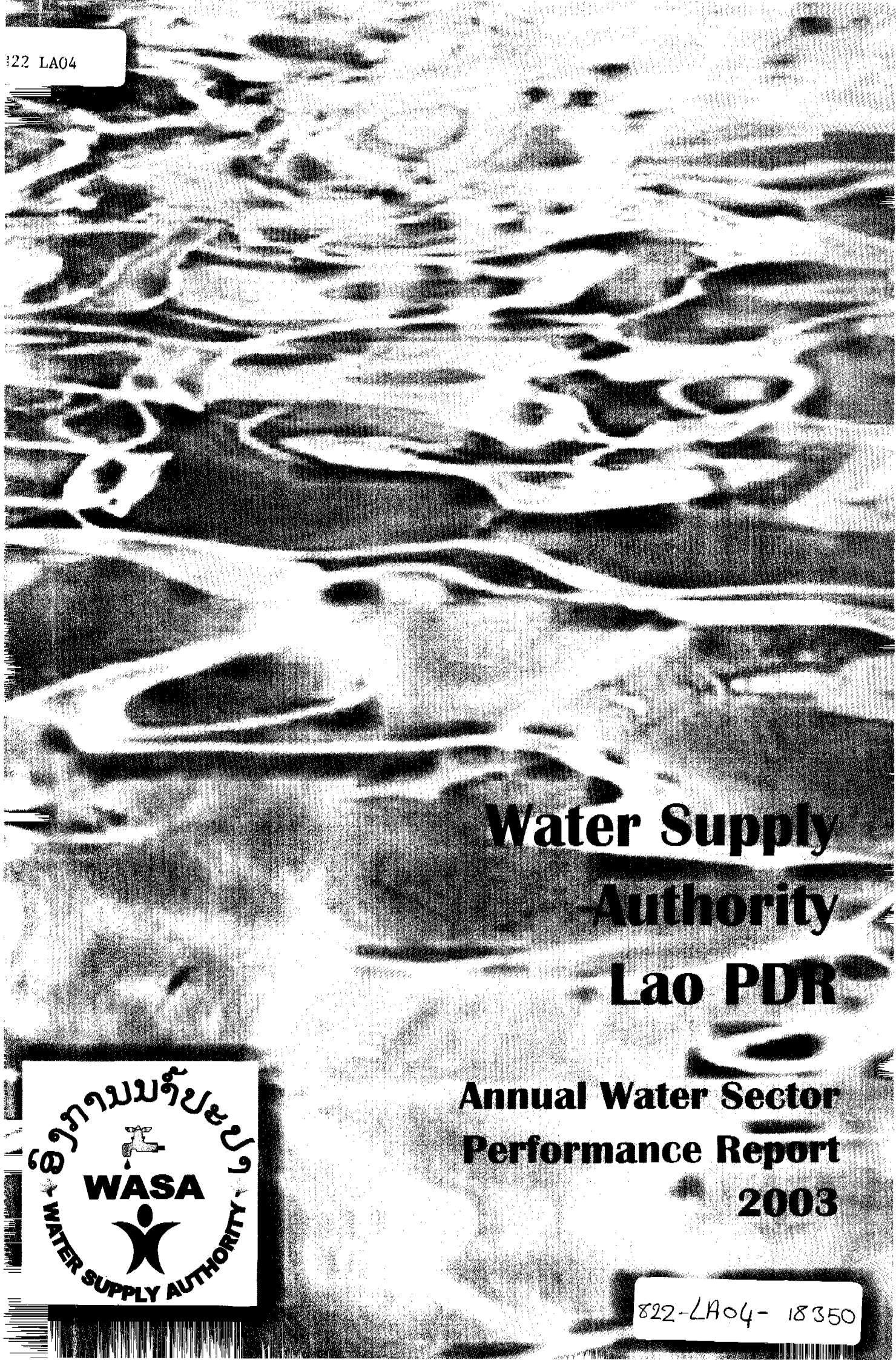

Water Supply Authority Lao PDR

Annual Water Sector Performance Report 2003

Water Supply Authority

Our Vision

"A first class water supply infrastructure that delivers the highest service possible that represents best value to customers now and in the future"

Our Mission

"To regulate in a way that provides a potable, sustainable and affordable water supply for all by 2015."

Annual Water Sector Performance Report 2003

Contents

Message from the Director General of Housing and Urban Planning

As the former Director of WASA I am fully aware of the challenges facing my successor in developing a regulatory framework that will deliver improved services within the urban water sector in the Lao PDR. Last year I oversaw the production of the first Annual Water Sector Performance Report. The responses to this report from all walks of life including: customers, operators, government and development agencies, has been overwhelmingly positive.

I am pleased to participate in this second report which shows that most NPSEs have responded to the last report by demonstrating significant improvements in financial and technical performance.

Although WASA falls directly under my department I fervently believe that its effectiveness lies in its independence. I therefore take the view that any intervention in WASA's activities from myself and/or higher authorities should be kept to an absolute minimum and should be limited to legal and procedural processes only.

I have every faith in WASA as an organisation dedicated to the betterment of the sector and I wish Mr Noupheuak Virabouth, the new Director of WASA, every success in his drive to improve the quality of life in the urban environment through improved water supply services.

Vientiane, 31 July 2004

Dr Somphone Dethoudom

Director's message

Although this is the second Annual Water Sector Performance Report it is my first as the Director of WASA, I would like to repeat the statements made by my predecessor in the 2002 Annual Report, namely:

- *money alone cannot solve the sector's problems,*
- *greater efficiency is demanded, and*
- *water supply services have to be paid for.*

In addition to these comments we in WASA have been very pleased with the positive responses we received concerning the first report, especially from the NPSEs who have risen to the challenges of comparative competition. This second report continues with this comparative competition concept.

In addition to comparing the performances of the NPSEs with each other this second report can also compare performance relative to that achieved in the preceding year. Of particular note is that almost all the NPSEs have improved their financial position since 2002 although they still have a long way to go before they can generate real returns on investment, and until then they remain a burden to the national economy.

Since the last report the development of the regulatory framework has accelerated with the production of the Water Tariff Policy, Regulatory Accounting Guidelines, Regulatory Reporting Requirements, and Tariff Determination Guidelines. The primary activity of WASA for the current year (2004) shall be to put all these tools into practice by undertaking a comprehensive tariff review with a view to determining the most appropriate tariff levels for the period 2005 -2007.

Vientiane, 31 July 2004

Mr Noupheuak Virabouth

Introduction

This second Annual Water Sector Performance Report is designed to inform all the stakeholders, especially the customers, of the performances of the various water companies falling under the regulatory remit of WASA. Customers can see for themselves the actual performance of their water supply company in comparison to others in the country. More importantly, the managers of the suppliers can observe how they are performing against their competing operations elsewhere in the country.

Since the last report WASA has improved the analysis process to incorporate some of the unique characteristics of each operating company that make comparisons less than perfect. We will continue to enhance our reporting methods for future reports. Although we believe that this report is a significant improvement on the 2002 report we still advise a degree of caution in the interpretation of the data presented.

Although the technical and financial performance analyses presented in this report are significantly improved it is still based upon data reported to WASA from the NPSEs. At this stage we cannot compare performance against planned activities. We have, as part of the planned 2005 – 2007 tariff review currently being undertaken, called for longer term management plans setting out operational, investment and commercial plans and expectations. Future annual reports will compare performance against these forecasts.

The major analyses included in this report are:

Technical analysis:

- *Service coverage*
- *Efficiency.*
- *Leakage*

Financial analysis:

- *Profitability*
- *Capital investment*
- *Detailed tariff analyses*
- *Capital structures*
- *Cash flow performance*

Aside from this performance comparison this report will also inform the reader of policies and practices of WASA, activities undertaken in this reporting period, and any future planned activities.

The Role of WASA

Who are we?

The Water Supply Authority) (WASA) is responsible for making sure that the water supply companies under its regulatory remit give their customers a good-quality, efficient service at a fair price. We are a government organisation, set up in 1999, within the Department of Housing and Urban Planning of the Ministry of Communication Transport Post and Construction led by Mr Noupheuak Virabouth, the WASA Director.

Between the Director and the Ministry is the Regulatory Board chaired by the Vice Minister and consisting of representatives of various government and non-governmental agencies. This board is responsible for setting the overall policy of WASA. To date the primary policy direction given to WASA is the Tariff Policy. WASA's role is to implement this policy plus any future policies the Board approves.

What is WASA's role?

We are the regulator of the urban water industry in the Lao PDR. Draft legislation, currently under consideration by the Government states that we:

- Limit the amount companies can charge customers
- Make sure that companies carry out their responsibilities as set out in legislation and regulations
- Protect the standard of service customers receive
- Encourage companies to be more efficient
- Encourage competition in the sector where appropriate
- Ensure that the companies carry out their activities in an environmentally sustainable manner

We also compare the activities of all the companies helping poor performers rise to the standards of the best.

What do we do?

Setting tariffs

Until recently the tariffs for water supply services were often set at uneconomically low levels that in turn resulted in falling levels of service and was a major disincentive for investors. Draft legislation transfers much of this responsibility to WASA, although final approval of tariffs remains vested in the local political authorities. The first major WASA tariff review for the period 2005 – 2007 is being undertaken, the results of which are expected to be published by the end of 2004.

In the long term we envisage a tariff regime that is a balance between ensuring that the operators have the necessary finance to provide the best possible service and at the same time address the needs of the customers, notably the poor.

Compliance with regulations

The rights and obligations of the various water companies are set out in numerous legal instruments, including proposed legislation. It is our role to ensure that the water companies comply with such legal instruments.

In the event of a dispute between a water company and one of its customers that cannot be resolved at a local level then we will have the powers to act as an arbitrator to the dispute.

Compliance with regulations is one of the key benchmarks of comparative competition between the various water companies. We have yet to establish a comprehensive compliance monitoring system but we expect future monitoring to include compliance with regulations through a detailed analysis of enforcement measures,

Protecting customers

We check that companies meet their responsibilities to customers, for example, price, water quality, and reliability of service.

Each year we intend to publish information about how the companies perform.

Economy and efficiency

We check how companies perform to make sure that customers get value for money. We expect companies to improve their services by being more efficient, not just by putting up prices.

We monitor specific performance indicators such as lost water, labour utilisation and financial management. These indicators shall form the key components of annual published comparative competition results. Customers will themselves see how their water company is performing in comparison to others in the Lao PDR.

Encouraging competition

Although direct competition in the water sector does not exist we promote the concept of comparative competition described above.

We also promote competition in other areas such as capital investment where fair and open competition in the tendering process is standard practice.

In the longer-term we envisage a more competitive environment whereby companies may have to bid on a competitive basis for the right to operate water supply services.

Environmental duty of care

We are required to exercise our powers with due regard to the environment. This means that we should recognise environmental constraints that the companies operate within. We must respect that demands for efficiency improvements should not be at the expense of the environment.

What we are not

We do not have any jurisdiction over rural water supplies as this activity falls under the jurisdiction of Nam Saat, itself under the jurisdiction of the Ministry of Health.

WASA is not responsible for any of the day-to-day management of the water companies. Operational responsibility has been delegated to them through the decentralisation process. Our role is to supervise their activities to ensure compliance with statutory requirements and to encourage efficiency.

WASA is also not responsible for the protection of the environment as this is a direct responsibility of various departments within the Ministry of Agriculture and Forestry. However, WASA has an obligation to recognise the environmental impacts of its actions and those of the operating companies, all of which are compelled to adhere to statutory regulations and best practices.

Support

Although the concept of regulation of utilities has been employed elsewhere in the world it is new to the Lao PDR. In this respect we have enjoyed significant support through various international development agencies in helping to establish an appropriate regulatory framework for the water supply sector for our country. This includes a long-term support programme funded by NORAD and occasional support by the World Bank's Water and Sanitation Programme. Other agencies such as the Asian Development Bank (ADB) and the Japan International Co-operation Agency (JICA), and the Public Private Infrastructure Advisory Facility (PPIAF) have also recognised our efforts in this area and have given us their unqualified support.

Ultimately, it is the support of the customers that is most important for our work to be considered a success.

This Year's Achievements

WASA Charter

Although the principal achievement of 2002 was the development of the WASA Charter it had not then been ratified as a legal instrument. Unfortunately, ratification of the Charter did not occur in 2003 due to prolonged debate at ministerial levels. WASA does expect this Charter to be ratified soon and is conducting its activities on this basis.

The Charter sets out the roles and responsibilities of the various stakeholders in the water sector, especially the rights of the consumers.

Tariff Policy

In accordance with one of the requirements of the draft legislation described above we successfully completed the development of a National Water Tariff Policy. This Tariff Policy is based upon:

- Consumer interest and affordability
- Supplier costs of service provision
- The environment
- National economic policy

This Tariff Policy, approved as a legal instrument in 2004[1], is the cornerstone of future tariff determinations for the water companies.

The principal features of this Tariff Policy are

- Specific structures designed to create social fairness, especially with respect to the poor, such as cross subsidies between consumer groups.
- Cost recovery and efficiency objectives to ensure long term financial sustainability of the NPSEs.
- Recognition of constraints including affordability.

To assist all concerned parties we have prepared detailed Tariff Policy guidance notes explaining the reasoning behind the various policy decisions. The Tariff Policy and the accompanying guidance notes shall be made publicly available and will be posted on the new WASA web-site in due course.

Water quality regulations

The draft legislation on water quality standards described in the 2002 report still awaits formal adoption by the Government.

Regulatory accounting guidelines

It has long been recognised that although the government accounting systems are appropriate for the monitoring of public sector expenditure they are not

[1] Ministerial Decision on Water Supply Tariff Policy of the Lao PDR, No 5336/MCTPC, 26 April 2004.

appropriate for commercial activities, especially with respect to pricing. We have developed a set of Regulatory Accounting Guidelines based upon some of the key provisions of International Accounting Standards, notably depreciation and asset valuations. These guidelines will allow us to undertake a more detailed analysis of the financial state of the water companies as well as being a central component of the tariff determination process.

The accounts for all 17 of the 18 NPSEs[2] presented in Annex 3 include profit and loss statements and balance sheets prepared in accordance with these guidelines.

Tariff determinations

In October 2003, WASA received the tariff applications for 2004[3]. The determination process was based upon a simple cost of service approach as calculated by the respective NPSEs as the detailed determination methodology was still to be developed. The ongoing 2005 – 2007 tariff review will incorporate the Tariff Policy and more appropriate financial and accounting tools and concepts, e.g. the Regulatory Accounting Guidelines.

Technical and financial management training

We continued to provide support to the water supply companies to help them improve their technical and financial management expertise. With the support of several donor agencies we hope to continue this service.

[2] Financial data for Xaysomboun SR not submitted.

[3] Refer Annex 2 for full details of 2004 tariffs.

Technical Performance

Concept

The concept of comparative competition is the annual publication of the performances of the individual companies. The driver for improved service is the psychological desire to be the best (or at least a desire not to be amongst the worst).

The technical reporting system established by WASA is still relatively rudimentary and still very much unchanged from that used for the 2002 annual report. However, this report has the added advantage of not only comparing performance between operators but also measures any improvements made since 2002.

Water quality

Extensive water quality monitoring is still not possible due to the lack of resources available to the operators. However, during 2003 we commissioned a study that examined this particular problem, the recommendations of which include the development of infrastructure (laboratories and testing equipment), and a workable monitoring regime[4]. We fully support the recommendations of this study and urge the government to assist the operators with respect to funding and other necessary support.

We also expect draft legislation on water quality to be approved before the end of 2004, but until then it is not appropriate to compare performance on water quality.

Levels of service

The 2002 report on levels of service concentrated on two aspects: service coverage and service reliability (hours of service per day). The results at that time indicated that although four of the 18 NPSEs had major problems with reliability the primary weakness experienced by all but a few NPSEs was that of service coverage. This is still the case with the percentage of the population in the service areas that enjoy a piped water supply ranging from less than 40% to over 90%. Only 2 NPSEs serve more than 90% of the population in their service areas.

Our analysis for 2003 suggests, however, that it is inappropriate to compare performance on the basis of these percentages as defined service areas are not constant, e.g. additional communities and towns are added to most service areas every year. For instance, Attepue NPSE increased its number of connections from 1565 to 1622 (a 4% increase) yet its reported service coverage fell from over 80% to less than 40% simply by

[4] Study undertaken by WHO, with consultants provided by WEDC, Loughborough University, UK. Draft report submitted to WASA but final report pending.

redefining its service area and population. We therefore will no longer continue with the presentation of service coverage but rather report on the improvement in the number of connections.

Figure 1 illustrates the widely differing rates of customer base expansion with no definitive pattern. Both small and large NPSEs demonstrate rapid expansion, e.g. Xaysomboun SR and Luangprabang. At the other extreme both small and large NPSEs demonstrate limited expansion, e.g. Savanakhet and Xiengkhuang. Where systems approach 100% service coverage the potential for expansion of the customer base within existing service areas is limited and significant improvements can only be achieved through the expansion of the service areas. In all cases where the expansion of the customer base is low, below 10%, we expect improvements in the future. To this end the NPSEs may seek to adopt new initiatives to encourage customers to apply for connections, e.g. to cross subsidise the connection fee with a higher volumetric tariff, a proposal included within the recently approved Tariff Policy.

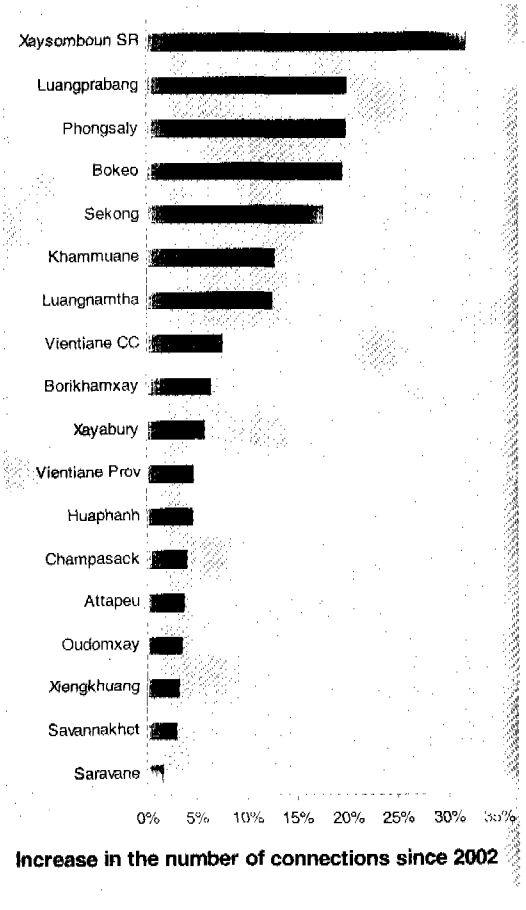

Figure 1 – System expansion

Compliance with regulations

Although we have made significant progress in regulation of the sector the regulatory framework is still not established in law and as such very few regulations exist with respect to the operations of the water companies. Consequently the measurement of compliance with regulations has not been possible.

Efficiency

In the 2002 annual report it was recognised that the operational efficiency of the water companies was significantly below what it should be. The principal areas of concern include:

a) manpower utilisation

b) water loss management

c) financial performance

Staffing efficiency

The utilisation of manpower is the most important operational aspect that impacts upon overall efficiency. As with the 2002 report we examine manpower efficiency on the basis of employees per thousand connections. Our analysis

includes an examination of improvements since 2002 (refer Figure 2). We have chosen not to examine water sold per employee in this report as it has an unfair bias towards the larger NPSEs that serve large water consuming industrial and commercial customers.

Of particular note is that on average the NPSEs have achieved improvements in efficiency in excess of 10%, although a small number of them have become less efficient than before. The most spectacular improvement was that of Sekong NPSE, previously only marginally better than average but now enjoying the status as the most efficient, in terms of manpower, of all 18 NPSEs.

Although these improvements are commended the levels of efficiency are still well below international norms for the operation of urban water supply infrastructure and we firmly believe that further significant efficiency gains are possible. In particular we believe that Vientiane Capital City has not fully exploited its economy of scale advantage and is still operating at much less than optimum efficiency.

In the longer term we would anticipate staffing efficiency to

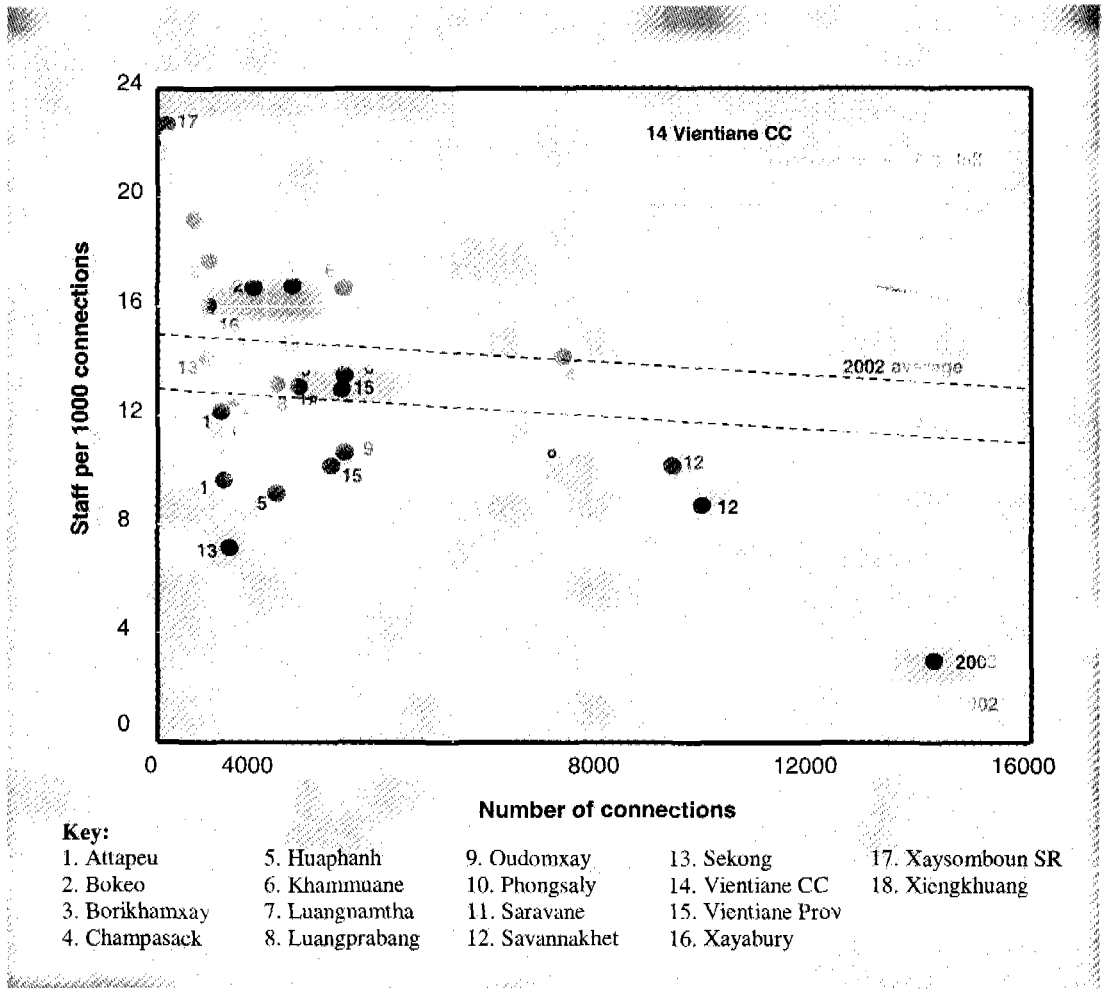

Figure 2 – Staffing efficiency

range from ten employees per thousand connections for the smallest of the NPSEs through to less than six for Vientiane Capital City. Rapid expansion of the customer base without increasing the staffing would appear to be the most effective route to achieving this objective.

Sales efficiency

The sales performances, defined as water consumption (sales) per connection, have changed little since 2002 (refer Figure 3). There still remains a very wide variation with the larger NPSEs generating much greater sales efficiency than the smaller ones. These variations appear to be due to several factors:

- Those suffering from supply disruptions, i.e. not a 24-hour supply, have reduced sales, notably Phongsaly.
- The larger, and hence wealthier, towns and cities may have higher water consumption due to increased household sophistication, e.g. internal plumbing, etc.
- The larger towns may have large water consuming commercial customers thereby distorting the overall sales per connection.

Although those selling the most water per connection maybe considered the most efficient this should not be at the expense of denying a service to others in the community. We also encourage household water use efficiency that would free up resources to facilitate the expansion of the service to

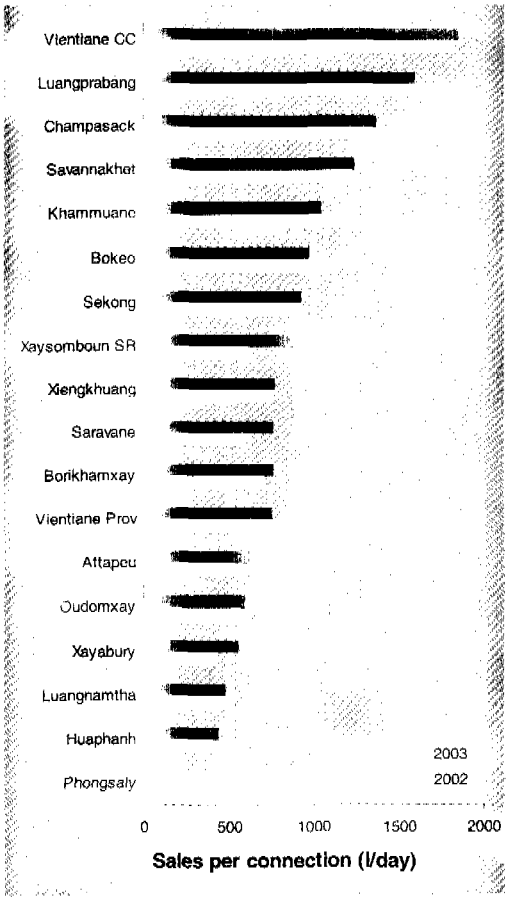

Figure 3 – Sales efficiency

those who are currently excluded. We would expect those NPSEs that have the highest sales per connection to take steps to reduce this figure by expansion of their systems. At the other extreme, we would expect those where sales per connection is very low to improve sales efficiency by improving service reliability.

In all cases the NPSEs are encouraged to exploit any spare capacity to the maximum, either by providing more connections or ensuring that the service is reliable allowing greater freedom of use by the customers.

Environmental concerns

Environmental duty of care

To date we have not undertaken any environmental supervision of the water companies' activities other than scrutiny of the environmental impact assessments of new projects, in which instance no major adverse impacts have been identified.

Water loss management

Water losses are not just losses to the operator but losses to the customers. For every litre of water lost through leakage the cost of its production is wasted and it deprives a customer of being able to use that litre.

Leakage, to date simply defined as the difference between production and sales, is very high and rather than improving since 2002 we observe a marginal worsening with the average leakage per connection increasing from 260 litres per day to 270 litres per day (refer Figure 4).

We do, however, advise caution in the interpretation of these results as we suspect that the 2002 reported figures may have been subject to errors of definition and leakage was possibly under-reported giving rise to a perception of a worsening situation, e.g. Huaphanh where the reported leakage for 2002 was suspiciously low. In effect we believe that there is no noticeable improvement.

Notwithstanding this potential error we do believe that most of the NPSEs are not doing enough to tackle this problem. We believe that significant and immediate reductions in leakage are possible, especially in the larger NPSEs where leakage is exceptionally high, i.e. Vientiane Capital City, Champasack and Luangprabang.

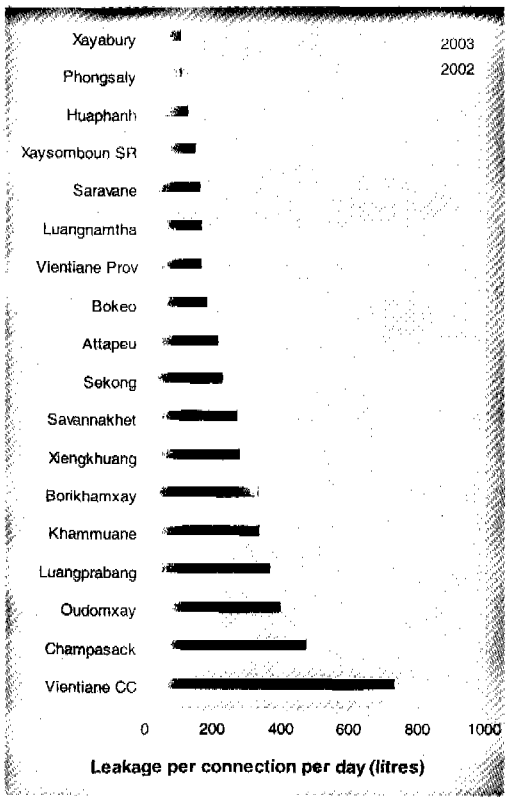

Figure 4 – Water losses

Financial Performance

This 2003 annual report is able to examine the financial performances of the operators in much greater detail than provided for in the 2002 report. This is largely due to the introduction of regulatory accounting rules.

The primary differences between statutory accounts and regulatory accounts are that depreciation and asset valuations are calculated on a current cost basis for regulatory accounts (as opposed to a historic cost basis for statutory accounts). This simple change allows a more rigorous examination of the true financial position of the operators. This is especially important as it irons out the anomalies created from the past high inflationary conditions experienced in the Lao PDR.

Annex 3 – Financial statements, presents the 2002 and 2003 accounts in accordance with statutory accounting rules, and the 2003 regulatory accounts for each operator.

Although the regulatory accounting structures demand that non-core activities be separated from the accounts this has not always been possible. As a result the accounts presented still do not present a precise picture of the state of the businesses and a degree of caution is still advised.

Profitability

The 2002 annual report did not examine the profitability of the operators on the grounds that historic cost depreciation and assets values would artificially inflate profits and send incorrect signals with respect to performance. The adoption of regulatory accounts, however, allows us to measure profitability although the data and method of measurement is still less than perfect.

In accordance with conventional economic rules profitability is measured as a return on capital employed, in this instance the net assets of the operator. We examine return on equity and total returns (equity plus interest on debt), the latter being a truer measure of operator

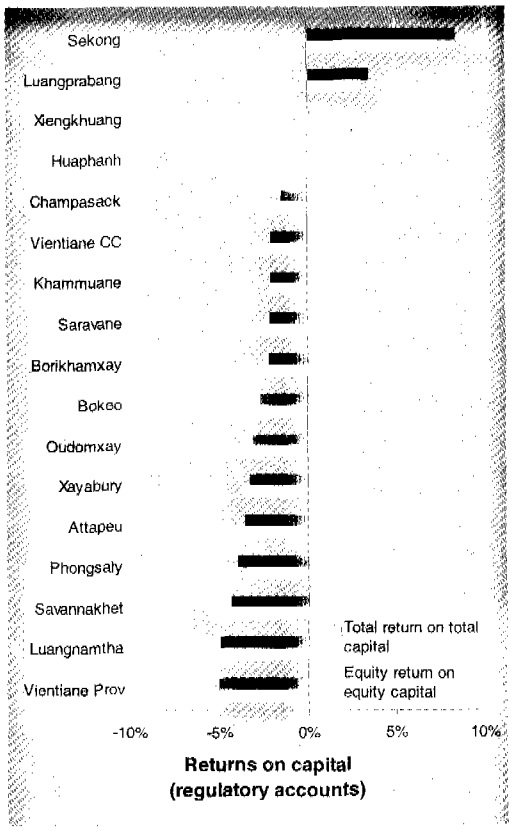

Figure 5 - Profitability

performance (refer Figure 5)

Only four of the 17 NPSEs[5] generated a positive return on capital, i.e. Sekong, Luangprabang, Huaphanhh and Xiengkhuang, the returns of the last two of which were negligible. All other NPSEs failed to generate a positive return on capital. Although Sekong would appear to be the most profitable its profit has yet to be converted into cash in that it has the highest level of accounts receivable, over one year's turnover (refer *Cash flow performance* below).

It is accepted that although fully profitable operations may not be possible in the short term they are certainly required in the longer term if they are to be financially sustainable without the need for perpetual external support.

The effects of capital investment

A worldwide characteristic of the water supply industry is its high capital intensiveness with depreciation accounting for 30 – 40% of overall operational costs[6] (although rarely above 50%). As capital intensity increases so do depreciation charges and required returns on capital. Depreciation as a percentage of overall costs for 17 NPSEs is illustrated in Figure 6. In most cases the NPSEs incur depreciation costs either in excess of industry expectations or at the upper end of the expected range.

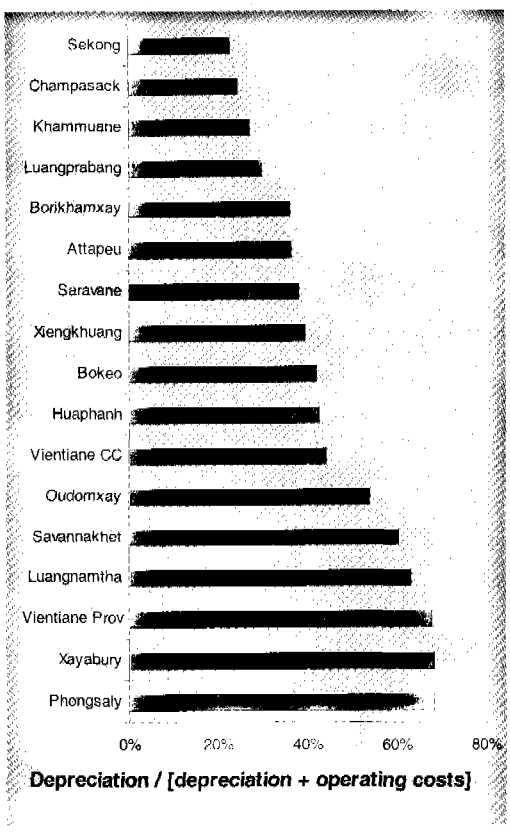

Figure 6 – Capital intensiveness

This suggests a high degree of capital investment inefficiency. It may even be suggested that with hindsight some of the projects were so inefficient that they should never have been initiated. It should be recognised that the management of the individual NPSEs should not be held accountable for this capital inefficiency but rather central government and development agencies that foisted these projects upon the local operators.

A high level of depreciation relative to costs, however, does not always equate to capital inefficiency as it may be due to very low operating costs, either by management and operational efficiency or though fortunate technical circumstances, e.g. gravity fed schemes. An examination of unit (per m^3) costs

[5] Xaysomboun SR not included in the financial analysis as no data was submitted.

[6] Excluding financing costs.

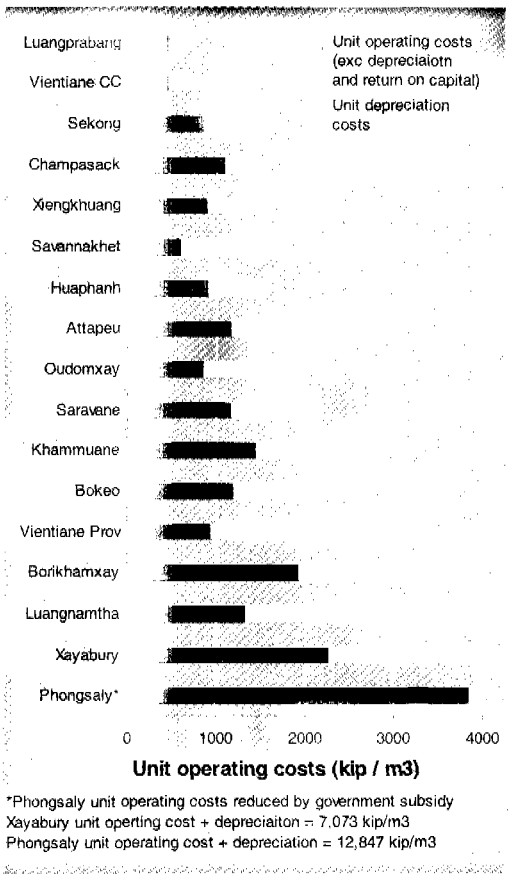

Figure 7 – Unit cost analysis

of operation and depreciation (refer Figure 7) identifies two exceptions to this rule; Savanakhet and Oudomxay. These two NPSEs were identified earlier as being capital inefficient on the basis of depreciation relative to operational costs. On closer examination they are not as inefficient as suggested as their total unit operational costs are below average.

When these depreciation provisions (and a modest return on capital of 2%) are factored into the tariffs the results are staggering with the most capital inefficient NPSEs requiring significant tariff increases (see *Tariff analysis* below). Much greater scrutiny of project investment viability is required in future to ensure against further capital inefficiency and resulting non-viable tariffs.

Tariff analysis

Figure 8 illustrates the unit operating costs (excluding depreciation, tax and return on capital), the implied average tariff (2003 income divided by sales) and what the tariff should be to cover current cost depreciation and a modest 2% return on total capital.

It is noted that in all cases the implied average tariffs exceed direct unit operational costs, although significant increases, with the exceptions of Luangprabang and Sekong, are required to reach full cost recovery levels.

It is important to note that the results of this analysis must not be construed as recommendations for an immediate adjustment of tariffs but rather to indicate the long term objectives. Although increases in tariffs are undoubtedly required to satisfy full cost recovery they should be introduced on a gradual basis, avoiding excessive price shocks. WASA is currently engaged in the 2005 – 2007 comprehensive tariff review that will recommend progressive adjustments in tariffs leading to longer term financial self-sustainability.

Average tariff NPSEs[7]

From our analysis the immediate observations are that despite the wide variety of unit operating costs and implied average tariffs the required tariffs for full cost recovery for most of the NPSEs fall within a relatively narrow range of 1,600 to 2,600 kip/m^3 (0.15 to 0.25 USD[8], comparable to water supply service costs in many developing economies). For those within this range the tariff increases necessary for full cost recovery, as a percentage of the existing tariff, range from 23% (Xiengkhuang) to 196% (Savannakhet). In most cases the required increases are due to current depreciation provisions being inadequate to meet longer term capital maintenance obligations. We do, however, expect improvements in operational

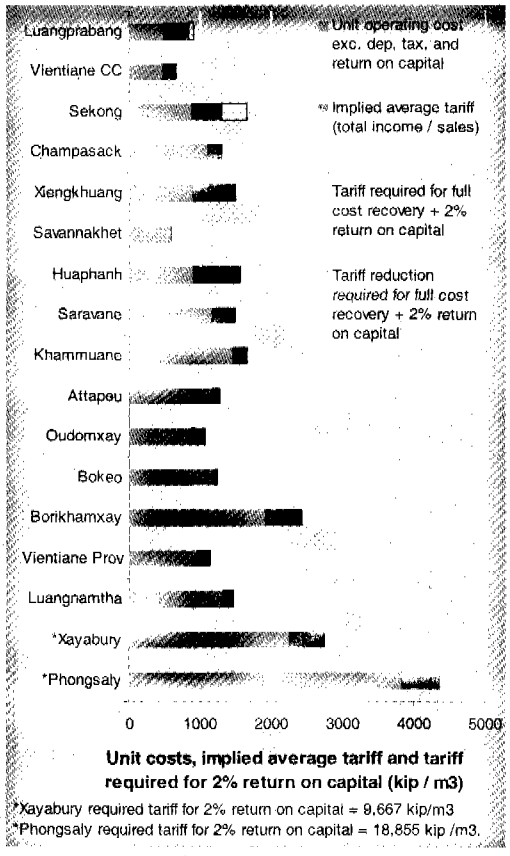

Figure 8 – Tariff analysis

efficiency, especially from those where the direct operational costs exceed 1,000 kip/m^3, i.e. Champasack, Saravane, Khanmouane, Attapeu and Bokeo.

Luangprabang and Vientiane CC

Luangprabang and Vientiane Capital City require tariffs well below the 1,600 to 2,600 kip range, largely as a result of the economies of scale that they enjoy. Luangprabang should have the lowest tariffs in the country and could, in theory, reduce its tariff by nearly 8%. Vientiane Capital City on the other hand would require an increase in tariffs to attain full cost recovery. However, in the medium

[7] The mid group or average tariff NPSEs comprise those with the required average tariff lying between 1,600 and 2,600 kip/m^3, i.e. Champasack, Xiengkhuang, Savannakhet, Huaphanh, Saravane, Khammuane, Attapeu, Oudomxay, and Bokeo.

[8] Rate of exchange used for this report is 1.00USD = 10,500 kip (approximately the average for 2003)

to longer term we would expect Vientiane Capital City to have lowest required tariffs in the country through greater operational efficiency.

Sekong

Sekong's tariff would appear to be much higher than is necessary and a significant reduction in tariffs (20%) should be possible. However, the cash flow performance of Sekong is by far the worst in the country (refer *Cash flow performance* below) with accounts receivable equivalent to more than one year's turnover. Any reductions in tariffs for Sekong must be accompanied by a real determination to improve its cash flow position.

Borikhamxay, Vientiane Province and Luangnamtha

Borikhamxay, Vientiane Province and Luangnamtha all have required tariffs that are significantly higher than the median range of 1,600 to 2,600.

Borikhamxay's position is attributable not to any abnormal capital intensiveness but rather very high, and probably inefficient, operating costs. Closer examination of the accounts for Borikhamxay suggest that office administration costs and installation costs for new connections are much higher than they would need to be, especially as the number of new connections for 2003 was very small (less than 7% increase).

For Vientiane Province and Luangnamtha the problems are very different. Their operational costs are relatively efficient, especially for Vientiane Province who has the more complex responsibility of operating systems in three towns, and although there is room for improvement the positive impact on tariffs would be limited. The primary cause of their problems is the capital intensiveness of their operations with depreciation alone amounting to a staggering 1,965 and 2,250 kip/m^3 for Vientiane Province and Luangnamtha respectively. The only viable solution to reduce these unit costs is to increase sales by encouraging new connections but keeping any additional capital investment to a minimum.

Xayabury and Phongsaly

Xayabury and Phongsaly are of particular concern. Both have extremely high direct operating costs and even higher depreciation requirements resulting in required full cost recovery tariffs of 9.667 (0.92USD) and 18,855 (1.80USD) kip/m^3 respectively. These tariffs are not only well above Lao affordability expectations but exceed international norms for water supply costs.

Xayabury's direct operating costs could be improved upon through greater efficiency but even a 50% reduction in costs would still leave the tariff at over 8,500 kip/m^3 (0.81USD). As with Vientiane Province and Luangnamtha the primary source of the problem is its high capital intensiveness but even increasing service coverage would only have a limited benefit.

In the case of Phongsaly the high operating costs are unavoidable due to the technical configuration of the system that

results in very high energy consumption, amounting to no less than 2,400 kip/m^3 for fuel alone. The system itself is highly capital intensive demanding depreciation charges of over 9,000 kip/m^3. Add to this a return on capital and the required tariff is approaching 19,000 kip/m^3 (1.81USD), a non-viable tariff for almost anywhere in the world.

With hindsight it is surprising that the investments for these two provinces passed conventional project evaluation assessments. Based on current investment criteria employed by development agencies, e.g. to exceed a 12% economic internal rate of return, such investments would not be implemented today.

As they have, in fact, been implemented a solution to their problems is sought. For both Xayabury and Phongsaly conventional measures to reduce unit costs will not have much effect and alternative solutions are required. Unfortunately, we have not been able to identify any measures that can address the particular problems of these two organisations without long-term commitments to provide operational and capital subsidies. One potential solution would be to ignore depreciation and return on capital altogether in the tariff determination process but this would have to be supplanted by a commitment from the government to convert its loans to equity and provide 100% grant finance for all future investments including capital maintenance.

In the case of Phongsaly there is an additional problem. It is about to adopt the water supply infrastructure for Boun Nua, a town where the average unit tariff would need to be significantly less than that determined above. It is inconceivable that an NPSE wide tariff (as required by existing legislation) would be considered acceptable by the residents of Boun Nua if they had to bare a portion of the burden of a very capital inefficient project.

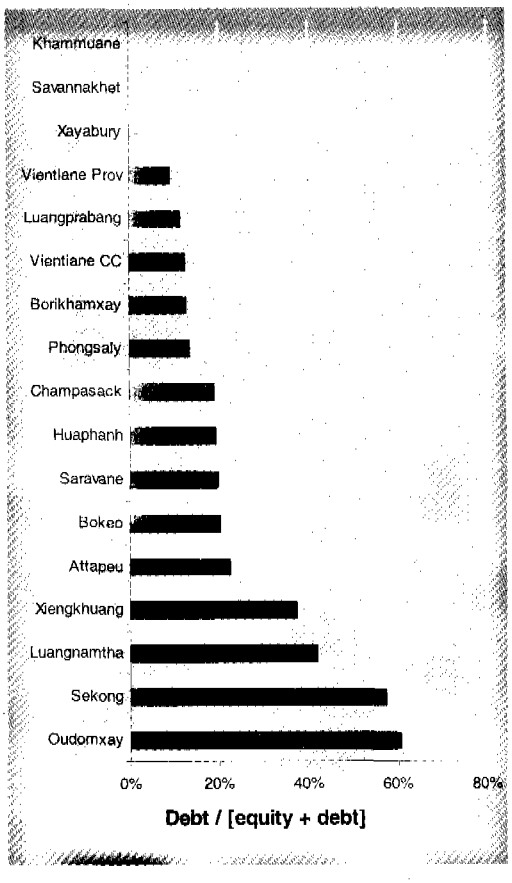

Figure 9 – Gearing

WASA, together with the Department of Housing and Urban Planning is investigating potential solutions to the problems of Xayabury and Phongsaly. In the meantime we recommend that tariffs remain at minimum cash flow levels on the understanding that the government will continue to finance

future capital investment, including capital maintenance.

Capital structures

Although conventional economic theory states that the capital structure of an organisation will have no bearing on its performance it may influence potential investors. The current lending arrangements to the NPSEs (15% loan and 85% grant/equity[9]) results in low levels of debt relative to total capital (refer Figure 9).

There is no industry standard or optimum for gearing (debt relative to total capital) in the water sector but, on average, it is in the order or 40% debt and 60% equity (but rarely above 50% debt). The relatively low levels of gearing would suggest that the operations could be attractive for private sector investment.

Cash flow performance

Cash flow continues to be a major area of concern that plagues almost all of the water companies. The level of accounts receivable at the end of 2003 has, in many cases, worsened (refer Figure 10). As with 2002 the principal cause for most NPSEs is non-payment by government agencies. Although we have prepared a strategy for the water companies to improve their cash flow but without the support from the government to ensure that its provincial agencies meet their financial obligations to the water companies this strategy will not succeed. It is obvious that the government has not provided sufficient support to date.

The cash flow status is one that we will continue to monitor on a monthly basis, reporting to the government in order to secure the financial commitments necessary to achieve acceptable levels of liquidity. The seriousness of this situation cannot be under-estimated. Various international development agencies have expressed their concerns over this issue and future financial support in the sector is threatened.

Of particular note is Sekong, the worst performer with respect to cash flow. As the existing average tariff for Sekong is very much in line with that of many other NPSEs that have much lower accounts receivable the poor cash flow cannot be attributed to customer resistance to high prices, but rather an inability or unwillingness of the NPSE management to collect revenues. We expect the management of Sekong NPSE to address this situation as a matter of urgency.

---

[9] In several cases the amount of the loan can exceed 15% of capital investment due to other non-capital costs incurred by the government being passed on the NPSEs as loans.

NPSE Vientiane Capital City's investments are financed by 50% loan and 50% grant/equity.

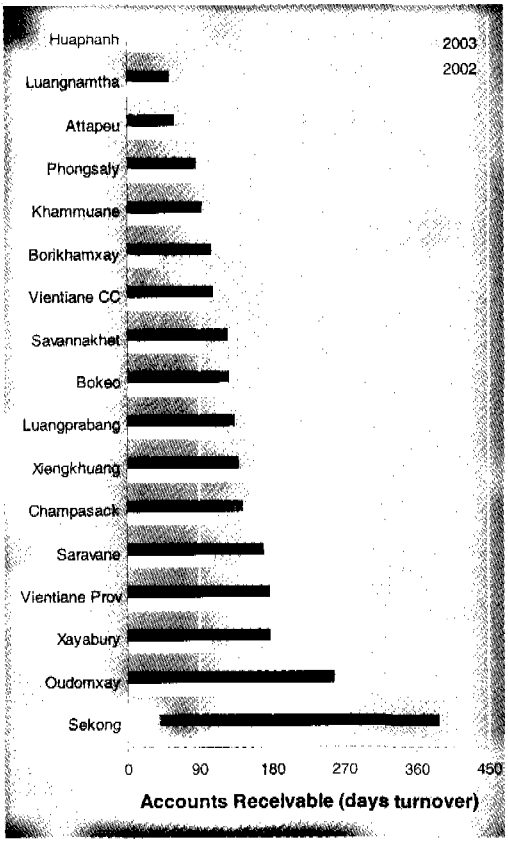

Figure 10 – Cash flow

The Future

2005 – 2007 tariff review

Although not yet formally established in law WASA has a de facto responsibility for tariff determinations. As mentioned earlier it is our intention to undertake a comprehensive tariff review for the period 2005 – 07 inclusive. We will propose recommendations for annual tariffs for the three years (subject to inflationary adjustments).

From our analyses illustrated in this report it is apparent that tariff increases will be necessary in all but two cases. We would not seek to impose dramatic increases in tariffs to achieve early full cost recovery but rather establish a gradual increase that is at least moving in the right direction.

We do not support the imposition of high tariffs simply to finance management inefficiency. Our tariff review will not allow inefficient costs to be passed on to the customers. Where we believe that costs are unrealistically high and can be reduced we will adjust tariffs accordingly. In all cases we believe that operational efficiency improvements are possible and we will incorporate our expectations in the tariff determination process.

The tariff determination process is scheduled to take place in the last quarter of 2004, the results of which shall be made public in the form of a report and media statements.

Water quality

Although we do not have the capacity to monitor water quality it is a subject that is high on our agenda. It is hoped that in future years we will be able to report on the water quality performances of the NPSEs.

Customer services

As the customer is the primary stakeholder it is essential that services are geared to their satisfaction. We intend to establish a strict system of complaints monitoring for all NPSEs. This system will comprise the establishment of a complaints register that records the date, complainant, nature of complaint, and actions taken. The data from this register shall constitute a component of future reporting by WASA.

Comparative competition

This second Annual Report has expanded the concept of comparative competition, allowing us to not only compare the NPSEs with each other but also to measure improvements made since the last report.

The continuation of this reporting process is central to the activities of WASA as a regulator, driving for improved efficiency and better service delivery.

Annex 1 – Contact Details

The Water Supply Authority

We welcome input from any sector, especially customers. Any comments, suggestions or criticisms not only related to this Annual Water Sector Performance Report but also related to other activities of WASA, can be forwarded to us by letter, telephone, fax and e-mail, details as below:

The Director
Water Supply Authority
Ministry of Communications Transport Post and Construction
Vientiane
Tel: + 856 21 451826
Fax: + 856 21 451826
E-mail: mctpcwwa@laotel.com

The Water Supply State Owned Enterprises

Attapeu Province

The Director
Sengkham Sitthioudom
Nam Papa Attapeu
Ban Lak Sam
Samakhixai District
Attapeu Province
Tel: +856 36 211022
Fax: + 856 36 211004

Bokeo Province

The Director
Mr Phoukeo Sylipanya
Nam Papa Bokeo
Ban Mongkeo
Houaxai District
Bokeo Province
Tel: + 856 84 211038
Fax: + 856 84 211038

Borikhamxay Province

The Director
Mr Khaithong Anusin
Nam Papa Borikhamxay
Ban Hongxai
Paksan District
Borikhamxay Province
Tel: + 856 54 212513
Fax: + 856 54 212513

Champasack Province

The Director
Mr Inthong Phanthavong
Nam Papa Champasack
Ban Pakse
Pakse District
Champasack Province
Tel: + 856 31 212240
Fax: + 856 31 214598

Huaphanh Province

The Director
Mr Bounmy Souvongsai
Nam Papa Huaphanhh
Ban Thatmuang
Xamnue District
Huanphanh Province
Tel: + 856 64 312134
Fax: + 856 64 312002/42

Khammuane Province

The Director
Mr Khangueun Sengngiem
Nam Papa Khammuane
Ban Phonsanam
Thakhek District
Khammuane Province
Tel: +856 51 213013
Fax: + 856 51 212007

Luangnamtha Province

The Director
Mr Saisamone Vongsamphan
Nam Papa Luangnamtha
Ban Xaysomboun SR
Luangnamtha District
Luangnamtha Province
Tel: + 856 86 312049
Fax: + 856 86 312049
E-mail: NPLLNT@laotel.com

Luangprabang Province

The Director
Mr Soulith Chindamany
Nam Papa Luangprabang
Ban Thongchaluen
Luangprabang District
Luangprabang Province
Tel: + 856 71 212388
Fax: + 856 71 212803, 212554

Oudomxay Province

The Director
Mr Khamtan Keodoungchanh
Nam Papa Oudomxay
Ban Phoxai
Xai district
Oudomxay Province
Tel: + 856 81 211230
Fax: + 856 81 312045

Phongsaly Province

The Director
Mr Sy Inyalad
Nam Papa Phongsaly
Ban Phonsaath
Phongsaly District
Phongsaly Province
Tel: + 856 88 210193
Fax: + 856 88 210193
E-mail:PNPPSL@laoPDR.com

Saravane Province

The Director
Mr Khammany Laokham
Nam Papa Saravane
Ban Naleak
Saravan District
Saravan Province
Tel: + 856 34 211069
Fax: + 856 34 211004

Savannakhet Province

The Director
Mr Phandola Khouanemeuangchane
Nam Papa Savannakhet
Ban Naloa
Khanthabury District
Savannakhet Province
Tel: + 856 41 212017
Fax: + 856 41 213513

Sekong Province

The Director
Mr Khamsing Southammakosan
Nam Papa Sekong
Ban Vatluang
Lanan District
Sekong Province
Tel/fax: + 856 38 211016
Fax: + 856 38 211041

Vientiane Captial City

The Director
Mr Daophet Boapha
Nam Papa Vientiane Prefecture
Ban Phonkheng
Xaisetha District
Vientiane Prefecture
Tel: + 856 21 412881
Fax: + 856 21 414378

Vientiane Province

The Director
Mr Bounleith Keovisay
Nam Papa Vientiane Province
Ban Phonsytai
Phonghong District
Vientiane Province
Tel: +856 23 211038
Fax: + 856 23 211038

Xayabury Province

The Director
Mr Thongkham Phongsavath
Nam Papa Xayabury
Ban Thana
Xayabury District
Xayabury Province
Tel: + 856 74 21 10 56
Fax: + 856 74 21 10 04

Xaysomboun Special Region

The Director
Mr Chansouk Khamlasy
Nam Papa Xaysomboun SR
Ban Phouhouaxangtai
Xaysomboun SR District
Xaysomboun SR Province Special Region
Tel: +856 20 916104, 902149, 916 082
Fax +856 21 212900 5 ext. 234

Xiengkhuang Province

The Director
Mr Phoukham Doungphachanh
Nam Papa Xiengkhuang
Ban Phonsaathtai
Khum Nadeng
Peak District
Xiengkhuang Province
Tel: + 856 61 21 12 54
Fax: + 856 61 21 12 54

Annex 2 –Tariffs (approved Oct. 2003)

NPSE	Domestic	Non-Domestic	Industrial & hotels	Foreign
Attepue	All customer groups charged at the same rate but rate to increase over the year as follows: 1st quarter – 556 Kip/m^3 2nd quarter – 657 Kip/m^3 3rd quarter – 758 Kip/m^3 4th quarter – 860 Kip/m^3			
Bokeo				As domestic
0-10m^3*	804 Kip/m^3	925 Kip/m^3	1 627 Kip/m^3	
10-30m^3	965 Kip/m^3	955 Kip/m^3	1 105 Kip/m^3	
30-50m^3	985 Kip/m^3	975 Kip/m^3	1 125 Kip/m^3	
>50m^3	1 005 Kip/m^3	995 Kip/m^3	1 145 Kip/m^3	
* Charged for minimum of 10m^3				
Borikhamxay	1 086 Kip/m^3	1 194 Kip/m^3		As domestic
Champasack				As domestic
0-10m^3*	927 Kip/m^3	1 808 Kip/m^3	2 260 Kip/m^3	
10-20m^3	1 295 Kip/m^3	2 525 Kip/m^3	3 156 Kip/m^3	
20-30m^3	1 634 Kip/m^3	3 186 Kip/m^3	3 156 Kip/m^3	
>30m^3	2 026 Kip/m^3	3 951 Kip/m^3	3 983 Kip/m^3	
Huaphanh	1 487 Kip/m^3	Government - 1 776 Kip/m^3 Other non-domestic - 2 221 Kip/m^3		
Khammuane	1 100 Kip/m^3	Government 1 700 Kip/m^3 Other non-domestic 1 800 Kip/m^3	2 100 Kip/m^3	1-10 m^3 0.48 USD/m^3* >10 m^3 0.60 USD/m^3 Charged for minimum of 10m^3
Luangnamtha	700 Kip/m^3	850 Kip/m^3	900 Kip/m^3 For industry using water as a raw material & hotels 1 500 Kip/m^3	2 500 Kip/m^3

NPSE	Domestic	Non-Domestic	Industrial & hotels	Foreign
Luangprabang				As domestic
0-10m³*	560 Kip/m³	700 Kip/m³		
10-30m³	590 Kip/m³	740 Kip/m³		
30-50m³	620 Kip/m³	770 Kip/m³		
>50m³	650 Kip/m³	800 Kip/m³		
* Charged for minimum of 10m³				
0-15m³*			800 Kip/m³	
15-50m³			830 Kip/m³	
50-100m³			860 Kip/m³	
>100m³			900 Kip/m³	
* Charged for minimum of 15m³				
Oudomxay				As domestic
0-5m³*	620 Kip/m³	2 020 Kip/m³		
5-20m³	750 Kip/m³	1 300 Kip/m³		
20-100m³	850 Kip/m³	1 550 Kip/m³		
>100m³	1 000 Kip/m³	1 750 Kip/m³		
* Charged for minimum of 5m³				
Phongsaly	2 200 Kip/m³	2 700 Kip/m³	3 500 Kip/m³	As domestic
Saravane				As domestic
Saravan				
0-5m³*	1 000 Kip/m³			
5-20m³	900 Kip/m³			
20-50m³	800 Kip/m³			
>50m³	700 Kip/m³			
* Charged for minimum of 5m³				
0-10m³*		1 500 Kip/m³		
10-30m³		1 300 Kip/m³		
30-100m³		1 200 Kip/m³		
>100m³		1 100 Kip/m³		
* Charged for minimum of 10m³				
0-15m³*			1 800 Kip/m³	
15-30m³			1 500 Kip/m³	
30-100m³			1 400 Kip/m³	
>100m³			1 300 Kip/m³	
* Charged for minimum of 15m³				

NPSE	Domestic	Non-Domestic	Industrial & hotels	Foreign
Saravane				As domestic
Laongam				
0-5m³*	500 Kip/m³			
5-20m³	400 Kip/m³			
20-50m³	300 Kip/m³			
>50m³	250 Kip/m³			
* Charged for minimum of 5m³				
0-10m³*		700 Kip/m³		
10-30m³		600 Kip/m³		
30-100m³		500 Kip/m³		
>100m³		400 Kip/m³		
* Charged for minimum of 10m³				
0-15m³*			900 Kip/m³	
15-30m³			800 Kip/m³	
30-100m³			700 Kip/m³	
>100m³			600 Kip/m³	
* Charged for minimum of 15m³				
Saravane				As domestic
Khongsedone				
0-5m³*	700 Kip/m³			
5-20m³	600 Kip/m³			
20-50m³	500 Kip/m³			
>50m³	400 Kip/m³			
* Charged for minimum of 5m³				
0-10m³*		900 Kip/m³		
10-30m³		800 Kip/m³		
30-100m³		700 Kip/m³		
>100m³		600 Kip/m³		
* Charged for minimum of 10m³				
0-15m³*			1 200 Kip/m³	
15-30m³			1 000 Kip/m³	
30-100m³			900 Kip/m³	
>100m³			800 Kip/m³	
* Charged for minimum of 15m³				

NPSE	Domestic	Non-Domestic	Industrial & hotels	Foreign
Savanakhet		1 200 Kip/m^3	1 400 Kip/m^3	As domestic
0-10m^3*	500 Kip/m^3			
10-20m^3	600 Kip/m^3			
20-30m^3	700 Kip/m^3			
>30m^3	800 Kip/m^3			
Sekong	400 Kip/m^3	600 Kip/m^3	800 Kip/m^3	800 Kip/m^3
Vientiane Capital City				
(to Feb. 2004)				
0-5m^3*	219 Kip/m^3	495 Kip/m^3		
5-20m^3	263 Kip/m^3	602 Kip/m^3		
20-50m^3	329 Kip/m^3	636 Kip/m^3		
>50m^3	383 Kip/m^3	670 Kip/m^3		
* Charged for minimum of 5m^3				
0-50m^3*			855 Kip/m^3	
50-100m^3			1 216 Kip/m^3	
>100m^3			1 360 Kip/m^3	
* Charged for minimum of 50m^3				**0.75 USD/m^3**
0-10m^3*				0.93 USD/m^3
>10m^3				
* Charged for minimum of 10m^3				
Mar – Jun 2004				
0-5m^3	285 Kip/m^3			
5-30m^3	412 Kip/m^3			
>30m^3	546 Kip/m^3			
0-10m^3*			899 Kip/m^3	5 260 Kip/m^3
10-50 m^3			1 303 Kip/m^3	5 620 Kip/m^3
>10m^3			1 811 Kip/m^3	6 180 Kip/m^3
* Charged for minimum of 10m^3				

NPSE	Domestic	Non-Domestic	Industrial & hotels	Foreign
Jul – Dec 2004				
0-5m^3	350 Kip/m^3			
5-30m^3	526 Kip/m^3			
>30m^3	706 Kip/m^3			
0-10m^3*			1 210 Kip/m^3	5 260 Kip/m^3
10-50 m^3			1 720 Kip/m^3	5 620 Kip/m^3
>10m^3			1 364 Kip/m^3	6 180 Kip/m^3
* Charged for minimum of 10m^3				
Vientiane Province			Industrial 1 200 Kip/m^3	0.30 USD/m^3
0-5m^3*	771 Kip/m^3		Hotels 1 500 Kip/m^3	
5-15m^3	838 Kip/m^3			
15-30m^3	922 Kip/m^3			
>30m^3	956 Kip/m^3			
0-10m^3		880 Kip/m^3		
10-30m^3		922 Kip/m^3		
30-100m^3		972 Kip/m^3		
>100m^3		1 006 Kip/m^3		
Xayabury	1 600 Kip/m^3	1 900 Kip/m^3	2 100 Kip/m^3 Hotels 2 300 Kip/m^3	As domestic
Xaysomboun SR	800 Kip/m^3	900 Kip/m^3	1 100 Kip/m^3	As domestic
Xieng Khouang				
0-20m^3*	1 050 Kip/m^3			
>20m^3	1 300 Kip/m^3			
0-25m^3		1 300 Kip/m^3		
>25m^3		1 500 Kip/m^3		
0-35m^3			1 500 Kip/m^3	
>35m^3			1 700 Kip/m^3	
0-45m^3			Hotels 1 800 Kip/m^3	
>45m^3			2 000 Kip/m^3	

Annex 3 – Financial statements

Notes to the financial statements

Responses

1. Financial data from Xaysomboun SR was not submitted in time for the preparation of this Annual Performance Report.
2. Financial data from Phongsaly and Xayabury was not submitted in accordance with government accounting regulations. The accounts have been adjusted by WASA as a best attempt at conforming to the regulations. Consequently, the reliability of the accounts for Phongsaly and Xayabury cannot be guaranteed as representing a true picture of the financial status of the NPSEs.
3. All other Nam Papa State Owned Enterprises submitted financial data in accordance with government accounting regulations.

Accounting system

4. The accounting system employed for the 2002 accounts is the Lao Accounting System.
5. The accounting system employed for the 2003 accounts is both the Lao Accounting System and partly in accordance with the regulatory accounting system (refer Regulatory Accounting Guidelines).

Audit and reliability of accounts

6. The financial statements presented are based upon un-audited data submitted by the water companies. WASA cannot guarantee the accuracy and reliability of these statements at this stage.

Currency and amounts

7. All financial statements are based in Lao kip.
8. All figures are kip x 1000.

Consolidated accounts

9. Where possible the accounts for non-core activities, e.g. bottled water plants, have been removed from the accounts. However, in some cases this has not been possible and that Attapeu and Saravane have non-core activities included.
10. There is no guarantee that other NPSEs also have non-core activities included in their accounts.

11. It shall be a requirement for future (2004 onwards) regulatory accounting for all non-core activities to be separated from the accounts of the core activities.

Debt service

12. It is understood that many of the NPSEs have longer term debt obligations but these may not necessarily appear on the profit and loss statements due to grace periods where no interest is payable.

Depreciation

13. For the accounts presented in the Lao accounting system depreciation is calculated on the basis of historic (actual) purchase cost in accordance with the government accounting procedures.

14. The regulatory accounts calculate depreciation on the basis of current cost accounting with all prices converted to their end of 2003 equivalent in accordance with published inflation indices.

Asset valuations

15. For the accounts presented in the Lao accounting system asset values are determined on the basis of historic (actual) costs less historic cost depreciation.

16. The regulatory accounts revalue assets in line with inflation adjusted for age.

17. With the exception of Xayabury, none of the water companies attaches value to land.

Government equity

18. The regulatory accounts consolidate government equity into a single entry as it is not possible to determine the accumulated profit and loss on a regulatory accounting basis.

PROFIT AND LOSS STATEMENT

&

BALANCE SHEET

Attapeu

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**374,796**	**467,889**	**467,889**
Water sales	211,510	298,160	298,160
Connection charges	56,578	48,558	48,558
Meter rental	17,440	18,669	18,669
Other income (excluding subsidies)	45,244	62,892	62,892
Drinking water	44,023	39,609	39,609
2. Expenditure	**(292,840)**	**(418,148)**	**(418,148)**
Personnel	(83,482)	(108,860)	(108,860)
Power	(65,150)	(90,934)	(90,934)
Chemicals	(31,049)	(32,800)	(32,800)
Fuel	(22,087)	(33,898)	(33,898)
Maintenance	(2,832)	(4,143)	(4,143)
Office and administration	(56,084)	(114,414)	(114,414)
Installation costs	(32,158)	(33,100)	(33,100)
3. Gross income (excluding depreciation, finance charges and tax)	**81,955**	**49,742**	**49,742**
Depreciation	(74,704)	(78,024)	(243,177)
4. Net operating income	**7,251**	**(28,282)**	**(193,435)**
Net interest and finance charges	(62,402)	(67,753)	(67,753)
Provision for bad debts		(27,308)	(27,308)
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	(730)	(5,181)	(5,181)
5.Net profit (loss) before tax	**(55,881)**	**(128,525)**	**(293,678)**
Profit taxes	-	(8,836)	(8,836)
6. Net profit (loss) after tax	**(55,881)**	**(137,361)**	**(302,514)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(55,881)**	**(137,361)**	**(302,514)**

Attapeu

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**1,116,023**	**1,053,599**	**6,636,291**
Land	-	-	-
Buildings Plant & Equipment	1,356,059	1,371,659	n/a
Less: Depreciation	240,036	318,060	n/a
Net Fixed Assets	1,116,023	1,053,599	6,636,291
Work in Progress	-	-	-
Current assets	**179,014**	**122,346**	**122,346**
Inventory	27,738	22,557	22,557
Debtors	128,524	76,397	76,397
Advance	-	-	-
Cash	22,752	23,392	23,392
Current Liabilities	**184,434**	**176,090**	**176,090**
(amounts falling due within 1 year)			
Creditors	184,434	176,090	176,090
Net current assets	**(5,420)**	**(53,744)**	(53,744)
Total assets less current liabilities	**1,110,603**	**999,855**	**6,582,547**
Debt	**1,468,376**	**1,489,267**	**1,489,267**
Long term loan	1,468,376	1,489,267	1,489,267
Equity	**(357,774)**	**(489,412)**	**5,093,280**
Capital- Government	258,340	251,574	n/a
Accumulated Profit/Losses	(627,271)	(731,178)	n/a
Reserves	11,157	(9,807)	n/a
Total Liabilities (equity + debt)	**1,110,603**	**999,855**	**6,582,547**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	60 (125) days turnover
Return on capital ((profit + interest) / total net assets)	-3.57 %
Return on equity (profit / equity)	-5.94 %
Gearing (debt / (equity +debt))	22.62 %

Bokeo

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**464,429**	**563,320**	**563,320**
Water sales	393,036	455,915	455,915
Connection charges	68,610	101,238	101,238
Meter rental	-	-	-
Other income (excluding subsidies)	2,783	6,167	6,167
Drinking water	-	-	-
2. Expenditure	**(416,047)**	**(453,324)**	**(453,324)**
Personnel	(166,102)	(154,701)	(154,701)
Power	(37,398)	(25,949)	(25,949)
Chemicals	(12,870)	(27,738)	(27,738)
Fuel	(28,256)	(24,474)	(24,474)
Maintenance	(58,494)	(52,025)	(52,025)
Office and administration	(92,050)	(132,169)	(132,169)
Installation costs	(20,877)	(36,269)	(36,269)
3. Gross income (excluding depreciation, finance charges and tax)	**48,382**	**109,996**	**109,996**
Depreciation	(94,427)	(102,952)	(384,209)
4. Net operating income	**(46,045)**	**7,044**	**(274,213)**
Net interest and finance charges	(96,842)	(87,699)	(87,699)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	-	(79,279)	(79,279)
5.Net profit (loss) before tax	**(142,888)**	**(159,934)**	**(441,191)**
Profit taxes	-	(6,815)	(6,815)
6. Net profit (loss) after tax	**(142,888)**	**(153,119)**	**(448,006)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(142,888)**	**(159,934)**	**(448,006)**

Bokeo

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**2,984,548**	**2,921,369**	**13,127,397**
Land	-	343,140	2,292,177
Buildings Plant & Equipment	3,335,055	3,031,688	n/a
Less: Depreciation	350,507	453,459	n/a
Net Fixed Assets	2,984,548	2,578,229	10,835,220
Work in Progress	-	-	-
Current assets	**384,045**	**492,571**	**492,571**
Inventory	197,342	261,349	261,349
Debtors	154,943	197,235	197,235
Advance	-	-	-
Cash	31,761	33,987	33,987
Current Liabilities	**95,343**	**75,947**	**75,947**
(amounts falling due within 1 year)			
Creditors	95,343	75,947	75,947
Net current assets	**288,702**	**416,624**	**416,624**
Total assets less current liabilities	**3,273,250**	**3,337,993**	**13,544,021**
Debt	**2,876,841**	**2,765,771**	**2,765,771**
Long term loan	2,876,841	2,765,771	2,765,771
Equity	**396,409**	**572,222**	**10,778,250**
Capital- Government	836,800	791,965	n/a
Accumulated Profit/Losses	(440,391)	(219,743)	n/a
Reserves	-	-	n/a
Total Liabilities (equity + debt)	**3,273,250**	**3,337,993**	**13,544,021**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	128 (122) days turnover
Return on capital ((profit + interest) / total net assets)	-2.66 %
Return on equity (profit / equity)	-4.16 %
Gearing (debt / (equity +debt))	20.42 %

Borikhamxay

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**671,355**	**1,154,964**	**1,154,964**
Water sales	543,740	619,392	619,392
Connection charges	109,592	83,888	83,888
Meter rental	-	-	-
Other income (excluding subsidies)	18,023	451,684	451,684
Drinking water	-	-	-
2. Expenditure	**(441,502)**	**(893,501)**	**(893,501)**
Personnel	(161,447)	(207,230)	(207,230)
Power	(81,266)	(93,415)	(93,415)
Chemicals	(5,740)	(2,700)	(2,700)
Fuel	(28,570)	(43,038)	(43,038)
Maintenance	(1,651)	(4,919)	(4,919)
Office and administration	(98,962)	(234,858)	(234,858)
Installation costs	(63,866)	(307,342)	(307,342)
3. Gross income (excluding depreciation, finance charges and tax)	**229,853**	**261,463**	**261,463**
Depreciation	(155,186)	(166,393)	(518,745)
4. Net operating income	**74,667**	**95,070**	**(257,282)**
Net interest and finance charges	(88,695)	(117,391)	(117,391)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	27,342	(14,798)	(14,798)
5.Net profit (loss) before tax	**13,414**	**(37,119)**	**(389,471)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**13,414**	**(37,119)**	**(389,471)**
Add government subsidies	-	-	-
7. Net profit (loss)	**13,414**	**(37,119)**	**(389,471)**

Borikhamxay

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**3,727,348**	**3,647,528**	**12,022,513**
Land	-	-	5,277
Buildings Plant & Equipment	4,326,215	4,412,787	n/a
Less: Depreciation	598,867	765,260	n/a
Net Fixed Assets	3,727,348	3,647,528	12,017,236
Work in Progress	-	-	
Current assets	**441,774**	**571,132**	**571,132**
Inventory	126,632	111,834	111,834
Debtors	74,726	338,394	338,394
Advance	-	37,068	37,068
Cash	240,415	83,836	83,836
Current Liabilities (amounts falling due within 1 year)	**274,332**	**289,132**	**289,132**
Creditors	274,332	289,132	289,132
Net current assets	**167,441**	**282,000**	**282,000**
Total assets less current liabilities	**3,894,789**	**3,929,527**	**12,304,513**
Debt	**1,465,137**	**1,583,644**	**1,583,644**
Long term loan	1,465,137	1,583,644	1,583,644
Equity	**2,429,653**	**2,345,883**	**10,720,868**
Capital- Government	2,707,481	2,662,538	n/a
Accumulated Profit/Losses	(277,829)	(316,655)	n/a
Reserves	-	-	n/a
Total Liabilities (equity + debt)	**3,894,789**	**3,929,527**	**12,304,513**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	107 (41) days turnover
Return on capital ((profit + interest) / total net assets)	-2.21 %
Return on equity (profit / equity)	-3.63 %
Gearing (debt / (equity +debt))	12.87 %

Champasack

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**2,757,679**	**5,053,032**	**5,053,032**
Water sales	1,694,528	3,910,286	3,910,286
Connection charges	244,864	265,593	265,593
Meter rental	189,517	258,903	258,903
Other income (excluding subsidies)	628,769	618,251	618,251
Drinking water	-	-	-
2. Expenditure	**(2,679,440)**	**(4,054,896)**	**(4,054,896)**
Personnel	(486,247)	(710,292)	(710,292)
Power	(901,734)	(1,157,764)	(1,157,764)
Chemicals	(625,125)	(899,472)	(899,472)
Fuel	(103,108)	(115,995)	(115,995)
Maintenance	(67,386)	(228,676)	(228,676)
Office and administration	(165,123)	(477,763)	(477,763)
Installation costs	(330,715)	(464,934)	(464,934)
3. Gross Income (excluding depreciation, finance charges and tax)	**78,239**	**998,136**	**998,136**
Depreciation	(213,232)	(358,193)	(1,368,883)
4. Net operating income	**(134,994)**	**639,943**	**(370,747)**
Net interest and finance charges	(177,290)	(358,460)	(358,460)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	(460,338)	(140,291)	(140,291)
5.Net profit (loss) before tax	**(772,622)**	**141,191**	**(869,498)**
Profit taxes	(16,945)	-	-
6. Net profit (loss) after tax	**(789,567)**	**141,191**	**(869,498)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(772,622)**	**141,191**	**(869,498)**

Champasack

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**5,341,908**	**15,731,608**	**35,488,430**
Land	-	-	-
Buildings Plant & Equipment	5,949,242	16,579,836	n/a
Less: Depreciation	607,333	848,228	n/a
Net Fixed Assets	5,341,908	15,731,608	35,488,430
Work in Progress	-	-	-
Current assets	**2,388,674**	**3,739,659**	**3,739,659**
Inventory	1,473,574	1,613,865	1,613,865
Debtors	839,273	2,013,750	2,013,750
Advance	-	-	-
Cash	75,827	112,044	112,044
Current Liabilities	**1,507,210**	**2,925,707**	**2,925,707**
(amounts falling due within 1 year)			
Creditors	1,507,210	2,925,707	2,925,707
Net current assets	**881,464**	**813,953**	**813,953**
Total assets less current liabilities	**6,223,373**	**16,545,561**	**36,302,383**
Debt	**6,825,883**	**6,994,821**	**6,994,821**
Long term loan	6,825,883	6,994,821	6,994,821
Equity	**(602,511)**	**9,550,740**	**29,307,561**
Capital- Government	2,537,490	12,313,551	n/a
Accumulated Profit/Losses	(3,143,491)	(2,782,048)	n/a
Reserves	3,490	19,236	n/a
Total Liabilities (equity + debt)	**6,223,373**	**16,545,561**	**36,302,383**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	145 (111) days turnover
Return on capital ((profit + interest) / total net assets)	-1.41 %
Return on equity (profit / equity)	-2.97 %
Gearing (debt / (equity +debt))	19.27 %

Huaphanh

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**406,641**	**542,398**	**542,398**
Water sales	304,466	447,094	447,094
Connection charges	67,863	49,719	49,719
Meter rental	23,064	25,023	25,023
Other income (excluding subsidies)	11,247	20,562	20,562
Drinking water	-	-	-
2. Expenditure	**(267,029)**	**(302,308)**	**(302,308)**
Personnel	(79,395)	(88,628)	(88,628)
Power	(1,466)	(2,998)	(2,998)
hemicals	(6,629)	(11,250)	(11,250)
Fuel	(8,852)	(13,643)	(13,643)
Maintenance	(10,233)	(22,506)	(22,506)
Office and administration	(80,605)	(118,836)	(118,836)
Installation costs	(79,849)	(44,447)	(44,447)
3. Gross income (excluding depreciation, finance charges and tax)	**139,611**	**240,089**	**240,089**
Depreciation	(140,769)	(128,998)	(226,457)
4. Net operating income	**(1,158)**	**111,091**	**13,632**
Net interest and finance charges	(70,992)	(71,167)	(71,167)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	13,585	(6,526)	(6,526)
5.Net profit (loss) before tax	**(58,566)**	**33,398**	**(64,061)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(58,566)**	**33,398**	**(64,061)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(58,566)**	**33,398**	**(64,061)**

Huaphanh

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**3,430,987**	**4,035,826**	**5,980,583**
Land	-	-	-
Buildings Plant & Equipment	3,740,803	4,474,640	n/a
Less: Depreciation	309,816	438,814	n/a
Net Fixed Assets	3,430,987	4,035,826	5,980,583
Work in Progress	-	-	-
Current assets	**394,482**	**499,720**	**499,720**
Inventory	71,565	64,307	64,307
Debtors	62,880	42,741	42,741
Advance	-	-	-
Cash	260,037	392,673	392,673
Current Liabilities	**2,541**	**17,080**	**17,080**
(amounts falling due within 1 year)			
Creditors	2,541	17,080	17,080
Net current assets	**391,941**	**482,640**	**482,640**
Total assets less current liabilities	**3,822,928**	**4,518,466**	**6,463,223**
Debt	**1,282,139**	**1,260,755**	**1,260,755**
Long term loan	1,282,139	1,260,755	1,260,755
Equity	**2,540,789**	**3,257,711**	**5,202,468**
Capital- Government	2,836,094	3,545,706	n/a
Accumulated Profit/Losses	(326,266)	(312,843)	n/a
Reserves	30,961	24,848	n/a
Total Liabilities (equity + debt)	**3,822,928**	**4,518,466**	**6,463,223**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	29 (56) days turnover
Return on capital ((profit + interest) / total net assets)	0.11 %
Return on equity (profit / equity)	-1.23 %
Gearing (debt / (equity +debt))	19.51 %

Khammuane

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**1,352,209**	**2,279,750**	**2,279,750**
Water sales	1,000,869	2,010,887	2,010,887
Connection charges	307,558	260,752	260,752
Meter rental	-	-	-
Other income (excluding subsidies)	43,782	8,110	8,110
Drinking water	-	-	-
2. Expenditure	**(1,388,766)**	**(1,807,255)**	**(1,807,255)**
Personnel	(389,135)	(567,680)	(567,680)
Power	(340,286)	(377,016)	(377,016)
Chemicals	(88,555)	(139,230)	(139,230)
Fuel	(51,907)	(75,661)	(75,661)
Maintenance	(71,618)	(111,226)	(111,226)
Office and administration	(247,896)	(210,241)	(210,241)
Installation costs	(199,371)	(326,201)	(326,201)
3. Gross income (excluding depreciation, finance charges and tax)	**(36,557)**	**472,495**	**472,495**
Depreciation	(237,656)	(553,347)	(733,571)
4. Net operating income	**(274,214)**	**(80,852)**	**(261,076)**
Net interest and finance charges	-	-	-
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	151,554	(154,605)	(154,605)
5.Net profit (loss) before tax	**(122,660)**	**(235,458)**	**(415,681)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(122,660)**	**(235,458)**	**(415,681)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(122,660)**	**(235,458)**	**(415,681)**

Khammuane

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**5,704,455**	**5,214,767**	**18,970,257**
Land	-	-	-
Buildings Plant & Equipment	6,403,153	6,538,208	n/a
Less: Depreciation	698,698	1,323,441	n/a
Net Fixed Assets	5,704,455	5,214,767	18,970,257
Work in Progress	-	-	-
Current assets	**948,774**	**1,316,192**	**1,316,192**
Inventory	386,685	439,993	439,993
Debtors	495,297	592,170	592,170
Advance	5,425	1,756	1,756
Cash	61,367	282,272	282,272
Current Liabilities	**519,410**	**394,782**	**394,782**
(amounts falling due within 1 year)			
Creditors	519,410	394,782	394,782
Net current assets	**429,364**	**921,409**	**921,409**
Total assets less current liabilities	**6,133,819**	**6,136,176**	**19,891,666**
Debt	**-**	**-**	**-**
Long term loan	-	-	-
Equity	**6,133,819**	**6,136,176**	**19,891,666**
Capital- Government	6,410,887	6,410,887	n/a
Accumulated Profit/Losses	(283,905)	(281,548)	n/a
Reserves	6,838	6,838	n/a
Total Liabilities (equity + debt)	**6,133,819**	**6,136,176**	**19,891,666**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	95 (134) days turnover
Return on capital ((profit + interest) / total net assets)	-2.09 %
Return on equity (profit / equity)	-2.09 %
Gearing (debt / (equity +debt))	0.00 %

Luangnamtha

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**374,852**	**469,337**	**469,337**
Water sales	255,819	292,407	292,407
Connection charges	80,545	119,672	119,672
Meter rental	9,009	11,559	11,559
Other income (excluding subsidies)	29,480	45,699	45,699
Drinking water	-	-	-
2. Expenditure	**(339,638)**	**(415,216)**	**(415,216)**
Personnel	(85,636)	(101,904)	(101,904)
Power	(6,048)	(11,779)	(11,779)
Chemicals	(51,823)	(21,490)	(21,490)
Fuel	(78,092)	(110,532)	(110,532)
Maintenance	(22,349)	(16,062)	(16,062)
Office and administration	(47,079)	(97,476)	(97,476)
Installation costs	(48,610)	(55,974)	(55,974)
3. Gross income (excluding depreciation, finance charges and tax)	**35,215**	**54,121**	**54,121**
Depreciation	(242,357)	(203,255)	(720,239)
4. Net operating income	**(207,142)**	**(149,134)**	**(666,118)**
Net interest and finance charges	(58,478)	(49,501)	(49,501)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	(599,678)	(9,727)	(9,727)
5.Net profit (loss) before tax	**(865,299)**	**(208,362)**	**(725,347)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(865,299)**	**(208,362)**	**(725,347)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(865,299)**	**(208,362)**	**(725,347)**

Luangnamtha

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**2,883,854**	**5,078,687**	**13,386,848**
Land	-	-	-
Buildings Plant & Equipment	3,302,147	5,786,096	n/a
Less: Depreciation	418,293	707,409	n/a
Net Fixed Assets	2,883,854	5,078,687	13,386,848
Work in Progress	-	-	-
Current assets	**65,433**	**127,747**	**127,747**
Inventory	(48,486)	29,104	29,104
Debtors	73,815	68,867	68,867
Advance	-	-	-
Cash	40,103	29,775	29,775
Current Liabilities	**56,089**	**31,127**	**31,127**
(amounts falling due within 1 year)			
Creditors	56,089	31,127	31,127
Net current assets	**9,344**	**96,619**	**96,619**
Total assets less current liabilities	**2,893,197**	**5,175,307**	**13,483,467**
Debt	**3,225,045**	**5,666,998**	**5,666,998**
Long term loan	3,225,045	5,666,998	5,666,998
Equity	**(331,848)**	**(491,691)**	**7,816,470**
Capital- Government	223,561	229,713	n/a
Accumulated Profit/Losses	(609,285)	(773,824)	n/a
Reserves	53,877	52,421	n/a
Total Liabilities (equity + debt)	**2,893,197**	**5,175,307**	**13,483,467**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	54 (72) days turnover
Return on capital ((profit + interest) / total net assets)	-5.01 %
Return on equity (profit / equity)	-9.28 %
Gearing (debt / (equity +debt))	42.03 %

Luangprabang

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**2,689,722**	**3,278,261**	**3,278,261**
Water sales	1,443,724	2,236,108	2,236,108
Connection charges	494,428	454,664	454,664
Meter rental	-	87,087	87,087
Other income (excluding subsidies)	751,570	500,403	500,403
Drinking water	-	-	-
2. Expenditure	**(2,270,099)**	**(1,944,921)**	**(1,944,921)**
Personnel	(359,326)	(444,470)	(444,470)
Power	(100,427)	(166,539)	(166,539)
Chemicals	(207,631)	(259,405)	(259,405)
Fuel	(54,539)	(84,516)	(84,516)
Maintenance	(282,357)	(197,576)	(197,576)
Office and administration	(361,367)	(265,238)	(265,238)
Installation costs	(904,453)	(527,177)	(527,177)
3. Gross income (excluding depreciation, finance charges and tax)	**419,622**	**1,333,340**	**1,333,340**
Depreciation	(176,811)	(470,580)	(754,347)
			1.60
4. Net operating income	**242,812**	**862,760**	**578,993**
Net interest and finance charges	(122,003)	(128,528)	(128,528)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	115,414	180,188	180,188
5.Net profit (loss) before tax	**236,223**	**914,420**	**630,653**
Profit taxes	-	(161,004)	(161,004)
6. Net profit (loss) after tax	**236,223**	**753,416**	**469,648**
Add government subsidies	-	-	-
7. Net profit (loss)	**236,223**	**753,416**	**469,648**

Luangprabang

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**708,608**	**8,606,991**	**13,074,143**
Land	-	-	-
Buildings Plant & Equipment	1,062,090	9,492,949	n/a
Less: Depreciation	353,482	885,959	n/a
Net Fixed Assets	708,608	8,606,991	13,074,143
Work in Progress	-	-	-
Current assets	**3,225,487**	**4,178,421**	**4,178,421**
Inventory	979,206	853,708	853,708
Debtors	805,524	1,208,901	1,208,901
Advance	17,060	301,717	301,717
Cash	1,423,696	1,814,095	1,814,095
Current Liabilities	**66,969**	**14,874**	**14,874**
(amounts falling due within 1 year)			
Creditors	66,969	14,874	14,874
Net current assets	**3,158,517**	**4,163,547**	**4,163,547**
Total assets less current liabilities	**3,867,126**	**12,770,537**	**17,237,690**
Debt	**191,119**	**1,992,196**	**1,992,196**
Long term loan	191,119	1,992,196	1,992,196
Equity	**3,676,006**	**10,778,342**	**15,245,494**
Capital- Government	2,110,639	9,988,125	n/a
Accumulated Profit/Losses	236,223	460,012	n/a
Reserves	1,329,145	330,205	n/a
Total Liabilities (equity + debt)	**3,867,126**	**12,770,537**	**17,237,690**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	135 days turnover
Return on capital ((profit + interest) / total net assets)	3.47 %
Return on equity (profit / equity)	3.08 %
Gearing (debt / (equity +debt))	11.56 %

Oudomxay

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**714,809**	**850,292**	**850,292**
Water sales	634,197	659,329	659,329
Connection charges	-	92,959	92,959
Meter rental	57,549	68,338	68,338
Other income (excluding subsidies)	23,063	29,666	29,666
Drinking water	-	-	-
2. Expenditure	**(561,291)**	**(979,257)**	**(979,257)**
Personnel	(190,031)	(200,515)	(200,515)
Power	(56,507)	(112,589)	(112,589)
Chemicals	(138,672)	(59,960)	(59,960)
Fuel	(8,603)	(31,157)	(31,157)
Maintenance	(18,440)	(20,929)	(20,929)
Office and administration	(80,281)	(142,693)	(142,693)
Installation costs	(68,758)	(411,414)	(411,414)
3. Gross income (excluding depreciation, finance charges and tax)	**153,517**	**(128,965)**	**(128,965)**
Depreciation	(344,887)	(345,611)	(777,406)
4. Net operating income	**(191,370)**	**(474,577)**	**(906,371)**
Net interest and finance charges	-	-	-
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	103,714	310,404	310,404
5.Net profit (loss) before tax	**(87,656)**	**(164,173)**	**(595,968)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(87,656)**	**(164,173)**	**(595,968)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(87,656)**	**(164,173)**	**(595,968)**

Oudomxay

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**12,901,021**	**12,599,105**	**18,299,324**
Land	-	-	-
Buildings Plant & Equipment	13,329,328	13,373,023	n/a
Less: Depreciation	428,306	773,918	n/a
Net Fixed Assets	12,901,021	12,599,105	18,299,324
Work in Progress	-	-	-
Current assets	**816,865**	**1,359,554**	**1,359,554**
Inventory	93,504	363,851	363,851
Debtors	459,985	602,468	602,468
Advance	123,574	156,176	156,176
Cash	139,802	237,059	237,059
Current Liabilities	**42,648**	**171,118**	**171,118**
(amounts falling due within 1 year)			
Creditors	42,648	171,118	171,118
Net current assets	**774,218**	**1,188,436**	**1,188,436**
Total assets less current liabilities	**13,675,239**	**13,787,541**	**19,487,760**
Debt	**11,867,648**	**11,867,648**	**11,867,648**
Long term loan	11,867,648	11,867,648	11,867,648
Equity	**1,807,591**	**1,919,893**	**7,620,112**
Capital- Government	1,743,334	2,089,731	n/a
Accumulated Profit/Losses	12,683	(186,609)	n/a
Reserves	51,573	16,770	n/a
Total Liabilities (equity + debt)	**13,675,239**	**13,787,541**	**19,487,760**

Key financial indicators

Cash flow (accounts receivable / turnover)(2002)	259(235) days turnover
Return on capital ((profit + interest) / total net assets)	-3.06 %
Return on equity (profit / equity)	-7.82 %
Gearing (debt / (equity +debt))	60.90 %

Phongsaly

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**163.231**	**185,562**	**185,562**
Water sales	105,871	124,366	124,366
Connection charges	34,097	46,203	46,203
Meter rental	9,157	7,456	7,456
Other income (excluding subsidies)	14,107	7,537	7,537
Drinking water	-	-	-
2. Expenditure	**(198,368)**	**(297,528)**	**(297,528)**
Personnel	(30,639)	(32,702)	(32,702)
Power	(1,423)	-	-
Chemicals	(9,264)	(39,822)	(39,822)
Fuel	(100,936)	(101,628)	(101,628)
Maintenance	(23,065)	(23,065)	(23,065)
Office and administration	(20,148)	(100,311)	(100,311)
Installation costs	(5,368)	-	-
3. Gross income (excluding depreciation, finance charges and tax)	**(27,880)**	**(111,967)**	**(111,967)**
Depreciation	(80,058)	(382,270)	
4. Net operating income	**(107,938)**	**(494,236)**	**(111,967)**
Net interest and finance charges	-	-	-
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	-	-	-
5.Net profit (loss) before tax	**(107,938)**	**(494,236)**	**(111,967)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(107,938)**	**(494,236)**	**(111,967)**
Add government subsidies	79,600	134,835	134,835
7. Net profit (loss)	**(28,338)**	**(359,401)**	**(111,967)**

Phongsaly

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**1,116,023**	**2,221,591**	**17,676,269**
Land	-	-	-
Buildings Plant & Equipment	1,356,059	2,986,130	n/a
Less: Depreciation	240,036	764,539	n/a
Net Fixed Assets	1,116,023	2,221,591	17,676,269
Work in Progress	-	-	-
Current assets	**179,014**	**175,851**	**175,851**
Inventory	27,738	107,214	107,214
Debtors	128,524	44,432	44,432
Advance	-	-	-
Cash	22,752	24,205	24,205
Current Liabilities	**184,434**	**600**	**600**
(amounts falling due within 1 year)			
Creditors	184,434	600	600
Net current assets	**(5,420)**	**175,250**	**175,250**
Total assets less current liabilities	**1,110,603**	**2,396,841**	**17,851,519**
Debt		**2,460,367**	**2,460,367**
Long term loan	1,468,376	2,460,367	2,460,367
Equity	**(357,774)**	**(63,526)**	**15,391,152**
Capital- Government	258,340	767,812	n/a
Accumulated Profit/Losses	(627,271)	(831,338)	n/a
Reserves	11,157	-	n/a
Total Liabilities (equity + debt)	**1,110,603**	**2,396,841**	**17,851,519**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	87 (101) days turnover
Return on capital ((profit + interest) / total net assets)	-3.44 %
Return on equity (profit / equity)	-3.99 %
Gearing (debt / (equity +debt))	13.78 %

Saravane

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**864,546**	**1,038,002**	**1,038,002**
Water sales	527,415	850,753	850,753
Connection charges	52,629	54,717	54,717
Meter rental	24,931	28,943	28,943
Other income (excluding subsidies)	178,316	23,337	23,337
Drinking water	81,254	80,252	80,252
2. Expenditure	**(736,158)**	**(853,178)**	**(853,178)**
Personnel	(208,376)	(255,730)	(255,730)
Power	(114,396)	(220,169)	(220,169)
Chemicals	(93,591)	(91,038)	(91,038)
Fuel	(24,458)	(36,932)	(36,932)
Maintenance	(68,576)	(64,363)	(64,363)
Office and administration	(78,543)	(120,942)	(120,942)
Installation costs	(148,217)	(64,004)	(64,004)
3. Gross income (excluding depreciation, finance charges and tax)	**128,388**	**184,823**	**184,823**
Depreciation	(109,752)	(83,496)	(491,528)
4. Net operating income	**18,636**	**101,327**	**(306,705)**
Net interest and finance charges	(111,469)	(104,526)	(104,526)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	34,454	51,067	51,067
5.Net profit (loss) before tax	**(58,380)**	**47,868**	**(360,164)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**(58,380)**	**47,868**	**(360,164)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(58,380)**	**47,868**	**(360,164)**

Saravane

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**1,827,084**	**1,758,785**	**11,703,541**
Land	-	-	-
Buildings Plant & Equipment	2,213,315	2,229,062	n/a
Less: Depreciation	386,231	470,277	n/a
Net Fixed Assets	1,827,084	1,758,785	11,703,541
Work in Progress	-	-	-
Current assets	**396,761**	**676,749**	**676,749**
Inventory	119,568	113,870	113,870
Debtors	256,654	484,968	484,968
Advance	-	-	-
Cash	20,539	77,911	77,911
Current Liabilities	**190,539**	**285,449**	**285,449**
(amounts falling due within 1 year)			
Creditors	190,539	285,449	285,449
Net current assets	**206,222**	**391,300**	**391,300**
Total assets less current liabilities	**2,033,306**	**2,150,085**	**12,094,841**
Debt	**2,312,906**	**2,408,927**	**2,408,927**
Long term loan	2,312,906	2,408,927	2,408,927
Equity	**(279,600)**	**(258,842)**	**9,685,914**
Capital- Government	426,193	437,430	n/a
Accumulated Profit/Losses	(793,347)	(779,203)	n/a
Reserves	87,554	82,931	n/a
Total Liabilities (equity + debt)	**2,033,306**	**2,150,085**	**12,094,841**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	171 (108) days turnover
Return on capital ((profit + interest) / total net assets)	-2.11 %
Return on equity (profit / equity)	-3.72 %
Gearing (debt / (equity +debt))	19.92 %

Savanakhet

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**2,259,117**	**2,922,527**	**2,922,527**
Water sales	1,867,394	2,543,521	2,543,521
Connection charges	150,032	197,426	197,426
Meter rental	38,465	67,046	67,046
Other income (excluding subsidies)	203,226	114,534	114,534
Drinking water	-	-	-
2. Expenditure	**(2,054,471)**	**(2,765,048)**	**(2,765,048)**
Personnel	(358,496)	(337,156)	(337,156)
Power	(665,030)	(907,312)	(907,312)
Chemicals	(468,032)	(657,155)	(657,155)
Fuel	(51,411)	(62,830)	(62,830)
Maintenance	(89,524)	(51,982)	(51,982)
Office and administration	(227,839)	(501,637)	(501,637)
Installation costs	(194,140)	(246,976)	(246,976)
3. Gross income (excluding depreciation, finance charges and tax)	**204,646**	**157,479**	**157,479**
Depreciation	*(74,785)	*(69,665)	(4,120,674)
4. Net operating income	**129,861**	**87,814**	**(3,963,195)**
Net interest and finance charges	(34,506)	(33,829)	(33,829)
Provision for bad debts	-	(34,785)	(34,785)
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	(41,151)	56,191	56,191
5.Net profit (loss) before tax	**54,204**	**75,391**	**(3,975,618)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**54,204**	**75,391**	**(3,975,618)**
Add government subsidies	-	-	-
7. Net profit (loss)	**54,204**	**75,391**	**(3,975,618)**

*It would appear that depreciation for Savanakhet has been seriously underreported in the statutory accounts for the years 2002 and 2003.

Savanakhet

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**1,276,374**	**56,744,287**	**89,624,839**
Land	-	-	-
Buildings Plant & Equipment	1,998,356	56,813,952	n/a
Less: Depreciation	721,981	69,665	n/a
Net Fixed Assets	1,276,374	56,744,287	89,624,839
Work in Progress	-	-	-
Current assets	**720,317**	**1,157,037**	**1,157,037**
Inventory	60,930	117,121	117,121
Debtors	602,079	1,006,546	1,006,546
Advance	-	16,182	16,182
Cash	57,309	17,188	17,188
Current Liabilities	**867,058**	**1,046,951**	**1,046,951**
(amounts falling due within 1 year)			
Creditors	867,058	1,046,951	1,046,951
Net current assets	**(146,740)**	**110,086**	**110,086**
Total assets less current liabilities	**1,129,634**	**56,854,373**	**89,734,925**
Debt	**63,167**	**60,307**	**60,307**
Long term loan	63,167	60,307	60,307
Equity	**1,066,468**	**56,794,067**	**89,674,618**
Capital- Government	999,757	56,669,025	n/a
Accumulated Profit/Losses	41,496	62,683	n/a
Reserves	25,215	62,359	n/a
Total Liabilities (equity + debt)	**1,129,634**	**56,854,373**	**89,734,925**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	126 (97) days turnover
Return on capital ((profit + interest) / total net assets)	-4.39 %
Return on equity (profit / equity)	-4.43 %
Gearing (debt / (equity +debt))	0.07 %

Sekong

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	-	**770,337**	**770,337**
Water sales	-	482,519	482,519
Connection charges	-	120,705	120,705
Meter rental	-	29,338	29,338
Other income (excluding subsidies)	-	137,776	137,776
Drinking water	-	-	-
2. Expenditure	-	**(399,862)**	**(399,862)**
Personnel	-	(114,572)	(114,572)
Power	-	(12,939)	(12,939)
Chemicals	-	(51,920)	(51,920)
Fuel	-	(12,055)	(12,055)
Maintenance	-	(47,889)	(47,889)
Office and administration	-	(125,119)	(125,119)
Installation costs	-	(35,367)	(35,367)
3. Gross income (excluding depreciation, finance charges and tax)	-	**370,476**	**370,476**
Depreciation	-	(50,571)	(120,105)
4. Net operating income	-	**319,905**	**250,371**
Net interest and finance charges	-	(135,111)	(135,111)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	-	(4,156)	(4,156)
5.Net profit (loss) before tax	-	**180,638**	**111,104**
Profit taxes	-	(31,230)	(31,230)
6. Net profit (loss) after tax	-	**149,408**	**79,874**
Add government subsidies	-	-	-
7. Net profit (loss)	-	**149,408**	**79,874**

Sekong

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	-	**1,291,872**	**2,287,983**
Land	-	-	-
Buildings Plant & Equipment	-	1,443,584	*n/a*
Less: Depreciation	-	151,712	n/a
Net Fixed Assets	-	1,291,872	2,287,983
Work in Progress	-	-	-
Current assets	-	**1,006,423**	**1,006,423**
Inventory	-	99,445	99,445
Debtors	-	818,230	818,230
Advance	-	-	-
Cash	-	88,748	88,748
Current Liabilities	-	**720,884**	**720,884**
(amounts falling due within 1 year)			
Creditors	-	720,884	720,884
Net current assets	-	**285,539**	**285,539**
Total assets less current liabilities	-	**1,577,410**	**2,573,522**
Debt		**1,480,185**	**1,480,185**
Long term loan	-	1,480,185	1,480,185
Equity	-	**97,226**	**1,093,337**
Capital- Government	-	91,082	n/a
Accumulated Profit/Losses	-	(65,446)	n/a
Reserves	-	71,589	n/a
Total Liabilities (equity + debt)	-	**1,577,410**	**2,573,522**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	388 (n/a) days turnover
Return on capital ((profit + interest) / total net assets)	8.35 %
Return on equity (profit / equity)	7.31 %
Gearing (debt / (equity +debt))	57.52 %

Vientiane Capital City

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**20,082,166**	**21,132,740**	**21,132,740**
Water sales	15,607,088	16,213,303	16,213,303
Connection charges	2,039,670	2,112,083	2,112,083
Meter rental	1,108,154	1,195,217	1,195,217
Other income (excluding subsidies)	1,327,254	1,223,317	1,223,317
Drinking water	-	388,820	388,820
2. Expenditure	**(17,800,962)**	**(17,326,033)**	**(17,326,033)**
Personnel	(2,512,242)	(3,787,315)	(3,787,315)
Power	(4,013,331)	(1,149,644)	(1,149,644)
Chemicals	(3,333,553)	(2,836,879)	(2,836,879)
Fuel	(663,010)	(652,079)	(652,079)
Maintenance	(756,073)	(1,369,437)	(1,369,437)
Office and administration	(3,612,011)	(2,449,546)	(2,449,546)
Installation costs	(2,910,740)	(5,081,134)	(5,081,134)
3. Gross income (excluding depreciation, finance charges and tax)	**2,281,204**	**3,806,707**	**3,806,707**
Depreciation	(2,733,253)	(2,334,523)	(11,576,277)
4. Net operating income	**(452,049)**	**1,472,183**	**(7,769,570)**
Net interest and finance charges	(1,175,785)	(1,372,510)	(1,372,510)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	(4,937)	(4,937)
Increase (decrease) in inventory	2,387,755	2,583,212	2,583,212
5.Net profit (loss) before tax	**759,920**	**2,677,948**	**(6,563,806)**
Profit taxes	-	(4,446)	(4,446)
6. Net profit (loss) after tax	**759,920**	**2,673,502**	**(6,568,252)**
Add government subsidies	-	-	-
7. Net profit (loss)	**759,920**	**2,673,502**	**(6,568,252)**

Vientiane Capital City

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**25,105,213**	**26,793,352**	**226,378,030**
Land	-	-	-
Buildings Plant & Equipment	32,932,594	35,473,493	n/a
Less: Depreciation	10,275,814	13,013,886	n/a
Net Fixed Assets	22,656,780	22,459,606	226,378,030
Work in Progress	2,448,433	4,333,746	4,333,746
Current assets	**13,972,408**	**12,469,672**	**12,469,672**
Inventory	4,176,734	3,993,890	3,993,890
Debtors	5,574,832	6,225,964	6,225,964
Advance	15,157	54,325	54,325
Cash	4,205,685	2,195,493	2,195,493
Current Liabilities (amounts falling due within 1 year)	**5,363,418**	**4,823,315**	**4,823,315**
Creditors	5,363,418	4,823,315	4,823,315
Net current assets	**8,608,990**	**7,646,358**	**7,646,358**
Total assets less current liabilities	**33,714,203**	**34,439,710**	**234,024,388**
Debt	**22,809,900**	**21,638,724**	**21,638,724**
Long term loan	22,809,900	21,638,724	21,638,724
Equity	**10,904,303**	**12,800,986**	**212,385,663**
Capital- Government	10,003,916	10,599,838	n/a
Accumulated Profit/Losses	383,815	848,272	n/a
Reserves	516,572	1,352,876	n/a
Total Liabilities (equity + debt)	**33,714,203**	**34,439,710**	**234,024,388**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	108 (101) days turnover
Return on capital ((profit + interest) / total net assets)	-2.22 %
Return on equity (profit / equity)	-3.09 %
Gearing (debt / (equity +debt))	9.25 %

Vientiane Province

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**1,069,978**	**1,044,114**	**1,044,114**
Water sales	834,660	880,904	880,904
Connection charges	92,683	110,543	110,543
Meter rental	38,809	41,210	41,210
Other income (excluding subsidies)	103,826	11,458	11,458
Drinking water	-	-	-
2. Expenditure	**(777,741)**	**(826,619)**	**(826,619)**
Personnel	(206,227)	(265,675)	(265,675)
Power	(122,290)	(175,432)	(175,432)
Chemicals	(69,821)	(47,242)	(47,242)
Fuel	(34,459)	(49,919)	(49,919)
Maintenance	(55,911)	(18,403)	(18,403)
Office and administration	(152,435)	(179,776)	(179,776)
Installation costs	(136,599)	(90,171)	(90,171)
3. Gross income (excluding depreciation, finance charges and tax)	**292,237**	**217,495**	**217,495**
Depreciation	(390,760)	(291,358)	(1,772,933)
4. Net operating income	**(98,523)**	**(73,863)**	**(1,555,438)**
Net interest and finance charges	(83,626)	(83,626)	(83,626)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	118,066	(23,363)	(23,363)
5.Net profit (loss) before tax	**(64,083)**	**(180,852)**	**(1,662,427)**
Profit taxes	-	(9,959)	(9,959)
6. Net profit (loss) after tax	**(64,083)**	**(190,811)**	**(1,672,385)**
Add government subsidies	-	-	-
7. Net profit (loss)	**(64,083)**	**(190,811)**	**(1,672,385)**

Vientiane Province

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**6,007,202**	**5,817,886**	**30,386,289**
Land	-	-	-
Buildings Plant & Equipment	6,764,705	6,866,748	n/a
Less: Depreciation	757,503	1,048,862	n/a
Net Fixed Assets	6,007,202	5,817,886	30,386,289
Work in Progress	-	-	-
Current assets	**1,479,242**	**1,182,920**	**1,182,920**
Inventory	246,251	201,451	201,451
Debtors	861,278	512,038	512,038
Advance	49,529	57,139	57,139
Cash	322,184	412,292	412,292
Current Liabilities	**873,553**	**184,270**	**184,270**
(amounts falling due within 1 year)			
Creditors	873,553	184,270	184,270
Net current assets	**605,689**	**998,649**	**998,649**
Total assets less current liabilities	**6,612,891**	**6,816,535**	**31,384,938**
Debt	**3,873,906**	**3,957,533**	**3,957,533**
Long term loan	3,873,906	3,957,533	3,957,533
Equity	**2,738,985**	**2,859,003**	**27,427,406**
Capital- Government	2,751,603	3,022,281	n/a
Accumulated Profit/Losses	(345,123)	(642,572)	n/a
Reserves	332,505	479,294	n/a
Total Liabilities (equity + debt)	**6,612,891**	**6,816,535**	**31,384,938**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	179 (294) days turnover
Return on capital ((profit + interest) / total net assets)	-5.06 %
Return on equity (profit / equity)	-6.10 %
Gearing (debt / (equity +debt))	12.61 %

Xayabury

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**556,864**	**723,861**	**723,861**
Water sales	445,878	593,799	593,799
Connection charges	70,824	89,522	89,522
Meter rental	34,796	40,540	40,540
Other income (excluding subsidies)	5,366	-	-
Drinking water	-	-	-
2. Expenditure	**(558,552)**	**(594,182)**	**(594,182)**
Personnel	(119,735)	(161,273)	(161,273)
Power	(3,656)	(24,716)	(24,716)
Chemicals	(48,350)	(21,548)	(21,548)
Fuel	(157,169)	(15,581)	(15,581)
Maintenance	(65,998)	(65,030)	(65,030)
Office and administration	(102,785)	(112,064)	(112,064)
Installation costs	(60,861)	(193,970)	(193,970)
3. Gross income (excluding depreciation, finance charges and tax)	**(1,688)**	**129,678**	**129,678**
Depreciation	(16,672)	(136,773)	(1,264,669)
4. Net operating income	**(18,360)**	**(7,095)**	**(1,134,991)**
Net interest and finance charges	(9,034)	(110,331)	(110,331)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	54,868	-	-
5.Net profit (loss) before tax	**27,474**	**(117,426)**	**(1,245,322)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**27,474**	**(117,426)**	**(1,245,322)**
Add government subsidies	-	-	-
7. Net profit (loss)	**27,474**	**(117,426)**	**(1,245,322)**

Xayabury

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**5,506,479**	**5,142,129**	**34,077,592**
Land	152,712	760,692	5,081,423
Buildings Plant & Equipment	5,386,719	4,513,846	n/a
Less: Depreciation	32,952	132,408	n/a
Net Fixed Assets	5,353,767	4,381,437	28,996,169
Work in Progress	-	-	-
Current assets	**338,089**	**521,014**	**521,014**
Inventory	17,546	97,205	97,205
Debtors	160,375	354,911	354,911
Advance	80,000	-	-
Cash	80,168	68,897	68,897
Current Liabilities	**134,607**	**202,511**	**202,511**
(amounts falling due within 1 year)			
Creditors	134,607	202,511	202,511
Net current assets	**203,482**	**318,503**	**318,503**
Total assets less current liabilities	**5,709,960**	**5,460,632**	**34,396,095**
Debt	**3,779,176**	**762,703**	**762,703**
Long term loan	3,779,176	762,703	762,703
Equity	**1,930,785**	**4,697,929**	**33,633,391**
Capital- Government	1,891,260	4,773,477	n/a
Accumulated Profit/Losses	27,494	(75,548)	n/a
Reserves	12,031	-	n/a
Total Liabilities (equity + debt)	**5,709,960**	**5,460,632**	**34,396,095**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	179 days turnover
Return on capital ((profit + interest) / total net assets)	-3.30 %
Return on equity (profit / equity)	-3.70 %
Gearing (debt / (equity +debt))	2.22 %

Xieng Khouang

Profit and Loss Statement

	2002	2003	2003
	Lao accounting system		Regulatory accounts
1. Revenue (excluding turnover tax)	**1,044,703**	**890,865**	**890,865**
Water sales	855,967	737,755	737,755
Connection charges	155,913	109,998	109,998
Meter rental	22,055	28,136	28,136
Other income (excluding subsidies)	10,768	14,976	14,976
Drinking water	-	-	-
2. Expenditure	**(438,826)**	**(488,204)**	**(488,204)**
Personnel	(168,058)	(220,554)	(220,554)
Power	(2,972)	(3,952)	(3,952)
Chemicals	(17,655)	(11,520)	(11,520)
Fuel	(20,547)	(32,801)	(32,801)
Maintenance	(34,412)	(90,115)	(90,115)
Office and administration	(70,748)	(72,902)	(72,902)
Installation costs	(124,434)	(56,360)	(56,360)
3. Gross income (excluding depreciation, finance charges and tax)	**605,877**	**402,660**	**402,660**
Depreciation	(170,981)	(192,855)	(346,454)
4. Net operating income	**434,896**	**209,806**	**56,206**
Net interest and finance charges	(341,564)	(158,350)	(158,350)
Provision for bad debts	-	-	-
Net income from disposal of assets	-	-	-
Increase (decrease) in inventory	(52,455)	(43,104)	(43,104)
5.Net profit (loss) before tax	**41,077**	**8,352**	**(145,247)**
Profit taxes	-	-	-
6. Net profit (loss) after tax	**41,077**	**8,352**	**(145,247)**
Add government subsidies	-	-	-
7. Net profit (loss)	**41,077**	**8,352**	**(145,247)**

Xieng Khouang

Balance sheet

	2002	2003	2003
	Lao accounting system		Regulatory accounts
Fixed Assets	**4,938,866**	**4,916,811**	**8,787,802**
Land	-	83,539	-
Buildings Plant & Equipment	5,109,847	5,305,449	n/a
Less: Depreciation	170,981	472,177	n/a
Net Fixed Assets	4,938,866	4,833,272	8,787,802
Work in Progress	-	-	-
Current assets	**2,193,143**	**1,966,001**	**1,966,001**
Inventory	1,135,133	1,087,040	1,087,040
Debtors	524,883	342,034	342,034
Advance	7,403	194,814	194,814
Cash	525,724	342,113	342,113
Current Liabilities	**9,332**	**19,839**	**19,839**
(amounts falling due within 1 year)			
Creditors	9,332	19,839	19,839
Net current assets	**2,183,811**	**1,946,161**	**1,946,161**
Total assets less current liabilities	**7,122,677**	**6,862,973**	**10,733,963**
Debt	**4,266,843**	**4,038,702**	**4,038,702**
Long term loan	4,266,843	4,038,702	4,038,702
Equity	**2,855,834**	**2,824,271**	**6,695,262**
Capital- Government	2,814,242	2,810,375	n/a
Accumulated Profit/Losses	41,077	8,352	n/a
Reserves	515	5,544	n/a
Total Liabilities (equity + debt)	**7,122,677**	**6,862,973**	**8,787,802**

Key financial indicators

Cash flow (accounts receivable / turnover) (2002)	140 (183) days turnover
Return on capital ((profit + interest) / total net assets)	0.12 %
Return on equity (profit / equity)	-2.17 %
Gearing (debt / (equity +debt))	37.63 %