

ROYAL RAILWAY PLC.

**Condensed Interim Financial Statements
for the three-month and six-month
periods ended 30 June 2025
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 Chief Financial Officer
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	Fii&Associates Co., Ltd.	

Royal Railway Plc.

Contents

	Pages
1. Report of the Board of Directors	1 – 4
2. The Independent Auditors' Report on Review of condensed interim Financial Statements	5 – 6
3. Condensed interim statement of financial position	7 – 8
4. Condensed interim statement of profit or loss and other comprehensive income	9 – 10
5. Condensed interim statement of changes in equity	11
6. Condensed interim statement of cash flows	12 – 13
7. Notes to the condensed interim financial statements	14 – 48



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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 six-month periods ended 30 June 2025.

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 six-month periods ended 30 June 2025 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 periods 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 periods 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 was 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 date

Since 30 June 2024 to the present, the Company has not been able to comply with 4 covenants including the 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 GuarantCo Ltd ("the Guarantor") on 5 July 2024 and updated its financial forecast model in accordance with the requirements of the Guarantor. On 11 September 2024, the Company submitted its waiver letter to the Guarantor and on 28 January 2025, the Guarantor waived the non-compliance of the covenants as of 30 June 2024. Furthermore, on 2 July 2025 the Company submitted another waiver letter to the Guarantor while the financial forecast model is in the process of being updated which has not been finalised as of 30 June 2025 and as at the date of these condensed interim statements. The Directors believe that the Guarantor will waive the non-compliance with these covenants.

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 30 June 2025, and for the three-month and six-month periods then ended, as set out on pages 7 to 48, 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 condensed interim statement of 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 August 2025

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 30 June 2025;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2025; and
- other explanatory notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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.

Other Matter

The financial statements of the Company as at 31 December 2024 were audited by another auditors who expressed an unmodified opinion on those financial statements on 23 March 2025. We also draw attention to the fact that the comparative financial information performance for the quarter ended 30 June 2024 were not audited but were reviewed by the same auditors who issued unmodified limited assurances on the Condensed Interim Financial Statements on 14 August 2024.

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.

**The Independent Auditors' Report on Review of
Condensed Interim Financial Statements (continued)
To the shareholders of
Royal Railway Plc.**

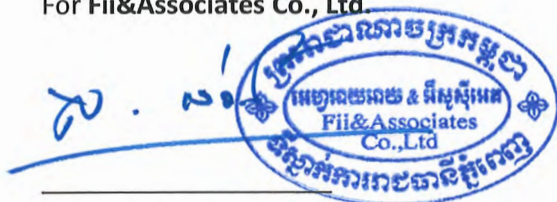
Conclusion

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 Fii&Associates Co., Ltd.

A blue circular stamp with Khmer text around the perimeter and "Fii&Associates Co., Ltd" in the center. To the left of the stamp is a handwritten signature in blue ink.

Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia
14 August 2025

Royal Railway Plc.

Condensed interim statement of financial position as at 30 June 2025

	Note	30 June 2025		31 December 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Current assets					
Cash and bank balances	5	2,520,527	10,107,315	4,726,176	19,022,858
Trade and other receivables	6	844,092	3,384,809	2,427,248	9,769,673
Inventories	7	127,013	509,322	94,926	382,077
		<u>3,491,632</u>	<u>14,001,446</u>	<u>7,248,350</u>	<u>29,174,608</u>
Non-current assets					
Bank balances	5	4,193,341	16,815,297	4,153,643	16,718,413
Other receivables	8	1,864,628	7,477,158	1,583,398	6,373,177
Property and equipment	9	19,436,337	77,939,711	17,234,796	69,370,054
Intangible assets	10	231,722	929,205	239,741	964,958
Investment properties	11	88,912	356,537	81,629	328,557
Right-of-use assets	12	683,635	2,741,376	723,848	2,913,488
		<u>26,498,575</u>	<u>106,259,284</u>	<u>24,017,055</u>	<u>96,668,647</u>
TOTAL ASSETS		<u>29,990,207</u>	<u>120,260,730</u>	<u>31,265,405</u>	<u>125,843,255</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade and other payables	13	3,729,988	14,957,252	3,447,482	13,876,115
Borrowings	14	10,866,116	43,573,125	6,800,576	27,372,318
Debt securities	15	22,983,954	92,165,656	24,987,523	100,574,780
Employee benefit liabilities	16	214,749	861,143	115,213	463,732
Minimum tax liability	24(b)	12,166	48,786	12,021	48,385
Lease liabilities	17	42,007	168,448	37,589	151,296
		<u>37,848,980</u>	<u>151,774,410</u>	<u>35,400,404</u>	<u>142,486,626</u>
Non-current liabilities					
Debt securities	15	9,809,327	39,335,401	9,809,327	39,482,541
Borrowings	14	735,581	2,949,680	858,218	3,454,327
Provision on onerous contract		8,427	33,792	8,427	33,919
Employee benefit liabilities	16	37,495	150,355	42,191	169,819
Lease liabilities	17	714,330	2,864,463	737,122	2,966,916
Other payables	18	228,873	917,781	228,373	919,201
		<u>11,534,033</u>	<u>46,251,472</u>	<u>11,683,658</u>	<u>47,026,723</u>
TOTAL LIABILITIES		<u>49,383,013</u>	<u>198,025,882</u>	<u>47,084,062</u>	<u>189,513,349</u>

Royal Railway Plc.

Condensed interim statement of financial position (continued) as at 30 June 2025

	Note	30 June 2025		31 December 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
EQUITY					
Share capital	19	13,020,930	52,083,720	13,020,930	52,083,720
Accumulated losses		(32,413,736)	(131,921,658)	(28,839,587)	(117,585,747)
Currency translation reserves		-	2,072,786	-	1,831,933
		<u>(19,392,806)</u>	<u>(77,765,152)</u>	<u>(15,818,657)</u>	<u>(63,670,094)</u>
TOTAL LIABILITIES AND EQUITY		<u>29,990,207</u>	<u>120,260,730</u>	<u>31,265,405</u>	<u>125,843,255</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 six-month period ended 30 June 2025

	Note	For the six-month period ended			
		30 June 2025		30 June 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	6,510,512	26,113,664	5,632,269	22,951,496
Cost of services	21	<u>(8,442,085)</u>	<u>(33,861,203)</u>	<u>(6,763,799)</u>	<u>(27,562,481)</u>
Gross loss		(1,931,573)	(7,747,539)	(1,131,530)	(4,610,985)
Other operating income	22	535,311	2,147,132	443,195	1,806,020
Operating and administrative expenses	23	<u>(452,293)</u>	<u>(1,814,147)</u>	<u>(1,283,012)</u>	<u>(5,228,274)</u>
Reversal of onerous contract expense		-	-	37,013	150,828
Reversal of impairment losses	5,6	34,898	139,976	1,565	6,377
Minimum tax expense	25(c)	<u>(70,578)</u>	<u>(283,088)</u>	<u>(61,015)</u>	<u>(248,636)</u>
Operating loss		(1,884,235)	(7,557,666)	(1,993,784)	(8,124,670)
Finance costs – net	26	<u>(1,689,914)</u>	<u>(6,778,245)</u>	<u>(1,944,689)</u>	<u>(7,924,607)</u>
Loss before income tax		(3,574,149)	(14,335,911)	(3,938,473)	(16,049,277)
Income tax expense	25(c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period		(3,574,149)	(14,335,911)	(3,938,473)	(16,049,277)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		<u>-</u>	<u>240,853</u>	<u>-</u>	<u>(329,407)</u>
Total comprehensive loss for the period		<u>(3,574,149)</u>	<u>(14,095,058)</u>	<u>(3,938,473)</u>	<u>(16,378,684)</u>

Royal Railway Plc.

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2025

	Note	For the three-month period ended			
		30 June 2025		30 June 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	3,307,139	13,245,092	2,627,941	10,721,999
Cost of services	21	(4,293,344)	(17,194,843)	(3,293,022)	(13,435,530)
Gross loss		(986,205)	(3,949,751)	(665,081)	(2,713,531)
Other operating income	22	267,899	1,072,935	275,414	1,123,689
Operating and administrative reversal/(expenses)	23	18,637	74,641	(630,990)	(2,574,439)
Reversal of onerous contract expenses		-	-	37,013	151,013
Reversal of/(additional) impairment losses	5,6	28,612	114,591	(31,545)	(128,704)
Minimum tax expense	25(c)	(35,745)	(143,159)	(29,298)	(119,536)
Operating loss		(706,802)	(2,830,743)	(1,044,487)	(4,261,508)
Finance costs – net	26	(858,181)	(3,437,015)	(887,590)	(3,621,367)
Loss before income tax		(1,564,983)	(6,267,758)	(1,932,077)	(7,882,875)
Income tax expense	25(c)	-	-	-	-
Net loss for the period		(1,564,983)	(6,267,758)	(1,932,077)	(7,882,875)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	(7,824)	-	(57,961)
Total comprehensive loss for the period		(1,564,983)	(6,275,582)	(1,932,077)	(7,940,836)

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 six-month period ended 30 June 2025

	Share capital		Accumulated losses		Currency translation reserves		Total	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at 1 January 2025	13,020,930	52,083,720	(28,839,587)	(117,585,747)	-	1,831,933	(15,818,657)	(63,670,094)
Total comprehensive loss								
Net loss for the period	-	-	(3,574,149)	(14,335,911)	-	-	(3,574,149)	(14,335,911)
Currency translation differences	-	-	-	-	-	240,853	-	240,853
	-	-	(3,574,149)	(14,335,911)	-	240,853	(3,574,149)	(14,095,058)
Balance at 30 June 2025	13,020,930	52,083,720	(32,413,736)	(131,921,658)	-	2,072,786	(19,392,806)	(77,765,152)
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)
Total comprehensive loss								
Net loss for the period	-	-	(3,938,473)	(16,049,277)	-	-	(3,938,473)	(16,049,277)
Currency translation differences	-	-	-	-	-	(329,407)	-	(329,407)
	-	-	(3,938,473)	(16,049,277)	-	(329,407)	(3,938,473)	(16,378,684)
Balance at 30 June 2024	13,020,930	52,083,720	(24,621,789)	(100,430,844)	-	667,593	(11,600,859)	(47,679,531)

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

Royal Railway Plc.

Condensed interim statement of cash flows for the six-month period ended 30 June 2025

	For the six-month period ended			
	30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities				
Net loss for the period	(3,574,149)	(14,335,911)	(3,938,473)	(16,049,277)
<i>Adjustments for:</i>				
Depreciation and amortisation	1,646,920	6,605,795	976,500	3,979,237
Interest expense	1,745,946	7,002,989	2,135,658	8,702,806
Employee benefit	131,214	526,300	107,641	438,637
Minimum tax expense	70,578	283,088	61,015	248,636
Interest income	(56,032)	(224,744)	(190,969)	(778,199)
Reversal of onerous contract expense	-	-	(37,013)	(150,828)
Reversal of impairment loss	(4,234)	(16,983)	(1,565)	(6,377)
	(39,757)	(159,466)	(887,206)	(3,615,365)
<i>Changes in:</i>				
Trade and other receivables	1,567,824	6,288,542	(239,430)	(975,677)
Inventories	(32,087)	(128,701)	44,302	180,531
Trade and other payables	282,506	1,133,132	581,127	2,368,093
Other receivables	(281,230)	(1,128,014)	-	-
Other payables	500	2,006	-	-
Cash generated from/(used in) operations	1,497,756	6,007,499	(501,207)	(2,042,418)
Interest paid	(1,301,257)	(5,219,342)	(1,483,035)	(6,043,368)
Payment of employee benefits	(36,374)	(145,896)	(102,555)	(417,912)
Minimum tax paid	(70,433)	(282,507)	(61,660)	(251,265)
Net cash generated from/(used in) operating activities	<u>89,692</u>	<u>359,754</u>	<u>(2,148,457)</u>	<u>(8,754,963)</u>
Cash flows from investing activities				
Interest received	16,334	65,516	95,273	388,237
Acquisition of property and equipment	(3,793,665)	(15,216,390)	(4,195,521)	(17,096,748)
Acquisition of intangible asset	-	-	(3,249)	(13,240)
Acquisition of investment properties	(13,847)	(55,540)	-	-
Net cash used in investing activities	<u>(3,791,178)</u>	<u>(15,206,414)</u>	<u>(4,103,497)</u>	<u>(16,721,751)</u>

Royal Railway Plc.

Condensed interim statement of cash flows (continued) for the six-month period ended 30 June 2025

	For the six-month period ended			
	30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from financing activities				
Proceed of borrowings	4,044,414	16,222,145	1,057,000	4,307,275
Repayment of borrowings	(122,646)	(491,933)	(102,127)	(416,168)
Repayment of debt securities	(2,392,996)	(9,598,307)	-	-
Payment of lease liabilities	(52,501)	(210,582)	(45,455)	(185,229)
Net cash generated from financing activities	<u>1,476,271</u>	<u>5,921,323</u>	<u>909,418</u>	<u>3,705,878</u>
Net decrease in cash and cash equivalents	(2,225,215)	(8,925,337)	(5,342,536)	(21,770,836)
Cash and cash equivalents at beginning of the period	4,794,130	19,296,373	17,649,823	72,099,527
Currency translation differences	-	(69,685)	-	254,258
Cash and cash equivalents at end of the period (Note 5)	<u>2,568,915</u>	<u>10,301,351</u>	<u>12,307,287</u>	<u>50,582,949</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 six-month periods ended 30 June 2025

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

1. Reporting Entity

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 30 June 2025, the Company had 1,037 employees (31 December 2024: 964 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 2024.

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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 2024.

(c) Going concern assumption

During the six-month period ended 30 June 2025, the Company generated a net loss of US\$3,574,149 and three-month period ended US\$1,564,983 (six-month period ended 30 June 2024: US\$3,938,473 /three-month period ended 30 June 2024: US\$1,932,077) and as at 30 June 2025, the Company had net current liabilities of US\$34,357,348 (31 December 2024: net current liabilities of US\$28,152,054) and accumulated losses of US\$32,413,736 (31 December 2024: US\$28,839,587). Additionally, the Company breached the financial covenants as required under the 2nd cooperate bond (Note 15).

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 GKC represented by 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. 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.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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 US\$. The translations of the condensed interim financial statements are expressed in US\$ which is the Company’s functional currency. The translations of US\$ amount into KHR 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 six-month
30 June 2025	US\$1=	KHR4,010	KHR4,005	KHR4,011
30 June 2024	US\$1=	KHR4,110	KHR4,080	KHR4,075
31 December 2024	US\$1=	KHR4,025	N/A	N/A

These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

5. Cash and bank balances

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Cash on hand	4,019	16,118	3,310	13,322
Cash at banks (*)	<u>2,564,896</u>	<u>10,285,233</u>	<u>4,790,820</u>	<u>19,283,051</u>
Total cash and bank balances	2,568,915	10,301,351	4,794,130	19,296,373
Less: Allowance for impairment losses	<u>(48,388)</u>	<u>(194,036)</u>	<u>(67,954)</u>	<u>(273,515)</u>
	<u>2,520,527</u>	<u>10,107,315</u>	<u>4,726,176</u>	<u>19,022,858</u>
Non-current				
<i>Cash at banks:</i>				
Debt Service Reserve Account ("DSRA") (**)	3,804,330	15,255,363	3,768,312	15,167,456
Guarantee Fee Reserve Account ("GFRA") (**)	<u>389,011</u>	<u>1,559,934</u>	<u>385,331</u>	<u>1,550,957</u>
Total bank balances	<u>4,193,341</u>	<u>16,815,297</u>	<u>4,153,643</u>	<u>16,718,413</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 30 June 2025, the remaining amounts in the account were US\$2,088,810 (31 December 2024: US\$3,789,241).

(**) 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 ACLEDA Bank Plc. which earns annual interest rate of 2.00% (31 December 2024: 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:

	30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	4,019	16,118	2,858	11,746
Cash at banks (current portion)	<u>2,564,896</u>	<u>10,285,233</u>	<u>12,304,429</u>	<u>50,571,203</u>
Cash and cash equivalents	<u>2,568,915</u>	<u>10,301,351</u>	<u>12,307,287</u>	<u>50,582,949</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

5. Cash and bank balances (continued)

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

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at beginning of the period	(67,954)	(273,515)	(163,995)	(669,919)	(62,004)	(248,016)	(150,142)	(606,724)
Recognised in profit or loss	19,566	78,479	40,967	166,941	13,616	54,532	27,114	110,625
Currency translation differences	-	1,000	-	(2,667)	-	(552)	-	(9,546)
Balance at end of the period	<u>(48,388)</u>	<u>(194,036)</u>	<u>(123,028)</u>	<u>(505,645)</u>	<u>(48,388)</u>	<u>(194,036)</u>	<u>(123,028)</u>	<u>(505,645)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

6. Trade and other receivables

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	874,403	3,506,356	798,282	3,213,085
Less: Allowance for impairment losses	<u>(179,160)</u>	<u>(718,432)</u>	<u>(194,492)</u>	<u>(782,830)</u>
	695,243	2,787,924	603,790	2,430,255
Advance to suppliers	19,305	77,413	1,740,428	7,005,223
Amount due from related parties (Note 27)	<u>61,597</u>	<u>247,004</u>	<u>29,094</u>	<u>117,103</u>
Financial assets measured at amortised cost	776,145	3,112,341	2,373,312	9,552,581
Deposits	12,132	48,649	5,162	20,777
Prepayments	28,593	114,658	47,194	189,956
Others	<u>27,222</u>	<u>109,161</u>	<u>1,580</u>	<u>6,359</u>
	<u>844,092</u>	<u>3,384,809</u>	<u>2,427,248</u>	<u>9,769,673</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

6. Trade and other receivables (continued)

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

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at beginning of the period	(194,492)	(782,830)	(166,060)	(678,355)	(194,155)	(776,620)	(146,803)	(593,231)
Recognised in profit or loss	15,332	61,497	(39,402)	(160,563)	14,995	60,055	(58,659)	(239,329)
Currency translation differences	-	2,901	-	(5,531)	-	(1,867)	-	(11,889)
Balance at end of the period	<u>(179,160)</u>	<u>(718,432)</u>	<u>(205,462)</u>	<u>(844,449)</u>	<u>(179,160)</u>	<u>(718,432)</u>	<u>(205,462)</u>	<u>(844,449)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

7. Inventories

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Locomotive parts	54,602	218,954	46,043	185,323
Tools	14,260	57,183	10,633	42,798
Fuel oil	9,117	36,559	13,194	53,106
Diesel	36,412	146,012	23,358	94,016
Wagon parts	12,622	50,614	1,698	6,834
	<u>127,013</u>	<u>509,322</u>	<u>94,926</u>	<u>382,077</u>

8. Other receivables

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Advance to a supplier	1,812,000	7,266,120	1,512,000	6,085,800
Other deposit	51,398	206,106	71,398	287,377
Prepayment	1,230	4,932	-	-
	<u>1,864,628</u>	<u>7,477,158</u>	<u>1,583,398</u>	<u>6,373,177</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

9. Property and equipment

	For the six-month period ended 30 June 2025												Total 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\$	
Cost													
At 1 January	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
Addition	2,893	450,438	3,050,919	43,372	-	77,015	-	-	3,516	1,418	164,094	3,793,665	15,216,390
Transfers	28,555	739	31,868	72,322	-	-	-	-	-	-	(133,484)	-	-
Written off	-	-	-	-	-	(2,279)	-	-	(1,545)	-	-	(3,824)	(15,338)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(376,626)
At 30 June	1,049,187	11,890,307	13,035,801	1,194,564	50,618	1,129,363	9,134	8,181	103,260	102,734	72,504	28,645,653	114,869,069
Less: Accumulated depreciation													
At 1 January	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
Depreciation for the period	60,495	643,902	721,557	91,187	1,845	59,569	91	-	4,301	9,177	-	1,592,124	6,386,009
Written off	-	-	-	-	-	(2,279)	-	-	(1,545)	-	-	(3,824)	(15,338)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(115,902)
At 30 June	679,212	4,417,380	2,464,977	658,144	39,021	804,272	9,074	8,181	97,224	31,831	-	9,209,316	36,929,358
Carrying amounts													
At 1 January	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
At 30 June	369,975	7,472,927	10,570,824	536,420	11,597	325,091	60	-	6,036	70,903	72,504	19,436,337	77,939,711

As at 30 June 2025, fully depreciated property and equipment with an original cost of US\$2,740,917 (30 June 2024: US\$2,207,360) were still in use.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

9. Property and equipment (continued)

	For the six-month period ended 30 June 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\$	
Cost													
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	92,830	272,393	1,354,354	55,630	2,225	83,583	-	-	1,450	-	2,333,056	4,195,521	17,096,748
Transfers	42,882	40,578	-	87,268	-	-	-	-	-	-	(170,728)	-	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	(39,237)	(39,237)	(159,891)
Transfers to Intangible asset	-	-	-	-	-	-	-	-	-	-	(6,500)	(6,500)	(26,488)
Written off	-	-	-	-	-	(531)	-	-	(990)	-	-	(1,521)	(6,198)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	504,754
At 30 June	952,047	8,802,103	4,434,636	1,003,455	50,618	874,885	9,134	8,794	103,008	41,739	2,250,404	18,530,823	76,161,683
Less: Accumulated depreciation													
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	45,106	432,174	322,270	79,805	1,771	35,040	91	-	6,531	4,174	-	926,962	3,777,370
Written off	-	-	-	-	-	(531)	-	-	(990)	-	-	(1,521)	(6,198)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	170,135
At 30 June	564,676	3,243,052	1,274,972	477,037	35,330	714,200	8,893	8,794	90,853	17,376	-	6,435,183	26,448,603
Carrying amounts													
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 30 June	387,371	5,559,051	3,159,664	526,418	15,288	160,685	241	-	12,155	24,363	2,250,404	12,095,640	49,713,080

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

10. Intangible assets

	For the six-month period ended 30 June 2025				
	Computer software US\$	Sign-on fee US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)
Cost					
At 1 January	20,290	450,000	12,148	482,438	1,941,813
Currency translation differences	-	-	-	-	(7,237)
At 30 June	20,290	450,000	12,148	482,438	1,934,576
Less: Accumulated amortisation					
At 1 January	19,632	223,065	-	242,697	976,855
Amortisation for the period	283	7,736	-	8,019	32,164
Currency translation differences	-	-	-	-	(3,648)
At 30 June	19,915	230,801	-	250,716	1,005,371
Carrying amounts					
At 1 January	658	226,935	12,148	239,741	964,958
At 30 June	375	219,199	12,148	231,722	929,205

Fully amortised computer software as at 30 June 2025 with original cost of US\$18,591 (30 June 2024: US\$18,591) were still in use.

	For the six-month period ended 30 June 2024				
	Computer software US\$	Sign-on fee US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)
Cost					
At 1 January	20,290	450,000	-	470,290	1,921,135
Additions	-	-	3,249	3,249	13,240
Transfers from PPE (Note 9)	-	-	6,500	6,500	26,488
Currency translation differences	-	-	-	-	12,097
At 30 June	20,290	450,000	9,749	480,039	1,972,960
Less: Accumulated amortisation					
At 1 January	18,935	207,592	-	226,527	925,363
Amortisation for the period	414	7,736	-	8,150	33,211
Currency translation differences	-	-	-	-	5,948
At 30 June	19,349	215,328	-	234,677	964,522
Carrying amounts					
At 1 January	1,355	242,408	-	243,763	995,772
At 30 June	941	234,672	9,749	245,362	1,008,438

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

11. Investment properties

	For the six-month period ended							
	30 June 2025				30 June 2024			
	Investment property US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)	Investment property US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)
Cost								
At 1 January	65,638	32,197	97,835	393,786	48,303	-	48,303	197,318
Additions	-	13,847	13,847	55,540	-	39,237	39,237	159,891
Currency translation differences	-	-	-	(1,481)	-	-	-	2,580
At 30 June	65,638	46,044	111,682	447,845	48,303	39,237	87,540	359,789
Less: Accumulated depreciation								
At 1 January	16,206	-	16,206	65,229	5,192	-	5,192	21,210
Depreciation for the period	6,564	-	6,564	26,328	4,830	-	4,830	19,682
Currency translation differences	-	-	-	(249)	-	-	-	298
At 30 June	22,770	-	22,770	91,308	10,022	-	10,022	41,190
Carrying amounts								
At 1 January	49,432	32,197	81,629	328,557	43,111	-	43,111	176,108
At 30 June	42,868	46,044	88,912	356,537	38,281	39,237	77,518	318,599

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 30 June 2025.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

12. Right-of-use assets

	For the six-month period ended			
	30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cost				
At 1 January	804,276	3,237,210	-	-
Addition	-	-	731,159	2,979,473
Currency translation differences	-	(12,063)	-	25,589
At 30 June	804,276	3,225,147	731,159	3,005,062
Less: Accumulated depreciation				
At 1 January	80,428	323,722	-	-
Depreciation for the period	40,213	161,294	36,558	148,974
Currency translation differences	-	(1,245)	-	1,278
At 30 June	120,641	483,771	36,558	150,252
Carrying amounts				
At 1 January	723,848	2,913,488	-	-
At 30 June	683,635	2,741,376	694,601	2,854,810

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

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables:				
Trade payables	2,196,541	8,808,129	2,187,393	8,804,257
Amounts due to related parties (Note 27)	218,210	875,022	85,780	345,265
Tax payables:				
Value added tax	93,244	373,908	81,520	328,118
Salary and fringe benefit tax	20,457	82,033	18,857	75,899
Withholding tax	26,813	107,520	28,204	113,521
Payroll payables	692,316	2,776,187	788,501	3,173,717
Accruals	437,856	1,755,803	220,727	888,426
Security deposits	19,385	77,734	21,315	85,793
Others	25,166	100,916	15,185	61,119
	3,729,988	14,957,252	3,447,482	13,876,115

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

14. Borrowings

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	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	7,658,794	30,826,645	4,520,101	18,464,613	7,608,422	30,433,688	4,474,738	18,082,416
Additional borrowing	4,044,414	16,222,145	1,057,000	4,307,275	4,044,414	16,197,878	1,057,000	4,312,560
Accrued interest payable	21,135	84,772	53,914	219,700	15,858	63,511	48,643	198,463
Repayments during the period	(122,646)	(491,933)	(102,127)	(416,168)	(66,997)	(268,323)	(51,493)	(210,091)
Currency translation differences	-	(118,824)	-	148,310	-	96,051	-	340,382
Balance at end of the period	<u>11,601,697</u>	<u>46,522,805</u>	<u>5,528,888</u>	<u>22,723,730</u>	<u>11,601,697</u>	<u>46,522,805</u>	<u>5,528,888</u>	<u>22,723,730</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

14. Borrowings (continued)

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

		30 June 2025		31 December 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current portion					
Neak Oknha Kith Meng	(i)	8,474,596	33,983,130	4,440,754	17,874,034
SKTM Investment Co., Ltd	(i)	2,000,000	8,020,000	2,000,000	8,050,000
Cambodian Public Bank Plc.	(ii)	142,629	571,942	136,309	548,644
Wing Bank (Cambodia) Plc	(iii)	97,033	389,102	92,790	373,480
		<u>10,714,258</u>	<u>42,964,174</u>	<u>6,669,853</u>	<u>26,846,158</u>
Accrued interest payable		<u>151,858</u>	<u>608,951</u>	<u>130,723</u>	<u>526,160</u>
		<u>10,866,116</u>	<u>43,573,125</u>	<u>6,800,576</u>	<u>27,372,318</u>
Non-current portion					
Cambodian Public Bank Plc.	(ii)	482,687	1,935,575	555,681	2,236,616
Wing Bank (Cambodia) Plc	(iii)	252,894	1,014,105	302,537	1,217,711
		<u>735,581</u>	<u>2,949,680</u>	<u>858,218</u>	<u>3,454,327</u>
		<u>11,601,697</u>	<u>46,522,805</u>	<u>7,658,794</u>	<u>30,826,645</u>

- (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 borrowing 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. On 1 January 2025, the Company renewed the borrowing with the Company with revised the loan to interest free and repayable on demand (Note 27).

- (ii) On 6 April 2022, the Company entered into a fixed borrowing 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 instalments of US\$16,153 each from 13 April 2022 to 13 April 2029.

- (iii) On 1 September 2022, the Company entered into a fixed borrowing amounting to US\$500,000 with Wing Bank (Cambodia) Plc. The borrowing 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 borrowing with the Bank with revised interest rate of 9% per annum and is repayable in 60 monthly instalments of US\$10,383 starting from 1 October 2023 to 1 September 2028 (Note 27).

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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% per annum 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% per annum, whichever is higher for Year 1 to Year 5 and Term SOFR plus 3.75% or 5% per annum, whichever is higher for Year 6 to Year 10.

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:

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Guaranteed bond	22,455,167	90,045,220	24,809,546	99,858,423
Plain bond	528,787	2,120,436	177,977	716,357
	<u>22,983,954</u>	<u>92,165,656</u>	<u>24,987,523</u>	<u>100,574,780</u>
Non-current				
Plain bond	9,809,327	39,335,401	9,809,327	39,482,541
Guaranteed bond	-	-	-	-
	<u>9,809,327</u>	<u>39,335,401</u>	<u>9,809,327</u>	<u>39,482,541</u>
	<u>32,793,281</u>	<u>131,501,057</u>	<u>34,796,850</u>	<u>140,057,321</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

15. Debt securities (continued)

During the six-month period ended, the Company incurred interest expense on the issued bonds amounting to US\$1,643,542 equivalent to KHR 6.59 billion and three-month period ended amounting to US\$829,930 equivalent to KHR 3.32 billion (six-month period ended 30 June 2024: US\$1,962,362 equivalent to KHR 8 billion /three-month period ended 30 June 2024: US\$893,851 equivalent to KHR 3.65 billion) (Note 26).

The Company is subject to financial covenant testing every 6 months and as at 30 June 2025, 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	
			30 June 2025	
Debt Service Coverage Ratio	= Cash Flow Available for Debt Service/Total debt service	≥1.2	1.11	Not met
Operating ratio	= Net operating income/Total operating revenue	≤100%	126%	Not met
Debt to EBITDA	= Total debt/EBITDA	≤4.5	-49.8	Not met
Total debt to total assets	= Total debt/Total assets	≤100%	113%	Not met

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

The Company communicated the compliance status to GuarantCo Ltd (“the Guarantor”) on 5 July 2024 and updated its financial forecast model in accordance with the requirements of the Guarantor. On 11 September 2024, the Company submitted its waiver letter to the Guarantor and on 28 January 2025, the Guarantor waived the non-compliance of the covenants as of 30 June 2024. Furthermore, on 2 July 2025 the Company submitted another waiver letter to the Guarantor while the financial forecast model is in the process of updating not yet finalised as of 30 June 2025 and as at the date of these condensed interim statements.

Accordingly, the carrying amount US\$21,536,965 of the guaranteed bond was reclassified to current liabilities (31 December 2024: US\$23,929,961).

16. Employee benefit liabilities

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Seniority indemnity				
Current	214,749	861,143	115,213	463,732
Non-current	37,495	150,355	42,191	169,819
	<u>252,244</u>	<u>1,011,498</u>	<u>157,404</u>	<u>633,551</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

16. Employee benefit liabilities (continued)

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

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	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	157,404	633,551	146,889	600,042	195,386	781,544	99,735	403,029
Recognised in profit or loss	131,214	526,300	107,641	438,637	60,624	242,799	52,240	213,139
Paid during the period	(36,374)	(145,896)	(102,555)	(417,912)	(3,766)	(15,083)	-	-
Currency translation differences	-	(2,457)	-	3,850	-	2,238	-	8,449
Balance at end of the period	<u>252,244</u>	<u>1,011,498</u>	<u>151,975</u>	<u>624,617</u>	<u>252,244</u>	<u>1,011,498</u>	<u>151,975</u>	<u>624,617</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 six-month periods ended 30 June 2025

17. Lease liabilities

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

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Maturity analysis – contractual undiscounted cash flow				
Less than one year	107,625	431,576	105,000	422,625
One to five years	624,432	2,503,972	609,202	2,452,038
More than five years	373,234	1,496,668	443,589	1,785,446
Total undiscounted lease liabilities	<u>1,105,291</u>	<u>4,432,216</u>	<u>1,157,791</u>	<u>4,660,109</u>
Present value of lease liabilities				
Current	42,007	168,448	37,589	151,296
Non-current	<u>714,330</u>	<u>2,864,463</u>	<u>737,122</u>	<u>2,966,916</u>
Total present value of lease liabilities	<u>756,337</u>	<u>3,032,911</u>	<u>774,711</u>	<u>3,118,212</u>

18. Other payables

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Rental deposit	149,790	600,658	149,290	600,892
Accrual for G&A expenses	<u>79,083</u>	<u>317,123</u>	<u>79,083</u>	<u>318,309</u>
	<u>228,873</u>	<u>917,781</u>	<u>228,373</u>	<u>919,201</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

19. Share capital

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<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 shareholding structure were as follows:

	30 June 2025/31 December 2024			
	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 six-month periods ended 30 June 2025

20. Revenue

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Southern line:								
Rail freight	3,637,771	14,591,099	3,096,752	12,619,264	2,007,958	8,041,872	1,551,191	6,328,859
Train related value-added services	411,876	1,652,035	406,848	1,657,906	231,148	925,748	185,650	757,452
Passengers' fare	193,903	777,745	234,982	957,552	50,382	201,780	89,193	363,907
Transportation	49,868	200,021	52,696	214,736	21,710	86,949	37,974	154,934
Other revenue	-	-	17,500	71,313	-	-	-	-
	<u>4,293,418</u>	<u>17,220,900</u>	<u>3,808,778</u>	<u>15,520,771</u>	<u>2,311,198</u>	<u>9,256,349</u>	<u>1,864,008</u>	<u>7,605,152</u>
Northern line:								
Rail freight	2,047,026	8,210,621	1,658,995	6,760,405	874,011	3,500,414	716,686	2,924,079
Passengers' fare	152,994	613,659	81,638	332,675	113,399	454,163	40,549	165,440
Train related value-added services	15,014	60,221	9,326	38,003	7,571	30,322	5,698	23,248
Other revenue	2,060	8,263	73,532	299,642	960	3,844	1,000	4,080
	<u>2,217,094</u>	<u>8,892,764</u>	<u>1,823,491</u>	<u>7,430,725</u>	<u>995,941</u>	<u>3,988,743</u>	<u>763,933</u>	<u>3,116,847</u>
	<u>6,510,512</u>	<u>26,113,664</u>	<u>5,632,269</u>	<u>22,951,496</u>	<u>3,307,139</u>	<u>13,245,092</u>	<u>2,627,941</u>	<u>10,721,999</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 six-month periods ended 30 June 2025

21. Cost of services

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Staff costs and wages	2,186,025	8,768,146	1,866,336	7,605,319	1,106,038	4,429,682	882,302	3,599,792
Cost of diesel	2,883,650	11,566,320	2,762,059	11,255,390	1,432,839	5,738,520	1,352,831	5,519,550
Depreciation and amortisation (Note 24)	1,575,044	6,317,500	918,164	3,741,518	807,250	3,233,036	489,376	1,996,654
Repairs and maintenance	390,723	1,567,190	304,251	1,239,823	216,552	867,291	130,687	533,203
Transportation	364,509	1,462,046	246,800	1,005,710	195,361	782,421	104,911	428,037
Equipment rental	236,140	947,158	152,872	622,953	134,776	539,778	77,076	314,470
Container access charge	169,378	679,375	152,241	620,382	81,504	326,424	75,475	307,938
Insurance	151,444	607,442	-	-	76,137	304,929	-	-
Provision for employee benefits	117,577	471,601	89,865	366,200	53,393	213,839	43,588	177,839
Others	367,595	1,474,425	271,211	1,105,186	189,494	758,923	136,776	558,047
	<u>8,442,085</u>	<u>33,861,203</u>	<u>6,763,799</u>	<u>27,562,481</u>	<u>4,293,344</u>	<u>17,194,843</u>	<u>3,293,022</u>	<u>13,435,530</u>

22. Other operating income

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Warehouse rental	523,918	2,101,435	392,577	1,599,752	265,016	1,061,389	226,885	925,691
Others	11,393	45,697	50,618	206,268	2,883	11,546	48,529	197,998
	<u>535,311</u>	<u>2,147,132</u>	<u>443,195</u>	<u>1,806,020</u>	<u>267,899</u>	<u>1,072,935</u>	<u>275,414</u>	<u>1,123,689</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

23. Operating and administrative expenses

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	265,878	1,066,437	337,239	1,374,249	132,965	532,525	176,586	720,471
Directors' fee (*)	(290,875)	(1,166,700)	180,000	733,500	(380,875)	(1,525,404)	90,000	367,200
Other tax expenses	121,749	488,335	150,822	614,600	60,493	242,274	75,856	309,492
Bonus	49,541	198,709	25,599	104,316	10,058	40,282	11,808	48,177
Depreciation and amortisation (Note 24)	71,876	288,295	58,336	237,719	36,008	144,212	31,225	127,398
Professional fees	31,071	124,626	31,109	126,769	13,380	53,587	18,230	74,378
Fuel and utilities	19,797	79,406	63,465	258,620	10,066	40,314	32,343	131,959
Provision for employee benefits	13,637	54,698	17,776	72,437	7,231	28,960	8,652	35,300
Equipment rental	12,600	50,539	53,720	218,909	6,300	25,232	26,630	108,650
Travelling and accommodation	11,037	44,269	26,401	107,584	5,958	23,862	12,916	52,697
Small value of assets	4,048	16,237	23,259	94,780	595	2,383	8,589	35,043
Repairs and maintenance	5,695	22,843	27,514	112,120	3,018	12,087	13,295	54,244
Training and development	2,081	8,347	1,147	4,674	723	2,896	-	-
Licensing, registration and permit fee	5,014	20,111	9,720	39,609	3,759	15,055	3,245	13,240
Communication	1,571	6,301	36,417	148,399	784	3,140	18,170	74,134
Insurance	-	-	135,997	554,188	-	-	72,020	293,842
Other expenses	127,573	511,694	104,491	425,801	70,900	283,954	31,425	128,214
	<u>452,293</u>	<u>1,814,147</u>	<u>1,283,012</u>	<u>5,228,274</u>	<u>(18,637)</u>	<u>(74,641)</u>	<u>630,990</u>	<u>2,574,439</u>

(*) On 1 May 2025, the Company obtained resolution from the shareholders for waiving the Directors' fee amounting to US\$410,875.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

24. Depreciation and amortisation

Depreciation and amortisation charges were allocated as follows:

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	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)	1,598,688	6,412,337	931,792	3,797,052	819,141	3,280,660	498,298	2,033,056
Amortisation of intangible assets and right-of-use asset (Note 10 and 12)	48,232	193,458	44,708	182,185	24,117	96,589	22,303	90,996
	<u>1,646,920</u>	<u>6,605,795</u>	<u>976,500</u>	<u>3,979,237</u>	<u>843,258</u>	<u>3,377,248</u>	<u>520,601</u>	<u>2,124,052</u>
Allocated to:								
Cost of services (Note 21)	1,575,044	6,317,500	918,164	3,741,518	807,250	3,233,036	489,376	1,996,654
Operating and administrative expenses (Note 23)	71,876	288,295	58,336	237,719	36,008	144,212	31,225	127,398
	<u>1,646,920</u>	<u>6,605,795</u>	<u>976,500</u>	<u>3,979,237</u>	<u>843,258</u>	<u>3,377,248</u>	<u>520,601</u>	<u>2,124,052</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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 the 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 six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	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	12,021	48,385	9,163	37,431	12,643	50,572	11,482	46,399
Minimum tax expense	70,578	283,088	61,015	248,636	35,745	143,159	29,298	119,536
Minimum tax paid	(70,433)	(282,507)	(61,660)	(251,265)	(36,222)	(145,069)	(32,262)	(131,629)
Currency translation differences	-	(180)	-	207	-	124	-	703
Balance at the end of the period	12,166	48,786	8,518	35,009	12,166	48,786	8,518	35,009

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

25. Income tax (continued)

(c) Minimum tax expense/Income tax expenses

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 six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loss before income tax	(3,574,149)	(14,335,911)	(3,938,473)	(16,049,277)	(1,564,983)	(6,267,758)	(1,932,077)	(7,882,875)
Income tax using statutory income tax rate	(714,830)	(2,867,183)	(787,695)	(3,209,857)	(312,997)	(1,253,553)	(386,415)	(1,576,573)
Non-deductible expenses	677	2,715	30,164	122,918	118	473	15,170	61,894
Tax loss not recognised as deferred tax assets	446,181	1,789,632	345,973	1,409,840	228,538	915,295	192,853	786,840
Deductible temporary difference not recognised as deferred tax assets	267,972	1,074,836	411,558	1,677,099	84,341	337,785	178,392	727,839
Income tax expense	-	-	-	-	-	-	-	-
Minimum tax at 1% of turnover	70,578	283,088	61,015	248,636	35,745	143,159	29,298	119,536

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 six-month periods ended 30 June 2025

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 six-month periods ended 30 June 2025

26. Finance costs – net

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	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	56,032	224,744	190,969	778,199	27,751	111,143	94,560	385,805
Interest expense on:								
Debt securities	(1,643,542)	(6,592,247)	(1,962,362)	(7,996,625)	(829,930)	(3,323,870)	(893,851)	(3,646,912)
Borrowing	(68,277)	(273,859)	(140,979)	(574,489)	(39,041)	(156,359)	(72,214)	(294,633)
Lease liabilities	(34,127)	(136,883)	(32,317)	(131,692)	(16,961)	(67,929)	(16,085)	(65,627)
	<u>(1,745,946)</u>	<u>(7,002,989)</u>	<u>(2,135,658)</u>	<u>(8,702,806)</u>	<u>(885,932)</u>	<u>(3,548,158)</u>	<u>(982,150)</u>	<u>(4,007,172)</u>
	<u>(1,689,914)</u>	<u>(6,778,245)</u>	<u>(1,944,689)</u>	<u>(7,924,607)</u>	<u>(858,181)</u>	<u>(3,437,015)</u>	<u>(887,590)</u>	<u>(3,621,367)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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 six-month periods ended 30 June 2025

27. Related party transactions and balances (continued)

(b) Transactions with related parties

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Property rental</i>								
GSS Global Security Solutions Co., Ltd.	19,390	77,773	17,569	71,594	9,727	38,957	8,721	35,582
CAMGSM PLC	250,800	1,005,959	90,000	366,750	125,400	502,227	72,000	293,760
J Trust Royal Bank Plc.	214,809	861,599	214,008	872,083	107,405	430,157	107,004	436,576
<i>Utilities</i>								
CamGSM PLC	2,263	9,077	-	-	1,123	4,498	-	-
J Trust Royal Bank Plc.	753	3,020	-	-	371	1,486	-	-
<i>Insurance</i>								
Infinity General Insurance Plc.	257,943	1,034,609	72,645	296,028	77,997	312,378	65,602	267,656
<i>Telephone expense</i>								
CAMGSM PLC	15,354	61,585	10,558	43,024	7,414	29,693	5,538	22,595
<i>Security fee</i>								
GSS Global Security Solutions Co., Ltd.	31,020	124,421	16,830	68,582	15,510	62,118	11,440	46,675
<i>Cleaning service</i>								
GSS Global Security Solutions Co., Ltd.	-	-	2,123	8,651	-	-	440	1,795
<i>Internet service fee</i>								
EZECOM Co., Ltd	29,256	117,346	29,256	119,218	14,628	58,585	14,628	59,682
CAMGSM PLC	53	213	-	-	53	212	-	-

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

27. Related party transactions and balances (continued)

(b) Transactions with related parties (continued)

	For the six-month period ended				For the three-month period ended			
	30 June 2025		30 June 2024		30 June 2025		30 June 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Power BI Pro</i>								
EZECOM Co., Ltd	198	794	-	-	-	-	-	-
<i>Interest expense</i>								
Wing Bank (Cambodia) Plc.	16,466	66,045	20,891	85,131	7,851	31,443	10,267	41,889
SKTM Investment Co., Ltd	-	-	69,425	282,907	-	-	34,904	142,408
<i>Passenger Train Ticket</i>								
CAMGSM PLC	630	2,527	-	-	-	-	-	-
<i>Sign Tax</i>								
GSS Global Security Solutions Co., Ltd.	63	253	-	-	-	-	-	-
<i>Borrowing</i>								
Neak Oknha Kith Meng	4,033,841	16,179,736	1,057,000	4,307,275	4,033,841	16,155,533	1,057,000	4,312,560

The total remuneration of key management for the six-month period ended 30 June 2025 including salaries and benefits was US\$353,825 (six-month period ended 30 June 2024: US\$316,604) and for the three-month period ended 30 June 2025 was US\$ 180,433 (three-month period ended 30 June 2024: US\$ 158,659). During the period, the Directors waive their unpaid fees amounting to US\$410,875.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

27. Related party transactions and balances (continued)

(c) Balances with related parties

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amount due from related parties (Note 6)				
<i>Trade related:</i>				
CAMGSM PLC	42,186	169,166	-	-
<i>Non-trade related:</i>				
Royal Coffee	19,411	77,838	29,094	117,103
	<u>61,597</u>	<u>247,004</u>	<u>29,094</u>	<u>117,103</u>
Amounts due to related parties (Note 13)				
<i>Trade related:</i>				
Infinity General Insurance Plc.	201,942	809,787	80,498	324,004
CAMGSM PLC	2,170	8,702	2,814	11,327
GSS Global Security Solutions Co., Ltd.	14,098	56,533	2,468	9,934
	<u>218,210</u>	<u>875,022</u>	<u>85,780</u>	<u>345,265</u>
Borrowings (Note 14)				
<i>Shareholder:</i>				
Neak Oknha Kith Meng	<u>8,474,596</u>	<u>33,983,130</u>	<u>4,440,754</u>	<u>17,874,034</u>
<i>Related party:</i>				
SKTM Investment Co., Ltd	2,000,000	8,020,000	2,000,000	8,050,000
Wing Bank (Cambodia) Plc.	<u>349,927</u>	<u>1,403,207</u>	<u>395,327</u>	<u>1,591,191</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 six-month periods ended 30 June 2025

28. Lease commitments

Lease commitment

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

	30 June 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	109,870	440,579	80,250	323,006
Between two to five years	15,750	63,158	26,000	104,650
	<u>125,620</u>	<u>503,737</u>	<u>106,250</u>	<u>427,656</u>

Capital commitment

In respect of property and equipment

Contracted but not yet provided	<u>955,527</u>	<u>3,831,663</u>	<u>1,127,563</u>	<u>4,538,441</u>
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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.

On 13 February 2025, the Company and GKC 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. According to Article 3 of the framework agreement, the Parties agreed to actively commit to achieving overall timeline and each specific deadlines within 24 months of the effective date from 13 February 2025.

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.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2025

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 2,705 sqm 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 six-month periods ended 30 June 2025

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 87% 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.