

ROYAL RAILWAY PLC.
(Previously known as Royal Railway Co., Ltd.)

Condensed Interim Financial Statements
for the three-month and twelve-month
periods ended 31 December 2022
and
Independent Auditors' Report on Review of
Condensed Interim Financial Statements

Corporate information

Company	Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)	
Registration No.	00018504	
Registered office	Central Railway Station, Russian Federation Boulevard Sangkat Sras Chork, Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Shareholders	<i>Prior to 2 June 2022</i> Inter Logistics (Cambodia) Co., Ltd. <i>After 2 June 2022:</i> 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 (appointed on 2 June 2022) Director (appointed on 2 June 2022) Independent Director (appointed on 2 June 2022)
Management team	Mr. John Guiry Ms. Tauch Sothyda	Chief Executive Officer Chief Financial Officer
Audit and Risk Committee	Mr. Lun Yeng Mr. Paul Clements Mr. William Mark Hanna	Chairman (appointed on 2 June 2022) Director (appointed on 2 June 2022) Director (appointed on 2 June 2022)
Nomination and Remuneration Committee	Mr. William Mark Hanna Mr. Paul Clements	Chairman (appointed on 2 June 2022) Director (appointed on 2 June 2022)
Principal banker	J Trust Royal Bank Plc.	
Auditors	KPMG Cambodia Ltd	

Royal Railway Plc.
(previously known as Royal Railway Co., Ltd.)

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Report of the Board of Directors

The Board of Directors (“the Directors”) of Royal Railway Plc. (previously known as Royal Railway Co., Ltd.) (“the Company”) hereby presents its report and the Company’s condensed interim financial statements for the three-month and twelve-month periods ended 31 December 2022.

Principal activities

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

Financial results

The financial results of the Company for the three-month and twelve-month period ended 31 December 2022 were disclosed in the condensed interim statement of profit or loss and other comprehensive income. Refer to pages 8 and 9.

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

The Company is owned by Inter Logistics (Cambodia) Co.,Ltd and Neak Oknha Kith Meng. On 2 June 2022, the shareholders have reached an agreement and resolved to change Company’s name from Royal Railway Co.,Ltd. to Royal Railway Plc. and transferred the 1.0001% of the Company’s ordinary share, collectively from Inter Logistics (Cambodia) Co.,Ltd to Neak Oknha Kith Meng. On 2 June 2022, the Company updated the Memorandum and Articles of Association to reflect those changes and was endorsed by the CDC and MOC on 2 May 2022 and 2 June 2022, respectively (Refer to Note 14).

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.

Royal Railway Plc.

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.

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 is not aware of any circumstances, which would render the values attributed to the assets in the condensed interim financial statements of the Company 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 year which secures the liabilities of any other person; and
- Except as disclosed in Note 24 to the financial statements, no other contingent liability in respect of the Company that has arisen since the end of the financial year other than 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 period after the end of the reporting period which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

Royal Railway Plc.

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 misleading.

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

Nothing has arisen during in the interval between the end of the reporting year 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 period in which this report is made.

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:

<i>Name</i>	<i>Position</i>
Neak Oknha Kith Meng	Chairman
Mr. Raymond Thornton Yager	Director
Mr. William Mark Hanna	Director (appointed on 2 June 2022)
Mr. Paul Clements	Director (appointed on 2 June 2022)
Mr. Lun Yeng	Independent Director (appointed on 2 June 2022)

Directors' interests

Except Neak Oknha Kith Meng; the Chairman, directly and indirectly hold 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 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 Director has a substantial financial interest other than as disclosed in the condensed financial statements.

Royal Railway Plc.

Directors' responsibility in respect of the condensed interim financial statements

The Directors are responsible for ensuring that the condensed interim financial statements of the Company as at 31 December 2022, and for the three-month and twelve-month periods then ended are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, *Interim Financial Reporting* ("CIAS 34"). The Directors oversee the preparation of these condensed interim financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with the disclosure requirements and guidelines issued by CIAS 34 or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the condensed interim financial statements;
- Maintain adequate accounting records and an effective system of internal controls;
- Prepare the condensed interim financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- Set overall policies for the Company, ratify all decisions and actions by management that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the condensed interim financial statements.

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

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

Approval of the condensed interim financial statements

I, on behalf of the Board of Directors of Royal Railway Plc. (previously known as Royal Railway Co., Ltd.), hereby approve the accompanying condensed interim financial statements, together with the notes there to, 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

15 February 2023



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

To the shareholder of
Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Introduction

We have reviewed the accompanying 31 December 2022 condensed interim financial statements of Royal Railway Plc. (previously known as Royal Railway Co., Ltd.) ("the Company"), (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 31 December 2022;
- the condensed interim statements of profit or loss and other comprehensive income for the three-month and twelve-month periods ended 31 December 2022;
- the condensed interim statement of changes in equity for the twelve-month period ended 31 December 2022;
- the condensed interim statement of cash flows for the twelve-month period ended 31 December 2022; and
- other explanatory notes to the condensed interim financial statements as set out on page 7 to 45.

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

Scope of Review

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



Emphasis of Matter

We draw attention to Note 23.1 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 RGC 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 believe 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 RGC on the new amended Concession Agreement. The Company’s management believe 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.

Other matter

We draw attention to the fact that we have not reviewed the accompanying statement of comprehensive income for the three-month period ended 31 December 2021, or any of the related notes and accordingly, we do not express conclusion and any form of assurance on them.

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”.

For KPMG Cambodia Ltd

Taing YoukFong
Partner

Phnom Penh, Kingdom of Cambodia

15 February 2023

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of financial position as at 31 December 2022

	Note	31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Current assets					
Cash and bank balances	5	23,981,297	98,731,000	121,766	496,075
Trade and other receivables	6	2,370,718	9,760,246	932,546	3,799,192
Inventories	7	214,835	884,476	129,576	527,893
		<u>26,566,850</u>	<u>109,375,722</u>	<u>1,183,888</u>	<u>4,823,160</u>
Non-current assets					
Bank balances	5	3,773,687	15,536,269	-	-
Property and equipment	8	7,007,931	28,851,652	6,245,004	25,442,146
Intangible assets	9	259,621	1,068,860	276,018	1,124,497
		<u>11,041,239</u>	<u>45,456,781</u>	<u>6,521,022</u>	<u>26,566,643</u>
TOTAL ASSETS		<u>37,608,089</u>	<u>154,832,503</u>	<u>7,704,910</u>	<u>31,389,803</u>
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	10	3,741,073	15,401,998	4,538,854	18,491,291
Borrowings	11	1,782,400	7,338,141	835,114	3,402,254
Debt securities	12	233,763	962,402	-	-
Employee benefit liabilities	13	86,391	355,672	23,192	94,484
Minimum tax liability	20(b)	66,007	271,751	67,724	275,908
		<u>5,909,634</u>	<u>24,329,964</u>	<u>5,464,884</u>	<u>22,263,937</u>
Non-current liabilities					
Debt securities	12	33,051,243	136,071,967	-	-
Borrowings	11	855,227	3,520,970	329,362	1,341,821
Employee benefit liabilities	13	61,693	253,990	61,801	251,777
		<u>33,968,163</u>	<u>139,846,927</u>	<u>391,163</u>	<u>1,593,598</u>
TOTAL LIABILITIES		<u>39,877,797</u>	<u>164,176,891</u>	<u>5,856,047</u>	<u>23,857,535</u>
Equity					
Share capital	14	13,020,930	52,083,720	13,020,930	52,083,720
Accumulated losses		(15,290,638)	(62,217,661)	(11,172,067)	(45,385,061)
Currency translation reserves		-	789,553	-	833,609
		<u>(2,269,708)</u>	<u>(9,344,388)</u>	<u>1,848,863</u>	<u>7,532,268</u>
TOTAL LIABILITIES AND EQUITY		<u>37,608,089</u>	<u>154,832,503</u>	<u>7,704,910</u>	<u>31,389,803</u>

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of profit or loss and other comprehensive income for the twelve-month period ended 31 December 2022

	Note	For the twelve-month period ended 31 December 2022		For the twelve-month period ended 31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	15	10,229,707	41,808,813	9,372,639	38,126,333
Cost of services	16	<u>(12,260,650)</u>	<u>(50,109,277)</u>	<u>(8,941,509)</u>	<u>(36,372,568)</u>
Gross loss		(2,030,943)	(8,300,464)	431,130	1,753,765
Other operating income	17	787,113	3,216,931	700,980	2,851,470
Operating and administrative expenses	18	(2,142,711)	(8,757,260)	(1,648,266)	(6,704,871)
(Allowance for)/reversal of impairment losses	5,6	(229,686)	(938,727)	26,187	106,524
Minimum tax expense	20(c)	<u>(108,474)</u>	<u>(443,333)</u>	<u>(100,636)</u>	<u>(409,370)</u>
Operating loss		(3,724,701)	(15,222,853)	(590,605)	(2,402,482)
Finance costs		<u>(393,870)</u>	<u>(1,609,747)</u>	<u>(158,373)</u>	<u>(644,235)</u>
Loss before income tax		(4,118,571)	(16,832,600)	(748,978)	(3,046,717)
Income tax expense	20(c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the year		<u>(4,118,571)</u>	<u>(16,832,600)</u>	<u>(748,978)</u>	<u>(3,046,717)</u>
<i>Other comprehensive loss</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		<u>-</u>	<u>(44,056)</u>	<u>-</u>	<u>(195,558)</u>
Total comprehensive loss for the year		<u>(4,118,571)</u>	<u>(16,876,656)</u>	<u>(748,978)</u>	<u>(3,242,275)</u>

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 December 2022

	Note	For the three -month period ended 31 December 2022		For the three -month period ended 31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
					<i>(not reviewed)</i>
Revenue	15	2,157,175	8,905,991	2,578,081	10,497,946
Cost of services	16	<u>(2,883,973)</u>	<u>(11,906,608)</u>	<u>(2,503,541)</u>	<u>(10,194,419)</u>
Gross loss		(726,798)	(3,000,617)	74,540	303,527
Other operating income	17	213,743	882,447	175,077	712,914
Operating and administrative expenses	18	(743,905)	(3,071,244)	(540,324)	(2,200,199)
(Allowance for)/reversal of impairment losses	5,6	(229,686)	(948,269)	26,187	106,633
Minimum tax expense	20(c)	<u>(23,706)</u>	<u>(97,871)</u>	<u>(27,507)</u>	<u>(112,009)</u>
Operating loss		(1,510,352)	(6,235,554)	(292,027)	(1,189,134)
Finance costs		<u>(287,936)</u>	<u>(1,188,756)</u>	<u>(31,921)</u>	<u>(129,982)</u>
Loss before income tax		(1,798,288)	(7,424,310)	(323,948)	(1,319,116)
Income tax expense	20(c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the year		(1,798,288)	(7,424,310)	(323,948)	(1,319,116)
<i>Other comprehensive loss</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		<u>-</u>	<u>20,758</u>	<u>-</u>	<u>(648)</u>
Total comprehensive loss for the year		<u>(1,798,288)</u>	<u>(7,403,552)</u>	<u>(323,948)</u>	<u>(1,319,764)</u>

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of changes in equity for the twelve-month period ended 31 December 2022

	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)
Twelve-month period ended 31 December 2022								
At 1 January 2022	<u>13,020,930</u>	<u>52,083,720</u>	<u>(11,172,067)</u>	<u>(45,385,061)</u>	<u>-</u>	<u>833,609</u>	<u>1,848,863</u>	<u>7,532,268</u>
<i>Total comprehensive loss</i>								
Net loss for the period	-	-	(4,118,571)	(16,832,600)	-	-	(4,118,571)	(16,832,600)
Currency translation differences	-	-	-	-	-	(44,056)	-	(44,056)
	<u>-</u>	<u>-</u>	<u>(4,118,571)</u>	<u>(16,832,600)</u>	<u>-</u>	<u>(44,056)</u>	<u>(4,118,571)</u>	<u>(16,876,656)</u>
At 31 December 2022	<u>13,020,930</u>	<u>52,083,720</u>	<u>(15,290,638)</u>	<u>(62,217,661)</u>	<u>-</u>	<u>789,553</u>	<u>(2,269,708)</u>	<u>(9,344,388)</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of changes in equity (continued) for the twelve-month period ended 31 December 2022

	Share capital		Additional capital contribution from the shareholder		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)	US\$	KHR'000 (Note 4)
Twelve-month period ended 31 December 2021										
At 1 January 2021	2,600,000	10,400,000	2,813,031	11,412,467	(10,423,089)	(42,338,344)	-	260,192	(5,010,058)	(20,265,685)
Transactions recognised directly in equity										
Transfer from										
additional contribution	2,813,031	11,412,467	(2,813,031)	(11,412,467)	-	-	-	-	-	-
Conversion from borrowing	2,102,464	8,578,053	-	-	-	-	-	-	2,102,464	8,578,053
Conversion from amount due to shareholder	5,505,435	22,462,175	-	-	-	-	-	-	5,505,435	22,462,175
	10,420,930	42,452,695	(2,813,031)	(11,412,467)	-	-	-	-	7,607,899	31,040,228
Total comprehensive loss										
Net loss for the period	-	-	-	-	(748,978)	(3,046,717)	-	-	(748,978)	(3,046,717)
Currency translation differences	-	(768,975)	-	-	-	-	-	573,417	-	(195,558)
	-	(768,975)	-	-	(748,978)	(3,046,717)	-	573,417	(748,978)	(3,242,275)
At 31 December 2021	13,020,930	52,083,720	-	-	(11,172,067)	(45,385,061)	-	833,609	1,848,863	7,532,268

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of cash flows for the twelve-month period ended 31 December 2022

	For the twelve-month period ended 31 December 2022		For the twelve-month period ended 31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities				
Net loss for the periods	(4,118,571)	(16,832,600)	(748,978)	(3,046,717)
Adjustments for:				
Depreciation and amortisation	970,152	3,965,011	933,617	3,797,798
Finance costs	393,870	1,609,747	158,373	644,235
Employee benefit	226,809	926,968	138,268	562,451
Property and equipment written off	1,109	4,532	-	-
Minimum tax expense	108,474	443,333	100,636	409,370
Allowance/ (reversal of) impairment loss	229,686	938,727	(26,187)	(106,524)
	(2,188,471)	(8,944,282)	555,729	2,260,613
Changes in:				
Trade and other receivables	(1,457,331)	(5,956,112)	(9,644)	(39,230)
Inventories	(85,259)	(348,454)	(7,753)	(31,538)
Trade and other payables	(797,781)	(3,260,531)	1,040,239	4,231,519
Cash (used in)/generated from operation	(4,528,842)	(18,509,379)	1,578,571	6,421,364
Interest paid	(997,533)	(4,076,917)	(158,373)	(644,235)
Payment of employee benefits	(163,718)	(669,115)	(141,203)	(574,390)
Income tax paid	(110,191)	(450,351)	(98,653)	(401,304)
Net cash (used in)/generated from operating activities	(5,800,284)	(23,705,762)	1,180,342	4,801,435
Cash flows from investing activities				
Acquisition of property and equipment	(1,717,292)	(7,018,572)	(347,263)	(1,412,608)
Acquisition of intangible assets	(499)	(2,039)	(1,398)	(5,687)
Net cash used in investing activities	(1,717,791)	(7,020,611)	(348,661)	(1,418,295)
Cash flows from financing activities				
Proceeds of borrowings	4,664,319	19,063,072	-	-
Repayment of borrowings	(3,191,168)	(13,042,304)	(825,375)	(3,357,488)
Bank balance of reserve accounts	(3,773,687)	(15,423,059)	-	-
Proceeds from issuance of debt securities	33,888,669	138,502,990	-	-
Net cash generated from/(used in) financing activities	31,588,133	129,100,699	(825,375)	(3,357,488)

Royal Railway Plc. (previously known as Royal Railway Co., Ltd.)

Condensed interim statement of cash flows (continued) for the twelve-month period ended 31 December 2022

	For the twelve-month period ended 31 December 2022		For the twelve-month period ended 31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Net increase in cash and cash equivalents	24,070,058	98,374,326	6,306	25,652
Cash and cash equivalents at beginning of the period	121,766	496,075	115,460	467,036
Currency translation differences	-	727,338	-	3,387
Cash and cash equivalents at end of the period (Note 5)	<u>24,191,824</u>	<u>99,597,739</u>	<u>121,766</u>	<u>496,075</u>

Significant non-cash transactions

During the period, there were significant non-cash transactions as follow:

Financing activities:

Transfer from additional capital contribution from the shareholder to share capital	-	-	2,813,031	11,412,467
Conversion from borrowing to share capital	-	-	2,102,464	8,552,473
Conversion from amounts due to shareholder to share capital	-	-	5,505,435	21,718,780
	<u>-</u>	<u>-</u>	<u>10,420,930</u>	<u>41,683,720</u>

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements for the three-month and twelve-month periods ended 31 December 2022

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

1. Background information

Royal Railway Plc. (previously known as Royal Railway Co., Ltd) (“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 Royal Government of Cambodia (“RGC”), 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 agreement. However, the effective date of the Concession Agreement has yet officially determined due to the condition precedent to the effective date has yet to be fully met. As of the date of this report, the Company is still working with the RGC for a new amended Railway Concession Agreement.

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

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

As at 31 December 2022 and 2021, the Company had 788 employees and 704 employees, respectively.

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 CIFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and financial performance since the last annual financial statements as at and for the year ended 31 December 2021.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

These condensed interim financial statements were authorised for issue by the Company's Board of Directors on 15 February 2023.

(b) Significant 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 2022.

(c) Going concern assumption

During the twelve-month period ended 31 December 2022, the Company incurred a net loss of US\$4,118,571 (2021: US\$748,978) and generated net negative cash flows from operating activities amounting to US\$5,800,284 (2021: US\$1,180,342) and as at 31 December 2022, the Company had incurred accumulated losses amounting to US\$15,290,638 (31 December 2021: US\$11,172,067), and current assets exceed current liability of US\$20,657,216 (31 December 2021: net current liabilities of US\$4,280,996).

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. At the date of these financial statements, the ultimate shareholder has confirmed that they will continue to provide sufficient financial support to the Company and there is no reason for the Company's management to believe that the ultimate shareholder will not continue his support.

(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.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

3. Functional and presentation currency

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

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

4. Translation of United States Dollars into Khmer Riel

The condensed interim financial statements have been presented in the United States Dollars (“US\$”). The translations of the condensed interim financial statements are expressed in United States Dollars which is the Company’s functional currency. The translations of United States Dollars amount into Khmer Riel meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with IAS 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 period, 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:

Financial year end		Closing rate	Average rate twelve month	Average rate three month
31 December 2022	US\$1=	KHR4,117	KHR4,087	KHR4,129
31 December 2021	US\$1=	KHR4,074	KHR4,068	KHR4,072

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

5. Cash and bank balances

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Current</i>				
Cash on hand	5,538	22,800	1,099	4,478
Cash at banks	24,186,286	99,574,939	120,667	491,597
Total cash and bank balances	24,191,824	99,597,739	121,766	496,075
Less: Allowance for impairment	(210,527)	(866,739)	-	-
	23,981,297	98,731,000	121,766	496,075
Cash and cash equivalents in the condensed interim statement of cash flows	24,191,824	99,597,739	121,766	496,075
<i>Non-current</i>				
Cash at banks:				
Debt Service Reserve Account ("DSRA") *	3,423,595	14,094,940	-	-
Guarantee Fee Reserve Account ("GFRA") *	350,092	1,441,329	-	-
Total bank balances	3,773,687	15,536,269	-	-

* 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 cashflows for the bonds payable held at Aceda Bank and earning annual interest at rate of 5.00% (2021: NIL).

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

	31 December 2022	
	US\$	KHR'000 (Note 4)
Balance at beginning of the period	-	-
Recognised in profit or loss	(210,527)	(860,424)
Currency translation differences	-	(6,315)
Balance at the end of the period	(210,527)	(866,739)

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

6. Trade and other receivables

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	545,610	2,246,276	681,118	2,774,875
Less: Allowance for impairment losses	<u>(101,172)</u>	<u>(416,525)</u>	<u>(82,013)</u>	<u>(334,121)</u>
	444,438	1,829,751	599,105	2,440,754
Advance to suppliers	1,696,781	6,985,647	89,576	364,933
Amount due from related parties (Note 21)	<u>53,094</u>	<u>218,588</u>	<u>88,291</u>	<u>359,698</u>
Financial assets measured at amortised cost	2,194,313	9,033,986	776,972	3,165,385
Deposits	71,498	294,357	75,143	306,133
Prepayments	32,207	132,596	33,422	136,159
Others	<u>72,700</u>	<u>299,307</u>	<u>47,009</u>	<u>191,515</u>
	<u><u>2,370,718</u></u>	<u><u>9,760,246</u></u>	<u><u>932,546</u></u>	<u><u>3,799,192</u></u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

6. Trade and other receivables (continued)

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

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	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	(82,013)	(334,121)	(108,200)	(437,669)	(82,013)	(334,121)	(108,200)	(440,807)
Recognised in profit or loss	(19,159)	(78,303)	26,187	106,524	(19,159)	(79,099)	26,187	106,633
Currency translation differences	-	(4,101)	-	(2,976)	-	(3,305)	-	53
Balance at the end of the period	<u>(101,172)</u>	<u>(416,525)</u>	<u>(82,013)</u>	<u>(334,121)</u>	<u>(101,172)</u>	<u>(416,525)</u>	<u>(82,013)</u>	<u>(334,121)</u>

7. Inventories

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Locomotive parts	62,812	258,597	69,037	281,257
Tools	62,641	257,893	9,204	37,497
Fuel oil	12,292	50,606	16,494	67,197
Diesel	51,257	211,025	24,452	99,617
Wagon parts	25,833	106,355	10,389	42,325
	<u>214,835</u>	<u>884,476</u>	<u>129,576</u>	<u>527,893</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

8. Property and equipment

For the twelve-month period ended 31 December 2022

	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 equivalent (Note 4)
Cost													
At 1 January	608,191	6,807,161	963,271	430,319	32,163	686,008	8,591	8,794	77,673	14,496	92,085	9,728,752	39,634,935
Addition	47,337	126,337	173,283	37,417	-	67,797	543	-	17,906	561	1,246,111	1,717,292	7,018,572
Transfers	40,603	901,978	103,526	113,109	-	12,674	-	-	5,634	-	(1,177,524)	-	-
Written off	(39,306)	(28,580)	(28,582)	-	-	(30,401)	-	-	(3,552)	-	-	(130,421)	(533,031)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	465,943
At 31 December	656,825	7,806,896	1,211,498	580,845	32,163	736,078	9,134	8,794	97,661	15,057	160,672	11,315,623	46,586,419
Less: Accumulated depreciation													
At 1 January	454,968	1,563,136	595,800	179,184	32,163	574,709	6,818	8,740	62,996	5,234	-	3,483,748	14,192,789
Depreciation for the period	78,187	522,897	150,612	102,648	-	81,133	1,317	54	13,424	2,984	-	953,256	3,895,957
Written off	(39,306)	(27,471)	(28,582)	-	-	(30,401)	-	-	(3,552)	-	-	(129,312)	(528,498)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	174,519
At 31 December	493,849	2,058,562	717,830	281,832	32,163	625,441	8,135	8,794	72,868	8,218	-	4,307,692	17,734,767
Carrying amounts													
At 31 December	162,976	5,748,334	493,668	299,013	-	110,637	999	-	24,793	6,839	160,672	7,007,931	28,851,652

As at 31 December 2022, fully depreciated property and equipment with an original cost of US\$1,185,572 (31 December 2021: US\$1,059,873) were still in use.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

8. Property and equipment (continued)

For the twelve-month period ended 31 December 2021

	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 equivalent (Note 4)
Cost													
At 1 January	578,420	6,711,615	910,293	367,888	32,163	650,188	8,591	8,970	70,318	12,237	47,188	9,397,871	38,014,388
Addition	3,973	26,758	28,675	28,355	-	42,030	-	-	11,530	2,259	203,683	347,263	1,412,608
Transfers	27,199	68,788	28,723	34,076	-	-	-	-	-	-	(158,786)	-	-
Written off	(1,401)	-	(4,420)	-	-	(6,210)	-	(176)	(4,175)	-	-	(16,382)	(66,639)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	274,578
At 31 December	608,191	6,807,161	963,271	430,319	32,163	686,008	8,591	8,794	77,673	14,496	92,085	9,728,752	39,634,935
Less: Accumulated depreciation													
At 1 January	387,331	1,022,888	475,199	96,486	32,163	496,637	4,983	8,436	57,884	2,600	-	2,584,607	10,454,735
Depreciation for the period	69,038	540,248	125,021	82,698	-	84,282	1,835	480	9,287	2,634	-	915,523	3,724,195
Written off	(1,401)	-	(4,420)	-	-	(6,210)	-	(176)	(4,175)	-	-	(16,382)	(66,639)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	80,498
At 31 December	454,968	1,563,136	595,800	179,184	32,163	574,709	6,818	8,740	62,996	5,234	-	3,483,748	14,192,789
Carrying amounts													
At 31 December	153,223	5,244,025	367,471	251,135	-	111,299	1,773	54	14,677	9,262	92,085	6,245,004	25,442,146

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

9. Intangible assets

	For the twelve-month period ended 31 December 2022			
	Computer software US\$	Sign-on fee US\$	Total US\$	Total KHR'000 equivalent (Note 4)
Cost				
At 1 January	18,591	450,000	468,591	1,909,040
Addition	499	-	499	2,039
Currency translation differences	-	-	-	20,165
At 31 December	<u>19,090</u>	<u>450,000</u>	<u>469,090</u>	<u>1,931,244</u>
Less: Accumulated amortisation				
At 1 January	15,925	176,648	192,573	784,543
Amortisation for the period	1,424	15,472	16,896	69,054
Currency translation differences	-	-	-	8,787
At 31 December	<u>17,349</u>	<u>192,120</u>	<u>209,469</u>	<u>862,384</u>
Carrying amounts				
At 31 December	<u>1,741</u>	<u>257,880</u>	<u>259,621</u>	<u>1,068,860</u>

Fully amortised computer software as at 31 December 2022 with original cost of US\$14,444 (31 December 2021: US\$14,444) were still in use.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

9. Intangible assets (continued)

	For the twelve-month period ended 31 December 2021			
	Computer software US\$	Sign-on fee US\$	Total US\$	Total KHR'000 equivalent (Note 4)
Cost				
At 1 January	17,193	450,000	467,193	1,889,796
Addition	1,398	-	1,398	5,687
Currency translation differences	-	-	-	13,557
At 31 December	<u>18,591</u>	<u>450,000</u>	<u>468,591</u>	<u>1,909,040</u>
Less: Accumulated amortisation				
At 1 January	14,593	159,886	174,479	705,768
Amortisation for the period	1,332	16,762	18,094	73,603
Currency translation differences	-	-	-	5,172
At 31 December	<u>15,925</u>	<u>176,648</u>	<u>192,573</u>	<u>784,543</u>
Carrying amounts				
At 31 December	<u>2,666</u>	<u>273,352</u>	<u>276,018</u>	<u>1,124,497</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

10. Trade and other payables

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables:				
Trade payables	1,230,952	5,067,829	1,831,558	7,461,768
Amounts due to related parties (Note 21)	142,633	587,220	256,263	1,044,015
Tax payables (*):				
Value added tax	1,059,105	4,360,335	1,115,065	4,542,775
Salary and fringe benefit tax	182,530	751,476	176,639	719,627
Withholding tax	175,500	722,534	148,980	606,945
Tax interest and penalties	485,680	1,999,545	422,391	1,720,821
Accruals	224,897	925,901	292,304	1,190,846
Other payables	239,776	987,158	295,654	1,204,494
	<u>3,741,073</u>	<u>15,401,998</u>	<u>4,538,854</u>	<u>18,491,291</u>

(*) The General Department of Taxation ("GDT") issued 2 letters dated 30 December 2019 and 29 June 2020 to the Company in respect of the unpaid monthly tax liabilities for the period from July 2019 to August 2019, from July 2018 to November 2018 and January 2019 to June 2019, respectively alleged the total tax liabilities of US\$934,854. In addition, the Company also has unpaid monthly tax liabilities from September 2019 to February 2020 approximately US\$876,873.

As part of the listing incentives, the Company submitted a letter to SERC on 16 December 2022 requesting to waive all tax liabilities above from the GDT. On 8 February 2023, the Company received a notification from SERC that the request was submitted to the GDT. There has been no response from the GDT as at the date of these condensed interim financial statements yet.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

11. Borrowings

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
								(not reviewed)
Balance at beginning of the period	1,164,476	4,744,075	4,092,315	16,553,415	4,456,821	18,357,646	3,468,458	14,102,750
Conversion to share capital (N14)	-	-	(2,102,464)	(8,552,473)	-	-	(2,102,464)	(8,561,233)
Additional borrowing	4,664,319	19,063,072	-	-	164,319	678,398	-	-
Repayments during the period	(3,191,168)	(13,042,304)	(825,375)	(3,357,488)	(1,983,513)	(8,189,020)	(201,518)	(820,581)
Currency translation differences	-	94,268	-	100,621	-	12,087	-	23,139
Balance at the end of the period	<u>2,637,627</u>	<u>10,859,111</u>	<u>1,164,476</u>	<u>4,744,075</u>	<u>2,637,627</u>	<u>10,859,111</u>	<u>1,164,476</u>	<u>4,744,075</u>

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

		31 December 2022		31 December 2021	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Current portion					
Neak Oknha KITH MENG	(i)	1,207,700	4,972,101	-	-
Cambodian Public Bank	(ii)	74,700	307,540	41,915	170,761
Wing Bank (Cambodia) Plc.	(iii)	500,000	2,058,500	-	-
Foreign Trade Bank of Cambodia		-	-	793,199	3,231,493
		<u>1,782,400</u>	<u>7,338,141</u>	<u>835,114</u>	<u>3,402,254</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

11. Borrowings (continued)

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

		31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current portion					
Cambodian Public Bank	(ii)	855,227	3,520,970	-	-
Foreign Trade Bank of Cambodia		-	-	329,362	1,341,821
		<u>855,227</u>	<u>3,520,970</u>	<u>329,362</u>	<u>1,341,821</u>
		<u>2,637,627</u>	<u>10,859,111</u>	<u>1,164,476</u>	<u>4,744,075</u>

- (i) Borrowing from a shareholder, Neak Oknha KITH MENG is unsecured, interest free and repayable on demand (Note 21).
- (ii) On 6 April 2022, the Company entered into a fixed loan with Cambodian Public Bank. The loan is secured with a land from the shareholder, bears interest at 9% per annum and is repayable by 84 monthly installments of US\$16,153 each from 13 April 2022 to 13 April 2029.
- (iii) The Company entered into 3 different fixed loans with Wing Bank (Cambodia) Plc.
- On 23 December 2021, amounting to US\$500,000, bore interest at 7% per annum and repayable by 12 monthly installments of US\$3,557.53 each from 16 January 2022 to 16 January 2023 and principal repayment by the end of the loan term. The Company paid off the loan on 7 December 2022.
 - On 11 May 2022, the Company entered into a second loan for US\$500,000 with interest at 7% per annum and 12 months term with monthly installment of US\$2,973 each from 11 May 2022 to 11 May 2023 and principal repayment by the end of the loan term. The Company paid off the loan on 7 December 2022.
 - On 1 September 2022, the Company entered into a third loan for US\$500,000 with interest at 7% per annum and 12 months term with monthly installment of US\$2,877 each from 1 September 2022 to 1 September 2023 and principal repayment by the end of the loan term.

12. Debt securities

In 2022, the Company 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.

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.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

12. Debt securities (continued)

Second Corporate Bonds:

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

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

These series of two bonds were approved by SERC on 19 December 2022 and CSX on 26 December 2022 and were officially issued on 29 December 2022.

As at 31 December 2022, the carrying value of the two bonds payable are US\$33,285,006 (31 December 2021: Nil). During the period, the Company had accrued interest payable amounting to US\$233,763 (31 December 2021: Nil).

	31 December 2022	
	US\$	KHR'000 (Note 4)
Current	233,763	962,402
Non-current	33,051,243	136,071,967
	<u>33,285,006</u>	<u>137,034,369</u>

The movements of bonds payable during the period were as follows:

	For the twelve-month period ended	
	US\$	KHR'000 (Note 4)
Balance at the beginning period	-	-
Additions		
- Bond 1 principal	9,809,327	40,090,719
- Bond 2 principal	23,241,916	94,989,711
	<u>33,051,243</u>	<u>135,080,430</u>
Accrued interest payable	233,763	962,402
Currency translation differences	-	991,537
Balance at the end of the period	<u>33,285,006</u>	<u>137,034,369</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

13. Employee benefit liabilities

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Seniority indemnity				
Current	86,391	355,672	23,192	94,484
Non-current	<u>61,693</u>	<u>253,990</u>	<u>61,801</u>	<u>251,777</u>
	<u>148,084</u>	<u>609,662</u>	<u>84,993</u>	<u>346,261</u>

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

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	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	84,993	346,261	87,928	355,669	109,491	453,621	100,864	410,113
Recognised in profit or loss	226,809	926,968	138,268	562,451	88,879	366,941	32,870	133,847
Paid during the period	(163,718)	(669,115)	(141,203)	(574,390)	(50,286)	(207,608)	(48,741)	(198,473)
Currency translation differences	-	5,548	-	2,531	-	(3,292)	-	774
Balance at the end of the period	<u>148,084</u>	<u>609,662</u>	<u>84,993</u>	<u>346,261</u>	<u>148,084</u>	<u>609,662</u>	<u>84,993</u>	<u>346,261</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

13. Employee benefit liabilities (continued)

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. It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): starting from end of 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

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

14. Share capital

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Registered, issued and fully paid:</i>				
At 1 January (400,000 ordinary shares)	13,020,930	52,083,720	2,600,000	10,400,000
Additional 1,603,220 ordinary shares (*)	-	-	10,420,930	41,683,720
At 31 December (2,003,220 ordinary shares)	<u>13,020,930</u>	<u>52,083,720</u>	<u>13,020,930</u>	<u>52,083,720</u>

- (*) This included the conversion of borrowing from shareholder and amounts due to shareholder amounting to US\$2,102,464 (N11) and US\$5,505,435 respectively which was approved for the transfer to share capital on 23 August 2021.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

14. Share capital (continued)

The details of the share holding structure were as follows:

	31 December 2022			31 December 2021		
	Number of shares	Amount US\$ (**)	% holding	Number of shares	Amount US\$ (**)	% holding
Inter Logistics (Cambodia) Co.,Ltd	1,983,187	12,890,715	98.9999%	2,003,220	13,020,930	100.00%
Neak Oknha KITH MENG	20,033	130,215	1.0001%	-	-	-
	<u>2,003,220</u>	<u>13,020,930</u>	<u>100%</u>	<u>2,003,220</u>	<u>13,020,930</u>	<u>100%</u>

(**) Par value of the ordinary share is KHR26,000 equivalent to US\$6.50 each.

On 2 June 2022, the shareholders have reached an agreement and resolved to change company's name from Royal Railway Co.,Ltd. to Royal Railway Plc. and transferred the 1.0001% of the Company's ordinary share, collectively from Inter Logistics (Cambodia) Co.,Ltd to Neak Oknha Kith Meng. On 2 June 2022, the Company updated the Memorandum and Articles of Association to reflect those changes and was endorsed by the CDC and MOC on 2 May 2022 and 2 June 2022, respectively.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

15. Revenue

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
								(not reviewed)
Southern line:								
Rail freight	5,874,759	24,010,141	8,477,770	34,486,155	993,968	4,103,640	2,193,618	8,932,412
Train related value-added services	591,565	2,417,726	502,588	2,044,444	69,468	286,802	143,424	584,023
Passengers' fare	416,865	1,703,727	67,650	275,189	137,775	568,810	38,911	158,446
Transportation	59,864	244,664	32,873	133,722	16,375	67,605	11,783	47,980
Other revenue	23,377	95,542	59,992	244,037	-	-	16,842	68,581
	<u>6,966,430</u>	<u>28,471,800</u>	<u>9,140,873</u>	<u>37,183,547</u>	<u>1,217,586</u>	<u>5,026,857</u>	<u>2,404,578</u>	<u>9,791,442</u>
Northern line:								
Rail freight	3,020,183	12,343,488	231,316	940,955	851,092	3,513,770	173,503	706,504
Passengers' fare	195,861	800,484	-	-	65,244	269,363	-	-
Train related value-added services	15,343	62,707	450	1,831	13,803	56,986	-	-
Transportation	1,000	4,087	-	-	-	-	-	-
Other revenue	30,890	126,247	-	-	9,450	39,015	-	-
	<u>3,263,277</u>	<u>13,337,013</u>	<u>231,766</u>	<u>942,786</u>	<u>939,589</u>	<u>3,879,134</u>	<u>173,503</u>	<u>706,504</u>
	<u>10,229,707</u>	<u>41,808,813</u>	<u>9,372,639</u>	<u>38,126,333</u>	<u>2,157,175</u>	<u>8,905,991</u>	<u>2,578,081</u>	<u>10,497,946</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. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

16. Cost of services

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
								(not reviewed)
Staff costs and wages	3,253,849	13,298,480	2,790,735	11,352,245	863,634	3,565,552	720,005	2,931,861
Cost of diesel	5,532,648	22,611,932	3,233,004	13,151,321	1,202,685	4,965,337	1,018,031	4,145,422
Depreciation and amortisation (Note 19)	900,960	3,682,224	875,933	3,563,149	173,283	715,406	219,751	894,826
Repairs and maintenance	687,840	2,811,202	602,210	2,449,690	178,211	735,752	155,531	633,322
Transportation	425,766	1,740,106	334,417	1,360,353	123,697	510,688	100,487	409,183
Container access charge	331,095	1,353,185	311,402	1,266,731	50,659	209,148	97,418	396,686
Equipment rental	318,687	1,302,474	307,678	1,251,583	79,209	327,018	79,974	325,654
Provision for employee benefits	198,110	809,676	117,351	477,364	80,653	332,979	18,629	75,857
Warehouse rental	95,455	390,125	77,274	314,338	21,591	89,139	19,318	78,663
Others	516,240	2,109,873	291,505	1,185,794	110,351	455,589	74,397	302,945
	<u>12,260,650</u>	<u>50,109,277</u>	<u>8,941,509</u>	<u>36,372,568</u>	<u>2,883,973</u>	<u>11,906,608</u>	<u>2,503,541</u>	<u>10,194,419</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

17. Other operating income

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
							<i>(not reviewed)</i>	
Warehouse rental	557,502	2,278,511	697,918	2,839,014	166,327	686,688	173,848	707,910
Finance income	23,242	94,990	294	1,196	23,109	95,407	45	183
Others	206,369	843,430	2,768	11,260	24,307	100,352	1,184	4,821
	<u>787,113</u>	<u>3,216,931</u>	<u>700,980</u>	<u>2,851,470</u>	<u>213,743</u>	<u>882,447</u>	<u>175,077</u>	<u>712,914</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

18. Operating and administrative expenses

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
								(not reviewed)
Salaries and wages	518,259	2,118,125	423,303	1,721,924	142,966	590,241	114,351	465,637
Insurance	270,584	1,105,877	240,126	976,793	63,788	263,352	58,798	239,425
Fuel and utilities	129,093	527,603	123,916	504,070	25,409	104,902	49,525	201,666
Equipment rental	108,623	443,941	119,040	484,235	24,443	100,914	29,910	121,794
Professional fees	364,554	1,489,932	59,595	242,423	276,811	1,142,826	39,045	158,991
Communication	72,361	295,739	74,740	304,030	17,939	74,062	18,345	74,701
Repairs and maintenance	52,411	214,204	40,977	166,688	22,984	94,890	7,765	31,619
Depreciation and amortisation (Note 19)	69,192	282,787	57,684	234,649	31,202	128,819	31,236	127,193
Provision for employee benefits	28,699	117,293	20,917	85,087	8,226	33,961	5,953	24,241
Staff uniform	12,640	51,660	5,719	23,264	3,424	14,136	723	2,944
Training and development	5,742	23,468	-	-	1,042	4,302	-	-
Travelling and accommodation	22,087	90,270	26,110	106,211	4,680	19,322	6,284	25,588
Bonus	34,776	142,130	24,759	100,715	8,604	35,522	5,657	23,035
Land survey	400	1,635	650	2,644	-	-	-	-
Other tax expenses	89,221	364,646	103,048	419,182	30,331	125,223	62,455	254,317
Interest and penalty on tax	101,015	412,848	142,725	580,582	20,401	84,226	62,111	252,916
Licensing, registration and permit fee	31,253	127,731	18,547	75,446	5,050	20,849	8,821	35,919
Small value of assets	31,253	127,731	46,639	189,720	293	1,210	6,034	24,570
Other expenses	200,548	819,640	119,771	487,208	56,312	232,487	33,311	135,643
	<u>2,142,711</u>	<u>8,757,260</u>	<u>1,648,266</u>	<u>6,704,871</u>	<u>743,905</u>	<u>3,071,244</u>	<u>540,324</u>	<u>2,200,199</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

19. Depreciation and amortisation

Depreciation and amortisation charges were allocated as follows:

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	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 (Note 8)	953,256	3,895,957	915,523	3,724,195	188,626	778,750	246,773	1,004,860
Amortisation of intangible assets (Note 9)	16,896	69,054	18,094	73,603	15,859	65,475	4,214	17,159
	<u>970,152</u>	<u>3,965,011</u>	<u>933,617</u>	<u>3,797,798</u>	<u>204,485</u>	<u>844,225</u>	<u>250,987</u>	<u>1,022,019</u>
Allocated to:								
Cost of services (Note 16)	900,960	3,682,224	875,933	3,563,149	173,283	715,406	219,751	894,826
Operating and administrative expenses (Note 18)	69,192	282,787	57,684	234,649	31,202	128,819	31,236	127,193
	<u>970,152</u>	<u>3,965,011</u>	<u>933,617</u>	<u>3,797,798</u>	<u>204,485</u>	<u>844,225</u>	<u>250,987</u>	<u>1,022,019</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

20. 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 revenue within the duration of tax incentive period. In order to get the incentives, the Company needs to submit the request to the General Department of Taxation ("GDT") through the Securities and Exchange Regulator of Cambodia ("SERC").

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

(b) Minimum tax liability

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	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	67,724	275,908	65,741	265,922	66,082	273,778	65,338	265,664
Minimum tax expense	108,474	443,333	100,636	409,370	23,706	97,871	27,507	112,009
Minimum tax paid	(110,191)	(450,351)	(98,653)	(401,304)	(23,781)	(98,181)	(25,121)	(102,293)
Currency translation differences	-	2,861	-	1,920	-	(1,717)	-	528
Balance at the end of the period	<u>66,007</u>	<u>271,751</u>	<u>67,724</u>	<u>275,908</u>	<u>66,007</u>	<u>271,751</u>	<u>67,724</u>	<u>275,908</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

20. Income tax (continued)

(c) Minimum tax expense

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

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
								(not reviewed)
Loss before income tax	<u>(4,118,571)</u>	<u>(16,832,600)</u>	<u>(748,978)</u>	<u>(3,046,717)</u>	<u>(1,798,288)</u>	<u>(7,424,310)</u>	<u>(323,948)</u>	<u>(1,319,116)</u>
Income tax using statutory income tax rate	(823,714)	(3,366,519)	(149,796)	(609,343)	(359,658)	(1,469,922)	(64,790)	(263,825)
Non-deductible expenses	28,059	114,677	87,826	357,262	28,059	114,677	1,147	4,671
Tax loss not recognised as deferred tax assets	598,422	2,445,751	51,371	208,970	598,422	2,445,751	63,643	259,154
Deductible temporary difference not recognised as deferred tax assets	<u>197,233</u>	<u>806,091</u>	<u>10,599</u>	<u>43,111</u>	<u>(266,823)</u>	<u>(1,090,506)</u>	-	-
Income tax expense	-	-	-	-	-	-	-	-
Minimum tax at 1% of turnover	<u>108,474</u>	<u>443,333</u>	<u>100,636</u>	<u>409,370</u>	<u>23,706</u>	<u>97,871</u>	<u>27,507</u>	<u>112,009</u>

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

20. 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 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.

21. 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.

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

21. Related party transactions and balances (continued)

(a) Identity of related party (continued)

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. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

21. Related party transactions and balances (continued)

(b) Transactions with related parties

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
								(not reviewed)
<i>Property rental</i>								
GSS Global Security Solutions Co., Ltd.	<u>34,349</u>	<u>140,384</u>	<u>32,847</u>	<u>133,819</u>	<u>9,058</u>	<u>37,396</u>	<u>8,185</u>	<u>33,329</u>
<i>Insurance</i>								
Infinity General Insurance Plc.	<u>307,591</u>	<u>1,257,124</u>	<u>44,484</u>	<u>181,228</u>	<u>218,243</u>	<u>901,026</u>	<u>195,147</u>	<u>794,639</u>
<i>Telephone expense</i>								
CamGSM Co., Ltd.	<u>9,935</u>	<u>40,604</u>	<u>7,781</u>	<u>31,700</u>	<u>4,073</u>	<u>16,816</u>	<u>1,676</u>	<u>6,825</u>
<i>Security fee</i>								
GSS Global Security Solutions Co., Ltd.	<u>16,219</u>	<u>66,287</u>	<u>15</u>	<u>61</u>	<u>6,930</u>	<u>28,611</u>	<u>-</u>	<u>-</u>

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

21. Related party transactions and balances (continued)

(b) Transactions with related parties (continued)

	For the twelve-month period ended				For the three-month period ended			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
								(not reviewed)
<i>Internet service fee</i>								
EZECOM Co.,Ltd	<u>47,872</u>	<u>195,653</u>	<u>-</u>	<u>-</u>	<u>14,628</u>	<u>60,392</u>	<u>-</u>	<u>-</u>
<i>Underwriting fee</i>								
SBI Royal Securities Plc.	<u>559,163</u>	<u>2,285,299</u>	<u>-</u>	<u>-</u>	<u>559,163</u>	<u>2,308,529</u>	<u>-</u>	<u>-</u>
<i>Property rental</i>								
J Trust Royal Bank Plc.	<u>86,279</u>	<u>352,622</u>	<u>-</u>	<u>-</u>	<u>9,339</u>	<u>38,556</u>	<u>-</u>	<u>-</u>

The total remuneration of key managements for the year ended 31 December 2022 including salaries and benefits was US\$605,571 (2021: US\$341,412).

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

21. Related party transactions and balances (continued)

(c) Balances with related parties

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amount due from related parties (Note 6)				
<i>Trade related:</i>				
GSS Global Security Solutions Co., Ltd.	75	309	5,457	22,232
<i>Non-trade related:</i>				
Royal Coffee	<u>53,019</u>	<u>218,279</u>	<u>82,834</u>	<u>337,466</u>
	<u>53,094</u>	<u>218,588</u>	<u>88,291</u>	<u>359,698</u>

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amounts due to related parties (Note 10)				
<i>Trade related:</i>				
Infinity General Insurance Plc.	88,809	365,626	88,858	362,007
Wing Bank (Cambodia) Plc	-	-	150,180	611,833
CamGSM Co., Ltd	17,929	73,814	17,225	70,175
<i>Non-trade related:</i>				
SBI Royal Securities Plc.	<u>35,895</u>	<u>147,780</u>	<u>-</u>	<u>-</u>
	<u>142,633</u>	<u>587,220</u>	<u>256,263</u>	<u>1,044,015</u>
Borrowings (Note 11)				
Neak Oknha KITH MENG	<u>1,207,700</u>	<u>4,972,101</u>	<u>-</u>	<u>-</u>

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

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Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

22. Operating lease commitments

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

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	137,997	568,134	88,739	361,523
Between two to five years	<u>20,778</u>	<u>85,543</u>	<u>77,273</u>	<u>314,810</u>
	<u>158,775</u>	<u>653,677</u>	<u>166,012</u>	<u>676,333</u>

23. Contingent liability

1. Concession agreement with the RGC

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 RGC. There are provisions in the existing Concession Agreement specifying concession fees to be paid by the Company to the RGC 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 RGC and the Company have not concluded on the agreed date for the effective date, and therefore, the obligation to pay the concession fee has not yet become effective.

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

The estimated concession fees payable is contingent to 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. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

23. Contingent liability (continued)

2. Sub lease agreement with the TRAIN SQUARE CO., LTD.

On 5 May 2019, the Company sublease the available space approximately 2,705sqm to the TRAIN SQUARE CO., LTD for the duration of 8 years.

Based on this sub lease agreement, in the event the Company terminate the sublease agreement, the Company shall refund to the TRAIN SQUARE CO., LTD the deposits and other costs incurred for the construction.

The continuity of this sublease agreement is contingent to the favorable outcome of the negotiation on the new amended Railway Concession Agreement as described in note 23.1 above.

24. 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.

Borrowings and debt securities

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

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of 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.

Other assets and liabilities

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

Royal Railway Plc. (previously known as Royal Railway Co., Ltd)

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2022

24. Fair values of financial assets and liabilities (continued)

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.

25. Subsequent events

On 17 January 2023, there was an incident that took place at Battambang which caused damage to one locomotive and minimal damage to several fuel tanks. The management is working with the insurance company to evaluate the cost of damage for insurance claim which has not been concluded as at the date of these condensed interim financial statements yet.