

Quarterly Report Q1 (As at 31 March, 2021)

Phnom Penh SEZ, Plc.

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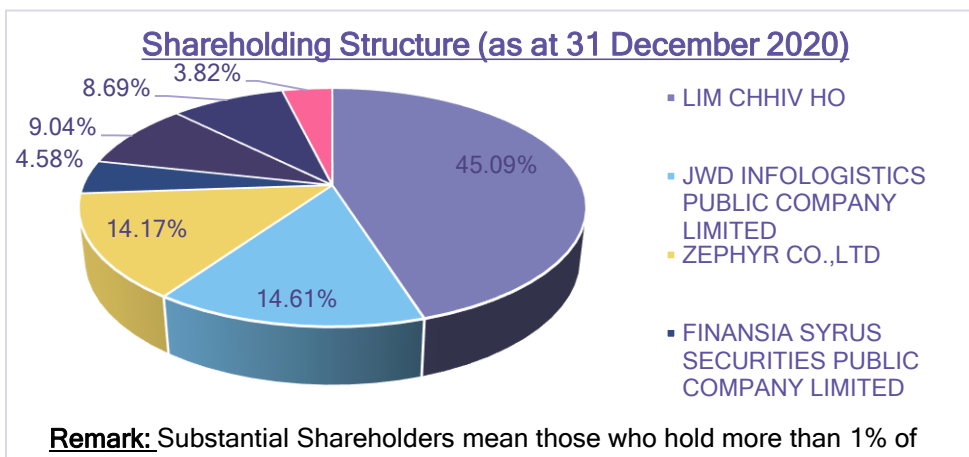
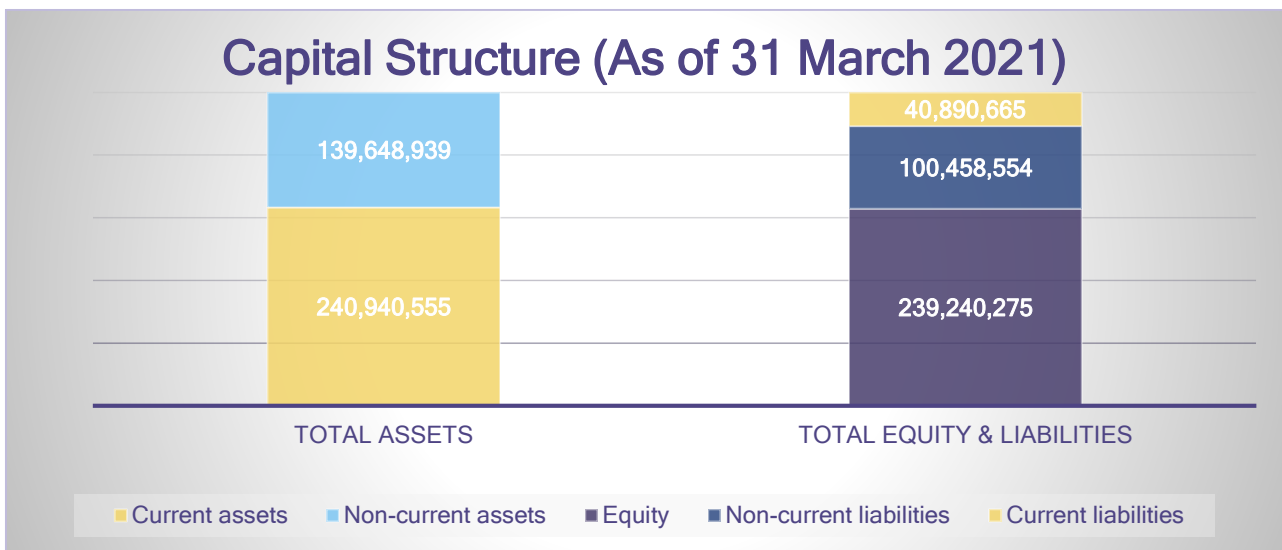
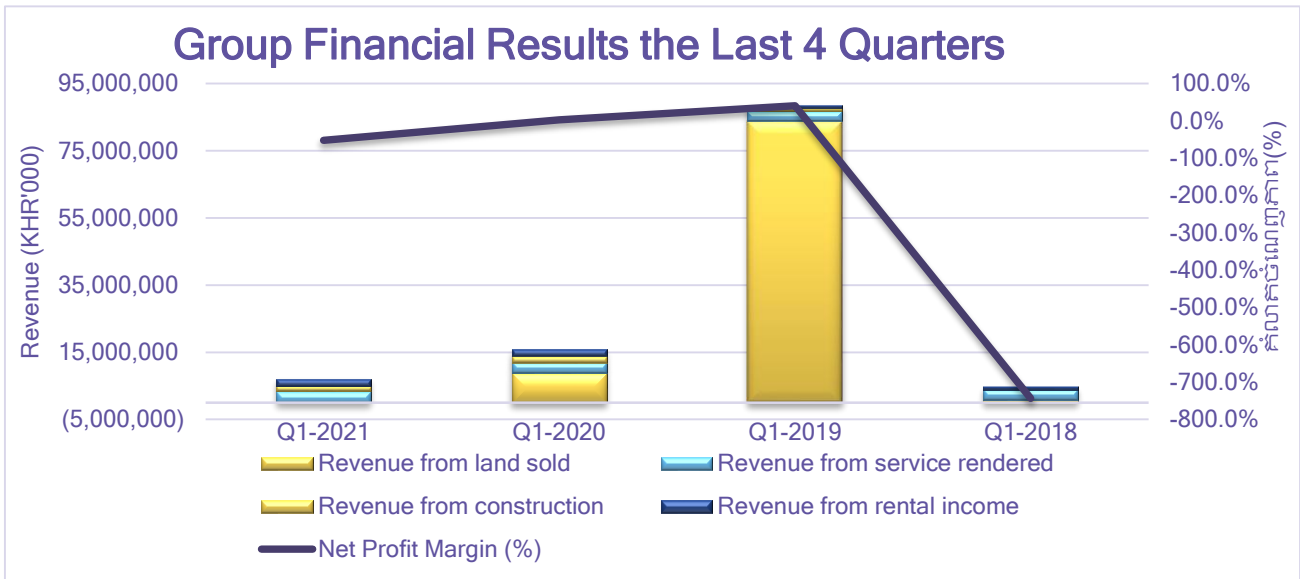
Address: [Phnom Penh Special Economic Zone, National Road No. 12509, Khan Kambol, Phnom Penh, Cambodia](#)



Financial Highlights

Financial Position (KHR'000)		Q1 2021	2020	2019
Total assets		380,237,309	384,061,630	382,349,104
Total liabilities		140,978,286	141,075,559	141,908,700
Total equity		239,259,023	242,986,071	240,440,403
Financial Performance (KHR'000)		Q1 2021	Q1 2020	Q1 2019
Total revenue		7,140,594	15,748,218	88,695,024
Profit/(Loss) before tax		(2,928,403)	1,170,912	45,069,479
Net profit/(loss) after tax		(3,727,048)	474,161	36,057,101
Financial Ratios		Q1 2021	2020	2019
Liquidity				
Liquidity ratio	Current ratio	5.87	4.78	4.78
	Quick ratio	2.22	2.13	2.13
		Q1 2021	Q1 2020	Q1 2019
Profitability	Return on assets	(0.98)%	0.12%	9.43%
	Return on equity	(1.56)%	0.20%	15.00%
	Gross profit margin (%)	55.64%	51.18%	57.83%
	Net profit margin (%)	(52.20)%	3.01%	40.65%
	Earnings per share	(51.9)	6.6	501.7
Interest Ratio(Finance Cost)		(0.97)	1.79	52.61
Dividend paid per share (if available) (KHR'000/Share)		-	-	-

Financial Summary Charts



Board of Directors



Mr. Tan Kak Khun
Non-Executive Chairman



Mr. Hiroshi Uematsu
Executive Director



Mr. Kang Wei Geih
Independent Director



Mr. Hem Sovath
Independent Director



Mr. Hiroshi Otsubo
Non-Executive Director



Mr. Kenji Toyota
Non-Executive Director



Mr. Tanate Piriyothinkul
Non-Executive Director

Statement from Chairman

Dear Fellow Shareholders

In the 1st quarter of 2021, the Company reported total revenue of 7,140,594 KHR'000, a decrease of 54.66% Year-on-year compared to the amount of 15,748,218 KHR'000 in the 1st quarter of year 2020. As a result, the Company reported the net loss of -3,727,048 KHR'000, compared to the net income of 474,161 KHR'000 in the same quarter of year 2020.

The financial position of the Company remains strong as at 31 March 2021 with total assets amounting 380,237,309 KHR'000, comprising non-current assets of 142,376,941 KHR'000 and current assets of 237,860,368 KHR'000. Total equity amounted to 239,259,023 KHR'000, a decline of 1.53% compared with 242,986,071 KHR'000 at the year 2020. As a result, debt-to-equity ratio was reported at 0.59X in 2021 compare with 0.58X at the year 2020.



Date: 17th May 2021

Non-Executive Chairman

A handwritten signature in blue ink, consisting of a stylized 'T' followed by a series of loops and a long horizontal stroke.

Tan Kak Khun

TABLE OF CONTENTS

Financial Highlights

Financial Summary Charts

Composition of Board of Directors

Statement from chairman

Chapter 1: Corporate Information

1. General Information
2. Nature of business
3. Significant Quarterly events of listed company

Chapter 2: Business Operation Results

1. Business Operation Results
2. Revenue Structure

Chapter 3: Reviewed Financial Statements

Chapter 4: Management Description & Analysis (MD&A)

1. Overview of operations
2. Key factors which have an effect on profitability
3. Significant variation in sales and revenue
4. The impact of currency exchange rates and commodity prices
5. Impact of Inflation
6. Economic policy, the government's fiscal and monetary

Chapter 5: Other information to protect investors (optional)

Signatures of Directors of listed company

Chapter 1: Corporate Information

1.1 General Information

Company Name: **Phnom Penh SEZ, Plc.**
 Company Code: **KH1000050000**
 Company Address: **Phnom Penh Special Economic Zone, National Road No. 4, Sangkat Kantouk, Khan Kambol, Phnom Penh, Cambodia**
 Phone Number: **(+855) 23 729 798**
 Fax Number: **(+855) 23 729 799**
 Website: **www.ppsez.com**
 Email: **info@ppsez.com**

Company registration number: **Inv. 1076KH/2006**
 Date: **10 May 2006**
 License number: **33 ANKr. BK (Sub-decree)**
 Issued by **Royal Government of Cambodia**
 Date: **19 April 2006**
 Listed Exchange: **Cambodia Securities Exchange (CSX)**
 Approval Date: **23 March 2016**
 Company Representative: **Lok Chumteav Oknha Lim Chhiv Ho**

1.2 Business Overview

Phnom Penh SEZ, Plc (“PPSP”) are the developer and operator of Phnom Penh Special Economic Zone (“PPSEZ”) and Poipet PP SEZ. We are in the front-running position of SEZ developers and operators in Cambodia.

We received the approval as a developer of a multi-product SEZ from the Royal Government of Cambodia on 19 April 2006, making us the SEZ currently operating in the close proximity of Phnom Penh, the capital of Cambodia. The SEZ designation provides considerable government incentives and benefits to SEZ developers, operators and its zone investors, including exemptions from customs tax, income tax

and other taxes, resulting in reduced costs for infrastructure, utilities, raw materials and other resources, which increases export competitiveness and benefits international trade. Our Company is principally involved in the business of operating and managing of SEZ with the main purpose of developing industrial land for sale/lease. In addition, as an operator, our Company is also involved in supplying other relevant services and facilities within PPSEZ such as supply and distribution of treated water, rental service, infrastructure maintenance, advisory service and administration support, wastewater treatment and other services. We are currently operating the PPSEZ

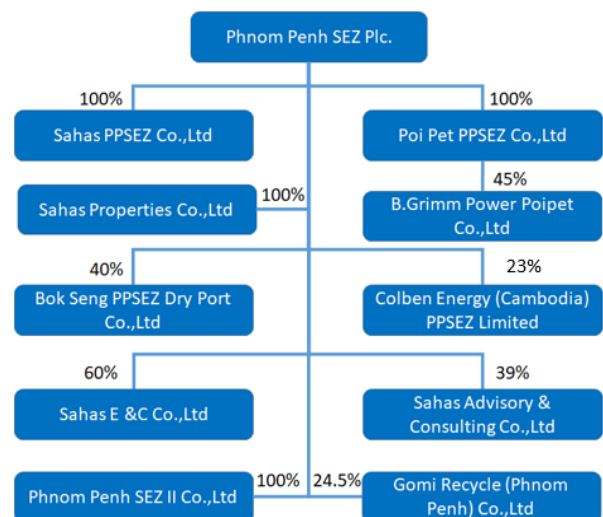
located at National Road No. 4, Sangkat Kantouk, Khan Posenchey in Phnom Penh, Cambodia.

PPSEZ is currently operating in the proximity of the capital city of Cambodia, Phnom Penh. As at 31 December 2020, it is one (1) out of seventeen (17) operating SEZs (from a total of thirty-six (36) approved SEZs) in Cambodia. In addition, as at 31 December 2020, PPSEZ is a leader in term of the number of zone investors, total investment amount, and the number of workers among all the approved SEZs in Cambodia and is one of the largest SEZs in Cambodia by land size with a land size measuring approximately 357.32 HA.

As at 31 March 2021, our company employs ninety six (96) personnel.

Through our subsidiaries and associate companies, our Group also provide security services, independent power production and distribution and dry port services to the zone tenants and zone investors of PPSEZ.

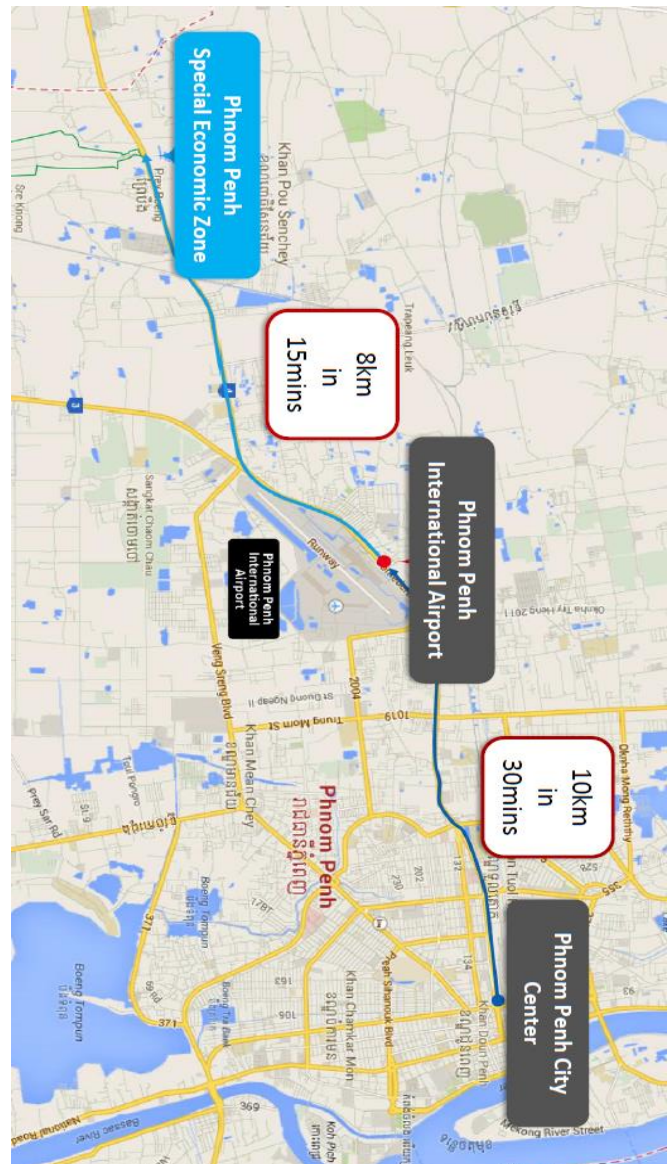
In this year, we established 3 new subsidiaries/associate including 1) PPSEZ II Co.,Ltd for new SEZ development 2) Sahas Properties Co.,Ltd as our property development flagship and 3) Gomi Recycle (Phnom Penh) Co.,Ltd, where we partner up with Japanese company for solid waste management business.



Name	Relationship	Area of Business	Incorporation date	Business location
Sahas PPSEZ	Subsidiary	Private security services	6 Nov 2013	PPSEZ, Phnom Penh City, Cambodia
Poi Pet PPSEZ	Subsidiary	SEZ development & Management	31 Dec 2014	Banteay Meanchey, Cambodia
Sahas E&C	Subsidiary	Engineering and Construction	24 Jan 2017	PPSEZ, Phnom Penh City, Cambodia
Sahas Properties	Subsidiary	Property Development	15 November 2018	PPSEZ, Phnom Penh City, Cambodia
PPSEZ II	Subsidiary	SEZ development & Management	31 October 2018	Phnom Penh City, Cambodia
Colben PPSEZ	Associate	Establishment of electricity power plant	16 June 2009	PPSEZ, Phnom Penh City, Cambodia
Bok Seng PPSEZ	Associate	Establishment of dry port	22 Jan 2008	PPSEZ, Phnom Penh City, Cambodia
Sahas Advisory & Consulting	Associate	Tax & Accounting Consulting service	14 Feb 2017	PPSEZ, Phnom Penh City, Cambodia
Gomi Recycle (Phnom Penh)	Associate	Solid Waste Management	13 November 2018	PPSEZ, Phnom Penh City, Cambodia
B.Grimm Power Poipet	Associate	Electrical Transmission and Distribution System	20 Nov 2017	Banteay Meanchey, Cambodia

We commenced our operation in PPSEZ in 2007 with the construction of Phase I of PPSEZ and by August 2008, we received our first zone investor operating in PPSEZ. Throughout the years, we have experienced rapid growth in PPSEZ as a result of the increasing interest amongst the foreign and local investors to set up their business operations inside PPSEZ. As at 31 March 2021, PPSEZ accommodates ninety-two (92) investors from fourteen (14) nations where the majority comes from Japan, Malaysia, Taiwan, China, USA, and Korea in wide-ranging industries such as automobile parts, garment, food and beverage, plastic products, electronic products, and jewelry.

We are currently operating the PPSEZ located at National Road No. 4, Khan Posenchey in Phnom Penh, Cambodia. PPSEZ is strategically located with access to rail and road network. It is situated at approximately eighteen (18) Km from the Phnom Penh City Center with easy access to the Phnom Penh Autonomous Port (an international river port in Phnom Penh City) and Phnom Penh International Airport (the largest international airport in Cambodia). Furthermore, its location along National Road No. 4 offers main and easy connection to the Sihanoukville Autonomous Port, the sole international and commercial deep-sea port of Cambodia.



In addition to its strategic location, PPSEZ facilitates and attracts its investors with key features as follows:

- i. Independent power plant operated by Colben PPSEZ, one of our associate companies, to provide power supplies in the event there is a power outage from the national power grid;
- ii. Independent water supply system with water purification and sewage treatment plant;

- iii. On-site dry port operated by Bok Seng PPSEZ, one of our associate companies, which provides fast and reliable loading and storage facilities to ease import/export transaction and to accommodate transportation needs;
- iv. Comprehensive telecommunication network which is able to link up with twelve (12) different internet service providers and four (4) different telephone service providers;
- v. Flood-safe dike equipped with modern drainage system providing security for smooth and dry operations for its zone investors;
- vi. In-house security services, operated by Sahas PPSEZ Co., Ltd, one of our wholly-owned subsidiaries, to oversee and maintain security in the zone
- vii. In-house construction services, operated by Sahas E&C Co.,Ltd, one of our subsidiaries; and
- viii. "On-site, one-stop" services in partnership with relevant government agencies i.e. CSEZB, Customs and Excise Department, CAMCONTROL, MOC, and MLVT to assist with custom clearance, business registration, and compliance for its zone investors.

With modern infrastructure, PPSEZ has attracted more investors to set up their operation in the zone. Our company's revenue generating activities are as follows:

1.2.1 Land Sales

Over the last ten (10) years from 2012 to 2021, the income generated from the sale of land in PPSEZ is the major contributor to our Group's total revenue. The revenue from the sale of land depends on the number of plots sold and size of each plot sold.

PPSEZ is located approximately eighteen (18) Km from the Phnom Penh City Center with access to National Road 4. The SEZ designation allows zone investors to apply and enjoy government incentives and benefits resulting in reduced infrastructure cost when the zone investors set-up their plants in PPSEZ.

Based on Cambodian law, only natural persons or legal entities of Cambodian nationality have the right to ownership of land in Cambodia, therefore, the land sales

performed in PPSEZ are either through an outright sale or via a long-term lease. For outright sales of land transaction, which are solely reserved for local buyers, it is based on a sale and purchase agreement in which the land title of the sold property lot(s) will be transferred to the local buyer upon completion of the agreement. On the other hand, for long-term lease, which can be leased to a local or foreign buyer, it is performed through a non-refundable fifty (50) years term lease agreement with an option to extend for another fifty (50) years on the same terms and conditions renewable by lessee.

Over the last ten (10) year from 2012 to 2021, the number of our company's outright sales/long-term lease of land transactions in PPSEZ can be categorized as follows:

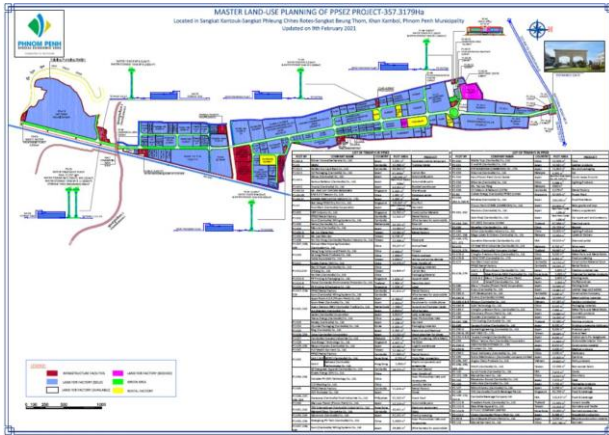
Description										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outright sale	0	0	0	0	1	0	0	1	1	3
Long-term lease	0	3	8	7	9	9	8	6	14	11
Total land sales transaction	0	3	8	7	10	9	8	7	15	14

As

at 31 March 2021, PPSEZ has a total land area of approximately 357.32 HA that will be developed in three (3) phases as follows:

- i. Phase I has completed its major infrastructure and facilities development in 2009. It has a total area of approximately 137.94 HA where approximately 86.71 HA are developed to accommodate sixty-one (61) factory lots with size ranging from 0.19 HA to 10.57 HA each. Phase I also includes approximately 24.46 HA of land that was designed for commercial developments which could accommodate but not limited to shop lots, restaurants and banks. Further, approximately 1.53 HA of land were designated for worker hostel area. The remaining zone area are designed for infrastructure usage and service area including our headquarter;
- ii. Phase II, has a land size of approximately 161.59 HA, where its development is divided into Phase II-I and Phase II-II. Phase II-I has completed its major infrastructure and facilities since 2014. Phase II-I comprises approximately 87.85 HA of land area, in which 59.85 HA are developed to accommodate twenty-eight (28) factory lots with size ranging from 0.50 HA to 10.00 HA each, approximately 2.82 HA are rented as worker hostel area and the rest of the zone area are used for infrastructure purpose. Phase II-II completed its major infrastructure and facilities since early 2016. Phase II-II covers an area of approximately 73.74 HA in
- iii. Which 57.82 HA are developed to accommodate thirty-one (31) factory lots with size ranging from 0.64 HA to 9.28 HA each. The remaining zone areas were designated for infrastructure and commercial area; and
- iv. Phase III, with a land size of approximately 57.79 HA, is still under development. we, in this year, reached agreement to sell 41.3 HA to Gain Lucky Limited, a subsidiary of Shenzhou International Group, the largest manufacture of high-end knitwear in China. This transaction was considered as the largest-ever land sales transaction by the Company.

Since 2010, our company had obtained the ISO: 9001 certification as a testament for our commitment towards quality and modern infrastructures installed in PPSEZ while providing high levels of customer service to the PPSEZ's zone investors. In addition, our company also obtained ISO: 14001 certification for our contribution in the environmental conservation.



1.1.1 Services Rendered

Apart from the outright sale and long-term lease of land, we also provide the tenants of PPSEZ with services and infrastructure to facilitate their operations in PPSEZ, which includes the following:

Utilities

We provide our tenants with an independent and steady supply of water. Water is supplied through the installation of Ourcompany has also installed a total of five (5) elevated storage reservoirs and water tanks for water storage and proper water pressure for the tenants' usage. Through our associate company, Colben PPSEZ, we are also involved in operating an industrial power generation plant in the PPSEZ, which supply electricity for the tenants and premises inside the estate in



a water processing plant with a capacity of producing 14,900 m³ of fresh water on a daily basis and is located within the PPSEZ where it collects water primarily from Stoeng Preak Tnot located next to PPSEZ. water is also collected through the rain water storage pond with a capacity of 25,000 m³. The rain water storage pond also serves as temporary water supply backup system in the event that there is disruption of water supply from the river water. Prior to supplying the water to the tenants of PPSEZ, experienced engineers in water processing plant will undergo quality testing on the water with effective and modern tools and equipment in the plant's laboratory to ensure the water quality meets the industrial standards.

the event there is a power outage from the national electricity grid. The said power plant is built on an area of approximately 5.04 HA and has a total electric generation capacity of thirteen (13) MW via three (3) installed heavy fuel oil generators.

The pictures below show the independent power plant located in PPSEZ.



Infrastructure Maintenance

To maintain the infrastructure and general operation cost of the PPSEZ in the common area such as roads, electricity charges for the street lights, and other maintenance cost for the infrastructures facilities inside PPSEZ, our company also collects infrastructure maintenance fee from the zone occupants in PPSEZ. The Infrastructure maintenance fee is collected based on the land area of an occupant, multiplies by a prefixed rate of maintenance fee.

Advisory Service and Administration Support

In order to be a one-stop center for our zone investors, our company provides advisory and administration support services to our zone investors. The provision of such advisory and administration support aims to facilitate zone investors' registration activities in Cambodia. These administration support services include registration of zone investors' business



operations with various authorities in Cambodia, which includes:

- QIP registration;
- Tax holiday registration;
- Preparation of master list for production;
- Factory opening declaration and certificate;
- Registration with MLVT; and
- GSP certificate (for zone investors that export their goods) for custom clearance.

Wastewater Treatment

We also provide water treatment services for the wastewater discharged by our zone occupants using our installed independent anti-corrosion pipe system in PPSEZ. The wastewater treatment plant is using aerated lagoon system that uses aeration ponds with surface aerators, settling ponds and polishing pond to treat the toxic constituents wastewater before discharge to the outside of the estate or reused for irrigation purpose within the zone area.

The pictures below show the water filtration and sewage treatment facility in PPSEZ.



1.1.2 Rental Income

We also provide building rental services which include factories, dormitories, warehouse, and shop lots in PPSEZ. Such rental services are mainly on short-term leases. Generally, the leasing period ranging from three (3) to five (5) years with options to renew for another three (3) or five (5) years

1.1.3 Construction Business

Since 2017, we established Sahas E&C Co,Ltd to grow our new business in engineering and construction. This company initially start from doing construction work within our group and later start to get the deal from other customers.

1.2.5 Market Situation

As at 31 March 2021, our company has secured a total of ninety-three (93) zone investors/tenants in PPSEZ from countries such as Japan, Singapore, Malaysia, Taiwan, Korea, Philippines, China, Vietnam, Turkey, USA, Cambodia and Thailand.

We mainly target zone investors that involved in the light to medium and more labor intensive industries and have thus far, attracted investors from the following industries:

- Mechanical and electrical products destined for both the export and the local market;
- Garment, shoes, apparel and fashion industries;

- Food processing and agricultural industries for regional and local markets;
- Consumer products (pharmaceutical, packaging, etc.);
- Automobile parts;
- Assembly of pre-produced parts to final product for regional and local markets; and
- Logistic companies.

Based on the most updated information from The Council for the Development of Cambodia ('CDC'), Phnom Penh SEZ hold the 2nd largest number of Projects among the SEZs with 92 Projects but has drawn the highest investment capital of 562,689,666 USD.

The future outlook for the SEZs in Cambodia is projected to remain strong, in line with the anticipated strong economic growth in Cambodia. Cambodia relies heavily on investments to spur economic growth. As a point of fact, the SEZ scheme was introduced by the Cambodian government to spur investments, with the objectives of streamlining administrative procedures and encouraging private sector participation in all aspects of the development and operations in the SEZ. In addition, laws and policies have also been put in place to encourage and protect foreign investments to spur the domestic Cambodian economic growth. As the nation continues to strive for industrialization, robust growth is anticipated to be

experienced across major industries in Cambodia, specifically the agriculture, garment manufacturing, construction subsector and tourism industry. Strong governmental support for the development of the nation has a spillover effect to the development of SEZs.

The development of SEZs in Cambodia is still in its nascent stage. Today, some of the largest foreign investors in Cambodia include China, Korea, Malaysia, the United Kingdom and the US. Out of the 36 approved SEZ, only seventeen (17) SEZs have commenced operations. Robust development and strong industry drivers

are anticipated to ensure strong growth for the remaining developing SEZs in the coming years. Cambodia has an attractive investment environment; attributed to its relatively stable political environment, geographical advantage, open economy and fairly-competitive labor cost/availability. In addition, the Cambodian government employs tax holidays, duty free import and various incentives such as the SEZs' one-stop services to attract FDI into the SEZs. Supporting infrastructure and facilities within SEZ further attract zone investors to channel their investments in SEZs, hence accelerating the development of the SEZs.

SEZ Name	Province	Est. Year	Area (Ha)	Number of Projects
Sihanoukville SEZ	Sihanoukville	2008	1,113	109
Phnom Penh SEZ	Phnom Penh	2006	357	92
Manhattan Svay Rieng SEZ	Svay Rieng	2006	157	31
Tai Seng Bavet SEZ	Svay Rieng	2007	99	27
Sanco Poi Pet SEZ	Banteay Meanchey	2013	66.5	10
Poi Pet Ou Neang SEZ	Banteay Meanchey	2006	467	5
Neang Kok Koh Kong SEZ	Koh Kong	2007	335	5
Dragon King Bavet SEZ	Svay Rieng	2012	106.5	4
Sihanoukville Port SEZ	Sihanoukville	2009	70	3
Sihanoukville SEZ #1	Sihanoukville	2006	178	3
Shandong Sunshell SEZ	Svay Reing	2013	96	2
Goldfame Paksun SEZ	Kandal	2007	80	2
Hi-Park SEZ	Svay Rieng	2013	263.13	2
H.K.T. SEZ	Sihanoukville	2012	345	1
Kerry Worldbridge SEZ	Phnom Penh	2015	63	1
Qi Lu (Jian Pu Zhai) SEZ	Svay Rieng	2017	179.12	1
Suvannaphum SEZ	Kandal	2014	200	1

1.2.6 Competitive Advantage

The primary elements for our competitive advantage are as follows:

1.2.7 Strategic location of PPSEZ

PPSEZ is located in the Cambodian capital and is approximately eighteen (18) Km from the Phnom Penh City Center with easy access to the Phnom Penh Autonomous Port (an international river port in Phnom Penh City) and eight (8) Km away from the Phnom Penh International Airport. PPSEZ is strategically located with access to the National Road 4 that connects to the Sihanoukville Autonomous Port. PPSEZ is also accessible by various modes of transportation. In addition, PPSEZ is located adjacent to the main railway track in Cambodia. The strategic location of PPSEZ with convenient accessibility facilitates the distribution of goods produced to inner parts of the country.

Poipet PP SEZ is a new Special Economic Zone (SEZ), developed and operated under Poi Pet PPSEZ Co., Ltd., a wholly-owned subsidiary of Phnom Penh SEZ Plc. it is located in Banteay Meanchey Province, Northwestern Cambodia neighboring the Cambodia-Thai Border. It is approximately 8 Km East of the Poipet city center, with access to one of the key border crossing point with Thailand in the northwest of Cambodia. Its aforesaid strategic location is attractive to prospective investors who are looking for

starting new manufacturer, warehouse, or distribution center. It is actually 250 km away from the deep sea port at Laem Chabang, Thailand.

Strategically located with direct access to National Road No. 5 (a designated part of the Asian Highway 1), Poipet PP SEZ is an important knot along the Hoh Chi Minh - Phnom Penh - Siem Reap - Bangkok route.

1.2.8 Established relationship with customers

Currently, we have been involved in the development and management of SEZ for over eleven (12) years. As at 31 March 2021, PPSEZ has Ninety-two (92) zone investors (in respect of SEZs, customers are also known as zone investors as they set up their operations within the SEZs) that have already set-up or in the process of setting up manufacturing/assembling plants in PPSEZ. Furthermore, as at 31 March 2021, PPSEZ is one of the leading SEZs in term of invested capital and number of tenants among all the thirty-six (36) approved SEZs in Cambodia. In addition, through our Japanese shareholder and the wide business network of the management of PPSP, As at 31 March 2021, our company has successfully attracted forty-seven (47) Japanese companies invested in PPSEZ which makes PPSEZ to have the largest Japanese investor base among all the SEZs in Cambodia.

1.2.9 Our experienced board of directors/management team

Our company is led by a team of experienced board of directors/management team. Our Chairman has led our company since its incorporation in 2006. She has been involved in managing infrastructure development, property development and investment, trading in consumer goods, leisure and hospitality in Cambodia for over thirty (30) years. On the other hand, our CEO, Mr. Hiroshi Uematsu has been involved in business administration and engineering related industries for over twenty (20) years. Both our chairman and CEO, leads a team of Senior Officers comprising nine (9) personnel with diversified skills in construction, project management, engineering, customer service, marketing, accounting and finance, and investor relations management which has been instrumental in the success of our Group.

1.2.10 Our value added services

In addition to the development and management of PPSEZ, our Group also able to provide value added services including:

- In-house security services provided by our wholly-owned subsidiary, namely Sahas PPSEZ;
- In-house construction services, provided by Sahas E&C Co.,Ltd, our subsidiary;
- Stable backup power supply from an independent power plant located in

PPSEZ that is operated by Colben PPSEZ, an associate company;

- Dry port facilities inside PPSEZ which is operated by Bok Seng PPSEZ, an associate company; and
- Other infrastructures such as independent water purification and sewage treatment plant, comprehensive telecommunication network, sufficient warehouse rental space, dormitory rental service and other services catering the diverse needs of the tenants of PPSEZ.

1.2.11.Future Business Plan

Moving forward, our mission is to maintain our position as the leading SEZ in Cambodia. Our future plans are as follows:

1.2.12Commencement of major infrastructure and facilities works for Poipet PP SEZ

Since 2014, we start developing new SEZ in Banteay Meanchey Province of Cambodia under the name “Poipet PP SEZ”, which has been operated by our wholly-owned subsidiary, Poi Pet PPSEZ Co.,Ltd. With the total land size of 68.4 Ha., the Poipet PP SEZ is located in the proximity of Poipet city, approximately 5.60km east of the Poipet city center, where it has access to one of the border crossing check point in the northwest of Cambodia which is adjacent to the border with Thailand.

The Poipet city is located approximately 306km away from Bangkok and approximately 410km away from Phnom Penh. As at 31 March 2021, there are two (2) approved SEZs in Poipet city namely Poipet O'Neang SEZ and Sanco Poi Pet SEZ. The Poipet PP SEZ is strategically located with access to the National Road No. 5 which will constitute part of the Asian Highway 1 that provides convenient accessibility and facilitates the distribution of goods to Cambodia and also the inner parts of Thailand and other Asian countries. It is also located approximately 250km away from the Laem Chabang Port, one of the main deep-

sea ports located in the eastern part of Thailand.

The preliminary concept for Poipet PP SEZ is to develop it into a SEZ that caters to the potential light industries investors whom would like to make Cambodia as its alternative manufacturing hub to Thailand. Currently, we are in the process of preparing the necessary documentation to obtain approval for Poipet PP SEZ from the relevant Cambodian authorities for the SEZ designation. At this juncture, we are developing the Poipet PP SEZ in two (2) phases, Phase I and Phase II. The development map is as shown below:



Phase I of the Poipet PP SEZ covers an area of approximately 34.83 HA whereby approximately 21.40 HA are allocated to accommodate a total of forty (40) factory lots with the size ranging from approximately 0.40 HA to 0.90 HA each. It will also house a commercial area, a dry port, workers' accommodation, administrative office building and other facilities and infrastructure buildings. On 10th April 2019, Sumitronics Manufacturing (Cambodia) Co.,Ltd became our first tenant in Poipet PP SEZ. They agreed to purchase 1 Ha. with option to purchase another 1 Ha. in the near future.

In addition, Phase II of the Poipet PP SEZ will commence its major infrastructure and facilities works. It will cover an area of approximately 20.67 HA whereby approximately 15.89 HA are allocated to accommodate a total of twenty-eight (28) factory lots with size ranging from approximately 0.38 HA to 0.80 HA each and the rest of the area are designed for infrastructure and service area. After collectively acquire additional land over the last two (2) years, Poi Pet PPSEZ has owned the total area of 68.4 H.a.

1.2.13 Expansion of other relevant services

Albeit our current revenue stream is mainly from land sale/perpetual lease, we, however, strive to build sustainable business model for industrial estate development. We endeavor to introduce and increase revenue from more sustainable sources.

Currently within PPSEZ, we have successfully installed an independent water supply system which consists of water reservoir cum water treatment system with the capacity to supply approximately 14,900 m³ of water per day moving forward to cater the anticipated increase in the number of diversified investors. This will mitigate any potential disruption of water supply to PPSEZ and ensure that investors in PPSEZ, particularly those that are involved in the food and beverage industry which requires a constant supply of water for their operations, do not face disruption in water supply. As at 31 March 2021, the water consumption of the independent water supply system is approximately 5,300 m³ per day, representing a utilization of 36%. Water consumption continue increasing from last year due to new operation of beverage companies inside the zone.

In year 2019, we successfully established 3 new subsidiaries/associates for properties development, waste management, and new SEZ development.

1. 3 Significant Quarterly events of listed company

Phnom Penh SEZ Plc. (PPSP) Presented Scholarship Awards to the Royal University of Phnom Penh (RUPP)'s Students

On Wednesday, January 13, 2021 at RUPP, the representative of PPSP's management, Mr. Sun Samoeun presented scholarship awards to ten RUPP's students. This is the fourth year that PPSP has offered the scholarship to students at RUPP with the total amount of 5,000 USD per year to support students' learning programs for new academic year 2020-2021.

Speaking during the event, H.E. Dr. MEY Kalyan, Chairman of Board of Directors, RUPP and Senior Advisor, Supreme National Economic Council (SNEC), expressed his deep appreciation on behalf of the university to PPSP for this great support in developing human resources in Cambodia.

All the scholars have committed to studying harder in order to successfully graduate as it is their final year. After graduation, they will utilize their knowledge to contribute to the development of their communities.



1st Quarterly HR Meeting in Phnom Penh SEZ Plc.

On Friday, February 05, 2021, Phnom Penh SEZ Plc. in collaboration with the representative of the Ministry of Labour and Vocational Training (MoLVT) organized the 1st quarterly HR meeting with 91 participants from various companies inside the zone.

Mr. Pol Chandara, the representative of MoLVT based in the zone explained to all participants the Notification #003: Payment of back pay seniority indemnity before 2019 and seniority indemnity in 2020 and 2021; day care centre; and working overtime.

All participants were actively involved in the meeting, and they asked a lot of questions in order to ensure that they understood the topics correctly.



Chapter 2: Business Operation Results

2.1 Business Operation Results & News

In the first quarter of 2021, our business operations were profitable while land revenue and rental income was KHR 2,126,610,000 compared to KHR 10,704,299,000 in the 1st quarter of 2020.

2.2 Revenue Structure

We measure revenue at fair value of the consideration received or receivable, net of discounts and rebates. We recognize revenue to the extent that it is probable that the economic benefits associated with any transaction will flow to our company and the amount of revenue and the cost incurred or to be incurred in respect of such transaction can be reliably measured and specific recognition criteria have been met for each of our activities as follows:

2.2.1 Sale of land

Revenue from sale of land is recognized when significant risk and rewards of ownership of the land are transferred to the

buyer and the amount of the revenue can be measured reliably.

2.2.2 Services rendered

Revenue from services is mainly in respect of the provision of maintenance services, utilities, used of transmission lines and security services, which is recognized when the services are rendered.

2.2.3 Construction Revenue

We start to recognize revenue from construction business. Due to our strategic direction, we aim to expand our construction service to serve our tenants and also customer outside the zones.

2.2.4 Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregated cost of incentives provided to the lessee is recognized as reduction of rental income over the lease term on a straight line basis.

2.2.5 Our total revenue over the last three (3) fiscal years can be tabulated as below:

(Unit: KHR'000)

No.	Source	Q1 2021		Q1 2020		Q1 2019	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Sales of Land	-	0.00%	8,773,841	55.71%	83,811,993	94.49%
2	Service Rendered	3,431,713	48.06%	3,183,290	20.21%	3,038,697	3.43%
3	Construction Revenue	1,582,271	22.16%	1,860,629	11.81%	980,575	1.11%
4	Rental Income	2,126,610	29.78%	1,930,458	12.26%	863,759	0.97%
	Total	7,140,594	100.0%	15,748,218	100.0%	88,695,024	100.0%

Chapter 3: Reviewed Financial Statements

PHNOM PENH SEZ PLC.
(Company No. 00006448)
(Incorporated in Cambodia)

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2021

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONTENTS	Page
STATEMENT BY THE DIRECTORS	1
CONDENSED STATEMENTS OF FINANCIAL POSITION	2
CONDENSED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	3
CONDENSED STATEMENTS OF CHANGES IN EQUITY	4 – 5
CONDENSED STATEMENTS OF CASH FLOWS	6 – 7
NOTES TO THE CONDENSED FINANCIAL INFORMATION	8 – 25
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	26 – 27

Company No. 00006448

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENT BY THE DIRECTORS

In the opinion of the Directors, the accompanying condensed interim statements of financial position of PHNOM PENH SEZ PLC. ("the Company") and its subsidiaries ("the Group") as at 31 March 2021, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and three-month period then ended, and the notes to condensed interim financial information (collectively referred to as "Condensed Interim Financial Information of the Company") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard ("CIAS") 34 Interim Financial Reporting.

Signed on behalf of the Board of Directors,



.....
HIROSHI UEMATSU
Director

Phnom Penh, Kingdom of Cambodia

Date: 17 MAY 2021

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group			Company		
		(Unaudited)		(Audited)	(Unaudited)		(Audited)
		31.03.2021		31.12.2020	31.03.2021		31.12.2020
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
ASSETS							
Non-current assets							
Property, plant and equipment	3	14,422,740	58,339,985	13,584,990	14,031,745	56,758,409	13,735,616
Investment properties	4	9,879,070	39,960,838	9,998,571	8,017,062	32,429,016	8,112,341
Investment in subsidiaries	5	-	-	-	21,800,000	88,181,000	21,800,000
Investment in associates	6	10,896,444	44,076,118	10,876,126	10,896,444	44,076,118	10,876,126
Total non-current assets		35,198,254	142,376,941	34,459,687	54,745,251	221,444,543	54,524,083
Current assets							
Inventories	7	36,586,575	147,992,696	36,499,627	12,879,723	52,098,480	12,778,447
Trade and other receivables	8	21,479,866	86,886,058	22,365,303	25,939,019	104,923,332	26,242,491
Cash and cash equivalents	9	737,111	2,981,614	1,622,634	386,830	1,564,727	278,243
Total current assets		58,803,552	237,860,368	60,487,564	39,205,572	158,586,539	39,299,181
TOTAL ASSETS		94,001,806	380,237,309	94,947,251	93,950,823	380,031,082	93,823,264
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	10	35,937,500	145,367,188	35,937,500	35,937,500	145,367,188	35,937,500
Share premium	11	4,575,051	18,506,081	4,575,051	4,575,051	18,506,081	4,575,051
Retained earnings		17,593,704	71,166,532	18,475,706	21,033,657	85,081,143	21,021,456
		58,106,255	235,039,801	58,988,257	61,546,208	248,954,412	61,534,007
Non-controlling interests		1,043,071	4,219,222	1,082,465	-	-	-
TOTAL EQUITY		59,149,326	239,259,023	60,070,722	61,546,208	248,954,412	61,534,007
Non-current liabilities							
Loans and borrowings	13	16,204,242	65,546,159	15,332,994	13,203,347	53,407,539	14,021,933
Contract liabilities	12	8,631,000	34,912,395	8,768,000	8,631,000	34,912,395	8,768,000
Total non-current liabilities		24,835,242	100,458,554	24,100,994	21,834,347	88,319,934	22,789,933
Current liabilities							
Loans and borrowings	13	3,339,821	13,509,576	3,339,821	3,209,454	12,982,241	3,209,454
Current tax liabilities		4,847	19,606	2,976	1,891	7,649	-
Trade and other payables	14	6,124,570	24,773,890	6,884,738	6,810,923	27,550,186	5,741,870
Contract liabilities	12	548,000	2,216,660	548,000	548,000	2,216,660	548,000
Total current liabilities		10,017,238	40,519,732	10,775,535	10,570,268	42,756,736	9,499,324
TOTAL LIABILITIES		34,852,480	140,978,286	34,876,529	32,404,615	131,076,670	32,289,257
TOTAL EQUITY AND LIABILITIES		94,001,806	380,237,309	94,947,251	93,950,823	380,031,082	93,823,264

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes to condensed interim financial information attached to this interim financial report.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Note	Unaudited Three-month period ended					
		Group (Unaudited)		Company (Unaudited)		31.03.2020 ⁽²⁾ US\$	
		31.03.2021 ⁽¹⁾ US\$	31.03.2021 ⁽¹⁾ KHR'000	31.03.2021 ⁽¹⁾ US\$	31.03.2021 ⁽¹⁾ KHR'000		
Revenue	15	1,765,289	7,140,594	3,869,341	1,126,402	4,556,296	3,289,869
Cost of sales	16	(783,162)	(3,167,890)	(1,888,826)	(314,719)	(1,273,038)	(1,397,683)
Gross profit		982,127	3,972,704	1,980,515	811,683	3,283,258	1,892,186
Other income	17	23,572	95,349	30,352	321,180	1,299,173	30,352
Administrative expenses	18	(1,382,511)	(5,592,262)	(1,419,273)	(816,693)	(3,303,527)	(1,096,540)
Operating (loss)/profit		(376,812)	(1,524,209)	591,594	316,170	1,278,904	825,998
Finance costs	19	(367,462)	(1,486,384)	(362,736)	(322,396)	(1,304,092)	(343,316)
Share of results of associates		20,318	82,190	58,835	20,318	82,190	273,756
(Loss)/Profit before tax		(723,956)	(2,928,403)	287,693	14,092	57,002	756,438
Income tax expense	20	(197,440)	(798,645)	(171,192)	(1,891)	(7,649)	(40,815)
(Loss)/Profit for the financial period, representing total comprehensive (loss)/income		(921,396)	(3,727,048)	116,501	12,201	49,353	715,623
(Loss)/Profit attributable to:							
Owners of the Company		(882,002)	(3,567,699)	85,531			
Non-controlling interests		(39,394)	(159,349)	30,970			
		(921,396)	(3,727,048)	116,501			
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(882,002)	(3,567,699)	85,531			
Non-controlling interests		(39,394)	(159,349)	30,970			
		(921,396)	(3,727,048)	116,501			
Basic/Diluted (loss)/earnings per share	21	(0.012)	(0.050)	0.001			

Notes:

- (1) The Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes to condensed interim financial information attached to this interim financial report.
- (2) The comparative figures for the corresponding period were reviewed but not audited.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
Group (Unaudited)					
At 1 January 2021	35,937,500	4,575,051	18,475,706	1,082,465	60,070,722
Loss for the financial period, representing total comprehensive loss	-	-	(882,002)	(39,394)	(921,396)
At 31 March 2021	35,937,500	4,575,051	17,593,704	1,043,071	59,149,326
(KHR'000 equivalent)	145,367,188	18,506,081	71,166,532	4,219,222	239,259,023
	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
Group (Unaudited)					
At 1 January 2020	35,937,500	4,575,051	17,659,652	831,577	59,003,780
Profit for the financial period, representing total comprehensive income	-	-	85,531	30,970	116,501
At 31 March 2020	35,937,500	4,575,051	17,745,183	862,547	59,120,281
(KHR'000 equivalent)	146,265,625	18,620,458	72,222,891	3,510,562	240,619,536

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
Company (Unaudited)				
At 1 January 2021	35,937,500	4,575,051	21,021,456	61,534,007
Profit for the financial period, representing total comprehensive income	-	-	12,201	12,201
At 31 March 2021	35,937,500	4,575,051	21,033,657	61,546,208
(KHR'000 equivalent)	145,367,188	18,506,081	85,081,143	248,954,412
	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
Company (Unaudited)				
At 1 January 2020	35,937,500	4,575,051	20,392,994	60,905,545
Profit for the financial period, representing total comprehensive income	-	-	715,623	715,623
At 31 March 2020	35,937,500	4,575,051	21,108,617	61,621,168
(KHR'000 equivalent)	146,265,625	18,620,458	61,621,167	250,798,150

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes to condensed interim financial information attached to the interim financial report.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	(Unaudited)						
	Three-month period ended						
	Group		Company				
	31.03.2021 ⁽¹⁾		31.03.2020 ⁽²⁾		31.03.2021 ⁽¹⁾		31.03.2020 ⁽²⁾
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cash flows from operating activities							
(Loss)/Profit before tax:	(723,956)	(2,928,403)	287,693	14,092	57,002	756,438	
Adjustments for non-cash items:							
Deferred revenue	(137,000)	(554,165)	(137,000)	(137,000)	(554,165)	(137,000)	
Depreciation for:							
- property, plant and equipment	349,089	1,412,065	285,980	273,810	1,107,561	245,676	
- investment properties	119,501	483,382	109,195	95,279	385,404	109,195	
Finance costs	367,462	1,486,384	362,736	322,396	1,304,092	343,316	
Interest income	(232)	(938)	(140)	(57)	(231)	(140)	
Share of results of associates	(20,318)	(82,186)	(58,833)	(20,318)	(82,186)	(273,756)	
Operating (loss)/profit before changes in working capital	(45,454)	(183,861)	849,631	548,202	2,217,477	1,043,729	
Changes in working capital:							
Inventories	82,648	334,311	4,709,923	(8,250)	(33,371)	4,706,438	
Trade and other receivables	805,813	3,259,514	714,437	(169,735)	(686,579)	1,098,579	
Trade and other payables	(780,255)	(3,156,131)	(1,163,324)	(96,376)	(389,841)	(1,536,755)	
Net cash generated from operations	62,752	253,833	5,110,667	273,841	1,107,686	5,311,991	
Tax paid	(195,569)	(791,077)	(128,984)	-	-	-	
Net cash (used in)/generated from operating activities	(132,817)	(537,244)	4,981,683	273,841	1,107,686	5,311,991	

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 (CONTINUED)

	(Unaudited)					
	Group			Company		
	31.03.2021 ⁽¹⁾		31.03.2020 ⁽²⁾		31.03.2021 ⁽¹⁾	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,356,435)	(5,486,780)	(296,440)	(662,965)	(2,681,693)	(5,928)
Purchase of investment properties	-	-	(5,112,879)	-	-	(5,112,879)
Investment in subsidiaries	-	-	-	-	-	(1,000,000)
Interest received	232	938	140	57	231	140
(Advances to)/Repayments from:						
- Subsidiaries	-	-	-	1,537,917	6,220,874	349,779
- Related parties	6,226	25,182	782,744	(6,529)	(26,410)	764,580
- Associates	70,863	286,641	64,445	84,626	342,312	66,799
- Directors	7,363	29,784	(778,929)	7,363	29,784	(778,929)
- Shareholders	15,259	61,723	443,549	15,259	61,723	443,549
Net cash (used in)/generated from investing activities	(1,256,492)	(5,082,512)	(4,897,370)	975,728	3,946,821	(5,272,889)
Cash flows from financing activities						
Drawdown of loans	1,771,261	7,164,752	454,240	-	-	488,957
Repayment of loans	(900,013)	(3,640,553)	-	(818,586)	(3,311,181)	-
Interest paid	(367,462)	(1,486,384)	(362,736)	(322,396)	(1,304,092)	(343,316)
Net cash generated from/(used in) financing activities	503,786	2,037,815	91,504	(1,140,982)	(4,615,273)	145,641
Net (decrease)/increase in cash and cash equivalents	(885,523)	(3,581,941)	175,817	108,587	439,234	184,743
Cash and cash equivalents at the beginning of the financial period	1,622,634	6,563,555	1,341,410	278,243	1,125,493	843,998
Cash and cash equivalents at the end of the financial period	737,111	2,981,614	1,517,227	386,830	1,564,727	1,028,741

Notes:

- (1) The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes to condensed interim financial information attached to this interim financial report.
- (2) The comparative figures for the corresponding period were reviewed but not audited.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Phnom Penh SEZ PLC. (“the Company”) is a public limited company, incorporated and domiciled in the Kingdom of Cambodia and is listed on the Cambodia Securities Exchange.

The registered office and principal place of business of the Company are located at Phnom Penh Special Economic Zone, National Road 4, Sangkat Kantouk, Khan Kambol, Phnom Penh, Cambodia.

The principal activities of the Company are to establish, develop and operate the Special Economic Zone in Phnom Penh and to engage in other related commercial activities. The principal activities of the subsidiaries are disclosed in Note 5 to the condensed interim financial information. There have been no significant changes in the nature of these activities during the financial period.

The condensed interim financial information was approved and authorised for issue by the Board of Directors on 17 May 2021.

The condensed interim financial information for the quarter and three-month period ended 31 March 2021, has been reviewed but not audited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information of the Group and of the Company for the three-month period ended 31 March 2021 has been prepared in accordance with Cambodian International Accounting Standards (“CIAS”) 34 Interim Financial Reporting.

This condensed interim financial information does not include all the notes normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2020, which have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) and any public announcements made by the Company during the interim reporting period.

The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the annual audited financial statements for the financial year ended 31 December 2020.

2.2 Standards, amendments to published standards and interpretations that are effective

Multiple standards, amendments to published standards and interpretations are effective for reporting period commencing 1 January 2021. However, the Board of Directors are in the opinion that the adoption of these standards, amendments to published standards and interpretations did not have any impact on the current period or any prior period and is not likely to affect the future periods.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Group and the Company transact their businesses and maintain their accounting records primarily in United States Dollar (“USD”), the Board of Directors has determined the USD to be the Group’s and the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Group and the Company.

Translation to KHR are presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the notes to the condensed financial information for the quarter and three-month period ended 31 March 2021 of the Group and of the Company using the official rate of exchange regulated by National Bank of Cambodia as at the reporting date at USD1 to KHR4,045.

These convenience translations should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

2.4 Significant accounting policies

The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the annual audited financial statements for the financial year ended 31 December 2020.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s decision makers. Those whom is responsible for allocating resources to and assessing the performance of the operating segments has been identified as the key management team. The Group mainly operates in one operating segment, being the real estate related business. As such, no further segmentation is required.

Seasonality or cyclicity of operations

The Group and the Company are mainly involved in the real estate related business. There is no significant seasonality factor associated with these businesses.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.5 Significant accounting judgements, estimates and assumptions

When preparing the condensed interim financial information, the Board of Directors undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by the Board of Directors, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual audited financial statements for the financial year ended 31 December 2020.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group (Unaudited)	Freehold land US\$	Building and infrastructure US\$	Machinery US\$	Motor vehicle, equipment and computers US\$	*Construction in progress US\$	Total US\$
Movement in net carrying amount						
At 1 January 2020	721,224	10,655,738	460,146	222,461	5,720,759	17,780,328
Additions	-	173,338	-	37,163	2,819,812	3,030,313
Written off	-	(1,591)	-	(547)	-	(2,138)
Transfer within property, plant and equipment	-	2,059,164	-	-	(2,059,164)	-
Transfer to investment properties	-	-	-	-	(5,451,167)	(5,451,167)
Transfer to inventories	-	-	-	-	(495,851)	(495,851)
Depreciation charge	-	(1,057,811)	(136,094)	(82,590)	-	(1,276,495)
At 31 December 2020	721,224	11,828,838	324,052	176,487	534,389	13,584,990
Additions	-	8,419	9,500	129,617	1,208,899	1,356,435
Transfer within property, plant and equipment	-	430,985	-	-	(430,985)	-
Transfer to inventories	-	-	-	-	(169,596)	(169,596)
Depreciation charge	-	(291,546)	(31,241)	(26,302)	-	(349,089)
At 31 March 2021	721,224	11,976,696	302,311	279,802	1,142,707	14,422,740
(KHR'000 equivalent)	2,917,351	48,445,735	1,222,849	1,131,800	4,622,250	58,339,985

* Construction in progress represents infrastructure under construction stated at cost. Construction in progress is not depreciated until such time when the asset is available for use.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (Unaudited)	Freehold land US\$	Building and infrastructure US\$	Machinery US\$	Motor vehicle, equipment and computers US\$	*Construction in progress US\$	Total US\$
Movement in net carrying amount						
At 1 January 2020	721,224	10,414,561	205,672	74,731	5,695,577	17,111,765
Additions	-	27,799	-	13,005	963,053	1,003,857
Transfer within property, plant and equipment	-	2,506,123	-	-	(2,506,123)	-
Transfer to investment properties	-	-	-	-	(3,173,000)	(3,173,000)
Transfer to inventories	-	-	-	-	(207,345)	(207,345)
Depreciation charge	-	(913,036)	(58,744)	(27,881)	-	(999,661)
At 31 December 2020	721,224	12,035,447	146,928	59,855	772,162	13,735,616
Additions	-	-	-	13,250	649,715	662,965
Transfer within property, plant and equipment	-	290,000	-	-	(290,000)	-
Transfer to inventories	-	-	-	-	(93,026)	(93,026)
Depreciation charge	-	(255,244)	(11,430)	(7,136)	-	(273,810)
At 31 March 2021	721,224	12,070,203	135,498	65,969	1,038,851	14,031,745
(KHR'000 equivalent)	2,917,351	48,823,971	548,089	266,845	4,202,153	56,758,409

* Construction in progress represents infrastructure under construction stated at cost. Construction in progress is not depreciated until such time when the asset is available for use.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

4. INVESTMENT PROPERTIES

Group (Unaudited)	Freehold land US\$	Buildings US\$	Total US\$
Movement in net carrying amount			
At 1 January 2020	742,778	2,651,715	3,394,493
Additions	1,772,878	5,296,973	7,069,851
Depreciation charge	-	(465,773)	(465,773)
At 31 December 2020	2,515,656	7,482,915	9,998,571
Depreciation charge	-	(119,501)	(119,501)
At 31 March 2021	2,515,656	7,363,414	9,879,070
(KHR'000 equivalent)	10,175,828	29,785,010	39,960,838
Company (Unaudited)			
Movement in net carrying amount			
At 1 January 2020	742,778	2,651,715	3,394,493
Additions *	1,772,878	3,340,000	5,112,878
Depreciation charge	-	(395,030)	(395,030)
At 31 December 2020	2,515,656	5,596,685	8,112,341
Depreciation charge	-	(95,279)	(95,279)
At 31 March 2021	2,515,656	5,501,406	8,017,062
(KHR'000 equivalent)	10,175,829	22,253,187	32,429,016

There were no updates in valuation of investment properties, since the disclosure in the Group's last annual audited financial statements for the financial year ended 31 December 2020.

As at 31 March 2021, investment properties with a carrying amount of USD229,694 have been pledged as security to secure term loans granted to the Group and the Company as disclosed in Note 13 to the condensed interim financial statements.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

5. INVESTMENT IN SUBSIDIARIES

Company	(Unaudited) 31.03.2021		(Audited) 31.12.2020
	US\$	KHR'000	US\$
Unquoted shares, at cost	21,800,000	88,181,000	21,800,000

The Company's effective equity interest in the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
Sahas Security Co., Ltd.	Cambodia	100	100	Security services
Poi Pet PPSEZ Co., Ltd.	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas E&C Co., Ltd.	Cambodia	60	60	Construction services
Phnom Penh SEZ II Co., Ltd.	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas Properties Co., Ltd.	Cambodia	100	100	Real estate activity

6. INVESTMENT IN ASSOCIATES

Group / Company	(Unaudited) 31.03.2021		(Audited) 31.12.2020
	US\$	KHR'000	US\$
Unquoted shares, at cost	6,997,400	28,304,483	6,997,400
Shares of post-acquisition reserves	5,334,451	21,577,856	5,314,133
Less: Allowance for impairment loss	(1,435,407)	(5,806,221)	(1,435,407)
	10,896,444	44,076,118	10,876,126

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

6. INVESTMENT IN ASSOCIATES (CONTINUED)

The Group's effective equity interest in the associates are as follows:

Name of associates	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
<u>Associate of Phnom Penh SEZ PLC.</u>				
Colben Energy (Cambodia) PPSEZ Ltd. *	Cambodia	51	51	Supply of electricity
Bok Seng PPSEZ Dry Port Co., Ltd. *	Cambodia	40	40	Dry port
Sahas Advisory & Consultant Co., Ltd. *	Cambodia	39	39	Advisory and consultant services
Gomi Recycle (Phnom Penh) Co., Ltd. *	Cambodia	24.5	24.5	Waste recycle factory
<u>Associate of Poi Pet PPSEZ Co., Ltd</u>				
B. Grimm Power (Poipet) Co., Ltd * #	Cambodia	45	45	Supply of electricity

* Not audited by Baker Tilly (Cambodia) Co., Ltd. or Baker Tilly International member firms.

The Group has not recognised its shares of losses of B.Grimm Power (Poipet) Co., Ltd. as the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses.

7. INVENTORIES

	Group		Company			
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2021	31.12.2020	31.12.2020	31.03.2021	31.12.2020	31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
At cost						
Freehold land	36,586,575	147,992,696	36,499,627	12,879,723	52,098,480	12,778,447

Included in the net carrying amount of inventories of the Group and of the Company were assets transferred from property, plant and equipment of USD169,596 and USD93,026 respectively, as disclosed in Note 3 to the condensed interim financial information.

As at 31 March 2021, inventories with a carrying amount of USD13,419,138 have been pledged as security to secure term loans granted to the Group and the Company as disclosed in Note 13 to the condensed interim financial statements.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

8. TRADE AND OTHER RECEIVABLES

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2021		31.12.2020	31.03.2021		31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Trade receivables from contract with customers:						
Third parties	1,463,650	5,920,464	2,692,597	-	-	-
Shareholder	3,020	12,216	-	-	-	-
Related parties	791,863	3,203,086	792,116	771,217	3,119,573	771,217
	2,258,533	9,135,766	3,484,713	771,217	3,119,573	771,217
Non-trade receivables:						
Other receivables	246,697	997,889	204,002	193,602	783,120	173,792
Input value added taxes	1,241,921	5,023,570	1,276,161	132,614	536,424	216,164
Withholding tax credit	3,301,121	13,353,034	3,345,231	3,256,121	13,171,008	3,300,231
Subsidiaries	-	-	-	8,702,350	35,201,006	9,053,582
Associates	2,033,878	8,227,037	2,104,741	1,483,949	6,002,574	1,597,163
Related parties	628,051	2,540,466	621,553	428,051	1,731,466	421,553
Shareholders	1,461	5,910	16,720	1,461	5,910	16,720
Deposits	193,852	784,131	64,852	47,978	194,071	47,978
Prepayments	11,574,352	46,818,255	11,247,330	10,921,676	44,178,180	10,644,091
	19,221,333	77,750,292	18,880,590	25,167,802	101,803,759	25,471,274
Total trade and other receivables	21,479,866	86,886,058	22,365,303	25,939,019	104,923,332	26,242,491

9. CASH AND CASH EQUIVALENTS

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2021		31.12.2020	31.03.2021		31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash in hand	15,204	61,500	9,934	2,565	10,375	5,659
Deposits held at call with licensed banks	721,907	2,920,114	1,612,700	384,265	1,554,352	272,584
	737,111	2,981,614	1,622,634	386,830	1,564,727	278,243

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with licensed banks.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

10. SHARE CAPITAL

	Group and Company			
	(Unaudited) 31.03.2021		(Audited) 31.12.2020	
	Number of share of US\$ 0.50 each	US\$	Number of share of US\$ 0.50 each	US\$
Ordinary shares				
Registered:				
At beginning/end of financial period	71,875,000	35,937,500	71,875,000	35,937,500
Fully paid:				
At beginning/end of financial period	71,875,000	35,937,500	71,875,000	35,937,500
(KHR'000 equivalent)		<u>145,367,188</u>		

There were no issuances, cancellations, repurchases, resales and repayments of equity securities during the financial period.

11. SHARE PREMIUM

The share premium mainly represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

12. CONTRACT LIABILITIES

	Group			Company		
	(Unaudited) 31.03.2021		(Audited) 31.12.2020	(Unaudited) 31.03.2021		(Audited) 31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Contract liabilities						
Non-current:						
Contract liabilities	8,631,000	34,912,395	8,768,000	8,631,000	34,912,395	8,768,000
Current:						
Contract liabilities	548,000	2,216,660	548,000	548,000	2,216,660	548,000
Total contract liabilities	<u>9,179,000</u>	<u>37,129,055</u>	<u>9,316,000</u>	<u>9,179,000</u>	<u>37,129,055</u>	<u>9,316,000</u>

Contract liabilities represent deferred revenue. Deferred revenue was in respect of granting the right-of-use on the transmission lines of the Company to Colben Energy (Cambodia) PPSEZ Limited ("CEZ") pursuant to the transfer agreement with CEZ on 31 August 2012. The total consideration was amortised on a straight-line basis over the term of 25 years.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS AND BORROWINGS

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2021		31.12.2020	31.03.2021		31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Non-current:						
Secured						
Term loans:						
Term loan VII	8,519,886	34,462,939	9,035,631	7,697,121	31,134,854	8,175,521
Term loan VIII	612,597	2,477,955	717,248	612,597	2,477,955	717,248
Term loan IX	5,052,630	20,437,888	3,450,551	2,874,500	11,627,353	2,999,600
Term loan XI	2,019,129	8,167,377	2,129,564	2,019,129	8,167,377	2,129,564
	<u>16,204,242</u>	<u>65,546,159</u>	<u>15,332,994</u>	<u>13,203,347</u>	<u>53,407,539</u>	<u>14,021,933</u>
Current:						
Secured						
Term loans:						
Term loan VII	1,681,487	6,801,615	1,681,487	1,551,120	6,274,280	1,551,120
Term loan VIII	1,658,334	6,707,961	1,658,334	1,658,334	6,707,961	1,658,334
	<u>3,339,821</u>	<u>13,509,576</u>	<u>3,339,821</u>	<u>3,209,454</u>	<u>12,982,241</u>	<u>3,209,454</u>
Total loans and borrowings	<u>19,544,063</u>	<u>79,055,735</u>	<u>18,672,815</u>	<u>16,412,801</u>	<u>66,389,780</u>	<u>17,231,387</u>

CIAS 7 require the Group and the Company to provide disclosures that enable users of financial statements to evaluate the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The change in liabilities is disclosed as follows:

Group	(Unaudited)	
	US\$	KHR'000
Term loans		
As at beginning of the financial period	18,672,815	75,531,537
Drawdown	1,771,261	7,164,751
Repayments	(900,013)	(3,640,553)
Finance costs	367,462	1,486,384
Interest paid	(367,462)	(1,486,384)
As at end of the financial period	<u>19,544,063</u>	<u>79,055,735</u>
Company		
Term loans		
As at beginning of the financial period	17,231,387	69,700,960
Drawdown	-	-
Repayments	(818,586)	(3,311,180)
Finance costs	322,396	1,304,092
Interest paid	(322,396)	(1,304,092)
As at end of the financial period	<u>16,412,801</u>	<u>66,389,780</u>

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS AND BORROWINGS (COTINUED)

Other information on loans and borrowings are disclosed as follows:

Term Loan	Licensed Bank	Principal Amount (USD)	Interest Term	Repayable in Number of Years	Monthly Instalment (USD)	Commence Date	Remark
Term loan VII	First Commercial Bank	2,000,000	6.80%	6	29,169	07/07/2018	*
		2,300,000	6.80%	7	34,489	02/11/2018	*
		3,500,000	LIBOR rate plus 3.75% \geq 6.87%	5	69,090	12/09/2019	*
		2,500,000	LIBOR rate plus 3.75% \geq 6.87%	5	43,013	10/09/2019	*
		2,530,488	LPCO plus 1.00% \geq 6.90%	7	38,068	02/09/2020	*
		1,521,261	LIBOR rate plus 1.90% \geq 7%	7	23,198	01/02/2021	#
Term loan VIII	Phnom Penh Commercial Bank	3,050,000	8.00%	1	41,667	28/12/2018	#
		2,000,000	8.00%	5	33,333	01/02/2017	#
		1,500,000	8.00%	43 months	34,884	31/08/2020	#
Term loan IX	Kasikorn Bank	3,500,000	7.00%	7	41,700	02/05/2019	*
		500,000	6.50%	5	9,700	23/03/2020	*
		250,000	6.50%	5	4,900	29/01/2021	#
Term loan XI	Advanced Bank of Asia Limited	1,500,000	7.50%	5	30,130	13/02/2020	#
		980,392	7.50%	5	19,597	13/02/2020	#
Term loan V	CIMB Bank PLC.	2,050,000	8.00%	5	41,687	01/01/2017	*
Term loan X	First Commercial Bank	1,200,000	LIBOR plus 3.30% to 6.80%	5	17,994	19/07/2019	#

* The loans are secured by a mortgage over the investment properties and inventories as disclosed in Note 4 and Note 7 to the condensed interim financial information.

The loans are secured by a mortgage over the inventories as disclosed in Note 7 to the condensed interim financial information.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

14. TRADE AND OTHER PAYABLES

	Group		Company			
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2021		31.12.2020	31.03.2021		31.12.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Trade payables:						
Third parties	362,624	1,466,814	207,045	-	-	-
Non-trade payables:						
Other payables	1,564,003	6,326,397	2,499,832	288,699	1,167,791	405,595
Deposits	1,990,807	8,052,814	1,958,900	1,503,194	6,080,420	1,482,674
Subsidiaries	-	-	-	2,825,265	11,428,197	1,638,580
Associates	-	-	31,912	-	-	28,588
Related parties	1,997,422	8,079,572	1,984,698	1,984,051	8,025,486	1,984,082
Directors	9,204	37,230	1,841	9,204	37,230	1,841
Shareholders	200,510	811,063	200,510	200,510	811,063	200,510
	5,761,946	23,307,076	6,677,693	6,810,923	27,550,186	5,741,870
Total trade and other payables	6,124,570	24,773,890	6,884,738	6,810,923	27,550,186	5,741,870

15. REVENUE

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2021		31.03.2020	31.03.2021		31.03.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Revenue from contract customers:						
Construction revenue	391,167	1,582,271	457,157	-	-	-
Sale of land	-	-	2,155,735	-	-	2,155,735
Rendering of services	848,384	3,431,713	782,135	670,333	2,711,497	659,073
	1,239,551	5,013,984	3,395,027	670,333	2,711,497	2,814,808
Revenue from other source:						
Rental income	525,738	2,126,610	474,314	456,069	1,844,799	475,061
	1,765,289	7,140,594	3,869,341	1,126,402	4,556,296	3,289,869
Timing of revenue recognition:						
At point in time	1,374,122	5,558,323	3,412,184	1,126,402	4,556,296	3,289,869
Over time	391,167	1,582,271	457,157	-	-	-

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

16. COST OF SALES

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2021	31.03.2020	31.03.2021	31.03.2021	31.03.2020	31.03.2020
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cost of land sold	48,995	198,185	1,026,180	48,995	198,185	1,026,180
Cost of services rendered	305,642	1,236,322	350,981	170,445	689,449	262,308
Cost of construction	309,024	1,250,001	402,470	-	-	-
Depreciation charge	119,501	483,382	109,195	95,279	385,404	109,195
	<u>783,162</u>	<u>3,167,890</u>	<u>1,888,826</u>	<u>314,719</u>	<u>1,273,038</u>	<u>1,397,683</u>

17. OTHER INCOME

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2021	31.03.2020	31.03.2021	31.03.2021	31.03.2020	31.03.2020
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest income	232	938	140	57	231	140
Others	23,340	94,411	30,212	321,123	1,298,942	30,212
	<u>23,572</u>	<u>95,349</u>	<u>30,352</u>	<u>321,180</u>	<u>1,299,173</u>	<u>30,352</u>

18. ADMINISTRATIVE EXPENSES

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2021	31.03.2020	31.03.2021	31.03.2021	31.03.2020	31.03.2020
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Depreciation charge	349,089	1,412,065	285,980	273,810	1,107,561	245,676
Electricity	8,641	34,953	14,846	7,064	28,574	11,276
Handling fees	11,277	45,615	9,319	5,155	20,852	578
Maintenance fees	38,143	154,288	69,332	31,285	126,548	57,600
Professional fees	52,834	213,714	115,374	35,837	144,961	73,761
Personnel costs	623,184	2,520,779	605,453	228,995	926,284	427,343
Leases of low value assets	19,058	77,090	19,102	4,267	17,260	6,744
Selling and marketing expenses	12,547	50,753	1,477	4,752	19,222	4,252
Security services	42,622	172,406	46,551	38,124	154,212	40,944
Withholding tax, fringe benefit and other tax expenses	67,036	271,161	15,701	61,610	249,216	13,167
Other expenses	158,080	639,438	236,138	125,794	508,837	215,199
	<u>1,382,511</u>	<u>5,592,262</u>	<u>1,419,273</u>	<u>816,693</u>	<u>3,303,527</u>	<u>1,096,540</u>

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

19. FINANCE COSTS

	(Unaudited)					
	Three-month period ended					
	Group			Company		
	31.03.2020	31.03.2020	31.03.2021	31.03.2021	31.12.2020	31.12.2020
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest expense on term loans	367,462	1,486,384	362,736	322,396	1,304,092	343,316

20. INCOME TAX EXPENSE

	(Unaudited)					
	Three-month period ended					
	Group			Company		
	31.03.2021	31.03.2020	31.03.2021	31.03.2021	31.03.2020	31.03.2020
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Current income tax:						
- Current period	197,440	798,645	171,192	1,891	7,649	40,815

Under the Cambodian Law of Taxation, the Company has an obligation to pay income tax at a higher of, 20% based on profit before tax (2020: 20%) or 1% based on total revenue (2020: 1%).

21. (LOSS)/EARNING PER SHARE

	(Unaudited)		
	Three-month period ended		
	Group		
	31.03.2021	31.03.2020	31.03.2020
	US\$	KHR'000	US\$
(Loss)/Profit attributable to owners of the Company	(882,002)	(3,567,699)	85,531
	Units	Units	Units
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	US\$	KHR'000	US\$
Basic (loss)/earning per share	(0.012)	(0.050)	0.001
Diluted (loss)/earning per share	(0.012)	(0.050)	0.001

Diluted (loss)/earning per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the period end. As such, the diluted (loss)/earning per share is equivalent to the basic (loss)/earning per share.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

22. RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions

	Group		(Unaudited) Three-month period ended				
	31.03.2021		31.03.2020		31.03.2021		31.03.2020
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<u>Associate</u>							
Colben Energy (Cambodia)							
PPSEZ Limited							
- Rental income	137,000	554,165	137,000	137,000	554,165	137,000	
- Purchase of electricity	84,818	343,089	114,473	84,818	343,089	114,473	
<u>Subsidiary</u>							
Sahas E&C Co., Ltd							
- Construction cost	221,818	897,254	931,324	221,818	897,254	457,453	

Balances with related parties at the end of the reporting period are disclosed in Note 8 and Note 14 to the condensed interim financial information.

23. CATEGORIES OF FINANCIAL INSTRUMENTS

Trade and other receivables (excluding input value added taxes, withholding tax credit and prepayments), cash and cash equivalents, loans and borrowings, contract liabilities and trade and other payables are categorised as amortised cost.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Other than the investment properties, loans and borrowings, the carrying amount of all financial assets and liabilities are approximate to their fair value due to relatively short-term nature of these financial instruments. The Group and the Company measure the investment properties, loans and borrowings as Level 3 in the fair value hierarchy of CIFRS 13.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management of the Group. The Senior Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2020: one to three months) and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the Senior Management.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of the changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from loans and borrowings. The Group manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The Group does not use derivative financial instruments to hedge any debt obligations.

26. DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

27. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

28. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)

29. MATERIAL SUBSEQUENT EVENT

Proposed acquisition of the remaining 40% of Sahas E&C Co., Ltd.

On 18 March 2021, the Company has entered into a Shares Sales Agreement to acquire the remaining 40% of a subsidiary, Sahas E&C Co., Ltd. for a purchase consideration of USD1,172,515 from the non-controlling interests of the Company. The purchase consideration is to be paid in cash via 2 instalments: USD500,000 upon signing of the Shares Sales Agreement on 18 March 2021 and USD672,515 before 14 April 2021. The effect of business combination on the Group and the Company are accounted only when the ownership of shares is legally being transferred to the Company, post settlement of the above agreed purchase consideration.

Commencement and execution of share buyback proposal

The Securities and Exchange Regulator of Cambodia ("SERC") had on 1 April 2021 postponed the Company's share buyback proposal. In order to protect the interest of the shareholders and the public investors, SERC had sought consideration from the Company to postpone its share buyback proposal to a later date in the month of June or July 2021, post complete acquisition of the subsidiary, Sahas E&C Co., Ltd. and when the outbreak of Covid-19 pandemic stabilizes in the Country. SERC will respond in relation to the Company's share buyback proposal request at a later date.

30. MATERIAL LITIGATION AND CONTINGENT LIABILITIES

The Group exercises judgement in measuring exposures to contingent liabilities related to outstanding claim subject to arbitration. Judgement is required to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

In November 2020, a Notice of Arbitration was lodged at the Singapore International Arbitration Centre by Colben System Pte Ltd, a 51% associate of the Company and Colben Energy Holdings (PPSEZ) Limited (together, the Claimants) against the Company claiming that the Company had breached certain terms of the Joint Venture Agreement entered into by the Company and one of the Claimants.

The matter is currently under arbitration proceeding with no subsequent update or progress since the Group's last annual audited financial statements for the financial year ended 31 December 2020. The directors of the Company consider it to be a frivolous and baseless claim and that the outcome of this arbitration would be in the Company's favour. As such the directors are of the view that a provision in relation to this claim is not necessary. The potential undiscounted amount of the total payments that the Company would be required to make if there was an adverse outcome for the Company, as claimed by the Claimants is USD14.41 million at a minimum.

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Company No. 00006448

REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC. AND ITS SUBSIDIARIES

(Incorporated in Cambodia)

Introduction

We have reviewed the condensed interim financial statements of Phnom Penh SEZ PLC. ("the Company") and its subsidiaries ("the Group"), which comprise the condensed interim statements of financial position as at 31 March 2021, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and three-month period then ended, and the notes to condensed interim financial information (collectively referred to as "Condensed Interim Financial Information of the Company"). The Board of Directors of the Company are responsible for the preparation and presentation of these condensed interim financial information in accordance with the Cambodian International Accounting Standard ("CIAS") 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial information of the Company based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE 2410"). A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 opinion.

REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC. AND ITS SUBSIDIARIES (CONTINUED)

(Incorporated in Cambodia)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of the Company is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, Interim Financial Reporting.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants



Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 17 MAY 2021

Chapter 4: Management Description & Analysis (MD&A)

4.1 Overview of operations

A. Revenue Analysis

Total Revenue for the Period of first quarter is 7,140,594 KHR'000 in FY 2021, a decrease of 54.66 % Y-o-Y	In first quarter, PPSP reported total revenue of 7,140,594 KHR'000, a decrease of 54.66 % Y-o-Y compared to the amount 15,748,218 KHR'000 in year 2020 ("FY 2020") mainly from substantial decrease in revenue from land sold.
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B. Revenue Breakdown by sector

Land sales revenue decrease 00% year-on-year to 55.71% of total revenue	Total revenue breakdown over the last two (2) fiscal years are shown as follow:					
	No	Source	Q1 2021		Q1 2020	
			Quantity	%	Quantity	%
	1	Sale of land	-	00%	8,773,841	55.71%
	2	Service rendered	3,431,713	48.06%	3,183,290	20.21%
	3	Construction Revenue	1,582,271	22.16%	1,860,629	11.81%
	4	Rental income	2,126,610	29.78%	1,930,458	12.26%
Total		7,140,594	100.0%	15,748,218	100.0%	
Unit: KHR '000						

C. Gross profit gap analysis

Gross profit for the Period of 3,972,704 KHR'000 in FY 2021, a decrease of 50.72 %	In the first quarter of 2021, PPSP reported a total Gross profit of the period 3,972,704 KHR'000, a decrease of 50.72 % compared to the previous year of 8,060,698 KHR'000 in the first quarter of 2020.
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D. Analysis of pre-tax profits

Loss before tax for the Period of 2,928,403 KHR'000 in the first quarter of 2021, a decrease of 350.10 %	In FY 2021, PPSP reported consolidated Loss before tax of 2,928,403 KHR'000, compared to the profit before tax of 1,170,912 KHR'000 in FY 2020.
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E. After tax profit Analysis

Profit Loss tax for the Period of 3,727,048 KHR'000 in the first quarter of 2021, an increase 886.03 %	In FY 2021, PPSP reported consolidated Net Loss after tax of 3,727,048 KHR'000, decrease 886.03 % compared to the profit after tax of 474,161 KHR'000 in FY 2020.
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F. Analysis of factors and trends affecting the financial condition and results

As previously mentioned, total revenues and profit after tax are largely effected by the land sales

4.2 Key factors which have an effect on profitability

A. Supply vs. Demand

The recently published IMF staff report on Cambodia projects economic activity to grow by around seven percent over the next few years. Some investors appear in wait-and-see mode ahead of next year's general elections. Country is on the verge of climbing up the manufacturing value chains. These further efforts can help facilitate higher growth. On the upside, the global outlook is favorable, public spending is increasing, construction momentum remains robust and tourism activity has picked up pace.

Looking further ahead, growth will likely decline to about six percent a year. This

reflects an expected slowdown in credit and real-estate cycles and challenges in improving diversification and competitiveness.

B. Fluctuation of raw materials price

There was no raw materials required during 2021 since we are industrial estate development business.

C. Change of Tax Scheme

This was no change on the related tax scheme during 2021.

D. Unusual or extraordinary items

There was no extraordinary income and expense during the 1st quarter of 2021.

4.3 Significant variation in sales and revenue

As previously mentioned, total revenues and profit after taxes were largely improved as the revenue from land sales significantly increased.

4.4 The impact of currency exchange rates and commodity prices

Recent US dollar depreciation against other regional currencies like Yen, Thai Baht may be positive to investment decision by foreign manufacturers.

4.5 Impact of Inflation

Inflation has not effect significantly on our financial performance.

4.6 Economic policy, the government's fiscal and monetary

The key policies that influence our business are:

The 2015-2025 Industry Development Policy of Cambodia, aiming to orient market and create favorable conditions to promote development of the industry, is attracting foreign direct investment focusing on major industries, expanding the market, transferring technology, training human resources, developing infrastructure and developing special economic zones as well as the industrial zone preparation.

In addition, the tax incentives in securities sector to listed companies are encouraging rapid development of infrastructure and strengthening management to attract investment in the

development of long-term financing.

On the contrary, government policies also have negative implications for our business. In that case, while patent registration charge in 2015 is only 1,400,000 KHR, change of Fiscal law in 2016 has effect on the charge as follow:

- 400,000 KHR for small enterprise
- 1,200,000 KHR for medium enterprise
- For large enterprise 3,000,000 KHR will be charged for the company with revenue from 2,000 million riel to 10,000 million riel.
- 5,000,000 KHR will be charged for the company with revenue exceed 10,000 million riel.
- In spite of change as above, it, however, does not significantly affect the investment decision.

Date: 17th May 2021

Read and Approved

Non-Executive Chairman

A handwritten signature in blue ink, consisting of a stylized, cursive 'K' followed by a horizontal line extending to the right.

Tan Kak Khun