

**ROYAL RAILWAY PLC.**

**Condensed Interim Financial Statements  
for the three-month and twelve-month  
periods ended 31 December 2024  
and  
Independent Auditors' Report on Review of  
Condensed Interim Financial Statements**

## Corporate information

Company	Royal Railway Plc.	
Registration No.	00018504	
Registered office	Central Railway Station, Russian Federation Boulevard Sangkat Sras Chork, Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Shareholders	Inter Logistics (Cambodia) Co., Ltd. Neak Oknha Kith Meng	
Board of Directors	Neak Oknha Kith Meng Mr. Raymond Thornton Yager Mr. William Mark Hanna Mr. Paul Clements Mr. Lun Yeng	Chairman Director Director Director Independent Director
Management team	Mr. John Guiry Ms. Tauch Sothyda  Mr. Dy Chetra	Chief Executive Officer Commercial Director (Appointed on 23 July 2024) Chief Financial Officer (Appointed on 5 June 2024)
Audit and Risk Committee	Mr. Lun Yeng Mr. Paul Clements Mr. William Mark Hanna	Chairman Director Director
Nomination and Remuneration Committee	Mr. William Mark Hanna Mr. Paul Clements Mr. Raymond Thornton Yager	Chairman Director Director
Principal banker	Wing Bank (Cambodia) Plc	
Auditors	KPMG Cambodia Ltd	

# Royal Railway Plc.

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## **Report of the Board of Directors**

The Board of Directors ("the Directors") of Royal Railway Plc. ("the Company") hereby presents its report and the Company's condensed interim financial statements for the three-month and twelve-month periods ended 31 December 2024.

### **Principal activities**

The Company is principally engaged in operating railway services including, inter alia, railway freight and passenger services, the provision of substitute transportation by other modes in the event transport by rail is impractical, and the maintenance of railway infrastructure and equipment.

### **Financial results**

The financial results of the Company for the three-month and twelve-month periods ended 31 December 2024 were disclosed in the condensed interim statement of profit or loss and other comprehensive income. Refer to pages 9 and 10.

### **Dividends**

No dividend was declared nor paid during the period and the Directors do not recommend any dividends to be paid as at the reporting date.

### **Share capital**

There was no shareholding structure changes during the periods ended.

### **Reserves and provisions**

There were no material movements to or from reserves and provisions during the periods other than those disclosed in the condensed interim financial statements.

### **Expected credit losses on trade and other receivables**

Before the condensed interim financial statements of the Company were drawn up, the Directors took reasonable steps to ascertain that action had been taken and satisfied themselves that all known bad trade and other receivables had been written off and that adequate provision for expected credit losses on trade and other receivables had been made.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad trade and other receivables or the amount of the provision for bad and doubtful trade and other receivables in the condensed interim financial statements of the Company inadequate to any material extent.

# Royal Railway Plc.

## Assets

Before the condensed interim financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company had been written down to an amount which they are expected to be realised.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the condensed interim financial statements of the Company to be misleading.

## Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the condensed interim financial statements of the Company as misleading or inappropriate.

## Contingent and other liabilities

At the date of this report, there is:

- No change on the assets of the Company which has arisen since the end of the financial periods which secures the liabilities of any other person; and
- Except as disclosed in Note 29 to the condensed interim financial statements, no other contingent liability in respect of the Company that has arisen since the end of the financial periods other than those in the ordinary course of business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the periods after the end of the reporting period which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

## Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the condensed interim financial statements of the Company, which would render any amount stated in the condensed interim financial statements to be misleading.

The results of the operations of the Company for the reporting periods were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

Nothing has arisen during in the interval between the end of the reporting periods and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the current reporting periods in which this report is made.



# Royal Railway Plc.

## Event during and since the reporting period

Since 30 June 2024 and to present, the Company has not been able to comply with 4 covenants including Debt Service Coverage Ratio, Operating ratio, Debt to EBITDA Ratio and Total Debt to Total Asset Ratio under the bond guarantee agreement. Refer to Note 15.

The Company communicated the compliance status to the Guarantor on 5 July 2024 and was updated its financial forecast model as the per requirement from the Guarantor. On 11 September 2024, the Company submitted their waiver letter to Guarantor and on 28 January 2025, the Guarantor waived the non-compliance of the covenants as of 30 June 2024. Furthermore, the Company is in the process of updating its financial forecast model along with the requested waiver letter to the Guarantor which has not been finalised as of 31 December 2024 and as at the date of these condensed financial interim statements.

## Items of unusual nature

The results of the operations of the Company for the financial periods were not, in the opinion of the Board of Directors, substantially affected by any item, transaction or event of a material and unusual nature.

## The Board of Directors

The members of Board of the Directors during the periods and at the date of this report are:

Neak Oknha Kith Meng	Chairman
Mr. Raymond Thornton Yager	Director
Mr. William Mark Hanna	Director
Mr. Paul Clements	Director
Mr. Lun Yeng	Independent Director

## Directors' interests

Except for Neak Oknha Kith Meng, the Chairman, who directly and indirectly holds the Company through Inter Logistics (Cambodia) Co., Ltd., none of the other Directors held or dealt directly in the shares of the Company during the financial periods.

## Directors' benefit

During and at the end of the financial periods, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

During the financial periods, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the condensed interim financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a Company in which the Directors have a substantial financial interest other than as disclosed in the condensed interim financial statements.

# Royal Railway Plc.

## Directors' responsibility in respect of the condensed interim financial statements

The Directors are responsible for ensuring that the condensed interim financial statements of the Company as at 31 December 2024, and for the three-month and twelve-month periods then ended, as set out on pages 7 to 48, are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, *Interim Financial Reporting* ("CIAS 34"). The Directors oversee the preparation of these condensed interim financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with the disclosure requirements and guidelines issued by CIAS 34 or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the condensed interim financial statements;
- Oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so; and
- Set overall policies for the Company, ratify all decisions and actions by management that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the condensed interim financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the management has complied with the above requirements in preparing the condensed interim financial statements.

## Approval of the condensed interim financial statements

I, on behalf of the Board of Directors of Royal Railway Plc., hereby approve the accompanying condensed interim financial statements, together with the notes thereto, which are prepared, in all material respects, in accordance with CIAS 34, *Interim Financial Reporting*.

*Signed in accordance with a resolution of the Board of Directors,*



Neak Oknha Kith Meng  
Chairman

Phnom Penh, Kingdom of Cambodia

14 February 2025





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## **THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

### **To the shareholders of Royal Railway Plc.**

#### ***Introduction***

We have reviewed the accompanying condensed interim financial statements of Royal Railway Plc. ("the Company"), as set out on pages 7 to 48 (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 31 December 2024;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and twelve-month periods ended 31 December 2024;
- the condensed interim statement of changes in equity for the twelve-month periods ended 31 December 2024;
- the condensed interim statement of cash flows for the twelve-month periods ended 31 December 2024; and
- other explanatory notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the Cambodian International Accounting Standard 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

#### ***Scope of Review***

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





## Conclusion

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

## Emphasis of Matter

We draw attention to Note 29.1 to the condensed interim financial statements which describes that there are provisions in the existing Concession Agreement specifying concession fees to be paid by the Company to the Government of the Kingdom of Cambodia ("GKC") for the use of the conceded assets from the effective date of the Concession Agreement. The Company's management has performed an assessment of its obligations under the existing Concession Agreement and believed that the obligation to pay the concession fee under the agreement has not yet become effective. The Company's management is continuing its negotiation with the GKC on the new amended Concession Agreement. The Company's management believes the amounts and timing of any economic benefit outflows could not be estimated reliably due to the effective date of the agreement has not been determined as of the reporting date. The ultimate outcome of this matter is uncertain and, accordingly, no provision for any liability has been made in the condensed interim financial statements. Our review conclusion is not modified in respect of this matter.

For KPMG Cambodia Ltd



Phor Auvarin  
Partner

Phnom Penh, Kingdom of Cambodia

14 February 2025

# Royal Railway Plc.

## Condensed interim statement of financial position as at 31 December 2024

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	5	4,726,176	19,022,858	17,485,828	71,429,608
Trade and other receivables	6	2,427,248	9,769,673	2,913,750	11,902,669
Inventories	7	94,926	382,077	154,602	631,549
		<u>7,248,350</u>	<u>29,174,608</u>	<u>20,554,180</u>	<u>83,963,826</u>
<b>Non-current assets</b>					
Bank balances	5	4,153,643	16,718,413	3,958,850	16,171,902
Other receivables	8	1,583,398	6,373,177	-	-
Property and equipment	9	17,234,796	69,370,054	8,872,818	36,245,462
Intangible assets	10	239,741	964,958	243,763	995,772
Investment property	11	81,629	328,557	43,111	176,108
Right-of-use assets	12	723,848	2,913,488	-	-
		<u>24,017,055</u>	<u>96,668,647</u>	<u>13,118,542</u>	<u>53,589,244</u>
<b>TOTAL ASSETS</b>		<u>31,265,405</u>	<u>125,843,255</u>	<u>33,672,722</u>	<u>137,553,070</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	3,447,482	13,876,115	2,702,507	11,039,741
Borrowings	14	6,800,576	27,372,318	3,432,784	14,022,923
Debt securities	15	24,987,523	100,574,780	24,094,813	98,427,311
Employee benefit liabilities	16	115,213	463,732	94,759	387,091
Minimum tax liability	24(b)	12,021	48,385	9,163	37,431
Lease liabilities	17	37,589	151,296	-	-
		<u>35,400,404</u>	<u>142,486,626</u>	<u>30,334,026</u>	<u>123,914,497</u>
<b>Non-current liabilities</b>					
Debt securities	15	9,809,327	39,482,541	9,809,327	40,071,101
Borrowings	14	858,218	3,454,327	1,087,317	4,441,690
Provision on onerous contract		8,427	33,919	52,308	213,678
Employee benefit liabilities	16	42,191	169,819	52,130	212,951
Lease liabilities	17	737,122	2,966,916	-	-
Other payables	18	228,373	919,201	-	-
		<u>11,683,658</u>	<u>47,026,723</u>	<u>11,001,082</u>	<u>44,939,420</u>
<b>TOTAL LIABILITIES</b>		<u>47,084,062</u>	<u>189,513,349</u>	<u>41,335,108</u>	<u>168,853,917</u>

## Royal Railway Plc.

### Condensed interim statement of financial position (continued) as at 31 December 2024

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>EQUITY</b>					
Share capital	19	13,020,930	52,083,720	13,020,930	52,083,720
Accumulated losses		(28,839,587)	(117,585,747)	(20,683,316)	(84,381,567)
Currency translation reserves		-	1,831,933	-	997,000
		<u>(15,818,657)</u>	<u>(63,670,094)</u>	<u>(7,662,386)</u>	<u>(31,300,847)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>31,265,405</u>	<u>125,843,255</u>	<u>33,672,722</u>	<u>137,553,070</u>

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



## Royal Railway Plc.

### Condensed interim statement of profit or loss and other comprehensive income for the twelve-month period ended 31 December 2024

		For the twelve-month period ended			
		31 December 2024		31 December 2023	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	11,286,614	45,947,806	10,348,051	42,530,490
Cost of services	21	(13,605,458)	(55,387,820)	(12,349,244)	(50,755,393)
<b>Gross loss</b>		(2,318,844)	(9,440,014)	(2,001,193)	(8,224,903)
Other operating income	22	1,165,691	4,745,528	1,199,283	4,929,053
Operating and administrative expenses	23	(2,653,745)	(10,803,396)	(675,268)	(2,775,351)
Reversal of/(Provision for) onerous contract expense		43,881	178,640	(52,308)	(214,986)
Reversal of/ (Provision for) impairment losses	5,6	67,609	275,236	(18,356)	(75,443)
Minimum tax expense	25(c)	(124,802)	(508,069)	(116,271)	(477,874)
<b>Operating loss</b>		(3,820,210)	(15,552,075)	(1,664,113)	(6,839,504)
Finance costs – net	26	(4,336,061)	(17,652,105)	(3,728,565)	(15,324,402)
<b>Loss before income tax</b>		(8,156,271)	(33,204,180)	(5,392,678)	(22,163,906)
Income tax expense	25(c)	-	-	-	-
<b>Net loss for the period</b>		(8,156,271)	(33,204,180)	(5,392,678)	(22,163,906)
<i>Other comprehensive income</i>					
<b>Items that will not be reclassified to profit or loss</b>					
Currency translation differences		-	834,933	-	207,447
<b>Total comprehensive loss for the period</b>		<u>(8,156,271)</u>	<u>(32,369,247)</u>	<u>(5,392,678)</u>	<u>(21,956,459)</u>

## Royal Railway Plc.

### Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 December 2024

		For the three -month period ended			
		31 December 2024		31 December 2023	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	2,973,751	12,022,875	2,523,801	10,395,536
Cost of services	21	(3,509,535)	(14,189,050)	(3,147,699)	(12,965,372)
<b>Gross loss</b>		(535,784)	(2,166,175)	(623,898)	(2,569,836)
Other operating income	22	278,101	1,124,362	153,785	633,440
Operating and administrative expenses	23	(710,336)	(2,871,888)	(690,853)	(2,845,624)
Reversal of onerous contract expense		6,868	27,767	-	-
Reversal of impairment losses	5,6	28,708	116,066	29,177	120,180
Minimum tax expense	25(c)	(32,595)	(131,782)	(26,584)	(109,499)
<b>Operating loss</b>		(965,038)	(3,901,650)	(1,158,373)	(4,771,339)
Finance costs – net	26	(1,186,591)	(4,797,388)	(1,482,051)	(6,104,568)
<b>Loss before income tax</b>		(2,151,629)	(8,699,038)	(2,640,424)	(10,875,907)
Income tax expense	25(c)	-	-	-	-
<b>Net loss for the period</b>		(2,151,629)	(8,699,038)	(2,640,424)	(10,875,907)
<i>Other comprehensive income</i>					
<b>Items that will not be reclassified to profit or loss</b>					
Currency translation differences		-	38,731	-	89,775
<b>Total comprehensive loss for the period</b>		<u>(2,151,629)</u>	<u>(8,660,307)</u>	<u>(2,640,424)</u>	<u>(10,786,132)</u>

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

## Royal Railway Plc.

### Condensed interim statement of changes in equity for the twelve-month period ended 31 December 2024

	Share capital		Accumulated losses		Currency translation reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Balance at 1 January 2024	13,020,930	52,083,720	(20,683,316)	(84,381,567)	-	997,000	(7,662,386)	(31,300,847)
<b>Total comprehensive loss</b>								
Net loss for the period	-	-	(8,156,271)	(33,204,180)	-	-	(8,156,271)	(33,204,180)
Currency translation differences	-	-	-	-	-	834,933	-	834,933
	-	-	(8,156,271)	(33,204,180)	-	834,933	(8,156,271)	(32,369,247)
Balance at 31 December 2024	13,020,930	52,083,720	(28,839,587)	(117,585,747)	-	1,831,933	(15,818,657)	(63,670,094)
Balance at 1 January 2023	13,020,930	52,083,720	(15,290,638)	(62,217,661)	-	789,553	(2,269,708)	(9,344,388)
<b>Total comprehensive loss</b>								
Net loss for the period	-	-	(5,392,678)	(22,163,906)	-	-	(5,392,678)	(22,163,906)
Currency translation differences	-	-	-	-	-	207,447	-	207,447
	-	-	(5,392,678)	(22,163,906)	-	207,447	(5,392,678)	(21,956,459)
Balance at 31 December 2023	13,020,930	52,083,720	(20,683,316)	(84,381,567)	-	997,000	(7,662,386)	(31,300,847)

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



# Royal Railway Plc.

## Condensed interim statement of cash flows for the twelve-month period ended 31 December 2024

	For the twelve-month period ended			
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flows from operating activities</b>				
Net loss for the period	(8,156,271)	(33,204,180)	(5,392,678)	(22,163,906)
<i>Adjustments for:</i>				
Depreciation and amortisation	2,326,339	9,470,526	1,312,922	5,396,109
Finance costs	4,663,827	18,986,440	4,137,125	17,003,584
Employee benefit	210,332	856,262	198,771	816,949
Property and equipment written off	418	1,702	17,887	73,516
Minimum tax expense	124,802	508,069	116,271	477,874
Finance income	(327,766)	(1,334,335)	(408,560)	(1,679,182)
(Reversal of)/Provision for onerous contract expense	(43,881)	(178,640)	52,308	214,986
(Reversal of)/Allowance for impairment loss	(67,609)	(275,236)	18,356	75,443
	(1,269,809)	(5,169,392)	52,402	215,373
<i>Changes in:</i>				
Trade and other receivables	458,070	1,864,803	(607,920)	(2,498,551)
Inventories	59,676	242,941	(72,262)	(296,997)
Trade and other payables	744,975	3,032,793	(1,038,566)	(4,268,506)
Other receivables	(1,583,398)	(6,446,013)	-	-
Other payables	228,373	929,706	-	-
Cash used in operation	(1,362,113)	(5,545,162)	(1,666,346)	(6,848,681)
Interest paid	(3,586,054)	(14,598,826)	(3,501,896)	(14,392,793)
Payment of employee benefits	(199,817)	(813,455)	(199,966)	(821,860)
Minimum tax paid	(121,944)	(496,434)	(173,115)	(711,503)
<b>Net cash used in operating activities</b>	<u>(5,269,928)</u>	<u>(21,453,877)</u>	<u>(5,541,323)</u>	<u>(22,774,837)</u>
<b>Cash flows from investing activities</b>				
Interest received	132,973	541,333	223,397	918,162
Acquisition of property and equipment	(10,628,551)	(43,268,831)	(3,087,877)	(12,691,174)
Acquisition of intangible asset	(5,648)	(22,993)	(1,200)	(4,932)
Acquisition of investment property	(8,604)	(35,027)	(1,377)	(5,659)
<b>Net cash used in investing activities</b>	<u>(10,509,830)</u>	<u>(42,785,518)</u>	<u>(2,867,057)</u>	<u>(11,783,603)</u>

## Royal Railway Plc.

### Condensed interim statement of cash flows (continued) for the twelve-month period ended 31 December 2024

	For the twelve-month period ended			
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flows from financing activities</b>				
Proceed of borrowings	3,233,054	13,161,763	2,000,000	8,220,000
Repayment of borrowings	(208,989)	(850,794)	(133,621)	(549,182)
Payment of lease liabilities	(100,000)	(407,100)	-	-
<b>Net cash generated from financing activities</b>	<u>2,924,065</u>	<u>11,903,869</u>	<u>1,866,379</u>	<u>7,670,818</u>
<b>Net decrease in cash and cash equivalents</b>	(12,855,693)	(52,335,526)	(6,542,001)	(26,887,622)
<b>Cash and cash equivalents at beginning of the period</b>	17,649,823	72,099,527	24,191,824	99,597,739
Currency translation differences	-	(467,628)	-	(610,590)
<b>Cash and cash equivalents at end of the period (Note 5)</b>	<u>4,794,130</u>	<u>19,296,373</u>	<u>17,649,823</u>	<u>72,099,527</u>

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

# Royal Railway Plc.

## Notes to the condensed interim financial statements for the three-month and twelve-month periods ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

### 1. Background information

Royal Railway Plc. ("the Company") is a public limited liability company incorporated in the Kingdom of Cambodia. The Company was originally established under the Registration No. Co. 2874/06E dated 6 April 2006 issued by the Ministry of Commerce ("MOC"). Subsequently, the Company has received the approval from the Council for the Development of Cambodia ("CDC") to be a Qualified Investment Project ("QIP") with a new Registration No. Inv. 0643KH/2014 dated 6 October 2015. On 25 August 2016, the Company obtained a new registration No. 00018504 from the MOC.

The Company operates in railway services under a Railway Concession Agreement ("the Concession Agreement") signed with the Government of the Kingdom of Cambodia ("GKC"), represented by the Ministry of Public Works and Transport ("MPWT") in the Kingdom of Cambodia for a period of 30 years over the specific concession assets as stipulated in the Concession Agreement. However, the effective date of the Concession Agreement has yet to be officially determined due to the condition precedent to the effective date has yet to be fully met. As of the date of these condensed interim financial statements, the Company is still working with the GKC for a new amended Railway Concession Agreement.

The Company's shares of 98.9999% are owned by Inter Logistics (Cambodia) Co., Ltd, and the remaining 1.0001% owned by Neak Oknha Kith Meng.

The address of its registered office is at Central Railway Station, Russian Federation Boulevard, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2024, the Company had 964 employees (31 December 2023: 804 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with Cambodian International Accounting Standard ("CIAS") 34, "Interim Financial Reporting". They do not include all the information required for a complete set of Cambodian International Financial Reporting Standard ("CIFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and financial performances since the last annual financial statements as at and for the year ended 31 December 2023.

These condensed interim financial statements were authorised for issue by the Company's Board of Directors on 14 February 2025.



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## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 2. Basis of preparation (continued)

#### (b) Material accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2023.

#### (c) Going concern assumption

During the twelve-month period ended 31 December 2024, the Company generated a net loss of US\$8,156,271 and three-month period ended US\$2,151,629 (twelve-month period ended 31 December 2023: US\$5,392,678/three-month period ended 31 December 2023: US\$2,640,424) and generated net negative cash flows from operating activities for the twelve-month period ended 31 December 2024 amounting to US\$5,269,928 (for the twelve-month period ended 31 December 2023: US\$5,541,323) and as at 31 December 2024, the Company had net current liabilities of US\$28,152,054 (31 December 2023: net current liabilities of US\$9,779,846) and accumulated losses amounting to US\$28,839,587 (31 December 2023: US\$20,683,316).

The validity of the going concern assumption fundamentally depends on the ultimate shareholder's continuing to provide financial assistance that is necessary to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future. In addition, the validity may also be dependent on the acceleration and successful conclusion of the concession agreement between the Government of the Kingdom of Cambodia ("GKC") represented by Ministry of Public Works and Transport ("MPWT") and the Company.

At the date of these condensed interim financial statements, the ultimate shareholder has confirmed that he will continue to provide sufficient financial support to the Company and there is no reason for the Company's management to believe that the ultimate shareholder will not continue his support. The Company will also continue to work closely with the GKC to reach a conclusion on the concession agreement in due course.

Based on these factors, management has a reasonable expectation that the Company will have adequate resources to continue in operation for the foreseeable future.

#### (d) Use of estimates and judgements

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

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## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 3. Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts and maintains its accounting records primarily in United States Dollars ("US\$"), management have determined the US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

The condensed interim financial statements are presented in US\$, which is the Company's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

### 4. Translation of United States Dollars into Khmer Riel

The condensed interim financial statements have been presented in the United States Dollars ("US\$"). The translations of the condensed interim financial statements are expressed in United States Dollars which is the Company's functional currency. The translations of United States Dollars amount into Khmer Riel meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity accounts are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the reporting periods, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the periods. Exchange differences arising from the translation are recognised as "Currency Translation differences" in the other comprehensive income.

The Company uses the following exchange rates:

Period end		Closing rate	Average rate three-month	Average rate twelve-month
31 December 2024	US\$1=	KHR4,025	KHR4,043	KHR4,071
31 December 2023	US\$1=	KHR4,085	KHR4,110	KHR4,119

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

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## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 5. Cash and bank balances

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Current</b>				
Cash on hand	3,310	13,322	2,229	9,106
Cash at banks (*)	<u>4,790,820</u>	<u>19,283,051</u>	<u>17,647,594</u>	<u>72,090,421</u>
Total cash and bank balances	4,794,130	19,296,373	17,649,823	72,099,527
Less: Allowance for impairment losses	<u>(67,954)</u>	<u>(273,515)</u>	<u>(163,995)</u>	<u>(669,919)</u>
	<u>4,726,176</u>	<u>19,022,858</u>	<u>17,485,828</u>	<u>71,429,608</u>
<b>Non-current</b>				
<i>Cash at banks:</i>				
Debt Service Reserve Account ("DSRA") (**)	3,768,312	15,167,456	3,591,585	14,671,624
Guarantee Fee Reserve Account ("GFRA") (**)	<u>385,331</u>	<u>1,550,957</u>	<u>367,265</u>	<u>1,500,278</u>
Total bank balances	<u>4,153,643</u>	<u>16,718,413</u>	<u>3,958,850</u>	<u>16,171,902</u>

(\*) Included in the cash at banks balance is the Bond Proceeds Account for which the Company will be able to withdraw amounts from the Bond Proceeds Account, following submission of written requests for specific capital expenditure and to be validated by GuarantCo Ltd ("the Guarantor"). As at 31 December 2024, the remaining amount in the account is US\$3,789,241 (31 December 2023: US\$14,454,865).

(\*\*) Debt Service Reserve Account and Guarantee Fee Reserve Account are reserve accounts specifically set aside to make debt payments and guarantee fee payments in the event of a disruption of cash flows (i.e default event) for the bonds payable and is held at Association of Cambodia Local Economic Development Agencies ("Acleda Bank") which earns annual interest rate of 5.00% (31 December 2023: 5.00%) and must be kept as minimum balance for the rest of the bonds' terms.

For purpose of preparing the condensed interim statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	3,310	13,322	2,229	9,106
Cash at banks (current portion)	<u>4,790,820</u>	<u>19,283,051</u>	<u>17,647,594</u>	<u>72,090,421</u>
Cash and cash equivalents	<u>4,794,130</u>	<u>19,296,373</u>	<u>17,649,823</u>	<u>72,099,527</u>



# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 5. Cash and bank balances (continued)

The movement of allowance for impairment losses for bank balances during the periods were as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	(163,995)	(669,919)	(210,527)	(866,739)	(115,172)	(467,713)	(173,389)	(714,709)
Recognised in profit or loss	96,041	390,983	46,532	191,247	47,218	190,902	9,394	38,694
Currency translation differences	-	5,421	-	5,573	-	3,296	-	6,096
Balance at end of the period	<u>(67,954)</u>	<u>(273,515)</u>	<u>(163,995)</u>	<u>(669,919)</u>	<u>(67,954)</u>	<u>(273,515)</u>	<u>(163,995)</u>	<u>(669,919)</u>

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 6. Trade and other receivables

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	798,282	3,213,085	575,983	2,352,891
Less: Allowance for impairment losses	(194,492)	(782,830)	(166,060)	(678,355)
	603,790	2,430,255	409,923	1,674,536
Advance to suppliers	1,740,428	7,005,223	2,057,634	8,405,435
Amount due from related parties (Note 27)	29,094	117,103	48,933	199,891
Financial assets measured at amortised cost	2,373,312	9,552,581	2,516,490	10,279,862
Deposits	5,162	20,777	79,810	326,024
Prepayments	47,194	189,956	17,982	73,456
Others	1,580	6,359	299,468	1,223,327
	<u>2,427,248</u>	<u>9,769,673</u>	<u>2,913,750</u>	<u>11,902,669</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 6. Trade and other receivables (continued)

The movement of allowance for impairment losses for trade receivables during the periods was as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	(166,060)	(678,355)	(101,172)	(416,525)	(175,982)	(714,663)	(185,843)	(766,045)
Recognised in profit or loss	(28,432)	(115,747)	(64,888)	(266,690)	(18,510)	(74,836)	19,783	81,486
Currency translation differences	-	11,272	-	4,860	-	6,669	-	6,204
Balance at end of the period	<u>(194,492)</u>	<u>(782,830)</u>	<u>(166,060)</u>	<u>(678,355)</u>	<u>(194,492)</u>	<u>(782,830)</u>	<u>(166,060)</u>	<u>(678,355)</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 7. Inventories

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Locomotive parts	46,043	185,323	60,306	246,350
Tools	10,633	42,798	27,390	111,888
Fuel oil	13,194	53,106	13,902	56,790
Diesel	23,358	94,016	42,352	173,008
Wagon parts	1,698	6,834	10,652	43,513
	<u>94,926</u>	<u>382,077</u>	<u>154,602</u>	<u>631,549</u>

### 8. Other receivables

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Advance to supplier (*)	1,512,000	6,085,800	-	-
Other deposit (**)	71,398	287,377	-	-
	<u>1,583,398</u>	<u>6,373,177</u>	<u>-</u>	<u>-</u>

(\*) On 3 November 2022, the Company made advance payments amounting to US\$1,512,000 pertaining to the initial payment made for the purchase of 130 Flat Top Wagons to a supplier in South Africa. This transaction is part of a broader procurement initiative intended to enhance the Company's transport and logistics capabilities.

Originally classified under Trade and other receivables (Note 6) as advance to suppliers, the advance has now been classified to Non-Current Assets due to its extended disruption and uncertainty in the shipment delays as they are unlikely to be settled within the typical operating cycle of the business as of reporting date. The Company is still in negotiating with the suppliers to resolve the disruption.

(\*\*) Originally classified under current Trade and other receivables (Note 6), these deposits comprise of rental deposit and Guarantee deposit at the Dry Port which are now reclassified to Non-Current Asset. This classification follows the anticipated favourable outcome of the ongoing negotiation on the new amended Railway Concession Agreement that kicked off during the fourth quarter.



## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 9. Property and equipment

	For the twelve-month period ended 31 December 2024												Total US\$ KHR'000 (Note 4)
	Railroad and station improvements US\$	Locomotive US\$	Wagon US\$	Train track US\$	Trolley US\$	Equipment and machinery US\$	Office equipment US\$	Furniture and fittings US\$	IT hardware US\$	Signage and boom gate US\$	Construction in progress US\$	US\$	
<b>Cost</b>													
At 1 January	816,335	8,489,132	3,080,282	860,557	48,393	791,833	9,134	8,794	102,548	41,739	133,813	14,382,560	58,752,758
Addition	97,339	967,492	3,775,057	69,269	2,225	273,026	-	-	1,450	9,839	5,432,854	10,628,551	43,268,831
Transfers	104,065	1,989,306	3,183,712	149,044	-	1,480	-	-	-	49,738	(5,477,345)	-	-
Transfers to Intangible asset	-	-	-	-	-	-	-	-	-	-	(6,500)	(6,500)	(26,462)
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	(40,928)	(40,928)	(166,618)
Written off	-	(6,800)	(86,037)	-	-	(11,712)	-	(613)	(2,709)	-	-	(107,871)	(439,143)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(1,344,723)
At 31 December	1,017,739	11,439,130	9,953,014	1,078,870	50,618	1,054,627	9,134	8,181	101,289	101,316	41,894	24,855,812	100,044,643
<b>Less: Accumulated depreciation</b>													
At 1 January	519,570	2,810,878	952,702	397,232	33,559	679,691	8,802	8,794	85,312	13,202	-	5,509,742	22,507,296
Depreciation for the period	99,147	969,400	876,754	169,725	3,617	78,586	181	-	11,865	9,452	-	2,218,727	9,032,438
Written off	-	(6,800)	(86,036)	-	-	(11,295)	-	(613)	(2,709)	-	-	(107,453)	(437,441)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(427,704)
At 31 December	618,717	3,773,478	1,743,420	566,957	37,176	746,982	8,983	8,181	94,468	22,654	-	7,621,016	30,674,589
<b>Carrying amounts</b>													
At 1 January	296,765	5,678,254	2,127,580	463,325	14,834	112,142	332	-	17,236	28,537	133,813	8,872,818	36,245,462
At 31 December	399,022	7,665,652	8,209,594	511,913	13,442	307,645	151	-	6,821	78,662	41,894	17,234,796	69,370,054

As at 31 December 2024, fully depreciated property and equipment with an original cost of US\$2,355,205 (31 December 2023: US\$1,248,068) were still in use.

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 9. Property and equipment (continued)

	For the twelve-month period ended 31 December 2023												
	Railroad and station improvements US\$	Locomotive US\$	Wagon US\$	Train track US\$	Trolley US\$	Equipment and machinery US\$	Office equipment US\$	Furniture and fittings US\$	IT hardware US\$	Signage and boom gate US\$	Construction in progress US\$	US\$	Total KHR'000 (Note 4)
<b>Cost</b>													
At 1 January	656,825	7,806,896	1,211,498	580,845	32,163	736,078	9,134	8,794	97,661	15,057	160,672	11,315,623	46,586,419
Addition	22,855	548,876	897,344	25,445	16,230	70,248	-	-	5,807	26,660	1,474,412	3,087,877	12,691,174
Transfers	199,104	140,428	864,847	258,041	-	1,849	-	-	-	22	(1,464,291)	-	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	(46,926)	(46,926)	(192,866)
Transfers from inventory	-	-	119,286	2,915	-	-	-	-	-	-	10,294	132,495	544,554
Written off	(62,449)	(7,068)	(12,693)	(6,689)	-	(16,342)	-	-	(920)	-	(348)	(106,509)	(437,752)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(438,771)
At 31 December	816,335	8,489,132	3,080,282	860,557	48,393	791,833	9,134	8,794	102,548	41,739	133,813	14,382,560	58,752,758
<b>Less: Accumulated depreciation</b>													
At 1 January	493,849	2,058,562	717,830	281,832	32,163	625,441	8,135	8,794	72,868	8,218	-	4,307,692	17,734,767
Depreciation for the period	74,341	759,171	247,565	119,236	1,396	69,948	667	-	13,364	4,984	-	1,290,672	5,304,662
Written off	(48,620)	(6,855)	(12,693)	(3,836)	-	(15,698)	-	-	(920)	-	-	(88,622)	(364,236)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(167,897)
At 31 December	519,570	2,810,878	952,702	397,232	33,559	679,691	8,802	8,794	85,312	13,202	-	5,509,742	22,507,296
<b>Carrying amounts</b>													
At 1 January	162,976	5,748,334	493,668	299,013	-	110,637	999	-	24,793	6,839	160,672	7,007,931	28,851,652
At 31 December	296,765	5,678,254	2,127,580	463,325	14,834	112,142	332	-	17,236	28,537	133,813	8,872,818	36,245,462

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month period ended 31 December 2024

### 10. Intangible assets

	For the twelve-month period ended 31 December 2024				
	Computer software US\$	Sign-on fee US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)
<b>Cost</b>					
At 1 January	20,290	450,000	-	470,290	1,921,135
Additions	-	-	5,648	5,648	22,993
Transfers from PPE	-	-	6,500	6,500	26,462
Currency translation differences	-	-	-	-	(28,777)
At 31 December	20,290	450,000	12,148	482,438	1,941,813
<b>Less: Accumulated amortisation</b>					
At 1 January	18,935	207,592	-	226,527	925,363
Amortisation for the period	697	15,473	-	16,170	65,828
Currency translation differences	-	-	-	-	(14,336)
At 31 December	19,632	223,065	-	242,697	976,855
<b>Carrying amounts</b>					
At 1 January	1,355	242,408	-	243,763	995,772
At 31 December	658	226,935	12,148	239,741	964,958

Fully amortised computer software as at 31 December 2024 with original cost of US\$18,591 (31 December 2023: US\$14,444) were still in use.

	For the twelve-month period ended 31 December 2023			
	Computer software US\$	Sign-on fee US\$	Total US\$	KHR'000 (Note 4)
<b>Cost</b>				
At 1 January	19,090	450,000	469,090	1,931,244
Addition	1,200	-	1,200	4,932
Currency translation differences	-	-	-	(15,041)
At 31 December	20,290	450,000	470,290	1,921,135
<b>Less: Accumulated amortisation</b>				
At 1 January	17,349	192,120	209,469	862,384
Amortisation for the period	1,586	15,472	17,058	70,108
Currency translation differences	-	-	-	(7,129)
At 31 December	18,935	207,592	226,527	925,363
<b>Carrying amounts</b>				
At 1 January	1,741	257,880	259,621	1,068,860
At 31 December	1,355	242,408	243,763	995,772

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 11. Investment property

	For the twelve-month period ended					
	31 December 2024		31 December 2023			
	Investment property US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)	Investment property US\$	KHR'000 (Note 4)
<b>Cost</b>						
At 1 January	48,303	-	48,303	197,318	-	-
Additions	6,972	1,632	8,604	35,027	1,377	5,659
Transfers	10,363	(10,363)	-	-	-	-
Transfers from property and equipment	-	40,928	40,928	166,618	46,926	192,866
Currency translation differences	-	-	-	(5,177)	-	(1,207)
At 31 December	65,638	32,197	97,835	393,786	48,303	197,318
<b>Less: Accumulated amortisation</b>						
At 1 January	5,192	-	5,192	21,210	-	-
Depreciation for the period	11,014	-	11,014	44,838	5,192	21,339
Currency translation differences	-	-	-	(819)	-	(129)
At 31 December	16,206	-	16,206	65,229	5,192	21,210
<b>Carrying amounts</b>						
At 1 January	43,111	-	43,111	176,108	-	-
At 31 December	49,432	32,197	81,629	328,557	43,111	176,108

Investment property pertains to a warehouse located on conceded land in Battambang province that is leased to a third party. The estimated fair value of the warehouse as determined by the Management is approximate to its carrying amounts as at 31 December 2024.

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 12. Right-of-use assets

	For the twelve-month period ended 31 December 2024		For the twelve-month period ended 31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cost</b>				
At 1 January	-	-	-	-
Addition	804,276	3,274,208	-	-
Currency translation differences	-	(36,998)	-	-
At 31 December	804,276	3,237,210	-	-
<b>Less: Accumulated amortisation</b>				
At 1 January	-	-	-	-
Depreciation for the period	80,428	327,422	-	-
Currency translation differences	-	(3,700)	-	-
At 31 December	80,428	323,722	-	-
<b>Carrying amounts</b>				
At 1 January	-	-	-	-
At 31 December	723,848	2,913,488	-	-

Right-of-use assets pertains to land located at Khan Dongkao, Phnom Penh that is leased from Sihanoukville Autonomous Port (PAS). See Note 17 for more details.

#### 13. Trade and other payables

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables:				
Trade payables	2,187,393	8,804,257	1,368,619	5,590,809
Amounts due to related parties (Note 27)	85,780	345,265	258,677	1,056,696
Tax payables:				
Value added tax	81,520	328,118	63,239	258,331
Salary and fringe benefit tax	18,857	75,899	22,221	90,773
Withholding tax	28,204	113,521	31,967	130,585
Payroll payables	788,501	3,173,717	275,521	1,125,503
Accruals	220,727	888,426	301,950	1,233,466
Security deposit	21,315	85,793	-	-
Other payables	15,185	61,119	380,313	1,553,578
	3,447,482	13,876,115	2,702,507	11,039,741



# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 14. Borrowings

	For the twelve-month period ended			
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	4,520,101	18,464,613	2,637,627	10,859,111
Additional borrowing	3,233,054	13,161,763	2,000,000	8,220,000
Accrued interest payable	114,628	466,651	16,095	66,150
Repayments during the period	(208,989)	(850,794)	(133,621)	(549,182)
Currency translation differences	-	(415,588)	-	(131,466)
Balance at end of the period	<u>7,658,794</u>	<u>30,826,645</u>	<u>4,520,101</u>	<u>18,464,613</u>

  

	For the three-month period ended			
	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	5,506,294	22,361,059	2,559,990	10,552,279
Additional borrowing	2,176,054	8,797,786	2,000,000	8,238,000
Accrued interest payable	30,621	123,801	9,507	39,159
Repayments during the period	(54,175)	(219,030)	(49,396)	(203,462)
Currency translation differences	-	(236,971)	-	(161,363)
Balance at end of the period	<u>7,658,794</u>	<u>30,826,645</u>	<u>4,520,101</u>	<u>18,464,613</u>

Borrowings were classified into current and non-current portions as follows:

		31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Current portion</b>					
Neak Oknha Kith Meng	(i)	4,440,754	17,874,034	3,207,700	13,103,455
SKTM Investment Co., Ltd	(i)	2,000,000	8,050,000	-	-
Cambodian Public Bank Plc.	(ii)	136,309	548,644	124,270	507,643
Wing Bank (Cambodia) Plc	(iii)	92,790	373,480	84,719	346,077
		<u>6,669,853</u>	<u>26,846,158</u>	<u>3,416,689</u>	<u>13,957,175</u>
Accrued interest payable		<u>130,723</u>	<u>526,160</u>	<u>16,095</u>	<u>65,748</u>
		<u>6,800,576</u>	<u>27,372,318</u>	<u>3,432,784</u>	<u>14,022,923</u>
<b>Non-current portion</b>					
Cambodian Public Bank Plc.	(ii)	555,681	2,236,616	691,991	2,826,783
Wing Bank (Cambodia) Plc	(iii)	302,537	1,217,711	395,326	1,614,907
		<u>858,218</u>	<u>3,454,327</u>	<u>1,087,317</u>	<u>4,441,690</u>
		<u>7,658,794</u>	<u>30,826,645</u>	<u>4,520,101</u>	<u>18,464,613</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 14. Borrowings (continued)

- (i) Borrowing from a shareholder, Neak Oknha KITH MENG is unsecured, interest free and repayable on demand (Note 27).

On 8 December 2023, the Company entered into 12 months fixed loan amounting to US\$2,000,000 with SKTM Investment Co.,LTD represented by Neak Oknha KITH MENG. The loan is unsecured, bears interest rate at 7% per annum for tenor with monthly interest payment of US\$11,890 starting from 8 January 2024 to 8 December 2024 (Note 27).

- (ii) On 6 April 2022, the Company entered into a fixed loan amounting to US\$1,000,000 with Cambodian Public Bank Plc.. The loan is secured with a land from the shareholder, bears interest rate at 9% per annum and is repayable in 84 monthly installments of US\$16,153 each from 13 April 2022 to 13 April 2029.

- (iii) On 1 September 2022, the Company entered into a fixed loan amounting to US\$500,000 with Wing Bank (Cambodia) Plc. The loan is unsecured bears interest rate at 7% per annum for tenor of 12 months with monthly interest payment of US\$2,877 starting from 1 September 2022 to 1 September 2023 and principal repayment by the end of the loan term.

On 31 August 2023, the Company renewed the fixed loan with the Bank with revised interest rate of 9% per annum and is repayable in 60 monthly installments of US\$10,383 starting from 1 October 2023 to 1 September 2028 (Note 27).

### 15. Debt securities

In 2022, the Company has requested to the Securities and Exchange Regulator of Cambodia (SERC) and Cambodia Securities Exchange (CSX) to list its corporate bonds.

#### *First Corporate Bond:*

The Company's 1st Corporate bond is a plain bond issued to qualified investors with the principal amount of KHR 41 billion (US\$9,958,708), a tenor of 10 years with a coupon rate of 7% p.a. (per annum). The bond was approved by SERC and CSX on 19 September 2022 and 24 October 2022, respectively and was issued officially on 31 October 2022.

#### *Second Corporate Bond:*

The Company's 2nd Corporate bond is guaranteed by GuarantCo Ltd as a private placement bond to the qualified investors with two series of bonds;

- Bond 1 with the principal amount of KHR49.2 billion (US\$11,964,981), a tenor of 5 years with a coupon rate of Term Secured Overnight Financing Rate ("SOFR") plus 3.5% or 5% p.a, whichever is higher; and
- Bond 2 with the principal amount of KHR49.2 billion (US\$11,964,981), a tenor of 10 years with a coupon rate of Term SOFR plus 3.5% or 5% p.a, whichever is higher for Year 1 to Year 5 and Term SOFR plus 3.75% or 5% p.a, whichever is higher for Year 6 to Year 10.

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 15. Debt securities (continued)

The bond was approved by SERC and CSX on 19 December 2022 and 26 December 2022 respectively and was issued officially on 29 December 2022.

Debt securities were classified into current and non-current portions as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Current</b>				
Guaranteed bond	24,809,546	99,858,423	23,929,961	97,753,891
Plain bond	177,977	716,357	164,852	673,420
	<u>24,987,523</u>	<u>100,574,780</u>	<u>24,094,813</u>	<u>98,427,311</u>
<b>Non-current</b>				
Plain bond	9,809,327	39,482,541	9,809,327	40,071,101
Guaranteed bond	-	-	-	-
	<u>9,809,327</u>	<u>39,482,541</u>	<u>9,809,327</u>	<u>40,071,101</u>
	<u>34,796,850</u>	<u>140,057,321</u>	<u>33,904,140</u>	<u>138,498,412</u>

During the twelve-month period ended, the Company incurred interest expense on the issued bonds amounting to US\$4,328,758 equivalent to KHR 17.6 billion and three-month period ended amounting to US\$1,169,774 equivalent to KHR 4.7 billion (twelve-month period ended 31 December 2023: US\$4,006,460 equivalent to KHR 16.5 billion/ three-month period ended 31 December 2023: US\$1,540,156 equivalent to KHR 6.3 billion) (Note 26).

The Company is subject to financial covenant testing every 6 months and as at 31 December 2024, the Company was unable to comply with 4 covenants required for the 2nd Corporate bond as follows:

Ratio Name	Formula	Financial requirement ratio	The Company's ratio	
			31 December 2024	
Debt Service Coverage Ratio	= Cash Flow Available for Debt Service/Total debt service	≥1.2	0.1	Not met
Operating ratio	= Net operating income/Total operating revenue	≤100%	131%	Not met
Debt to EBITDA	= Total debt/EBITDA	≤4.5	-25.1	Not met
Total debt to total assets	= Total debt/Total assets	≤100%	115%	Not met

\* EBITDA=Earnings before interest, taxes, depreciation and amortisation

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 15. Debt securities (continued)

The Company communicated the compliance status to the Guarantor on 5 July 2024 and has updated its financial forecast model as per requirement from the Guarantor. On 11 September 2024, the Company submitted their waiver letter to Guarantor and on 28 January 2025, the Guarantor waived the non-compliance of the covenants as of 30 June 2024. Furthermore, the Company is in the process of updating its financial forecast model along with the requested waiver letter to the Guarantor which has not been finalised as of 31 December 2024 and as at the date of these condensed interim financial statement.

Accordingly, the carrying amount US\$23,929,961 of the guaranteed bond was reclassified to current liabilities (31 December 2023: US\$23,929,961).

#### 16. Employee benefit liabilities

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b><i>Seniority indemnity</i></b>				
Current	115,213	463,732	94,759	387,091
Non-current	42,191	169,819	52,130	212,951
	<u>157,404</u>	<u>633,551</u>	<u>146,889</u>	<u>600,042</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 16. Employee benefit liabilities (continued)

The movements of employee benefit obligations during the periods were as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	146,889	600,042	148,084	609,662	197,195	800,809	93,987	387,414
Recognised in profit or loss	210,332	856,262	198,771	816,949	56,989	230,407	52,902	217,903
Paid during the period	(199,817)	(813,455)	(199,966)	(821,860)	(96,780)	(391,282)	-	-
Currency translation differences	-	(9,298)	-	(4,709)	-	(6,383)	-	(5,275)
Balance at end of the period	<u>157,404</u>	<u>633,551</u>	<u>146,889</u>	<u>600,042</u>	<u>157,404</u>	<u>633,551</u>	<u>146,889</u>	<u>600,042</u>

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019.

Payments will be made twice a year, in June and December respectively. Employee is not entitled to the remaining seniority indemnity back-pay, which is not yet due, if Employee resigns from the Company.

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 17. Lease liabilities

During January 2024, the Company entered into a 10 year land lease with Sihanoukville Autonomous Port.

	31 December 2024	
	US\$	KHR'000 (Note 4)
<b>Maturity analysis – contractual undiscounted cash flow</b>		
Less than one year	105,000	422,625
One to five years	609,202	2,452,038
More than five years	443,589	1,785,446
Total undiscounted lease liability	<u>1,157,791</u>	<u>4,660,109</u>
<b>Present value of lease liabilities</b>		
Current	37,589	151,296
Non-current	<u>737,122</u>	<u>2,966,916</u>
Total present value of lease liability	<u>774,711</u>	<u>3,118,212</u>

### 18. Other payables

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Rental deposit (*)	149,290	600,892	-	-
Accrual for G&A expenses (**)	<u>79,083</u>	<u>318,309</u>	<u>-</u>	<u>-</u>
	<u>228,373</u>	<u>919,201</u>	<u>-</u>	<u>-</u>

(\*) Originally classified under current Trade and other payables (Note 13) are the Security deposits received from sub-lease (Note 29.2). This classification follows the anticipated favourable outcome of the ongoing negotiation on the new amended Railway Concession Agreement that kicked off during the fourth quarter.

(\*\*) Originally classified under Trade and Other Payables (Note 13) as accruals, the current accruals represent other staff incentive payables accrued since the COVID-19 pandemic period that are not expected to be paid in the next 12 months. The Company intends to settle this obligation once its financial performance reaches a sustainable breakeven level.



# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 19. Share capital

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Registered, issued and fully paid:</i>				
2,003,220 ordinary shares of US\$6.50 each	<u>13,020,930</u>	<u>52,083,720</u>	<u>13,020,930</u>	<u>52,083,720</u>

The details of the share holding structure were as follows:

	31 December 2024/31 December 2023			
	Number of shares	Par value per share US\$	Amount US\$	% ownership
Inter Logistics (Cambodia) Co.,Ltd	1,983,187	6.50	12,890,715	98.9999%
Neak Oknha Kith Meng	<u>20,033</u>	6.50	<u>130,215</u>	<u>1.0001%</u>
	<u>2,003,220</u>		<u>13,020,930</u>	<u>100%</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 20. Revenue

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Southern line:								
Rail freight	6,303,535	25,661,691	5,720,009	23,509,237	1,642,382	6,640,149	1,331,811	5,485,730
Train related value-added services	850,336	3,461,718	625,123	2,569,256	211,208	853,914	168,137	692,556
Passengers' fare	478,045	1,946,121	537,759	2,210,189	146,884	593,852	170,460	702,125
Transportation	98,600	401,401	56,879	233,773	22,528	91,081	25,740	106,023
Other revenue	16,705	68,006	16,735	68,781	-	-	16,735	68,931
	<u>7,747,221</u>	<u>31,538,937</u>	<u>6,956,505</u>	<u>28,591,236</u>	<u>2,023,002</u>	<u>8,178,996</u>	<u>1,712,883</u>	<u>7,055,365</u>
Northern line:								
Rail freight	3,294,640	13,412,479	3,142,146	12,914,220	912,082	3,687,548	747,353	3,078,347
Passengers' fare	149,122	607,076	216,521	889,901	32,152	129,991	57,756	237,897
Train related value-added services	20,137	81,978	21,149	86,922	5,763	23,300	4,504	18,552
Transportation	-	-	5,750	23,633	-	-	-	-
Other revenue	75,494	307,336	5,980	24,578	752	3,040	1,305	5,375
	<u>3,539,393</u>	<u>14,408,869</u>	<u>3,391,546</u>	<u>13,939,254</u>	<u>950,749</u>	<u>3,843,879</u>	<u>810,918</u>	<u>3,340,171</u>
	<u>11,286,614</u>	<u>45,947,806</u>	<u>10,348,051</u>	<u>42,530,490</u>	<u>2,973,751</u>	<u>12,022,875</u>	<u>2,523,801</u>	<u>10,395,536</u>

The majority of the Company's freight business is affected by seasonality as a result of natural disasters or adverse weather conditions with rainy season being the low months for fuel transport services via train.

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 21. Cost of services

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Staff costs and wages	3,704,194	15,079,773	3,635,709	14,942,764	869,004	3,513,383	918,332	3,782,610
Cost of diesel	5,279,179	21,491,538	4,985,075	20,488,658	1,289,101	5,211,835	1,242,220	5,116,704
Depreciation and amortisation (Note 24)	2,201,710	8,963,161	1,225,898	5,038,441	682,325	2,758,640	365,253	1,504,477
Repairs and maintenance	593,315	2,415,385	732,698	3,011,389	172,305	696,629	167,189	688,651
Transportation	507,107	2,064,433	510,656	2,098,796	137,214	554,756	130,609	537,978
Equipment rental	311,170	1,266,773	315,933	1,298,485	80,411	325,102	81,202	334,471
Container access charge	337,245	1,372,924	273,068	1,122,309	97,214	393,036	71,786	295,687
Provision for employee benefits	176,390	718,084	166,972	686,255	47,825	193,356	44,086	181,590
Warehouse rental	-	-	86,364	354,956	-	-	21,591	88,933
Others	495,148	2,015,749	416,871	1,713,340	134,136	542,313	105,431	434,271
	<u>13,605,458</u>	<u>55,387,820</u>	<u>12,349,244</u>	<u>50,755,393</u>	<u>3,509,535</u>	<u>14,189,050</u>	<u>3,147,699</u>	<u>12,965,372</u>

### 22. Other operating income

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Warehouse rental	918,368	3,738,676	879,887	3,616,336	268,592	1,085,917	149,362	615,222
Sale of scrap metal	-	-	124,617	512,176	-	-	-	-
Others	247,323	1,006,852	194,779	800,541	9,509	38,445	4,423	18,218
	<u>1,165,691</u>	<u>4,745,528</u>	<u>1,199,283</u>	<u>4,929,053</u>	<u>278,101</u>	<u>1,124,362</u>	<u>153,785</u>	<u>633,440</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 23. Operating and administrative expenses

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	666,572	2,713,615	610,291	2,508,296	158,871	642,315	156,919	646,349
Directors' fee	360,000	1,465,560	300,000	1,233,000	90,000	363,870	90,000	370,710
Insurance	287,947	1,172,232	265,521	1,091,291	77,444	313,106	67,133	276,521
Fuel and utilities	123,858	504,226	125,194	514,547	29,591	119,636	29,948	123,356
Equipment rental	110,350	449,235	101,230	416,055	29,280	118,379	26,130	107,629
Depreciation and amortisation (Note 24)	124,629	507,365	87,024	357,668	33,635	135,986	25,376	104,524
Communication	73,775	300,338	76,399	314,000	18,296	73,971	21,210	87,364
Professional fees	98,017	399,027	65,817	270,508	50,073	202,445	14,871	61,254
Repairs and maintenance	70,520	287,087	60,850	250,094	18,738	75,758	13,832	56,974
Travelling and accommodation	57,231	232,987	45,102	185,369	11,065	44,736	11,700	48,192
Bonus	10,618	43,226	44,253	181,880	(18,497)	(74,783)	10,464	43,101
Provision for employee benefits	33,942	138,178	31,798	130,690	9,164	37,050	8,815	36,309
Small value of assets	45,996	187,250	26,562	109,170	15,053	60,859	6,131	25,254
Licensing, registration and permit fee	14,487	58,977	25,321	104,069	3,497	14,138	10,401	42,842
Staff uniform	18,202	74,100	12,782	52,534	7,071	28,588	1,779	7,328
Training and development	2,713	11,044	5,861	24,089	975	3,942	1,752	7,216
Other tax expenses	297,618	1,211,603	315,419	1,296,372	72,015	291,157	76,169	313,740
Interest and penalty on tax	-	-	(1,842,973)	(7,574,619)	-	-	-	-
Other expenses	257,270	1,047,346	318,817	1,310,338	104,065	420,735	118,223	486,961
	<u>2,653,745</u>	<u>10,803,396</u>	<u>675,268</u>	<u>2,775,351</u>	<u>710,336</u>	<u>2,871,888</u>	<u>690,853</u>	<u>2,845,624</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 24. Depreciation and amortisation

Depreciation and amortisation charges were allocated as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation of property and equipment and investment property (Note 9 and 11)	2,229,741	9,077,276	1,295,864	5,326,001	691,842	2,797,117	386,378	1,591,491
Amortisation of intangible assets and right-of-use asset (Note 10 and 12)	96,598	393,250	17,058	70,108	24,118	97,509	4,251	17,510
	<u>2,326,339</u>	<u>9,470,526</u>	<u>1,312,922</u>	<u>5,396,109</u>	<u>715,960</u>	<u>2,894,626</u>	<u>390,629</u>	<u>1,609,001</u>
Allocated to:								
Cost of services (Note 21)	2,201,710	8,963,161	1,225,898	5,038,441	682,325	2,758,640	365,253	1,504,477
Operating and administrative expenses (Note 23)	124,629	507,365	87,024	357,668	33,635	135,986	25,376	104,524
	<u>2,326,339</u>	<u>9,470,526</u>	<u>1,312,922</u>	<u>5,396,109</u>	<u>715,960</u>	<u>2,894,626</u>	<u>390,629</u>	<u>1,609,001</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 25. Income tax

#### (a) Applicable tax rates

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of annual turnover, whichever is higher.

Pursuant to Sub-Decree No. 42 dated 24 February 2022 on Tax Incentives in the Securities Sector issued by the Royal Government of Cambodia, the Company is entitled to reduce half amount of its tax on income within the duration of tax incentive period. In order to get the incentives, the Company needs to submit the request to the General Department of Taxation ("GDT") through the Securities and Exchange Regulator of Cambodia ("SERC").

On 16 December 2022, the Company submitted a letter to SERC for 50% reduction of Tax on Income for the year 2023 onwards. On 8 February 2023, the Company received a notification from SERC that the request was submitted to the GDT. There has been no official approval from the GDT as at the date of the condensed interim financial statements.

#### (b) Minimum tax liability

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	9,163	37,431	66,007	271,751	9,753	39,607	9,229	38,042
Minimum tax expense	124,802	508,069	116,271	477,874	32,595	131,782	26,584	109,499
Minimum tax paid	(121,944)	(496,434)	(173,115)	(711,503)	(30,327)	(122,612)	(26,650)	(109,771)
Currency translation differences	-	(681)	-	(691)	-	(392)	-	(339)
Balance at the end of the period	12,021	48,385	9,163	37,431	12,021	48,385	9,163	37,431

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 25. Income tax (continued)

#### (c) Minimum tax expense

The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss is as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loss before income tax	(8,156,271)	(33,204,180)	(5,392,678)	(22,163,906)	(2,151,629)	(8,699,038)	(2,640,424)	(10,875,907)
Income tax using statutory income tax rate	(1,631,254)	(6,640,836)	(1,078,536)	(4,432,781)	(430,326)	(1,739,808)	(528,085)	(2,175,181)
Non-deductible expenses	59,524	242,322	63,084	259,273	14,403	58,231	15,234	62,749
Tax loss not recognised as deferred tax assets	535,550	2,180,224	276,115	1,134,833	148,695	601,174	195,658	805,915
Deductible temporary difference not recognised as deferred tax assets	1,036,180	4,218,290	739,337	3,038,675	267,228	1,080,403	317,193	1,306,517
Income tax expense	-	-	-	-	-	-	-	-
Minimum tax at 1% of turnover	124,802	508,069	116,271	477,874	32,595	131,782	26,584	109,499

The calculation of income tax is subject to the review and assessment of the tax authorities.



# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 25. Income tax (continued)

#### (d) Unrecognised deferred tax

Tax losses incurred in any tax year can be carried forward to offset against profit realised in the following five tax years subject to the following conditions:

- The loss must be recorded in the Annual Tax on Income return and submitted to the General Department of Taxation on time;
- The business objective of the Company must not have changed; and
- The Company must not have received an unilateral tax re-assessment.

Deferred tax assets in respect of the tax losses and temporary differences are not recognised in the condensed interim financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

#### (e) Tax contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 26. Finance costs – net

	For the twelve-month period ended				For the three-month period ended			
	31 December 2024		31 December 2023		31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income cash at bank	327,766	1,334,335	408,560	1,679,182	61,890	250,221	97,822	402,929
Interest expense on:								
Debt securities	(4,328,758)	(17,622,374)	(4,006,460)	(16,466,551)	(1,169,774)	(4,729,396)	(1,540,156)	(6,343,903)
Borrowing	(264,634)	(1,077,325)	(130,665)	(537,033)	(61,349)	(248,034)	(39,717)	(163,594)
Lease liabilities	(70,435)	(286,741)	-	-	(17,358)	(70,179)	-	-
	<u>(4,336,061)</u>	<u>(17,652,105)</u>	<u>(3,728,565)</u>	<u>(15,324,402)</u>	<u>(1,186,591)</u>	<u>(4,797,388)</u>	<u>(1,482,051)</u>	<u>(6,104,568)</u>

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 27. Related party transactions and balances

#### (a) Identity of related party

For the purposes of these condensed interim financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company have related party relationships with its substantial shareholders and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The key management personnel include all the Directors of the Company, and certain senior management members of the Company.

Key management have relationships with the Company which are entered into in the normal course of business and on substantially the same terms, including warehouse rental, purchase of goods and services, insurance, telephone expense and other expense, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 27. Related party transactions and balances (continued)

##### (b) Transactions with related parties

	For the twelve -month period ended				For the three-month period ended			
	31 December 2024 US\$	KHR'000 (Note 4)	31 December 2023 US\$	KHR'000 (Note 4)	31 December 2024 US\$	KHR'000 (Note 4)	31 December 2023 US\$	KHR'000 (Note 4)
<i>Property rental</i>								
GSS Global Security Solutions Co., Ltd.	36,310	147,818	33,009	135,667	9,663	39,068	9,051	37,281
CAMGSM PLC	345,400	1,406,123	-	-	224,400	907,249	-	-
J Trust Royal Bank Plc.	428,417	1,744,086	360,873	1,483,188	107,405	434,238	107,004	440,749
<i>Utilities</i>								
GSS Global Security Solutions Co., Ltd.	3,989	16,239	-	-	3,989	16,128	-	-
CamGSM Co., Ltd.	4,521	18,405	-	-	4,521	18,278	-	-
J Trust Royal Bank Plc.	1,598	6,505	-	-	1,598	6,461	-	-
<i>Deposit</i>								
CAMGSM PLC	72,000	293,112	-	-	72,000	291,096	-	-
<i>Insurance</i>								
Infinity General Insurance Plc.	176,084	716,838	281,881	1,158,531	98,933	399,986	73,414	302,392
<i>Telephone expense</i>								
CAMGSM PLC	27,567	112,225	20,642	84,839	8,475	34,264	7,359	30,312
<i>Security fee</i>								
GSS Global Security Solutions Co., Ltd.	47,966	195,270	27,720	113,929	16,041	64,854	6,545	26,959
<i>Cleaning service</i>								
GSS Global Security Solutions Co., Ltd.	2,123	8,643	1,023	4,205	-	-	1,023	4,214
<i>Face Recognition</i>								
GSS Global Security Solutions Co., Ltd.	3,674	14,957	-	-	3,674	14,854	-	-

## Royal Railway Plc.

### Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

#### 27. Related party transactions and balances (continued)

##### (b) Transactions with related parties (continued)

	For the twelve -month period ended				For the three-month period ended			
	31 December 2024 US\$	KHR'000 (Note 4)	31 December 2023 US\$	KHR'000 (Note 4)	31 December 2024 US\$	KHR'000 (Note 4)	31 December 2023 US\$	KHR'000 (Note 4)
<i>Internet service fee</i>								
EZECOM Co., Ltd	<u>58,512</u>	<u>238,202</u>	<u>63,139</u>	<u>259,501</u>	<u>14,628</u>	<u>59,141</u>	<u>14,628</u>	<u>60,253</u>
<i>Microsoft Office 365</i>								
EZECOM Co., Ltd	<u>4,646</u>	<u>18,914</u>	<u>-</u>	<u>-</u>	<u>4,646</u>	<u>18,784</u>	<u>-</u>	<u>-</u>
<i>Power BI Pro</i>								
EZECOM Co., Ltd	<u>132</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>534</u>	<u>-</u>	<u>-</u>
<i>Interest expense</i>								
Wing Bank (Cambodia) Plc.	39,878	162,343	34,400	141,384	9,200	37,196	11,195	46,110
SKTM Investment Co., Ltd	<u>140,000</u>	<u>569,940</u>	<u>-</u>	<u>-</u>	<u>35,288</u>	<u>142,669</u>	<u>-</u>	<u>-</u>
<i>Borrowing</i>								
Royal Coffee	2,000	8,142	-	-	2,000	8,086	-	-
Neak Oknha Kith Meng	<u>3,233,054</u>	<u>13,161,763</u>	<u>-</u>	<u>-</u>	<u>3,233,054</u>	<u>13,071,237</u>	<u>-</u>	<u>-</u>

The total remuneration of key management for the twelve-month period ended 31 December 2024 including salaries and benefits was US\$670,591 (twelve-month period ended 31 December 2023: US\$588,727) and for the three-month period ended 31 December 2024 was US\$176,501 (three-month period ended 31 December 2023: US\$150,878)

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 27. Related party transactions and balances (continued)

#### (c) Balances with related parties

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Amount due from related parties (Note 6)</b>				
<i>Trade related:</i>				
GSS Global Security Solutions Co., Ltd.	-	-	10,995	44,915
<i>Non-trade related:</i>				
Royal Coffee	29,094	117,103	37,938	154,976
	<u>29,094</u>	<u>117,103</u>	<u>48,933</u>	<u>199,891</u>
<b>Amounts due to related parties (Note 13)</b>				
<i>Trade related:</i>				
Infinity General Insurance Plc.	80,498	324,004	257,055	1,050,070
CAMGSM PLC	2,814	11,327	1,622	6,626
GSS Global Security Solutions Co., Ltd.	2,468	9,934	-	-
	<u>85,780</u>	<u>345,265</u>	<u>258,677</u>	<u>1,056,696</u>
<b>Borrowings (Note 14)</b>				
Neak Oknha Kith Meng	4,440,754	17,874,034	1,207,700	4,933,455
SKTM Investment Co., Ltd	2,000,000	8,050,000	2,000,000	8,170,000
Wing Bank (Cambodia) Plc.	<u>395,327</u>	<u>1,591,191</u>	<u>480,045</u>	<u>1,960,984</u>

Amounts due from/to related parties and borrowings are unsecured, interest free and repayable on demand.

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 28. Lease commitments

#### Lease commitment

The future minimum lease payments related to low-value items leases are as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	80,250	323,006	157,061	641,594
Between two to five years	26,000	104,650	8,994	36,740
	<u>106,250</u>	<u>427,656</u>	<u>166,055</u>	<u>678,334</u>
<b>Capital commitment</b>				
<i>In respect of property and equipment</i>				
Contracted but not yet provided	<u>1,127,563</u>	<u>4,538,441</u>	<u>2,414,698</u>	<u>9,864,041</u>

### 29. Contingent liabilities

#### 1. Concession agreement with the GKC

On 12 June 2009, Royal Railway Cambodia., Ltd. (formally known as Toll (Cambodia) Co LTD) entered into the Concession Agreement (Known as Existing Concession Agreement) with the GKC. There are provisions in the Existing Concession Agreement specifying concession fees to be paid by the Company to the GKC for the use of the conceded assets from the effective date of the Concession Agreement. The Company's management has performed an assessment of its obligation under the existing Concession Agreement with the advice by its legal counsel and concluded that the conditions precedent specified in the concession agreement have not been fully satisfied and both the GKC and the Company have not concluded on the agreed date for the effective date, and therefore, the obligation to pay the concession fee has not yet become effective.

The Company's management is continuing its negotiation with the GKC represented by MPWT on the new amended Railway Concession Agreement which has not been finalised as at the date of these condensed interim financial statements yet.

The estimated concession fees payable is contingent on the ultimate outcome of the matters described above and accordingly no provision for any liability has been made in these condensed interim financial statements.

On 13 February 2025, the Company and GKC represented by MPWT entered into a framework agreement on railway project to jointly advance the development of Cambodia's railway infrastructure. This partnership aims to enhance the railway system's efficiency, sustainability, resilience, and convenience and is considered a step forward to the negotiation of the concession agreement.



# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 29. Contingent liabilities (continued)

#### 2. Sub-lease agreement with J TRUST ROYAL BANK PLC and CAMGSM PLC

On 9 June 2022, the Company sub-leased the available space approximating 3,200 sqm to J TRUST ROYAL BANK PLC for the duration of 4 years.

On 29 February 2024, the Company sub-leased the available space approximating 2,705sqm to CAMGSM PLC. for the duration of 20 years.

Based on this sub-lease agreement, in the event the Company terminates the sub-lease agreement, the Company shall refund to J TRUST ROYAL BANK PLC and CAMGSM PLC. the deposit and other compensation for any loss occurred due to this premature termination of the agreement.

The continuity of this sub-lease agreement is contingent to the favourable outcome of the negotiation on the new amended Railway Concession Agreement as described in note 29.1 above.

### 30. Fair values of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The information presented herein represents the estimates of fair values as at the reporting date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

#### *Cash on hand and with other banks*

The carrying amounts approximate the fair values due to the short-term nature of these accounts and these items are not materially sensitive to the shift in the market rates.

#### *Borrowings and debt securities*

Borrowings and debt securities issued are not quoted in active market and at their fair value.

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of the condensed interim statement of financial position. They are not presently traded. The estimated fair values of debt securities are approximate their carrying values based on estimated future cash flows using prevailing market rates.

# Royal Railway Plc.

## Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2024

### 30. Fair values of financial assets and liabilities (continued)

#### *Other assets and liabilities*

Due to their short duration, the carrying amounts of other assets and liabilities in the condensed interim statement of financial position are considered to be reasonable approximation of their fair values.

#### **Fair value hierarchy**

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

### 31. Operating segment information

Management has determined operating segments with reference to the reports reviewed by the Chief Executive Officer of the Company that are used to assess the performance and allocate resources. The CEO of the Company assesses the performance and allocates the resources of the Company as a whole, as all of the Company's activities are considered to be primarily dependent on the provision of rail freight services to external customers and its related services representing 85% and 87% of total revenue. Therefore, the Company's management considers that there is only one operating segment. In this regard, no segment information is presented for the periods.

No geographic information is shown as the Company's operating results are entirely derived from its business activities in Cambodia only.