



# ROYAL GROUP PHNOM PENH SEZ

## Quarterly Report Q2

(As at 30 June, 2023)



## OUR VISION:

To become an outstanding SEZ by developing sustainable community by creating opportunities and by improving the quality of life.

## OUR Mission:

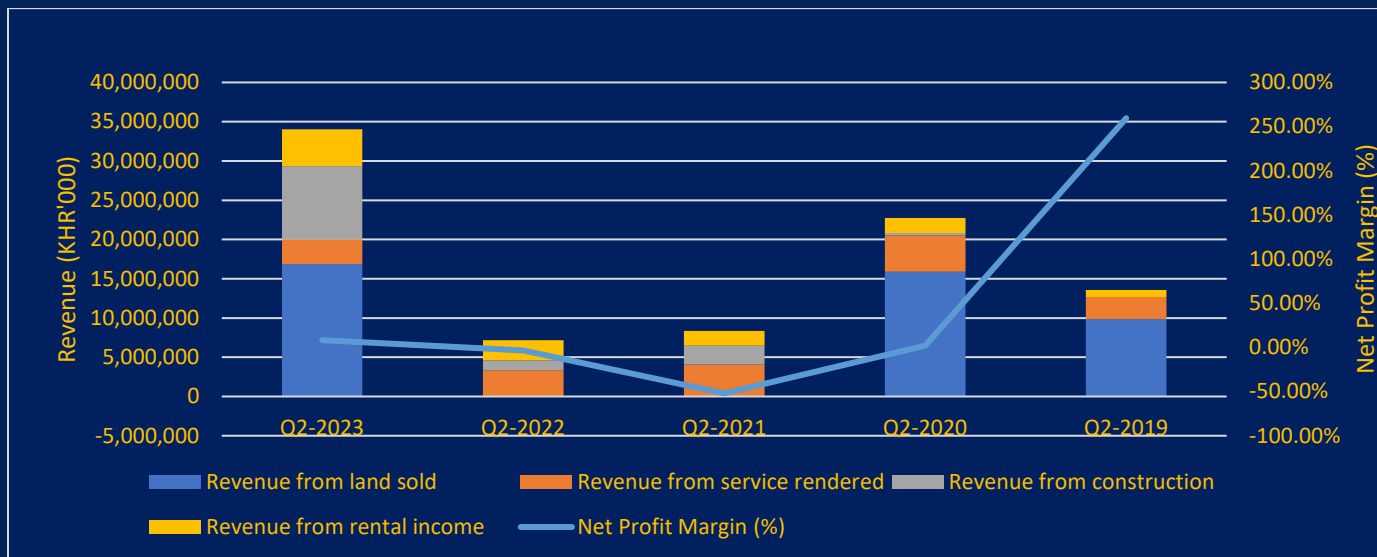
To contribute to the industrialization of the country in environment-friendly way with innovative technology

## FINANCIAL HIGHLIGHTS

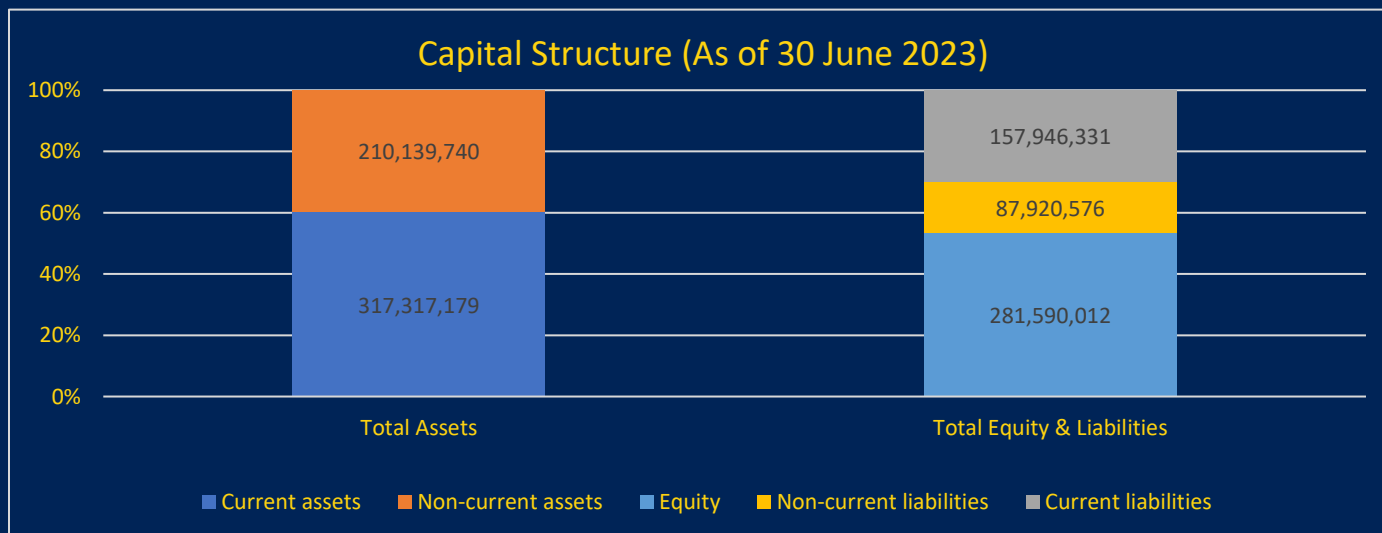
Financial Position (KHR'000)		Q2-2023	2022	2021
Total assets		527,456,919	472,057,093	426,234,002
Total liabilities		245,866,907	217,293,901	178,231,028
Total equity		281,590,012	254,763,192	248,002,974
Financial Performance (KHR'000)		Q2-2023	Q2-2022	Q2-2021
Total revenue		29,667,165	15,226,965	7,193,161
Profits before tax		2,934,224	(189,715)	(3,746,906)
Net profits after tax/ net income		2,461,430	(515,681)	(3,744,648)
Financial Ratios		Q2-2023	Q2-2022	Q2-2021
Liquidity				
Liquidity ratio	Current ratio	2.01	2.48	2.90
	Quick ratio	1.06	0.98	1.24
		Q2-2023	Q2-2022	Q2-2021
Profitability	Return on assets	0.47%	(0.11%)	(0.93%)
	Return on equity	0.87%	(0.20%)	(1.57%)
	Gross profit margin	36.46%	40.22%	50.64%
	Net profit margin	8.30%	(3.39%)	(52.06%)
	Earnings per share	34.25	(7.17)	(52.10)
Interest Ratio (Finance Cost)		3.44	1.08	(1.51)
Dividend paid per share (if available) (KHR'000/Share)		-	-	-

# GROUP FINANCIAL RESULTS

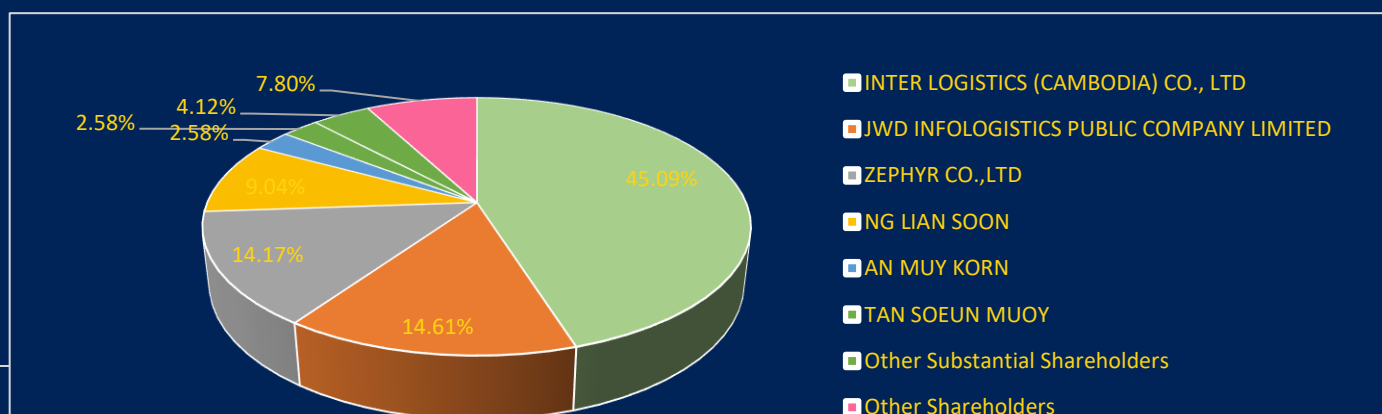
The second quarter in each year



## Capital structure (as of 30 June 2023)



## Shareholding Structure (as of 30 June 2023)



**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/CEO



Mr. Billy Kang  
Independent Director



Mr. Hiroshi Otsubo  
Non-executive Director



Mr. William Mark Hanna  
Non-executive Director



Ms. Hep Seka  
Independent Director



Dr. Eakapong Tungsrisinguan  
Non-executive Director

# CHAIRMAN STATEMENT

Dear Fellow Shareholders

In the second quarter of 2023, the Company reported total revenue of 29,667,165 KHR'000, an increase of 95% Year-on-year compared to the amount of 15,226,965 KHR'000 in the 2nd quarter of year 2022. As a result, the Company reported the net profits of 2,461,430 KHR'000, compared to the net loss of 515,681 KHR'000 in the same quarter of year 2022.

The financial position of the Company remains strong as at 30 June 2023 with total assets amounting 527,456,919 KHR'000, comprising non-current assets of 210,139,740 KHR'000 and current assets of 317,317,179 KHR'000. Total equity amounted to 281,590,012 KHR'000, an increase of 10.53% compared with 254,763,192 KHR'000 at the year 2022. As a result, debt-to-equity ratio was reported at 0.87 in 2023 compare with 0.85 at the year 2022.



Date: August 14, 2023

Non-Executive Chairman



Neak Oknha Kith Meng

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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](http://www.ppsez.com)  
**Email:** [info@ppsez.com](mailto: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



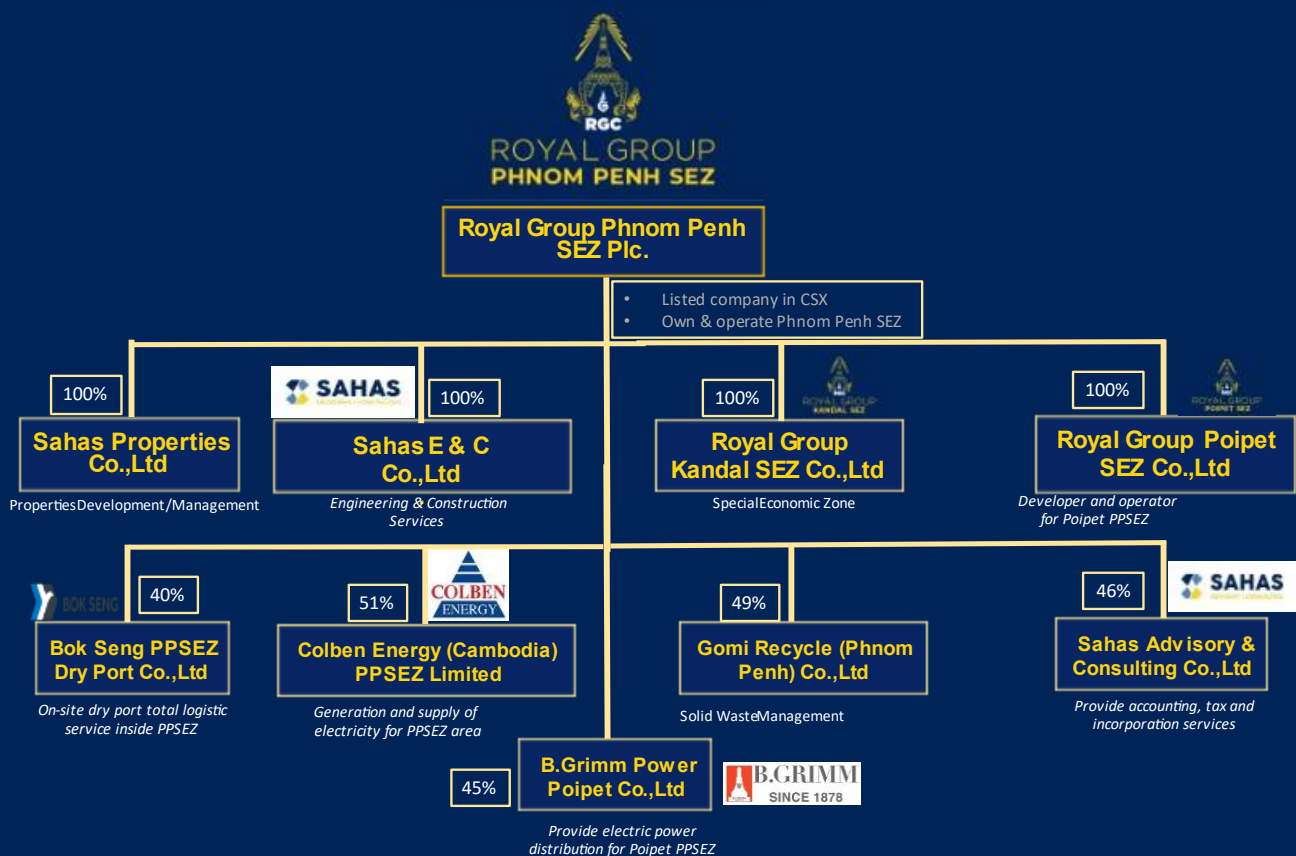
for sale/lease. In addition, as an operator, our Company is also involved in supplying other relevant services and facilities within Royal Group Phnom Penh Special Economic Zone such as supply and distribution of treated water, rental service, infrastructure maintenance, advisory service and administration support, wastewater treatment and other services. We are currently operating the Royal Group Phnom Penh Special Economic Zone located at National Road No. 4, Khan Kambol 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 30 June 2023, 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 30 June 2023, 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 30 June 2023, our company employs one hundred and seventeen (117) 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.



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 30 June 2023, Royal Group Phnom Penh Special Economic Zone accommodates twelve (12) investors from thirteen (13) 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 Kambol 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 twelve (12) years from 2012 to 2023, 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 eleven (12) year from 2012 to 2023, 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:

As at 30 June 2023, 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:

Description	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outright sale	0	0	0	0	0	0	1	0	0	1	1	3
Long-term lease	2	0	5	3	8	7	9	9	8	6	14	11
Total land sales transaction	2	0	5	3	8	7	10	9	8	7	15	14

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

Since 2010, our company had obtained the ISO: 9001 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 certifications 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 m<sup>3</sup> 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 m<sup>3</sup>. The rain water storage pond also serves as a temporary water supply backup system in the event that there is a 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 the 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 supplies 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 infrastructure's 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 constituent's 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 30 June 2023, our company has secured a total of one hundred and four (104) 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 12 years. As at 30 June 2023, 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 30 June 2023, 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 30 June 2023, our company has successfully attracted 41% of 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. He has been involved in managing infrastructure development, property development and investment, trading in consumer goods, leisure and hospitality in Cambodia. 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 8 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 Royal Group Poipet Special Economic Zone

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 30 June 2023, 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:



LIST OF TENANTS IN ROYAL GROUP POIPET SEZ				
PLOT NO.	COMPANY NAME	COUNTRY	PLOT AREA	PRODUCT
P1-17, 20	Sumitronics Manufacturing (Cambodia) Co., Ltd.	Japan	10,000 m <sup>2</sup>	Electronic Components
P1-01	Royal Group Poipet SEZ Rental Factory	Cambodia	7,367 m <sup>2</sup>	Rental Factory
	HGB Motors Assembly Co., Ltd.	Cambodia		Vehicle assembly
P1-02, 03, 04, 05, 06	HGB Motors Assembly Co., Ltd.	Cambodia	23,871 m <sup>2</sup>	Vehicle assembly
P1-07, 08, 09, 010	HGB Motors Assembly Co., Ltd.	Cambodia	18,731 m <sup>2</sup>	Vehicle assembly



PHASE	OCCUPATION	NAME	AREA (m <sup>2</sup> )	%
Phase 1	Property Phase 1		223,173	37.3
	Commercial	WTP & Water Tank and Water Tower 1	6,460	1.1
		Water Tank and Water Tower 2	2,864	0.5
	Utilities	WWTP	16,424	2.7
		Garbage Collection Center	4,000	0.7
		Electrical Station	1,347	0.2
	Residential / Restaurant		5,570	0.9
	Administration		3,500	0.6
	Road		22,540	3.8
	Maintenance track		6,065	1.0
	Sidewalk		9,799	1.6
	Drain Area		17,539	2.9
	Grass Area		20,314	3.4
	Phase 1 Total		351,820	58.8
Phase 2	Property Phase 2		191,434	32.0
	Road		16,416	2.7
	Maintenance track		3,106	0.5
	Sidewalk		2,558	0.4
	Drain Area		18,949	3.2
	Grass Area		18,958	2.9
	Phase 2 Total		246,631	41.2
Grand Total		598,651	100	

Description	Phase 1	Phase 2	Total
Industrial Plots with area <5,000m <sup>2</sup>	8	0	8
Industrial Plots with area between 5,000m <sup>2</sup> and 6,000 m <sup>2</sup>	31	24	55
Industrial Plots with area >6,000m <sup>2</sup>	3	7	10
Total	42	31	73

Future Development : 105,746 m<sup>2</sup>

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 30 June 2023, 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.



## 1.3 Significant Quarterly events of listed company

### Ministry of Labor and Vocational Training celebrated the World Day for Safety and Health at Work in RGPPSEZ

On 28 April 2023, the Ministry of Labor and Vocational Training (MoLVT) celebrated the World Day for Safety and Health at Work under the theme “Safe and Healthy Working Environment as a Fundamental Principle and Right at Work” with 1,300 employees from various companies in Royal Group Phnom Penh Special Economic Zone (RGPPSEZ).

This special event was presided over by H.E. Pheng Sokham, Secretary of State of MoLVT, high representative of H.E Dr. ITH Samheng, the Minister of MoLVT and with the participations of H.E Justin Kevin Whyatt, Australian Ambassador to Cambodia and other representatives from Cambodian Textile, Garment, Footwear and Travel Products Association (TAFTAC), from the Confederation of Trade Unions for Labour Rights, Representative from Worker’s Organization, and from International Labour Organization (ILO).

“The World Day for Safety and Health at Work is an international campaign annually organized by governments, employers' associations and unions of member countries of ILO around the world to commemorate workers who lost their lives and suffered from occupational accidents and diseases in the workplace as well as to raise awareness of safe and healthy working environment for workers,” said H.E. Pheng Sokham, Secretary of State of MoLVT.

We and our tenants will continue to promote the prevention of occupational accidents and create safety and health culture for our employees as this is one of our first priorities.



## Royal Group Phnom Penh SEZ Plc. Held the 7th Annual General Shareholders' Meeting 2023

On Thursday 27 April 2023, Royal Group Phnom Penh SEZ Plc. (PPSP) held our 7th Annual General Shareholders' Meeting at Cambodiana Hotel from 2:00 – 3:30 PM, with the Record date 7 April 2023.

The Chairman of the meeting mentioned that the “Company has had a successful year, with commendable financial results and continued growth. We have worked tirelessly to maintain our growth trajectory with a strong strategic plan in place and committed to adding and delivering value to our shareholders”.

The shareholders approved on all the five resolutions at the AGM.

We would like to thank all the stakeholders including the Government and the relevant authorities and especially our shareholders for your continued support.



## Honorable Visit of Prime Minister Hun Sen to RGPPSEZ

On two consecutive days 26 and 27 May 2023, as the developer of the Royal Group Phnom Penh Special Economic Zone (RGPPSEZ), we felt highly honored to welcome the visit of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime minister of the Kingdom of Cambodia, to our zone.

This 2-day visit was mainly organized by the Ministry of Labor and Vocational Training (MoLVT) for Samdech Prime Minister to meet and learn about the wellbeing and challenges faced by workers in our zone.

On 26 May 2023, approximately 19,000 workers from Marvel Garment Co., Ltd., a giant garment manufacturer in RGPPSEZ, happily attended to meet and greet Samdech Prime Minister. And on 27 May 2023, around 19,000 more workers from the other 81 manufacturing companies in the zone, also had a chance to do the same.

This similar event has been organized many times throughout the years even before the pandemic situation, because Samdech Prime Minister has always put his attention and focus on the wellbeing, the living and working conditions of Cambodian workers throughout the country.

In his speech, Samdech Prime Minister introduced various new improvement in benefits to the workers such as additional financial support to pregnant women until 2 years after delivery, and stated some recommendations to facilitate the investment environment, to promote benefits and social protection to workers etc.

This was the 7th and 8th visit in a row. We all felt honored and excited to learn that Samdech Prime Minister always pays attention to our zone and the workers here. We look forward to the next chance of meeting and greeting Samdech Prime Minister again. Until then, we will keep trying our best to develop and improve our zone more and more to make Samdech Prime Minister proud.





## RGPPSEZ's Participation in the 10th National Robot Contest 2023

On 25 June 2023, the 10th National Robot Contest was conducted at the Elephant Hall of Morodok Techo Stadium. The contest was organized by National Television of Cambodia with the support from Ministry of Information. 11 groups of contestants from 6 universities and educational institutions participated to compete with 2 types of robots each, namely the Elephant Robot and the Rabbit Robot.

We would like to express our congratulations to the Champion from National Polytechnic Institute of Cambodia (NPIC) and the 1st runner up from Institute of Technology of Cambodia (ITC), both of which will continue to compete in the international robot contest.

It was our great pleasure to be a part of this spectacular event as the Diamond Sponsor contributing USD 10,000 for the general expenses. We were very proud of the young Cambodian students who tried very hard to study and research and came up with incredible robots with speed, and accuracy. And we were amazed by the high level of creativity and engineering skills of all the contestants.

It was also remarkable to see a lot of young female contestants in the competition. To encourage more and more young girls to pursue their study in this field of engineering and technology as well as to participate in such competition, we decided to award the girls-only group from National University of Management with our RGPPSEZ Appreciation Award.

Education, technology advancement and innovation have been our point of focus. We hope our contribution helps to raise awareness and encourage young learners to try harder in their study.







## CHAPTER 2: BUSINESS OPERATION RESULTS

### 2.1 Business Operation Results & News

In the second quarter of 2023, the total revenue was 29,667,165 KHR'000, which was a significant increase of 95% compared to the previous quarter while land revenue and rental income was KHR'000 21,553,416 compared to KHR'000 2,571,418 in the 2nd quarter of 2022.

### 2.2 Revenue Structure

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

#### 2.2.1 Sale of land

Revenue from sale of land is recognized when significant risk and rewards of ownership of the land are transferred to the buyer and the amount of the revenue can be measured reliably.

#### 2.2.2 Services rendered

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

#### 2.2.3 Construction Revenue

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

#### 2.2.4 Rental income

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

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

	Q2-2023		Q2-2022		Q2-2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Sale of Land	16,887,652	56.92%	-	0.00%	-	0.00%
Services Rendered	3,138,127	10.58%	3,332,040	21.88%	4,057,062	56.40%
Construction Contracts	4,975,622	16.77%	9,323,507	61.23%	1,276,123	17.74%
Rental Income	4665764	15.73%	2,571,418	16.89%	1,859,976	25.86%
Total	29,667,165	100.00%	15,226,965	100.00%	7,193,161	100.0%

(Unit: KHR'000)



## CHAPTER 3: REVIEWED FINANCIAL STATEMENTS

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

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**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 (altogether, the "Group") as at 30 June 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-month period then ended, and the notes to the condensed interim financial information (collectively referred to as "Condensed Interim Financial Information") 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: 10 August 2023

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	Group			Company		
		(Unaudited)		(Audited)	(Unaudited)		(Audited)
		30 June 2023	31 December 2022	31 December 2022	30 June 2023	31 December 2022	31 December 2022
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	3	21,565,817	89,066,823	17,686,840	13,775,151	56,891,374	13,910,630
Investment properties	4	16,259,588	67,152,099	16,635,088	7,152,706	29,540,676	7,343,263
Investment in subsidiaries	5	-	-	-	39,783,104	164,304,220	39,783,104
Investment in associates	6	12,959,276	53,521,810	12,809,568	11,947,015	49,341,172	11,770,321
Investment in joint venture	14	96,612	399,008	70,900	96,612	399,008	70,900
<b>Total non-current assets</b>		<b>50,881,293</b>	<b>210,139,740</b>	<b>47,202,396</b>	<b>72,754,588</b>	<b>300,476,450</b>	<b>72,878,218</b>
<b>Current assets</b>							
Inventories	7	36,283,149	149,849,405	41,006,441	11,992,517	49,529,095	12,948,312
Trade and other receivables	8	36,659,214	151,402,554	21,216,159	11,912,018	49,196,634	7,685,942
Contract assets	12	923,595	3,814,447	959,170	-	-	-
Cash and cash equivalents	9	2,966,289	12,250,773	4,276,289	1,142,485	4,718,463	523,108
<b>Total current assets</b>		<b>76,832,247</b>	<b>317,317,179</b>	<b>67,458,059</b>	<b>25,047,020</b>	<b>103,444,192</b>	<b>21,157,362</b>
<b>TOTAL ASSETS</b>		<b>127,713,540</b>	<b>527,456,919</b>	<b>114,660,455</b>	<b>97,801,608</b>	<b>403,920,642</b>	<b>94,035,580</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	10	35,937,500	148,421,875	35,937,500	35,937,500	148,421,875	35,937,500
Share premium	11	4,575,051	18,894,961	4,575,051	4,575,051	18,894,961	4,575,051
Retained earnings		27,682,148	114,327,271	21,377,107	22,053,955	91,082,834	20,633,456
		68,194,699	281,644,107	61,889,658	62,566,506	258,399,670	61,146,007
Non-controlling interests		(13,098)	(54,095)	(8,873)	-	-	-
<b>TOTAL EQUITY</b>		<b>68,181,601</b>	<b>281,590,012</b>	<b>61,880,785</b>	<b>62,566,506</b>	<b>258,399,670</b>	<b>61,146,007</b>
<b>Non-current liabilities</b>							
Loans and borrowings	13	13,890,275	57,366,836	13,528,836	4,928,197	20,353,454	5,595,463
Contract liabilities	12	7,398,000	30,553,740	7,672,000	7,398,000	30,553,740	7,672,000
<b>Total non-current liabilities</b>		<b>21,288,275</b>	<b>87,920,576</b>	<b>21,200,836</b>	<b>12,326,197</b>	<b>50,907,194</b>	<b>13,267,463</b>
<b>Current liabilities</b>							
Loans and borrowings	13	2,807,728	11,595,917	4,952,092	1,390,450	5,742,559	3,264,662
Current tax liabilities		1,565,791	6,466,717	159,704	322,526	1,332,032	30,869
Trade and other payables	16	33,290,831	137,491,130	25,919,038	20,647,929	85,275,947	15,778,579
Contract liabilities	12	579,314	2,392,567	548,000	548,000	2,263,240	548,000
<b>Total current liabilities</b>		<b>38,243,664</b>	<b>157,946,331</b>	<b>31,578,834</b>	<b>22,908,905</b>	<b>94,613,778</b>	<b>19,622,110</b>
<b>TOTAL LIABILITIES</b>		<b>59,531,939</b>	<b>245,866,907</b>	<b>52,779,670</b>	<b>35,235,102</b>	<b>145,520,972</b>	<b>32,889,573</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>127,713,540</b>	<b>527,456,919</b>	<b>114,660,455</b>	<b>97,801,608</b>	<b>403,920,642</b>	<b>94,035,580</b>

The Condensed Interim Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	(Unaudited)					
		Group			Company		
		30 June 2023		30 June 2022	30 June 2023		30 June 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Revenues	17	7,183,333	29,667,165	3,706,308	3,797,227	15,682,548	1,239,355
Cost of revenues	18	(4,564,257)	(18,850,381)	(2,183,573)	(1,219,685)	(5,037,299)	(314,280)
<b>Gross profit</b>		<b>2,619,076</b>	<b>10,816,784</b>	<b>1,522,735</b>	<b>2,577,542</b>	<b>10,645,249</b>	<b>925,075</b>
Other income	19	41,522	171,486	20,422	304,101	1,255,937	308,725
Administrative expenses	20	(1,820,568)	(7,518,946)	(1,277,299)	(1,081,973)	(4,468,548)	(769,038)
<b>Operating profit</b>		<b>840,030</b>	<b>3,469,324</b>	<b>265,858</b>	<b>1,799,670</b>	<b>7,432,638</b>	<b>464,762</b>
Finance costs	21	(290,282)	(1,198,865)	(313,683)	(143,558)	(592,895)	(190,973)
Share of results of associates and joint venture		160,718	663,765	15,554	176,439	728,693	69,682
<b>Profit/(Loss) before tax</b>		<b>710,466</b>	<b>2,934,224</b>	<b>(32,271)</b>	<b>1,832,551</b>	<b>7,568,436</b>	<b>343,471</b>
Income tax expense	22	(114,478)	(472,794)	(83,772)	(322,527)	(1,332,037)	(70,218)
<b>Profit/(Loss) for the financial period from continuing operation</b>		<b>595,988</b>	<b>2,461,430</b>	<b>(116,043)</b>	<b>1,510,024</b>	<b>6,236,399</b>	<b>273,253</b>
Loss from discontinuing operation		-	-	(10,660)	-	-	-
<b>Profit/(Loss) for the financial period, representing total comprehensive income/(loss)</b>		<b>595,988</b>	<b>2,461,430</b>	<b>(126,703)</b>	<b>1,510,024</b>	<b>6,236,399</b>	<b>273,253</b>
<b>Profit/(Loss) attributable to:</b>							
Owners of the Company		599,921	2,477,673	(129,143)			
Non-controlling interests		(3,933)	(16,243)	2,440			
		<b>595,988</b>	<b>2,461,430</b>	<b>(126,703)</b>			
<b>Total comprehensive income/(loss) attributable to:</b>							
Owners of the Company		599,921	2,477,673	(129,143)			
Non-controlling interests		(3,933)	(16,243)	2,440			
		<b>595,988</b>	<b>2,461,430</b>	<b>(126,703)</b>			
<b>Total comprehensive income/(loss) attributable to the Company:</b>							
Continuing operation		599,921	2,477,673	(118,483)			
Discontinued operation		-	-	(10,660)			
		<b>599,921</b>	<b>2,477,673</b>	<b>(129,143)</b>			
<b>Basic/Diluted profit/(loss) per share</b>	23	<b>0.008</b>	<b>0.034</b>	<b>(0.002)</b>			



**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

	Note	(Unaudited)					
		Group		Six-month period ended		Company	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
Revenues	17	37,511,213	154,921,310	7,930,284	5,066,482	20,924,571	2,450,284
Cost of revenues	18	(25,245,424)	(104,263,601)	(5,176,625)	(1,471,526)	(6,077,402)	(706,717)
<b>Gross profit</b>		<b>12,265,789</b>	<b>50,657,709</b>	<b>2,753,659</b>	<b>3,594,956</b>	<b>14,847,169</b>	<b>1,743,567</b>
Other income	19	58,013	239,594	139,826	604,192	2,495,313	731,428
Administrative expenses	20	(3,895,146)	(16,086,953)	(3,091,335)	(2,320,176)	(9,582,327)	(1,870,187)
<b>Operating profit</b>		<b>8,428,656</b>	<b>34,810,350</b>	<b>(197,850)</b>	<b>1,878,972</b>	<b>7,760,155</b>	<b>604,808</b>
Finance costs	21	(592,655)	(2,447,665)	(610,071)	(292,307)	(1,207,228)	(392,440)
Share of results of associates and joint venture		175,421	724,489	66,215	202,407	835,941	120,343
<b>Profit/(Loss) before tax</b>		<b>8,011,422</b>	<b>33,087,174</b>	<b>(741,706)</b>	<b>1,789,072</b>	<b>7,388,868</b>	<b>332,711</b>
Income tax expense	22	(1,710,606)	(7,064,803)	(86,352)	(368,573)	(1,522,206)	(70,218)
<b>Profit/(Loss) for the financial period from continuing operation</b>		<b>6,300,816</b>	<b>26,022,371</b>	<b>(828,058)</b>	<b>1,420,499</b>	<b>5,866,662</b>	<b>262,493</b>
Profit from discontinuing operation		-	-	12,891	-	-	-
<b>Profit/(Loss) for the financial period, representing total comprehensive income/(loss)</b>		<b>6,300,816</b>	<b>26,022,371</b>	<b>(815,167)</b>	<b>1,420,499</b>	<b>5,866,662</b>	<b>262,493</b>
<b>Profit/(Loss) attributable to:</b>							
Owners of the Company		6,305,041	26,039,820	(823,179)			
Non-controlling interests		(4,225)	(17,449)	8,012			
		<b>6,300,816</b>	<b>26,022,371</b>	<b>(815,167)</b>			
<b>Total comprehensive income/(loss) attributable to:</b>							
Owners of the Company		6,305,041	26,039,820	(823,179)			
Non-controlling interests		(4,225)	(17,449)	8,012			
		<b>6,300,816</b>	<b>26,022,371</b>	<b>(815,167)</b>			
<b>Total comprehensive income/(loss) attributable to the Company:</b>							
Continuing operation		6,305,041	26,039,820	(836,070)			
Discontinued operation		-	-	12,891			
		<b>6,305,041</b>	<b>26,039,820</b>	<b>(823,179)</b>			
<b>Basic/Diluted profit/(loss) per share</b>	23	<b>0.088</b>	<b>0.362</b>	<b>(0.011)</b>			

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 2022 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 SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
<b>Group</b>						
At 1 January 2023 (Audited)		35,937,500	4,575,051	21,377,107	(8,873)	61,880,785
Profit/(Loss) for the financial period, representing total comprehensive income (Unaudited)		-	-	6,305,041	(4,225)	6,300,816
At 30 June 2023 (Unaudited)		<b>35,937,500</b>	<b>4,575,051</b>	<b>27,682,148</b>	<b>(13,098)</b>	<b>68,181,601</b>
(KHR'000 equivalent)		<b>148,421,875</b>	<b>18,894,961</b>	<b>114,327,271</b>	<b>(54,095)</b>	<b>281,590,012</b>
<b>Group (Audited)</b>						
At 1 January 2022		35,937,500	4,575,051	20,368,679	(6,666)	60,874,564
Adjustment of Sahas Securities		-	-	84,980	-	84,980
Dividend paid	27	-	-	(1,169,693)	(12,436)	(1,182,129)
Profit for the financial period, representing total comprehensive income		-	-	2,093,141	10,229	2,103,370
At 31 December 2022		<b>35,937,500</b>	<b>4,575,051</b>	<b>21,377,107</b>	<b>(8,873)</b>	<b>61,880,785</b>
(KHR'000 equivalent)		<b>147,954,688</b>	<b>18,835,485</b>	<b>88,009,549</b>	<b>(36,530)</b>	<b>254,763,192</b>

**PHNOM PENH SEZ PLC.**  
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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
<b>Company</b>					
At 1 January 2023 (Audited)		35,937,500	4,575,051	20,633,456	61,146,007
Profit for the financial period, representing total comprehensive income (Unaudited)		-	-	1,420,499	1,420,499
At 30 June 2023 (Unaudited)		<b>35,937,500</b>	<b>4,575,051</b>	<b>22,053,955</b>	<b>62,566,506</b>
(KHR'000 equivalent)		<b>148,421,875</b>	<b>18,894,961</b>	<b>91,082,834</b>	<b>258,399,670</b>
<b>Company (Audited)</b>					
At 1 January 2022		35,937,500	4,575,051	21,386,718	61,899,269
Dividend paid	27	-	-	(1,169,693)	(1,169,693)
Profit for the financial period, representing total comprehensive income		-	-	416,431	416,431
At 31 December 2022		<b>35,937,500</b>	<b>4,575,051</b>	<b>20,633,456</b>	<b>61,146,007</b>
(KHR'000 equivalent)		<b>147,954,688</b>	<b>18,835,485</b>	<b>84,947,938</b>	<b>251,738,111</b>

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 2022 and the accompanying notes attached to this condensed interim financial information.

**PHNOM PENH SEZ PLC.**  
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**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2022	30 June 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Cash flows from operating activities</b>						
<b>Profit/(Loss) before tax:</b>	<b>8,011,422</b>	<b>33,087,174</b>	<b>(741,706)</b>	<b>1,789,072</b>	<b>7,388,868</b>	<b>332,711</b>
<i>Adjustments for non-cash items:</i>						
Deferred revenue	(274,000)	(1,131,620)	(274,000)	(274,000)	(1,131,620)	(274,000)
Depreciation of:						
- Property, plant and equipment	772,476	3,190,326	784,526	614,471	2,537,765	605,739
- Investment properties	472,583	1,951,768	263,121	190,557	787,000	190,557
Property, plant and equipment written off	-	-	20,917	-	-	-
Finance costs	592,655	2,447,665	610,071	292,307	1,207,228	392,440
Interest income	(40,855)	(168,731)	(88)	(388)	(1,602)	(81)
Share of results of associates and joint venture	(175,420)	(724,487)	(66,215)	(202,406)	(835,939)	(120,343)
Operating profit before changes in working capital	9,358,861	38,652,095	596,626	2,409,613	9,951,700	1,127,023
<i>Changes in working capital:</i>						
Inventories	5,427,071	22,413,803	(2,397,865)	1,222,958	5,050,817	(117,233)
Trade and other receivables	(15,549,981)	(64,221,422)	(1,635,445)	(2,015,479)	(8,323,928)	625,664
Contract assets	35,575	146,925	(1,463,462)	-	-	-
Trade and other payables	7,368,977	30,433,875	397,678	(72,742)	(300,424)	(1,194,394)
Contract liabilities	31,314	129,327	418,160	-	-	-
Net cash inflow from discontinuing operation	-	-	12,891	-	-	-
<b>Net cash generated from/(used in) operations</b>	<b>6,671,817</b>	<b>27,554,603</b>	<b>(4,071,417)</b>	<b>1,544,350</b>	<b>6,378,165</b>	<b>441,060</b>
Tax paid	(304,519)	(1,257,663)	(25,002)	(76,916)	(317,663)	(335)
<b>Net cash generated from/(used in) operating activities</b>	<b>6,367,298</b>	<b>26,296,940</b>	<b>(4,096,419)</b>	<b>1,467,434</b>	<b>6,060,502</b>	<b>440,725</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(5,438,232)	(22,459,898)	(4,603,691)	(746,155)	(3,081,620)	(1,002,963)
Purchase of investment properties	(14,083)	(58,163)	-	-	-	-
Interest received	40,855	168,731	88	388	1,602	81
Net (advances to)/repayments from:						
- Subsidiaries	-	-	-	2,617,023	10,808,305	2,301,316
- Related parties	160,719	663,769	(503,469)	162,343	670,477	19,488
- Associates	109,023	450,265	(348,841)	112,129	463,093	161,636
- Directors	(160,000)	(660,800)	(26,642)	(160,000)	(660,800)	(11,912)
- Shareholders	-	-	329	-	-	329
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,301,718)</b>	<b>(21,896,096)</b>	<b>(5,482,226)</b>	<b>1,985,728</b>	<b>8,201,057</b>	<b>1,467,975</b>

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

	(Unaudited)					
	Six-month period ended					
	Group		30 June		Company	
	30 June	30 June	2022	30 June	30 June	2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Cash flows from financing activities</b>						
Dividend paid	-	-	(413,080)	-	-	(400,645)
Drawdown of loans	1,596,770	6,594,660	8,079,882	-	-	-
Repayment of loans	(3,379,695)	(13,958,140)	(1,766,516)	(2,541,478)	(10,496,304)	(1,534,910)
Interest paid	(592,655)	(2,447,665)	(610,071)	(292,307)	(1,207,228)	(392,440)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,375,580)</b>	<b>(9,811,145)</b>	<b>5,290,215</b>	<b>(2,833,785)</b>	<b>(11,703,532)</b>	<b>(2,327,995)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,310,000)</b>	<b>(5,410,301)</b>	<b>(4,288,430)</b>	<b>619,377</b>	<b>2,558,027</b>	<b>(419,295)</b>
Cash and cash equivalents at the beginning of the financial period	4,276,289	17,605,482	5,716,017	523,108	2,153,636	682,473
Currency translation differences	-	55,592	-	-	6,800	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,966,289</b>	<b>12,250,773</b>	<b>1,427,587</b>	<b>1,142,485</b>	<b>4,718,463</b>	<b>263,178</b>

The Condensed Interim Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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.

During the Sixth Annual General Meeting on 28 April 2022, shareholders approved the change in the Company name from Phnom Penh SEZ Plc. to Royal Group Phnom Penh SEZ Plc. The Company has filed the necessary documentation to Ministry of Commerce and General Department of Taxation and is waiting for approval to complete the name-changing process.

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 10 August 2023.

The condensed interim financial information for the quarter and six-month period ended 30 June 2023 has been reviewed, but not audited.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

The condensed interim financial information for the quarter and six-month period ended 30 June 2023 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 2022, 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.

#### **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 2023. 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.

**PHNOM PENH SEZ PLC.**  
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## 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 2022.

##### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's decision-makers. Those whom are responsible for allocating resources to and assessing the performance of the operating segments have 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 the Group's 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 2022.



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

**3. PROPERTY, PLANT AND EQUIPMENT**

<b>Group (Audited)</b>	<b>Freehold land US\$</b>	<b>Building and infrastructure US\$</b>	<b>Machinery US\$</b>	<b>Motor vehicle, equipment and computers US\$</b>	<b>*Construction in-progress US\$</b>	<b>Total US\$</b>
<b>Movement in net carrying amount</b>						
At 1 January 2022	721,224	13,679,214	505,888	274,572	2,471,098	17,651,996
Additions	-	1,215,177	59,410	46,312	8,992,880	10,313,779
Written off	-	(20,618)	(299)	(528)	-	(21,445)
Transfer within property, plant and equipment	-	712,657	86,000	-	(798,657)	-
Transfer to investment properties	-	-	-	-	(6,908,601)	(6,908,601)
Transfer to inventories	-	-	-	-	(1,767,954)	(1,767,954)
Depreciation charge	-	(1,291,139)	(186,193)	(103,603)	-	(1,580,935)
<b>At 31 December 2022</b>	<b>721,224</b>	<b>14,295,291</b>	<b>464,806</b>	<b>216,753</b>	<b>1,988,766</b>	<b>17,686,840</b>
<b>(Unaudited)</b>						
Additions	-	37,441	4,339	18,675	5,377,777	5,438,232
Transfer within property, plant and equipment	-	337,158	-	-	(337,158)	-
Transfer within investment properties	-	-	-	-	(83,000)	(83,000)
Transfer to inventories	-	(436,616)	-	-	(267,163)	(703,779)
Depreciation charge	-	(646,711)	(74,243)	(51,522)	-	(772,476)
<b>At 30 June 2023</b>	<b>721,224</b>	<b>13,586,563</b>	<b>394,902</b>	<b>183,906</b>	<b>6,679,222</b>	<b>21,565,817</b>
<b>(KHR'000 equivalent)</b>	<b>2,978,655</b>	<b>56,112,504</b>	<b>1,630,945</b>	<b>759,532</b>	<b>27,585,187</b>	<b>89,066,823</b>

\* 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 30 June 2023, the capital commitment of the Group arising from the construction in-progress amounted to US\$7,085,156 (2022: US\$4,899,434) as at the date of this condensed interim financial information.

**PHNOM PENH SEZ PLC.**  
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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\$
<b>Movement in net carrying amount</b>						
At 1 January 2022	721,224	13,777,113	128,652	51,115	44,029	14,722,133
Additions	-	13,761	39,510	9,075	1,727,008	1,789,354
Transfer within property, plant and equipment	-	44,029	86,000	-	(130,029)	-
Transfer to inventories	-	-	-	-	(1,389,295)	(1,389,295)
Depreciation charge	-	(1,138,518)	(52,076)	(20,968)	-	(1,211,562)
<b>At 31 December 2022</b>	<b>721,224</b>	<b>12,696,385</b>	<b>202,086</b>	<b>39,222</b>	<b>251,713</b>	<b>13,910,630</b>
<b>(Unaudited)</b>						
Additions	-	-	-	5,520	740,635	746,155
Transfer within property, plant and equipment	-	337,158	-	-	(337,158)	-
Transfer to inventories	-	-	-	-	(267,163)	(267,163)
Depreciation charge	-	(575,492)	(29,768)	(9,211)	-	(614,471)
<b>At 30 June 2023</b>	<b>721,224</b>	<b>12,458,051</b>	<b>172,318</b>	<b>35,531</b>	<b>388,027</b>	<b>13,775,151</b>
<b>(KHR'000 equivalent)</b>	<b>2,978,655</b>	<b>51,451,751</b>	<b>711,673</b>	<b>146,743</b>	<b>1,602,552</b>	<b>56,891,374</b>

\* 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 30 June 2023, the capital commitment of the Company arising from the construction in-progress amounted to US\$169,621 (2022: US\$135,902) as at the date of this condensed interim financial information.

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

**4. INVESTMENT PROPERTIES**

	Freehold land US\$	Buildings US\$	Total US\$
<b>Group</b>			
<b>(Audited)</b>			
<b>Movement in net carrying amount</b>			
At 1 January 2022	2,515,656	7,921,947	10,437,603
Additions	-	32,926	32,926
Transferred from property, plant and equipment	-	6,908,601	6,908,601
Transferred to joint venture	(6,851)	-	(6,851)
Depreciation charge	-	(737,191)	(737,191)
<b>At 31 December 2022</b>	<b>2,508,805</b>	<b>14,126,283</b>	<b>16,635,088</b>
<b>(Unaudited)</b>			
Addition	-	14,083	14,083
Transferred from property, plant and equipment	-	83,000	83,000
Depreciation charge	-	(472,583)	(472,583)
<b>At 30 June 2023</b>	<b>2,508,805</b>	<b>13,750,783</b>	<b>16,259,588</b>
<b>(KHR'000 equivalent)</b>	<b>10,361,365</b>	<b>56,790,734</b>	<b>67,152,099</b>
<b>Company</b>			
<b>(Audited)</b>			
<b>Movement in net carrying amount</b>			
At 1 January 2022	2,515,656	5,215,572	7,731,228
Transferred to joint venture	(6,851)	-	(6,851)
Depreciation charge	-	(381,114)	(381,114)
<b>At 31 December 2022</b>	<b>2,508,805</b>	<b>4,834,458</b>	<b>7,343,263</b>
<b>(Unaudited)</b>			
Depreciation charge	-	(190,557)	(190,557)
<b>At 30 June 2023</b>	<b>2,508,805</b>	<b>4,643,901</b>	<b>7,152,706</b>
<b>(KHR'000 equivalent)</b>	<b>10,361,365</b>	<b>19,179,311</b>	<b>29,540,676</b>

As at 30 June 2023, investment properties with a carrying amount of US\$16,259,588 and US\$7,152,706 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) 30 June 2023		(Audited) 31 December 2022
	US\$	KHR'000	US\$
Unquoted shares, at cost	39,783,104	164,304,220	39,783,104

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

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Royal Group Poipet SEZ Co., Ltd.	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas E&C Co., Ltd.	Cambodia	100	100	Construction services
Royal Group Kandal SEZ 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) 30 June 2023		(Audited) 31 December 2022
	US\$	KHR'000	US\$
Unquoted shares, at cost	8,591,361	35,482,321	8,591,361
Shares of post-acquisition reserves	5,803,322	23,967,720	5,439,898
Dividend received	-	-	213,716
Less: Allowance for impairment loss	(1,435,407)	(5,928,231)	(1,435,407)
	<b>12,959,276</b>	<b>53,521,810</b>	<b>12,809,568</b>
<b>Company</b>			
Unquoted shares, at cost	7,466,811	30,837,929	7,466,811
Shares of post-acquisition reserves	5,915,611	24,431,474	5,525,201
Dividend received	-	-	213,716
Less: Allowance for impairment loss	(1,435,407)	(5,928,231)	(1,435,407)
	<b>11,947,015</b>	<b>49,341,172</b>	<b>11,770,321</b>

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**NOTES TO THE CONDENSED INTERIM 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
		2023 %	2022 %	
<b><u>Associate of Phnom Penh SEZ Plc.</u></b>				
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
<b><u>Associate of Royal Group Poipet SEZ Co., Ltd.</u></b>				
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.

**7. INVENTORIES**

	Group		Company			
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	30 June	31 December	30 June	30 June	31 December	31 December
	2023	2022	2023	2023	2022	2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>At cost</b>						
Freehold lands and development cost	36,283,149	149,849,405	41,006,441	11,992,517	49,529,095	12,948,312

Included in the net carrying amount of inventories of the Group and of the Company were assets transferred from property, plant and equipment of US\$703,779 and US\$267,163, respectively, as disclosed in Note 3 to the condensed interim financial information.

As at 30 June 2023, inventories with a carrying amount of US\$11,769,366 of the Group and US\$5,033,757 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)		
	30 June	31 December	30 June	31 December		
	2023	2022	2023	2022		
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Trade receivables from contracts with customers:</b>						
Third parties	20,929,829	86,440,194	8,713,456	1,281,337	5,291,922	771,217
<b>Non-trade receivables:</b>						
Prepayments*	8,436,838	34,844,141	5,417,579	1,889,365	7,803,076	588,885
Withholding tax credit	3,711,706	15,329,346	3,515,206	3,666,706	15,143,496	3,470,206
Input value-added taxes	2,308,234	9,533,006	1,935,854	-	-	-
Associates	688,160	2,842,101	797,183	688,029	2,841,560	797,158
Other receivables	349,480	1,443,352	354,307	221,634	915,348	216,255
Third parties	203,381	839,964	201,284	3,381	13,964	161,284
Deposits	31,586	130,450	281,290	7,330	30,273	4,330
Subsidiaries	-	-	-	4,154,236	17,156,995	1,836,607
Directors	-	-	-	-	-	(160,000)
	15,729,385	64,962,360	12,502,703	10,630,681	43,904,712	6,914,725
<b>Total trade and other receivables</b>	<b>36,659,214</b>	<b>151,402,554</b>	<b>21,216,159</b>	<b>11,912,018</b>	<b>49,196,634</b>	<b>7,685,942</b>

\*Included in the Group's prepayments is an amount of US\$6,217,703 (2022: US\$4,819,615) made in relation to land acquisitions. In addition, as at the date of this report, the Management at Royal Group Kandal SEZ Co., Ltd. is still in discussion with Ms. Hak Sipha (Agent), who is an agent facilitating the land acquisition for the Company, related to the advance amounting to USD693,747. The discussion between both parties is primarily on the monthly settlement plan, length of time, and/or an option to purchase the Agent's land. The Management expects to reach an agreement with the Agent before end of 2023.

As at 30 June 2023, the capital commitment of the Group and the Company arising from the land acquisition amounted to US\$923,990 and Nil, respectively (2022: US\$482,696 and Nil, respectively) as at the date of this condensed interim financial information.

**9. CASH AND CASH EQUIVALENTS**

	Group		Company			
	(Unaudited)	(Audited)	(Unaudited)	(Audited)		
	30 June	31 December	30 June	31 December		
	2023	2022	2023	2022		
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash on hand	12,278	50,708	12,806	4,286	17,701	2,924
Deposits held at call with licensed banks	2,954,011	12,200,065	4,263,483	1,138,199	4,700,762	520,184
	<b>2,966,289</b>	<b>12,250,773</b>	<b>4,276,289</b>	<b>1,142,485</b>	<b>4,718,463</b>	<b>523,108</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**10. SHARE CAPITAL**

	Group and Company			
	(Unaudited) 30 June 2023		(Audited) 31 December 2022	
	Number of share of US\$ 0.50 each	US\$	Number of share of US\$ 0.50 each	US\$
<b>Ordinary shares</b>				
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
<b>(KHR'000 equivalent)</b>		<u>148,421,875</u>		<u>147,954,688</u>

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) 30 June 2023		(Audited) 31 December 2022	(Unaudited) 30 June 2023		(Audited) 31 December 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Current:</b>						
<b>Contract assets</b>	923,595	3,814,447	959,170	-	-	-
<b>Non-current:</b>						
<b>Contract liabilities</b>	(7,398,000)	(30,553,740)	(7,672,000)	(7,398,000)	(30,553,740)	(7,672,000)
<b>Current:</b>						
<b>Contract liabilities</b>	(579,314)	(2,392,567)	(548,000)	(548,000)	(2,263,240)	(548,000)
<b>Total contract liabilities</b>	<u>(7,977,314)</u>	<u>(32,946,307)</u>	<u>(8,220,000)</u>	<u>(7,946,000)</u>	<u>(32,816,980)</u>	<u>(8,220,000)</u>

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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)**

Contract liabilities represent as follows:

- (i) Contract liabilities represent deferred revenue. Deferred revenue was in respect of granting the right of use on the transmission lines of the Company to Colben Energy (Cambodia) PPSEZ Limited (“CEZ”) pursuant to the transfer agreement with CEZ on 31 August 2012. The total consideration was amortised on a straight-line basis over the term of 25 years.
- (ii) Contract liabilities arising from construction revenue that generated from Sahas E&C Co., Ltd. are the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

**13. LOANS AND BORROWINGS**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	30 June		31 December	30 June		31 December
	2023		2022	2023		2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Non-current:</b>						
<b>Secured</b>						
Term loan VII	4,816,224	19,891,005	4,923,454	3,429,797	14,165,062	3,434,079
Term loan IX	9,074,051	37,475,831	7,942,398	1,498,400	6,188,392	1,498,400
Term loan XI	-	-	662,984	-	-	662,984
	<b>13,890,275</b>	<b>57,366,836</b>	<b>13,528,836</b>	<b>4,928,197</b>	<b>20,353,454</b>	<b>5,595,463</b>
<b>Current:</b>						
<b>Secured</b>						
Term loan VII	1,429,438	5,903,579	2,612,721	1,140,250	4,709,233	2,240,718
Term loan IX	1,378,290	5,692,338	1,815,827	250,200	1,033,326	500,400
Term loan XI	-	-	523,544	-	-	523,544
	<b>2,807,728</b>	<b>11,595,917</b>	<b>4,952,092</b>	<b>1,390,450</b>	<b>5,742,559</b>	<b>3,264,662</b>
<b>Total loans and borrowings</b>	<b>16,698,003</b>	<b>68,962,753</b>	<b>18,480,928</b>	<b>6,318,647</b>	<b>26,096,013</b>	<b>8,860,125</b>

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

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	30 June		31 December	30 June		31 December
	2023		2022	2023		2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Term loans</b>						
At the beginning of the financial period	18,480,928	76,326,233	16,853,241	8,860,125	36,592,316	11,966,512
Drawdowns	1,596,770	6,594,660	8,784,001	-	-	-
Repayments	(3,379,695)	(13,958,140)	(7,156,314)	(2,541,478)	(10,496,303)	(3,106,387)
Finance costs	592,125	2,445,476	1,479,711	292,308	1,207,232	815,814
Interest paid	(592,125)	(2,445,476)	(1,479,711)	(292,308)	(1,207,232)	(815,814)
<b>At the end of the financial period</b>	<b>16,698,003</b>	<b>68,962,753</b>	<b>18,480,928</b>	<b>6,318,647</b>	<b>26,096,013</b>	<b>8,860,125</b>



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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**13. LOANS AND BORROWINGS (COTINUED)**

Other information on loans and borrowings are disclosed as follows:

Term Loan	Licensed Bank	Principal Amount (USD)	Interest Term	Monthly Instalment	Commence Date	Maturity Date	Remark
Term loan VII	First Commercial Bank	2,000,000	6.80%	29,169	7-Jul-18	7-Jul-24	*
		2,300,000	6.80%	34,489	2-Nov-18	2-Nov-25	*
		3,500,000	LIBOR rate plus 3.75% $\geq$ 6.87%	69,090	12-Sep-19	12-Sep-24	*
		2,500,000	LIBOR rate plus 3.75% $\geq$ 6.87%	43,013	10-Sep-19	10-Sep-24	*
		2,530,488	LPCO plus 1.00% $\geq$ 6.90%	38,068	2-Nov-20	2-Nov-27	*
		1,200,000	Libor+3.3% $\geq$ 6.8%	17,994	19-Jun-19	19-Jun-24	#
		1,521,261	LIBOR plus 1.90% $\geq$ 7%	23,198	1-Feb-21	1-Feb-28	#
Term loan IX	Kasikornbank	3,500,000	7.00%	41,700	2-May-19	2-May-26	*
		500,000	6.50%	9,700	23-Apr-20	23-Apr-25	*
		250,000	6.50%	4,900	29-Jan-21	29-Jan-26	*
		2,096,512	6.65%	92,638	27-Sep-21	27-Jul-24	*
		5,784,000	6.19%	112,400	9-Mar-22	9-Mar-29	*
Term loan XI	Advanced Bank of Asia Limited	1,500,000	7.50%	30,130	13-Feb-20	13-Feb-25	^
		980,392	7.50%	19,597	13-Feb-20	13-Feb-25	^

\* 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.

^ As of the condensed interim financial information for the quarter and six-month period ended 30 June 2023, loans from Advance Bank of Asia Limited have been fully settled.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**14. INVESTMENT IN JOINT VENTURE**

Phnom Penh SEZ Plc. has signed a US\$150,500 called “Initial Capital” joint venture agreement with Dr. Nath Sereyroth and Mrs. Yem Sophary on Clinic Investment. The Clinic is called “PPSEZ Clinic” located at Phnom Penh Special Economic Zone, National road 4, Sangkat Kantouk, Khan Kambol, Phnom Penh.

The initial capital was paid entirely by each shareholder according to his/her own shares and all shareholders as having been wholly paid recognized these contributions. The initial capital shall be divided into 100 shares with each share having a value of US\$1,505.

On 29 August 2022, due to the need of more medical equipment and salary for staff, shareholders decided and agreed to inject additional capital amount US\$60,000 in which each share price increased from US\$1,505 to US\$2,105.

The above shares shall be paid wholly and completely to the cooperating Clinic and are divided for each shareholder according to his own initial shares proportion, namely:

Shareholders	Number of shares	Initial capital	Additional capital	Total Capital for each shareholder
	%	US\$	US\$	US\$
Phnom Penh SEZ Plc.	34	50,500	20,400	70,900
Dr. Nath Sereyroth	33	50,000	19,800	69,800
Mrs. Yem Sophary	33	50,000	19,800	69,800
<b>Total</b>	<b>100</b>	<b>150,500</b>	<b>60,000</b>	<b>210,500</b>

The carrying amount of equity-accounted investment in joint venture has changed as follows as at 30 June 2023:

	(Unaudited) 30 June 2023	(Audited) 31 December 2022
	US\$	US\$
At the beginning of the financial period	70,900	-
Additions	-	70,900
Profit for the period	25,712	-
<b>At the end of the financial period</b>	<b>96,612</b>	<b>70,900</b>
<b>(KHR'000 equivalent)</b>	<b>399,008</b>	<b>291,895</b>

**15. DISCONTINUED OPERATION**

The Group has announced its intention to exit the security business from Sahas Security Co., Ltd. The subsidiary was closed for operation on 31 May 2022. The subsidiary was reported in the financial statement of Group for the six-month ended 30 June 2023 as a discontinued operation. For further information about the discontinued operation, please refer to note 17 in the group's annual financial statements for the year ended 31 December 2022.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**
**16. TRADE AND OTHER PAYABLES**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	30 June 2023	31 December 2022	31 December 2022	30 June 2023	31 December 2022	31 December 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Trade payables:</b>						
Third parties	168,261	694,918	233,391	-	-	-
<b>Non-trade payables:</b>						
Other payables	19,781,527	81,697,703	10,397,300	671,864	2,774,799	478,347
Deposits	11,550,428	47,703,268	13,483,865	1,477,425	6,101,765	1,724,844
Associates	906,358	3,743,259	953,888	483,000	1,994,790	480,000
Third parties	852,697	3,521,639	849,881	852,697	3,521,639	848,257
Contract liability	31,560	130,343	713	-	-	-
Subsidiaries	-	-	-	17,150,380	70,831,069	12,215,728
Output Value-added taxes	-	-	-	12,563	51,885	31,403
	33,122,570	136,796,212	25,685,647	20,647,929	85,275,947	15,778,579
<b>Total trade and other payables</b>	<b>33,290,831</b>	<b>137,491,130</b>	<b>25,919,038</b>	<b>20,647,929</b>	<b>85,275,947</b>	<b>15,778,579</b>

**17. REVENUES**

	(Unaudited)					
	Three-month period ended					
	Group		Company		Company	
30 June 2023	30 June 2022	30 June 2022	30 June 2023	30 June 2022	30 June 2022	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<b>Revenue from contract customers:</b>						
Sale of land	4,089,020	16,887,652	-	2,550,600	10,533,979	-
Construction revenue	1,204,751	4,975,622	2,290,788	-	-	-
Rendering of services	759,837	3,138,127	783,722	747,909	3,088,864	762,321
	6,053,608	25,001,401	3,074,510	3,298,509	13,622,843	762,321
<b>Revenue from other source:</b>						
Rental of investment property	1,129,725	4,665,764	631,798	498,718	2,059,705	477,034
	<b>7,183,333</b>	<b>29,667,165</b>	<b>3,706,308</b>	<b>3,797,227</b>	<b>15,682,548</b>	<b>1,239,355</b>
<b>Timing of revenue recognition:</b>						
At point in time	5,978,582	24,691,543	1,415,520	3,797,227	15,682,548	1,239,355
Over time	1,204,751	4,975,622	2,290,788	-	-	-
	<b>7,183,333</b>	<b>29,667,165</b>	<b>3,706,308</b>	<b>3,797,227</b>	<b>15,682,548</b>	<b>1,239,355</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**
**17. REVENUES (CONTINUED)**

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<b>Revenue from contract customers:</b>						
Sale of land	32,113,598	132,629,160	-	2,550,600	10,533,979	-
Construction revenue	1,634,156	6,749,064	4,875,204	-	-	-
Rendering of services	1,551,790	6,408,893	1,798,976	1,519,334	6,274,849	1,506,715
	35,299,544	145,787,117	6,674,180	4,069,934	16,808,828	1,506,715
<b>Revenue from other source:</b>						
Rental of investment property	2,211,669	9,134,193	1,256,104	996,548	4,115,743	943,569
	<b>37,511,213</b>	<b>154,921,310</b>	<b>7,930,284</b>	<b>5,066,482</b>	<b>20,924,571</b>	<b>2,450,284</b>
<b>Timing of revenue recognition:</b>						
At point in time	35,877,057	148,172,246	3,055,080	5,066,482	20,924,571	2,450,284
Over time	1,634,156	6,749,064	4,875,204	-	-	-
	<b>37,511,213</b>	<b>154,921,310</b>	<b>7,930,284</b>	<b>5,066,482</b>	<b>20,924,571</b>	<b>2,450,284</b>

**18. COST OF REVENUES**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cost of land sold	3,085,278	12,742,198	10,729	962,256	3,974,117	4,560
Cost of services rendered	190,598	787,170	197,448	162,151	669,684	214,443
Cost of construction	1,052,090	4,345,131	1,854,882	-	-	-
Depreciation charge	236,291	975,882	120,514	95,278	393,498	95,277
	<b>4,564,257</b>	<b>18,850,381</b>	<b>2,183,573</b>	<b>1,219,685</b>	<b>5,037,299</b>	<b>314,280</b>

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cost of land sold	22,984,333	94,925,295	339,167	962,256	3,974,117	100,300
Cost of services rendered	328,300	1,355,879	363,849	318,713	1,316,285	415,861
Cost of construction	1,460,208	6,030,659	4,221,534	-	-	-
Depreciation charge	472,583	1,951,768	252,075	190,557	787,000	190,556
	<b>25,245,424</b>	<b>104,263,601</b>	<b>5,176,625</b>	<b>1,471,526</b>	<b>6,077,402</b>	<b>706,717</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**
**19. OTHER INCOME**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	30 June 2023		30 June 2022		30 June 2023	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest income	29,533	121,971	(291)	314	1,297	38
Others	11,989	49,515	20,713	303,787	1,254,640	308,687
	<b>41,522</b>	<b>171,486</b>	<b>20,422</b>	<b>304,101</b>	<b>1,255,937</b>	<b>308,725</b>

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023		30 June 2022		30 June 2023	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest income	40,855	168,731	142	388	1,602	81
Others	17,158	70,863	139,684	603,804	2,493,711	731,347
	<b>58,013</b>	<b>239,594</b>	<b>139,826</b>	<b>604,192</b>	<b>2,495,313</b>	<b>731,428</b>

**20. ADMINISTRATIVE EXPENSES**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	30 June 2023		30 June 2022		30 June 2023	
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Personnel costs	780,155	3,222,040	690,625	203,095	838,782	228,453
Maintenance fees	281,362	1,162,025	10,788	268,263	1,107,926	(13,214)
Depreciation charge	387,103	1,598,735	402,623	307,970	1,271,916	302,505
Professional fees	159,957	660,622	84,645	106,679	440,584	73,922
Security services	56,449	233,134	40,022	51,244	211,638	35,602
Withholding tax, fringe benefit and other tax expenses	17,400	71,862	(87,905)	12,183	50,316	21,841
Leases of low-value assets	16,346	67,509	16,054	4,420	18,255	4,420
Electricity	12,239	50,547	6,683	9,887	40,833	4,424
Selling and marketing expenses	14,943	61,715	12,662	13,096	54,086	12,154
Handling fees	6,115	25,255	20,748	2,956	12,208	8,745
Other expenses	88,499	365,502	80,354	102,180	422,004	90,186
	<b>1,820,568</b>	<b>7,518,946</b>	<b>1,277,299</b>	<b>1,081,973</b>	<b>4,468,548</b>	<b>769,038</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**
**20. ADMINISTRATIVE EXPENSES (CONTINUED)**

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Personnel costs	1,708,155	7,054,680	1,359,550	545,543	2,253,093	460,573
Maintenance fees	428,254	1,768,689	173,068	406,323	1,678,114	130,224
Depreciation charge	772,476	3,190,326	795,044	614,471	2,537,765	605,740
Professional fees	287,524	1,187,474	243,489	226,428	935,148	206,720
Security services	104,804	432,841	82,752	95,171	393,056	73,834
Withholding tax, fringe benefit and other tax expenses	58,100	239,953	(8,898)	44,981	185,772	94,078
Leases of low-value assets	32,800	135,464	34,669	8,946	36,947	8,840
Electricity	19,684	81,295	11,852	15,317	63,259	7,895
Selling and marketing expenses	21,189	87,511	23,715	16,900	69,797	21,165
Handling fees	12,340	50,964	26,090	3,508	14,488	8,928
Other expenses	449,820	1,857,756	350,004	342,588	1,414,888	252,190
	<b>3,895,146</b>	<b>16,086,953</b>	<b>3,091,335</b>	<b>2,320,176</b>	<b>9,582,327</b>	<b>1,870,187</b>

**21. FINANCE COSTS**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest expense on term loans	290,282	1,198,865	313,683	143,558	592,895	190,973

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2023	30 June 2022	30 June 2022
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest expense on term loans	592,655	2,447,665	610,071	292,307	1,207,228	392,440

**22. INCOME TAX EXPENSE**

In 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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**22. INCOME TAX EXPENSE (CONTINUED)**

The Group and the Company's effective tax rate for the quarter and six-month period ended 30 June 2023 was 21% and 21% (quarter and six-month period ended 30 June 2022: 13% and 21%).

**23. PROFIT PER SHARE**

	(Unaudited)		
	Three-month period ended		
	Group		
	30 June 2023		30 June 2022
	US\$	KHR'000	US\$
Profit/(Loss) attributable to owners of the Company	599,921	2,477,673	(129,143)
	<b>Units</b>	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>
Basic profit/(loss) per share	0.008	0.034	(0.002)
Diluted profit/(loss) per share	0.008	0.034	(0.002)

	(Unaudited)		
	Six-month period ended		
	Group		
	30 June 2023		30 June 2022
	US\$	KHR'000	US\$
Profit/(Loss) attributable to owners of the Company	6,305,041	26,039,820	(823,179)
	<b>Units</b>	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>
Basic profit/(loss) per share	0.088	0.362	(0.011)
Diluted profit/(loss) per share	0.088	0.362	(0.011)

Diluted profit/(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 profit/(loss) per share is equivalent to the basic profit/(loss) per share.

**24. RELATED PARTY TRANSACTIONS**

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

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**24. RELATED PARTY TRANSACTIONS (CONTINUED)**

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023		30 June 2022	30 June 2023		30 June 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b><u>Associate</u></b>						
Colben Energy (Cambodia) PPSEZ Ltd.						
- Rental income	274,000	1,131,620	274,000	274,000	1,131,620	274,000
- Purchase of electricity	(219,153)	(905,102)	(216,472)	(219,153)	(905,102)	(216,472)
<b><u>Subsidiaries</u></b>						
Sahas E&C Co., Ltd.						
- Construction cost	-	-	-	(3,300,464)	(13,630,916)	(611,142)
Royal Group Kandal SEZ Co., Ltd.						
- Management fee	-	-	-	600,000	2,478,000	600,000

Balances with related parties at the end of the reporting period are disclosed in Notes 8 and 16 to the condensed interim financial information.

(b) Compensation of key management personnel

Key management personnel of the Group refer to the Directors of the Company and certain senior management whereby the authority and responsibility of planning, directing and controlling the activities of the Company, directly and indirectly lies.

	(Unaudited)					
	Six-month period ended					
	Group		Company			
	30 June 2023		30 June 2022	30 June 2023		30 June 2022
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
- Short term employees benefit	376,440	1,554,697	303,717	210,680	870,108	180,092

**25. 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.



**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

### **26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Group and the Company's primary exposure to credit risk arise through the receivables. The credit period for trade receivables is one to three months (2022: one to three months) and the Group and the Company seek 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 and the Company's management of working capital. It is the risk that the Group and the Company will encounter difficulty in meeting its financial obligations when due.

The Group and the Company actively manage the 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 and the Company maintain a level of cash and cash equivalents deemed adequate to finance the Group and the Company's activities.

(c) Interest rate risk

Interest rate risk is the Company's 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 and the Company manage the interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company do not use derivative financial instruments to hedge any debt obligations.

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**27. DIVIDEND**

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

	(Unaudited)		(Audited)
	30 June 2023		31 December 2022
	US\$	KHR'000	US\$
<b>Group</b>			
<b>Recognised during the financial period:</b>			
Dividends on ordinary shares:			
<b>- Phnom Penh SEZ Plc.</b>			
Dividend distribution for year 2020: US\$0.0056 per ordinary share, paid within 27 <sup>th</sup> January 2022 to 4 <sup>th</sup> February 2022	-	-	400,645
Dividend distribution for year 2021: US\$0.0106508 per ordinary share, paid within 6 <sup>th</sup> to 14 <sup>th</sup> December 2022	-	-	769,048
<b>- Sahas Advisory &amp; Consulting Co., Ltd.</b>			
Dividend for the financial period ended 30 June 2022: US\$4.0312 per ordinary share, paid on 24 June 2022	-	-	12,436
	-	-	<u>1,182,129</u>
<b>Company</b>			
<b>Recognised during the financial period:</b>			
Dividends on ordinary shares:			
- Dividend distribution for year 2020: US\$0.0056 per ordinary share, paid within 27 <sup>th</sup> January 2022 to 4 <sup>th</sup> February 2022	-	-	400,645
- Dividend distribution for year 2021: US\$0.0106508 per ordinary share, paid within 6 <sup>th</sup> to 14 <sup>th</sup> December 2022	-	-	769,048
	-	-	<u>1,169,693</u>

**28. 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, long-term investments, and restructuring.

**29. 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.

**30. COMPARATIVE FIGURES**

Certain figures have been reclassified to conform to the current quarter and six-month period ended's presentation of the financial statements.

**Company No. 00006448**

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)**

**31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Subsequent to the interim financial period ended 30 June 2023, Phnom Penh SEZ Plc. entered into a memorandum and articles of incorporation for 34% ownership in PPSEZ Clinic Co., Ltd., with Mrs. Nath Sereyroth (33%) and Mrs. Yim Sophary (33%). The Management is currently assessing whether to account the transaction as an investment in associate or joint venture, which they expect to conclude before the end of September 2023.

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Company No. 00006448

## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF PHNOM PENH SEZ PLC.**

(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 (altogether, the "Group") as at 30 June 2023, 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 six-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"). Management is 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 audit opinion.

Company No. 00006448

**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 accompanying condensed interim financial information of the Group and of the Company are 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



.....  
**Oknha-Tan Khee Meng**  
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 10 August 2023



## CHAPTER 4: MANAGEMENT DESCRIPTION & ANALYSIS (MD&A)



### 4.1 Overview of operations

#### 4.1.1 Revenue Analysis

<p>Total Revenue for the Period of second quarter is 29,667,165 KHR'000 in FY 2023, an increase of 95% Y-o-Y</p>	<p>In second quarter, PPSP reported total revenue of 29,667,165 KHR'000, increase of 95% Y-o-Y compared to the amount 15,226,965 KHR'000 in year 2022 mainly from significant increase in revenue from land sale.</p>
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#### 4.1.2 Revenue Breakdown by sector

<p>Land sales revenue is increased second significantly in second quarter.</p>	<p>Total revenue breakdown over the last two (2) fiscal years are shown as follow:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Q2-2023</th> <th colspan="2">Q2-2022</th> </tr> <tr> <th>Amount</th> <th>Percentage</th> <th>Amount</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Sale of Land</td> <td>16,887,652</td> <td>56.92%</td> <td>-</td> <td>0.00%</td> </tr> <tr> <td>Services Rendered</td> <td>3,138,127</td> <td>10.58%</td> <td>3,332,040</td> <td>21.88%</td> </tr> <tr> <td>Construction Contracts</td> <td>4,975,622</td> <td>16.77%</td> <td>9,323,507</td> <td>61.23%</td> </tr> <tr> <td>Rental Income</td> <td>4665764</td> <td>15.73%</td> <td>2,571,418</td> <td>16.89%</td> </tr> <tr> <td><b>Total</b></td> <td><b>29,667,165</b></td> <td><b>100.00%</b></td> <td><b>15,226,965</b></td> <td><b>100.00%</b></td> </tr> </tbody> </table> <p>(Unit: KHR'000)</p>		Q2-2023		Q2-2022		Amount	Percentage	Amount	Percentage	Sale of Land	16,887,652	56.92%	-	0.00%	Services Rendered	3,138,127	10.58%	3,332,040	21.88%	Construction Contracts	4,975,622	16.77%	9,323,507	61.23%	Rental Income	4665764	15.73%	2,571,418	16.89%	<b>Total</b>	<b>29,667,165</b>	<b>100.00%</b>	<b>15,226,965</b>	<b>100.00%</b>
	Q2-2023		Q2-2022																																
	Amount	Percentage	Amount	Percentage																															
Sale of Land	16,887,652	56.92%	-	0.00%																															
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Rental Income	4665764	15.73%	2,571,418	16.89%																															
<b>Total</b>	<b>29,667,165</b>	<b>100.00%</b>	<b>15,226,965</b>	<b>100.00%</b>																															

#### 4.1.3 Gross profit gap analysis

<p>Gross profit for the Period of 10,816,784 KHR'000 in Q2-2023, an increase of 128.82%</p>	<p>In the second quarter of 2023, PPSP reported a total Gross profit of the period 10,816,784 KHR'000, an increase of 128.82% compared to the previous year of 6,124,113 KHR'000 in the second quarter of 2022.</p>
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#### 4.1.4 Analysis of pre-tax profits

<p>Profit before tax for the Period of 2,934,224 KHR'000 in the second quarter of 2023, increase of 1646.65%</p>	<p>In Q2-2023, PPSP reported consolidated profit before tax of 2,934,224 KHR'000, compared to the loss before tax of 189,715 KHR'000 in FY 2022.</p>
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### 4.1.5 After tax profit Analysis

Profit after tax for the Period of 2,461,430 KHR'000 in the second quarter of 2023, an increase 577.32%	In Q2-2023, PPSP reported consolidated Net profit after tax of 2,461,430 KHR'000, increase 577.32% compared to the Net Loss after tax of 515,681 KHR'000 in FY 2022.
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### 4.1.6 Analysis of factors and trends affecting the financial condition and results

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



## 4.2 Key factors which have an effect on profitability

### 4.2.1 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.

### 4.2.2 Fluctuation of raw materials price

There was no raw materials required during 2023 since we are industrial estate development business.

### 4.2.3 Change of Tax Scheme

This was no change on the related tax scheme during 2023.

### 4.2.4 Unusual or extraordinary items

There was no extraordinary income and expense during the 1st quarter of 2023.



## 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 affected 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: August 14, 2023  
Read and Approved  
Non-Executive Chairman



**Neak Oknha Kith Meng**

