the 6th Mandate of Phnom Penh Water Supply Authority from August 18, 2017 to the present.

#### **Mr. MA NORAVIN**

Khmer, Khmer nationality, born on June 15, 1973. In 1996, he graduated with a bachelor's degree in hydrology from the Institute of Technology of Cambodia. Then in 2008 he received a master's degree in Socio-Environmental Engineering in Japan. He joined the PPWSA. In 1997, he was appointed Director of the Office of Project Studies in 2003. In 2008, he was appointed Deputy Director of the Department of Production and Water Supply, and from 2012 to the present, he is the Director of the Department of Production and Water Supply. He became a member of the Board of Directors of the 7th mandate of PPWSA. From February 24, 2020 to the present.

#### **Mr. SRENG SAMORK**

Khmer, Khmer Nationality, born on March 13, 1962 earned a degree in Bachelor of Science, Electrical Engineering (BSEE) from California State of University of Long Beach (USA) in 1988 and Master of International Business Administration (MIBA) from West Coast University (USA) in 1994. From May 13, 2022 onwards, he has been elected as Independent Director for PPWSA's Board of Directors.

#### **Mr. NAM CHANNTRY**

Khmer, Khmer Nationality, born on July 17, 1986 earned a degree in Bachelor of Business Administration in Accounting and Finance from Build Bright University in 2009 and Master of Business Administration specialized in Financial Management from Royal University of Law and Economics in 2013. From May 13, 2022 onwards, he has been elected as Non-Executive Director Representing Private Shareholders for PPWSA's Board of Directors.

## A. Board of Director (Con't)

### 3. If Any Director is Director, Shareholders or Co-owner of Other Company

PPWSA does not have any director is director, shareholders or co-owner of other company.

### 4. Board Roles, Duties, and Responsibilities and Performance

- ✓ Define enterprise development projects in accordance with the guidelines set by the Royal Government according to the request of the Director General
- ✓ Define annual budgets and investment programs, as well as reserve financing for investment programs. Approve accounting statements (financial statements and detailed results report)
- ✓ Define the organizational structure, number of frameworks, division of general functions and salaries of employees at the request of the Director General
- ✓ Allow to open or decide to close the activities of the agency or representative office
- ✓ Allow the purchase of all types of real estate in accordance with Prakas No. 997 MEFORT dated 25 December 1997 on procurement management in public enterprises
- ✓ Select the account commissioner and determine the bonus to the account commissioner
- ✓ Decide on other contracts or treaties
- ✓ Regularly review the objectives set for the enterprise and take corrective
- ✓ measures on requests for amendments to the statute.

### 5. Board Meetings

N.	Date	Type of Meetings	Name of Director
1	21/01/2022	Extraordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ H.E NOUN Pharat</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. ZHANG Yun Feng</li> <li>▪ MR. OM Sengbora</li> <li>▪ H.E NETH Mony State Controller attached to PPWSA</li> </ul>
2	18/03/2022	Ordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ H.E NOUN Pharat</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. NAM Chantry</li> <li>▪ MR. OM Sengbora</li> <li>▪ H.E NETH Mony State Controller attached to PPWSA</li> </ul>
3	30/03/2022	Extraordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ H.E NOUN Pharat</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. ZHANG Yun Feng</li> <li>▪ MR. OM Sengbora</li> <li>▪ H.E NETH Mony State Controller attached to PPWSA</li> </ul>

N.	Date	Type of Meetings	Name of Director
4	24/06/2022	Ordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. NAM Chantry</li> <li>▪ MR. SRENG Samork</li> <li>▪ H.E NETH Mony</li> </ul> State Controller attached to PPWSA
5	23/09/2022	Ordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ H.E NOUN Pharat</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. NAM Chantry</li> <li>▪ MR. SRENG Samork</li> <li>▪ H.E NETH Mony</li> </ul> State Controller attached to PPWSA
6	23/12/2022	Ordinary	<ul style="list-style-type: none"> <li>▪ H.E OUM Sotha</li> <li>▪ H.E MEY Vann</li> <li>▪ H.E LONG Naro</li> <li>▪ H.E NOUN Pharat</li> <li>▪ MR. MA Noravin</li> <li>▪ MR. NAM Chantry</li> <li>▪ MR. SRENG Samork</li> <li>▪ H.E NETH Mony</li> </ul> State Controller attached to PPWSA

## B. Board Committees

### 1. Board Committee Structure

#### 1.1. Audit Committee

No	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Mr. Sreng Samork *	Member of the BoD - Independent Director	08 July 2022	2	2
2	H.E. Mey Vann	Member of the BoD	08 July 2022	1	
3	Mr. Nam Chantry *	Member of the BoD	08 July 2022	2	
4	H.E. Neth Mony	State Controller of PPWSA	08 July 2022	2	
5	Mr. Ma Noravin	Member of the BoD	08 July 2022	2	

Notice:

- \* According to Decision No. 003 ព្រឹ.ប្រ.ក/ស.ស.វ dated July 08, 2023 on the revision of members of Audit Committee for the 7<sup>th</sup> mandate.



## B. Board Committees (Con't)

### 1. Board Committee Structure (Con't)

#### 1.1. Audit Committee (Con't)

##### Roles and Responsibilities of Audit Committee

- Review financial reports
- Review the internal control
- Review of internal audit
- Review the external audit
- Checking risk management in case there is no risk management committee
- Report and advice the Board of Directors
- Implement other tasks assigned by the Board of Director.

##### Results of Audit Committee Performance

- Recommended internal audit to find the training course related to the audit field in order to gain knowledge and develop capacity in accordance with the new context that being happened to PPWSA to detect, identify and prevent the risks.
- Recommended internal audit to develop and prepare Audit Manual, Audit Framework, and Audit Charter to facilitate and implement for internal auditors and keep them for future uses.
- Discussion and approval on the internal audit annual activities plan 2023 (for 2022). Audit Committee request to prepare the main power plan and Training and Capacity Development Plan for 2023.
- Approved on the expenditure plan of inspection and audit fee for independent audit company and the Term of Reference. Audit Committee also approved on the selection an independent audit company for every 2 year and request for board on reviewing and recommendation on the above matters.
- Approved on the internal audit results and request for revision base on discussion. Audit committee request for re-sending the Strategic 3 years plans and Annual plan for 2023.
- Dussion and approval on the selection of an independent auditor company for 1 year on the audit sevice and PPWSA's financial statement reviews for 2023, and request on the every two year from 2024 onwards.
- Discussion and approval on an independent audit company qualification and responsed on the term of reference of bidding documents by selection of audit sevice fee and PPWSA's financial statement reviews for 2023.
- Recommended internal audit to prepare on the evaluation of audit results to determine of impacts and risks and to provide rating such as A, B, C and D of the deparments/units that have been audited in accordance with annual plan.

## B. Board Committees (Con't)

### 1. Board Committee Structure (Con't)

#### 1.2. Nomination and Remuneration Committee

No	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	H.E. Oum Sotha	Chairman	09 July 2021	3	3
2	H.E. Mey Vann	Member of the BoD	09 July 2021	3	
3	H.E Nuon Pharat	Member of the BoD	09 July 2021	2	
4	Director General of PPWSA	Member of the BoD	09 July 2021	3	
5	Company Secretary	Secretary	09 July 2021	3	

#### Roles and Responsibilities of Nomination and Remuneration Committee

- Review and recommend the qualifications and procedures for the appointment of directors and senior officers.
- Evaluate the qualifications of director and senior officer candidates and propose to the board of directors.
- Review and update the mechanism, and assess the performance of the Board of directors, individual directors, and Board committees at least 1 (one) per year.
- Develop procedures for reviewing and recommending the remuneration for director and senior officers.
- Carry out any other task assigned by the board of directors.

#### Results of Nomination and Remuneration Committee Performance

- On 21 January 2022, the Committee convened a meeting to discuss a request for nomination of 7 senior staff, one company secretariat and 2 disclosure officers
- On 18 March 2022, the committee convened a meeting to accept the request for approval on the candidacies of Independent Director and Non-Executive Director Representing Private Shareholders to be submitted to the Board for the election at the General Meeting of Shareholders.
- On 24 June 2022, the committee convened a meeting to review on the request for the mandate extension for the Head of Internal Audit.

#### 2. Changes of Committee Member

Committees	Name	Reasons
Audit Committee	1. Mr. Sreng Samork	1. Mr. Sreng Samork was appointed as the Independent Director to replace Mr. Om Sengbora who had been expied from his mandate.
	2. Mr. Nam Chantry	2. Mr. Nam Chantry was appointed as the Non-executive Director Representing Private Shareholders to replace Mr. Zhang Yunfeng who had been expied from his mandate.

## C. Remuneration or Compensation

### Remuneration and Compensation Receivers

N.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount	Other
1	Directors	KHR 116,425,096	
2	Executive Directors	KHR 52,603,265	
3	Senior Officers	KHR 299,518,433	
4	Top 5 Employees receiving Remuneration and Compensation Receivers	KHR 98,8487,886	

## D. Annual Performance Evaluation of Board of Directors, Directors

In 2022, PPWSA does not performance evaluation of board of directors, directors

## E. Training for Directors and Senior Officers

No.	Name	Subjects	Date	Location
In-Country Training: Senior Officer 19 Participate (3 Females)				
1	Mr. Deng Polyden	Workshop on the Impact of Sustainable Capital Market Development in ASEAN for the Development of Sustainable Bond Market in Cambodia	July 21 – 23, 2022	Siem Reap
2	Mr. Sok Nareth	ACCA(The Association of Chartered Certified Accounting)	Start Form July 2022 (4 Years Study)	CamEd
3	Mr. Sok Nareth	Procurement and Management - Contract Execution	September 14 – 17, 2022	Sihanoukville
4	Mr. Huot Sokheng Mr. Som Sovann	Microsoft Project	Start Form November 24, 2022	PPWSA
5	Mr. Huot Sokheng Mr. Savuth Vathana Mr. Heng Sophannarath Mrs. Seng Keadara Mr. Chhim Sereyvuth Mr. Som Sovann Mrs. Sim Voleka Mrs. Prak Chanmakara Mr. Kem kanvicheth Mr. Ou Kunavath Mr. Tuy Bunsereyrith Mr. Kaing Sorphyna Mr. Ros Borin Mr. Meas Kosal	General English	Start From November 21,2022	ELT
Overseas Training: Senior Officer 05 participate (1 Female)				
1	Mrs. Roeun Nary	Improving Employee Productivity in the Digital Workplace	February 23 - 25, 2022	(Online) Thailand
2	Mr. Ou Kunavath Mr. Sok Nareth	Governance mitigation and Public Accountability	February 23 - 25, 2022	(Online) Indonesia
3	Mr. Huot Sokheng	Detailed Implementation Analyse slow motion using SPSS	June 25 – July 08, 2022	(Online) America

No.	Name	Subjects	Date	Location
4	H.E. Long Naro	“Leading change and digital transformation in water and sanitation utilities”	December 02 – 09, 2022	France
Visits and Forums: There are 36 Participants (4 Females)				
1	H.E. Long Naro	Participate in international Conference on World Water-Tech Innovation Summit (WWTIS)	February 19 - 25, 2022	England
2	H.E. Long Naro	Invited to Participates in 2 Programs 1. Technical Level meeting on “Strengthening the riverbanks condition of BAK KHENG Water Treatment Plant 2- Visit and Inspect test (FAT) on Electrical Panel at DESYA plant	April 23 – June 01, 2022	France
3	Mr. Ou Kunavath	Participate in inspection and testing of some materials (Steel pipe for intake, Steel pipe for sand filter/Treated Water pump in Station/Steel Walk away son clarifier)	April 25 – 28, 2022	Vietnam
4	H.E. Long Naro Mr. Deng Polyden Mr. Kaing Sorphyna Mr. Ou Kunavath	Participate in inspection the testing of steel pipe and pipe fittings	September 06 – 21, 2022	France
5	H.E. Long Naro Mr. Pheng Ty	Meeting and Study visit on water distribution system Management process using intelligent technology (Smart water management system)	September 05 – 30, 2022	Republic of korea
6	Mr. Ma Noravin Mr. Chou Phalla	Participate as a speaker on “Borneo International Water and Wastewater Exhibition and conference 2022	November 16 - 22, 2022	Malaysia
7	H.E. Long Naro Mr. Pheng Ty Mr. Sok Nareth Mr. Som Sovann	Study Visit on PRV onsite training Program	November 05 - 09, 2022	Vietnam
8	Mr. Samreth Sovithiea	Participant in discussion of Water management in Forums Plant Show OSAKA 2022 by UNIDO	December 02 – 10, 2022	Japan
9	Mr. Pheng Ty Mr. Huot Sokheng	Participant in “ASIAWATER 2022”.	December 07 – 09, 2022	Malaysia

## Part3. Code of Business Conducts Practices

### A. Code of Business Conducts Practices for Director and Senior Officers Policies

#### Implementation of the Laws and Regulations

Directors and senior officers shall implement and ensure that the PPWSA complies with the applicable Laws and Regulations while performing their roles and responsibilities. Suppose the director or senior officer has known the reliable information relating to the breach of the applicable Laws and Regulations by the PPWSA, directors, senior officers, or employees; in that case, they shall inform the Director General, Chairman of the board of directors, head of the Audit Committee, or the Internal Auditor.

#### Conflict of interest

Adding to articles 134, 135, 136, and 138 of the Law on Commercial Enterprises, directors and senior officers shall avoid any conflict-of-interest acts with the PPWSA.

A conflict of interest, in general, arises when the interest of directors or senior officers or their family members are directly related to or may severely affect to:

- (a) the PPWSA's interest or business.
- (b) the abilities of other directors or senior officers in performing their roles and responsibilities.

Directors and senior officers shall disclose to the PPWSA board of directors and publicly disclose transactions or relations that are led to the conflict of interest with the PPWSA, as determined by the Securities and Exchange Regulator of Cambodia (SERC) or the Cambodia Securities Exchange (CSX).

Directors and senior officers shall inform PPWSA or request to disclose their interests in writing in the minute of meeting of the board of directors, in case of:

- (a) A director or senior officer is a contractual party or those who request to entering into a contract with the PPWSA; or
- (b) A director or senior officer has significant interest with individual or legal persons who are the contractual party or party who requests entering into a contract with the PPWSA.

According to the applicable Laws and Regulations, the Independent Director shall not have any interest in the PPWSA affected to the independence and shall not hold more than 1% of the PPWSA's total share.

#### Business opportunity

During the performance and responsibility, directors and senior officers shall concentrate on the PPWSA interest. Directors and senior officers shall avoid:

- (a) working for the personal interest while performing in the role and responsibilities as the director or senior officer of the PPWSA.
- (b) using PPWSA's assets and information or the position and role as the director or senior officer of the PPWSA for the personal interest.
- (c) competing with the PPWSA.

## Part3. Code of Business Conducts Practices (Con't)

### A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

The board of directors will determine the non-compliant acts, considering the facts and the circumstances related to those acts.

#### Equal relations

While performing their roles and responsibilities, directors and senior officers shall have equality between customers, suppliers, competitors, contractors, and employees of the PPWSA.

Directors and senior officers shall not take advantage of anybody dishonestly by playing a trick, concealing or misrepresenting important information, misrepresenting events, or acting dishonestly in the business.

The use of information about the rights, the confidential information of the PPWSA, or persuading both former and current directors, senior officers, and employees of the PPWSA to leak such information are prohibited.

Directors and senior officers shall perform their roles and responsibilities in good faith and for the PPWSA and shareholders' interests. Directors and senior officers shall not take advantage of their positions as directors or senior officers and shall not receive any gifts from third parties for the director and senior officer position.

#### The protection and the use of PPWSA's assets

While performing their roles and responsibilities, directors and senior officers shall promote the control and proper use of PPWSA's assets, tangible and intangible assets.

PPWSA's assets are information, material, equipment, intellectual property, tool, resource, IT system, and other assets which the PPWSA owns or the leased assets or assets hold by the PPWSA are used for the PPWSA's legal business.

#### The accounting complaint

The PPWSA Audit Committee or the Internal Auditor shall be responsible for establishing the appropriate procedures for receiving and maintaining the complaints and reviewing the complaints related to the accounting, internal accounting control, or other issues in connection with the audit.

Directors or senior officers can file the complaint on the above issues to the PPWSA Audit Committee or the Internal Auditor. The request for the confidential review may be made in compliance with the applicable Laws and Regulations.

#### The encouragement to report immoral or illegal acts

Directors and senior officers shall promote the PPWSA to adhere to the Code of Conduct and encourage employees to report the evidence of immoral or illegal acts to the department or competent officials of the PPWSA.

#### Insider trading

Directors and senior officers shall perform and adhere to the applicable Laws and Regulations and the bylaw and policy of trading PPWSA's shares.

## Part3. Code of Business Conducts Practices (Con't)

### A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

#### Confidentiality

Directors and senior officers shall keep the PPWSA's confidential information that they know unless the PPWSA allows disclosing or is required by the applicable Laws and Regulations, the competent authority, or the competent court in the Kingdom of Cambodia.

The term "confidential information" consists of the non-public information that may be used by competitors or non-public information that affect the PPWSA or its customers if that information is disclosed.

Directors or senior officers shall discuss with the Director General or Chairman of the board of directors before disclosing that confidential information as per the Laws and Regulations.

#### Disclosure

Director and senior officers must clearly understand the procedures and review the PPWSA disclosure to do the press release, report, and disclosure document for filing to the regulators included the SERC, in compliance with the applicable Laws and Regulations, the guideline of the SERC, and the CSX.

On the other hand, the scope of roles and responsibilities of directors and senior officers, who have the power of directing or managing to file documents to SERC and/or the CSX or other public disclosure associated with the general business, the results, terms, and financial performance, shall discuss with directors, senior officers, and the relevant employees; and take the appropriate action for the procedure and the review of disclosure to ensure that the disclosures have been entirely, clearly, appropriately, timely and understandable.

In the scope of the procedure and the review of disclosing, the director and the senior officer:

- shall clearly understand the PPWSA disclosure requirements, the business and financial operation of the PPWSA.
- shall not do the false statement or misrepresentation, regarding the PPWSA information, to others whether they are inside or outside the PPWSA, including the Independent Auditor, government's regulator, or other institutions.

#### Amendment and exemption

This Code of Conduct may be amended or exempted for not performing by the PPWSA board of directors regarding disclosure requirements and the applicable Laws and Regulations. In the general rule, the board of directors will not provide any exemption for not performing this Code of Conduct if there is no appropriate and necessary reason.

Directors and senior officers shall adhere to the content of this Code of Conduct. Directors and senior officers must understand this Code of Conduct and seek explanation and additional advice regarding the interpretation of this Code of Conduct when there is an event that may be conflicted with this Code of Conduct.

The board of directors shall take the appropriate action in the case of violating this Code of Conduct.

Directors and senior officers can directly ask the Director General in relating to the performance or interpretation of this Code of Conduct.



## Part3. Code of Business Conducts Practices (Con't)

### A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

#### Effect

The PPWSA board of directors approved this Code of Conduct on February 15th, 2012, and it is effective since the PPWSA has received approval from the SERC on public offering and listed on the CSX.

### B. Publishing of Code of Business Conducts Practices to director and senior staff and employees

The PPWSA board of directors approved this Code of Conduct and published attach with PPWSA Annual Report in order to share to directors, senior staffs and employee's shareholder as well as public to find in detail.

### C.Mechanisms and Procedures to Assess Code of Business Conducts Practices

None

### D. Related Parties Transactions

#### 1. Listed securities policy for transaction management with stakeholders

No	Related Parties	Policies
1	Holding Company	None
2	Mixed Investment Agreement	None
3	Subsidiaries	None
4	Excessive and overwhelming majority of shareholders holding the right to vote	None
5	Director and members of the director's own family	None
6	Employees and family members of employees	None
7	Others	None

## Part 4. Risk Management, Internal Control and Auditing

### A. Brief Risk Management System or Risk Management Policies

1. Determining of the diameter of the inner valve of pipe for calculating of amount of water to clean the end of pipe were not implementation as in the catalog's specification. The office in-charge revised it accordingly.
2. Formulation of crack size calculation in Square Centimeters (Cm<sup>2</sup>), the office in-charge was in Millimeters (mm) which not implemented to the Reduce Water Loss's SOPs. The office in-charge revised the calculation in accordance with the SOPs accordingly.
3. Inventory management is not effectiveness due to some item of inventories is immobile and slow motion. Accounting office explained the reason: minimal needs, self-purchasing, and request for all the relevant departments/units cooperate with in order to check the detail inventories before planning or purchasing.
4. Letter of guarantee on the contract is shorter than the receipt-delivery of the actual goods which not implemented through the article 7. Procurement Unit strengthened the checking and monitoring.

### B. Brief Internal Control System

Internal Control is the process by Board of Director, Audit Committee, Internal Audit, External Audit, Managers, and staffs. Its purpose in order to ensure the efficiency, accuracy of operations and reliability on reporting, compliance with applicable law and regulations, and assets safeguard as well as the proper governance of the enterprise. In order to be successful of internal control should be included: Management environment, Risk assessment, Control activities, Information and communication, and monitoring activities.

Base on the 2021 plan on compliance and operation for the year 2021 with approval of the chairman of the Audit committee, date 10 September 2021 in which:

- |                                                                   |                  |
|-------------------------------------------------------------------|------------------|
| 1. Production and Supply Department                               | (First Quarter)  |
| 2. Water and Sanitation Service Subsidiary                        | (Second Quarter) |
| 3. Information Technology Center and Accounting and Finance Dept. | (Third Quarter)  |
| 4. Procurement Unit                                               | (Fourth Quarter) |

### C. Auditing

#### 1- Internal Audit

##### 1.1- Roles and Responsibilities of Internal Auditors

- Prepare strategic internal audit plan and annual internal audit plan to be approval by the Audit Committee and sent to the National Audit Authority, and Internal Audit General Department of Ministry of Economy and Finance.
- Review all the procedures and policies as well as the applicable specification for recommendations.
- Define the appropriateness, adequacy and better inputs to the internal control system and the operations of PPWSA
- Review the confidentiality of compliance and operation by department/unit as well as the methods to identify measure, classify and report all the information.

## C. Auditing (Con't)

### 1- Internal Audit

#### 1.1- Roles and Responsibilities of Internal Auditors

- Review the quarterly and annual audit and ask the relevant unit for recommendations to be submitted to the Audit Committee, the Board, the National Audit Authority, and Internal Audit General Department of Ministry of Economy and Finance, or relevant ministries.
- Review the current system to ensure consistency with the laws and regulations in term of operations and reports.
- Re-assess the management, maintenance, protection and verification of the assets, and evaluate the resources savings and efficiency, as well as improve the performance and give recommendations.
- Conduct a study and analysis on risks and seek recommendations from the Audit Committee and the Board.
- Prepare the expenditure plan for audit service and review of financial Statements.
- Facilitation of audit work with National Audit Authority to be in term of workload and reducing duplication.
- Implement other tasks assigned by the management.

#### 1.2- New Appointment and Removal/Resignation of head and/or Deputy of Internal Auditors

There is no such transaction.

#### 1.3- Appointment of head and/or Deputy of Internal Auditors

There is no such transaction

### 2- External Auditors

N.	Name of Audit Firms	Agreement Date	Auditing Fees		Non-audit Fees
			KHR	USD	
1	BAKER TILLY (CAMBODIA) CO.,ITD	May 5, 2022	215,000,000		

The reasons for the change, suspension and termination of the audit service provider in the securities sector are non-existent.

## Part 5. Stakeholders

### A. Identify Policies and Activities Related to the Following:

No	Contents	Policies	Actions
1	Customer Welfare	<ul style="list-style-type: none"> <li>- Provide services and provide clean water to customers, guaranteed by national and world standards</li> </ul>	<p>In 2022, Commercial Department had provided customer service in Phnom Penh, Takmao, and Thbong Khmom approximately 23,800 connections.</p> <ul style="list-style-type: none"> <li>- Providing water connection service for low-income customer of 1,447 connections as follow: <ul style="list-style-type: none"> <li>• Subsidy 30%      228 connections</li> <li>• Subsidy 50%      705 connections</li> <li>• Subsidy 70%      296 connections</li> <li>• Subsidy 100%    218 connections</li> </ul> </li> <li>- Number of customers increased by 451,554 customers (active) as of December 31, 2023.</li> <li>- Quality Gurrentee for providing customer totally clean and Internationally Recognized.</li> <li>- PPWSA had accepted the requests from customers : <ul style="list-style-type: none"> <li>• Directly on desk and by hotline had 3,313 cases had been solved for customers.</li> <li>• From official Facebook Page had 4,034 cases had been solved for customers.</li> </ul> </li> </ul>
2	Suppliers and Subcontractors Selection	<ul style="list-style-type: none"> <li>- Comply with procurement procedures (Public Procurement Law of the Kingdom of Cambodia)</li> </ul>	<ul style="list-style-type: none"> <li>- Request the approval from Ministry of Economy and Finance on procurement planning</li> <li>- Step of bidding process</li> <li>- Announced, sold and open bidding document</li> <li>- Evaluated to bidding requisitions</li> <li>- Management contract and practice</li> </ul>
3	Management and Protection of Employees	<ul style="list-style-type: none"> <li>- Staff and Enterprise Statute</li> <li>- Employment contract</li> <li>- Internal regulations</li> <li>- Discipline</li> </ul>	<p>Practiced accordingly to PPWSA's - Staff and Enterprise Statute as follow:</p> <ol style="list-style-type: none"> <li>1. proving salary and wage functionally according to staff's job description and their responsibility, and salary were paid twice a month.</li> </ol>

## A. Identify Policies and Activities Related to the Following (Con't)

No	Contents	Policies	Actions
3	Management and Protection of Employees	<ul style="list-style-type: none"> <li>- Staff and Enterprise Statute</li> <li>- Employment contract</li> <li>- Internal regulations</li> <li>- Discipline</li> </ul>	<ol style="list-style-type: none"> <li>2. monthly additional paid for bonus function, Overtime payment, seniority payment, annual premium payment, and so on.</li> <li>3. Uniform and Security ware and suits for all labors were provided annually.</li> <li>4. Working security guaranteed to staff by paid for National Social Security Fund (NSSF) the employment Injury scheme, health insurance scheme and pension scheme</li> </ol> <p>Arrange working contract with:</p> <ul style="list-style-type: none"> <li>• Staff in contract</li> <li>• Training staff</li> <li>• Official PPWSA staff</li> </ul> <p>Every staffs were all obey to PPWSA's Internal regulations and Discipline as follow:</p> <ul style="list-style-type: none"> <li>• Working hour from 8:00 AM to 4:30 PM</li> <li>• Uniform were divided into 4 type</li> <li>• Hierarchy managed and working practice</li> </ul>
4	Environment Protection	- In accordance with the policy of the Royal Government, especially the Ministry of Environment on environmental considerations and protection	<p>The practice of the project expansions of production system and the main transmission networks was firstly started from prepared the report of Social and Environmental side effects in order to request for approval from Ministry of Environment.</p> <p>After approved and processed the project, PPWSA had checked every semester to side effects to environment and reported as document to the lender and Ministry of Environment.</p>
5	Community Interaction	- Expand the service area to the community according to the actual possibilities	PPWSA had expanded the service area to other 8 villages in community area
6	Creditors' Rights Protection	- Guaranteed by the Royal Government	Letter of legal guaranteed number 2502 MOJ.IRDP/19 published by Ministry of Justice dated December 19, 2019 on Bakheng water treatment plants project.
7	Anti-Corruption Program	- Carry out business with customers in a transparent manner	<ul style="list-style-type: none"> <li>- Providing the service to customers equally with Non-caste, No Discrimination or Partisanship</li> <li>- Every senior officer has to Declare of assets in every 2 years.</li> </ul>

## B. Describe the Corporate Social Responsibilities of PPWSA

No	Beneficiaries	Amount	Purposes of CSR
1	communities and Low-income resident	KHR 309,407,400	In 2022 implemented the subsidy policy for 1,447 connections by the PPWSA budget.

## Part 6. Disclosure and Transparency

### A. Identify the Following Information in the Annual Report:

No	Information	Yes/No
1	Visions/ Missions/ Objectives	Yes
2	Financial Indicator	Yes
3	Non-financial Indicator	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
6	Biography of Directors	Yes
7	Training for Directors	Yes
8	Number of Board Meeting	Yes
9	Attendance of Directors in Board Meetings	Yes
10	Remuneration or Compensation for Directors and Senior Officers	Yes

### B. The mechanism of disclosure including means, procedures, and responsible person in charge of disclosure

**Mr. Deng Polyden**, Deputy Director General in charge of Finance, and **Mr. Chou Phalla**, Company secretary, were the Disclosure Officer, having the assistance of the Securities Exchange and Investor Relations Office of Accounting and Finance Department to disclose the PPWSA information to the public.

The quarterly and annual reports are drafted by of the Securities Exchange and Investor Relations Office to requested for approval of the board of directors and followed by submitting these reports to the Securities and Exchange Regulator of Cambodia (SERC) in order to disclose to the public, after reviewing by the Deputy Director and Director of Accounting and Finance Department and approving by the Disclosure Officer. After approved by the SERC, the Securities Exchange and Investor Relations Office shall send these reports the Commercial Department to publicly disclose the PPWSA website.

The Securities Exchange and Investor Relations Office shall submit the special disclosure and requested disclosure, reviewed by the Deputy Director and Director of Accounting and Finance Department, the Disclosure Officer, and approved by the PPWSA Director General, to the SERC. After the approved by the SERC on the submitted disclosure, the Securities Exchange and Investor Relations Office shall send these reports to the Commercial Department to publicly disclose on the PPWSA's website.

Regarding timely disclosure and voluntary disclosure, the Securities Exchange and Investor Relations Office shall submit these disclosures to the CSX through the CSX electronic disclosure system, after reviewing by the Deputy Director and Director of Accounting and Finance Department and approving by the Disclosure Office. After the approval of CSX on the submitted disclosure, the Securities Exchange and Investor Relations Office shall send these reports to the Commercial Department to publicly disclose on the PPWSA's website.

## C. Investor Relations

### 1. Mechanism and procedures for the Investor Relations

The PPWSA communicated with investors through the Transfer and Paying Agent of the PPWSA to inform the annual dividend distribution and the general shareholder meeting. The Investor who wishes to understand the PPWSA shall directly request the PPWSA or through their securities firms to conduct the meeting as per investors' request.

Besides the above mechanisms, investors could directly contact the Disclosure Officer and the Securities Exchange and Investor Relations Office as follows:

- The Disclosure Officer: Dpolyden@ppwsa.com.kh or  
cphalla@ppwsa.com.kh; or
- The Securities Exchange and investor Relations Office: Ksokuntheary@ppwsa.com.kh or  
ir@ppwsa.com.kh

### 2. Investor relations in 2022

In 2022, the PPWSA contacted its investors through ACLEDA Bank, Plc. to inform the dividend distribution for 2021 and the 10<sup>th</sup> general shareholder meeting.



# **APPENDIX II**

## **Internal Audit Report**

### **On Compliance and Operation Monitoring**

**In 2022**



# KINGDOM OF CAMBODIA

NATION RELIGION KING

## AUDIT COMMITTEE INTERNAL AUDIT

No .....

### Internal Audit Report On compliance and Operation Monitoring In 2022 (For the year 2021)

Internal control is the most important factor that helps the PPWSA to carry out its daily work successfully and achieve the goal of clean water's supplying to customers.

In 2021 PPWSA has a total of 1,219 employees (206 Females) which is categorized as follows :

- 02 Governments Officials Director General and Deputy Director General in Charge of Finance.
- Permanent Employees 1,133 Employees (196 Females)
- Probation Employees 16 Employees (03 Females)
- Contractual Employees 68 Employees (07 Females)

Base on the 2022 plan on compliance and operation for the year 2021 with approval of the chairman of the Audit committee, date 10 September 2021 in which:

1. Production and Supply Department (First Quarter)
  - ✚ Referred to the Decision Letter No 001 Krbr. P/SSR. KT Date on 01 February 2022 on the nomination of senior staff (12<sup>th</sup> ordinary meeting of Board of Directors) by divided 2 Departments (Production Management Department and Water Supply Network Management Department).
2. Water and Sanitation Service Subsidiary (Second Quarter)
3. Information Technology Center and Accounting and Finance Department (Third Quarter)
4. Procurement Unit (Fourth Quarter)

#### A. Implementation of previous audit recommendations

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
<b>I. Water Supply Network Management (Year 2019)</b>			
<b>1. The leakage repairing report without starting and ending points</b> In 2019, Water Loss Detection Office repaired the leakage with 1,974 places. Base on the auditor's reviewed, the leakage repairing report had 1,132 equal 57.34% without recording the starting and ending time : <ol style="list-style-type: none"> <li>1. By third party 236 Places</li> <li>2. By materials 875 Places</li> <li>3. By technical 21 Places</li> </ol>	Fully implemented		

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
<p>The Office in-charge need to completely records the data on receiving information, duration of leakage and time of starting and ending.</p>			
<p><b>2. Inaccuracy of selection water pressure for Water Loss calculation</b></p> <p>In 2019, Distribution Maintenance Office modified the distribution system with 1,148 places included caused :</p> <ol style="list-style-type: none"> <li>1. Pipe Modifying by third party for infrastructure development 1,014 Places <ul style="list-style-type: none"> <li>- Transmission Pipe 04 Places</li> <li>- Distribution Pipe 188 Places</li> <li>- House connection Pipe 822 Places</li> </ul> </li> <li>2. Modifying the Distribution system 134 Places <ul style="list-style-type: none"> <li>- Distribution Pipe 102 Places</li> <li>- House connection Pipe 32 Places</li> </ul> </li> </ol> <p>After reviewed, the report of Distribution’s maintenance office which recorded the water pressure is invariable in each location.</p> <p>The Office in-charge must carefully record the pressure according to actual situation in order to calculate the Water Loss in accuracy.</p>	Fully implemented		
<p><b>3. Some Relocation was not cleared regarding to drawing and amount of consumption materials</b></p> <p>Distribution and Maintenance Office, in 2019, there had 29 Projects. After auditor’s reviewing, in the daily working reports was not cleared the amount of consumption materials and drawing as :</p> <ol style="list-style-type: none"> <li>1. No recording the consumption materials 11 Projects amount to 37%</li> <li>2. The drawing didn’t clear with the actual work 12 Projects amount to 41%.</li> </ol> <p>The Office in-charge need to verify the amount of consumption materials with the Layout and properly update the Layout.</p>	Fully implemented		
<p><b>4. The request payment of pipe relocation pipe without Freelance signature</b></p> <p>Distribution and Maintenance Office there has 02 groups and 02 excavators. The Modifying and Laying pipe, in 2019, there had 29 projects of 100% without freelancer’s signature on the receipt payment only the chef office and chief of group which attachment with the request payment :</p> <ol style="list-style-type: none"> <li>1. The cost of Labor by hand</li> <li>2. The cost of Labor by excavator</li> <li>3. The cost of chief of Labor</li> <li>4. The cost of employee (Freelance)</li> </ol>	Fully implemented		

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
<p>The Office in-charge have to check on the receipt payment properly before making the payment.</p>			
<p><b>5 Vice-chief Office made signature on the daily report in the chief of section opposition of the decision Letter No 070 S.S.R</b></p> <p>In 2019, Distribution and Maintenance Office has 29 projects of Modifying and Laying pipe. Base on the auditor’s review, there was 22 projects which the sub-chief Office signed on the daily report in the chief of section that was opposition of the Decision Letter No 070 S.S.R.</p> <p>The Office in-charge have to assign who is responsible the tasks in accordance with the above Decision.</p>	Fully implemented		
<b>II. Water and Sanitation Service Subsidiary (Year 2019)</b>			
<p><b>1. Inventory consumption different from inventory started in project and without owner project’s approval</b></p> <p>In 2019, Water and Sanitation Service Subsidiary received 1,078 Projects :</p> <ul style="list-style-type: none"> <li>- Implementation Projects with 1,048 Projects</li> <li>- Returned to Planning and Project Department with 20 Projects (Located in Phsar Toch the district requested to install drainage system in 2020, Private Land, Unfilled soil, Drainage, and Department of Public works is preparing the drainage system)</li> <li>- Remaining with 10 Projects.</li> </ul> <p>Auditor found that there were 13 Projects equal to 1.2% which the inventory consumption was different from inventory has been started in project without Planning and Project Department’s approval.</p> <p>The officer-in charge needs to cooperate with and agree with the department in charge of project (Planning and Project Department) in order to implement in accordance with technical specification; in case of non-compliance with the proposal projects.</p>	Fully implemented		
<p><b>2. The payment made for Siem Reap’s project without attachment documents properly</b></p> <p>Water and Sanitation Service Subsidiary had 14 Projects at Siem Reap (Package 1) included :</p> <ul style="list-style-type: none"> <li>- Water Pipe Installation 04 Projects</li> <li>- Chamber Installation 04 Projects</li> <li>- Bituminous Road Cutting 01 Project</li> <li>- Concrete Block for Pipe Jointing 01 Project</li> <li>- Water Pressure Test and Disinfection 03 Projects</li> <li>- Concrete Pipe Support and Pipe Installation 01 Project</li> </ul>	Fully implemented		

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
<p>Auditor found that the payment request for company “Party B” have not attached the request payment and certified result letter which “Party B” have done the works.</p> <p>The officer-in charge has to take carefully implemented in accordance with the contract. All the payment requests have to attach with the letter of payment and certify result work letter in order to be making payment properly.</p>			
<b>III. A- Information Technology Center (Year 2015)</b>			
<p><b>1- Ckecking on the data in the customer correction table</b></p> <p>Request for customers correction which Information Technology center received from commercial department. There are 4 Khans was reviewed (7makara, Toul Kork, Dang kor, and Por sen Chay) had total 17,330 customer. After reviewed, there were 219 Requests equal 1.26%, which were drawn over (Request fo new invoice, Changes usage’s price from consumer to commercial, Change new water meter, Change location, and change name... etc) and scratched on the water volume had 133 equal to 0.76%.</p> <p>In order to avoid confusion, Information Technology center when issue the next invoices, must check on the customer correction data absolutely no scratches. In case it had scratches on the wrong figures need to sign acknowlage the documents from the department sents the documents.</p>	Fully implemented		
<p><b>2- Entering data for water bill issues</b></p> <p>Water bill issues around 1,670,037 bills. Information Technology center lacked in monitoring on documents received from commercial department on data entry in the system had 21 bills equal 0,001% :</p> <ol style="list-style-type: none"> <li>1. Invalid date entry were 5 bills</li> <li>2. Wrong reading number entry were 16 bills</li> </ol> <p>Information Technology center shall check before entering the data in system to avoid prolonged.</p>	Fully implemented		
<p><b>3- monitoring on the computer maintainance</b></p> <p>Information Technology center lacked in monitoring on computer maintainance and evaluation of the equipment usages.</p> <p>Information Technology center shall prepare books for following up on Computer systems maintainance in order to easily track the history of repairing and evaluating the quality of equipments.</p>	Due to many equipment’s, it’s difficult to prepare the monitoring books. It has been preparing the database to record. It will be completed at the end of 2023.	To be effectiveness, Information Technology Center must urgent complete these tasks as soon as possible.	Low

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
<p><b>4- Internet Application Request</b></p> <p>There are many PPWSA's staffs need the internet for works, which no had the GD's approval for internet and Email access rights.</p> <p>To be effectiveness, Information Technology Center shall follow the instruction in SOPs. (System Management staffs must submit a request to DG for approval internet and Email access rights.</p>	Fully implemented		
<b>III B- Accounting and Finance Department (Year 2020)</b>			
<p><b>1- Modifying and laying pipes request payment of distribution and maintenance office no representation's signature</b></p> <p>Reviewing on the payment documents for 6 months (April, May, June, July, August and September) there were total 888 requests, in which had 8 requests equal 100% of the distribution and maintenance office for Modifying and laying pipe don't have the representative of freelancer worker's signatures; only with the signature of the site manager and office manager.</p> <p>The officer in-Charge must have the freelancer worker's signature on the payment voucher before making payment.</p>	Fully implemented		
<b>IV Commercial Department Year 2018</b>			
<p><b>1. Procurement implementation inconsistent with annual procurement plan and Adjusted procurement plan</b></p> <p>The officer must implement in accordance with the plan in order to consist with Prakas No 381 HSV Prak dated 15 June 2010 on implementation of Rules and Regulations on Public procurement <b>"The procurement implementing institution shall manage the procurement regularly according to the calendar was set in the annual plan"</b>.</p>	<p>The PU is not fully operation due to :</p> <ul style="list-style-type: none"> <li>- No needs for some items.</li> <li>- Relevant departments implemented by themselves.</li> <li>- No apply on the social benefit fund projects.</li> </ul>	<p>PU shall cooperate with the relevant departments before arrangement the annual plan.</p>	Medium
<b>Year 2019</b>			
<p><b>1. Negotiation and evaluation of Fuel supply has not been implemented properly</b></p> <p>The Officer in-charge must divide the time of performing the work properly.</p>	Fully implemented		
<p><b>2. The uses of coments before the contract</b></p> <p>The Officer in-charge must perform the tasks in accordance with the cement contract <b>"The contract on supply of cement</b></p>	Fully implemented		

Previous Recommendation	Implemented / Responses	Recent Recommendations	Type of Risk
is effective from the date of signing until the end of the quantity” and circular No 002 MEF on the implementation of public procurement “All borrowing of equipment for pre-use or delivery of goods, construction, services of any procurement project without a contract is strictly prohibited”.			
<b>3. Diesel and River sand’s supplies in excess of the actual needs</b> The Relevant departments/units must cooperate with Procurement Unit in order to be monitored the stock before bidding.	Fully implemented		

## B. Audit’s result

### I. Production and Supply Department

In 2021, Production and Supply Department:

- Leakage repairing 2,666 Places included
  - Visible Leak 2,193 Places
  - Invisible Leak 473 Places
- Cleanse and Maintenance of transmission Pipe 308 Places
- Pipe relocation 07 Projects
- The request Payment of Production system’s repairing-changing 150 requests

Production and Supply Department operates their tasks smoothly and good cooperation; otherwise, there have some weakness points that need to be improved :

#### 1- The valve size Determination for estimation of pipe cleaning at pipe end with the size of 63 mm not corrected

In 2021 Distribution maintenance office cleaned and maintained the transmission pipe 308 locations estimated water loss about 78,859.03 m<sup>3</sup> the audit’s found that the Determination of pipe diameter for estimation the pipe cleaning not suitable become the estimation of water flow from valve size diameter is bigger than pipe diameter there are 68 locations :

Calculation of Drain out by Gate Value Diameter	Calculation of Drain out by Inside Diameter	Exceed	Percentage
<b>1</b>	<b>2</b>	<b>3 = 1 - 2</b>	<b>4 = 3 / 1</b>
7,729,52 m <sup>3</sup>	6,586,10 m <sup>3</sup>	1,143,42 m <sup>3</sup>	14,79%

It doesn’t comply with the identification in the catalog :

	Inside Diameter	Gate Value Diameter
Size PE 63	60	65

In case the calculation of unbilled authorized consumption is inaccuracy.

The staff in charge above have to consider to check and Monitor the responsible person who make this calculation correctly. **Type of Risk, Medium.**

*Auditee's response : The in charge office will monitor the work of their staff in order to determine the size of valve or pipe according to the specification for calculation the consumption.*

*The office will revise and make a reprot.*

## 2. Procedures for quotation project not efficient

In 2021, Water Loss Detection Office repaired the Leakage in the service area had 2,666 places included :

- Visible Leakage repairing 2,193 Places
- Invisible Leakage repairing 473 Places

The Office in-charge calculated the cracked pipe size considered by (mm) has 1,152 places, which not compliance with water Loss Detection's SOP defined as (cm<sup>2</sup>)

- Visible Leakage repairing had 906 places equal to 41.31%
- Invisible Leakage repairing had 246 places equal to 52%

It doesn't comply with Water Loss Detection's SOP in point 4.3 **Rechecking of Water Loss Rate**

### **Formulation of calculation of Leakage**

- Third party Damage considered by (mm) :  $0.003755 * D^2 (mm) * H^{0.5} (m)$
- Crack pipe considered by (cm<sup>2</sup>) :  $0.478136 * A (cm^2) * H^{0.5} (m)$

This case lead to inaccurate Water Loss calculation according to the prescribed formula.

The above Officer in-charge have to record the information completion and properness before calculation. **Level of Risk, Medium.**

*Auditee's response: We accepted the audit recommendation. We will strengthen the employee in-charge in practices and improve the weakness point to be minimum.*

*The Office will start to make a revision form April, 2022 so on.*

## 3. Incompleteness of the Leakage repairing information

Water Loss Detection Office, in 2021, repaired the leakage 2,666 places. After reviewing, there had 1,171 places equivalent to 43.92% is incompleteness of Leakage information.

It doesn't comply with the administrative procedure.

This affected to the location of Leakage in the future.

The officer in-charge have to record the Leakage information completion in order to be accuracy and in compliance with the SOP. **Type of Risk, Low.**

*Auditee's response : We will strengthen and train all the employee in-charge in order to work efficiency.*

*The Office will start form April, 2022 so on.*

## 4. The recording of Leakage repairing report and Daily working report difference

Water Loss Detection Office repaired the Leakage had 2,666 places. Auditor selected the 4 months reports (January, October, November and December) equal to 1,039 places to review which that daily working reports differentiate with Leakage repairing report 112 cases equivalent to 10.78% included :

- |                                             |          |
|---------------------------------------------|----------|
| 1. Gate Valve Diameter                      | 38 cases |
| 2. The recording of materials using         | 35 cases |
| 3. The cause of Leakage                     | 30 cases |
| 4. The cause of Leakage and materials using | 01 case  |



- |                                                  |          |
|--------------------------------------------------|----------|
| 5. Gate Valve Diameter and cause materials using | 02 cases |
| 6. Gate Valve Diameter and the cause of Leakage  | 06 cases |

It doesn't comply with the administrative procedure.

This affect to the report's preparation inaccuracy.

The staff in-charge have to verify data before recording the information/data in the Leakage repairing daily report. **Type of Risk, Low.**

*Auditee's response : We strive to strengthen to employee in-charge in order to improve the weakness point to be minimum.*

*The Office will start the revision from April 2022 and so on.*

**5. The report of employee weekly overtime at the 4 of Water Treatment Plants not compliance with employee manual**

Production and water Supply Department is continually supplying the clean water 24/24 hours which requiring the employee in-charge to work at night time, weekend and holidays. The auditor found that the recording of working hours in the report of employee's weekly at the 4 of Water Treatment Plants did not correct, performing core daily work only 38 hours per week, but shown the overtime hours which the employee in-charge haven't deduction 2 hours to complete the core work hours.

This case not comply with the PPWSA'S employee manual point : **Section 2 "duration of work"**. **Article 5** PPWSA'S employees need to work 8 hours per day and 40 hours per week on a regular basic.

This affected to the request payment of employees' OT.

The above Officer in-charge have to collaborate with Administration and Human Resource Department for the report's arrangement of employee's weekly overtime in accordance with employee manual. **Level of Risk, Low.**

*Auditee's response : So far the weekly Report form 4 WTPs in case of employee working a week only 38 h and additional time beside the basic time have to put in another Colum not minus 2h from additional time in order to complete 40h but in this week report to the HR department, the HR Office always cut 2h from additional time and in case of no additional tome the write down on hand into table -2 that mean missed 2h and then they will at in the next after discussion with HR Office of the Administration and HR Department, we will revise the weekly report for 4 WTPs according to the recommendation for Auditor, in case they have additional time, miss 2h incase of no they will write down miss 2h.*

*The office will rivise the weekly report later on.*

*Auditee has sent the constructive report all rectify on the above finding on 14 June 2022.*

**II. Water and Sanitation Service Subsidiary**

In 2021, Water and Sanitation Service Subsidiary carried out the pipe works with total 297,030.38 meters (Phnom Penh is 269,476.78 m, Tboung Khmum is 27,553.60 m) compared with the annual plan is 280.000 m equal to 106.08%.

- **Receiving and Rotation Projects had 1,072 Projects such as :**
  - Receiving Projects 1,179 Projects
  - Drainage works 02 Projects
  - Rotation works (110) Projects
  - Get back the Project (After Rotation) 01 Project

- **Implementation projects had** **857 Projects such as :**
  - Completed works 801 Projects
  - Completed drainage works 02 Projects
  - On Progressing works 54 Projects
- **Payment Request works had** **803 Projects such as :**
  - Prepared payment requests 445 Projects
  - Preparing payment requests 78 Projects
  - Not yet to preparing payment requests 280 Projects

Water and Sanitation Service Subsidiary operates their tasks smoothly and good cooperation; otherwise, there have weakness points that need to be improved :

**Sand’s invoice number duplication and over Lapping**

In 2021, Water and Sanitation Service Subsidiary carried out the pipe works with 857 Projects (Completed works 803 projects and on processing work 54 Projects) included :

- Prepared payment request 445 Projects
- Preparing payment request 78 Projects
- Not yet to preparing payment requests 280 Projects

Internal Audit selected the payment documents 259 Projects to check found that sand invoices not proper :

- a. Sand invoices duplicated 07 Projects
- b. Sand invoices over Lapping 171 Projects
- c. Sand invoices over Lapping and delivery before (18 days - 115 days) and after implementation date (01 day - 172 days) 57 Projects
- d. Sand’s invoices over Lapping and project implementation report issued before the actual works (19 days - 81 days) 07 Projects
- e. Invoice sand different from actual works 57 Projects

**Example:**

Projects Code	Starting Date	Finishing Date	Date of Received Sands	Qualities (m <sup>3</sup> )
• P21-11-06-H-110-017	07/09/2021	01/10/2021	07-08/09/2021	132
• P21-09-04-H-110-005	15/06/2021	26/06/2021	15-16/06/2021	298
• P21-11-08-H-225-002	26/03/2021	06/04/2021	25-26/03/2021	428

It doesn’t comply with administrative procedures.

This case lead be document’s preparation improperly.

The officer in-charge shall be checking and recording properly. **Level of Risk, Low.**

***Auditee’s response : In case the above invoice were checked by auditor is absolutely wrong. Water and Sanitation Service Subsidiary will revise before preparing the payments.***

***Water and Sanitation Service Subsidiary will revise at the end of July 2022.***

***Auditee has sent the constructive report all rectify on the above finding on 26 October 2022.***

**III. A- Information Technology Center**

- Receiving the request letter to issue Non-invoice for Spot Billing 1,618 requests.
- Receiving supply for renewal licenses had 3

- Microsoft Office 365
- Architecture Engineering & Construction
- Antivirus

Information Technology Center operate their tasks smoothly. Otherwise, there had weakness point that need to be improved :

**Standard Operating Procdures not updated yet**

Information Technology Center prepared Standard Operating Procedure (SOPs) for guidance. IT’s employees which was 1<sup>st</sup> in January 2015:

- SOP for Management and use of Information systems
- SOP for Issuing Invoice

Due to evolution of Technology, Information Technology Center haven’t been updated the SOPs yet.

It doesn’t comply with the actual works.

This case lead to the actual work of the staffs don’t be properly divided.

Information Technology center needs to update the SOPs in order to be up to date with technology. **Level of Risk, Low.**

*Auditee’s Responses : Information Technology Center has been updating the SOPs for all section of works. These tasks will be completed on December 2022.*

*Auditee has sent the constructive report all rectify on the above finding on 05 January 2023.*

**B- Accounting and Financial Department**

- Other payments for 6 months (January, February, May, June, November, December) had 1,479 requests :
  - Payment Settlement in Riel had 940 Requests.
  - Payment Settlement in Dollas had 539 Requests.
- Budget and debt Settlement for water pipe line projects from 2016-2020 were 1,257 projects.

Accounting and Financial Department operate their tasks smoothly. Otherwise, there had weakness point that need to improved:

**Inventory management inaccurate**

As of August 2, 2022, internal Audit reviewed the inventory stock report found that 267 items were immobile and slow.

It affects the quality of the materials.

This case makes inefficient inventory management.

The office in charge need to cooperate with the relevent departments in order to follow up and record the inventories properly before ordering to avoid congestion in the PPWSA’s warehouse. **Level of Risk, Medium.**

*Auditee’s Responses :*

- *267 items are slow motion inventories due to minimal usage that affect the inventories qualities in long storage.*
- *Storage section of Accounting office always cooperate with providing the ending stock balance which in lists to usage’s departments/units when needed the stock data.*

- *For additional purchasing order inventories every year, the usage's departments/unit bought by themselves base on the self-usage needed.*
- *Refer to the recommendation, storage section request for all departments and offices to cooperate with the detailed inventories situation before planning or purchasing order to facilitate the use of inventories and no congestion, immobile or slow-moving. Checking the stock balance before additional purchase order is strictly implemented.*

*Procurement Plan for the past years, as well as, for 2022 and the other years.*

*Auditee has sent the constructive report all rectify on the above finding on 05 January 2023.*

#### IV. Procurement Unit

In 2021, Procurement Unit implemented 48 contracts :

- Goods contract had 42
- Contraction Contract had 01
- Service Contract had 05

Procurement Unit operates their tasks smoothly and good cooperation; Otherwise, there have weakness points that need to be improved:

##### 1. Letter of guarantee on contract

Procurement Unit signed the contract No 38-PPWSA-21 on supply of security camera (adjusted procurement plan 2021) with position Thul Siton Verse co, Ltd amounting 79,000,000 Riel and Deposit's letter of Guarantee 10% equal to 8,000,000 Riel, which is valid from December 07, 2021 to February 07, 2022. The Auditor found that the deposit's letter of guarantee on contract was shorter than the actual delivery of the goods :

Delivery and receipt goods

- First on April 12, 2022 (the company requested to extend the goods supplies until April 20, 2022)
- Second (Installation service) is on July 22, 2022.

This case not implemented through the contract Article 7 : Guarantee's Deposit on contract “ **This deposit must be returned to party “B” no later than 15 days after the final delivery or after the expiration of the warranty period** ”.

In this case makes the contract guarantee's letter invalid.

Procurement Unit must to check the validity of contract guarantee's letter properly before making the payment. **Level of Risk, Medium.**

*Auditee's response : The company made an extension letter unit April 20, 2022, but the company has not extended the contract guarantee's letter according with a supplies of extension letter above. Procurement Unit accepted this fault and will strengthen the monitoring. It should be implantation from January 2023 onwards.*

##### 2. Material's usage pre-approval from the Ministry of Economy and Finance

Contract No 18-PPWSA-21 with Hay Sokhour Enterprise on the supply of 1x2 & M30 was approved by the Ministry of Economy and Finance on June 30, 2021. After Auditor's reviews the documents, Water and Sanitation Service Subsidiary used the mixed stones for June 2021:

- Mixed stones usage before the Ministry of Economy and Finance approval with 1500.30 m<sup>3</sup> (according to the report on the use of contraction material from 01-30 June 2021).
- The quantities in the delivery notes different from the usage's table of the water and Sanitation Service Subsidiary :

<b>Delivery Notes</b>	<b>Usage's table of water and Sanitation Service Subsidiary</b>
1,500.30 m <sup>3</sup>	1,672 m <sup>3</sup>

This is not accordance with **Articles 5 “Delivery-Receipt”** party “B” must delivery the goods to party “A” according to the requirement of party “A” after the effectiveness of contract and not more than 12 hours after receiving the delivery notes.

In this case makes the use of materials not in accordance with the contract.

Procurement Unit must cooperate with the relevant Departments to monitor and verify the material's usages in accordance with the contract. **Level of Risk, Low.**

***Auditee's response :***

- ***Contract No 18-PPWSA-21 dated 04 June 2021 between PPWSA and Hay Sokhour Enterprise due to the urgent needs PPWSA took the materials to use before the approval on the contract of the Ministry of Economy and Finance.***
- ***The different of 1,672 m<sup>3</sup> usage's table of water and Sanitation Service Subsidiary with 1,500.30 m<sup>3</sup> of delivery-receipt notes because of the remain amount of 171.70 m<sup>3</sup> was in the contract No 07-PPWSA-20.***
- ***PU will request on contracts delivery-receipt by participation of the Ministry of Economy and Finance before making the actual supply.***  
***PU will revise the contract from January 2023 onwards.***

**C. Conclusion**

The above auditing result has shown the good operation process in accordance with SOP and comply with regulations. Employees have carried out their effort in their responsibilities to achieve good result. Auditee accepted the recommendation and will be improve the above finding. Also, clarify on the construction report within 3 months after the audit report issuance.

Internal audit will follow up on the recommendations related to the above finding during the inspection as set in the annual plan.

Phnom Penh, 06 January 2023

**Read and approved**

**Internal Audit**

Phnom Penh, 06 January 2023

**F. Audit committee  
Chairman**

# **APPENDIX III**

**DIRECTORS' REPORT**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL ENDED 31 DECEMBER 2022**

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

**DIRECTORS' REPORT**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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

**DIRECTORS' REPORT**

The directors hereby submit their report together with the audited financial statements of PPWSA for the financial year ended 31 December 2022.

**PRINCIPAL ACTIVITIES**

The principal activities of PPWSA are to engage in the processing and distribution of water for general use by the public in the city of Phnom Penh and surrounding areas, including Takmao and the provision of other related services. The objectives of 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 Directors' resolution and the laws of Cambodia;
- Cooperate with local and external development partners on technology, trade and finance in order to improve and develop 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**

	<b>KHR'000</b>
Profit for the financial year	<u>108,185,865</u>

**DIVIDENDS**

The amount of dividends declared by PPWSA since the end of the previous financial year were as follows, details of which are disclosed in Note 29 to the financial statements:

	<b>KHR'000</b>
Dividend of KHR310 per ordinary share in respect of the financial year ended 31 December 2022, declared on 18 March 2022.	<u>4,044,252</u>

**RESERVES OR PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

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

**DIRECTORS' REPORT (CONTINUED)**

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of PPWSA were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off for bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of PPWSA.

**CURRENT ASSETS**

Before the financial statements of PPWSA were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of PPWSA had been written down to an amount which they might be expected to realise.

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 PPWSA misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of 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 PPWSA which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of PPWSA which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of PPWSA has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Authority to meet its obligations as and 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 the financial statements of PPWSA which would render any amount stated in the financial statements misleading.

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

**DIRECTORS' REPORT (CONTINUED)**

**ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the directors,

- (i) the results of the operations of PPWSA for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of PPWSA for the financial year in which this report is made.

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, no new issue of shares or debentures were made by PPWSA, other than those disclosed in Note 13(c) to the financial statements.

**DIRECTORS**

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

H.E. Oum Sotha	(End of Mandate on 6 January 2023)
H.E. Sim Sitha	(Appointed on 6 January 2023)
H.E. Mey Vann	
H.E. Long Naro	
H.E. Noun Pharath	
Mr. Ma Noravin	
Mr. Oum Sengbora	(End of Mandate on 13 May 2022)
Mr. Zhang Yun Feng	(End of Mandate on 13 May 2022)
Mr. Nam Chantry	(Appointed on 13 May 2022)
Mr. Sreng Samork	(Appointed on 13 May 2022)

**SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Details of significant event subsequent to the end of the financial year are disclosed in Note 36 to the financial statements.

**AUDITORS**

The auditors, Messrs. Baker Tilly (Cambodia) Co., Ltd, have expressed their willingness to continue in office.

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

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors of PPWSA are responsible for ascertaining that the financial statements of PPWSA give a true and fair view of the financial position of PPWSA as at 31 December 2022, and its financial performance and its cash flows for the financial year then ended. In preparing these financial statements, the directors of PPWSA are required to:

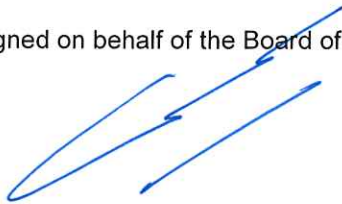
- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgement and estimates and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRSs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable PPWSA to prepare its financial statements under CIFRSs and an effective system of internal controls;
- (iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that PPWSA will continue operations in the reasonable future; and
- (v) effectively control and direct PPWSA and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The directors confirm that PPWSA has complied with the above requirements in preparing its financial statements.

**APPROVAL OF THE FINANCIAL STATEMENTS**

We, **H.E. SIM SITHA**, **H.E. LONG NARO** and **DENG POLYDEN**, being the directors and officer of PPWSA, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up in accordance with the Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of PPWSA as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors,



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



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



.....  
**LONG NARO**  
Director General

Date: 15 MAR 2023

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 KHR'000	2021 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,203,041,914	1,893,864,619
Intangible assets	6	12,089,587	12,530,278
<b>Total non-current assets</b>		<u>2,215,131,501</u>	<u>1,906,394,897</u>
<b>Current assets</b>			
Inventories	7	152,737,078	143,731,508
Trade and other receivables	8	28,264,940	24,875,167
Contract assets	9	92,768,374	66,024,580
Loan to employees	10	7,956,651	7,956,651
Short-term investments	11	126,118,416	68,163,833
Cash and cash equivalents	12	61,158,915	89,659,538
<b>Total current assets</b>		<u>469,004,374</u>	<u>400,411,277</u>
<b>TOTAL ASSETS</b>		<u>2,684,135,875</u>	<u>2,306,806,174</u>
<b>EQUITY AND LIABILITY</b>			
<b>Equity attributable to owners of the PPWSA</b>			
Share capital and share premium	13	620,759,107	619,315,886
Reserves	14	543,268,075	418,038,410
Retained earnings		108,185,865	129,273,917
<b>TOTAL EQUITY</b>		<u>1,272,213,047</u>	<u>1,166,628,213</u>
<b>Non-current liabilities</b>			
Borrowings	15	986,495,717	790,359,750
Deferred government and other grants	16	69,238,477	16,812,186
Deferred tax liabilities	17	77,016,716	72,307,299
Other payables	18	76,801,705	69,446,073
<b>Total non-current liabilities</b>		<u>1,209,552,615</u>	<u>948,925,308</u>
<b>Current liabilities</b>			
Trade and other payables	18	154,661,152	141,969,545
Borrowings	15	23,499,158	23,128,518
Contract liabilities	9	4,456,756	1,788,894
Current tax liabilities		19,753,147	24,365,696
<b>Total current liabilities</b>		<u>202,370,213</u>	<u>191,252,653</u>
<b>Total liabilities</b>		<u>1,411,922,828</u>	<u>1,140,177,961</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u>2,684,135,875</u>	<u>2,306,806,174</u>

The accompanying notes form an integral part of these 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 2022**

	Note	2022 KHR'000	2021 KHR'000
<b>Income:</b>			
Sales	19	299,723,507	282,369,797
Construction service fee		24,976,316	26,241,989
Foreign exchange gains - net	20	-	2,273,984
Other income	21	21,478,333	58,259,487
		<u>346,178,156</u>	<u>369,145,257</u>
<b>Expenses:</b>			
Depreciation and amortisation charges		(59,455,074)	(55,194,412)
Electricity costs		(35,218,743)	(35,791,983)
Employee benefits expense	22	(70,175,422)	(63,631,237)
Raw materials for water treatment	23	(12,140,740)	(9,541,982)
Raw materials for household water connections	24	(4,953,371)	(3,163,768)
Repairs and maintenance		(8,009,358)	(7,050,855)
Construction service expense		(16,618,024)	(22,448,213)
Other operating expenses		(11,243,416)	(15,226,506)
Foreign exchange losses - net	20	(3,481,166)	-
		<u>(221,295,314)</u>	<u>(212,048,956)</u>
<b>Operating profit</b>		<b>124,882,842</b>	<b>157,096,301</b>
Finance income	25	17,737,746	13,555,064
Finance costs	26	(12,104,696)	(4,794,779)
<b>Profit before tax</b>		<b>130,515,892</b>	<b>165,856,586</b>
Income tax	27	(22,330,027)	(36,582,669)
<b>Profit for the year, representing total comprehensive income for the year</b>		<b><u>108,185,865</u></b>	<b><u>129,273,917</u></b>
Earnings per share attributable to owners			
Basic earnings per share (KHR)	28	1,243.90	1,486.37
Diluted earnings per share (KHR)	28	1,243.90	1,486.37

The accompanying notes form an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<b>At 1 January 2021</b>		<b>541,227,282</b>	<b>352,473,530</b>	<b>88,351,845</b>	<b>982,052,657</b>
Profit for the financial year, representing total comprehensive income for the year		-	-	129,273,917	129,273,917
<b>Transactions with owners</b>					
Capital contribution	13	78,088,604	-	-	78,088,604
Transfer to reserves	14	-	65,564,880	(65,564,880)	-
Dividends	29	-	-	(22,786,965)	(22,786,965)
<b>Total transactions with owners</b>		<b>78,088,604</b>	<b>65,564,880</b>	<b>(88,351,845)</b>	<b>55,301,639</b>
<b>At 31 December 2021 / 1 January 2022</b>		<b>619,315,886</b>	<b>418,038,410</b>	<b>129,273,917</b>	<b>1,166,628,213</b>
Profit for the financial year, representing total comprehensive income for the year		-	-	108,185,865	108,185,865
<b>Transactions with owners</b>					
Capital contribution	13	1,443,221	-	-	1,443,221
Transfer to reserves	14	-	125,229,665	(125,229,665)	-
Dividends	29	-	-	(4,044,252)	(4,044,252)
<b>Total transactions with owners</b>		<b>1,443,221</b>	<b>125,229,665</b>	<b>(129,273,917)</b>	<b>(2,601,031)</b>
<b>At 31 December 2022</b>		<b>620,759,107</b>	<b>543,268,075</b>	<b>108,185,865</b>	<b>1,272,213,047</b>

The accompanying notes form an integral part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 KHR'000	2021 KHR'000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>130,515,892</b>	<b>165,856,586</b>
Adjustments for:			
Amortisation of intangible assets	6	1,994,147	1,702,419
Depreciation of property, plant and equipment	5	57,460,927	53,491,993
Amortisation of deferred government and other grants	16	(2,009,908)	(2,009,907)
Waiver of dividends payable	21	-	(36,372,177)
Written off of property, plant and equipment	5	136,839	5,749,176
Finance income	25	(4,656,618)	(2,706,044)
Finance costs	25	9,115,530	6,436,677
Net unrealised foreign exchange loss/(gain)		1,553,740	(10,928,248)
		<b>194,110,549</b>	<b>181,220,475</b>
<b>Operating profit before changes in working capital</b>		<b>194,110,549</b>	<b>181,220,475</b>
Increase in inventories		(89,819,201)	(72,331,066)
(Increase)/Decrease in trade and other receivables		(1,668,049)	1,376,002
Decrease in trade and other payables		8,509,694	5,184,655
Increase in contract assets		(26,743,794)	(23,102,033)
Increase/(Decrease) in contract liabilities		2,667,862	(1,827,672)
Increase in refundable water deposits		7,355,632	4,250,237
<b>Net cash from operations</b>		<b>94,412,693</b>	<b>94,770,598</b>
Income tax paid		(22,233,157)	(25,473,919)
<b>Net cash from operating activities</b>		<b>72,179,536</b>	<b>69,296,679</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(281,619,716)	(289,716,945)
Purchase of intangible assets	6	(390,075)	(1,133,062)
Increase in short-term investments		(57,954,583)	(49,719,119)
Interest capitalised on qualifying assets		(5,505,096)	(4,398,469)
Interest received		2,934,894	2,109,045
Receipt of EU grants	16	54,436,199	-
<b>Net cash used in investing activities</b>		<b>(288,098,377)</b>	<b>(342,858,550)</b>
<b>Cash flows from financing activities</b>			
Capital contribution from MoEF, net		1,443,221	(103,656)
Dividends paid		(4,044,252)	(3,418,042)
Drawdown of borrowings		218,280,439	303,185,292
Interest paid		(7,491,804)	(7,556,383)
Repayments of borrowings		(20,769,386)	(28,596,307)
<b>Net cash generated from financing activities</b>		<b>187,418,218</b>	<b>263,510,904</b>
<b>Net decreased in cash and cash equivalents</b>		<b>(28,500,623)</b>	<b>(10,050,967)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>89,659,538</b>	<b>99,710,505</b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b>61,158,915</b>	<b>89,659,538</b>



**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

(a) Reconciliation of liabilities arising from financing activities:

	<b>Borrowings</b> <b>KHR'000</b>	<b>Dividends</b> <b>payable</b> <b>KHR'000</b>	<b>Share</b> <b>capital</b> <b>and share</b> <b>premium</b> <b>KHR'000</b>	<b>Total</b> <b>KHR'000</b>
<b>At 1 January 2022</b>	813,488,268	-	619,315,886	1,432,804,154
<b>Finance activities</b>				
Capital contribution from MoEF, net	-	-	1,443,221	1,443,221
Dividends paid	-	(4,044,252)	-	(4,044,252)
Drawdown of borrowings	218,280,439	-	-	218,280,439
Interest paid	(7,491,804)	-	-	(7,491,804)
Repayments of borrowings	(20,769,386)	-	-	(20,769,386)
<b>Net cash generated from financing activities</b>	<b>190,019,249</b>	<b>(4,044,252)</b>	<b>1,443,221</b>	<b>187,418,218</b>
<b>Liabilities-related other changes</b>				
Dividends	-	4,044,252	-	4,044,252
Accrued interest on borrowings	9,115,530	-	-	9,115,530
Foreign exchange gain on borrowings	(2,628,172)	-	-	(2,628,172)
<b>Total liabilities-related other changes</b>	<b>6,487,358</b>	<b>4,044,252</b>	<b>-</b>	<b>10,531,610</b>
<b>At 31 December 2022</b>	<b>1,009,994,875</b>	<b>-</b>	<b>620,759,107</b>	<b>1,630,753,982</b>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

(a) Reconciliation of liabilities arising from financing activities: (continued)

	<b>Borrowings</b> <b>KHR'000</b>	<b>Dividends</b> <b>payable</b> <b>KHR'000</b>	<b>Share</b> <b>capital</b> <b>and share</b> <b>premium</b> <b>KHR'000</b>	<b>Total</b> <b>KHR'000</b>
<b>At 1 January 2021</b>	548,135,576	17,003,254	541,227,282	1,106,366,112
<b>Finance activities</b>				
Capital contribution from MoEF, net	-	-	(103,656)	(103,656)
Dividends paid	-	(3,418,042)	-	(3,418,042)
Drawdown of borrowings	303,185,292	-	-	303,185,292
Interest paid	(7,556,383)	-	-	(7,556,383)
Repayments of borrowings	(28,596,307)	-	-	(28,596,307)
<b>Net cash generated from</b> <b>financing activities</b>	<b>267,032,602</b>	<b>(3,418,042)</b>	<b>(103,656)</b>	<b>263,510,904</b>
<b>Liabilities-related other changes</b>				
Dividends	-	22,786,965	-	22,786,965
Accrued interest on borrowings	6,436,677	-	-	6,436,677
Foreign exchange gain on borrowings	(8,116,587)	-	-	(8,116,587)
Waiver of dividends payable	-	(36,372,177)	-	(36,372,177)
<b>Total liabilities-related other changes</b>	<b>(1,679,910)</b>	<b>(13,585,212)</b>	<b>-</b>	<b>(15,265,122)</b>
<b>Equity-related other changes</b>				
Acquisition through capital contribution	-	-	78,192,260	78,192,260
<b>At 31 December 2021</b>	<b>813,488,268</b>	<b>-</b>	<b>619,315,886</b>	<b>1,432,804,154</b>

The accompanying notes form an integral part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

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

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

The principal activities of PPWSA are to engage in the processing and distribution of water for general use by the public in the city of Phnom Penh and surrounding areas, including Takmao and the provision of other related services. The objectives of 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 Directors’ resolution and the laws of Cambodia;
- Cooperate with local and external development partners on technology, trade and finance in order to improve and develop PPWSA in accordance with government policy; and
- Ensure sustainable production processes, business and finance for the public interest.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements of PPWSA have been prepared in accordance with the Cambodian International Financial Reporting Standards (“CIFRSs”).

**2.2 Adoption of amendments/improvements to CIFRSs**

PPWSA has adopted the following amendments/improvements to CIFRSs for the financial year beginning on 1 January 2022:

Amendments/Improvements to CIFRSs

CIFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021- Amendment to CIFRS 16
CIAS 16	Property, Plant and Equipment
CIAS 37	Provisions, Contingent Liabilities and Contingent Assets
CIAS 41	Agriculture
CIFRS 1	First time Adoption of International Financial Reporting Standards
CIFRS 3	Business Combinations

The adoption of the above-mentioned amendments/improvements to CIFRSs have no significant impact on the financial statements of PPWSA.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.3 Standards and amendments/improvements that have been issue but not yet effective**

PPWSA has not adopted the following new standards and amendments/improvements that have been issued but not yet effective:

<u>New Standard</u>	<b>Effective for financial periods beginning on or after</b>
CIFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements</u>	
CIFRS 1 First-time Adoption of Cambodian International Financial Reporting Standards	1 January 2023 <sup>#</sup>
CIFRS 3 Business Combinations	1 January 2023 <sup>#</sup>
CIFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
CIFRS 7 Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
CIFRS 9 Financial Instruments	1 January 2023 <sup>#</sup>
CIFRS 10 Consolidated Financial Statements	Deferred
CIFRS 15 Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
CIFRS 16 Leases	1 January 2024
CIFRS 17 Insurance Contracts	1 January 2023
CIAS 1 Presentation of Financial Instruments	1 January 2023 <sup>#</sup> / 1 January 2024
CIAS 7 Statement of Cash Flows	1 January 2023 <sup>#</sup>
CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
CIAS 12 Income Taxes	1 January 2023
CIAS 16 Property, Plant and Equipment	1 January 2023 <sup>#</sup>
CIAS 19 Employee Benefits	1 January 2023 <sup>#</sup>
CIAS 28 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
CIAS 32 Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
CIAS 36 Impairment of Assets	1 January 2023 <sup>#</sup>
CIAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
CIAS 38 Intangible Assets	1 January 2023 <sup>#</sup>
CIAS 40 Investment Property	1 January 2023 <sup>#</sup>

<sup>#</sup> Amendments as to the consequence of effective CIFRS 17 Insurance Contracts

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.3 Standards and amendments/improvements that have been issued but not yet effective (Continued)**

PPWSA plans to adopt the above applicable standards and amendments/improvements when they become effective. A brief discussion on the above significant standards and amendments/improvements that may be applicable to PPWSA are summarised below.

***Amendments to CIFRS 3 Business Combinations***

The amendments update CIFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version.

***Amendments to CIFRS 10 Consolidated Financial Statements and CIAS 28 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in CIFRS 10 and those in CIAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in CIFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

***Amendments to CIAS 1 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include example of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, CIFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.3 Standards and amendments/improvements that have been issued but not yet effective (continued)**

***Amendments to CIAS 1 Presentation of Financial Statements (continued)***

The guidance and examples provided in the CIFRS 2 Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardise (or boilerplate) information and duplication of requirements of CIFRSs in the accounting policy information disclosures.

***Amendments to CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to CIAS 12 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, CIAS 12 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

***Amendments to CIAS 16 Property, Plant and Equipment***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

***Amendments to CIAS 37 Provisions, Contingent Liabilities and Contingent Assets***

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.4 Functional and presentation currency**

The financial statements are presented in Khmer Riel (“KHR”), which is also PPWSA’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

**2.5 Basis of measurement**

The financial statements of PPWSA have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

**2.6 Use of estimates and judgement**

The preparation of financial statements in conformity with the CIFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying PPWSA’s accounting policies. Although these estimates and judgment are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of PPWSA.

**3.1 Translation of foreign currency transactions**

Foreign currency transactions during the year are translated at the foreign exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchanges rates ruling at the dates the fair value was determined.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial instruments**

Financial instruments are recognised in the statement of financial position when, and only when, PPWSA become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which PPWSA has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which PPWSA have applied the practical expedient are measured at the transaction price determined under CIFRS 15.

**(a) Subsequent measurement**

PPWSA categorises the financial instruments as follows:

**(i) Financial assets**

Subsequent measurement of debt instruments depends on PPWSA's business model for managing the asset and the cash flow characteristics of the asset. PPWSA classifies its debts instruments as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

**(ii) Financial liabilities**

PPWSA classifies its financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.



**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial instruments (continued)**

**(b) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) PPWSA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) PPWSA has transferred substantially all the risks and rewards of the asset, or (b) PPWSA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

PPWSA evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, PPWSA continues to recognise the transferred asset to the extent of its continuing involvement. In that case, PPWSA also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that PPWSA has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that PPWSA could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Property, plant and equipment**

**(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowings costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.13 to the financial statements.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**(b) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to PPWSA and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

**(c) Depreciation**

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as those assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	<b>Useful lives (years)</b>
Building	3 - 50
Machinery	3 - 20
Fluid equipment	6 - 50
Laboratory equipment	6 - 7
Office furniture and equipment	2 - 7
Electricity equipment	2 - 20
Motor vehicles	2 - 7
Valves and tools	3 - 35
Water meters	5 - 20
House connection	12

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Property, plant and equipment (continued)**

**(c) Depreciation (continued)**

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

**(d) Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

**3.4 Intangible assets**

Intangible assets comprise accounting software as well as network software which are acquired by PPWSA, have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

The amortisation methods used and the estimated useful lives are as follows:

	<b>Method</b>	<b>Useful lives (years)</b>
Accounting and network software	Straight-line	1 - 7

**3.5 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost comprises all costs of purchase plus other cost incurred in bringing the inventories to their present location and condition. Inventories include raw materials, consumable, spare parts and other water supply related inventories and are valued at the actual costs of bringing the inventory to its intended purposes less allowances for damages, obsolete and slow-moving items using the weighted average basis. Spare parts and water supply-related inventories with a useful life of more than one year are capitalised as property, plant and equipment upon being put into use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sales.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.6 Contract assets/(liabilities)**

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, PPWSA's future performance). The contract asset is transferred to receivables when the rights become unconditional. This usually occurs when PPWSA issues an invoice to the customer. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customers for which PPWSA has received the consideration or have billed the customers.

**3.7 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and cash deposited and managed by the General Department of National Treasury, Treasury of Phnom Penh Municipality, Treasury of Tboung Khmum Provincial and Treasury of Kandal Provincial that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**3.8 Impairment of assets**

**(a) Impairment of financial assets**

PPWSA assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied is disclosed in Note 31(b) to the financial statements.

For trade receivables, PPWSA applies the simplified approach permitted by the CIFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, PPWSA makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Impairment of assets (continued)**

**(b) Impairment of non-financial assets (continued)**

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**3.9 Share capital**

**(a) Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of PPWSA after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(b) Preference shares**

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at PPWSA's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, of if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

**(c) Capital contribution**

Non-reciprocal contributions from owners are equity and are recorded as capital contribution. Net assets arising from the capital contribution are generally measured at fair value as at the date of the capital contribution and are recorded based on the nature of such assets contributed by owners.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.10 Employee benefits**

Short-term employee benefits obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to PPWSA.

**3.11 Revenue and other income**

PPWSA recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which PPWSA expect to be entitled in exchange for those goods or services.

Revenue recognition of PPWSA is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of a customer). For practical expedient, PPWSA applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if PPWSA reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

PPWSA measures revenue from sale of goods or services at its transaction price, being the amount of consideration to which PPWSA expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as service tax, adjusted for the effects of any variable considerations, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, PPWSA uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method PPWSA expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transactions price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, PPWSA estimates it by using the expected cost plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or services underlying the particular performance obligations, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. PPWSA has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11 Revenue and other income (continued)**

**(a) Revenue from water sales**

Revenue from water sales are recognised at a point in time when PPWSA satisfies its performance obligations based on customer's consumption of water and when the water has been supplied by PPWSA.

**(b) Water connection revenue**

Revenue from household water connection 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.

**(d) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

**(e) 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 province.

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

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined based on estimated margins prior. PPWSA also estimated total contract costs in applying the input method to recognise revenue over time.

**3.12 Government grants**

Grants from the governments and other development agencies are recognised at a nominal amount where there is reasonable assurance that the grant will be received and PPWSA will comply with all attached conditions. Grants are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Deferred grants relating to the cost of property, plant and equipment granted by donors are recognised at cost upon receipt. Deferred grants are included in non-current liabilities and are credited to the statement of profit or loss and other comprehensive income on a straight-line basis to match the expected lives of the related assets.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.12 Government grants (continued)**

The benefit of a government loan at a below market foreign exchange rate, i.e., favourable fluctuations between the value of the currency of the loan (Special Drawing Right) and the currency of its repayment by PPWSA ("KHR"), is treated as a government grant.

**3.13 Borrowing costs**

Borrowing costs are interest and other costs that PPWSA incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use.

PPWSA begins capitalising borrowing costs when PPWSA has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that the necessary to prepare the asset for its intended use.

**3.14 Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(a) Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

**(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.14 Income tax (continued)**

**(b) Deferred tax (continued)**

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation Authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

**3.15 Earnings per share**

PPWSA presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of PPWSA by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**3.16 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The director general of PPWSA, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.17 Fair value measurements**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, PPWSA uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that PPWSA can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

PPWSA recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

**4.1 Determining the functional currency**

PPWSA operates in Cambodia and conduct purchases and other transactions in multiple currencies. Judgment is applied in determining the functional currency wherever the indications are mixed. PPWSA uses, in hierarchy, sale indicators as the primary basis, followed by purchased and operating expenses indicators, and in the event that those indicators are no conclusive, the currency in which borrowings and other funds are raised for financing the operations.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.2 Depreciation and useful lives of property, plant and equipment**

As disclosed in Notes 3.3 to the financial statements, PPWSA review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applies and therefore, future depreciation charges could be revised.

The carrying amounts of PPWSA's property, plant and equipment are disclosed in Note 5 to the financial statements.

**4.3 Capital contribution from owners**

When the owner contributed the assets, liabilities and equity of Tbong Khmum Province Water Treatment Plant Operation ("the Tbong Khmum Project") and the assets of Sihanoukville Water Supply Authority into PPWSA, a judgement was made as to whether the transaction should be accounted for as a business combination or separate assets contributed by the owners. In making this judgement, PPWSA assessed the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business in CIFRS 3 Business Combination.

In accounting for the Tbong Khmum Project and the assets of Sihanoukville Water Supply Authority, the fair values of the identifiable assets and liabilities consumed are recognised. The determination of the fair values of contributed assets and liabilities assumed is based on the Ministry of Industry, Science, Technology and Innovation's judgement. Any changes in these assumptions will have impact of the carrying amounts of the contributed assets and liabilities assumed.

The fair values of the contributed assets and liabilities assumed are disclosed in Note 13(c) to the financial statements.

**4.4 Impairment of financial assets and contract assets**

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected credit loss rate. PPWSA use judgement in making these assumptions and selecting inputs to the impairment calculation, based on PPWSA's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The information about the impairment losses on PPWSA's financial assets and contract assets are disclosed in Note 31(b)(i) to the financial statements.

**4.5 Revenue recognition in relation to accrued water revenue**

Accrued water revenue is recognised based on the water volume produced, the water volume billed, the average water loss and the average tariff by type of customers. The Board of Directors uses statistics on the water loss rate and the average tariff based on past experience, which may not properly reflect the actual rates and the current situation.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.6 Revenue recognition in relation to construction service revenues**

PPWSA recognised construction service revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total constructions costs.

Significant judgment is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimates total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, PPWSA evaluates based on past experience.

**4.7 Measurement of income tax**

Significant judgement is required in determining PPWSA's estimation for current, deferred taxes because the ultimate tax liability for PPWSA as a whole is uncertain. When the final outcome of its taxes are determined with the tax authorities, the amounts might be different from the initial estimates of its taxes. Such differences may impact the current, deferred and indirect taxes in the period when such determination is made. PPWSA will make adjustments for current, deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of PPWSA is disclosed in Note 27 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land	Building	Machinery	Fluid equipment	Laboratory equipment	Office furniture and equipment	Electricity equipment	Motor vehicles	Valves and tools	Water meters	House connection	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<b>Cost</b>													
At 1 January 2022	176,576,155	414,752,230	134,787,221	701,096,785	2,938,504	25,292,218	163,593,680	49,750,390	39,773,268	12,804,002	24,115,031	693,343,524	2,438,823,008
Additions	-	43,048	89,375	-	-	2,957,343	82,483	152,169	250,515	3,451	-	283,546,428	287,124,812
Transfer	-	1,191,592	1,386,160	23,020,047	-	-	279,784	-	762,855	732,340	6,279,002	(33,651,780)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	-	(1,125,000)	(1,125,000)
Transfer from inventory	-	-	1,236,073	-	185,196	-	715,643	33,121	4,652,650	40,493	-	73,912,072	80,775,249
Written-off	-	-	-	-	-	-	-	-	-	-	-	(136,839)	(136,839)
At 31 December 2022	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	1,015,888,405	2,805,461,230
<b>Accumulated depreciation</b>													
At 1 January 2022	-	84,915,242	65,222,044	209,396,038	843,398	16,837,723	99,403,559	38,285,590	18,458,101	7,734,053	3,862,641	-	544,958,389
Depreciation charge for the financial year	-	8,880,529	7,440,613	19,240,207	351,101	2,383,832	7,982,036	3,414,218	3,732,834	1,783,240	2,252,318	-	57,460,927
At 31 December 2022	-	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	-	602,419,316
<b>Net carrying amount</b>													
At 31 December 2022	176,576,155	322,191,098	64,836,172	495,480,588	1,929,201	9,028,006	57,285,995	8,235,872	23,248,353	4,062,994	24,279,074	1,015,888,405	2,203,041,914

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

	Freehold land	Building	Machinery	Fluid equipment	Laboratory equipment	Office furniture and equipment	Electricity equipment	Motor vehicles	Valves and tools	Water meters	House connection	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<b>Cost</b>													
At 1 January 2021	174,238,381	333,453,102	105,753,743	645,820,010	849,387	23,115,032	151,256,071	45,878,922	27,637,594	9,526,779	17,474,630	540,365,694	2,075,369,345
Additions	-	117,898	2,404,355	-	348,294	2,801,563	1,377,482	3,277,517	2,036,000	15,235	-	281,737,070	294,115,414
Acquisition through capital contribution (Note 13(c))	2,337,774	31,149,140	5,188,089	28,900,330	1,007,433	128,276	3,253,207	-	6,196,254	5,774	25,983	-	78,192,260
Transfer	-	59,800,036	23,450,588	26,600,962	765,789	66,013	10,190,978	1,079,124	3,976,955	3,256,214	6,614,418	(135,801,077)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	-	(16,431)	(16,431)
Transfer from inventory	-	-	-	-	-	-	-	-	-	-	-	7,212,446	7,212,446
Written-off	-	(9,767,946)	(2,009,554)	(224,517)	(32,399)	(818,666)	(2,484,058)	(485,173)	(73,535)	-	-	(154,178)	(16,050,026)
At 31 December 2021	176,576,155	414,752,230	134,787,221	701,096,785	2,938,504	25,292,218	163,593,680	49,750,390	39,773,268	12,804,002	24,115,031	693,343,524	2,438,823,008
<b>Accumulated depreciation</b>													
At 1 January 2021	-	81,595,636	60,193,579	191,178,138	670,866	15,261,758	94,386,235	34,837,130	15,359,648	6,098,179	2,186,077	-	501,767,246
Depreciation charge for the financial year	-	8,064,294	6,761,483	18,322,184	204,931	2,376,858	7,364,047	3,933,633	3,152,125	1,635,874	1,676,564	-	53,491,993
Written-off	-	(4,744,688)	(1,733,018)	(104,284)	(32,399)	(800,893)	(2,346,723)	(485,173)	(53,672)	-	-	-	(10,300,850)
At 31 December 2021	-	84,915,242	65,222,044	209,396,038	843,398	16,837,723	99,403,559	38,285,590	18,458,101	7,734,053	3,862,641	-	544,958,389
<b>Net carrying amount</b>													
At 31 December 2021	176,576,155	329,836,988	69,565,177	491,700,747	2,095,106	8,454,495	64,190,121	11,464,800	21,315,167	5,069,949	20,252,390	693,343,524	1,893,864,619

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Additions	287,124,812	294,115,414
Interest capitalised on qualifying assets	(5,505,096)	(4,398,469)
Cash payment for purchase of property, plant and equipment	<u>281,619,716</u>	<u>289,716,945</u>

**6. INTANGIBLE ASSETS**

	<b>Note</b>	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
<b>Software</b>			
<b>Cost</b>			
At 1 January		25,007,900	23,858,407
Additions		390,075	1,133,062
Transfer from inventory		38,381	-
Transfer from property, plant and equipment	5	1,125,000	16,431
At 31 December		<u>26,561,356</u>	<u>25,007,900</u>
<b>Accumulated amortisation</b>			
At 1 January		12,477,622	10,775,203
Amortisation charge for the financial year		1,994,147	1,702,419
At 31 December		<u>14,471,769</u>	<u>12,477,622</u>
<b>Carrying amount</b>			
At 31 December		<u>12,089,587</u>	<u>12,530,278</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. INVENTORIES**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Distribution pipes and fittings	117,905,502	114,788,867
Water meters	9,218,894	8,813,130
Spare parts and tools	7,474,340	9,694,291
Chemicals	2,057,004	348,528
Drums and other packages	100,216	100,216
Inventories in transit*	5,805,052	624,829
Other materials	10,176,070	9,361,647
	<u>152,737,078</u>	<u>143,731,508</u>

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

The cost of inventories of PPWSA recognised as an expense during the financial year was KHR17,094 million (2021: KHR12,705 million).

**8. TRADE AND OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Trade</b>		
Household receivables	1,119,927	1,541,393
Commercial receivables	1,300,959	1,062,903
Public administration receivables	11,673,281	12,209,947
Water wholesalers	103,647	44,215
Less: Impairment loss (household receivables)	(5,553)	(5,553)
	<u>14,192,261</u>	<u>14,852,905</u>
<b>Non-trade</b>		
Performance guarantee	2,887,769	2,887,769
Interest receivables	2,308,870	1,009,298
Advances to suppliers	636,173	208,665
VAT receivables - net	146,746	624,271
Other receivables	8,093,121	5,292,259
	<u>14,072,679</u>	<u>10,022,262</u>
	<u>28,264,940</u>	<u>24,875,167</u>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- (a) Trade receivables are non-interest bearing and normal credit terms offered by PPWSA is one month (2021: one month) and to public administration is one year (2021: one year) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

PPWSA's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
At 1 January / 31 December	5,533	5,533

- (b) Public administration receivables are receivables from government-related entities.

**9. CONTRACT ASSETS/LIABILITIES**

	<b>Note</b>	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
<b>Contract assets</b>			
Contract assets relating to construction service contracts	(a)	3,533,898	536,051
Contract assets relating to water revenue	(b)	89,234,476	65,488,529
		92,768,374	66,024,580
<b>Contract liabilities</b>			
Contract liabilities relating to construction service contracts	(c)	4,456,756	1,788,894

- (a) Construction assets relating to construction service contracts 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.
- (b) Contract assets relating to 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 PPWSA issues the bill.
- (c) Contract liabilities relating to construction service contracts represent the cash received in advance for the construction services provided in relation to the expansion of the water distribution system to water supply distributor in the provinces. It is recognised as revenue when performance obligations are satisfied.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

(d) Significant changes in contract balances

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Contract assets (a)</b>		
At 1 January	536,051	4,861,270
Increase due to revenue recognised for unbilled construction service fee to customers	12,807,718	15,220,515
Decrease due to invoice billed to customers	<u>(9,809,871)</u>	<u>(19,545,734)</u>
At 31 December	<u>3,533,898</u>	<u>536,051</u>
<b>Contract assets (b)</b>		
At 1 January	65,488,529	38,061,277
Increase due to revenue recognised for unbilled water sales to customers	320,510,729	310,777,008
Decrease due to invoice billed to customers	<u>(296,764,782)</u>	<u>(283,349,756)</u>
At 31 December	<u>89,234,476</u>	<u>65,488,529</u>
<b>Contract liabilities</b>		
At 1 January	1,788,894	3,616,566
Increase due to advance received from customers, but revenue not recognised	2,667,862	1,751,256
Decrease due to revenue recognised for unbilled goods or services transferred to customers	<u>-</u>	<u>(3,578,928)</u>
At 31 December	<u>4,456,756</u>	<u>1,788,894</u>

**10. LOAN TO EMPLOYEES**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Receivables from employees	8,217,525	8,217,525
Less: Impairment loss	<u>(260,874)</u>	<u>(260,874)</u>
	<u>7,956,651</u>	<u>7,956,651</u>

On 15 February 2012, the Board of Directors approved the motion that 10% of the floating shares be reserved for PPWSA's staff. The number of shares to be allotted to each employee was finalized 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. PPWSA provided interest-free loans with a term of three years to employees and senior officers to purchase these shares. On the due date the loans must be repaid in full to 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. LOAN TO EMPLOYEES (CONTINUED)**

This loan is due in April 2015. However, due to decline in share prices, management had decided to make an allowance for impairment to the level of the share prices as at reporting date, based on management's expectation on the amount to be realised if the employees dispose these shares to settle this amount.

The Board of Directors is still in the process of awaiting advice from the Securities and Exchange Regulator of Cambodia on its employee share option scheme as at the date of these financial statements.

Loan to employees that are impaired

PPWSA's loan to employees that are impaired at the reporting date and the reconciliation of movement in the impairment of loan to employees are as follows:

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
At 1 January/31 December	<u>260,874</u>	<u>260,874</u>

**11. SHORT-TERM INVESTMENTS**

These represent fixed deposit placed with financial institutions for a period of between nine to twelve months (2021: nine to twelve months) and earn interest at rates ranging from 3.50% to 5.75% (2021: 3.50% to 4.75%) per annum.

**12. CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>KHR'000</b>	<b>KHR'000</b>
Cash and bank balances	(a)	44,690,915	68,363,538
Short-term deposits (within 3 months)	(b)	<u>16,468,000</u>	<u>21,296,000</u>
		<u>61,158,915</u>	<u>89,659,538</u>

(a) Bank balances earns interest at rates ranging from 0.5% to 2% (2021: 0.5% to 2%) per annum. Included in cash and bank balances are KHR4,442,476,000 (2021: KHR2,793,885,000) held by General Department of National Treasury, Treasury of Phnom Penh Municipality, Treasury of Tboung Khmum Provincial and Treasury of Kandal Provincial which are non-interest bearing.

(b) These represent fixed deposit placed with financial institutions for three months (2021: three months) and earn interest at rates ranging from 2.25% to 2.75% (2021: 1.25% to 2.75%) per annum.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13. SHARE CAPITAL AND SHARE PREMIUM**

	Note	No. of shares	2022 KHR'000	2021 KHR'000
Ordinary shares	(b)	86,973,162	86,973,162	86,973,162
Class A shares	(a)	391,100,942	391,100,942	391,100,942
Share premium		-	63,153,178	63,153,178
Capital reserve	(c)	-	79,531,825	78,088,604
		<u>478,074,104</u>	<u>620,759,107</u>	<u>619,315,886</u>

(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 held by MoEF, not eligible for interest or dividend and have rights and conditions as detailed in Article 12.2 of the Memorandum of Articles and Association of PPWSA dated 27 June 2012.

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

	Number of shares	%
MoEF	73,927,187	85%
Other shareholders	11,741,606	14%
Employee share option scheme*	1,304,369	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.

All ordinary shares rank equally with regard to PPWSA's residual assets.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)**

- (c) The following table summarises the recognised amounts of assets contributed and liabilities assumed at the date of capital contribution.

	Note	2022 KHR'000	2021 KHR'000
Inventories		1,443,221	-
Property, plant and equipment	5	-	78,192,260
Trade receivables		-	72,163
Cash and cash equivalents		-	1,095
Trade payables		-	(149,714)
Accrued staff incentive		-	(27,200)
<b>Total identifiable net assets contributed</b>		1,443,221	78,088,604

**2022**

On 30 December 2022, the Ministry of the Economy and Finance ("MoEF") increased its capital in PPWSA by injecting inventory into PPWSA, totaling to KHR1,443,221,000, without the insurance of any additional shares of PPWSA.

The MoEF had on its letter reference number 13505 dated 30 December 2022 instructed PPWSA to reflect this capital contribution as share capital of PPWSA.

**2021**

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, totaling to KHR78,088,604,000, without the issuance of any additional shares of PPWSA.

The MoEF had on its letter reference number 6228 S.H.V dated 15 July 2020 instructed PPWSA to reflect this capital contribution as share capital of PPWSA.

Included in the identifiable assets and liabilities contributed by the MoEF at the date of capital contribution, the Tbong Khmum Projects are its input (water treatment plant, production processes and workforce). PPWSA has determined that together the contributed inputs and process contributable to the ability to create revenue. PPWSA has concluded that the contributed set is separate assets.

Taking control of the Tbong Khmum Project will enable to PPWSA to increase its share of the water production market through access to the Tbong Khmum Project's customer base. PPWSA also expects to reduce costs through economies of scale.

During the financial year, Tbong Khmum Project contributed revenue of KHR294,944,000.

The fair value of the capital contribution was based on the net assets of the Tbong Khmum Project valued by Ministry of Industry, Science, Technology and Innovation at the date of the capital contribution.

PPWSA does not incur any contribution-related cost.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. RESERVES**

	<b>Capital reserve KHR'000</b>	<b>Legal reserve KHR'000</b>	<b>General reserve KHR'000</b>	<b>Development reserve KHR'000</b>	<b>Total KHR'000</b>
At 1 January 2021	1,648,435	27,700,385	27,700,385	295,424,325	352,473,530
Transfer from retained earnings	-	4,417,592	4,417,592	56,729,696	65,564,880
At 31 December 2021	1,648,435	32,117,977	32,117,977	352,154,021	418,038,410
Transfer from retained earnings	-	6,463,694	6,463,694	112,302,277	125,229,665
At 31 December 2022	1,648,435	38,581,671	38,581,671	464,456,298	543,268,075

- (a) In accordance with PPWSA's Memorandum of Articles and Association dated 27 June 2012, Article 44 of PPWSA's Memorandum of Articles and Association, the distribution of dividends and reserves shall be as follows:

Retained earnings 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.

The remaining amount after the above allocations shall be allocated to:

- vi. Reserve for future investments, subject to the Board of Director's approval
  - vii. The remaining balance after investment reserve is allocated to the MoEF and public investors at the ratio of 85% and 15%, respectively.
- (b) The use of reserve 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 MEF, dated 22 April 2011.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. BORROWINGS**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Non-current liabilities</b>		
Unsecured borrowings	986,495,717	790,359,750
<b>Current liabilities</b>		
Unsecured borrowings	<u>23,499,158</u>	<u>23,128,518</u>
<b>Total borrowings</b>	<u>1,009,994,875</u>	<u>813,488,268</u>

The terms of outstanding borrowings are as follows:

	<b>Currency</b>	<b>Nominal Interest rate</b>	<b>Year of maturity</b>	<b>2022</b>	<b>2021</b>
				<b>KHR'000</b>	<b>KHR'000</b>
MoEF - Japan International Cooperation Agency	JPY	0.660%	2049	37,869,839	45,200,650
MoEF - Asian Development Bank	SDR	1.650%	2037	32,810,095	36,499,596
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	44,001,408	64,917,065
MoEF - AfD - Credit No. 1174 01 P	USD	1.800%	2037	149,299,838	146,375,548
MoEF - AfD - Credit No. 1176 01 S	USD	0.900%	2038	285,434,485	223,260,652
MoEF - AfD - Credit No. 1244 01 M	USD	0.900%	2039	118,478,956	34,272,146
European Investment Bank	USD	0.610% - 0.965%	2048	342,100,254	262,962,611
<b>Total interest-bearing liabilities</b>				<u>1,009,994,875</u>	<u>813,488,268</u>

**Breach of loan covenants**

PPWSA has unsecured borrowings with a carrying amount KHR1,009,994,875,000 as at 31 December 2022. These borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 2 to 26 years. However, these borrowings contained certain covenants which PPWSA has to comply, otherwise MoEF and / or AfD may suspend or cancel the rights of PPWSA to request additional disbursement of the unwithdrawn amount and repayable on demand of its existing outstanding balance, if such covenant breached is material.

PPWSA exceeded its maximum leverage threshold as at 31 December 2022. However, PPWSA obtained a waiver from the relevant party, extended until 31 December 2022. Accordingly, the borrowings were not repayable on demand at 31 December 2022.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. DEFERRED GOVERNMENT AND OTHER GRANTS**

	<b>Government grant KHR'000</b>	<b>JICA grant KHR'000</b>	<b>Other grant KHR'000</b>	<b>EU grant KHR'000</b>	<b>Total KHR'000</b>
At 1 January 2021	4,240,640	13,897,539	683,914	-	18,822,093
Amortisation charge for the financial year	(134,069)	(1,853,006)	(22,832)	-	(2,009,907)
At 31 December 2021 / 1 January 2022	4,106,571	12,044,533	661,082	-	16,812,186
Received during the financial year	-	-	-	54,436,199	54,436,199
Amortisation charge for the financial year	(134,069)	(1,853,006)	(22,833)	-	(2,009,908)
At 31 December 2022	3,972,502	10,191,527	638,249	54,436,199	69,238,477

**(a) 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 PPWSA on 5 may 1997 at the sum of SDR9,695,000 from the ADB. PPWSA has decided to keep the gain on 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.

**(b) JICA grants**

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

**(c) Other grants**

Other grants represent donations of property, plant and equipment from the Association International des Maires Francophones ("AIMF") and KUNOTA Construction Co., Ltd.

**(d) EU grants**

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

As at the end of financial year, PPWSA has received the payment of disbursement of Grant totaling to EUR12,574,864 or equivalent of KHR54,436,199,000 upon the fulfillment of the contract condition. No amortisation in respect of such grant as at the end of the financial year as the construction of Bakheng Water Project C is still yet to be completed.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. DEFERRED TAX LIABILITIES**

	<b>At 1.1.2022</b>	<b>Recognised</b>	<b>At 31.12.2022</b>
	<b>KHR'000</b>	<b>in profit or loss</b>	<b>KHR'000</b>
		<b>KHR'000</b>	
Property, plant and equipment and intangible assets	(74,215,452)	(6,251,066)	(80,466,518)
Allowance for inventory obsolescence	50,645	(40,564)	10,081
Allowance for doubtful debts	522,858	(469,573)	53,285
Staff benefits	2,953,139	126,371	3,079,510
Unrealised foreign exchange	(1,618,489)	1,925,415	306,926
	<u>(72,307,299)</u>	<u>(4,709,417)</u>	<u>(77,016,716)</u>
	<b>At 1.1.2021</b>	<b>Recognised</b>	<b>At 31.12.2021</b>
	<b>KHR'000</b>	<b>in profit or loss</b>	<b>KHR'000</b>
		<b>KHR'000</b>	
Property, plant and equipment and intangible assets	(68,004,090)	(6,211,362)	(74,215,452)
Allowance for inventory obsolescence	50,645	-	50,645
Allowance for doubtful debts	522,858	-	522,858
Staff benefits	2,930,149	22,990	2,953,139
Unrealised foreign exchange	1,993,781	(3,612,271)	(1,618,489)
	<u>(62,506,657)</u>	<u>(9,800,643)</u>	<u>(72,307,299)</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
<b>Non-current:</b>			
<u>Other payables</u>			
Refundable water deposits	(a)	<u>76,801,705</u>	<u>69,446,073</u>
<b>Current:</b>			
<u>Trade payables</u>			
Third parties	(b)	48,078,710	33,251,064
Accruals construction-in-progress		<u>23,208,075</u>	<u>38,283,099</u>
		<u>71,286,785</u>	<u>71,534,163</u>
<u>Other payables</u>			
Accrued staff incentive		9,993,226	9,241,237
Amount due to Phnom Penh Municipality		57,830,594	47,455,958
Performance guarantee		67,390	67,344
Other tax payable		385,903	293,258
Seniority payment		6,071,437	6,146,076
Other payables		<u>9,025,817</u>	<u>7,231,509</u>
		<u>83,374,367</u>	<u>70,435,382</u>
Total trade and other payables (current)		<u>154,661,152</u>	<u>141,969,545</u>
Total trade and other payables (non-current and current)		<u>231,462,857</u>	<u>211,415,618</u>

(a) Refundable water deposits are collected from customers based on the size of the water meter prior to connection and are recorded at the amount received as refundable water deposits under non-current liabilities.

(b) Trade payables are non-interest bearing and the normal credit terms granted to PPWSA is one to three months (2021: one to three months).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. SALES**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Water sales:		
- households	110,873,519	112,290,774
- commercial	151,870,153	128,582,099
- public administration	19,671,036	21,500,185
- wholesalers	10,317,389	9,333,345
Rounding difference on water sales revenue	70,442	66,249
Less: Invoice cancellations	<u>(6,513,321)</u>	<u>(3,188,402)</u>
	<b>286,289,218</b>	<b>268,584,250</b>
Water connection revenue	8,819,483	9,735,973
Water meter replacement charges	4,222,754	3,871,144
Spare parts and meter sales	<u>392,052</u>	<u>178,430</u>
	<b>299,723,507</b>	<b>282,369,797</b>

**20. FOREIGN EXCHANGE GAINS/(LOSSES) – NET**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Gain/(Loss) on foreign exchange		
- realised	2,659,440	(561,815)
- unrealised	<u>(6,140,606)</u>	<u>2,835,799</u>
	<b>(3,481,166)</b>	<b>2,273,984</b>

**21. OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Government and other grants	2,009,908	2,009,907
Spare parts and meter sales	15,240,650	16,414,430
Penalty revenue	290,042	165,945
Waiver of dividends	-	36,372,177
Other revenue	<u>3,937,733</u>	<u>3,297,028</u>
	<b>21,478,333</b>	<b>58,259,487</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. EMPLOYEE BENEFITS EXPENSE**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Employee salaries	35,130,863	32,767,764
Incentives	11,452,529	10,509,506
Bonuses	9,510,552	8,680,816
Seniority payment	1,153,862	1,193,357
Wages for contractors	886,563	1,025,967
Other employee-related expenses	12,041,053	9,453,827
	<u>70,175,422</u>	<u>63,631,237</u>

**23. RAW MATERIALS FOR WATER TREATMENT**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Chlorine	4,606,139	3,283,477
Poly Aluminium Chloride	6,140,816	5,084,947
Salt	914,299	802,946
Other materials	479,486	370,612
	<u>12,140,740</u>	<u>9,541,982</u>

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

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Materials for house connection	3,300,330	2,270,227
Consumer water meter replacement	1,065,338	606,540
Pipe costs	35,779	18,972
Other costs	551,924	268,029
	<u>4,953,371</u>	<u>3,163,768</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25. FINANCE INCOME**

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Interest income on bank deposits	4,656,618	2,706,044
Unrealised foreign exchange gain on borrowings	13,081,128	10,849,020
	<u>17,737,746</u>	<u>13,555,064</u>

**26. FINANCE COST**

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Interest expense on borrowings	9,115,530	6,436,677
Unrealised foreign exchange loss on borrowings	8,494,262	2,756,571
Interest capitalised on qualifying assets	(5,505,096)	(4,398,469)
	<u>12,104,696</u>	<u>4,794,779</u>

**27. INCOME TAX**

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
<b>Income tax:</b>		
- current year	17,620,610	24,523,593
- under provision in prior year	-	2,258,433
	<u>17,620,610</u>	<u>26,782,026</u>
<b>Deferred tax:</b>		
Origination of temporary differences	4,709,417	9,800,643
	<u>22,330,027</u>	<u>36,582,669</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**27. INCOME TAX (CONTINUED)**

The reconciliation of income tax computed at the statutory tax rate to the income tax expense is as follows:

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Profit before tax	<u>130,515,892</u>	<u>165,856,586</u>
Income tax using the applicable tax rates of 20% (2021: 20%)	26,103,178	33,171,317
Tax affects arising from:		
- non-allowable expenses	115,330	331,201
- temporary differences	(3,888,481)	821,718
- under provision of income tax in prior year	-	2,258,433
Income tax expense during the financial year	<u>22,330,027</u>	<u>36,582,669</u>

**28. EARNINGS PER SHARE**

**Basic earnings per ordinary share**

Basic earnings per share are based on the profit for the financial year attributable to owners of PPWSA and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Profit attributable to owners of PPWSA	108,185,865	129,273,917
Weighted average number of shares	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share (KHR)	<u>1,243.90</u>	<u>1,486.37</u>
Diluted earnings per share (KHR)	<u>1,243.90</u>	<u>1,486.37</u>

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.

PPWSA had no dilutive potential ordinary shares as at the period end. As such, the diluted earnings per share were equivalents to the basic earnings per share.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**29. DIVIDENDS**

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Recognised during the financial year</b>		
Dividend for the financial year ended 31 December 2022 of KHR310 per ordinary share *	4,044,252	-
Dividend for the financial year ended 31 December 2021 of KHR262 per ordinary share	<u>-</u>	<u>22,786,965</u>

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

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

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

**30. RELATED PARTIES 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 the use of public utilities and amenities, and the placing of cash 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 financial statements.

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 financial statements, PPWSA have collectively, but not individually significant transactions with related parties.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**30. RELATED PARTIES TRANSACTIONS (CONTINUED)**

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	<b>2022</b> <b>KHR'000</b>	<b>2021</b> <b>KHR'000</b>
Salaries and other expenses	<u>2,380,572</u>	<u>2,435,463</u>

**31. FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	<b>Amortised cost</b> <b>KHR'000</b>	<b>Carrying amount</b> <b>KHR'000</b>
<b>At 31 December 2022</b>		
<b>Financial assets</b>		
Short-term investments	126,118,416	126,118,416
Trade and other receivables	27,482,021	27,482,021
Cash and cash equivalents	61,158,915	61,158,915
Loan to employees	7,956,651	7,956,651
	<u>222,716,003</u>	<u>222,716,003</u>
<b>Financial liabilities</b>		
Trade and other payables	231,076,954	231,076,954
Borrowings	1,009,994,875	1,009,994,875
	<u>1,241,071,829</u>	<u>1,241,071,829</u>



**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned: (continued)

	<b>Amortised cost</b>	<b>Carrying amount</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>At 31 December 2021</b>		
<b>Financial assets</b>		
Short-term investments	68,163,833	68,163,833
Trade and other receivables	24,042,231	24,042,231
Cash and cash equivalents	89,659,538	89,659,538
Loan to employees	7,956,651	7,956,651
	<u>189,822,253</u>	<u>189,822,253</u>
<b>Financial liabilities</b>		
Trade and other payables	211,122,360	211,122,360
Borrowings	813,488,268	813,488,268
	<u>1,024,610,628</u>	<u>1,024,610,628</u>

**(b) Finance risk management**

PPWSA's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risk includes credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

**(i) Credit risk**

Credit risk is the risk of financial loss to PPWSA that may arise on outstanding financial instruments should a counterparty default on its obligations. PPWSA is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including cash and cash equivalents. PPWSA has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

**Trade receivables and contract assets**

PPWSA's primary exposure to credit risk arises through its trade receivables and contract assets from its customers. The credit period is one month for households and business customers and one year for government departments and PPWSA seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balance is reviewed regularly by the Board of Directors.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Finance risk management (continued)**

**(i) Credit risk (continued)**

**Trade receivables and contract assets (continued)**

Credit risk concentration profile

PPWSA determines the credit risk concentration of its trade receivables on an ongoing basis. The credit risk concentration profile of PPWSA's trade receivables at the reporting date are as follows:

	<b>2022</b>		<b>2021</b>	
	<b>KHR'000</b>	<b>%</b>	<b>KHR'000</b>	<b>%</b>
Household receivables	1,114,374	8%	1,535,840	10%
Commercial receivables	1,300,959	9%	1,062,903	7%
Public administration receivables	11,673,281	82%	12,209,947	82%
Water wholesalers receivables	103,647	1%	44,215	1%
	<u>14,192,261</u>		<u>14,852,905</u>	

PPWSA does 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.

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

**Cash and cash equivalents and short-term investment**

Included in cash and bank balances are KHR4,442,476,000 (2021: KHR2,793,885,000) held by General Department of National Treasury, Treasury of Phnom Penh Municipality, Treasury of Tboung Khmum Provincial, Treasury of Kandal Provincial.

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Finance risk management (continued)**

**(ii) Liquidity risk**

Liquidity risk is the risk that PPWSA will encounter difficulty in meeting financial obligations when they fall due. PPWSA's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. PPWSA's exposure to liquidity risk arise principally from trade and other payables and borrowings.

PPWSA's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. PPWSA maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. PPWSA uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost of borrowed funds. PPWSA's treasury department also ensure that there are sufficient unutilized stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of PPWSA's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

	<b>Undiscounted contractual cash flow</b>				<b>Total</b>
	<b>Carrying amount</b>	<b>On demand within 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	
	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>
<b>At 31 December 2022</b>					
<b>Financial liabilities</b>					
Trade and other payables	231,076,954	154,275,249	-	76,801,705	231,076,954
Borrowings	1,009,994,875	23,499,158	200,765,174	785,730,543	1,009,994,875
	<u>1,241,071,829</u>	<u>177,774,407</u>	<u>200,765,174</u>	<u>862,532,248</u>	<u>1,241,071,829</u>
<b>At 31 December 2021</b>					
<b>Financial liabilities</b>					
Trade and other payables	211,122,360	141,676,287	-	69,446,073	211,122,360
Borrowings	813,488,268	23,229,235	169,148,147	629,068,856	821,446,238
	<u>1,024,610,628</u>	<u>164,905,522</u>	<u>169,148,147</u>	<u>698,514,929</u>	<u>1,032,568,598</u>

**(iii) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result 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).

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Finance risk management (continued)**

**(iii) Foreign currency risk (continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Financial assets and liabilities not held in functional currencies:		
<b><u>Cash and cash equivalents</u></b>		
United States Dollar	<u>34,894,385</u>	<u>26,463,286</u>
<b><u>Short-term investments</u></b>		
United States Dollar	<u>91,118,416</u>	<u>68,163,834</u>
<b><u>Trade and other payables</u></b>		
United State Dollar	81,993,250	47,618,880
European Euro	<u>23,991,854</u>	<u>21,389,992</u>
	<u>105,985,104</u>	<u>69,008,873</u>
<b><u>Borrowings</u></b>		
United States Dollar	895,313,528	666,870,957
European Euro	43,999,061	64,917,065
Special Drawing Right	32,810,102	36,499,596
Japanese Yen	<u>37,872,184</u>	<u>45,200,650</u>
	<u>1,009,994,875</u>	<u>813,488,268</u>

PPWSA's principal foreign currency exposure relates mainly to United States Dollar ("USD"), European Euro ("EUR"), Special Drawing Right ("SDR") and Japanese Yen ("JPY").

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Finance risk management (continued)**

**(iii) Foreign currency risk (continued)**

**Sensitivity analysis for foreign currency risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR, SDR and JPY, with all other variables held constant:

	<b>Change in rate</b>	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>KHR'000</b>	<b>KHR'000</b>
USD/KHR	+ 3%	(25,388,579)	(18,585,965)
	- 3%	25,388,579	18,585,965
EUR/KHR	+ 3%	(2,039,727)	(2,587,766)
	- 3%	2,039,727	2,587,766
SDR/KHR	+ 3%	(984,303)	(1,090,589)
	- 3%	984,303	1,090,589
JPY/KHR	+ 3%	(1,136,166)	(1,353,523)
	- 3%	1,136,166	1,353,523

**(iv) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of PPWSA's financial instruments as a result of changes in market interest rates.

Whilst PPWSA's operating results are subject to the effect of change in interest rate, PPWSA's constantly monitors the net effect of its transactions in the same interest to minimise the exposure to interest rate risk. The directors are of the view that there is no material impact from interest rate risk, there is no material impact and hence no sensitivity analysis is presented.

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Finance risk management (continued)**

**(v) Fair values**

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

Trade and other receivables, loan to employees, short-term investments, cash and cash equivalents, trade and other payables and contract liabilities are not included in the table below as their carrying amounts are reasonably approximate to their fair value due to the relatively short-term nature of those financial instruments.

	<b>Carrying amount KHR'000</b>	<b>Fair value of financial instruments not carried at fair value KHR'000</b>
<b>Borrowings</b>		
31.12.2022	1,009,994,875	868,569,688
31.12.2021	813,488,268	821,446,238
	<hr/>	<hr/>

**Level 3 fair value**

Fair value of financial instruments not carried at fair value

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

**32. CAPITAL COMMITMENT**

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

	<b>2022 KHR'000</b>	<b>2021 KHR'000</b>
Construction of water treatment plant	101,740,068	393,733,852
Consultation services	9,891,722	7,771,956
Purchase of iron pipes, fitting and accessories	23,120,399	3,405,060
	<hr/>	<hr/>
	134,752,189	404,910,868
	<hr/>	<hr/>

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**33. SEGMENTAL REPORTING**

Segmental reporting in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often different interpretation exists 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.

**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 and subject to interpretation. Often different interpretation exists 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 the tax liabilities of PPWSA have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be significant.

**35. CAPITAL MANAGEMENT**

PPWSA's policy is to ensure that it maintains sufficient capital to carry out its statutory functions. To achieve this, PPWSA reviews its sufficiency of capital as appropriate, taking into consideration its capital expenditure needs, government policies, regulatory requirements and its ability to access capital markets. PPWSA defines capital as its total equity.

There were no changes in PPWSA's approach to capital management during the financial years ended 31 December 2022 and 31 December 2021.

**36. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

PPWSA had made announcements on the change of Board of Directors in Cambodia Securities Exchange ("CSX") as follows:

On 11<sup>th</sup> January 2023, H.E. Sim Sitha, Secretary of State of Ministry of Industry, Science, Technology and Innovation, was appointed as the Chairman of Phnom Penh Water Supply Authority's Board of Directors for the 8<sup>th</sup> mandate by Anukret No. 31 AnKr TT dated 6<sup>th</sup> January 2023 to replace H.E. Oum Sotha.

On 27<sup>th</sup> February 2023, Mr. Ma Noravin, Deputy Director General in charge of Production Management, was appointed as the member of the Board of Directors for the 8<sup>th</sup> mandate representing the PPWSA's employees through voting result by PPWSA's employees.

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**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**37. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements of PPWSA for the financial year ended 31 December 2022 were authorised for issue by the Board of Directors on 15 March 2023.



Registration No. Co.0839 Et/2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY**  
(Incorporated in Cambodia)

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

**Opinion**

We have audited the financial statements of Phnom Penh Water Supply Authority ("PPWSA"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of PPWSA for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 56.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PPWSA as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

**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 are independent of PPWSA in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' *Code of Ethics for Certified Public Accountants and Auditors* ("KICPAA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of KICPAA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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 PPWSA for the current financial year. These matters were addressed in the context of our audit of the financial statements of 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 MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

**Key Audit Matters (continued)**

**(a) Carrying values of property, plant and equipment ("PPE") and assessment of useful lives of PPE**

*Refer to Note 3.3, Note 4.2 and Note 5 to the financial statements*

As at 31 December 2022, the carrying values of PPE of PPWSA amounted to KHR2,203 billion.

We focused our audit on the carrying values of PPE because PPE accounts for the majority of PPWSA's total assets and significant management judgement is involved in determining the useful lives of PPE. Given the significance of PPE to PPWSA's financial statements, errors in estimating the useful lives of PPE could result in a material misstatement to the financial statements.

Accordingly, we have identified this as a key audit matter.

Our response:

- We reviewed the appropriateness of the management's estimates of the useful lives of PPE as follows:
  - (i) Discussed with the management on the operational plans of the PPE;
  - (ii) Assessed the management's estimates for the useful lives of new PPE acquired by tracing to underlying documentary support such as project documentation, technical assessment and vendor's specifications;
  - (iii) Reviewed the management's analysis of estimated useful lives of the PPE including the identification of conditions that may indicate significant changes to estimated useful lives such as expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset;
  - (iv) Compared the useful lives of the PPE against entities in the utilities industry based on public information of these entities; and
  - (v) Assessed the adequacy of disclosure in the financial statements.
- We physically sighted to the PPE via our sampling methodology.

Based on the above procedures performed, we did not identify any material exceptions apart from the control weaknesses on the identification of some of its PPE.

**(b) Carrying values of borrowings, assessment on its translation of foreign currencies and functional currency**

*Refer to Note 2.4, Note 3.1, Note 3.2(a)(ii), Note 4.1, Note 15, Note 25 and Note 26 to the financial statements*

As at 31 December 2022, the carrying values of borrowings of PPWSA amounted to KHR1,009 billion; unrealised foreign exchange gain and loss on borrowings amounted to KHR13 billion and KHR8 billion respectively, for the financial year ended 31 December 2022.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

**Key Audit Matters (continued)**

**(b) Carrying values of borrowings, assessment on its translation of foreign currencies and functional currency (continued)**

*Refer to Note 2.4, Note 3.1, Note 3.2(a)(ii), Note 4.1, Note 15, Note 25 and Note 26 to the financial statements (continued)*

We focused on this area because the foreign currencies denominated borrowings account for the majority of PPWSA's total liabilities and significant management judgement is involved in determining the functional currency of PPWSA. Given the significance of borrowings to PPWSA's financial statements, errors in concluding PPWSA's functional currency and translation of foreign currencies could result in a material misstatement to the financial statements.

Accordingly, we have identified this as a key audit matter.

Our response:

- We reviewed the appropriateness of the management's judgement in determining the functional currency of PPWSA as follows:
  - (i) Discussed with the management on the operations of PPWSA and the legal requirement for entities to prepare their financial statements in Khmer Riel;
  - (ii) Assessed the reasonableness of the management's judgement which include their consideration of primary economic environment in which PPWSA operates, the currency and regulations that mainly influence its sales prices, and the currency in which funds generated from or used in financing activities and operating activities respectively; and
  - (iii) Assessed the adequacy of disclosure in the financial statements.
- We checked the appropriateness of translation of foreign currencies denominated borrowings as at the end of the financial year as follows:
  - (i) Checked the foreign exchange rates used by comparing the rates used to rates published by the National Bank of Cambodia; and
  - (ii) Performed re-computation on the calculation of unrealised foreign exchange differences to ascertain the mathematical accuracy.

Based on the above procedures performed, we did not identify any material exceptions.

**(c) Classification and fair values of refundable water deposits**

*Refer to Note 18 to the financial statements*

As at 31 December 2022, the carrying values of refundable water deposits of PPWSA amounted to KHR76 billion.

We focused on this area because of the judgement exercised by the management in determining the classification and fair values of the refundable water deposits as non-current liabilities of PPWSA.

Accordingly, we have identified this as a key audit matter.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

**Key Audit Matters (continued)**

**(c) Classification and fair values of refundable water deposits (continued)**

*Refer to Note 18 to the financial statements (continued)*

Our response:

- We discussed with the management on the judgement and assumptions made in determining the classification of the refundable water deposits.
- We discussed with the management on the possible fair value impact of the refundable water deposits considering time value of money.
- We reviewed the accuracy of the carrying values of the refundable water deposits by performing substantive test over movement during the financial year in the refundable water deposits control accounts.

Based on the above procedures performed, we did not identify any material exceptions apart from the control weaknesses on the identification of legacy refundable water deposits brought forward.

**(d) Recognition of accrued water revenue**

*Refer to Note 3.6, Note 3.11, Note 4.5 and Note 9 to the financial statements*

As at 31 December 2022, the carrying values of accrued water revenue included in contract assets and revenue of PPWSA amounted to KHR89 billion.

We focused on this area because the amount of accrued water revenue recognised during the financial year are affected by a variety of estimates which includes judgement exercised by the management, in particular with regards to the determination of water volume produced, water revenue billed, water loss rate and the related tariff rates.

Accordingly, we have identified this as a key audit matter.

Our response:

- We reviewed the appropriateness of the management's judgement in determining the accrued water revenue of PPWSA as follows:
  - (i) Discussed with the management on the methodology used in deriving the accrued water revenue;
  - (ii) Challenged the key assumptions used by the management, in particular, water volume produced, water loss rate and the related tariff rates; and
  - (iii) Performed re-computation on the calculation of accrued water revenue to ascertain the mathematical accuracy.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

**Key Audit Matters (continued)**

**(d) Recognition of accrued water revenue (continued)**

*Refer to Note 3.6, Note 3.11, Note 4.5 and Note 9 to the financial statements (continued)*

Our response (continued):

- We tested controls, assisted by our IT specialists, including, among others, comparing details of revenue amount in the accounting system with the source documents; recording of receipts in the receivables subsystem; reconciling cash register totals with cash receipts; and recording receipts to the general ledger.
- We checked the subsequent billings of the accrued water revenue.

Based on the above procedures performed, we did not identify any material exceptions.

**(e) Impairment of trade receivables**

*Refer to Note 3.2(a)(i), Note 3.8(a), Note 4.4, Note 8, Note 31(b)(i) to the financial statements*

As at 31 December 2022, the carrying values of trade receivables from customers amounted to KHR14 billion.

We focused on this area because it requires management to exercise significant judgement in determining the probability default and expected loss rate by trade receivables that could result in a material misstatement to the financial statements.

Accordingly, we have identified this as a key audit matter.

Our response:

- We obtained understanding of the design and implementation of controls associated with the management's monitoring of outstanding receivables and impairment calculation.
- We discussed with the management on the possible impact of impairment on trade receivables considering that the customers become default.
- We assessed the reasonableness and calculation of expected credit losses by performing alternative procedure testing over 3-year repayment trend covering from 2019 to 2022.

Based on the above procedures performed, we did not identify any material exceptions.

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

The management of PPWSA is responsible for the other information. The other information comprises the Directors' Report (but does not include the financial statements of PPWSA and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

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

Our opinion on the financial statements of 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 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 PPWSA or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management of PPWSA is responsible for the preparation of financial statements of PPWSA that give a true and fair view in accordance with the Cambodian International Financial Reporting Standards. The management is also responsible for such internal controls as the management determines is necessary to enable the preparation of financial statements of PPWSA that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of PPWSA, the management is responsible for assessing 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 management either intends to liquidate PPWSA or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of PPWSA is responsible for overseeing PPWSA's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements of 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 these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

**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 skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of 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 PPWSA's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- conclude on the appropriateness of the management's use of 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 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 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 PPWSA to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of PPWSA, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the 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.

Registration No. Co.0839 Et/2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PHNOM PENH WATER SUPPLY AUTHORITY (CONTINUED)**  
(Incorporated in Cambodia)

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of PPWSA for the current financial 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 determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.



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

Phnom Penh, Kingdom of Cambodia

Date: 15 MAR 2023



**Oknha Tan Khee Meng**  
Certified Public Accountant



# **APPENDIX IV**

**Result of Water Analysis of Chamkar Morn WTP  
TEST REPORT 7191297902-01-CHM22-PN**

# TEST REPORT: 7191297902-01-CHM22-PN

Date: 28 DEC 2022

Tel: +65 6973 6164

Client's Ref:

Email: na.pi@tuvsud.com

**Note:** This report is issued subject to the Testing and Certification Regulations of the TÜV SÜD Group and the General Terms and Conditions of Business of TÜV SÜD PSB Pte Ltd. In addition, this report is governed by the terms set out within this report.



PSB Singapore

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## **SUBJECT**

Analysis of Drinking Water Sample

## **CLIENT**

Phnom Penh Water Supply Authority (PPWSA)  
#45, Street 106, Phnom Penh12202  
Cambodia

Attention: Mr. Keo Heng

## **DATE OF SAMPLE SUBMISSION / TESTING**

24 Nov 2022 / 25 Nov to 27 Dec 2022

## **DESCRIPTION OF SAMPLE**

One water sample was received and labelled as "Drinking Water"

## **METHOD OF TEST**

APHA-AWWA-WEF 22<sup>nd</sup> Edition 2012 - Standard Methods for the Examination of Water and Wastewater  
USEPA Method 200.8 Determination of Trace Elements in Waters and Wastes by ICP-MS  
USEPA Method 300.1 Determination of Inorganic Anions in Drinking Water by Ion Chromatography  
USEPA Method 508 Determination of Chlorinated Pesticides in Water by GC/ECD  
USEPA Method 515 Determination of Chlorinated Acids in Drinking Water by Liquid-Liquid Extraction, Derivatization, and GC/ECD  
USEPA Method 524.3 Measurement of Purgeable Organic Compounds in Water By Capillary Column GC/MS  
USEPA Method 525.2 Determination of Organic Compounds in Drinking Water by Liquid-Solid Extraction and Capillary Column GC/MS  
USEPA Method 551.1 Determination of Chlorination Disinfection Byproducts, Chlorinated Solvents, and Halogenated Pesticides/Herbicides in Drinking Water by Liquid-Liquid Extraction and GC/ECD  
USEPA Method 552.2 Determination of Haloacetic Acids and Dalapon in Drinking Water by Liquid-Liquid Extraction, Derivatization and GC/ECD  
Determination of EDTA and NTA by Solid Phase Extraction, Derivatization and GC/MS  
Determination of Bromate by Derivatization and GC/MS (SIM mode)



TÜV SÜD PSB

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15 International Business Park  
Singapore 609937  
TÜV®

**TEST REPORT: 7191236287-01-CHM20-PN**  
28 DEC 2022



PSB Singapore

**RESULTS**

Test parameter	Drinking water	Detection Limit	*WHO Guideline Value	
<b>Microbiological Parameter</b>				
Escherichia coli	cfu/100mL	Not detected	1	< 1
<b>Physical Parameters</b>				
Color	Hazen	Not detected	2.5	15
Conductivity at 25°C	µS/cm	122	-	-
Odour		Unobjectionable	-	-
pH @ 25°C	units	7.2	-	-
Total Dissolved Solids	mg/L	73	1	-
Turbidity	NTU	0.26	0.1	5
<b>Chemical Parameters</b>				
Acrylamide	mg/L	Not detected	0.0004	0.5
Alachlor	mg/L	Not detected	0.001	0.02
Aldicarb	mg/L	Not detected	0.005	0.01
Aldrin & Dieldrin	mg/L	Not detected	0.00001	0.00003
Antimony	mg/L	Not detected	0.001	0.02
Arsenic	mg/L	Not detected	0.001	0.01
Atrazine and its chloro-s-triazine metabolites	mg/L	Not detected	0.001	0.1
Atrazine	mg/L	Not detected	0.001	-
Aluminium	mg/L	0.007	0.001	-
Barium	mg/L	0.05	0.001	1.3
Benzene	mg/L	Not detected	0.001	0.01
Benzo (a) pyrene	mg/L	Not detected	0.0001	0.0007
Boron	mg/L	Not detected	0.01	2.4
Bromate	mg/L	Not detected	0.005	0.01
Bromodichloromethane	mg/L	Not detected	0.001	0.06
Bromoform	mg/L	Not detected	0.001	0.1
Cadmium	mg/L	Not detected	0.001	0.03
Carbofuran	mg/L	Not detected	0.001	0.007
Carbon Tetrachloride	mg/L	Not detected	0.001	0.004
Chlorate	mg/L	Not detected	0.3	0.7
Chlordane (total isomers)	mg/L	Not detected	0.0001	0.0002
Chlorine (Free)	mg/L	Not detected	0.1	5
Chlorite	mg/L	Not detected	0.1	0.7
Chlorate	mg/L	0.3	0.1	0.7
Chloroform	mg/L	Not detected	0.001	0.3
Chlorotoluron	mg/L	Not detected	0.005	0.03
Chlorpyrifos	mg/L	Not detected	0.001	0.03
Chromium (in all forms as a total)	mg/L	Not detected	0.01	0.05
Copper	mg/L	Not detected	0.01	2
Cyanazine	mg/L	Not detected	0.0001	0.0006
Cyanide	mg/L	Not detected	0.1	-

**TEST REPORT: 7191236287-01-CHM20-PN**  
28 DEC 2022



PSB Singapore

**RESULTS** (Continued)

Test parameter	Drinking water	Detection Limit	*WHO Guideline Value	
Cyanogen chloride (as cyanide)	mg/L	Not detected	0.1	-
Chloride	mg/L	14.3	0.1	-
2,4-D (2,4-dichlorophenoxyacetic acid) in free acid form	mg/L	Not detected	0.004	0.03
2,4-DB [2,4-Dichlorophenoxy) butyric acid]	mg/L	Not detected	0.004	0.09
DDT & Metabolites	mg/L	Not detected	0.0001	0.001
Di(2-Ethylhexyl) phthalate	mg/L	Not detected	0.001	0.008
1,2-Dibromo-3-chloropropane (DBCP)	mg/L	Not detected	0.001	0.001
Dibromoacetonitrile	mg/L	Not detected	0.003	0.07
Dibromochloromethane	mg/L	Not detected	0.001	0.1
1,2-Dibromoethane (Ethylene Dibromide)	mg/L	Not detected	0.0001	0.0004
Dichloroacetate	mg/L	Not detected	0.01	0.05
Dichloroacetonitrile	mg/L	Not detected	0.003	0.02
Dichlorobenzene, 1,2-	mg/L	Not detected	0.001	1
Dichlorobenzene, 1,4-	mg/L	Not detected	0.001	0.3
Dichloroethane, 1,2-	mg/L	Not detected	0.001	0.03
Dichloroethene (cis & trans), 1,2-	mg/L	Not detected	0.001	0.05
Dichloromethane	mg/L	Not detected	0.001	0.02
Dichloropropane, 1,2-	mg/L	Not detected	0.001	0.04
Dichloropropene, 1,3-	mg/L	Not detected	0.001	0.02
Dichlorprop	mg/L	Not detected	0.004	0.1
Dicofol	mg/L	Not detected	0.001	-
Dimethoate	mg/L	Not detected	0.001	0.006
Dioxane, 1,4-	mg/L	Not detected	0.01	0.05
Endrin	mg/L	Not detected	0.0001	0.0006
Epichlorohydrin	mg/L	Not detected	0.0001	0.0004
Ethylbenzene	mg/L	Not detected	0.001	0.3
Edetic acid (EDTA-Ethylene Diamine Tetraacetic Acid) in free acid form	mg/L	Not detected	0.01	0.6
Fenoprop (2,4,5-TP; 2,4,5-trichlorophenoxy propionic acid)	mg/L	Not detected	0.004	0.009
Fluoride	mg/L	Not detected	0.1	1.5
Hexachlorobutadiene (HCBD)	mg/L	Not detected	0.0001	0.0006
Hydroxyatrazine	mg/L	Not detected	0.1	0.2
Isoproturon	mg/L	Not detected	0.005	0.009
Iron	mg/L	Not detected	0.02	-
Lead	mg/L	Not detected	0.001	0.01
Lindane	mg/L	Not detected	0.0001	0.002
MCPA (4-Chloro-2-methylphenoxyacetic acid)	mg/L	0.006	0.006	-
Mecoprop (MCP; [2(2-methyl-chlorophenoxy) propionic acid])	mg/L	0.005	0.004	0.01
Mercury, in inorganic form	mg/L	Not detected	0.001	0.006
Methoxychlor	mg/L	Not detected	0.001	0.02
Metolachlor	mg/L	Not detected	0.001	0.01
Microcystin-LR, in free and cellbound forms as a total	mg/L	Not detected	0.0005	0.001
Molinate	mg/L	Not detected	0.001	0.006
Monochloramine	mg/L	Not detected	0.1	3
Monochloroacetic acid (chloroacetic acid)	mg/L	Not detected	0.001	0.02
Manganese	mg/L	0.02	0.01	-
Molybdenum	mg/L	Not detected	0.02	-

**TEST REPORT: 7191236287-01-CHM20-PN**  
28 DEC 2022



PSB Singapore

**RESULTS** (Continued)

Test parameter	Drinking water	Detection Limit	*WHO Guideline Value	
Nitrate (as N)	mg/L	0.3	0.02	11
Nickel	mg/L	Not detected	0.01	0.07
Nitritotriacetic acid (NTA)	mg/L	Not detected	0.1	0.2
Nitrite (as N)	mg/L	Not detected	0.1	0.9
Nitrate plus nitrite combined	units	0.3	0.12	1
Nitrisodimethylamine (NDMA)	mg/L	Not detected	0.00001	0.0001
Pendimethalin	mg/L	Not detected	0.001	0.02
Pentachlorophenol (PCP)	mg/L	Not detected	0.001	0.009
Perchlorate	mg/L	Not detected	0.005	0.07
Permethrin	mg/L	Not detected	0.04	-
Pyriproxyfen	mg/L	Not detected	0.04	-
Selenium	mg/L	Not detected	0.001	0.04
Simazine	mg/L	Not detected	0.001	0.002
Sodium	mg/L	9.67	0.01	-
Styrene	mg/L	Not detected	0.001	0.02
Sulfate as SO <sub>4</sub> <sup>2-</sup>	mg/L	3.0	0.1	-
Silica (as SiO <sub>2</sub> )	mg/L	10.6	0.02	-
Terbutylazine (TBA)	mg/L	Not detected	0.001	0.007
Tetrachloroethene	mg/L	Not detected	0.001	0.04
Toluene	mg/L	Not detected	0.001	0.7
Trichloroethene	mg/L	Not detected	0.001	0.02
Trichlorophenol, 2,4,6-	mg/L	Not detected	0.001	0.2
2,4,5-T (2,4,5-Trichlorophenoxyacetic acid)	mg/L	Not detected	0.004	0.009
Trichloroacetate	mg/L	Not detected	0.01	0.2
Trifluralin	mg/L	Not detected	0.001	0.02
Total Trihalomethanes Ratio <sup>#</sup>	unit	Not detected	0.04	< 1
Total Organic Carbon (TOC)	mg/L	2.0	1	-
Total Alkalinity (as CaCO <sub>3</sub> )	mg/L	30.2	1	-
Total Hardness as (CaCO <sub>3</sub> )	mg/L	31.1	0.007	-
Total Phosphorus (as P)	mg/L	Not detected	0.1	-
Uranium	mg/L	Not detected	0.001	0.03
Vinyl Chloride	mg/L	Not detected	0.0001	0.0003
Xylenes	mg/L	Not detected	0.001	0.5

Note:

- \* Specification is based on WHO Guideline for Drinking Water Quality, 4<sup>th</sup> Edition 2011.
- # The sum of the ratio of the concentration of each to its respective guideline value should not exceed 1.



**REMARKS**

The parameters tested for the water sample complied with the WHO Guidelines for Drinking-Water Quality, 4<sup>th</sup> Edition 2011.

A handwritten signature in black ink, appearing to read 'Katherine J. Agpoon'.

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**KATHERINE J. AGPOON**  
CHEMIST

A handwritten signature in black ink, appearing to read 'Pi Na'.

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**DR. PI NA**  
EXECUTIVE CHEMIST  
ENVIRONMENTAL MONITORING  
CHEMICAL & MATERIALS

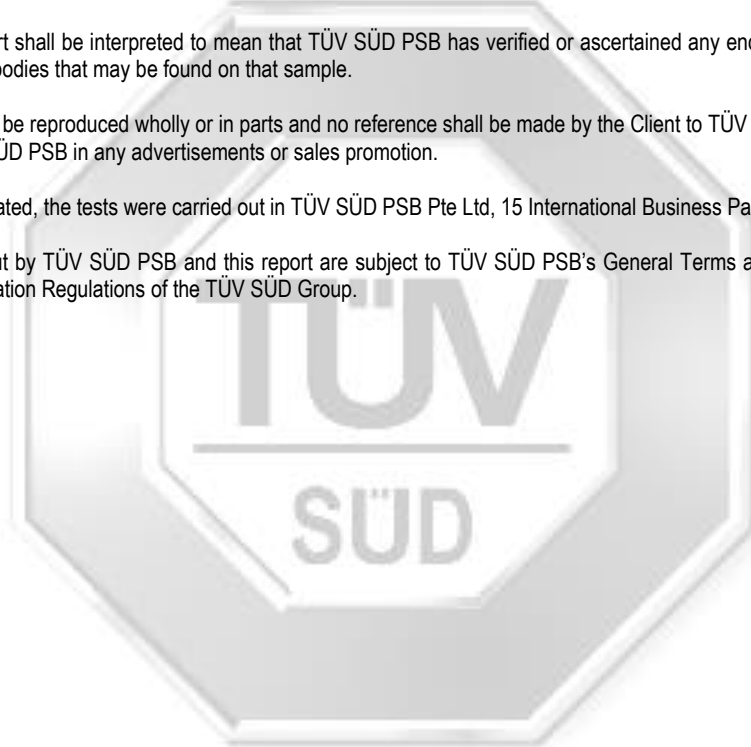




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Effective 01 January 2021





## PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)



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