

ROYAL RAILWAY PLC.

**Condensed Interim Financial Statements
for the three-month and nine-month
periods ended 30 September 2024
and
Independent Auditors' Report on Review of
Condensed Interim Financial Statements**

Corporate information

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

Royal Railway Plc.

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Report of the Board of Directors

The Board of Directors ("the Directors") of Royal Railway Plc. ("the Company") hereby presents its report and the Company's condensed interim financial statements for the three-month and nine-month periods ended 30 September 2024.

Principal activities

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

Financial results

The financial results of the Company for the three-month and nine-month periods ended 30 September 2024 were disclosed in the condensed interim statement of profit or loss and other comprehensive income. Refer to pages 9 and 10.

Dividends

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

Share capital

There was no shareholding structure changes during the periods ended.

Reserves and provisions

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

Expected credit losses on trade and other receivables

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

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

Royal Railway Plc.

Assets

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

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

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

- No change on the assets of the Company which has arisen since the end of the financial periods which secures the liabilities of any other person; and
- Except as disclosed in Note 28 to the condensed interim financial statements, no other contingent liability in respect of the Company that has arisen since the end of the financial periods other than those in the ordinary course of business.

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

Change of circumstances

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

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

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

Royal Railway Plc.

Event during and since the reporting period

The Company is subject to financial covenant testing every 6 months and as at 30 June 2024, the Company was unable to comply with 4 covenants required for the Guaranteed Bond including Debt Service Coverage Ratio, Operating ratio, Debt to EBITDA Ratio and Total Debt to Total Assets Ratio under the bond guarantee agreement. Refer to Note 15.

The Company communicated the status to the Guarantor on 5 July 2024 and is updating its financial forecast model as per requirement from the Guarantor. The Company is also in the process of submitting its waiver request as of the date of these condensed interim financial statements.

Items of unusual nature

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

The Board of Directors

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

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

Directors' interests

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

Directors' benefit

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

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

Royal Railway Plc.

Directors' responsibility in respect of the condensed interim financial statements

The Directors are responsible for ensuring that the condensed interim financial statements of the Company as at 30 September 2024, and for the three-month and nine-month periods then ended, as set out on pages 7 to 47, are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, *Interim Financial Reporting* ("CIAS 34"). The Directors oversee the preparation of these condensed interim financial statements by management who is required to:

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

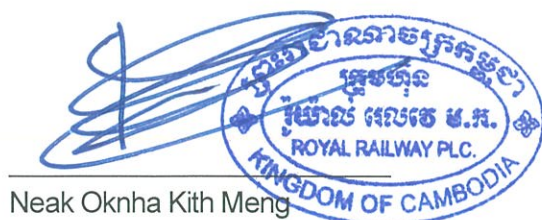
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the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

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

Approval of the condensed interim financial statements

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

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



Neak Oknha Kith Meng
Chairman

Phnom Penh, Kingdom of Cambodia

13 November 2024



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

To the shareholders of Royal Railway Plc.

Introduction

We have reviewed the accompanying condensed interim financial statements of Royal Railway Plc. ("the Company"), as set out on pages 7 to 47 (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 30 September 2024;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2024;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2024; and
- other explanatory notes to the condensed interim financial statements.

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

Scope of Review

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



Conclusion

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

Emphasis of Matter

We draw attention to Note 28.1 to the condensed interim financial statements which describes that there are provisions in the existing Concession Agreement specifying concession fees to be paid by the Company to the Government of the Kingdom of Cambodia ("GKC") for the use of the conceded assets from the effective date of the Concession Agreement. The Company's management has performed an assessment of its obligations under the existing Concession Agreement and believed that the obligation to pay the concession fee under the agreement has not yet become effective. The Company's management is continuing its negotiation with the GKC on the new amended Concession Agreement. The Company's management believes the amounts and timing of any economic benefit outflows could not be estimated reliably due to the Effective Date of the agreement has not been determined as of the reporting date. The ultimate outcome of this matter is uncertain and, accordingly, no provision for any liability has been made in the condensed interim financial statements. Our review conclusion is not modified in respect of this matter.

For KPMG Cambodia Ltd



Phor Auvann
Partner

Phnom Penh, Kingdom of Cambodia

13 November 2024

Royal Railway Plc.

Condensed interim statement of financial position as at 30 September 2024

	Note	30 September 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Current assets					
Cash and bank balances	5	9,890,555	40,165,544	17,485,828	71,429,608
Trade and other receivables	6	2,648,138	10,754,087	2,913,750	11,902,669
Inventories	7	120,078	487,637	154,602	631,549
		<u>12,658,771</u>	<u>51,407,268</u>	<u>20,554,180</u>	<u>83,963,826</u>
Non-current assets					
Bank balances	5	4,103,794	16,665,507	3,958,850	16,171,902
Advance to Supplier	8	1,512,000	6,140,232	-	-
Property and equipment	9	12,512,903	50,814,899	8,872,818	36,245,462
Intangible assets	10	243,752	989,877	243,763	995,772
Investment property	11	81,413	330,618	43,111	176,108
Right-of-use assets	12	743,955	3,021,201	-	-
		<u>19,197,817</u>	<u>77,962,334</u>	<u>13,118,542</u>	<u>53,589,244</u>
TOTAL ASSETS		<u>31,856,588</u>	<u>129,369,602</u>	<u>33,672,722</u>	<u>137,553,070</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade and other payables	13	3,350,844	13,607,777	2,702,507	11,039,741
Borrowings	14	4,588,795	18,635,096	3,432,784	14,022,923
Debt securities	15	25,852,556	104,987,230	24,094,813	98,427,311
Employee benefit liabilities	16	149,123	605,589	94,759	387,091
Minimum tax liability	24(b)	9,753	39,607	9,163	37,431
Lease liabilities	17	35,515	144,226	-	-
		<u>33,986,586</u>	<u>138,019,525</u>	<u>30,334,026</u>	<u>123,914,497</u>
Non-current liabilities					
Debt securities	15	9,809,327	39,835,677	9,809,327	40,071,101
Borrowings	14	917,499	3,725,963	1,087,317	4,441,690
Provision on onerous contract		15,295	62,113	52,308	213,678
Employee benefit liabilities	16	48,072	195,220	52,130	212,951
Lease liabilities	17	746,837	3,032,905	-	-
		<u>11,537,030</u>	<u>46,851,878</u>	<u>11,001,082</u>	<u>44,939,420</u>
TOTAL LIABILITIES		<u>45,523,616</u>	<u>184,871,403</u>	<u>41,335,108</u>	<u>168,853,917</u>

Royal Railway Plc.

Condensed interim statement of financial position (continued) as at 30 September 2024

	Note	30 September 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
EQUITY					
Share capital	18	13,020,930	52,083,720	13,020,930	52,083,720
Accumulated losses		(26,687,958)	(108,880,508)	(20,683,316)	(84,381,567)
Currency translation reserves		-	1,294,987	-	997,000
		<u>(13,667,028)</u>	<u>(55,501,801)</u>	<u>(7,662,386)</u>	<u>(31,300,847)</u>
TOTAL LIABILITIES AND EQUITY		<u>31,856,588</u>	<u>129,369,602</u>	<u>33,672,722</u>	<u>137,553,070</u>

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

Royal Railway Plc.

Condensed interim statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2024

	Note	For the nine-month period ended			
		30 September 2024		30 September 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	19	8,312,863	33,916,481	7,824,250	32,134,195
Cost of services	20	(10,095,923)	(41,191,366)	(9,201,545)	(37,790,745)
Gross loss		(1,783,060)	(7,274,885)	(1,377,295)	(5,656,550)
Other operating income	21	887,590	3,621,367	1,045,498	4,293,860
Operating and administrative expenses	22	(1,943,409)	(7,929,109)	(1,873)	(7,692)
Reversal of/(Provision for) onerous contract expense		37,013	151,013	(52,308)	(214,829)
Reversal of/ (Provision for) impairment losses	5,6	38,901	158,716	(47,533)	(195,218)
Minimum tax expense	24(c)	(92,207)	(376,205)	(89,687)	(368,345)
Operating loss		(2,855,172)	(11,649,103)	(523,198)	(2,148,774)
Finance costs – net	25	(3,149,470)	(12,849,838)	(2,246,512)	(9,226,425)
Loss before income tax		(6,004,642)	(24,498,941)	(2,769,710)	(11,375,199)
Income tax expense	24(c)	-	-	-	-
Net loss for the period		(6,004,642)	(24,498,941)	(2,769,710)	(11,375,199)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	297,987	-	(52,894)
Total comprehensive loss for the period		(6,004,642)	(24,200,954)	(2,769,710)	(11,428,093)

Royal Railway Plc.

Condensed interim statement of profit or loss and other comprehensive income (continued) for the three-month period ended 30 September 2024

	Note	For the three -month period ended			
		30 September 2024		30 September 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	19	2,680,594	10,958,268	2,438,401	10,077,911
Cost of services	20	(3,332,124)	(13,621,723)	(3,082,373)	(12,739,448)
Gross loss		(651,530)	(2,663,455)	(643,972)	(2,661,537)
Other operating income	21	444,395	1,816,687	269,407	1,113,459
Operating and administrative expenses	22	(660,397)	(2,699,703)	(620,376)	(2,564,014)
Reversal of/ (Provision for) impairment losses	5,6	37,336	152,630	(66,092)	(273,158)
Minimum tax expense	24(c)	(31,192)	(127,513)	(27,420)	(113,327)
Operating loss		(861,388)	(3,521,354)	(1,088,453)	(4,498,577)
Finance costs – net	25	(1,204,781)	(4,925,145)	(111,531)	(460,958)
Loss before income tax		(2,066,169)	(8,446,499)	(1,199,984)	(4,959,535)
Income tax expense	24(c)	-	-	-	-
Net loss for the period		(2,066,169)	(8,446,499)	(1,199,984)	(4,959,535)
<i>Other comprehensive income</i>					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	55,787	-	13,201
Total comprehensive loss for the period		(2,066,169)	(8,390,712)	(1,199,984)	(4,946,334)

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 2024

	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 2024	13,020,930	52,083,720	(20,683,316)	(84,381,567)	-	997,000	(7,662,386)	(31,300,847)
Total comprehensive loss								
Net loss for the period	-	-	(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)
Balance at 1 January 2023	13,020,930	52,083,720	(15,290,638)	(62,217,661)	-	789,553	(2,269,708)	(9,344,388)
Total comprehensive loss								
Net loss for the period	-	-	(2,769,710)	(11,375,199)	-	-	(2,769,710)	(11,375,199)
Currency translation differences	-	-	-	-	-	(52,894)	-	(52,894)
	-	-	(2,769,710)	(11,375,199)	-	(52,894)	(2,769,710)	(11,428,093)
Balance at 30 September 2023	13,020,930	52,083,720	(18,060,348)	(73,592,860)	-	736,659	(5,039,418)	(20,772,481)

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 2024

	For the nine-month period ended			
	30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities				
Net loss for the period	(6,004,642)	(24,498,941)	(2,769,710)	(11,375,199)
<i>Adjustments for:</i>				
Depreciation and amortisation	1,610,379	6,570,347	922,293	3,787,857
Finance costs	3,415,346	13,934,612	2,557,250	10,502,626
Employee benefit	153,343	625,639	145,869	599,084
Property and equipment written off	-	-	17,285	70,989
Minimum tax expense	92,207	376,205	89,687	368,345
Finance income	(265,876)	(1,084,774)	(310,738)	(1,276,201)
(Reversal of)/Provision for onerous contract expense	(37,013)	(151,013)	52,308	214,829
Reversal of impairment loss	(38,901)	(158,716)	148,705	610,731
	(1,075,157)	(4,386,641)	852,949	3,503,061
<i>Changes in:</i>				
Trade and other receivables	(1,256,310)	(5,125,745)	(765,682)	(3,144,656)
Inventories	34,524	140,858	(117,144)	(481,110)
Trade and other payables	648,337	2,645,215	(1,360,947)	(5,589,409)
Cash used in operation	(1,648,606)	(6,726,313)	(1,390,824)	(5,712,114)
Interest paid	(1,520,519)	(6,203,718)	(1,409,243)	(5,787,761)
Payment of employee benefits	(103,037)	(420,391)	(199,966)	(821,260)
Minimum tax paid	(91,617)	(373,797)	(146,465)	(601,532)
Net cash used in operating activities	(3,363,779)	(13,724,219)	(3,146,498)	(12,922,667)
Cash flows from investing activities				
Interest received	120,932	493,403	173,084	710,856
Acquisition of property and equipment	(5,217,649)	(21,288,008)	(1,872,985)	(7,692,349)
Acquisition of investment property	(5,137)	(20,959)	(1,377)	(5,655)
Acquisition of intangible asset	(5,648)	(23,044)	(1,200)	(4,928)
Net cash used in investing activities	(5,107,502)	(20,838,608)	(1,702,478)	(6,992,076)
Cash flows from financing activities				
Proceed of borrowings	1,057,000	4,312,560	-	-
Repayment of borrowings	(154,814)	(631,641)	(84,225)	(345,912)
Payment of lease liabilities	(75,001)	(306,004)	-	-
Net cash generated from/ (used in) financing activities	827,185	3,374,915	(84,225)	(345,912)

Royal Railway Plc.

Condensed interim statement of cash flows (continued) for the nine-month period ended 30 September 2024

	For the nine-month period ended			
	30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Net decrease in cash and cash equivalents	(7,644,096)	(31,187,912)	(4,933,201)	(20,260,655)
Cash and cash equivalents at beginning of the period	17,649,823	72,099,527	24,191,824	99,597,739
Currency translation differences	-	(278,358)	-	46,960
Cash and cash equivalents at end of the period (Note 5)	<u>10,005,727</u>	<u>40,633,257</u>	<u>19,258,623</u>	<u>79,384,044</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 2024

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

1. Background information

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

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

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

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

As at 30 September 2024, the Company had 955 employees (30 September 2023: 809 employees).

2. Basis of preparation

(a) Statement of compliance

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

These condensed interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2024.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

2. Basis of preparation (continued)

(b) Material accounting policies

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

(c) Going concern assumption

During the nine-month period ended 30 September 2024, the Company generated a net loss of US\$6,004,642 (nine-month period ended 30 September 2023: US\$2,769,710) and generated net negative cash flows from operating activities for the nine-month period ended 30 September 2024 amounting to US\$3,363,779 (for the nine-month period ended 30 September 2023: US\$3,146,498) and as at 30 September 2024, the Company had net current liabilities of US\$21,327,815 (31 December 2023: net current liabilities of US\$9,779,846) and accumulated losses amounting to US\$26,687,958 (31 December 2023: US\$20,683,316).

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

At the date of these condensed interim 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. 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 2024

3. Functional and presentation currency

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

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

4. Translation of United States Dollars into Khmer Riel

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

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

The Company uses the following exchange rates:

Period end		Closing rate	Average rate three-month	Average rate nine-month
30 September 2024	US\$1=	KHR4,061	KHR4,088	KHR4,080
30 September 2023	US\$1=	KHR4,122	KHR4,133	KHR4,107
31 December 2023	US\$1=	KHR4,085	N/A	N/A

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.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

5. Cash and bank balances

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Cash on hand:	4,182	16,983	2,229	9,106
Cash at banks (*)	<u>10,001,545</u>	<u>40,616,274</u>	<u>17,647,594</u>	<u>72,090,421</u>
Total cash and bank balances	10,005,727	40,633,257	17,649,823	72,099,527
Less: Allowance for impairment losses	<u>(115,172)</u>	<u>(467,713)</u>	<u>(163,995)</u>	<u>(669,919)</u>
	<u>9,890,555</u>	<u>40,165,544</u>	<u>17,485,828</u>	<u>71,429,608</u>
Non-current				
<i>Cash at banks:</i>				
Debt Service Reserve Account ("DSRA") (**)	3,723,087	15,119,456	3,591,585	14,671,624
Guarantee Fee Reserve Account ("GFRA") (**)	<u>380,707</u>	<u>1,546,051</u>	<u>367,265</u>	<u>1,500,278</u>
Total bank balances	<u>4,103,794</u>	<u>16,665,507</u>	<u>3,958,850</u>	<u>16,171,902</u>

(*) Included in the cash at banks balance is the Bond Proceeds Account for which the Company will be able to withdraw amounts from the Bond Proceeds Account, following submission of written requests for specific capital expenditure and to be validated by GuarantCo Ltd ("the Guarantor"). As at 30 September 2024, the remaining amount in the account is US\$6,318,470 (31 December 2023: US\$14,454,811).

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

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

	30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	4,182	16,983	5,166	21,294
Cash at banks (current portion)	<u>10,001,545</u>	<u>40,616,274</u>	<u>19,253,457</u>	<u>79,362,750</u>
Cash and cash equivalents	<u>10,005,727</u>	<u>40,633,257</u>	<u>19,258,623</u>	<u>79,384,044</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

5. Cash and bank balances (continued)

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	(163,995)	(669,919)	(210,527)	(866,739)	(123,028)	(505,645)	(177,569)	(733,360)
Recognised in profit or loss	48,823	199,198	37,138	152,526	7,856	32,115	4,180	17,276
Currency translation differences	-	3,008	-	(496)	-	5,817	-	1,375
Balance at end of the period	<u>(115,172)</u>	<u>(467,713)</u>	<u>(173,389)</u>	<u>(714,709)</u>	<u>(115,172)</u>	<u>(467,713)</u>	<u>(173,389)</u>	<u>(714,709)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

6. Trade and other receivables

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	832,696	3,381,578	575,983	2,352,891
Less: Allowance for impairment losses	<u>(175,982)</u>	<u>(714,663)</u>	<u>(166,060)</u>	<u>(678,355)</u>
	656,714	2,666,915	409,923	1,674,536
Advance to suppliers	1,782,469	7,238,607	2,057,634	8,405,435
Amount due from related parties (Note 26)	<u>37,308</u>	<u>151,508</u>	<u>48,933</u>	<u>199,891</u>
Financial assets measured at amortised cost	2,476,491	10,057,030	2,516,490	10,279,862
Deposits	72,960	296,291	79,810	326,024
Prepayments	61,916	251,441	17,982	73,456
Others	<u>36,771</u>	<u>149,325</u>	<u>299,468</u>	<u>1,223,327</u>
	<u>2,648,138</u>	<u>10,754,087</u>	<u>2,913,750</u>	<u>11,902,669</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

6. Trade and other receivables (continued)

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	(166,060)	(678,355)	(101,172)	(416,525)	(205,462)	(844,449)	(115,571)	(477,308)
Recognised in profit or loss	(9,922)	(40,482)	(84,671)	(347,744)	29,480	120,515	(70,272)	(290,434)
Currency translation differences	-	4,174	-	(1,776)	-	9,271	-	1,697
Balance at end of the period	<u>(175,982)</u>	<u>(714,663)</u>	<u>(185,843)</u>	<u>(766,045)</u>	<u>(175,982)</u>	<u>(714,663)</u>	<u>(185,843)</u>	<u>(766,045)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Inventories

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Locomotive parts	49,669	201,706	60,306	246,350
Tools	12,676	51,477	27,390	111,888
Fuel oil	10,725	43,554	13,902	56,790
Diesel	41,964	170,416	42,352	173,008
Wagon parts	5,044	20,484	10,652	43,513
	<u>120,078</u>	<u>487,637</u>	<u>154,602</u>	<u>631,549</u>

8. Advance to Supplier

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

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

9. Property and equipment

	For the nine-month period ended 30 September 2024												Total US\$ KHR'000 (Note 4)
	Railroad and station improvements US\$	Locomotive US\$	Wagon US\$	Train track US\$	Trolley US\$	Equipment and machinery US\$	Office equipment US\$	Furniture and fittings US\$	IT hardware US\$	Signage and boom gate US\$	Construction in progress US\$	US\$	
Cost													
At 1 January	816,335	8,489,132	3,080,282	860,557	48,393	791,833	9,134	8,794	102,548	41,739	133,813	14,382,560	58,752,758
Addition	92,831	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

As at 30 September 2024, fully depreciated property and equipment with an original cost of US\$2,017,782 (30 September 2023: US\$1,891,294) 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 2024

9. Property and equipment (continued)

	For the nine-month period ended 30 September 2023												Total US\$ KHR'000 (Note 4)
	Railroad and station improvements US\$	Locomotive US\$	Wagon US\$	Train track US\$	Trolley US\$	Equipment and machinery US\$	Office equipment US\$	Furniture and fittings US\$	IT hardware US\$	Signage and boom gate US\$	Construction in progress US\$	US\$	
Cost													
At 1 January	656,825	7,806,896	1,211,498	580,845	32,163	736,078	9,134	8,794	97,661	15,057	160,672	11,315,623	46,586,419
Addition	18,740	439,479	20,771	20,245	9,270	55,801	-	-	5,257	19,155	1,284,267	1,872,985	7,692,349
Transfers	152,382	139,770	30,424	119,966	-	1,850	-	-	-	-	(444,392)	-	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	(46,926)	(46,926)	(192,725)
Transfers from inventory	-	-	119,287	1,792	-	-	-	-	-	-	10,294	131,373	539,549
Written off	(61,699)	(7,068)	(3,800)	(6,689)	-	(6,222)	-	-	-	-	(348)	(85,826)	(352,487)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	84,653
At 30 September	766,248	8,379,077	1,378,180	716,159	41,433	787,507	9,134	8,794	102,918	34,212	963,567	13,187,229	54,357,758
Less: Accumulated depreciation													
At 1 January	493,849	2,058,562	717,830	281,832	32,163	625,441	8,135	8,794	72,868	8,218	-	4,307,692	17,734,767
Depreciation for the period	55,928	554,761	139,837	87,207	618	54,934	569	-	9,958	2,897	-	906,709	3,723,854
Written off	(47,871)	(6,855)	(3,800)	(3,836)	-	(6,179)	-	-	-	-	-	(68,541)	(281,498)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	34,112
At 30 September	501,906	2,606,468	853,867	365,203	32,781	674,196	8,704	8,794	82,826	11,115	-	5,145,860	21,211,235
Carrying amounts													
At 1 January	162,976	5,748,334	493,668	299,013	-	110,637	999	-	24,793	6,839	160,672	7,007,931	28,851,652
At 30 September	264,342	5,772,609	524,313	350,956	8,652	113,311	430	-	20,092	23,097	963,567	8,041,369	33,146,523

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

10. Intangible assets

	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	-	-	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

Fully amortised computer software as at 30 September 2024 with original cost of US\$20,290 (30 September 2023: US\$14,943) were still in use.

	For the nine-month period ended 30 September 2023			
	Computer software US\$	Sign-on fee US\$	Total US\$	KHR'000 (Note 4)
Cost				
At 1 January	19,090	450,000	469,090	1,931,244
Addition	1,200	-	1,200	4,928
Currency translation differences	-	-	-	2,363
At 30 September	20,290	450,000	470,290	1,938,535
Less: Accumulated amortisation				
At 1 January	17,349	192,120	209,469	862,384
Amortisation for the period	1,202	11,605	12,807	52,598
Currency translation differences	-	-	-	1,239
At 30 September	18,551	203,725	222,276	916,221
Carrying amounts				
At 1 January	1,741	257,880	259,621	1,068,860
At 30 September	1,739	246,275	248,014	1,022,314

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

11. Investment property

	For the nine-month period ended					
	30 September 2024				30 September 2023	
	Investment property US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 4)	Investment property US\$	KHR'000 (Note 4)
Cost						
At 1 January	48,303	-	48,303	197,318	-	-
Additions	5,137	-	5,137	20,959	1,377	5,655
Transfers	10,363	(10,363)	-	-	46,926	192,725
Transfers from property and equipment	-	40,928	40,928	166,986	-	-
Currency translation differences	-	-	-	(2,035)	-	725
At 30 September	63,803	30,565	94,368	383,228	48,303	199,105
Less: Accumulated amortisation						
At 1 January	5,192	-	5,192	21,210	-	-
Depreciation for the period	7,763	-	7,763	31,673	2,777	11,405
Currency translation differences	-	-	-	(273)	-	42
At 30 September	12,955	-	12,955	52,610	2,777	11,447
Carrying amounts						
At 1 January	43,111	-	43,111	176,108	-	-
At 30 September	50,848	30,565	81,413	330,618	45,526	187,658

Investment property pertains to a warehouse located on a 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 2024.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

12. Right-of-use assets

	For the nine-month period ended 30 September 2024	
	US\$	KHR'000 (Note 4)
Cost		
At 1 January	-	-
Addition	804,276	3,281,446
Currency translation differences	-	(15,282)
At 30 September	804,276	3,266,164
Less: Accumulated amortisation		
At 1 January	-	-
Depreciation for the period	60,321	246,110
Currency translation differences	-	(1,147)
At 30 September	60,321	244,963
Carrying amounts		
At 1 January	-	-
At 30 September	743,955	3,021,201

Right-of-use assets pertains to a 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 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables:				
Trade payables	1,917,697	7,787,768	1,368,619	5,590,809
Amounts due to related parties (Note 26)	28,898	117,355	258,677	1,056,696
Tax payables:				
Value added tax	74,914	304,226	63,239	258,331
Salary and fringe benefit tax	18,587	75,482	22,221	90,773
Withholding tax	27,808	112,928	31,967	130,585
Payroll payables	688,320	2,795,268	275,521	1,125,503
Accruals	410,712	1,667,901	301,950	1,233,466
Security deposit	170,605	692,827	-	-
Other payables	13,303	54,022	380,313	1,553,578
	3,350,844	13,607,777	2,702,507	11,039,741

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

14. Borrowings

	For the nine-month period ended			
	30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	4,520,101	18,464,613	2,637,627	10,859,111
Additional borrowing	1,057,000	4,312,560	-	-
Accrued interest payable	84,007	342,749	6,588	27,057
Repayments during the period	(154,814)	(631,641)	(84,225)	(345,912)
Currency translation differences	-	(127,222)	-	12,023
Balance at end of the period	<u>5,506,294</u>	<u>22,361,059</u>	<u>2,559,990</u>	<u>10,552,279</u>

	For the three-month period ended			
	30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	5,528,888	22,723,730	2,588,828	10,691,859
Accrued interest payable	30,091	123,012	(265)	(1,095)
Repayments during the period	(52,685)	(215,376)	(28,573)	(118,092)
Currency translation differences	-	(270,307)	-	(20,393)
Balance at end of the period	<u>5,506,294</u>	<u>22,361,059</u>	<u>2,559,990</u>	<u>10,552,279</u>

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

		30 September 2024		31 December 2023	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current portion					
Neak Oknha Kith Meng	(i)	2,264,700	9,196,946	1,207,700	4,933,455
SKTM Investment Co., Ltd	(i)	2,000,000	8,122,000	2,000,000	8,170,000
Cambodian Public Bank Plc.	(ii)	133,255	541,149	124,270	507,643
Wing Bank (Cambodia) Plc	(iii)	90,739	368,491	84,719	346,077
		<u>4,488,694</u>	<u>18,228,586</u>	<u>3,416,689</u>	<u>13,957,175</u>
Accrued interest payable		<u>100,101</u>	<u>406,510</u>	<u>16,095</u>	<u>65,748</u>
		<u>4,588,795</u>	<u>18,635,096</u>	<u>3,432,784</u>	<u>14,022,923</u>
Non-current portion					
Cambodian Public Bank Plc.	(ii)	590,962	2,399,896	691,991	2,826,783
Wing Bank (Cambodia) Plc	(iii)	326,537	1,326,067	395,326	1,614,907
		<u>917,499</u>	<u>3,725,963</u>	<u>1,087,317</u>	<u>4,441,690</u>
		<u>5,506,294</u>	<u>22,361,059</u>	<u>4,520,101</u>	<u>18,464,613</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

14. Borrowings (continued)

- (i) Borrowing from a shareholder, Neak Oknha KITH MENG is unsecured, interest free and repayable on demand (Note 26).

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

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

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

On 31 August 2023, the Company renewed the fixed loan with the Bank with revised interest rate of 9% per annum and is repayable in 60 monthly installments of US\$10,383 starting from 1 October 2023 to 1 September 2028 (Note 26).

15. Debt securities

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

First Corporate Bond:

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

Second Corporate Bond:

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

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

15. Debt securities

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

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

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current				
Guaranteed bond	25,152,521	102,144,388	23,929,961	97,753,891
Plain bond	700,035	2,842,842	164,852	673,420
	<u>25,852,556</u>	<u>104,987,230</u>	<u>24,094,813</u>	<u>98,427,311</u>
Non-current				
Plain bond	9,809,327	39,835,677	9,809,327	40,071,101
Guaranteed bond	-	-	-	-
	<u>9,809,327</u>	<u>39,835,677</u>	<u>9,809,327</u>	<u>40,071,101</u>
	<u>35,661,883</u>	<u>144,822,907</u>	<u>33,904,140</u>	<u>138,498,412</u>

During the nine-month period ended, the Company incurred interest expense on the issued bonds amounting to US\$3,158,984 equivalent to KHR12.89 billion (nine-month period ended 30 September 2023: US\$2,466,304 equivalent to KHR10.3 billion) (Note 25).

The Company is subject to financial covenant testing every 6 months and as at 30 June 2024, the Company was unable to comply with 4 covenants required for the 2nd Corporate bond as follows:

Ratio Name	Formula	Financial requirement ratio	The Company's ratio	
			30 June 2024	
Debt Service Coverage Ratio	= Cash Flow Available for Debt Service/Total debt service	≥ 1.2x	0.70	Not met
Operating ratio	= Net operating income/Total operating revenue	≥ 81.78%, ≤100%	18.06%	Not met
Debt to EBITDA	= Total debt/EBITDA	≥4.13x, ≤4.5x	35.35	Not met
Total debt to total assets	= Total debt/Total assets	≥86.06%, ≤100%	123%	Not met

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

15. Debt securities (continued)

The Company communicated the status to the Guarantor on 5 July 2024 and is updating its financial forecast model as per requirement from the Guarantor as well as the waiver letter.

Accordingly, the carrying amount US\$23,241,916 of the guaranteed bond was reclassified to current liabilities (31 December 2023: US\$23,241,916).

16. Employee benefit liabilities

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Seniority indemnity</i>				
Current	149,123	605,589	94,759	387,091
Non-current	48,072	195,220	52,130	212,951
	<u>197,195</u>	<u>800,809</u>	<u>146,889</u>	<u>600,042</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

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 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	146,889	600,042	148,084	609,662	151,975	624,617	148,796	614,528
Recognised in profit or loss	153,343	625,639	145,869	599,084	101,103	413,309	44,866	185,431
Paid during the period	(103,037)	(420,391)	(199,966)	(821,260)	(55,883)	(228,450)	(99,675)	(411,957)
Currency translation differences	-	(4,481)	-	(72)	-	(8,667)	-	(588)
Balance at end of the period	<u>197,195</u>	<u>800,809</u>	<u>93,987</u>	<u>387,414</u>	<u>197,195</u>	<u>800,809</u>	<u>93,987</u>	<u>387,414</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 2024

17. Lease liabilities

The Company entered into a 10 year land leases term with Sihanoukville Autonomous Port.

	30 September 2024	
	US\$	KHR'000 (Note 4)
Maturity analysis – contractual undiscounted cash flows		
Less than one year	103,750	421,329
One to five years	601,950	2,444,519
More than five years	477,092	1,937,471
Total undiscounted lease liability	<u>1,182,792</u>	<u>4,803,319</u>
Present value of lease liabilities		
Current	35,515	144,226
Non-current	746,837	3,032,905
Total present value of lease liability	<u>782,352</u>	<u>3,177,131</u>

18. Share capital

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

The details of the share holding structure were as follows:

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

19. Revenue

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Southern line:								
Rail freight	4,661,153	19,017,504	4,388,198	18,022,329	1,564,401	6,395,271	1,385,174	5,724,924
Train related value-added services	639,128	2,607,642	456,986	1,876,842	232,280	949,561	182,310	753,487
Passengers' fare	331,161	1,351,137	367,299	1,508,497	96,179	393,180	104,408	431,518
Transportation	76,072	310,374	31,139	127,888	23,376	95,561	15,616	64,541
Other revenue	16,705	68,156	-	-	(795)	(3,250)	-	-
	<u>5,724,219</u>	<u>23,354,813</u>	<u>5,243,622</u>	<u>21,535,556</u>	<u>1,915,441</u>	<u>7,830,323</u>	<u>1,687,508</u>	<u>6,974,470</u>
Northern line:								
Rail freight	2,382,558	9,720,837	2,394,793	9,835,415	723,563	2,957,926	705,897	2,917,472
Passengers' fare	116,970	477,238	158,765	652,048	35,332	144,437	42,606	176,091
Train related value-added services	14,374	58,646	16,645	68,361	5,048	20,636	1,055	4,360
Transportation	-	-	5,750	23,615	-	-	160	662
Other revenue	74,742	304,947	4,675	19,200	1,210	4,946	1,175	4,856
	<u>2,588,644</u>	<u>10,561,668</u>	<u>2,580,628</u>	<u>10,598,639</u>	<u>765,153</u>	<u>3,127,945</u>	<u>750,893</u>	<u>3,103,441</u>
	<u>8,312,863</u>	<u>33,916,481</u>	<u>7,824,250</u>	<u>32,134,195</u>	<u>2,680,594</u>	<u>10,958,268</u>	<u>2,438,401</u>	<u>10,077,911</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 2024

20. Cost of services

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Staff costs and wages	2,835,190	11,567,575	2,717,377	11,160,267	968,854	3,960,675	908,639	3,755,404
Cost of diesel	3,990,078	16,279,518	3,742,855	15,371,905	1,228,019	5,020,142	1,290,114	5,332,041
Depreciation and amortisation (Note 23)	1,519,385	6,199,091	860,645	3,534,669	601,221	2,457,791	299,151	1,236,391
Repairs and maintenance	421,010	1,717,721	565,509	2,322,545	116,759	477,311	195,854	809,465
Transportation	369,893	1,509,163	380,047	1,560,853	123,093	503,204	131,391	543,039
Equipment rental	230,759	941,497	201,282	826,665	77,887	318,402	68,727	284,049
Container access charge	240,031	979,326	234,731	964,040	87,790	358,886	78,628	324,970
Provision for employee benefits	128,565	524,545	122,886	504,693	38,700	158,206	37,804	156,244
Warehouse rental	-	-	64,773	266,023	-	-	21,591	89,236
Others	361,012	1,472,930	311,440	1,279,085	89,801	367,106	50,474	208,609
	<u>10,095,923</u>	<u>41,191,366</u>	<u>9,201,545</u>	<u>37,790,745</u>	<u>3,332,124</u>	<u>13,621,723</u>	<u>3,082,373</u>	<u>12,739,448</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

21. Other operating income

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Warehouse rental	649,776	2,651,086	730,525	3,000,266	257,199	1,051,430	265,724	1,098,237
Sale of scrap metal	-	-	124,617	511,802	-	-	-	-
Technical assistance reimbursement	-	-	111,878	459,483	-	-	-	-
Claim from Insurance	-	-	-	-	-	-	3,172	13,110
Others	237,814	970,281	78,478	322,309	187,196	765,257	511	2,112
	<u>887,590</u>	<u>3,621,367</u>	<u>1,045,498</u>	<u>4,293,860</u>	<u>444,395</u>	<u>1,816,687</u>	<u>269,407</u>	<u>1,113,459</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

22. Operating and administrative expenses

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	507,701	2,071,420	453,372	1,861,999	170,462	696,849	150,823	623,351
Directors' fee	270,000	1,101,600	210,000	862,470	90,000	367,920	90,000	371,970
Other tax expenses	225,603	920,460	239,249	982,596	74,781	305,705	76,240	315,100
Insurance	210,503	858,852	198,389	814,784	74,506	304,581	74,359	307,326
Fuel and utilities	94,267	384,609	95,246	391,175	30,802	125,919	35,250	145,688
Depreciation and amortisation (Note 23)	90,994	371,256	61,648	253,188	32,658	133,506	21,923	90,608
Equipment rental	81,070	330,766	75,100	308,436	27,350	111,807	27,010	111,632
Communication	55,479	226,354	55,189	226,661	19,062	77,925	18,643	77,052
Professional fees	47,944	195,612	50,946	209,235	16,835	68,821	10,940	45,215
Repairs and maintenance	51,782	211,271	47,017	193,099	24,268	99,208	20,358	84,140
Travelling and accommodation	46,166	188,357	33,403	137,186	19,765	80,799	11,795	48,749
Bonus	29,115	118,789	33,789	138,771	3,516	14,373	10,791	44,599
Small value of assets	30,943	126,247	20,431	83,910	7,684	31,412	4,394	18,160
Provision for employee benefits	24,778	101,094	22,983	94,391	7,002	28,624	7,062	29,187
Licensing, registration and permit fee	10,990	44,839	14,921	61,281	1,270	5,192	6,674	27,584
Staff uniform	11,131	45,414	11,004	45,193	4,299	17,574	3,865	15,974
Training and development	1,738	7,091	4,109	16,876	591	2,416	2,078	8,588
Interest and penalty on tax	-	-	(1,842,973)	(7,569,090)	-	-	-	-
Other expenses	153,205	625,078	218,050	895,531	55,546	227,072	48,171	199,091
	<u>1,943,409</u>	<u>7,929,109</u>	<u>1,873</u>	<u>7,692</u>	<u>660,397</u>	<u>2,699,703</u>	<u>620,376</u>	<u>2,564,014</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

23. 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 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation of property and equipment and investment property (Note 9 and 11)	1,537,899	6,274,628	909,486	3,735,259	606,107	2,477,765	316,761	1,309,173
Amortisation of intangible assets and right-of-use asset (Note 10 and 12)	72,480	295,719	12,807	52,598	27,772	113,532	4,313	17,826
	<u>1,610,379</u>	<u>6,570,347</u>	<u>922,293</u>	<u>3,787,857</u>	<u>633,879</u>	<u>2,591,297</u>	<u>321,074</u>	<u>1,326,999</u>
Allocated to:								
Cost of services (Note 20)	1,519,385	6,199,091	860,645	3,534,669	601,221	2,457,791	299,151	1,236,391
Operating and administrative expenses (Note 22)	90,994	371,256	61,648	253,188	32,658	133,506	21,923	90,608
	<u>1,610,379</u>	<u>6,570,347</u>	<u>922,293</u>	<u>3,787,857</u>	<u>633,879</u>	<u>2,591,297</u>	<u>321,074</u>	<u>1,326,999</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. Income tax

(a) Applicable tax rates

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

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

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

(b) Minimum tax liability

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of the period	9,163	37,431	66,007	271,751	8,518	35,009	9,764	40,325
Minimum tax expense	92,207	376,205	89,687	368,345	31,192	127,513	27,420	113,327
Minimum tax paid	(91,617)	(373,797)	(146,465)	(601,532)	(29,957)	(122,464)	(27,955)	(115,538)
Currency translation differences	-	(232)	-	(522)	-	(451)	-	(72)
Balance at the end of the period	9,753	39,607	9,229	38,042	9,753	39,607	9,229	38,042

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. 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 nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loss before income tax	(6,004,642)	(24,498,941)	(2,769,710)	(11,375,199)	(2,066,169)	(8,446,499)	(1,199,984)	(4,959,535)
Income tax using statutory income tax rate	(1,200,928)	(4,899,788)	(553,942)	(2,275,040)	(413,234)	(1,689,300)	(239,997)	(991,907)
Non-deductible expenses	45,121	184,094	47,850	196,520	14,957	61,144	15,248	63,020
Tax loss not recognised as deferred tax assets	386,855	1,578,368	80,457	330,437	40,882	167,126	6,039	24,959
Deductible temporary difference not recognised as deferred tax assets	768,952	3,137,326	425,635	1,748,083	357,395	1,461,030	218,710	903,928
Income tax expense	-	-	-	-	-	-	-	-
Minimum tax at 1% of turnover	92,207	376,205	89,687	368,345	31,192	127,513	27,420	113,327

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. Income tax (continued)

(d) Unrecognised deferred tax

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

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

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

(e) Tax contingencies

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

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

25. Finance costs – net

	For the nine-month period ended				For the three-month period ended			
	30 September 2024		30 September 2023		30 September 2024		30 September 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income cash at bank	265,876	1,084,774	310,738	1,276,201	74,907	306,220	104,048	430,030
Interest expense on:								
Debt securities	(3,158,984)	(12,888,655)	(2,466,304)	(10,129,111)	(1,070,198)	(4,374,969)	(187,231)	(773,826)
Borrowing	(203,285)	(829,403)	(90,946)	(373,515)	(188,730)	(771,528)	(28,348)	(117,162)
Lease liabilities	(53,077)	(216,554)	-	-	(20,760)	(84,868)	-	-
	<u>(3,149,470)</u>	<u>(12,849,838)</u>	<u>(2,246,512)</u>	<u>(9,226,425)</u>	<u>(1,204,781)</u>	<u>(4,925,145)</u>	<u>(111,531)</u>	<u>(460,958)</u>

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

26. 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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

26. 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 2024 US\$	KHR'000 (Note 4)	30 September 2023 US\$	KHR'000 (Note 4)	30 September 2024 US\$	KHR'000 (Note 4)	30 September 2023 US\$	KHR'000 (Note 4)
<i>Property rental</i>								
GSS Global Security Solutions Co., Ltd.	26,647	108,720	23,958	98,396	9,078	37,111	19,112	78,245
CamGSM Co., Ltd.	121,000	493,680	-	-	31,000	126,728	-	-
J Trust Royal Bank Plc.	321,012	1,309,729	253,869	1,042,640	107,004	437,432	150,678	616,876
<i>Insurance</i>								
Infinity General Insurance Plc.	77,151	314,776	208,467	856,174	4,506	18,421	134,222	549,505
<i>Telephone expense</i>								
CamGSM Co., Ltd.	19,092	77,895	13,283	54,553	8,534	34,887	8,306	34,005
<i>Security fee</i>								
GSS Global Security Solutions Co., Ltd.	31,925	130,254	21,175	86,966	15,095	61,708	13,860	56,743
<i>Cleaning service</i>								
GSS Global Security Solutions Co., Ltd.	2,123	8,662	-	-	-	-	-	-
<i>Internet service fee</i>								
EZECOM Co., Ltd	43,884	179,047	48,511	199,235	14,628	59,799	29,355	120,179
<i>Interest expense</i>								
Wing Bank (Cambodia) Plc.	30,678	125,166	23,205	95,305	9,787	40,009	17,356	71,055
SKTM Investment Co., Ltd	104,712	427,225	-	-	35,287	144,253	-	-

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

26. Related party transactions and balances (continued)

(b) Transactions with related parties (continued)

The total remuneration of key management for the nine-month period ended 30 September 2024 including salaries and benefits was US\$464,723 (nine-month period ended 30 September 2023: US\$358,860) and for the three-month period ended 30 September 2024 was US\$178,840 (three-month period ended 30 September 2023: US\$148,419)

(c) Balances with related parties

	30 September 2024		31 December 2023	
	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.	3,910	15,879	10,995	44,915
<i>Non-trade related:</i>				
Royal Coffee	33,398	135,629	37,938	154,976
	<u>37,308</u>	<u>151,508</u>	<u>48,933</u>	<u>199,891</u>
Amounts due to related parties (Note 13)				
<i>Trade related:</i>				
Infinity General Insurance Plc.	25,982	105,513	257,055	1,050,070
CamGSM Co., Ltd	2,916	11,842	1,622	6,626
	<u>28,898</u>	<u>117,355</u>	<u>258,677</u>	<u>1,056,696</u>
Borrowings (Note 14)				
Neak Oknha Kith Meng	2,264,700	9,196,946	1,207,700	4,933,455
SKTM Investment Co., Ltd	2,000,000	8,122,000	2,000,000	8,170,000
Wing Bank (Cambodia) Plc.	<u>417,276</u>	<u>1,694,558</u>	<u>480,045</u>	<u>1,960,984</u>

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

27. Lease commitments

Lease commitment

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

	30 September 2024		31 December 2023	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	96,418	391,553	157,061	641,594
Between two to five years	26,010	105,627	8,994	36,740
	<u>122,428</u>	<u>497,180</u>	<u>166,055</u>	<u>678,334</u>

Capital commitment

In respect of property and equipment

Contracted but not yet provided	<u>6,784,508</u>	<u>27,551,887</u>	<u>2,414,698</u>	<u>9,864,041</u>
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28. Contingent liabilities

1. Concession agreement with the GKC

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

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

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

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

28. Contingent liabilities (continued)

2. Sub-lease agreement with CAMGSM PLC.

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

Based on this sub-lease agreement, in the event the Company terminates the sub-lease agreement, the Company shall refund to 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 28.1 above.

29. 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.

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.

Royal Railway Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

29. 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.

30. Operating segment information

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

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