



# **ANNUAL REPORT 2024**

**31 DECEMBER 2024**

**ROYAL RAILWAY PLC.**

## **VISION**

Our vision is to become one of the top logistics providers in Cambodia.

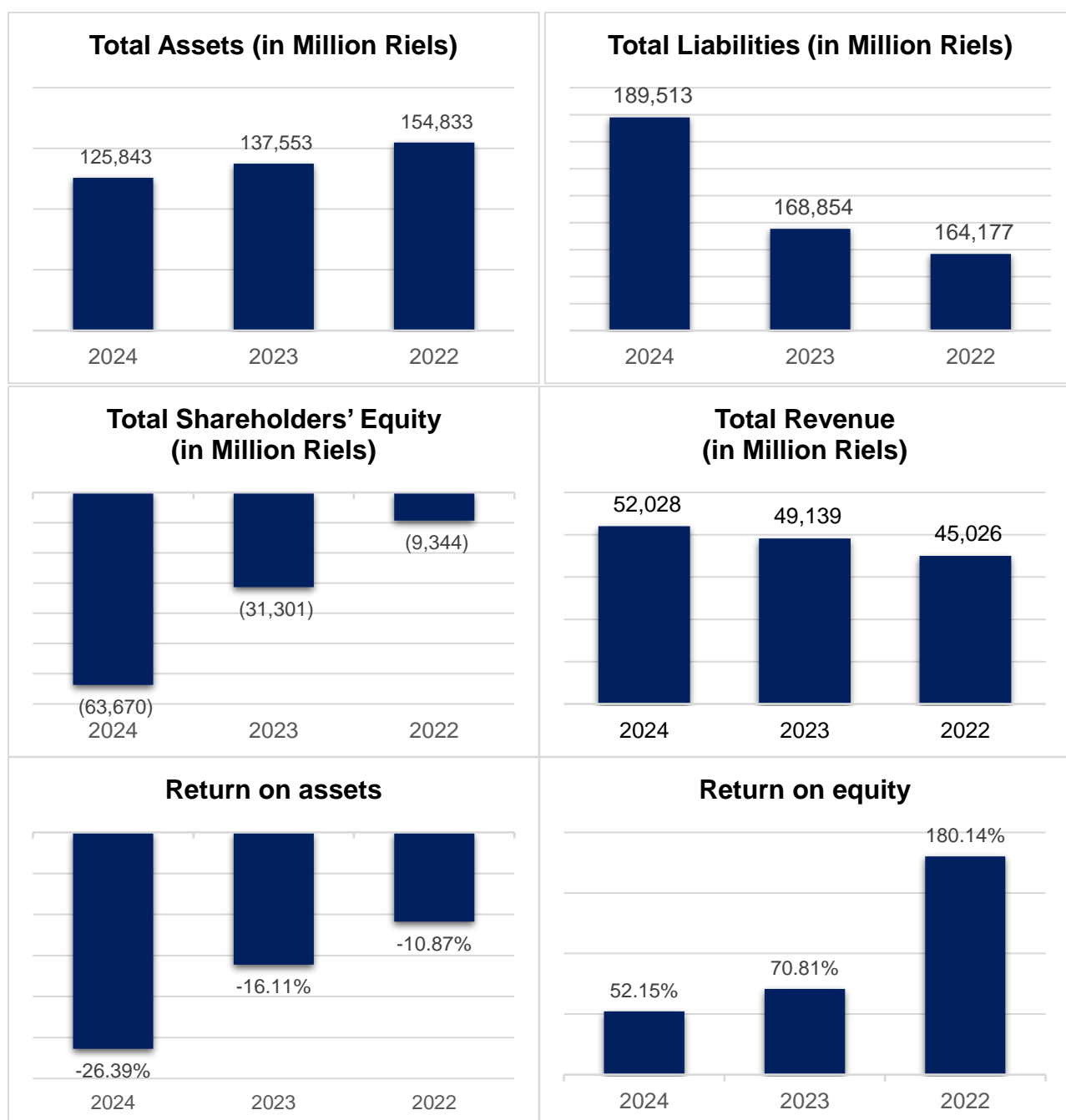
## **MISSION**

Royal Railway's mission is to provide value and efficiency for our customers by delivering a transparent, efficient, safe, and cost-effective rail freight service that complements an integrated freight logistics network.

## FINANCIAL HIGHLIGHT

Financial Position (in Million Riels)		2024	2023	2022
Total Assets		125,843	137,553	154,833
Total Liabilities		189,513	168,854	164,177
Total Shareholders' Equity		(63,670)	(31,301)	(9,344)
Profit/(Loss) (in Million Riels)		2024	2023	2022
Total Revenues		52,028	49,139	45,026
Loss Before Tax		(33,204)	(22,164)	(16,833)
Loss After Tax		(33,204)	(22,164)	(16,833)
Total Comprehensive Loss		(32,369)	(21,956)	(16,877)
Financial Ratios		2024	2023	2022
Solvency Ratio		-76.99%	-90.81%	-118.50%
Debt to equity ratio		-268.39%	-501.47%	-1582.70%
Liquidity Coverages Ratio	Current ratio	0.20	0.68	4.50
	Quick ratio	0.20	0.67	4.46
Profitability ratio	Return on assets	-26.39%	-16.11%	-10.87%
	Return on equity	52.15%	70.81%	180.14%
	Gross profit margin	-18.14%	-16.74%	-18.43%
	Profit margin	-63.82%	-45.10%	-37.48%
	Earnings per share (for equity listed entity)	N/A	N/A	N/A
Interest Coverage ratio		-1.75	-0.30	-9.46
Dividend per share (if any) (for equity listed entity)		N/A	N/A	N/A
Other Important Ratios (if any)		N/A	N/A	N/A

## FINANCIAL SUMMARY CHARTS



## ANNUAL STATISTICAL SUMMARY OF THE LISTED ENTITY'S PERFORMANCE

Financial Position (in Million Riels)		2024	2023	2022
Total Assets		125,843	137,553	154,833
Total Shareholders' Equity		(63,670)	(31,301)	(9,344)
Total Comprehensive Loss		(32,369)	(21,956)	(16,877)
Return on Assets		-26.39%	-16.11%	-10.87%
Return on Equity		52.15%	70.81%	180.14%
Solvency Ratio		-76.99%	-90.81%	-118.50%
Debt to equity ratio		-268.39%	-501.47%	-1582.70%
Liquidity Coverage Ratio	Current Ratio	0.20	0.68	4.50
	Quick Ratio	0.20	0.67	4.46

## BOARD OF DIRECTORS



Neak Oknha KITH MENG  
Chairman



Mr. Raymond Thornton Yager  
Director



Mr. William Mark Hanna  
Director



Mr. Paul Clement  
Director



Mr. Lun Yeng  
Independent Director

## MESSAGE FROM CHAIRMAN

It is our pleasure to present the financial performance of Royal Railway PLC (RR). in 2024, following the requirements of the Securities and Exchange Regulator of Cambodia (SERC).

### Cambodia Economy

Cambodia's economy is forecast to grow at 5.8% in 2024 and 6.0% in 2025, fueled by a further rebound in tourism and strong manufacturing prospects, according to the latest edition of the Asian Development Bank's (ADB) flagship economic report released during 11 April 2024. Despite global economic challenges, Cambodia's economy performed well in 2023, Cambodia's economy expect growth to be robust in 2024 – 2025, with the garments, footwear, and travel goods (GFT) sector poised for a significant upturn building on the positive momentum during the last quarter of 2023. The Asian Development Outlook (ADO) April 2024 estimates growth of 5.0% in 2023, driven by a robust recovery in tourism and solid activity in manufacturing outside the GFT sector. The report forecasts continuing economic expansion in 2024–2025, supported by stronger export-oriented manufacturing. It also expects inflation, which averaged 2.1% in 2023 mainly on falling global energy prices, to remain low at around 2.0% over the next 2 years.

### Royal Railway's Support as Uncertainty Continues

Despite this time of uncertainty, RR continued to grow in all key areas, including the total assets, total revenue, as well as train control strategy. Amid the challenging business environment, RR has played its essential part in contributing to sustainable economic development through continuing engaging the new clients for the freight service with very reasonable price to fit with the changed of the economic environment.

The Cambodia Railway consists of two lines, the Northern Line and the Southern Line, totaling of 650 kilometers. Northern Line totals length of 386 kilometers from Phnom Penh to Poi Pet (Cambodia-Thailand border). The Southern Line totals length of 264 kilometers.

RR's core service offerings include freight services (fuel, bagged cement, ballast, bulk rice, etc.), bulk fuel transport, containerized freight (garments, automotive, rice, rubber, sugar, etc.), warehousing, customs and excise clearance.

RR is a sole operator of the railway network in Cambodia. Royal Railway is a critical part of the Royal Group's transport and logistics contribution towards the growth and development of the Kingdom of Cambodia. The Cambodian landscape from a transport and logistics perspective remains relatively fragmented creating enormous opportunities for Royal Railway and its various Value-Added Services.

### Resilience and Going Forward

In the business plan and strategy for 2024 onward, RR aims to become one of the top logistics providers in Cambodia. To ensure the sustainable growth of RR, RR put the following plans into action:

- Deliver services to the Southern Line and Northern Line through to Poi Pet for cross border trade;
- Invest in more assets to support the railway development and realize substantial growth in transport sector for Cambodia;
- Develop land and properties that link into rail offering Sihanouk Ville, Pursat, Battambang and Poi Pet;
- Expand logistics offerings off the base rail product including warehousing, domestic transport, value adding services;
- Simplify and streamline pricing and rate cards to maximize retail and SME sales in conjunction with improved costing and business analysis to support major accounts to maximize and ensure visibility of projected and actual return;
- Practices and policies to attract, retain and develop personnel to support our business growth plans and ensure effective succession planning with particular focus on mid-tier operations management and business analysis skills;
- Develop brand and marketing strategies that draw on RR's individual strengths and focus on improving safety and governance outcomes and proactive risk appraisal and mitigation;
- Build relationships with key government and private sector stakeholders to enhance service outcomes.

## Highlights of the Overall Performance in 2024

As the result of the end of 2024, total asset was KHR 125,843 million, decrease -8.51% compared to 2023. Total revenue was KHR 52,028 million, increasing 5.88% compared to 2023. The shareholder's equity increased 103.41%.

The Board and shareholders have confidence that RR's leadership, strategy and people will enable RR to continue its high level of performance for all investors.

On behalf of the Board of Directors, I wish to thank RR's management and staff for their hard work, dynamism and strong dedication to grow the business along with customer's growth in harmony. I also wish to thank the Board of Directors, shareholders, customers, the Royal Government of Cambodia and especially the Securities and Exchange Regulator of Cambodia (SERC) and Cambodia Securities Exchange (CSX) for their continuous support and advice.

21 March 2025



Neak Oknha Kith Meng  
Chairman



## MESSAGE FROM CHIEF EXECUTIVE OFFICER

Cambodia has two railway lines with a total length of 652 km with a 1,000 mm meter gauge rail network. The first line connected Phnom Penh Capital City to Sihanoukville (Southern Line), and another is to the Banteay Meanchey Province, Poi Pet City (Northern Line) which bordered Thailand. The southern line was originally built in 1965 and the northern line was built in the 1930s. The railway infrastructure and operating condition had gone through a serious deterioration as a result of years of war and civil strife which have led to a decline in traffic.

Later, with the financial assistance from ADB, the Government of Australia, and the Organization of the Petroleum Exporting Countries (OPEC) and fund for International Development, the government embarked on a major rehabilitation. Initially, the plan consisted of rehabilitation of the 256 km Southern line, and 335 km of the Northern Line, and the reconstruction of the missing rail link from Serei Saophoan (Banteay Meanchey Province) to the Thailand Border (about 48km) and the re-establishment of the railway connection across the border to Thailand. However, as the substantial cost overruns and limited funds, the scope was reduced to rehabilitating 256 km of the southern line, 23km of the northern line, and 42 km of the missing rail link from Serei Saophoan to Poi Pet. The government has rehabilitated the remaining length of the northern line using its own resources.

However, Rail transport for passengers and freight is negligible in Cambodia compared to road transport. Road Transport is the main mode of transportation in Cambodia. It is estimated that the share of road transportation for both Passengers and freight represents around 90%.

### Operational efficiency

In the past 5 years, Royal Railway began to increase the capability to carry more loading to reach the demand of the market by purchasing more wagons to hold an additional container and introducing the tank containers into the country. In addition to that, the company also employed a higher horsepower locomotive which is stronger, faster, can pull heavier and more wagons which led to the improvement of the operational efficiency of the transportation.

For the safety issue, the company also had invested in the upgrade of the rail track, installed the electronic level crossing equipment to increase safety at the crossings point, as well as installed the GPS tracking on locomotive fuel tanks.

Royal Railway's results of the operation are driven to a significant degree by freight pricing. The company has a written pricing policy specifying the methods and formula for determining the freight pricing by using the operating costs and its competitor's cost as the main component for various pricing for its service and offers a number of discounts.

The company's results of operations are also driven to a significant degree by freight volumes, which are, in turn, driven by global, regional, and national economic trends. The total volume of freight are measured by tonnage. The company carried a total of 1,152,643 tons in 2024 and 1,079,282 tons in 2023, an increase of 6.8%. With that we can see the increase in revenue of KHR 2,889 million compared to 2023.

On behalf of the Royal Railway Management, I would like to thank our customers for their constantly support, the management team and staff for their hard work and commitment, the Board of Directors for their support and advice, the Royal Government of Cambodia and especially the Securities and Exchange Regulator of Cambodia (SERC) and Cambodia Securities Exchange (CSX) for their continuous support and advice.

21 March 2025

  
John Gut  
Chief Executive Officer

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# PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY

## A. IDENTITY OF THE LISTED ENTITY

Entity name in Khmer	រ៉ូយ៉ាល់ រេលវេ ម.ក.	
In Lantin	Royal Railway Plc.	
Standard code	KH2000191CA4 KH2000192CC8 KH2000193CC6	
Address	Central Railway Station, Russian Federation Boulevard Sangkat Sras Chork, Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Phone number	+855 23 992 379	
Fax	+855 23 992 353	
Website	royal-railway.com.kh	
Email	admin@trrcambodia.com	
Company registration number	00018504	Date: 06 October 2015
Disclosure document registration number issued by SECC	202/22SERC/SSR 273/22SERC/SSR	Date: 19 September 2022 Date: 19 December 2022
Representative of the listed entity	Mr. John Guiry	

## B. NATURE OF BUSINESS

The Cambodia Railway consists of two lines, the Northern Line and the Southern Line, totaling of 650 kilometers. The Northern Line has a length of 386 kilometers from Phnom Penh to Poi Pet (Cambodia-Thailand border). The Southern Line has a length of 264 kilometers.

RR's core service offerings include freight services (fuel, bagged cement, ballast, bulk rice, fertiliser, lime, motor car etc.), bulk fuel transport, containerised freight (garments, automotive, rice, rubber, sugar, etc.), warehouse rental, customs and excise clearance.

Please refer to below information for the detail revenue of service:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Southern line:				
Rail freight	6,303,535	25,661,691	5,720,009	23,509,237
Train related value-added services	850,336	3,461,718	625,123	2,569,256
Passengers' fare	478,045	1,946,121	537,759	2,210,189
Transportation	98,600	401,401	56,879	233,773
Other revenue	16,705	68,006	16,735	68,781
	<u>7,747,221</u>	<u>31,538,937</u>	<u>6,956,505</u>	<u>28,591,236</u>
Northern line:				
Rail freight	3,294,640	13,412,479	3,142,146	12,914,220
Passengers' fare	149,122	607,076	216,521	889,901
Train related value-added services	20,137	81,978	21,149	86,922
Transportation	-	-	5,750	23,633
Other revenue	75,494	307,336	5,980	24,578
	<u>3,539,393</u>	<u>14,408,869</u>	<u>3,391,546</u>	<u>13,939,254</u>
	<u>11,286,614</u>	<u>45,947,806</u>	<u>10,348,051</u>	<u>42,530,490</u>

## C. GROUP STRUCTURE OF THE LISTED ENTITY

N/A

## D. THE LISTED ENTITY'S MILESTONES

The Cambodian Railway began construction between 1930 and 1940. The Cambodia Railway consists of two lines, the Northern Line and the Southern Line with a total length of 650 kilometers. Northern Railway has a length of 386 km from Phnom Penh to Poi Pet (Cambodia-Thailand border) and was constructed and functional between 1929 to 1942 during the French colonial period. The Southern Railroad was built between 1960 and 1969 and is a total length of 264 kilometers. Both lines were severely damaged and partially destroyed during the war.

RR is the sole operator of the railway network in Cambodia. Royal Railway is a critical part of logistics contribution towards the growth and development of the Kingdom of Cambodia. The Cambodian landscape from a transport and logistics perspective remains relatively fragmented creating enormous opportunities for Royal Railway and its various value-added services.

The following are key milestones in RR's history:

#### **2009:**

The Company entered into a Railway Concession Agreement with the Royal Government of Cambodia, represented by the Ministry of Public Works and Transport, to provide railway services in the Kingdom of Cambodia for a period of 30 years over the specific concession assets as stipulated in the agreement. The concession period will be from the effective date until the end of year 30, unless earlier terminated in accordance with the agreement. Under the agreement, the company is vested with an exclusive right to become the operator of the Cambodian rail network and related freight logistics.

The railway rehabilitation started with the help of the Asian Development Bank, the Australian Agency for International Development and the Malaysian Government.

#### **2016:**

Cambodian passenger trains resumed its activities after 14-years of waiting. The new Southern Line stretches 266km between Phnom Penh and Sihanoukville. Trains are able to carry approximately 400 people in five carriages, with standard carriages equipped with fans and air conditioning and VIP sections with air-conditioning.

#### **2018:**

The northern line rehabilitation was completed connecting the country from north to south by rail for the first time in 45 years.

#### **2022:**

RR started to operate passenger trains on a daily basis on both lines.

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 officially listed on 31 October 2022.

##### *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 listed on 29 December 2022.

#### **2025:**

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

## E. MARKET SITUATION

### 1. Rail freight services

Rail freight service is the core and main revenue stream of RR. The company provides the rail freight services from Phnom Penh to Sihanoukville (Southern Line) and from Phnom Penh to Battambang and Poi Pet (the Northern Line) and through the Thai border in the near future. Currently, RR provides the freight service on both lines and carries in a wide range of products or commodities such as rice, cement, fuel, ballast, garment products, and other container services, etc. Below table is the 3 years historical volume of RR's rail freight services:

	2024	2023	2022
<b>Key Achievement</b>			
Ballast	5,630	8,027	11,403
Cement	5,984	23,390	19,052
Coal	-	-	-
Container	654,442	611,502	507,737
Diesel	347,600	336,256	273,668
Fertilizer	4,920	7,590	2,100
Gasoline	100,658	88,682	97,485
Lime	4,500	3,036	-
Vehicle	-	798	-
Sand	26,106	-	-
LPG	2,804	-	-
	<u>1,152,643</u>	<u>1,079,282</u>	<u>911,445</u>

### 2. Passenger services

Cambodian rail concessionaire Royal Railway announced on 21 March 2016 that it launched a trial passenger service on its meter-gauge line from the capital Phnom Penh to the port city of Sihanoukville on 9 April 2016. During the eight-day trial, which coincides with Khmer New Year, Royal Railway operates a daily service in each direction departing from Phnom Penh and Sihanoukville (Southern Line) at 07.00 am with intermediate stops at Takeo station and Kampot station. The journey time for the 264 km trip is approximately eight hours from \$US 6-10 single fare. One of the two trains being used for the service includes air-conditioned coaches.

The section of the Northern line is particularly important as it connects Serei Saophoan in Banteay Meanchey province to the city of Poipet, the main international border to Thailand. The train schedule is a departure at 8:00 am and arriving at Battambang at around 4:00 pm. Rehabilitation of the Poipet train station was completed in May 2018. Below table is the 3 years historical number of customers patronaged RR' passenger train services:

Key Achievement	2024	2023	2022
Number of passengers	94,918	116,079	73,745

### 3. Value added services and lease of properties

The additional revenue of RR comes from the value-added services including container storage, lift-on lift-off, anvil container works, container repair and maintenance, customs scanning and customs clearance service (for freight service from Sihanoukville to Phnom Penh and Bavet to Phnom Penh). Lease of properties is also an additional revenue to RR.

## F. COMPETITIVE SITUATION

RR operates in a challenging and competitive environment. Railway operation requires high fixed cost compared with road logistics. Some of the major costs that are additional to road logistics include track access, dry port access, dry port lease, track maintenance and high rolling stock maintenance and insurance cost.

## F. COMPETITIVE SITUATION (continued)

RR business is seasonal with rainy season being the low months for fuel transport via train. However, train operation is more competitive compared to road operation. Transporting via rail has the following competitive advantage compared to road transportation including reliability, size of load (that can be carried at one time), lower administrations fees, lower customs clearance. The transport via rail track can carry from 28 tons to 30 tons containers with timely delivery. The train can deliver just in time to prevent storage and can easily carry 70x20ft containers or more on one train for example, and one shipment say of 100 containers arrives at one time not like road 100 time with documentation issues and many more.

RR is the sole train transportation company. Road transport operators are rail service partners which complement rails.

## G. FUTURE PLAN

In the business plan and strategy for 2025 onward, RR aims to become one of the top logistics providers in Cambodia. To ensure the sustainable growth of RR, the company put the following plans into action:

- Deliver services to the Southern Line and Northern Line through to Poi Pet for cross border trade;
- Invest in more assets to support the railway development and realize substantial growth in transport sector for Cambodia;
- Develop rail sidings into customers' properties to lock them into using rail;
- Expand logistics offerings off the base of rail product including warehousing, domestic transport, value adding services;
- Simplify and streamline pricing and rate cards to maximize retail and SME sales in conjunction with improved costing and business analysis to support major accounts to maximize and ensure visibility of projected and actual return;
- Practices and policies to attract, retain and develop personnel to support our business growth plans and ensure effective succession planning with particular focus on mid-tier operations management and business analysis skills;
- Develop brand and marketing strategies that draw on RR's individual strengths and focus on improving safety and governance outcomes and proactive risk appraisal and mitigation;
- Build relationships with key government and private sector stakeholders to enhance service outcomes.

## H. RISK FACTORS

RR's business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. Prospective investors should also read the detailed information set out elsewhere in this document and reach their own view prior to making any investment decision.

### Macro-economic condition risk

RR's performance is impacted by macro-economic conditions and by economic conditions in the markets in which we operate. Demand for and pricing of our services is subject to economic conditions and other factors (such as epidemics, pandemics, or large-scale medical emergencies), which have had and/or, in the future, could have a material adverse effect on our business and results of operations.

### Operational risks

Operational risk arises from losses which would result from inadequate or failed internal processes, people, and systems or from external factors and is managed through established operational risk management processes, proper monitoring, and reporting of the business activities by control and support units which are independent of the business units and oversight provided by Audit and Risk Management Committee.

### Competition risk

RR is the sole railway operator, in terms of nature of business, we ensure that road transport is not our direct competitor but services partner which compliments rails. With strong growth in the Cambodian import and export, more players are entering the market especially road operators.

RR operates in a challenging and competitive environment. Railway operation requires high cost compared with road logistics. Some of the major costs that are additional to road logistics include track access, dry port access, dry port lease, track maintenance and high rolling stock maintenance and insurance cost. Our business is seasonal with rainy season being the low months for fuel transport via train. However, Train operation is more competitive compared to road operation. Reliability, size of load that can be carried at one time, administrations fees reduction, customs clearance. RR's train can carry 28-to-30-ton containers legally, deliver just in time to prevent storage, and can easily carry 70x20ft containers or more on one train. For example, one shipment of 70 containers arrives at one go compared with road which needs 70 trucks with documentation issues and many more.



## PART 2 – INFORMATION ON BUSINESS OPERATION PERFORMANCE

### A. BUSINESS OPERATION PERFORMANCE

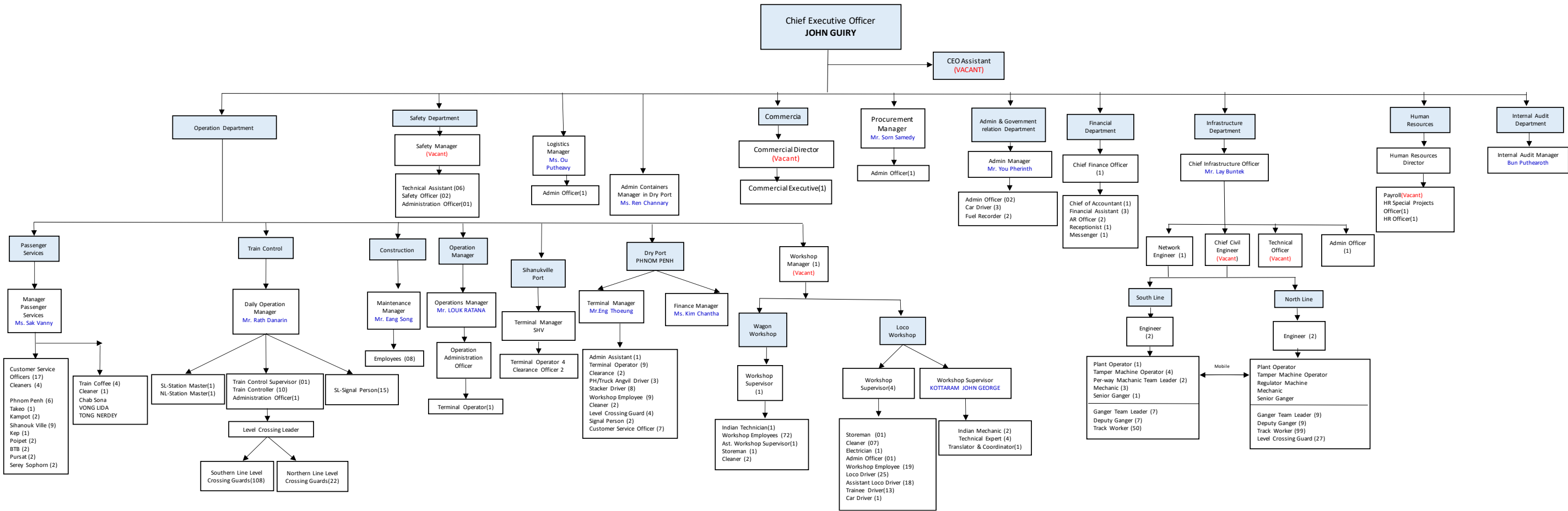
Key Achievement	2024	2023	2022
<b>Freight service in tons</b>			
Ballast	5,630	8,027	11,403
Cement	5,984	23,390	19,052
Coal	-	-	-
Container	654,442	611,502	507,737
Diesel	347,600	336,256	273,668
Fertilizer	4,920	7,590	2,100
Gasoline	100,658	88,682	97,485
Lime	4,500	3,036	-
Vehicle	-	798	-
Sand	26,106	-	-
LPG	2,804	-	-
<b>Total gross revenue (In Million Riels)</b>	<b>43,395</b>	<b>39,430</b>	<b>39,305</b>
<b>Passenger service</b>			
Number of passengers	116,692	78,809	3,546
<b>Total gross revenue (In Million Riels)</b>	<b>2,553</b>	<b>3,100</b>	<b>2,504</b>

### B. REVENUE STRUCTURE

	2024		2023		2022	
	Amount (in Million Riel)	%	Amount (in Million Riel)	%	Amount (in Million Riel)	%
Source of Revenue						
<i>Southern line:</i>						
Rail freight	25,662	49.32%	23,509	47.84%	24,010	53.33%
Train related value-added services	3,462	6.65%	2,569	5.23%	2,418	5.37%
Passengers' fare	1,946	3.74%	2,210	4.50%	1,704	3.78%
Transportation	401	0.77%	234	0.48%	245	0.54%
Other revenue	68	0.13%	69	0.14%	96	0.21%
	<u>31,539</u>	<u>60.62%</u>	<u>28,591</u>	<u>58.18%</u>	<u>28,472</u>	<u>63.23%</u>
<i>Northern line:</i>						
Rail freight	13,412	25.78%	12,914	26.28%	12,343	27.41%
Passengers' fare	607	1.17%	890	1.81%	800	1.78%
Train related value-added services	82	0.16%	87	0.18%	63	0.14%
Transportation	-	0.00%	24	0.05%	4	0.01%
Other revenue	307	0.59%	25	0.05%	126	0.28%
	<u>14,409</u>	<u>27.69%</u>	<u>13,939</u>	<u>28.37%</u>	<u>13,337</u>	<u>29.62%</u>
Other operating income						
Warehouse rental income	3,739	7.19%	3,616	7.36%	2,279	5.06%
Finance income	1,334	2.56%	1,679	3.42%	95	0.21%
Others income	1,007	1.94%	1,313	2.67%	843	1.87%
	<u>6,080</u>	<u>11.69%</u>	<u>6,608</u>	<u>13.45%</u>	<u>3,217</u>	<u>7.14%</u>
<b>Total revenue</b>	<u><b>52,028</b></u>	<u><b>100.00%</b></u>	<u><b>49,139</b></u>	<u><b>100.00%</b></u>	<u><b>45,026</b></u>	<u><b>100.00%</b></u>

PART 3 – INFORMATION ON CORPORATE GOVERNANCE

A. COMPANY STRUCTURE



## B. BOARD OF DIRECTOR

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

<b><i>Name</i></b>	<b><i>Position</i></b>
Neak Oknha Kith Meng	Chairman
Mr. Raymond Thornton Yager	Director
Mr. William Mark Hanna	Director
Mr. Paul Clements	Director
Mr. Lun Yeng	Independent Director

Except 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.

## C. SENIOR OFFICERS

<b><i>Name</i></b>	<b><i>Position</i></b>
Mr. John Guiry	Chief executive officer
Ms. Tauch Sothyda	Commercial Director (Appointed on 23 July 2024)
Mr. Dy Chetra	Chief Financial Officer (Appointed on 5 June 2024)
Mr. Lay Buntek	Chief Infrastructure Officer

Note: Detail information of corporate governance is attached as appendix.

# PART 4 – INFORMATION ON SECURITIES' TRADING AND SHAREHOLDER OF THE LISTED ENTITY

## A. INFORMATION ON SECURITIES

### 1. Information on Equity Securities (For Equity Listed Entity)

- Name of equity securities: None
- Equity securities' symbol: None
- Class of equity securities: None
- Par value per equity securities: None
- IPO Price: None
- The total number of outstanding shares: None
- Market capitalisation: None
- Permitted Securities Market: None

### 2. Information on Debt Securities (For Debt Listed Entity)

Royal Railway Corporate Bond:

Information	Description
Debt securities' type	Plain Bond
Symbol	RRC32A
Issuing date	10 October 2022
Par value per equity securities:	None
Total amount of debt securities	KHR 41,000,000,000
Total amount of outstanding debt securities	KHR 41,000,000,000
Maturity	10 October 2032
Coupon payment schedule	10 October
Coupon rate (%)	7% p.a.
Total amount of coupon payment	KHR 2,870,000,000
Credit rating (if any)	None

Royal Railway Guarantee Bond:

Information	Description
Debt securities' type	Guaranteed Bond
Symbol	RRGO27A RRGT32B
Issuing date	23 December 2022
Par value per equity securities:	None
Total amount of debt securities	KHR 49,200,000,000 KHR 49,200,000,000
Total amount of outstanding debt securities	KHR 49,200,000,000 KHR 49,200,000,000
Maturity	23 December 2027 23 December 2032
Coupon payment schedule	23 June, 23 December
Coupon rate (%)	SOFR+3,5% or 5% per annum (take which one is higher) SOFR+3,5% or 5% per annum (take which one is higher) and Year 6 to Year 10: SOFR+3,75% or 5% per annum (take which one is higher)
Total amount of coupon payment	KHR 1,924,544,000 KHR 1,924,544,000
Credit rating (if any)	KhAAA

## B. SECURITIES' PRICE AND TRADING VOLUME

As of the reporting date, there was no trading on Royal Railway's corporate bond, maintaining the same price at KHR100,000 per bond.

**C. CONTROLLING SHAREHOLDER(S) (30% OR MORE)**

No.	Name	National	Number of Shares	Percentage
1	Inter Logistics (Cambodia) Co., Ltd.	Khmer	1,983,187	98.9999%
Total			1,983,187	98.9999%

**D. SUBSTANTIAL SHAREHOLDER(S) (5% OR MORE)**

N/A

**E. INFORMATION ON DIVIDEND DISTRIBUTION IN THE LAST 3 (THREE) YEARS (FOR EQUITY LISTED ENTITY)**

Detail of dividend distribution	2024	2023	2022
Net Profit	N/A	N/A	N/A
Total cash dividend	N/A	N/A	N/A
Total share dividend	N/A	N/A	N/A
Other dividend	N/A	N/A	N/A
Dividend payout ratio (%)	N/A	N/A	N/A
Dividend yield (%)	N/A	N/A	N/A
Dividend per share	N/A	N/A	N/A

# PART 5 – INTERNAL CONTROL AUDIT REPORT BY INTERNAL AUDITOR

## 1. Introduction

Internal audit department is an independent department for providing appraisal, consulting on the efficiency of the internal control implemented by the management. The department was established in August 2022. The department report directly to the Audit and Risk Board Committee.

## 2. Auditing in the Year 2024

- Preparing the Internal audit policy and procedures
- Preparing the Internal audit checklist
- Reviewing the prior year Audited Financial Statement
- Interview Key Personnel to have better understanding of the existing process and operations
- Site visit to the Dry port in Phnom Penh, Sihanouk Ville and Battambang Terminal
- Inspect Passenger Train services from Phnom Penh to Sihanouk Ville and Battambang
- Preparing audit plan for the year 2025

## 3. Conclusions

Internal auditor has observed and interviewed with key personnel of the company has shown good cooperations and has followed the process in accordance with SOP. Employees have carried out their effort in their responsibilities to achieve good results.

Read and Approved

21 March 2025

Signature



**Lun Yeng**

Chairman of the Audit and Risk Board Committee

21 March 2025

Signature



**Ey Muny**

Internal Audit Manager

## PART 6 – FINANCIAL STATEMENT AUDITED BY THE EXTERNAL AUDITOR

Please refer to the Annex for Financial Statement Audited by the External Auditor.

## PART 7 – INFORMATION ON RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The Listed entity shall disclose material transactions information, with related parties in the last 2 (two) years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

**A. MATERIAL TRANSACTIONS WITH SHAREHOLDER WHO HOLD AT LEAST 5% OR MORE SHARES OF OUTSTANDING EQUITY SECURITIES.**

Borrowing from Neak Okhna Kith Meng with loan amount of US\$ 6,440,754.

**B. MATERIAL TRANSACTIONS WITH DIRECTOR AND SENIOR OFFICER**

N/A

**C. TRANSACTIONS WITH DIRECTOR AND SHAREHOLDER RELATED TO BUY/SELL ASSET AND SERVICE**

N/A

**D. MATERIAL TRANSACTIONS WITH IMMEDIATE FAMILY MEMBERS OF THE DIRECTOR, SENIOR OFFICER AND SHAREHOLDER WHO HOLD AT LEAST 5% OR MORE SHARES**

N/A

**E. MATERIAL TRANSACTIONS WITH THE PERSON, WHO ASSOCIATED WITH DIRECTOR OF THE LISTED ENTITY, ITS SUBSIDIARY OR HOLDING COMPANY, WHOSE RELATIONSHIP HAS OCCURRED IN ANY TRANSACTIONS OR HAVE BEEN MADE BY THE LISTED ENTITY**

N/A

**F. MATERIAL TRANSACTIONS WITH FORMER DIRECTOR OR PERSON WHO INVOLVED WITH FORMER DIRECTOR**

N/A

**G. MATERIAL TRANSACTIONS WITH DIRECTOR WHO IS HOLDING ANY POSITION IN A NON – PROFIT ORGANISATION OR IN ANY OTHER COMPANY OTHER THAN THE LISTED ENTITY**

N/A

**H. MATERIAL TRANSACTIONS WITH DIRECTORS WHO GET BENEFIT EITHER FINANCE OR NON – FINANCIAL FROM THE LISTED ENTITY**

N/A



## PART 8 – MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

The following discussion and analysis are the discussion of RR’s management team on the operational results and financial situation based on Financial Statement as of 31 December 2024, which is reviewed by KPMG Cambodia Ltd (Independent Auditors). Financial Statement have been prepared in accordance with Cambodian International Financial Reporting Standard (CIFRS). The management team discussed and analysed only the key component of the Financial Statement and key factors that affect RR’s profitability.

### A. OVERVIEW OF OPERATIONS

#### 1. REVENUE ANALYSIS

RR generates revenue from four major sources as follows:

- Rail freight income: freight service provided to customers on both Northern Line and Southern Line.
- Train related value-added services income: Fee income from lift on lift off containers, customs scanned containers, service on clearance document for customers and storage fee in the process of clearance the containers at Railway Dry Port located at ODEM (10KM out of Phnom Penh)
- Passengers’ fare: passenger service on the Southern Line i.e., Phnom Penh to Takeo Province, Kep Station, Kampot station, Sihanoukville station and on the Northern Line from the capital to Pursat station, Battambang station and Poi Pet station.
- Warehousing service/lease income.

#### 2. REVENUE BY SEGMENT ANALYSIS

Source of Revenue	2024		2023	
	Amount (in Million Riel)	%	Amount (in Million Riel)	%
<i>Source of Revenue</i>				
<i>Southern line:</i>				
Rail freight	25,662	49.32%	23,509	47.84%
Train related value-added services	3,462	6.65%	2,569	5.23%
Passengers’ fare	1,946	3.74%	2,210	4.50%
Transportation	401	0.77%	234	0.48%
Other revenue	68	0.13%	69	0.14%
	<u>31,539</u>	<u>60.62%</u>	<u>28,591</u>	<u>58.18%</u>
<i>Northern line:</i>				
Rail freight	13,412	25.78%	12,914	26.28%
Passengers’ fare	607	1.17%	890	1.81%
Train related value-added services	82	0.16%	87	0.18%
Transportation	-	0.00%	24	0.05%
Other revenue	307	0.59%	25	0.05%
	<u>14,409</u>	<u>27.69%</u>	<u>13,939</u>	<u>28.37%</u>
<i>Other operating income</i>				
Warehouse rental income	3,739	7.19%	3,616	7.36%
Finance income	1,334	2.56%	1,679	3.42%
Others income	1,007	1.94%	1,313	2.67%
	<u>6,080</u>	<u>11.69%</u>	<u>6,608</u>	<u>13.45%</u>
Total revenue	<u>52,028</u>	<u>100.00%</u>	<u>49,139</u>	<u>100.00%</u>

Rail freight is the main source of income for RR. During 2024, rail freight income represents 75.10% of the total revenue. Comparing to prior year with the same period, there is no much fluctuation movement of RR’s revenue by segment except the other operating income which saw significant increase.

## A. OVERVIEW OF OPERATIONS (continued)

### 3. GROSS LOSS MARGIN ANALYSIS

Gross profit margin does not present in the format of statement of comprehensive income prepared by RR. However, it presents net income resulting from revenue less cost of sale which is indicated in section 4. Profit / (loss) before tax analysis.

### 4. PROFIT / (LOSS) BEFORE INCOME TAX ANALYSIS

#### Statement of Profit or Loss Before Income Tax

	2024 Amount (in Million Riel)	2023 Amount (in Million Riel)	Variance (in Million Riel)	Variance %
Revenue	45,948	42,530	3,417	8.03%
Cost of services	(55,388)	(50,755)	(4,632)	9.13%
<b>Gross loss</b>	<b>(9,440)</b>	<b>(8,225)</b>	<b>(1,215)</b>	<b>14.77%</b>
Other operating income	4,746	4,929	(184)	-3.72%
Operating and administrative expense	(10,803)	(2,775)	(8,028)	289.26%
Provision for onerous contract expense	179	(215)	394	-183.09%
Allowance for impairment losses on trade receivables	275	(75)	351	-464.83%
Minimum tax expense	(508)	(478)	(30)	6.32%
<b>Operating loss</b>	<b>(15,552)</b>	<b>(6,840)</b>	<b>(8,713)</b>	<b>127.39%</b>
Finance income	1,334	1,679	(345)	-20.54%
Finance costs	(18,986)	(17,004)	(1,983)	11.66%
<b>Loss before income tax</b>	<b>(33,204)</b>	<b>(22,164)</b>	<b>(11,040)</b>	<b>49.81%</b>

During 2024, loss before income tax increase by KHR11,040 million equivalents to 49.81% compared to 2023. This increasing amount of the loss before income tax for the year mainly due to the increase of Operating and administrative expense amounting to KHR8,028 million equivalents to 289.26% compared to 2023.

### 5. PROFIT / (LOSS) AFTER INCOME TAX ANALYSIS

#### Statement of Profit or Loss After

Income Tax	2024 Amount (in Million Riel)	2023 Amount (in Million Riel)	Variance (in Million Riel)	Variance %
Loss before income tax	(33,204)	(22,164)	(11,040)	49.81%
Income tax expense	-	-	-	-
<b>Net loss for the period</b>	<b>(33,204)</b>	<b>(22,164)</b>	<b>(11,040)</b>	<b>49.81%</b>

Tax on income is calculated on taxable loss on tax rate 20%. As RR generated loss before income tax, hence RR paid only the minimum tax on revenue.

### 6. TOTAL COMPREHENSIVE INCOME / (LOSS) ANALYSIS

#### Statement of Comprehensive Loss

	2024 Amount (in Million Riel)	2023 Amount (in Million Riel)	Variance (in Million Riel)	Variance %
Net loss for the year	(33,204)	(22,164)	(11,040)	49.81%
Currency translation differences	835	207	627	302.48%
<b>Total comprehensive loss for the period</b>	<b>(32,369)</b>	<b>(21,956)</b>	<b>(10,413)</b>	<b>47.42%</b>

Other comprehensive loss item consisting of only translation difference resulting from assets and liabilities are translated at the closing rate as at the statement of financial position date whereas the items in the statements of comprehensive loss and cash flows are translated into KHR using the average rate for the period while share capital is translated at the historical rate of KHR 4,000 per US\$ 1.

## **A. OVERVIEW OF OPERATIONS (continued)**

### **7. FACTORS AND TRENDS ANALYSIS AFFECTING FINANCIAL CONDITIONS AND RESULTS**

There is significant impact to financial conditions and results of RR for the year 2024 due to the increase of the cost of services specifically fuel cost and as well as the increase of allowance of provisions for expected credit losses on trade receivable and balance at banks.

## **B. SIGNIFICANT FACTORS AFFECTING PROFIT**

### **1. DEMAND AND SUPPLY CONDITIONS ANALYSIS**

RR is the only rail transport service provider in Cambodia, offering a wide range of commodities transportation across the country with safety and efficiency as railway is able to carry the products in large volume compared with road transport, fully secured by insurance and directly accessible into the Port of Sihanoukville.

RR is continuously updating and expanding its line of products and services to meet the satisfaction of its customers. RR is investing heavily in locomotive and railway equipment and the Company is working on improvement of freight and services to increase accessibility, convenience, ease of use, and to allow customers to trust in its services.

### **2. FLUCTUATIONS IN PRICES OF RAW MATERIALS ANALYSIS**

RR is a railway operator providing freight service transportation, therefore the analysis of fluctuations in prices of raw material is not applicable to the Company.

### **3. TAX ANALYSIS**

RR is obliged to pay taxes and excises to the state under the existing laws of Cambodia. RR is a large taxpayer and is required to pay tax under the real regime tax system as set forth by the General Department of Taxation. Tax expenses include current tax and deferred tax. Tax expenses are recorded in the statement of comprehensive income.

### **4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS**

During the date of this report, management is not aware of any exceptional and extraordinary items, transaction or event of a material and unusual nature accruing that may significantly impact to the financial statement of the Company.

## **C. MATERIAL CHANGES IN SALES AND REVENUE**

In 2024, RR earned a total revenue of KHR 52,028 million 5.88% increased compared with the same period prior year. Total comprehensive loss increase from - KHR 21,956 million to - KHR 32,369 million.

## **D. IMPACT OF FOREIGN EXCHANGE, INTEREST RATES AND COMMODITY PRICES**

### **1. FOREIGN EXCHANGE RISK**

The Company is exposed to foreign exchange risk arising from purchases and transactions that are denominated in a currency other than the Company's functional currency which is Khmer Riel.

The currency that gives rise to the foreign exchange risk to the Company is primarily United States of Dollar (US\$) from borrowings and transactions with related parties and payment of operating expenses. The Company does not hedge its foreign currency exposure. To manage its foreign currency exposure, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

### **2. INTEREST RATE RISK**

The Company does not account for any fixed-rate financial assets at fair value through profit or loss, and the Company does not have derivatives at the reporting date. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

## **E. IMPACT OF INFLATION**

- Inflation is very important for RR because fuel is one of the main cost of services.
- Cambodia's economy is expected to grow around 5.8% in 2024.
- The economy is to a large extent dollarized; the exchange rate has moved within a small bandwidth for the last ten years.
- In 2024 Cambodia's unemployment rate is projected to trend around 0.9%
- GDP of Cambodia for 2024 will increase to 5.8% and 6.0% in 2025 (ADO April 2024)
- Cambodia's inflation rates forecasted at 2% in 2024 and 2025 (ADO April 2024)

## **F. ECONOMIC, FISCAL AND MONETARY POLICY OF ROYAL GOVERNMENT**

- Cambodia prioritised strengthening budget efficiency.
- Reforms of tax administration, increasing additional revenue through the strengthening of tax policies.
- Strengthening basic diversification of income collection to ensure sustainability in public finance and boost economic recovery.

## PART 9 - OTHER NECESSARY INFORMATION FOR INVESTOR PROTECTION

GuarantCo has a strong credit due to the following reasons:

- a) GuarantCo has a track record of periodic equity injections provided by its owners.
- b) GuarantCo is part of PIDG, with over USD 2.4 billion of total funding.
- c) GuarantCo has no debt on its balance sheet.
- d) The Board allows for leverage up to 3 times equity and callable capital.
- e) Moody's and Fitch are both comfortable with the GuarantCo Board's leverage definition and threshold.

Rating	Credit rating agent	Date
AA-	FitchRatings	May 2022
A1	Moody's	June 2022
AAA	Parcra	June 2022
AAA	Bloomfield Investment	September 2021

Guaranteed by GuarantCo. Pursuant to and subject to the terms of the Deed of Guarantee (as defined below and a form of which is attached as Annex B hereto), the Guarantor unconditionally and irrevocably:

- guarantees to the Bondholders' Representative, acting on behalf of the Bondholders, the full and complete payment by the Issuer of the Guaranteed Amount;
- undertakes to indemnify Bondholders' Representative, acting on behalf of the Bondholders, on demand, against any loss in respect of the Guaranteed Amount suffered by the Bondholders' Representative, acting on behalf of the Bondholders, if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal for any reason (whether or not the Guarantor or the Bondholders' Representative, acting on behalf of the Bondholders, was aware of it); the amount of such loss being the amount which the Bondholders' Representative, acting on behalf of the Bondholders, would otherwise have been entitled to recover under paragraph 2 (a) of the Deed of Guarantee; and provided, for the avoidance of doubt, that any such the amount payable by the Guarantor shall not exceed the Maximum Guarantee Amount to the extent applicable; and (as each term is defined in the Deed of Guarantee) subject to the terms of the Deed of Guarantee, including that a Notice of Payment Demand (as defined in the Deed of Guarantee) in respect of such amounts is made to the Guarantor pursuant to the Deed of Guarantee.

**Signature of Directors of the Listed Entity**

21 March 2025

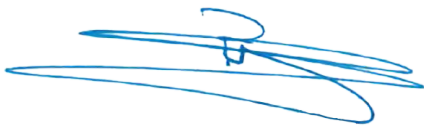
Seen and Agreed



Neak Oknha Kith Meng  
Chairman

21 March 2025

Seen and Agreed



Mr. Raymond Thornton Yager  
Director

21 March 2025

Seen and Agreed



Mr. William Mark Hanna  
Director

21 March 2025

Seen and Agreed



Mr. Paul Clements  
Director

21 March 2025

Seen and Agreed



Mr. Lun Yeng  
Independent Director