

ROYAL RAILWAY PLC.

**Condensed Interim Financial Statements
for the three-month and nine-month
periods ended 30 September 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.

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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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 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 with the covenants as of 30 June 2024. Furthermore, the Company submitted another waiver letter to the Guarantor on 2 July 2025 and the financial forecast on 3 October 2025 which is awaiting for response from the Guarantor as of 30 September 2025 and as at the date of these condensed interim financial 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 shares of 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 September 2025, and for the three-month and nine-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 November 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 September 2025;
- the condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2025;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 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 information for the quarter ended 30 September 2024 were not audited but were reviewed by the same auditors who issued unmodified review conclusion on the Condensed Interim Financial Statements on 13 November 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.**

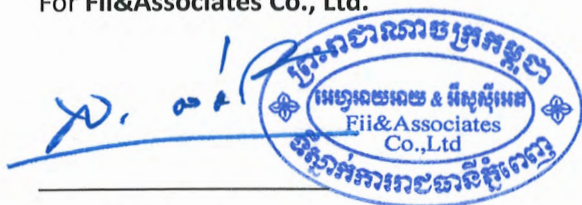
Conclusion

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 believes 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.



Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia
14 November 2025

Royal Railway Plc.

Condensed interim statement of financial position as at 30 September 2025

	Note	30 September 2025		31 December 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Current assets					
Cash and bank balances	5	1,971,030	7,903,829	4,726,176	19,022,858
Trade and other receivables	6	1,374,192	5,510,510	2,427,248	9,769,673
Inventories	7	151,636	608,060	94,926	382,077
		<u>3,496,858</u>	<u>14,022,399</u>	<u>7,248,350</u>	<u>29,174,608</u>
Non-current assets					
Bank balances	5	4,213,664	16,896,793	4,153,643	16,718,413
Other receivables	8	1,916,565	7,685,426	1,583,398	6,373,177
Property and equipment	9	18,796,384	75,373,500	17,234,796	69,370,054
Intangible assets	10	227,714	913,133	239,741	964,958
Investment properties	11	90,901	364,513	81,629	328,557
Right-of-use assets	12	663,528	2,660,747	723,848	2,913,488
		<u>25,908,756</u>	<u>103,894,112</u>	<u>24,017,055</u>	<u>96,668,647</u>
TOTAL ASSETS		<u>29,405,614</u>	<u>117,916,511</u>	<u>31,265,405</u>	<u>125,843,255</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade and other payables	13	4,325,515	17,345,315	3,447,482	13,876,115
Borrowings	14	10,887,283	43,658,005	6,800,576	27,372,318
Debt securities	15	23,742,537	95,207,573	24,987,523	100,574,780
Employee benefit liabilities	16	226,148	906,853	115,213	463,732
Minimum tax liability	24(b)	25,775	103,358	12,021	48,385
Lease liabilities	17	44,292	177,611	37,589	151,296
		<u>39,251,550</u>	<u>157,398,715</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	672,325	2,696,023	858,218	3,454,327
Provision on onerous contract		9,687	38,845	8,427	33,919
Employee benefit liabilities	16	30,614	122,762	42,191	169,819
Lease liabilities	17	702,545	2,817,205	737,122	2,966,916
Other payables	18	239,873	961,891	228,373	919,201
		<u>11,464,371</u>	<u>45,972,127</u>	<u>11,683,658</u>	<u>47,026,723</u>
TOTAL LIABILITIES		<u>50,715,921</u>	<u>203,370,842</u>	<u>47,084,062</u>	<u>189,513,349</u>

Royal Railway Plc.

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

	Note	30 September 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		(34,331,237)	(139,607,264)	(28,839,587)	(117,585,747)
Currency translation reserves		-	2,069,213	-	1,831,933
		<u>(21,310,307)</u>	<u>(85,454,331)</u>	<u>(15,818,657)</u>	<u>(63,670,094)</u>
TOTAL LIABILITIES AND EQUITY		<u>29,405,614</u>	<u>117,916,511</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 nine-month period ended 30 September 2025

	Note	For the nine-month period ended			
		30 September 2025		30 September 2024	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	10,027,532	40,210,403	8,312,863	33,916,481
Cost of services	21	<u>(12,919,626)</u>	<u>(51,807,700)</u>	<u>(10,095,923)</u>	<u>(41,191,366)</u>
Gross loss		(2,892,094)	(11,597,297)	(1,783,060)	(7,274,885)
Other operating income	22	800,998	3,212,002	887,590	3,621,367
Operating and administrative expenses	23	(786,257)	(3,152,891)	(1,943,409)	(7,929,109)
(Allowance for) / reversal of onerous contract expense		(1,260)	(5,053)	37,013	151,013
(Allowance for) / reversal of impairment losses	5,6	(17,597)	(70,564)	38,901	158,716
Minimum tax expense	25(c)	<u>(108,432)</u>	<u>(434,812)</u>	<u>(92,207)</u>	<u>(376,205)</u>
Operating loss		(3,004,642)	(12,048,615)	(2,855,172)	(11,649,103)
Finance costs – net	26	<u>(2,487,008)</u>	<u>(9,972,902)</u>	<u>(3,149,470)</u>	<u>(12,849,838)</u>
Loss before income tax		(5,491,650)	(22,021,517)	(6,004,642)	(24,498,941)
Income tax expense	25(c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period		(5,491,650)	(22,021,517)	(6,004,642)	(24,498,941)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		<u>-</u>	<u>237,280</u>	<u>-</u>	<u>297,987</u>
Total comprehensive loss for the period		<u>(5,491,650)</u>	<u>(21,784,237)</u>	<u>(6,004,642)</u>	<u>(24,200,954)</u>

Royal Railway Plc.

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

		For the three-month period ended			
		30 September 2025		30 September 2024	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	20	3,517,020	14,096,216	2,680,594	10,958,268
Cost of services	21	(4,477,541)	(17,945,984)	(3,332,124)	(13,621,723)
Gross loss		(960,521)	(3,849,768)	(651,530)	(2,663,455)
Other operating income	22	265,687	1,064,873	444,395	1,816,687
Operating and administrative expenses	23	(333,964)	(1,338,528)	(660,397)	(2,699,703)
Allowance for onerous contract expenses		(1,260)	(5,050)	-	-
(Allowance for) / reversal of impairment losses	5,6	(52,495)	(210,400)	37,336	152,630
Minimum tax expense	25(c)	(37,854)	(151,719)	(31,192)	(127,513)
Operating loss		(1,120,407)	(4,490,592)	(861,388)	(3,521,354)
Finance costs – net	26	(797,094)	(3,194,753)	(1,204,781)	(4,925,145)
Loss before income tax		(1,917,501)	(7,685,345)	(2,066,169)	(8,446,499)
Income tax expense	25(c)	-	-	-	-
Net loss for the period		(1,917,501)	(7,685,345)	(2,066,169)	(8,446,499)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	(3,834)	-	55,787
Total comprehensive loss for the period		<u>(1,917,501)</u>	<u>(7,689,179)</u>	<u>(2,066,169)</u>	<u>(8,390,712)</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 nine-month period ended 30 September 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)/ income								
Net loss for the period	-	-	(5,491,650)	(22,021,517)	-	-	(5,491,650)	(22,021,517)
Currency translation differences	-	-	-	-	-	237,280	-	237,280
	-	-	(5,491,650)	(22,021,517)	-	237,280	(5,491,650)	(21,784,237)
Balance at 30 September 2025	13,020,930	52,083,720	(34,331,237)	(139,607,264)	-	2,069,213	(21,310,307)	(85,454,331)
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)/ income								
Net loss for the period	-	-	(6,004,642)	(24,498,941)	-	-	(6,004,642)	(24,498,941)
Currency translation differences	-	-	-	-	-	297,987	-	297,987
	-	-	(6,004,642)	(24,498,941)	-	297,987	(6,004,642)	(24,200,954)
Balance at 30 September 2024	13,020,930	52,083,720	(26,687,958)	(108,880,508)	-	1,294,987	(13,667,028)	(55,501,801)

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

Royal Railway Plc.

Condensed interim statement of cash flows for the nine-month period ended 30 September 2025

	For the nine-month period ended			
	30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)
Cash flows from operating activities				
Net loss for the period	(5,491,650)	(22,021,517)	(6,004,642)	(24,498,941)
<i>Adjustments for:</i>				
Depreciation and amortisation	2,499,261	10,022,036	1,610,379	6,570,347
Interest expense	2,567,977	10,297,588	3,415,346	13,934,612
Employee benefit	176,000	705,760	153,343	625,639
Minimum tax expense	108,432	434,812	92,207	376,205
Interest income	(80,969)	(324,686)	(265,876)	(1,084,774)
Allowance for /(reversal) of onerous contract expense	1,260	5,053	(37,013)	(151,013)
Allowance for /(reversal) of impairment loss	17,597	70,564	(38,901)	(158,716)
	(202,092)	(810,390)	(1,075,157)	(4,386,641)
<i>Changes in:</i>				
Trade and other receivables	1,015,420	4,071,834	(1,256,310)	(5,125,745)
Inventories	(56,710)	(227,407)	34,524	140,858
Trade and other payables	878,033	3,520,912	648,337	2,645,215
Other receivables	(333,167)	(1,336,000)	-	-
Other payables	11,500	46,115	-	-
Cash generated from/(used in) operations	1,312,984	5,265,064	(1,648,606)	(6,726,313)
Interest paid	(1,332,311)	(5,342,567)	(1,520,519)	(6,203,718)
Payment of employee benefits	(76,642)	(307,334)	(103,037)	(420,391)
Minimum tax paid	(94,678)	(379,659)	(91,617)	(373,797)
Net cash used in operating activities	<u>(190,647)</u>	<u>(764,496)</u>	<u>(3,363,779)</u>	<u>(13,724,219)</u>
Cash flows from investing activities				
Interest received	20,948	84,001	120,932	493,403
Acquisition of property and equipment	(3,978,655)	(15,954,407)	(5,217,649)	(21,288,008)
Acquisition of intangible asset	-	-	(5,137)	(20,959)
Acquisition of investment properties	(19,119)	(76,667)	(5,648)	(23,044)
Net cash used in investing activities	<u>(3,976,826)</u>	<u>(15,947,073)</u>	<u>(5,107,502)</u>	<u>(20,838,608)</u>

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

	For the nine-month period ended			
	30 September 2025		30 September 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from financing activities				
Proceeds from borrowings	4,033,842	16,175,706	1,057,000	4,312,560
Repayments of borrowings	(169,807)	(680,926)	(154,814)	(631,641)
Repayments of debt securities	(2,392,996)	(9,595,914)	-	-
Payment of lease liabilities	(78,751)	(315,792)	(75,001)	(306,004)
Net cash generated from financing activities	<u>1,392,288</u>	<u>5,583,074</u>	<u>827,185</u>	<u>3,374,915</u>
Net decrease in cash and cash equivalents	(2,775,185)	(11,128,495)	(7,644,096)	(31,187,912)
Cash and cash equivalents at beginning of the period	4,794,130	19,296,373	17,649,823	72,099,527
Currency translation differences	-	(71,910)	-	(278,358)
Cash and cash equivalents at end of the period (Note 5)	<u><u>2,018,945</u></u>	<u><u>8,095,968</u></u>	<u><u>10,005,727</u></u>	<u><u>40,633,257</u></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 nine-month periods ended 30 September 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 September 2025, the Company had 1,057 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 November 2025.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended 30 September 2025, the Company generated a net loss of US\$5,491,650 and for the three-month period ended of US\$1,917,501 (nine-month period ended 30 September 2024: US\$6,004,642/three-month period ended 30 September 2024: US\$2,066,169) and as at 30 September 2025, the Company had net current liabilities of US\$35,754,692 (31 December 2024: net current liabilities of US\$28,152,054) and accumulated losses of US\$34,331,237 (31 December 2024: US\$28,839,587). Additionally, the Company breached the financial covenants as required under the 2nd corporate 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 nine-month periods ended 30 September 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 nine-month
30 September 2025	US\$1=	KHR4,010	KHR4,008	KHR4,010
30 September 2024	US\$1=	KHR4,061	KHR4,088	KHR4,080
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.

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

5. Cash and bank balances

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Cash on hand	2,666	10,689	3,310	13,322
Cash at banks (*)	<u>2,016,279</u>	<u>8,085,279</u>	<u>4,790,820</u>	<u>19,283,051</u>
Total cash and bank balances	2,018,945	8,095,968	4,794,130	19,296,373
Less: Allowance for impairment losses	<u>(47,915)</u>	<u>(192,139)</u>	<u>(67,954)</u>	<u>(273,515)</u>
	<u>1,971,030</u>	<u>7,903,829</u>	<u>4,726,176</u>	<u>19,022,858</u>
Non-current				
<i>Cash at banks:</i>				
Debt Service Reserve Account ("DSRA") (**)	3,822,769	15,329,304	3,768,312	15,167,456
Guarantee Fee Reserve Account ("GFRA") (**)	<u>390,895</u>	<u>1,567,489</u>	<u>385,331</u>	<u>1,550,957</u>
Total bank balances	<u>4,213,664</u>	<u>16,896,793</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 September 2025, the remaining amounts in the account were US\$841,976 (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 September 2025		30 September 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	2,666	10,689	4,182	16,983
Cash at banks (current portion)	<u>2,016,279</u>	<u>8,085,279</u>	<u>10,001,545</u>	<u>40,616,274</u>
Cash and cash equivalents	<u>2,018,945</u>	<u>8,095,968</u>	<u>10,005,727</u>	<u>40,633,257</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended				For the three-month period ended			
	30 September 2025 US\$	30 September 2025 US\$	30 September 2024 US\$	30 September 2024 US\$	30 September 2025 US\$	30 September 2025 US\$	30 September 2024 US\$	30 September 2024 US\$
Balance at beginning of the period	(67,954)	(273,515)	(163,995)	(669,919)	(48,388)	(194,036)	(123,028)	(505,645)
Recognised in profit or loss	20,039	80,356	48,823	199,198	473	1,896	7,856	32,115
Currency translation differences	-	1,020	-	3,008	-	1	-	5,817
Balance at end of the period	<u>(47,915)</u>	<u>(192,139)</u>	<u>(115,172)</u>	<u>(467,713)</u>	<u>(47,915)</u>	<u>(192,139)</u>	<u>(115,172)</u>	<u>(467,713)</u>

Royal Railway Plc.

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

6. Trade and other receivables

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	871,496	3,494,699	798,282	3,213,085
Less: Allowance for impairment losses	<u>(232,128)</u>	<u>(930,833)</u>	<u>(194,492)</u>	<u>(782,830)</u>
	639,368	2,563,866	603,790	2,430,255
Advance to suppliers	546,351	2,190,868	1,740,428	7,005,223
Amount due from related parties (Note 27)	<u>55,836</u>	<u>223,902</u>	<u>29,094</u>	<u>117,103</u>
Financial assets measured at amortised cost	1,241,555	4,978,636	2,373,312	9,552,581
Deposits	10,426	41,808	5,162	20,777
Prepayments	18,897	75,777	47,194	189,956
Others	<u>103,314</u>	<u>414,289</u>	<u>1,580</u>	<u>6,359</u>
	<u>1,374,192</u>	<u>5,510,510</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 nine-month periods ended 30 September 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 nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at beginning of the period	(194,492)	(782,830)	(166,060)	(678,355)	(179,160)	(718,432)	(205,462)	(844,449)
Recognised in profit or loss	(37,636)	(150,920)	(9,922)	(40,482)	(52,968)	(212,296)	29,480	120,515
Currency translation differences	-	2,917	-	4,174	-	(105)	-	9,271
Balance at end of the period	<u>(232,128)</u>	<u>(930,833)</u>	<u>(175,982)</u>	<u>(714,663)</u>	<u>(232,128)</u>	<u>(930,833)</u>	<u>(175,982)</u>	<u>(714,663)</u>

Royal Railway Plc.

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

7. Inventories

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Locomotive parts	47,885	192,019	46,043	185,323
Tools	36,190	145,122	10,633	42,798
Fuel oil	9,633	38,628	13,194	53,106
Diesel	45,771	183,542	23,358	94,016
Wagon parts	12,157	48,749	1,698	6,834
	<u>151,636</u>	<u>608,060</u>	<u>94,926</u>	<u>382,077</u>

8. Other receivables

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Advance to a supplier	1,862,081	7,466,945	1,512,000	6,085,800
Other deposit	51,398	206,106	71,398	287,377
Prepayment	3,086	12,375	-	-
	<u>1,916,565</u>	<u>7,685,426</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 nine-month periods ended 30 September 2025

9. Property and equipment

For the nine-month period ended 30 September 2025

	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)
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	10,373	544,793	3,050,919	61,760	-	79,118	-	-	4,035	4,239	223,418	3,978,655	15,954,407
Transfers	28,555	739	37,842	74,006	-	5,664	-	-	-	-	(146,806)	-	-
Written off	(19,449)	-	-	(135,035)	-	(3,757)	-	-	(1,545)	-	-	(159,786)	(640,742)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(372,837)
At 30 September	1,037,218	11,984,662	13,041,775	1,079,601	50,618	1,135,652	9,134	8,181	103,779	105,555	118,506	28,674,681	114,985,471
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	90,645	969,899	1,103,945	138,218	2,768	91,896	136	-	5,700	13,860	-	2,417,067	9,692,439
Written off	(19,449)	-	-	(135,035)	-	(3,757)	-	-	(1,545)	-	-	(159,786)	(640,742)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(114,315)
At 30 September	689,913	4,743,377	2,847,365	570,140	39,944	835,121	9,119	8,181	98,623	36,514	-	9,878,297	39,611,971
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 September	347,305	7,241,285	10,194,410	509,461	10,674	300,531	15	-	5,156	69,041	118,506	18,796,384	75,373,500

As at 30 September 2025, fully depreciated property and equipment with an original cost of US\$2,771,645 (30 September 2024: US\$2,017,782) were still in use.

Royal Railway Plc.

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

9. Property and equipment (continued)

For the nine-month period ended 30 September 2024

	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)
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	92,831	303,536	1,951,589	66,325	2,225	92,282	-	-	1,450	9,840	2,697,571	5,217,649	21,288,008
Transfers	52,469	208,232	677,586	101,536	-	1,480	-	-	-	-	(1,041,303)	-	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	(40,928)	(40,928)	(166,986)
Transfers to Intangible asset	-	-	-	-	-	-	-	-	-	-	(6,500)	(6,500)	(26,520)
Written off	-	-	-	-	-	(1,672)	-	-	(990)	-	-	(2,662)	(10,861)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(443,366)
At 30 September	961,635	9,000,900	5,709,457	1,028,418	50,618	883,923	9,134	8,794	103,008	51,579	1,742,653	19,550,119	79,393,033
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	71,630	675,909	586,379	124,041	2,694	53,682	136	-	9,239	6,426	-	1,530,136	6,242,955
Written off	-	-	-	-	-	(1,672)	-	-	(990)	-	-	(2,662)	(10,861)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(161,256)
At 30 September	591,200	3,486,787	1,539,081	521,273	36,253	731,701	8,938	8,794	93,561	19,628	-	7,037,216	28,578,134
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 September	370,435	5,514,113	4,170,376	507,145	14,365	152,222	196	-	9,447	31,951	1,742,653	12,512,903	50,814,899

Royal Railway Plc.

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

10. Intangible assets

	For the nine-month period ended 30 September 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 September	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	424	11,603	-	12,027	48,228
Currency translation differences	-	-	-	-	(3,640)
At 30 September	20,056	234,668	-	254,724	1,021,443
Carrying amounts					
At 1 January	658	226,935	12,148	239,741	964,958
At 30 September	234	215,332	12,148	227,714	913,133

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

	For the nine-month period ended 30 September 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	-	-	5,648	5,648	23,044
Transfers from PPE (Note 9)	-	-	6,500	6,500	26,520
Currency translation differences	-	-	-	-	(11,518)
At 30 September	20,290	450,000	12,148	482,438	1,959,181
Less: Accumulated amortisation					
At 1 January	18,935	207,592	-	226,527	925,363
Amortisation for the period	555	11,604	-	12,159	49,609
Currency translation differences	-	-	-	-	(5,668)
At 30 September	19,490	219,196	-	238,686	969,304
Carrying amounts					
At 1 January	1,355	242,408	-	243,763	995,772
At 30 September	800	230,804	12,148	243,752	989,877

Royal Railway Plc.

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

11. Investment properties

	For the nine-month period ended							
	30 September 2025				30 September 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	-	19,119	19,119	76,667	5,137	-	5,137	20,959
Transfers	-	-	-	-	10,363	(10,363)	-	-
Transfers from property and equipment	-	-	-	-	-	40,928	40,928	166,986
Currency translation differences	-	-	-	(1,467)	-	-	-	(2,035)
At 30 September	65,638	51,316	116,954	468,986	63,803	30,565	94,368	383,228
Less: Accumulated depreciation								
At 1 January	16,206	-	16,206	65,229	5,192	-	5,192	21,210
Depreciation for the period	9,847	-	9,847	39,486	7,763	-	7,763	31,673
Currency translation differences	-	-	-	(242)	-	-	-	(273)
At 30 September	26,053	-	26,053	104,473	12,955	-	12,955	52,610
Carrying amounts								
At 1 January	49,432	32,197	81,629	328,557	43,111	-	43,111	176,108
At 30 September	39,585	51,316	90,901	364,513	50,848	30,565	81,413	330,618

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 September 2025.

Royal Railway Plc.

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

12. Right-of-use assets

	For the nine-month period ended			
	30 September 2025		30 September 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cost				
At 1 January	804,276	3,237,210	-	-
Addition	-	-	804,276	3,281,446
Currency translation differences	-	(12,063)	-	(15,282)
At 30 September	804,276	3,225,147	804,276	3,266,164
Less: Accumulated depreciation				
At 1 January	80,428	323,722	-	-
Depreciation for the period	60,320	241,883	60,321	246,110
Currency translation differences	-	(1,205)	-	(1,147)
At 30 September	140,748	564,400	60,321	244,963
Carrying amounts				
At 1 January	723,848	2,913,488	-	-
At 30 September	663,528	2,660,747	743,955	3,021,201

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 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables:				
Trade payables	2,549,074	10,221,787	2,187,393	8,804,257
Amounts due to related parties (Note 27)	291,783	1,170,050	85,780	345,265
Tax payables:				
Value added tax	205,685	824,797	81,520	328,118
Salary and fringe benefit tax	35,481	142,279	18,857	75,899
Withholding tax	62,312	249,871	28,204	113,521
Payroll payables	716,634	2,873,702	788,501	3,173,717
Accruals	378,721	1,518,671	220,727	888,426
Security deposits	19,385	77,734	21,315	85,793
Others	66,440	266,424	15,185	61,119
	4,325,515	17,345,315	3,447,482	13,876,115

Royal Railway Plc.

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

14. Borrowings

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 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	11,601,697	46,522,805	5,528,888	22,723,730
Additional borrowing	4,033,842	16,175,706	1,057,000	4,312,560	-	-	-	-
Accrued interest payable	36,779	147,484	84,007	342,749	15,644	62,701	30,091	123,012
Repayments during the period	(169,807)	(680,926)	(154,814)	(631,641)	(57,733)	(231,394)	(52,685)	(215,376)
Currency translation differences	-	(114,881)	-	(127,222)	-	(84)	-	(270,307)
Balance at end of the period	<u>11,559,608</u>	<u>46,354,028</u>	<u>5,506,294</u>	<u>22,361,059</u>	<u>11,559,608</u>	<u>46,354,028</u>	<u>5,506,294</u>	<u>22,361,059</u>

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

14. Borrowings

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

		30 September 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)	145,935	585,199	136,309	548,644
Wing Bank (Cambodia) Plc	(iii)	99,250	397,993	92,790	373,480
		<u>10,719,781</u>	<u>42,986,322</u>	<u>6,669,853</u>	<u>26,846,158</u>
Accrued interest payable		<u>167,502</u>	<u>671,683</u>	<u>130,723</u>	<u>526,160</u>
		<u>10,887,283</u>	<u>43,658,005</u>	<u>6,800,576</u>	<u>27,372,318</u>
Non-current portion					
Cambodian Public Bank Plc.	(ii)	445,038	1,784,602	555,681	2,236,616
Wing Bank (Cambodia) Plc	(iii)	227,287	911,421	302,537	1,217,711
		<u>672,325</u>	<u>2,696,023</u>	<u>858,218</u>	<u>3,454,327</u>
		<u>11,559,608</u>	<u>46,354,028</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 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).

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 bonds were approved by SERC and CSX on 19 December 2022 and 26 December 2022 respectively and were issued officially on 29 December 2022.

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

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Guaranteed bond	23,030,742	92,353,275	24,809,546	99,858,423
Plain bond	711,795	2,854,298	177,977	716,357
	<u>23,742,537</u>	<u>95,207,573</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>33,551,864</u>	<u>134,542,974</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 nine-month periods ended 30 September 2025

15. Debt securities (continued)

During the nine-month period ended, the Company incurred interest expense on the issued bonds amounting to US\$2,411,304 equivalent to KHR 9.7 billion and for the three-month period ended amounting to US\$767,762 equivalent to KHR 3 billion (nine-month period ended 30 September 2024: US\$3,158,984 equivalent to KHR 12 billion /three-month period ended 30 September 2024: US\$1,070,198 equivalent to KHR 4.4 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	0.86	Not met
Operating ratio	= Net operating income/Total operating revenue	≤100%	126.24%	Not met
Debt to EBITDA	= Total debt/EBITDA	≤4.5	-49.85%	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 and submitted the financial forecast on 3 October 2025 which is awaiting for response from the Guarantor as of 30 September 2025 and at the date of these condensed interim statements.

Accordingly, the carrying amount of 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 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Seniority indemnity				
Current	226,148	906,853	115,213	463,732
Non-current	30,614	122,762	42,191	169,819
	<u>256,762</u>	<u>1,029,615</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 nine-month periods ended 30 September 2025

16. Employee benefit liabilities (continued)

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 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	252,244	1,011,498	151,975	624,617
Recognised in profit or loss	176,000	705,760	153,343	625,639	44,786	179,502	101,103	413,309
Paid during the period	(76,642)	(307,334)	(103,037)	(420,391)	(40,268)	(161,394)	(55,883)	(228,450)
Currency translation differences	-	(2,362)	-	(4,481)	-	9	-	(8,667)
Balance at end of the period	<u>256,762</u>	<u>1,029,615</u>	<u>197,195</u>	<u>800,809</u>	<u>256,762</u>	<u>1,029,615</u>	<u>197,195</u>	<u>800,809</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 nine-month periods ended 30 September 2025

17. Lease liabilities

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

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Maturity analysis – contractual undiscounted cash flow				
Less than one year	108,938	436,841	105,000	422,625
One to five years	632,047	2,534,508	609,202	2,452,038
More than five years	338,057	1,355,609	443,589	1,785,446
Total undiscounted lease liabilities	<u>1,079,042</u>	<u>4,326,958</u>	<u>1,157,791</u>	<u>4,660,109</u>
Present value of lease liabilities				
Current	44,292	177,611	37,589	151,296
Non-current	<u>702,545</u>	<u>2,817,205</u>	<u>737,122</u>	<u>2,966,916</u>
Total present value of lease liabilities	<u>746,837</u>	<u>2,994,816</u>	<u>774,711</u>	<u>3,118,212</u>

18. Other payables

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Rental deposit	160,790	644,768	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>239,873</u>	<u>961,891</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 nine-month periods ended 30 September 2025

19. Share capital

	30 September 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 September 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 nine-month periods ended 30 September 2025

20. Revenue

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Southern line:								
Rail freight	5,772,515	23,147,785	4,661,153	19,017,504	2,134,744	8,556,054	1,564,401	6,395,271
Train related value-added services	716,484	2,873,101	639,128	2,607,642	304,608	1,220,869	232,280	949,561
Passengers' fare	279,345	1,120,173	331,161	1,351,137	85,442	342,452	96,179	393,180
Transportation	70,519	282,781	76,072	310,374	20,651	82,769	23,376	95,561
Other revenue	-	-	16,705	68,156	-	-	(795)	(3,250)
	<u>6,838,863</u>	<u>27,423,840</u>	<u>5,724,219</u>	<u>23,354,813</u>	<u>2,545,445</u>	<u>10,202,144</u>	<u>1,915,441</u>	<u>7,830,323</u>
Northern line:								
Rail freight	2,920,974	11,713,106	2,382,558	9,720,837	873,948	3,502,784	723,563	2,957,926
Passengers' fare	236,883	949,901	116,970	477,238	83,889	336,227	35,332	144,437
Train related value-added services	15,134	60,687	14,374	58,646	120	481	5,048	20,636
Other revenue	15,678	62,869	74,742	304,947	13,618	54,580	1,210	4,946
	<u>3,188,669</u>	<u>12,786,563</u>	<u>2,588,644</u>	<u>10,561,668</u>	<u>971,575</u>	<u>3,894,072</u>	<u>765,153</u>	<u>3,127,945</u>
	<u>10,027,532</u>	<u>40,210,403</u>	<u>8,312,863</u>	<u>33,916,481</u>	<u>3,517,020</u>	<u>14,096,216</u>	<u>2,680,594</u>	<u>10,958,268</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 nine-month periods ended 30 September 2025

21. Cost of services

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Staff costs and wages	3,318,234	13,306,118	2,835,190	11,567,575	1,132,209	4,537,894	968,854	3,960,675
Cost of diesel	4,413,369	17,697,610	3,990,078	16,279,518	1,529,719	6,131,114	1,228,019	5,020,142
Depreciation and amortisation (Note 24)	2,392,018	9,591,993	1,519,385	6,199,091	816,974	3,274,432	601,221	2,457,791
Repairs and maintenance	626,003	2,510,272	421,010	1,717,721	235,280	943,002	116,759	477,311
Transportation	574,944	2,305,525	369,893	1,509,163	210,435	843,423	123,093	503,204
Equipment rental	358,098	1,435,973	230,759	941,497	121,958	488,808	77,887	318,402
Container access charge	264,974	1,062,546	240,031	979,326	95,596	383,149	87,790	358,886
Insurance	229,999	922,296	-	-	78,555	314,848	-	-
Provision for employee benefits	169,445	679,474	128,565	524,545	51,868	207,887	38,700	158,206
Others	572,542	2,295,893	361,012	1,472,930	204,947	821,427	89,801	367,106
	<u>12,919,626</u>	<u>51,807,700</u>	<u>10,095,923</u>	<u>41,191,366</u>	<u>4,477,541</u>	<u>17,945,984</u>	<u>3,332,124</u>	<u>13,621,723</u>

22. Other operating income

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Warehouse rental	788,425	3,161,584	649,776	2,651,086	264,507	1,060,144	257,199	1,051,430
Others	12,573	50,418	237,814	970,281	1,180	4,729	187,196	765,257
	<u>800,998</u>	<u>3,212,002</u>	<u>887,590</u>	<u>3,621,367</u>	<u>265,687</u>	<u>1,064,873</u>	<u>444,395</u>	<u>1,816,687</u>

Royal Railway Plc.

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

23. Operating and administrative expenses

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Salaries and wages	399,647	1,602,584	507,701	2,071,420	133,769	536,146	170,462	696,849
Directors' fee (*)	(290,875)	(1,166,409)	270,000	1,101,600	-	-	90,000	367,920
Other tax expenses	186,862	749,317	225,603	920,460	65,113	260,973	74,781	305,705
Bonus	59,567	238,864	29,115	118,789	10,026	40,184	3,516	14,373
Depreciation and amortisation (Note 24)	107,243	430,043	90,994	371,256	35,367	141,751	32,658	133,506
Professional fees	34,714	139,203	47,944	195,612	3,643	14,601	16,835	68,821
Fuel and utilities	30,083	120,633	94,267	384,609	10,286	41,226	30,802	125,919
Provision for employee benefits	20,306	81,427	24,778	101,094	6,669	26,729	7,002	28,624
Equipment rental	19,485	78,135	81,070	330,766	6,885	27,595	27,350	111,807
Travelling and accommodation	17,541	70,339	46,166	188,357	6,504	26,068	19,765	80,799
Small value of assets	4,144	16,617	30,943	126,247	96	385	7,684	31,412
Repairs and maintenance	8,802	35,296	51,782	211,271	3,107	12,453	24,268	99,208
Training and development	2,968	11,902	1,738	7,091	887	3,555	591	2,416
Licensing, registration and permit fee	6,004	24,076	10,990	44,839	990	3,968	1,270	5,192
Staff uniform	-	-	11,131	45,414	-	-	4,299	17,574
Communication	2,327	9,331	55,479	226,354	756	3,030	19,062	77,925
Insurance	-	-	210,503	858,852	-	-	74,506	304,581
Other expenses	177,439	711,533	153,205	625,078	49,866	199,864	55,546	227,072
	<u>786,257</u>	<u>3,152,891</u>	<u>1,943,409</u>	<u>7,929,109</u>	<u>333,964</u>	<u>1,338,528</u>	<u>660,397</u>	<u>2,699,703</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 nine-month periods ended 30 September 2025

24. Depreciation and amortisation

Depreciation and amortisation charges were allocated as follows:

	For the nine-month period ended				For the three-month period ended			
	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)
Depreciation of property and equipment and investment property (Notes 9 and 11)	2,426,914	9,731,925	1,537,899	6,274,628	828,226	3,319,530	606,107	2,477,765
Amortisation of intangible assets and right-of-use asset (Notes 10 and 12)	72,347	290,111	72,480	295,719	24,115	96,653	27,772	113,532
	<u>2,499,261</u>	<u>10,022,036</u>	<u>1,610,379</u>	<u>6,570,347</u>	<u>852,341</u>	<u>3,416,183</u>	<u>633,879</u>	<u>2,591,297</u>
Allocated to:								
Cost of services (Note 21)	2,392,018	9,591,993	1,519,385	6,199,091	816,974	3,274,432	601,221	2,457,791
Operating and administrative expenses (Note 23)	107,243	430,043	90,994	371,256	35,367	141,751	32,658	133,506
	<u>2,499,261</u>	<u>10,022,036</u>	<u>1,610,379</u>	<u>6,570,347</u>	<u>852,341</u>	<u>3,416,183</u>	<u>633,879</u>	<u>2,591,297</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 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	12,166	48,786	8,518	35,009
Minimum tax expense	108,432	434,812	92,207	376,205	37,854	151,719	31,192	127,513
Minimum tax paid	(94,678)	(379,659)	(91,617)	(373,797)	(24,245)	(97,174)	(29,957)	(122,464)
Currency translation differences	-	(180)	-	(232)	-	27	-	(451)
Balance at the end of the period	<u>25,775</u>	<u>103,358</u>	<u>9,753</u>	<u>39,607</u>	<u>25,775</u>	<u>103,358</u>	<u>9,753</u>	<u>39,607</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended				For the three-month period ended			
	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)
Loss before income tax	(5,491,650)	(22,021,517)	(6,004,642)	(24,498,941)	(1,917,501)	(7,685,345)	(2,066,169)	(8,446,499)
Income tax using statutory income tax rate	(1,098,330)	(4,404,303)	(1,200,928)	(4,899,788)	(383,500)	(1,537,069)	(413,234)	(1,689,300)
Non-deductible expenses	794	3,184	45,121	184,094	117	469	14,957	61,144
Tax loss not recognised as deferred tax assets	456,335	1,829,903	386,855	1,578,368	10,154	40,697	40,882	167,126
Deductible temporary difference not recognised as deferred tax assets	641,201	2,571,216	768,952	3,137,326	373,229	1,495,903	357,395	1,461,030
Income tax expense	-	-	-	-	-	-	-	-
Minimum tax at 1% of turnover	108,432	434,812	92,207	376,205	37,854	151,719	31,192	127,513

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

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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.

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

26. Finance costs – net

	For the nine-month period ended				For the three-month period ended			
	30 September 2025		30 September 2024		30 September 2025		30 September 2024	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Interest income cash at bank	80,969	324,686	265,876	1,084,774	24,937	99,947	74,907	306,220
Interest expense on:								
Debt securities	(2,411,304)	(9,669,329)	(3,158,984)	(12,888,655)	(767,762)	(3,077,190)	(1,070,198)	(4,374,969)
Borrowing	(105,796)	(424,242)	(203,285)	(829,403)	(37,519)	(150,376)	(188,730)	(771,528)
Lease liabilities	(50,877)	(204,017)	(53,077)	(216,554)	(16,750)	(67,134)	(20,760)	(84,868)
	<u>(2,567,977)</u>	<u>(10,297,588)</u>	<u>(3,415,346)</u>	<u>(13,934,612)</u>	<u>(822,031)</u>	<u>(3,294,700)</u>	<u>(1,279,688)</u>	<u>(5,231,365)</u>
	<u>(2,487,008)</u>	<u>(9,972,902)</u>	<u>(3,149,470)</u>	<u>(12,849,838)</u>	<u>(797,094)</u>	<u>(3,194,753)</u>	<u>(1,204,781)</u>	<u>(4,925,145)</u>

Royal Railway Plc.

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

27. Related party transactions and balances (continued)

(b) Transactions with related parties

	For the nine-month period ended				For the three-month period ended			
	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)
<i>Property rental</i>								
GSS Global Security Solutions Co., Ltd.	29,311	117,537	26,647	108,720	9,921	39,763	9,078	37,111
CAMGSM PLC	376,200	1,508,562	121,000	493,680	125,400	502,603	37,111	126,728
J Trust Royal Bank Plc.	322,213	1,292,074	321,012	1,309,729	107,404	430,475	31,000	437,432
<i>Utilities</i>								
CamGSM PLC	3,370	13,514	-	-	1,107	4,437	-	-
J Trust Royal Bank Plc.	1,157	4,640	-	-	404	1,619	-	-
<i>Insurance</i>								
Infinity General Insurance Plc.	257,943	1,034,351	77,151	314,776	-	-	4,506	18,421
<i>Telephone expense</i>								
CAMGSM PLC	22,936	91,973	19,092	77,895	7,582	30,389	8,534	34,887
<i>Security fee</i>								
GSS Global Security Solutions Co., Ltd.	34,485	138,285	31,925	130,254	3,465	13,888	15,095	61,708
<i>Cleaning service</i>								
GSS Global Security Solutions Co., Ltd.	-	-	2,123	8,662	-	-	-	-
<i>Internet service fee</i>								
EZECOM Co., Ltd	41,410	166,054	43,884	179,047	12,154	48,713	14,628	59,799
CAMGSM PLC	218	874	-	-	165	661	-	-

Royal Railway Plc.

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

27. Related party transactions and balances (continued)

(b) Transactions with related parties (continued)

	For the nine-month period ended				For the three-month period ended			
	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)	30 September 2025 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)
<i>Power BI Pro</i>								
EZECOM Co., Ltd	198	794	-	-	-	-	-	-
<i>Interest expense</i>								
Wing Bank (Cambodia) Plc.	24,659	98,883	30,678	125,166	8,193	32,838	9,787	40,009
SKTM Investment Co., Ltd	-	-	104,712	427,225	-	-	35,287	144,253
<i>Passenger Trian Ticket</i>								
CAMGSM PLC	630	2,526	-	-	-	-	-	-
<i>Sign Tax</i>								
GSS Global Security Solutions Co., Ltd.	63	253	-	-	-	-	-	-
<i>Credit rating fee</i>								
RATING AGENCY OF (CAMBODIA) PLC.	9,350	37,494	-	-	9,350	37,475	-	-
<i>Borrowing</i>								
Neak Oknha Kith Meng	4,033,841	16,175,702	-	-	-	-	-	-

The total remuneration of key management for the nine-month period ended 30 September 2025 including salaries and benefits was US\$532,947 (nine-month period ended 30 September 2024: US\$464,723) and for the three-month period ended 30 September 2025 was US\$179,122 (three-month period ended 30 September 2024: US\$178,840).

Royal Railway Plc.

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

27. Related party transactions and balances (continued)

(c) Balances with related parties

	30 September 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	42,167	169,089	-	-
<i>Non-trade related:</i>				
Royal Coffee	13,669	54,813	29,094	117,103
	<u>55,836</u>	<u>223,902</u>	<u>29,094</u>	<u>117,103</u>
Amounts due to related parties (Note 13)				
<i>Trade related:</i>				
Infinity General Insurance Plc.	265,497	1,064,642	80,498	324,004
CAMGSM PLC	1,956	7,844	2,814	11,327
EZECOM Co., Ltd	2,402	9,632	-	-
GSS Global Security Solutions Co., Ltd.	7,578	30,388	2,468	9,934
Cambodian Broadcasting Service Co., Ltd	5,000	20,050	-	-
RATING AGENCY OF (CAMBODIA) PLC.	9,350	37,494	-	-
	<u>291,783</u>	<u>1,170,050</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>326,537</u>	<u>1,309,414</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 nine-month periods ended 30 September 2025

28. Lease commitments

Lease commitment

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

	30 September 2025		31 December 2024	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	127,158	509,904	800,250	323,006
Between two to five years	<u>23,640</u>	<u>94,796</u>	<u>26,000</u>	<u>104,650</u>
	<u>150,798</u>	<u>604,700</u>	<u>106,250</u>	<u>427,656</u>

Capital commitment

In respect of property and equipment

Contracted but not yet provided	<u>1,311,464</u>	<u>5,258,971</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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 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 85% 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.