



ROYAL GROUP
PHNOM PENH SEZ

Quarterly Report Q1

(As at 31 March, 2022)



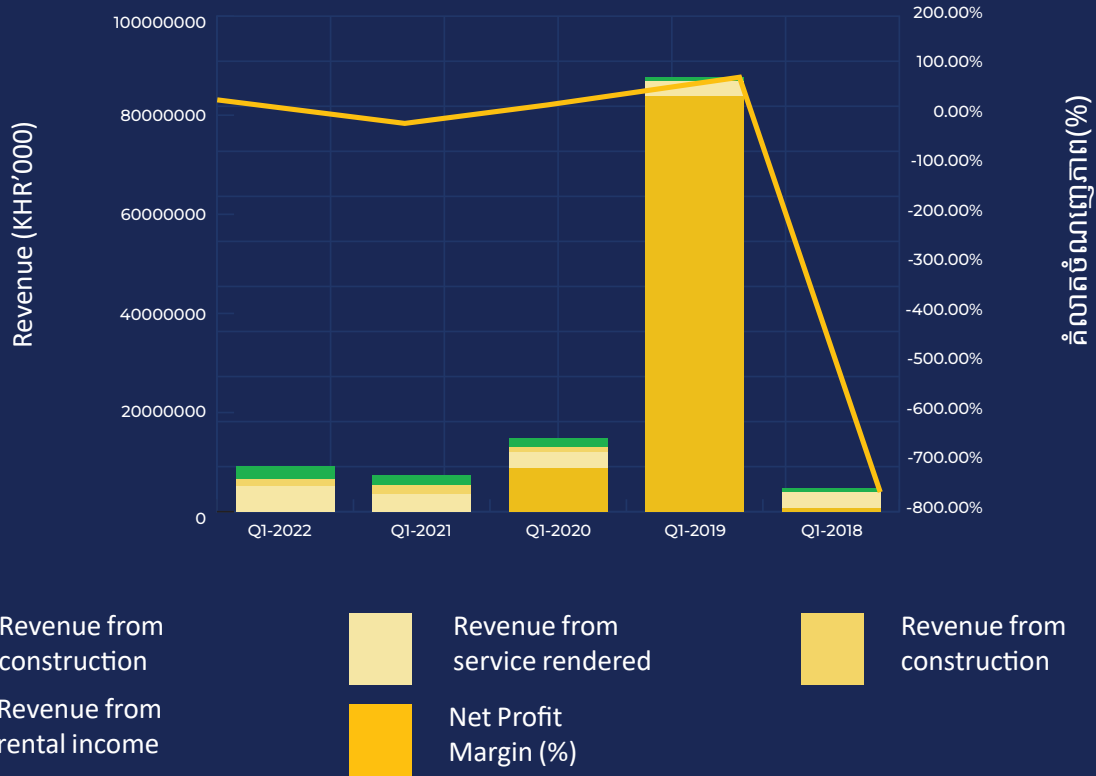


Financial Highlights

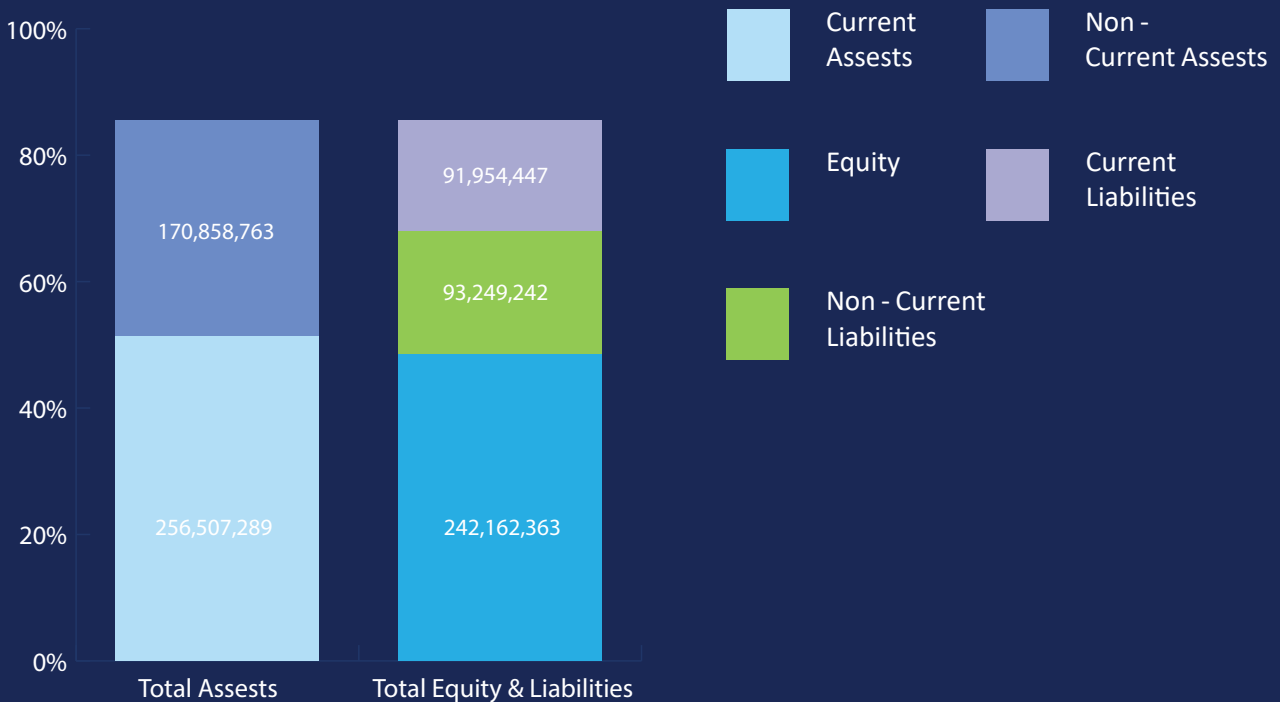
Financial Position (KHR'000)	Q1 2022	2021	2020
Total assets	427,366,052	426,234,002	384,061,630
Total liabilities	185,203,689	178,231,028	141,075,559
Total equity	242,162,363	248,002,974	242,986,071
Financial Performance (KHR'000)	Q1 2022	Q1 2021	Q1 2020
Total revenue	18,056,763	7,140,594	15,748,218
Profit/(Loss) before tax	(2,709,644)	(2,928,403)	1,170,912
Net profit/(loss) after tax	(2,757,009)	(3,727,048)	474,161
Financial Ratios	Q1 2022	2021	2020
Liquidity			
Current ratio	2.79	2.90	5.61
Liquidity ratio			
Quick ratio	1.16	1.24	2.23
Profitability			
Return on assets	(0.65%)	(0.98%)	0.12%
Return on equity	(1.14%)	(1.56%)	0.20%
Gross profit margin (%)	28.83%	55.64%	51.18%
Net profit margin (%)	(15.27%)	(52.20%)	3.01%
Earnings per share	(38.4)	(51.9)	6.6
Interest Coverage Ratio	(1.26)	(0.97)	1.79
Dividend paid per share (if available) (KHR'000/Share)	-	-	-



Group Financial Results the Last 4 Quarters in 2022

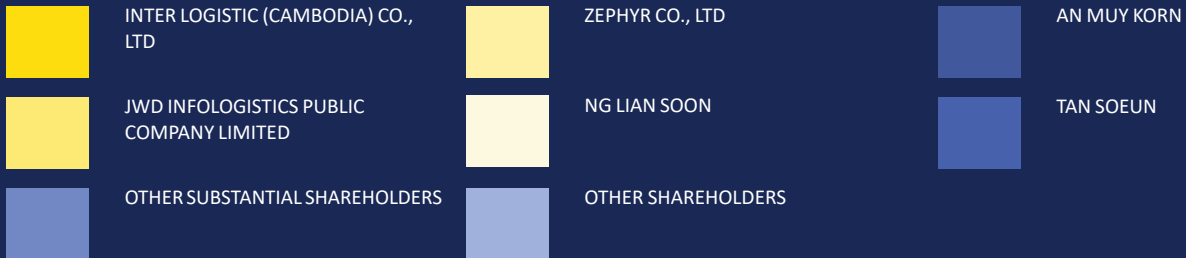
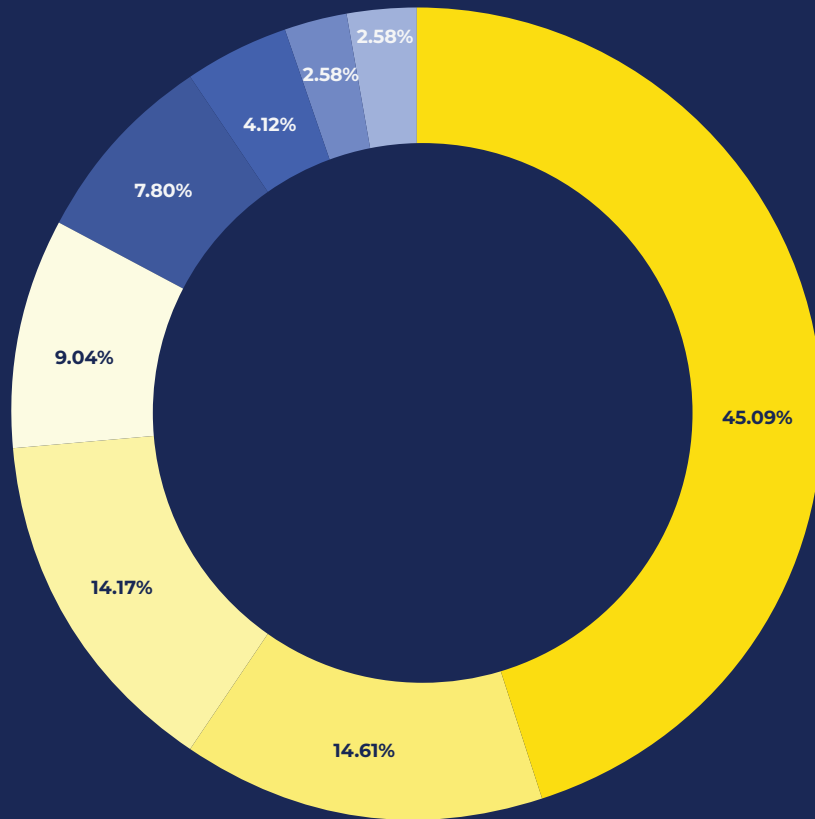


Capital Structure (As of 31 March 2022)





Shareholding Structure (as of 31 March 2022)



Remark: Substantial Shareholders mean those who hold more than 1% of voting shares in the company.



Board of Directors



Neak Oknha Kith Meng
Non-Executive Chairman



Mr. Hiroshi Uematsu
Executive Director



Mr. Kang Wei Geih
Independent Director



Mr. Arthur Law Hian Tat
Independent Director



Mr. Hiroshi Otsubo
Non-Executive Director



Mr. Mark Hanna
Non-Executive Director



Mr. Tanate Piriyothinkul
Non-Executive Director



Neak Oknha Kith Meng

Date: 16th May 2022

Non-Executive Chairman



Neak Oknha Kith Meng

Statement from Chairman

Dear Fellow Shareholders

In the 1st quarter of 2022, the Company reported total revenue of 18,056,763 KHR'000, an increase of 152.87% Year-on-year compared to the amount of 7,140,594 KHR'000 in the 1st quarter of year 2021. As a result, the Company reported the net loss of 2,757,009 KHR'000, compared to the net loss of 3,727,048 KHR'000 in the same quarter of year 2021.

The financial position of the Company remains strong as at 31 March 2022 with total assets amounting 427,366,052 KHR'000, comprising non-current assets of 170,858,763 KHR'000 and current assets of 256,507,289 KHR'000. Total equity amounted to 242,162,363 KHR'000, a decline of 2.36% compared with 248,002,974 KHR'000 at the year 2021. As a result, debt-to-equity ratio was reported at 0.76X in 2022 compare with 0.72X at the year 2021.



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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: Neak Oknha Kith Meng
Phnom Penh Special Economic Zone changed its name to **Royal Group Phnom Penh Special Economic Zone** on March 16, 2022

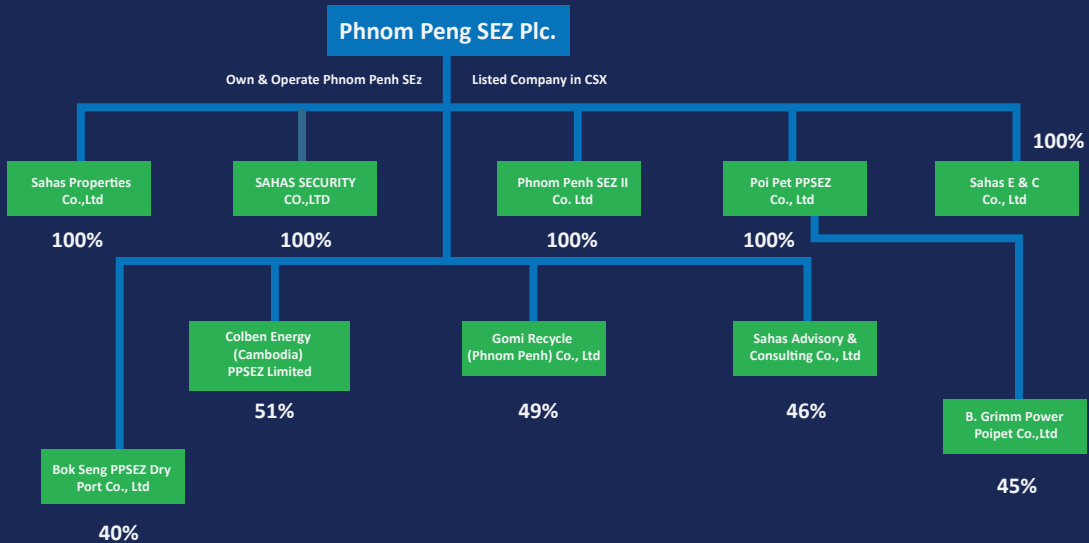
Poipet PP Special Economic Zone changed its name to **Royal Group Poipet Special Economic Zone** on March 16, 2022

1.2 Business Overview

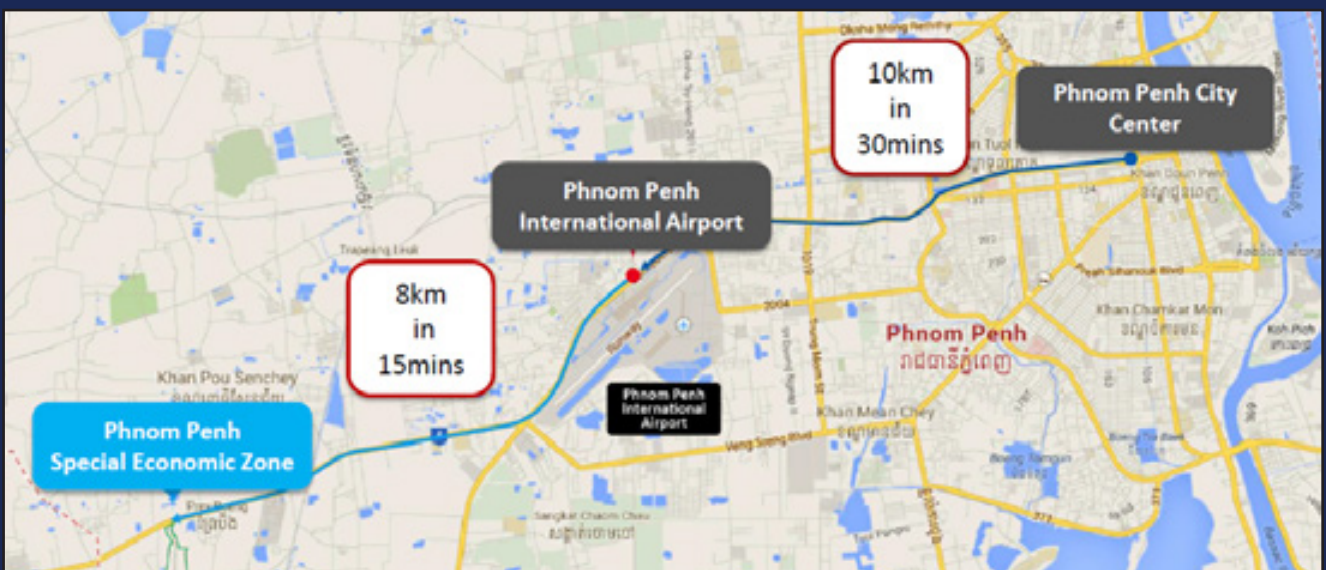
Phnom Penh SEZ, Plc (“PPSP”) is the developer and operator of Royal Group Phnom Penh Special Economic Zone and Royal Group Poipet Special Economic Zone (was renamed on 16 March 2022). We are in the forefront of SEZ developers and operators in Cambodia. We received the approval as a developer of a multi-product 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 Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone located at National Road No. 4, Sangkat Kantouk, Khan Posenchey in Phnom Penh, Cambodia. Royal Group Phnom Penh Special Economic Zone 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, Royal Group Phnom Penh Special Economic Zone 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 of 31 December 2021, our company employs one hundred and seven (107) 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 Royal Group Phnom Penh Special Economic Zone. In this year, we established 3 new subsidiaries/associate including 1) Royal Group Phnom Penh Special Economic Zone 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.



**ROYAL GROUP
PHNOM PENH SEZ**



We commenced our operation in Royal Group Phnom Penh Special Economic Zone in 2007 with the construction of Phase I of Royal Group Phnom Penh Special Economic Zone and by August 2008, we received our first zone investor operating in Royal Group Phnom Penh Special Economic Zone. Throughout the years, we have experienced rapid growth in Royal Group Phnom Penh Special Economic Zone as a result of the increasing interest amongst the foreign and local investors to set up their business operations inside Royal Group Phnom Penh Special Economic Zone. As of 31 March 2022, Royal Group Phnom Penh Special Economic Zone accommodates twelve (12) 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 Royal Group Phnom Penh Special Economic Zone located at National Road No. 4, Khan Posenchey in Phnom Penh, Cambodia. Royal Group Phnom Penh Special Economic Zone 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, Royal Group Phnom Penh Special Economic Zone 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, Royal Group Phnom Penh Special Economic Zone 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 eleven (11) years from 2012 to 2022, the income generated from the sale of land in Royal Group Phnom Penh Special Economic Zone 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. Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone can be categorized as follows:

Description	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	0	0	0	0	0	1	0	0	1	1	3
Long-term lease	0	5	3	8	7	9	9	8	6	14	11
Total land sales transaction	0	5	3	8	7	10	9	8	7	15	14

As at 31 March 2022, Royal Group Phnom Penh Special Economic Zone has a total land area of approximately 357.32 HA that will be developed in three (3) phases as follows:

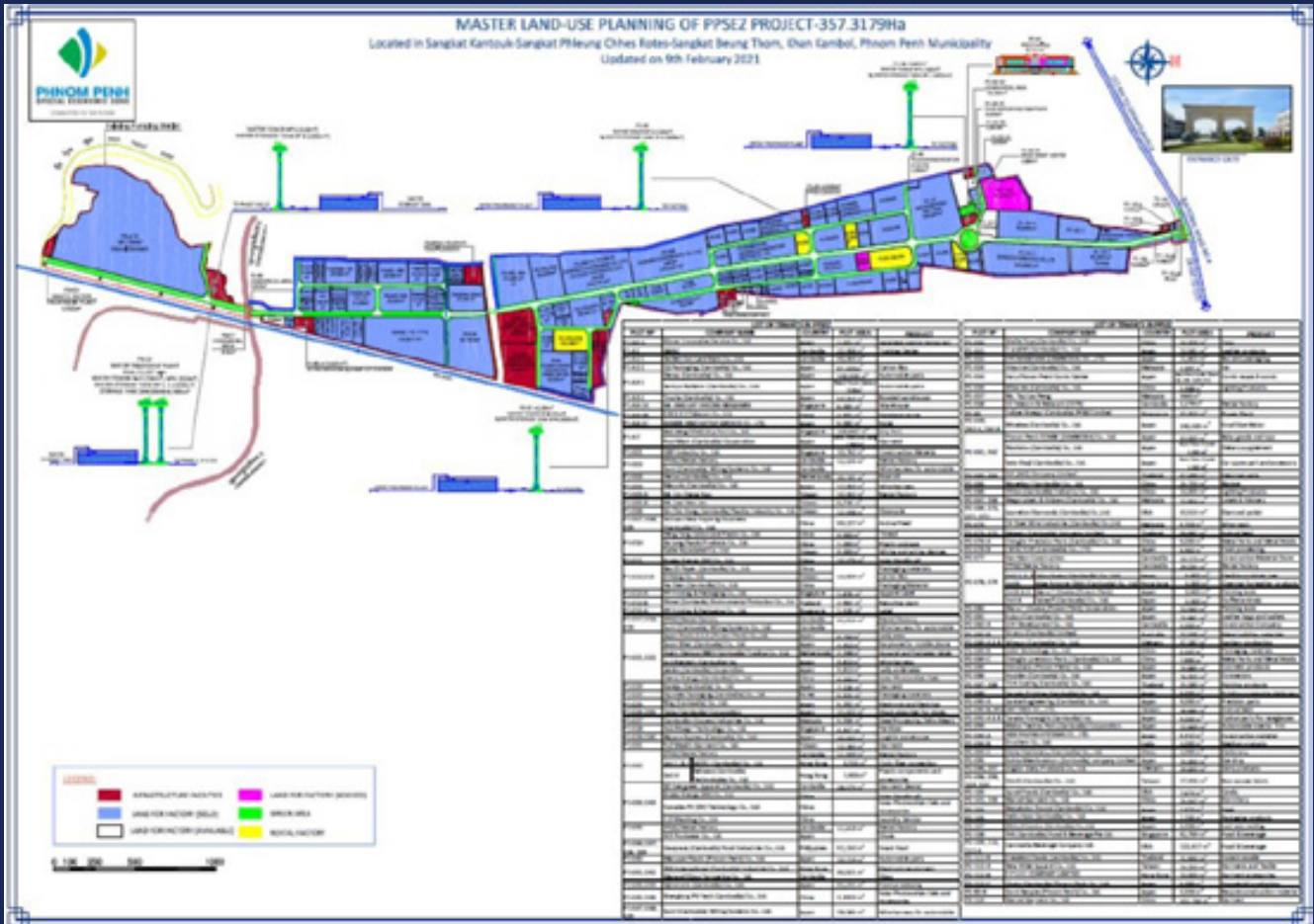
I. Phase I has completed its major infrastructure and facilities development in 2009. It has a total area of approximately 137.94 HA where approximately 86.71 HA are developed to accommodate sixty-one (61) factory lots with size ranging from 0.19 HA to 10.57 HA each. Phase I also includes approximately 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;

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

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

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 certifications as a testament for our commitment towards quality and modern infrastructures installed in Royal Group Phnom Penh Special Economic Zone while providing high levels of customer service to the Royal Group Phnom Penh Special Economic Zone’s zone investors. In addition, our company also obtained ISO: 14001 certification for our contribution in the environmental conservation.



1.2.2 Services Rendered

Apart from the outright sale and long-term lease of land, we also provide the tenants of Royal Group Phnom Penh Special Economic Zone with services and infrastructure to facilitate their operations in Royal Group Phnom Penh Special Economic Zone, which includes the following:



Utilities

We provide our tenants with an independent and steady supply of water. Water is supplied through the installation of a water processing plant with a capacity of producing 14,900 m³ of fresh water on a daily basis and is located within the Royal Group Phnom Penh Special Economic Zone where it collects water primarily from Stoeng Preak Tnot located next to Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone, 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.

Our company 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 Royal Group Phnom Penh Special Economic Zone, which supply electricity for the tenants and premises inside the estate in 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 Royal Group Phnom Penh Special Economic Zone.



Infrastructure Maintenance

To maintain the infrastructure and general operation cost of the Royal Group Phnom Penh Special Economic Zone in the common area such as roads, electricity charges for the street lights, and other maintenance cost for the infrastructures facilities inside Royal Group Phnom Penh Special Economic Zone, our company also collects infrastructure maintenance fee from the zone occupants in Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone





1.2.3 Rental Income

We also provide building rental services which include factories, dormitories, warehouse, and shop lots in Royal Group Phnom Penh Special Economic Zone. 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

1.2.4 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 2022, our company has secured a total of ninety-three (93) zone investors/tenants in Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone

Royal Group Phnom Penh Special Economic Zone 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. Royal Group Phnom Penh Special Economic Zone is strategically located with access to the National Road 4 that connects to the Sihanoukville Autonomous Port. Royal Group Phnom Penh Special Economic Zone is also accessible by various modes of transportation. In addition, Royal Group Phnom Penh Special Economic Zone is located adjacent to the main railway track in Cambodia. The strategic location of Royal Group Phnom Penh Special Economic Zone with convenient accessibility facilitates the distribution of goods produced to inner parts of the country.

Royal Group Poipet Special Economic Zone 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), Royal Group Poipet Special Economic Zone 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 (11) years. As at 31 March 2022, Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone. Furthermore, as at 31 March 2022, Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone which makes Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone, 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 Royal Group Phnom Penh Special Economic Zone that is operated by Colben PPSEZ, an associate company;
- Dry port facilities inside Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone.

1.2.11: Future Business Plan

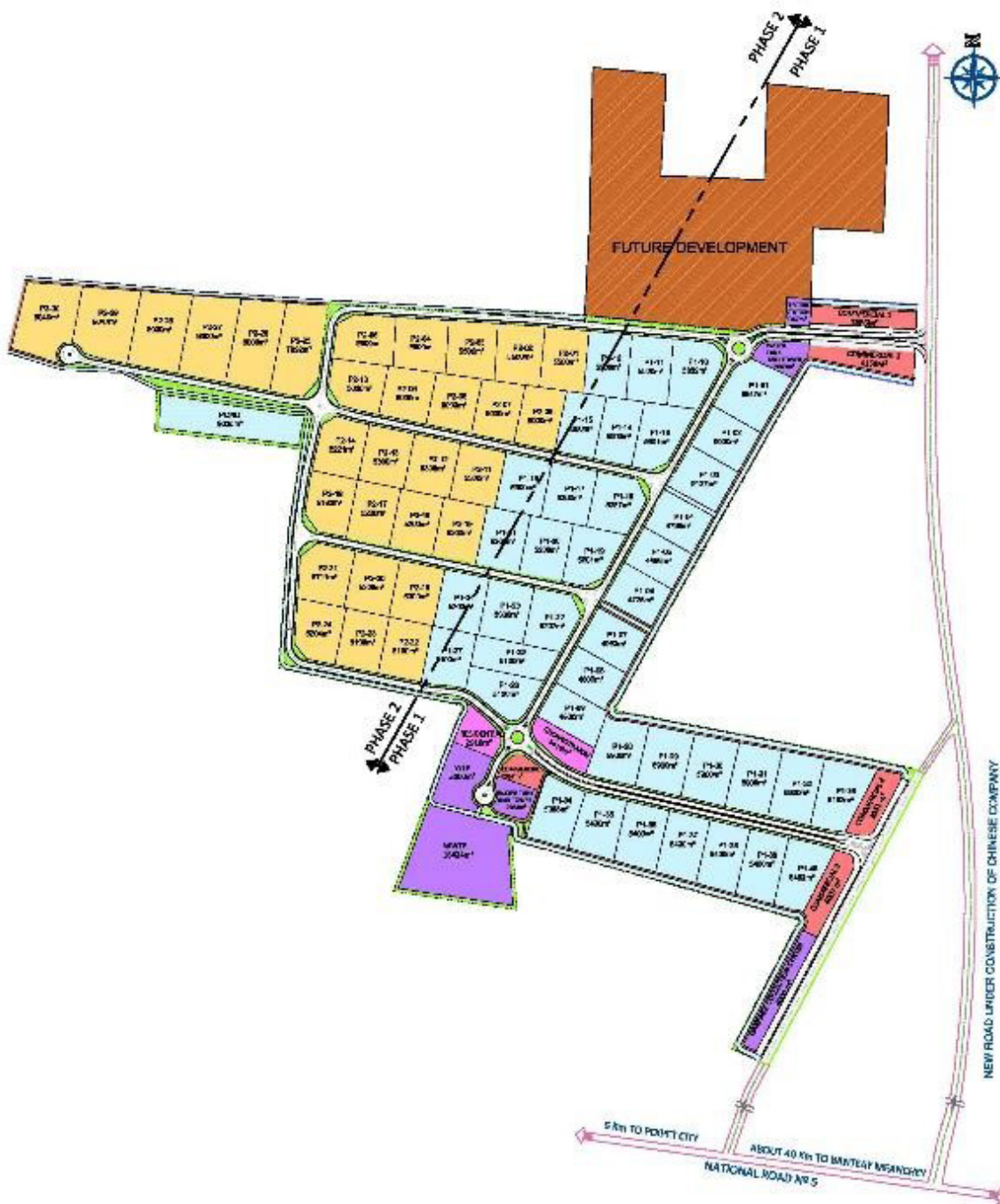
Moving forward, our mission is to maintain our position as the leading SEZ in Cambodia. Our future plans are as follows:

1.2.12 Commencement 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 “Royal Group Poipet Special Economic Zone”, which has been operated by our wholly-owned subsidiary, Poi Pet PPSEZ Co.,Ltd. With the total land size of 68.4 Ha., the Royal Group Poipet Special Economic Zone 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 2022, there are two (2) approved SEZs in Poipet city namely Poipet O’Neang SEZ and Sanco Poi Pet SEZ. The Royal Group Poipet Special Economic Zone 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 Royal Group Poipet Special Economic Zone 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 Royal Group Poipet Special Economic Zone from the relevant Cambodian authorities for the SEZ designation. At this juncture, we are developing the Royal Group Poipet Special Economic Zone in two (2) phases, Phase I and Phase II. The development map is as shown below:



Phase I of the Royal Group Poipet Special Economic Zone 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 Royal Group Poipet Special Economic Zone. They agreed to purchase 1 Ha. with option to purchase another 1 Ha. in the near future.

In addition, **Phase II** of the Royal Group Poipet Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone, 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 Royal Group Phnom Penh Special Economic Zone and ensure that investors in Royal Group Phnom Penh Special Economic Zone, 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 2022, 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

In the morning of 18 February 2022, Neak Oknha Kith Meng, the new Chairman of Phnom Penh SEZ Plc. (PPSP), invited a group of delegates consisting of members of the Cambodia Chamber of Commerce, potential business partners and service providers to visit Phnom Penh Special Economic Zone (PPSEZ). One main purpose of the visit was to show everyone how the zone is being operated, and to show the current development and achievement, as well as to create a chance to get to know each other for future possible collaboration between the zone developer and other related businesses.

Some special visits to investors' factories were also arranged. The delegates were amazed about the progress and achievement all the companies have made so far.

Neak Oknha expressed his sincere thanks to all the customers, and assured everyone that we will keep improving and making the zone an even more pleasurable place for investment with better facilities and services. And other services provided by the Royal Group of Companies will surely meet the needs and benefit all the investors in the zone.



Neak Oknha Kith Meng, new Chairman of PPSP, invited a group of delegates to visit PPSEZ

Another Mile Stone in the Company’s History with a New Zone Name

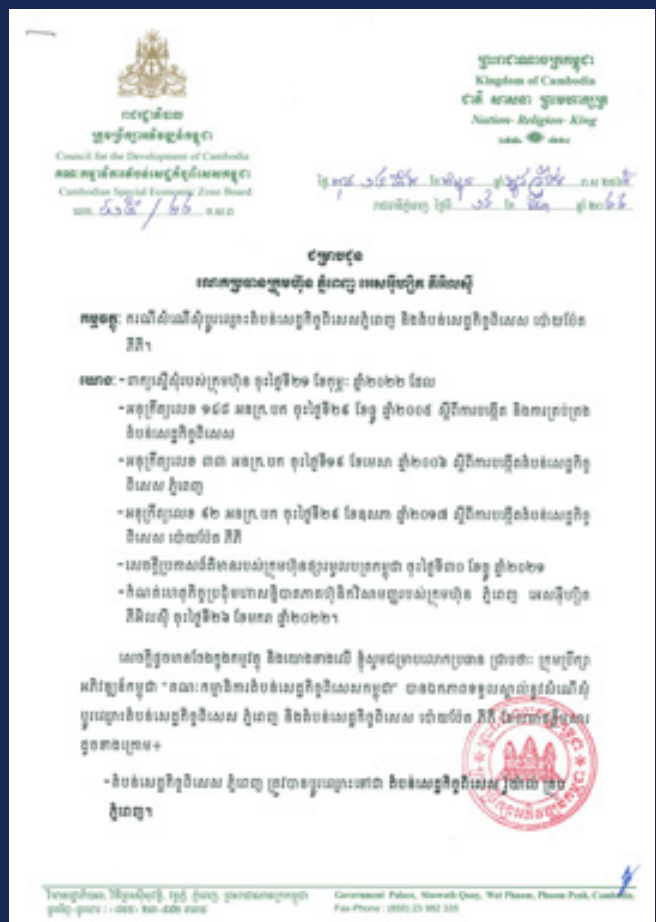
16 March 2022 marked another new mile stone in our company’s history as our zone name was officially changed and acknowledged by the Council for the Development of Cambodia (CDC).

We are a proud member of the Royal Group of Companies under the leadership and guidance of Neak Oknha KITH MENG, and we are now proud to have “Royal Group” in our new zone names as well.

For Phnom Penh Special Economic Zone located in Phnom Penh, the new official name is “Royal Group Phnom Penh Special Economic Zone”.

And for Poipet PP Special Economic Zone located in Poipet city, Banteaymeanchey Province, the new official name now is “Royal Group Poipet Special Economic Zone”.

With this new branding, we will continue to make our utmost effort to ensure that all our customers are satisfied with the facilities and services that we provide on-site. This is a new beginning, and we will work closely with other members in our group to bring about new services and supports to our customers and benefit our customers to the best extent we can.



PPSEZ Welcomes LUUS KH CO., LTD

Phnom Penh, 15th March 2022, Phnom Penh SEZ, Plc., a leading Special Economic Zone (SEZ) developer in Cambodia, has signed Factory Rental Agreement with LUUS KH CO., LTD. from Australia to strengthen business development and marketing activities.

Luus takes enormous pride in creating and manufacturing Australian-made commercial catering equipment. The versatile range is expertly engineered and locally built using the highest quality materials and components, setting Luus apart from the increasing number of inferior imports available on the market

“In 1998, Luus Industries was created from engineer Don Luu’s passion to build, innovate and improve. Housed within our purpose-built facility in Melbourne’s West, we are proudly committed to the growth of manufacturing in Melbourne. Our agile approach to the entire design and manufacturing process allows us to build products tailored towards the Australian market.” said the director of Luus Industries, Mr. LUU Ve Don.

We are so proud and cheerful to have such a Leading Australian Manufacturer and Importer of Commercial Catering Equipment starting its services in our zone.





Chapter 2: Business Operation

Results

2.1 Business Operation Results & News

In the first quarter of 2022, our business operations were profitable while land revenue and rental income was KHR 2,528,439,000 compared to KHR 2,126,610,000 in the 1st quarter of 2021.

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 Our value added services

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:

No.		Q1 2022		Q1 2021		Q1 2020	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Sales of Land	-	0.00%	-	0.00%	8,773,841	55.71%
2	Service Rendered	5,061,439	28.03%	3,431,713	48.06%	3,183,290	20.21%
3	Construction Revenue	10,466,885	57.97%	1,582,271	22.16%	1,860,629	11.81%
4	Rental Income	2,528,439	14.00%	2,126,610	29.78%	1,930,458	12.26%
	Total	18,056,763	100.0%	7,140,594	100.0%	15,748,218	100.0%

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

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2022

Company No. 00006448

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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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 2022, 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 the condensed interim financial information (collectively referred to as "Condensed Interim Financial Information of the Group and of the Company") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of the Board of Directors,



.....
UEMATSU HIROSHI
Director

Phnom Penh, Kingdom of Cambodia

Date: 13 May 2022

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	Group			Company		
		(Unaudited) 31.03.2022	(Unaudited) 31.12.2021	(Audited) 31.12.2021	(Unaudited) 31.03.2022	(Unaudited) 31.12.2021	(Audited) 31.12.2021
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
ASSETS							
Non-current assets							
Property, plant and equipment	3	19,133,387	77,490,217	17,651,996	14,573,765	59,023,748	14,722,133
Investment properties	4	10,306,041	41,739,466	10,437,603	7,635,948	30,925,589	7,731,228
Investment in subsidiaries	5	-	-	-	39,983,104	161,931,571	39,983,104
Investment in associates	6	12,747,921	51,629,080	12,697,262	11,623,371	47,074,653	11,572,712
Total non-current assets		42,187,349	170,858,783	40,786,861	73,816,188	298,955,561	74,009,177
Current assets							
Inventories	7	37,021,748	149,938,079	36,569,137	12,362,856	50,069,567	12,107,985
Trade and other receivables	8	22,504,238	91,142,165	21,550,960	8,138,903	32,962,557	8,538,465
Contract assets	12	622,721	2,522,020	-	-	-	-
Cash and cash equivalents	9	3,186,426	12,905,025	5,716,017	538,448	2,180,714	682,473
Total current assets		63,335,133	256,507,289	63,836,114	21,040,207	85,212,838	21,328,923
TOTAL ASSETS		105,522,482	427,366,052	104,622,975	94,856,395	384,168,399	95,338,100
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	10	35,937,500	145,546,875	35,937,500	35,937,500	145,546,875	35,937,500
Share premium	11	4,575,051	18,528,957	4,575,051	4,575,051	18,528,957	4,575,051
Retained earnings		19,281,719	78,090,962	20,368,679	20,975,313	64,950,018	21,386,716
		59,794,270	242,166,794	60,881,230	61,487,864	249,025,850	61,899,269
Non-controlling interests		(1,094)	(4,431)	(6,666)	-	-	-
TOTAL EQUITY		59,793,176	242,162,363	60,874,564	61,487,864	249,025,850	61,899,269
Non-current liabilities							
Loans and borrowings	13	14,941,504	60,513,092	13,481,714	8,091,615	32,771,041	9,427,605
Contract liabilities	12	8,083,000	32,736,150	8,220,000	8,083,000	32,736,150	8,220,000
Total non-current liabilities		23,024,504	93,249,242	21,701,714	16,174,615	65,507,191	17,647,605
Current liabilities							
Loans and borrowings	13	4,436,864	17,969,300	3,371,527	3,135,385	12,698,309	2,538,907
Current tax liabilities		12,991	52,614	16,279	4,886	19,788	-
Trade and other payables	14	17,694,038	71,660,852	18,286,103	13,505,645	54,697,863	12,704,319
Contract liabilities	12	560,909	2,271,681	372,788	548,000	2,219,398	548,000
Total current liabilities		22,704,802	91,954,447	22,046,697	17,193,916	69,635,358	15,791,226
TOTAL LIABILITIES		45,729,306	185,203,689	43,748,411	33,368,531	135,142,549	33,438,831
TOTAL EQUITY AND LIABILITIES		105,522,482	427,366,052	104,622,975	94,856,395	384,168,399	95,338,100

The Condensed Interim Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	Note	(Unaudited)					
		Group		Three-month period ended		Company	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2021	31.03.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Revenue	15	4,458,460	18,056,763	1,765,289	1,210,929	4,904,262	1,126,402
Cost of sales	16	(3,172,955)	(12,850,468)	(783,162)	(392,437)	(1,589,370)	(314,719)
Gross profit		1,285,505	5,206,295	982,127	818,492	3,314,892	811,683
Other income	17	127,163	515,010	23,572	422,705	1,711,955	321,180
Administrative expenses	18	(1,835,987)	(7,435,747)	(1,382,511)	(1,101,149)	(4,459,653)	(816,693)
Operating (loss)/profit		(423,319)	(1,714,442)	(376,812)	140,048	567,194	316,170
Finance costs	19	(296,388)	(1,200,371)	(367,462)	(201,467)	(815,941)	(322,396)
Share of results of associates		50,659	205,169	20,318	50,659	205,169	20,318
Loss before tax		(669,048)	(2,709,644)	(723,956)	(10,760)	(43,578)	14,092
Income tax expense	20	(11,695)	(47,365)	(197,440)	-	-	(1,891)
Loss for the financial period, representing total comprehensive loss		(680,743)	(2,757,009)	(921,396)	(10,760)	(43,578)	12,201
Loss attributable to:							
Owners of the Company		(686,315)	(2,779,576)	(882,002)			
Non-controlling interests		5,572	22,567	(39,394)			
		(680,743)	(2,757,009)	(921,396)			
Total comprehensive loss attributable to:							
Owners of the Company		(686,315)	(2,779,576)	(882,002)			
Non-controlling interests		5,572	22,567	(39,394)			
		(680,743)	(2,757,009)	(921,396)			
Basic/Diluted loss per share	21	(0.010)	(0.039)	(0.012)			

The Condensed Interim 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 2021 and the accompanying notes attached to this condensed interim financial information.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
Group (Unaudited)					
At 1 January 2022	35,937,500	4,575,051	20,368,679	(6,666)	60,874,564
Loss for the financial period, representing total comprehensive loss	-	-	(686,315)	5,572	(680,743)
Transaction with owners: - Dividend paid	-	-	(400,645)	-	(400,645)
At 31 March 2022	35,937,500	4,575,051	19,281,719	(1,094)	59,793,176
(KHR'000 equivalent)	145,546,875	18,528,957	78,090,962	(4,431)	242,162,363
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

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022 (CONTINUED)**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
Company (Unaudited)				
At 1 January 2022	35,937,500	4,575,051	21,386,718	61,899,269
Loss for the financial period, representing total comprehensive income	-	-	(10,760)	(10,760)
Transaction with owners: - Dividend paid	-	-	(400,645)	(400,645)
At 31 March 2022	35,937,500	4,575,051	20,975,313	61,487,864
(KHR'000 equivalent)	145,546,875	18,528,957	84,950,018	249,025,850
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

The Condensed Interim Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

	(Unaudited)					
	Group			Company		
	31.03.2022		31.03.2021	31.03.2022		31.03.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash flows from operating activities						
Loss before tax:	(669,048)	(2,709,644)	(723,956)	(10,760)	(43,578)	14,092
Adjustments for non-cash items:						
Deferred revenue	(137,000)	(554,850)	(137,000)	(137,000)	(554,850)	(137,000)
Depreciation of:						
- Property, plant and equipment	392,950	1,591,448	349,089	303,235	1,228,102	273,810
- Investment properties	131,562	532,826	119,501	95,280	385,884	95,279
Property, plant and equipment written off	20,917	84,714	-	-	-	-
Finance costs	296,388	1,200,371	367,462	201,467	815,941	322,396
Interest income	(468)	(1,895)	(232)	(43)	(174)	(57)
Share of results of associates	(50,659)	(205,169)	(20,318)	(50,659)	(205,169)	(20,318)
Operating (loss)/profit before changes in working capital	(15,358)	(62,199)	(45,454)	401,520	1,626,156	548,202
Changes in working capital:						
Inventories	(215,912)	(874,444)	82,648	(254,871)	(1,032,228)	(8,250)
Trade and other receivables	(1,051,974)	(4,260,495)	805,813	387,202	1,568,168	(169,735)
Contract assets	(622,721)	(2,522,020)	-	-	-	-
Trade and other payables	(34,935)	(141,487)	(780,255)	(1,115,645)	(4,518,363)	(96,376)
Contract liabilities	188,121	761,890	-	-	-	-
Net cash (used in)/generated from operations	(1,752,779)	(7,098,755)	62,752	(581,794)	(2,356,267)	273,841
Tax paid	(14,983)	(60,681)	(195,569)	-	-	-
Net cash (used in)/generated from operating activities	(1,767,762)	(7,159,436)	(132,817)	(581,794)	(2,356,267)	273,841
Cash flows from investing activities						
Purchase of property, plant and equipment	(2,131,957)	(8,634,426)	(1,356,435)	(154,867)	(627,211)	(662,965)
Interest received	468	1,895	232	43	174	57
Net advances to/(repayments from):						
- Subsidiaries	-	-	-	1,853,242	7,505,630	1,537,917
- Related parties	(521,702)	(2,112,893)	6,226	2,870	11,624	(6,529)
- Associates	95,777	387,897	70,863	95,884	388,330	84,626
- Directors	(32,774)	(132,735)	7,363	(18,044)	(73,078)	7,363
- Shareholders	265	1,073	15,259	265	1,073	15,259
Net cash (used in)/generated from investing activities	(2,589,923)	(10,489,189)	(1,256,492)	1,779,393	7,206,542	975,728

Company No. 00006448

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022 (CONTINUED)**

	(Unaudited)					
	Group		Three-month period ended		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2021	31.03.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash flows from financing activities						
Dividend paid	(400,645)	(1,622,612)	-	(400,645)	(1,622,612)	-
Drawdown of loans	3,333,323	13,499,958	1,771,261	-	-	-
Repayment of loans	(808,196)	(3,273,194)	(900,013)	(739,512)	(2,995,024)	(818,586)
Interest paid	(296,388)	(1,200,371)	(367,462)	(201,467)	(815,941)	(322,396)
Net cash generated from/(used in) financing activities	1,828,094	7,403,781	503,786	(1,341,624)	(5,433,577)	(1,140,982)
Net (decrease)/increase in cash and cash equivalents	(2,529,591)	(10,244,844)	(885,523)	(144,025)	(583,302)	108,587
Cash and cash equivalents at the beginning of the financial period	5,716,017	23,149,869	1,622,634	682,473	2,764,016	278,243
Cash and cash equivalents at the end of the financial period	3,186,426	12,905,025	737,111	538,448	2,180,714	386,830

The Condensed Interim Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED INTERIM 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 Company has changed its name to Royal Group Phnom Penh SEZ Plc. as disclosed in Note 29 to the condensed interim financial information.

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 13 May 2022.

The condensed interim financial information for the quarter and three-month period ended 31 March 2022, 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 2022 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 2021, 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 2021.

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 2022. 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 significant impact on the current period or any prior period and is not likely to affect the future periods.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 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 2021.

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.

2.4 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 2021.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group (Audited)	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 2021	721,224	11,828,838	324,052	176,487	534,389	13,584,990
Additions	-	397,693	316,000	184,939	6,361,008	7,259,640
Acquisition through business combination of Sahas Advisory & Consulting Co., Ltd.	-	-	-	25,987	-	25,987
Transfer within property, plant and equipment	-	2,637,356	-	-	(2,637,356)	-
Transfer to investment properties	-	-	-	-	(945,000)	(945,000)
Transfer to inventories	-	-	-	-	(841,943)	(841,943)
Depreciation charge	-	(1,184,673)	(134,164)	(112,841)	-	(1,431,678)
At 31 December 2021	721,224	13,679,214	505,888	274,572	2,471,098	17,651,996
(Unaudited)						
Additions	-	13,762	-	33,319	2,084,876	2,131,957
Written off	-	(20,618)	(299)	-	-	(20,917)
Transfer within property, plant and equipment	-	375,397	-	-	(375,397)	-
Transfer to inventories	-	-	-	-	(236,699)	(236,699)
Depreciation charge	-	(320,270)	(45,559)	(27,121)	-	(392,950)
At 31 March 2022	721,224	13,727,485	460,030	280,770	3,943,878	19,133,387
(KHR'000 equivalent)	2,920,957	55,596,314	1,863,122	1,137,119	15,972,705	77,490,217

* 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.

As at 31 March 2022, the capital commitment of the Group arising from the construction in progress amounted to USD3,838,132 (2021: USD4,035,448) as at the date of this condensed interim financial information.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (Audited)	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 2021	721,224	12,035,447	146,928	59,855	772,162	13,735,616
Additions	-	389,274	27,834	17,164	2,065,572	2,499,844
Transfer within property, plant and equipment	-	2,382,371	-	-	(2,382,371)	-
Transfer to inventories	-	-	-	-	(411,334)	(411,334)
Depreciation charge	-	(1,029,979)	(46,110)	(25,904)	-	(1,101,993)
At 31 December 2021	721,224	13,777,113	128,652	51,115	44,029	14,722,133
(Unaudited)						
Additions	-	13,761	-	5,122	135,984	154,867
Transfer within property, plant and equipment	-	44,029	-	-	(44,029)	-
Depreciation charge	-	(284,810)	(12,100)	(6,325)	-	(303,235)
At 31 March 2022	721,224	13,550,093	116,552	49,912	135,984	14,573,765
(KHR'000 equivalent)	2,920,957	54,877,877	472,036	202,144	550,734	59,023,748

* 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.

As at 31 March 2022, the capital commitment of the Company arising from the construction in progress amounted to USD111,240 (2021: Nil) as at the date of this condensed interim financial information.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. INVESTMENT PROPERTIES

	Freehold land US\$	Buildings US\$	Total US\$
Group			
(Unaudited)			
Movement in net carrying amount			
At 1 January 2021	2,515,656	7,482,915	9,998,571
Additions	-	945,000	945,000
Depreciation charge	-	(505,968)	(505,968)
At 31 December 2021	2,515,656	7,921,947	10,437,603
Depreciation charge	-	(131,562)	(131,562)
At 31 March 2022	2,515,656	7,790,385	10,306,041
(KHR'000 equivalent)	10,188,407	31,551,059	41,739,466
Company			
(Unaudited)			
Movement in net carrying amount			
At 1 January 2021	2,515,656	5,596,685	8,112,341
Depreciation charge	-	(381,113)	(381,113)
At 31 December 2021	2,515,656	5,215,572	7,731,228
Depreciation charge	-	(95,280)	(95,280)
At 31 March 2022	2,515,656	5,120,292	7,635,948
(KHR'000 equivalent)	10,188,406	20,737,183	30,925,589

As at 31 March 2022, investment properties with a carrying amount of USD10,306,041 and USD7,635,948 of the Group and of the Company respectively 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 information.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. INVESTMENT IN SUBSIDIARIES

Company	(Unaudited) 31.03.2022		(Audited) 31.12.2021
	US\$	KHR'000	US\$
Unquoted shares, at cost	39,983,104	161,931,571	39,983,104

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

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
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	100	100	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
Sahas Advisory & Consulting Co., Ltd.	Cambodia	46	46	Advisory and consultant services

6. INVESTMENT IN ASSOCIATES

Group	(Unaudited) 31.03.2022		(Audited) 31.12.2021
	US\$	KHR'000	US\$
Unquoted shares, at cost	8,591,361	34,795,012	8,591,361
Shares of post-acquisition reserves	5,591,967	22,647,466	5,541,308
Less: Allowance for impairment loss	(1,435,407)	(5,813,398)	(1,435,407)
	12,747,921	51,629,080	12,697,262
Company			
Unquoted shares, at cost	7,466,811	30,240,585	7,466,811
Shares of post-acquisition reserves	5,591,967	22,647,466	5,541,308
Less: Allowance for impairment loss	(1,435,407)	(5,813,398)	(1,435,407)
	11,623,371	47,074,653	11,572,712

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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
		2022 %	2021 %	
<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
Gomi Recycle (Phnom Penh) Co., Ltd.*	Cambodia	49	49	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)
	31.03.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
At cost						
Freehold lands and development cost	37,021,748	149,938,079	36,569,137	12,362,856	50,069,567	12,107,985

Included in the net carrying amount of inventories of the Group and of the Company were assets transferred from property, plant and equipment of USD236,699 and Nil respectively, as disclosed in Note 3 to the condensed interim financial information.

As at 31 March 2022, inventories with a carrying amount of USD15,750,252 of the Group and USD6,554,532 of the Company 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 information.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. TRADE AND OTHER RECEIVABLES

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2022		31.12.2021	31.03.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Trade receivables from contract with customers:						
Third parties	8,027,938	32,513,149	7,792,977	498,000	2,016,900	996,000
Shareholder	-	-	1,007	-	-	-
Related parties	792,262	3,208,661	789,333	771,217	3,123,429	771,217
	<u>8,820,200</u>	<u>35,721,810</u>	<u>8,583,317</u>	<u>1,269,217</u>	<u>5,140,329</u>	<u>1,767,217</u>
Non-trade receivables:						
Other receivables	348,334	1,410,753	199,361	333,756	1,351,712	180,226
Input value added taxes	1,766,353	7,153,730	1,458,388	-	-	27,896
Withholding tax credit	3,521,193	14,260,832	3,521,195	3,475,427	14,075,479	3,475,428
Subsidiaries	-	-	-	1,253,101	5,075,059	1,166,658
Associates	1,099,548	4,453,169	1,195,325	1,099,441	4,452,736	1,195,325
Related parties	586,448	2,375,114	589,102	386,448	1,565,114	389,102
Shareholders	16,356	66,242	16,621	16,356	66,242	16,621
Deposits	107,116	433,820	107,116	89,416	362,135	89,416
Prepayments*	6,238,690	25,266,695	5,680,535	215,741	873,751	230,576
	<u>13,684,038</u>	<u>55,420,355</u>	<u>12,967,643</u>	<u>6,869,686</u>	<u>27,822,228</u>	<u>6,771,248</u>
Total trade and other receivables	22,504,238	91,142,165	21,550,960	8,138,903	32,962,557	8,538,465

* Included in the Group's and the Company's prepayments are an amount of USD5,977,730 (2021: USD5,632,801) and Nil (2021: Nil) respectively made in relation to land acquisitions.

As at 31 March 2022, the capital commitment of the Group and the Company arising from the land acquisition amounted to USD987,596 and Nil respectively (2021: USD517,996 and Nil) as at the date of this condensed interim financial information.

9. CASH AND CASH EQUIVALENTS

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2022		31.12.2021	31.03.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash in hand	11,324	45,862	8,820	2,662	10,781	1,743
Deposits held at call with licensed banks	3,175,102	12,859,163	5,707,197	535,786	2,169,933	680,730
	<u>3,186,426</u>	<u>12,905,025</u>	<u>5,716,017</u>	<u>538,448</u>	<u>2,180,714</u>	<u>682,473</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. SHARE CAPITAL

	Group and Company			
	(Unaudited) 31.03.2022		(Audited) 31.12.2021	
	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)		145,546,875		

There were no issuances, cancellations, repurchases, re-sales 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 ASSETS /(LIABILITIES)

	Group			Company		
	(Unaudited) 31.03.2022		(Audited) 31.12.2021	(Unaudited) 31.03.2022		(Audited) 31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Current:						
Contract assets	622,721	2,522,020	-	-	-	-
Non-current:						
Contract liabilities	(8,083,000)	(32,736,150)	(8,220,000)	(8,083,000)	(32,736,150)	(8,220,000)
Current:						
Contract liabilities	(560,909)	(2,271,681)	(372,788)	(548,000)	(2,219,398)	(548,000)
Total contract liabilities	(8,643,909)	(35,007,831)	(8,592,788)	(8,631,000)	(34,955,548)	(8,768,000)

- (i) The contract assets relate to the Group's rights to consideration for construction work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.
- (ii) Contract liabilities represent deferred revenue from 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**13. LOANS AND BORROWINGS**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.03.2022	31.12.2021	31.12.2021	31.03.2022	31.12.2021	31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Non-current:						
Secured						
Term loans:						
Term loan VII	6,991,413	28,315,223	8,328,430	5,151,945	20,865,377	6,237,401
Term loan IX	6,884,121	27,880,690	3,961,880	1,873,700	7,588,485	1,998,800
Term loan XI	1,065,970	4,317,179	1,191,404	1,065,970	4,317,179	1,191,404
	<u>14,941,504</u>	<u>60,513,092</u>	<u>13,481,714</u>	<u>8,091,615</u>	<u>32,771,041</u>	<u>9,427,605</u>
Current:						
Secured						
Term loans:						
Term loan VII	2,441,979	9,890,015	1,681,487	2,137,292	8,656,033	1,551,120
Term loan IX	1,497,192	6,063,628	1,202,653	500,400	2,026,620	500,400
Term loan XI	497,693	2,015,657	487,387	497,693	2,015,656	487,387
	<u>4,436,864</u>	<u>17,969,300</u>	<u>3,371,527</u>	<u>3,135,385</u>	<u>12,698,309</u>	<u>2,538,907</u>
Total loans and borrowings	19,378,368	78,482,392	16,853,241	11,227,000	45,469,350	11,966,512
Term loans						
As at beginning of the financial period	16,853,241	68,255,628	18,672,815	11,966,512	48,464,374	17,231,387
Drawdowns	3,333,323	13,499,958	3,970,073	-	-	102,300
Repayments	(808,196)	(3,273,194)	(5,789,647)	(739,512)	(2,995,024)	(5,367,175)
Finance costs	296,388	1,200,371	1,479,196	201,467	815,941	1,170,642
Interest paid	(296,388)	(1,200,371)	(1,479,196)	(201,467)	(815,941)	(1,170,642)
As at end of the financial period	19,378,368	78,482,392	16,853,241	11,227,000	45,469,350	11,966,512

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

13. LOANS AND BORROWINGS (CONTINUED)

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 Installment (USD)	Commence Date	Remark
Term loan VIII	First Commercial Bank Phnom Penh Branch	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% ≥ 6.87%	5	69,090	12/09/2019	*
		2,500,000	LIBOR rate plus 3.75% ≥ 6.87%	5	43,013	10/09/2019	*
		2,530,488	LPCO plus 1.00% ≥ 6.90%	7	38,068	02/09/2020	*
		1,521,261	LIBOR rate plus 1.90% ≥ 7%	7	23,198	01/02/2021	#
Term loan IX	Branch of Kasikombank Public Company Limited	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	#
		2,096,512	6.65%	34 months	92,638	28/06/2021	#
		3,333,323	6.19%	7	93,486	09/03/2022	#
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	#

* 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

14. TRADE AND OTHER PAYABLES

	Group		(Audited) 31.12.2021 US\$	Company		(Audited) 31.12.2021 US\$
	(Unaudited)			(Unaudited)		
	31.03.2022 US\$	KHR'000		31.03.2022 US\$	KHR'000	
Trade payables:						
Third parties	1,138,434	4,610,658	1,487,960	-	-	1,316,451
Non-trade payables:						
Other payables	6,944,197	28,123,997	6,983,079	274,814	1,112,997	216,323
Output VAT	-	-	-	1,380	5,589	-
Deposits	7,528,436	30,490,165	7,685,309	1,580,185	6,399,749	1,444,136
Subsidiaries	-	-	-	10,076,641	40,810,396	8,136,956
Associates	990,346	4,010,900	480,000	480,000	1,944,000	480,000
Related parties	884,142	3,560,775	1,408,498	884,142	3,560,775	883,926
Directors	7,973	32,291	40,747	7,973	32,291	26,017
Shareholders	200,510	812,066	200,510	200,510	812,066	200,510
	16,555,604	67,050,194	16,798,143	13,505,645	54,697,863	11,387,868
Total trade and other payables	17,694,038	71,660,852	18,286,103	13,505,645	54,697,863	12,704,319

15. REVENUE

	(Unaudited)					
	Three-month period ended					
	Group		Company			
31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Revenue from contract customers:						
Construction revenue	2,584,416	10,466,885	391,167	-	-	-
Rendering of services	1,249,738	5,061,439	848,384	744,394	3,014,796	670,333
	3,834,154	15,528,324	1,239,551	744,394	3,014,796	670,333
Revenue from other source:						
Rental of investment property	624,306	2,528,439	525,738	466,535	1,889,466	456,069
	4,458,460	18,056,763	1,765,289	1,210,929	4,904,262	1,126,402
Timing of revenue recognition:						
At point in time	1,249,738	5,061,439	848,384	744,394	3,014,796	670,333
Over time	2,584,416	10,466,885	391,167	-	-	-
Revenue from contract customers	3,834,154	15,528,324	1,239,551	744,394	3,014,796	670,333
Revenue from other source	624,306	2,528,439	525,738	466,535	1,889,466	456,069
	4,458,460	18,056,763	1,765,289	1,210,929	4,904,262	1,126,402

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

16. COST OF SALES

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2022		31.03.2021		31.03.2022	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cost of land sold	-	-	48,995	-	-	48,995
Cost of other	328,438	1,330,174	-	95,740	387,747	-
Cost of services rendered	346,304	1,402,531	305,642	201,417	815,739	170,445
Cost of construction	2,366,651	9,584,937	309,024	-	-	-
Depreciation charge	131,562	532,826	119,501	95,280	385,884	95,279
	3,172,955	12,850,468	783,162	392,437	1,589,370	314,719

17. OTHER INCOME

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2022		31.03.2021		31.03.2022	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest income	468	1,895	232	43	174	57
Others	126,695	513,115	23,340	422,662	1,711,781	321,123
	127,163	515,010	23,572	422,705	1,711,955	321,180

18. ADMINISTRATIVE EXPENSES

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2022		31.03.2021		31.03.2022	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Depreciation charge	392,950	1,591,448	349,089	303,235	1,228,102	273,810
Electricity	5,654	22,899	8,641	3,471	14,058	7,064
Handling fees	5,708	23,117	11,277	183	741	5,155
Maintenance fees	162,402	657,728	38,143	143,438	580,924	31,285
Professional fees	159,605	646,400	52,834	132,798	537,832	35,837
Personnel costs	685,089	2,774,610	623,184	232,120	940,086	228,995
Leases of low value assets	19,290	78,125	19,058	4,420	17,901	4,267
Selling and marketing expenses	11,053	44,765	12,547	9,011	36,495	4,752
Security services	42,730	173,057	42,622	38,232	154,840	38,124
Withholding tax, fringe benefit and other tax expenses	79,780	323,109	67,036	72,237	292,560	61,610
Other expenses	271,726	1,100,489	158,080	162,004	656,114	125,794
	1,835,987	7,435,747	1,382,511	1,101,149	4,459,653	816,693

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19. FINANCE COSTS

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2021	31.03.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest expense on term loans	296,388	1,200,371	367,462	201,467	815,941	322,396

20. INCOME TAX EXPENSE

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted -average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate for the annual financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group and the Company's effective tax rate for the quarter and three -month period ended 31 March 2022 was 2% and 0% (quarter and three-month period ended 31 March 2021: 27 % and 13%). The change in effective tax rate was mainly due to under provision of income tax expense for financial year ended 31 December 2020 of a subsidiary that was recognised in the first quarter of 2021.

21. LOSS PER SHARE

	(Unaudited)		
	Three-month period ended		
	Group		
	31.03.2022	31.03.2021	31.03.2021
	US\$	KHR'000	US\$
Loss attributable to owners of the Company	(686,315)	(2,779,576)	(882,002)
	Units	Units	Units
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	US\$	KHR'000	US\$
Basic loss per share	(0.010)	(0.039)	(0.012)
Diluted loss per share	(0.010)	(0.039)	(0.012)

PHNOM PENH SEZ PLC.
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. LOSS PER SHARE (CONTINUED)

Diluted loss 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 per share is equivalent to the basic loss per share.

22. RELATED PARTY TRANSACTIONS

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

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.03.2022		31.03.2021	31.03.2022		31.03.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<u>Associate</u>						
Colben Energy (Cambodia)						
PPSEZ Ltd.						
- Rental income	137,000	554,850	137,000	137,000	554,850	137,000
- Purchase of electricity	(103,885)	(420,734)	(84,818)	(103,885)	(420,734)	(84,818)
<u>Subsidiary</u>						
Sahas E&C Co., Ltd.						
- Construction cost	(234,318)	(948,988)	(221,818)	(234,318)	(948,988)	(221,818)

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. 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

24. 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 is 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.

(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 (2021: 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.

PHNOM PENH SEZ PLC.
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

25. DIVIDEND

Dividend declared and paid by the Company since the end of the previous financial period was as follows:

	(Unaudited)		
	Three-month period ended		
	Company		
	31.03.2022		31.03.2021
	US\$	KHR'000	US\$
Recognised during the financial period:			
Dividends on ordinary shares:			
- Dividend for the financial period ended			
31 March 2022: USD0.0056 per ordinary share,			
paid within 27 th January 2022 to 4 th February 2022	400,645	1,622,612	-

26. 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.

27. 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.

28. MATERIAL LITIGATION AND CONTINGENT ASSETS

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.

As replied by the Company's lawyer concerning litigation, claim and assessment dated 18th March 2022 mentioned that The Company brought a counterclaim against Colben System Pte Ltd and Colben Energy Holdings (PPSEZ) Limited (together, the Claimants) for the alleged breaches of the arbitral confidentiality by reason of the Claimants communicating the existence of the Arbitration and the underlying dispute to third parties, including their ultimate parent company, which then publicised the same by way of inter alia SGX announcements on 19th November 2020.

The Claimants have since withdrawn their claims in entirety and on terms that prevent them from pursuing the same claims in future and have also agreed to make payment to the Company of its costs of defending the claims.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

28. MATERIAL LITIGATION AND CONTINGENT ASSETS (CONTINUED)

The Singapore International Arbitration Centre has on 25th April 2022 made a Final Award as follows:

- (a) The Claimants are to pay the Company the sums of SGD472,500 and USD112,577 in relation to the costs incurred by the Company in consequence of the Claimants' withdrawal of its claims in the Arbitration.
- (b) The Company's counterclaim is dismissed.
- (c) The Company is to pay the Claimants in relation to the costs incurred in defending the counterclaim in the sums of SGD104,510.
- (d) The fees and expenses of the arbitral institution and the tribunal incurred in the Arbitration are to be shared between the parties to the arbitration in the proportion 75% by the Claimants of SGD87,854 and 25% shared by the Company of SGD29,285.
- (e) The Final Award is in full settlement of all claims in connection with the counterclaim by the Company and also the Arbitration.
- (f) According the Final Award, if the payment awarded in (a), (c) and (d) above are not made before 30 days after the date of the Final Award, post-award simple interest at a rate of 5.33% per annum will be accrued beginning 30 days after the date of the Final Award until such time as payment is made.

29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Change of the Company and its subsidiary 's name:

• **Company:**

On 28th April 2022, the Company has changed its name from Phnom Penh SEZ Plc. to Royal Group Phnom Penh SEZ Plc. during the Sixth Annual General Meeting. The Company has filed the necessary documentation to Ministry of Commerce and General Department of Taxation to complete the name changing process.

• **Subsidiary:**

A subsidiary of the Company had changed its name from Poi Pet PPSEZ Co., Ltd. to Royal Group Poipet SEZ Co., Ltd. with effect from 25th April 2022.

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**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION
TO THE MEMBERS OF PHNOM PENH SEZ PLC. AND ITS SUBSIDIARIES**
(Incorporated in Cambodia)

Introduction

We have reviewed the accompanying condensed interim statements of financial position of Phnom Penh SEZ PLC. ("the Company") and its subsidiaries ("the Group") as at 31 March 2022, and the related condensed interim statements of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim statements of cash flows for the quarter and three-month period then ended, and notes to the condensed interim financial information (collectively referred to as "Condensed Interim Financial Information of the Group and of the Company"). The Board of Directors of the Company are responsible for the preparation and presentation of these condensed interim financial information of the Group and of the Company 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 Group and 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 MEMBERS OF PHNOM PENH SEZ PLC. (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 Group and of the Company is not presented fairly, 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: **13 MAY 2022**



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

4.1 Overview of operations

A. Revenue Analysis

Total Revenue for the Period of first quarter is **18,056,763 KHR'000** in FY 2022, a decrease of 152.87% Y-o-Y

In first quarter, PPSP reported total revenue of **18,056,763 KHR'000**, an increase of 152.87%Y-o-Y compared to the amount **7,140,594 KHR'000** in year 2021 (“FY 2021”) mainly from substantial increase in revenue from construction Contract.

B. Revenue Breakdown by sector

Land sales revenue is not sale during the Q1 but the construction Revenue is increased rapidly.

Total revenue breakdown over the last two (2) fiscal years are shown as follow:

No		Q1 2022		Q1 2021	
		Quantity	%	Quantity	%
1	Sale of land	-	0.00%	-	00%
2	Service rendered	5,061,439	28.03%	3,431,713	48.06%
3	Construction Revenue	10,466,885	57.97%	1,582,271	22.16%
4	Rental income	2,528,439	14.00%	2,126,610	29.78%
	Total	18,056,763	100.0%	7,140,594	100.0%

Unit: KHR '000

C. Gross profit gap analysis

Gross profit for the Period of **5,206,295 KHR'000** in Q1-20221, a decrease of 31.05%

In the first quarter of 2022, PPSP reported a total Gross profit of the period **5,206,295 KHR'000**, an increase of 31.05% compared to the previous year of **3,972,704 KHR'000** in the first quarter of 2021.

D. Analysis of pre-tax profits

Loss before tax for the Period of **2,709,644 KHR'000** in the first quarter of 2022, an increase of 7.47%

In Q1-2022, PPSP reported consolidated Loss before tax of **2,709,644 KHR'000**, compared to the profit before tax of **2,928,403 KHR'000** in FY 2021.

E. After tax profit Analysis

Profit Loss tax for the Period of **2,757,009 KHR'000** in the first quarter of 2022, an increase 26.03%

In Q1-2022, PPSP reported consolidated Net Loss after tax of **2,757,009 KHR'000**, increase 26.03% compared to the profit after tax of **3,727,048 KHR'000** in FY 2021.

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 2022 since we are industrial estate development business.

C. Change of Tax Scheme

This was no change on the related tax scheme during 2022.

D. Unusual or extraordinary items

There was no extraordinary income and expense during the 1st quarter of 2022.

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: 16th May 2022
Read and Approved
Non-Executive Chairman

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Neak Oknha Kith Meng



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