



LENG NAVATRA CAPITAL PLC.

LENG NAVATRA CAPITAL PLC.

ANNUAL REPORT

2021

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1. Company Profile



Leng Navatra Capital Plc, is a subsidiary of Galaxy Navatra Group Co., Ltd.

Leng Navatra Capital Plc, established in the form of a public limited company, has received the Certificate of Registration in Business Registration No. 00027916, dated 20 August 2015, issued by the Ministry of Commerce and is a private institution licensed to operate a financial institution No. M.F 80 dated 28 February 2021 issued by the National Bank of Cambodia.

Leng Navatra Capital Plc, was established with the intention of providing a widerange of financial products and services in Cambodia to enhance the national economy by facilitating and expending financial to support the demand for financial services of people who want to open a business, expend their business, buy a house and for personal use.

2. Vision and Mission

VISION

Leng Navatra Capital Plc,
is a financial institution with quality
and confidence in providing a wide
range of financial services to meet the
needs of the public throughout
Cambodia.

MISSION

Leng Navatra Capital Plc,
provide the public and small and medium
enterprises by providing financial services
in line with the market needs to improve
livelihoods and businesses in the community
and increase the benefits of shareholders
and staffs of all level.

SLOGAN

Towards success
together



3. Icon and Colors



LENG NAVATRA CAPITAL PLC.

At the center of the circle of letters is the golden color word **Galaxy**, which emphasizes purity, strength and growth, full of common sense that accompanied by the combination of many colors, which signifying the professional skill and talent combined to develop society towards success in both science and technology.

4. Products Loan

Leng Navatra Capital Plc, provides loan in Khmer Riel and US Dollar based on the actual needs of customers. Company provide loans to potential customers with multiple business income and there are different types of loans and they are classified according to their uses: real estate acquisition, business expansion, agribusiness, repair service installation of equipment, tools or other business.

Loan Products of Leng Navatra Capital Plc, includes:

No.	Loan Types	Loan Sizes	Payment methods
1.	Housing Loan	≥ 15,000 USD to 100,000 USD ≥ 60,000,000 Riel to 400,000,000 Riel	✓ Declining Method
2.	Business Loan	≥ 5,000 USD to 50,000 USD ≥ 20,000,000 Riel to 200,000,000 Riel	✓ Annuity Method
3.	Individual Loan	≥ 5,000 USD to 30,000 USD ≥ 20,000,000 Riel to 120,000,000 Riel	✓ Balloon Method
4.	Staff Loan	6 to 12 Times the Salary (Basic)	✓ Fixed Annuity



LENG HAVATRA CAPITAL PLC.

Housing Loan *Providing Loan*

Up to 100,000 Dollars

Up to 120 years

**MORE DETAIL
023 93 4444**





LENG NAVATRA CAPITAL PLC.



Individual Loan

Providing Loan Up To

\$ 30,000

120 *M*onths

MORE DETAILS

023 93 4444



LENG NAVATRA CAPITAL PLC.



Business Loan

*Providing Loan up to **50,000** Dollars*

120 Months

MORE DETAILS

023 93 4444

5. Board of Directors



Neak Oknha. **LENG Pheaktra**, Chairman.

Neak Oknha. **Leng Pheaktra** (Leng Navatra), was born in Prey Veng Province in Cambodia in 1985. At the early age, He had crossed many hardships and ground level works such as worker in South Korea and others. These aptitudes led him to become a famous trader in South Korea and a most respected businessman. In 2017, He was assigned as business and cultural representative for Kingdom of Cambodia to South Korea, He promoted many businesses and cultural events in South Korea and brought many businesses and investors back to Cambodia. With many achievements and respectful activities to support Royal Government of Cambodia, He has been granted and awarded as Oknha in 2018 and Neak Oknha in 2021. Currently, he is a Director of Galaxy Navatra Group Co.,Ltd and Chairman of **LENG NAVATRA CAPITAL PLC.**



Oknha. **LENG Panhchakpor**, Director

Oknha. **LENG Panhchakpor**, was born in Prey Veng Province in Cambodia in 1996. Currently, she is a Director of **LENG NAVATRA CAPITAL PLC.** She graduated bachelor's degree of Accounting at Human Resource University in 2019. She started her career in 2017 as CEO of GSM Leng Navatra Cosmetic. With many achievements and respectful activities to support Royal Government of Cambodia, she has been granted and awarded as Oknha in 2021.



Mr. SENG Sokhom, Director

Mr. SENG Sokhom was born in Kandal Province in Cambodia in 1968. Currently, he is Director and CEO of LENG NAVATRA CAPITAL PLC. He graduated master's degree majored in International Business Management at Royal University of Phnom Penh in 2002, bachelor's degree of International Business Management (IBM) at Royal University of Phnom Penh in 1999, and bachelor's degree of art (Philosophy & psychology) at Royal University of Phnom Penh in 1995. He started his career in 1995, as Micro-Enterprise Coordinator for EUROPEAN UNION (PRASAC). In 2000 he worked for CAMBODIA BREWERY LIMITED (Tiger Beer Factory) as Purchasing Officer. In 2001, He worked for UNION COMMERCIAL BANK PLC., (UCB) as Sales & Marketing Supervisor Card Center, in 2004, he worked for Advanced Bank of Asia Limited (ABA) as Head of Sale & Marketing, in 2007, He was Operation Manager & Assistant to CEO of Cambodian Development Specialized Bank (CDB). In 2009-2011, he worked for Booyong Khmer Bank Plc. as Operation Manager, in 2011, He was CEO of Agro Empire Co., Ltd. (AE), in 2013, He was the Head of Financial Controller for AZI GROUP.



Ms. MENG Siden, Director

Ms. MENG Siden was born in Prey Veng Province, Cambodia in 1995. Currently, she is a Director of LENG NAVATRA CAPITAL PLC, she graduated bachelor's degree of Agriculture and Rural Development, Agriculture University 2019. In 2017, She Started her Job with Galaxy Navatra Group as Finance Manager.

6. Message from the CEO



“In 2021, the world still continue to face the spread of the Covid-19 crisis, but better than last year due to successful vaccination, control over infection, spread the strengthening of preventive measures and change the way of life, work, communication in society. According to the National Bank of Cambodia 's annual report of 2021, the global economy has recovered at a rate of 5.9%, supported by fiscal and monetary policy, easing of austerity measures and travel and business restrictions. The recovery of the world economy, especially developed countries, which are Cambodia's main trading partners, and the rapid vaccination campaign that build community resilience will enable the Cambodia economy to achieve a positive growth rate of 3% in 2021 from down -3.1% last year. In order to contribute to the prevention of the spread of Covid-19 disease, Leng Navatra Capital Plc, has consistently complied with the recommendations of the Royal Government by encouraging management and staff at all levels to participate in vaccination and boosting dose campaign to encourage everyone to continue to follow the Ministry of Health **"3 Don'ts 3 Protects"**, especially to follow the standard operating principles on the process, control and manage factories and enterprises in a new normal in the context of Covid-19 disease of the Ministry of Labor and Vocational Training.

Despite some problems related to the Covid-19 crisis, market competition and an interest rate cap of 18% per annum, the management and staff have been studying the challenges by developing a strategic plan to increase attention and strengthen operational efficiency. We are very careful in maintaining and disbursing new loans through the continuation of proper internal management and risk management mechanisms, as well as strict compliance with the regulations of the National Bank of Cambodia.

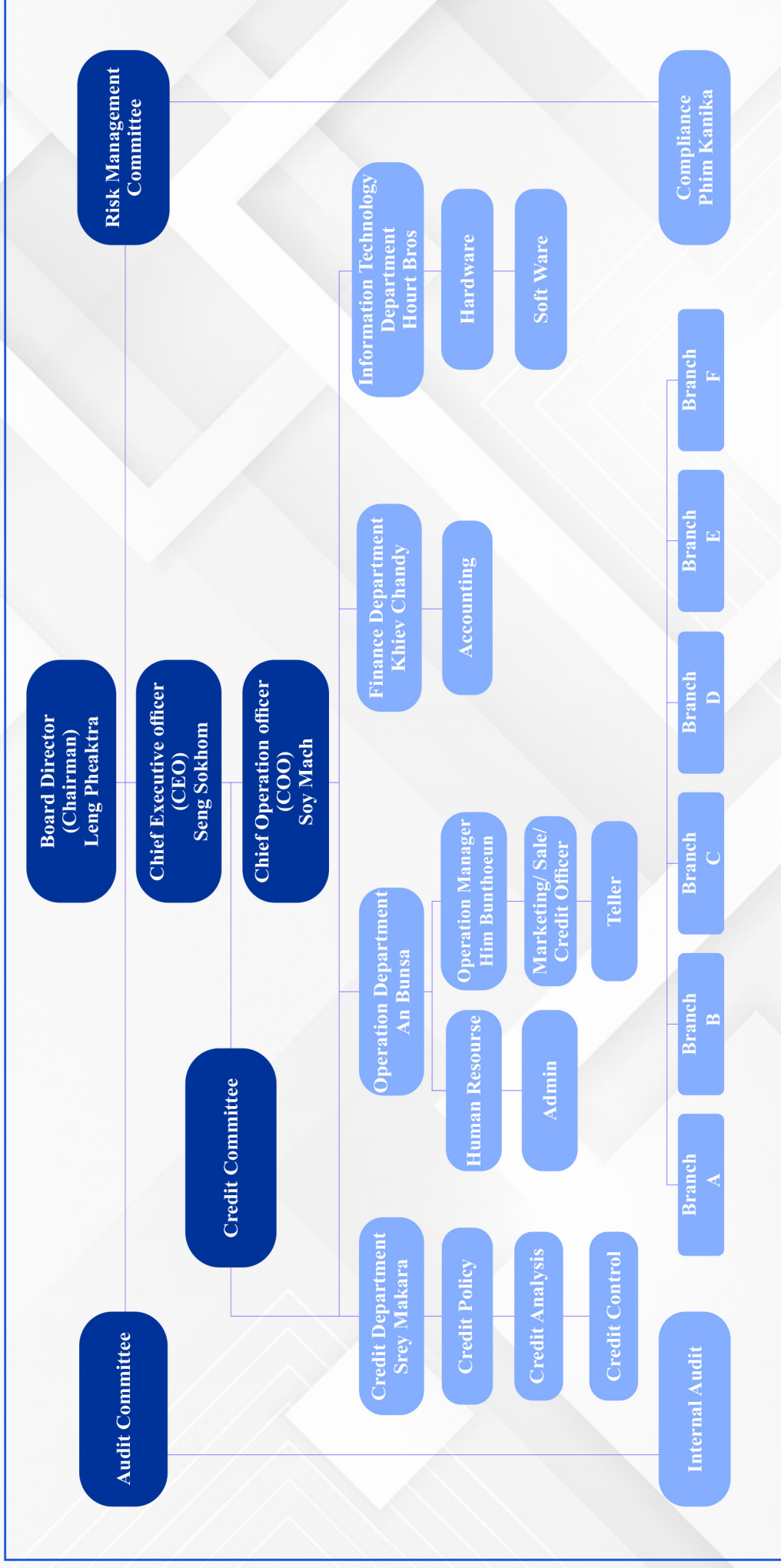
For the year 2022, Leng Navatra Capital Plc, will expand the scope of lending and services that are rich, fast and flexible to better suit the needs of customers. Finally, the company would like to express its deep gratitude to the Royal Government, including the leadership of the National Bank of Cambodia and the relevant ministries and institutions that always support and give good recommendations to our institution.

I would also like to thank and appreciate all the staff for their hard work and commitment in the past.

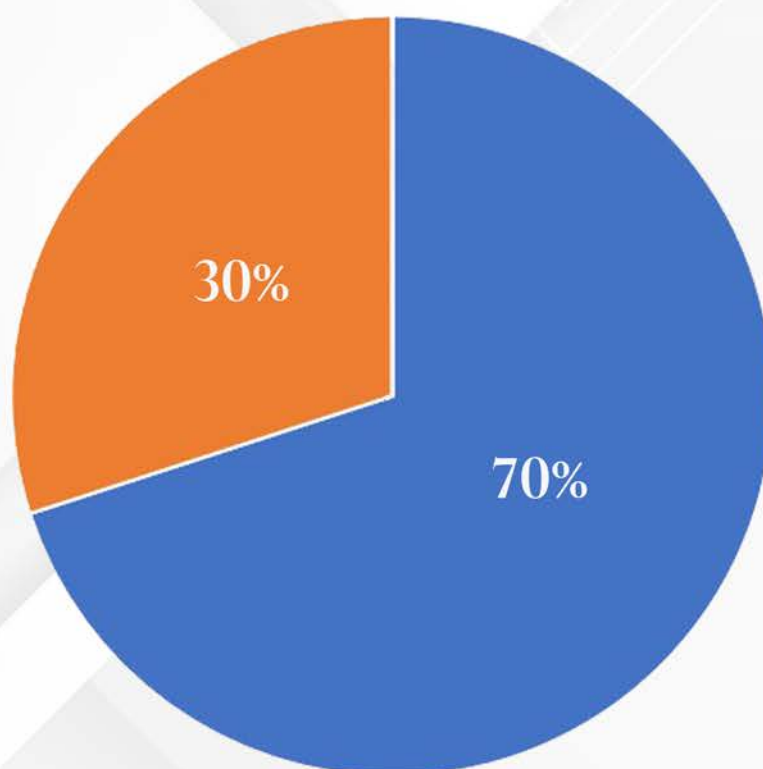
I would like to thank all the customers who have supported and trusted the institution now and in the future.

 Chief Executive Officer
Seng Sokhom

7. Organization Chart



8. Shareholders



■ Ms. Leng Panhchakpor

■ Mr. Seng Sokhom

N.o	Shareholder's Name	Number of Shares	Amount	Percentage
1.	Ms. Leng Panhchakpor	21,000	1,050,000	70%
2.	Mr. Seng Sokhom	9,000	450,000	30%
Total Amount		30,000	1,500,000	100%

Financial Report





REPORT OF THE BOARD OF DIRECTORS

The Directors (“the Board of Directors”) are pleased to submit their report together with the audited financial statements of Leng Navatra Capital Plc. (“the Company”) as at and for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of credit operator business and the provision of related financial services in Cambodia. There were no changes in the nature of the principal activities during the year.

FINANCIAL PERFORMANCE AND DIVIDENDS

The financial performance for the year ended 31 December 2021 are set out in the statement of comprehensive income on page 7.

There were no dividends declared or paid during the financial year.

STATUTORY CAPITAL

During the year, there were no changes in the registered and paid-up capital of the Company.

RESERVES AND PROVISIONS

There were no material movements to or from provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of provisions for doubtful loans, and satisfied themselves that all known bad loans had been written off and that adequate provisions had been made in the financial statements.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad loans or the amount of the provisions for doubtful loans in the financial statements of the Company inadequate to any material extent.

ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ensure that any assets, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected to realize.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a. Any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- b. Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations and as disclosed in the financial statements.

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

CHANGES OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The financial performance of the Company for the financial year were not, in the opinion of the directors, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial performance of the Company for the current financial year in which this report is made.

THE BOARD OF DIRECTORS

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

Mr. Leng Pheaktra	Chairperson
Ms. Leng Panhchakpor	Director
Mr. Seng Sokhom	Director
Ms. Meng Siden	Director

DIRECTORS' INTERESTS

As at 31 December 2021, the Director holding office at the end of the financial year and who has any interest in the share capital of the Company is as follows:

	<u>Number of shares</u>	<u>Amount in US\$</u>	<u>%</u>
Ms. Leng Panhchakpor	21,000	1,050,000	70
Mr. Seng Sokhom	9,000	450,000	30

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in the financial statements.



RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors is responsible to ensure that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended. In preparing those financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”), or if there have been any departures in the interests of true and fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) oversee the Company’s financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- iv) assess the Company’s ability to continue as a going concern and prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

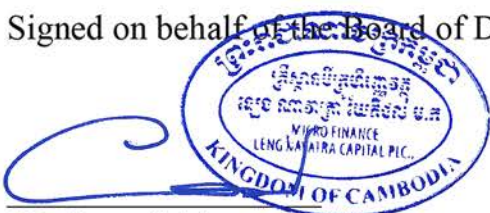
The Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of Leng Navatra Capital Plc., do hereby state that in our opinion:

- i) the financial performance of the Company for the year ended 31 December 2021 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- ii) the accompanying financial statements of the Company have been drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021, and of financial performance and cash flows for the year ended on that date, in compliance with CIFRS for SMEs.

Signed on behalf of the Board of Directors:



Mr. Seng Sokhom
Chief Executive Officer

Date: 20 April 2022

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF LENG NAVATRA CAPITAL PLC.

Opinion

We have audited the financial statements of Leng Navatra Capital Plc. (the “Company”), which comprise the statement of financial position as at 31 December 2021 and the related statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of Directors as set out on pages 1 to 3, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF LENG NAVATRA CAPITAL PLC. (continued)

Auditors' responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Morisonkak MKA
Certified Public Accountants
Independent Auditors


Key KAK
Managing Partner



Date: 20 April 2022

LENG NAVATRA CAPITAL PLC.
(Formerly Ponleu Chaktomuk Microfinance Institution Plc.)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		31 Dec 2021		Restated 31 Dec 2020	
	Notes	USD	KHR'000	USD	KHR'000
ASSETS					
Cash on hand	4	-	-	9,287	37,566
Balances with the Central Bank		20	81	156,048	631,214
Balances with other banks	5	102,255	416,587	1,047,966	4,239,022
Statutory deposits with Central Bank	6	75,000	305,550	75,000	303,375
Loans to customers	7	73,450	299,235	86,493	349,864
Other assets	8	725,727	2,956,612	1,619	6,549
Property and equipment	9	125,746	512,289	696	2,815
Intangible asset	10	82,683	336,851	1,481	5,991
TOTAL ASSETS		1,184,881	4,827,205	1,378,590	5,576,396
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	11	133,041	542,009	7,679	31,062
Current tax liabilities	18	-	-	192	776
TOTAL LIABILITIES		133,041	542,009	7,871	31,838
EQUITY					
Share capital	12	1,500,000	6,111,000	1,500,000	6,067,500
Regulatory reserves	13	738	3,007	11,345	45,889
Accumulated losses		(448,898)	(1,822,884)	(140,626)	(568,831)
Currency translation difference		-	(5,927)	-	-
TOTAL EQUITY		1,051,840	4,285,196	1,370,719	5,544,558
TOTAL LIABILITIES AND EQUITY		1,184,881	4,827,205	1,378,590	5,576,396

Signed and authorized for release on behalf of the Board



Mr. Seng Sokhom
 Chief Executive Officer

Date: 20 April 2022

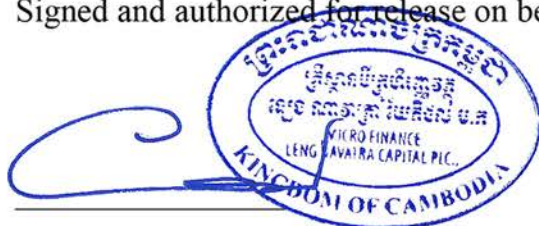
The accompanying notes from page 10 to 26 form an integral part of these financial statements.

LENG NAVATRA CAPITAL PLC.
(Formerly Ponleu Chaktomuk Microfinance Institution Plc.)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 Dec 2021		31 Dec 2020	
		USD	KHR'000	USD	KHR'000
Interest income	14	1,103	4,487	37,713	152,549
Total interest income		1,103	4,487	37,713	152,549
Other income	15	2,149	8,742	14,571	58,940
Total operating income		3,252	13,229	52,284	211,489
Personnel costs	16	(147,836)	(601,397)	(18,556)	(75,059)
Depreciation and amortization	9 & 10	(33,023)	(134,338)	(1,569)	(6,347)
Other operating expenses	17	(141,251)	(574,609)	(40,081)	(162,128)
Total operating expenses		(322,110)	(1,310,344)	(60,206)	(243,534)
Loss before income tax		(318,858)	(1,297,115)	(7,922)	(32,045)
Income tax expense	18	(21)	(85)	(407)	(1,646)
Net loss for the year		(318,879)	(1,297,200)	(8,329)	(33,691)
Currency translation differences		-	(5,927)	-	-
Net comprehensive loss		(318,879)	(1,303,127)	(8,329)	(33,691)

Signed and authorized for release on behalf of the Board



Mr. Seng Sokhom
Chief Executive Officer

Date: 20 April 2022

The accompanying notes from page 10 to 26 form an integral part of these financial statements.

LENG NAVATRA CAPITAL PLC.
(Formerly Ponleu Chaktomuk Microfinance Institution Plc.)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital		Regulatory reserve		Retained earnings		Currency translation		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
As at 1 January 2020	1,500,000	6,067,500	-	-	(120,952)	(489,251)	-	-	1,379,048	5,578,249
Comprehensive loss for the year										
Net loss for the year	-	-	-	-	(8,329)	(33,691)	-	-	(8,329)	(33,691)
Reversal of regulatory reserve	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	11,345	45,889	(11,345)	(45,889)	-	-	-	-
Exchange translation difference	-	-	-	-	-	-	-	-	-	-
As at 31 December 2020	1,500,000	6,067,500	11,345	45,889	(140,626)	(568,831)	-	-	1,370,719	5,544,558
As at 1 January 2021	1,500,000	6,067,500	11,345	45,889	(140,626)	(568,831)	-	-	1,370,719	5,544,558
Comprehensive loss for the year										
Net loss for the year	-	-	-	-	(318,879)	(1,297,200)	-	-	(318,879)	(1,297,200)
Reversal of regulatory reserve *	-	-	(11,345)	(46,150)	11,345	46,150	-	-	-	-
Transfer to regulatory reserve	-	-	738	3,003	(738)	(3,003)	-	-	-	-
Exchange translation difference	-	43,500	-	265	-	-	(5,927)	-	-	37,838
As at 31 December 2021	1,500,000	6,111,000	738	3,007	(448,898)	(1,822,884)	(5,927)	-	1,051,840	4,285,196

(*) The Management has reversed the previous year regulatory reserve booked against Ponleu Chaktomuk Microfinance Institution Plc.'s outstanding loan and bank balances. Due to the share purchase agreement (note 12), these amounts were settled during the year. The management believes the previous year regulatory reserve was no more applicable.

The accompanying notes from page 10 to 26 form an integral part of these financial statements.

LENG NAVATRA CAPITAL PLC.
(Formerly Ponleu Chaktomuk Microfinance Institution Plc.)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021		Restated*	
	USD	KHR'000	31 Dec 2020	USD KHR'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(318,858)	(1,297,115)	(7,922)	(32,045)
<i>Adjustments for:</i>				
Net interest income	(1,103)	(4,487)	(18,314)	(74,080)
Allowances for impairment losses	-	-	(11,546)	(46,704)
Depreciation and amortization	33,023	134,338	1,569	6,347
Loss on write off of property and equipment	1,867	7,595	-	-
Operating loss before working capital changes	(285,071)	(1,159,669)	(36,213)	(146,482)
<i>Changes in working capital:</i>				
Loans to customers	13,421	54,597	(74,053)	(299,544)
Other assets	(724,108)	(2,945,671)	(1,518)	(6,140)
Other payables	125,179	509,228	(5,826)	(23,566)
Cash used in operations	(870,579)	(3,541,515)	(117,610)	(475,732)
Interest received*	725	2,949	18,314	74,080
Income tax paid	(30)	(122)	(225)	(910)
Net cash used in operating activities	(869,884)	(3,538,688)	(99,521)	(402,562)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	(150,942)	(614,032)	(145)	(587)
Acquisition of intangible assets	(90,200)	(366,934)	-	-
Net cash used in investing activities	(241,142)	(980,966)	(145)	(587)
Net changes in cash and cash equivalents	(1,111,026)	(4,519,654)	(99,666)	(403,149)
Cash and cash equivalents at beginning of year	1,213,301	4,907,802	1,312,967	5,310,951
Currency translation difference	-	28,520	-	-
Cash and cash equivalents at end of year	102,275	416,668	1,213,301	4,907,802
Represented by:				
Cash on hand	-	-	9,287	37,566
Balances with the Central Bank	20	81	156,048	631,214
Balances with other banks	102,255	416,587	1,047,966	4,239,022
	102,275	416,668	1,213,301	4,907,802

(*) The interest received in comparative figures has been reclassified from investing activities cash flow to operating activities cash flow to conform with the changes in presentation of the current year.

The accompanying notes from page 10 to 26 form an integral part of these financial statements.

LENG NAVATRA CAPITAL PLC.
(Formerly Ponleu Chaktomuk Microfinance Institution Plc.)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Leng Navatra Capital PLC. (formerly Ponleu Chaktomuk Microfinance Institution Plc.) (“the Company”) is a public limited company incorporated in Cambodia under registration number 00027916 dated 20 August 2015, issued by the Ministry of Commerce (“MoC”).

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 9 January 2017. Under this license, the Company is authorized to grant credit to all people in the Kingdom of Cambodia. The Company again obtained the license from NBC on 25 February 2021 under the name of Leng Navatra Capital PLC.

The registered office and principal place of business of the Company is located on OCIC Street, Phum Kean Khleang, Sangkat Chroy Changvar, Khan Chroy Changvar, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2021, the Company had 25 employees.

The financial statements were authorized for issue by the Board of Directors on 20 April 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“the CIFRS for SMEs”) which are based on full International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board, and adopted by the National Accounting Council of the Ministry of Economy and Finance of the Kingdom of Cambodia. They are prepared under historical cost convention and presented in United States Dollars (“USD”).

The preparation of financial statements in conformity with CIFRS for SMEs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. Although these estimates and judgments are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates.

2.2 Foreign currencies translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The Company transacts essentially in US Dollar (“USD”) and maintains its books of accounts primarily in USD, as the Management has determined the USD to be the Company’s measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currencies translation (continued)

(b) Transactions and balances

Transactions in currencies other than the USD are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the USD are recognized in the statement of comprehensive income.

2.4 Presentation in Khmer Riel

In compliance with various Cambodian laws and regulations, a translation of the financial statements from USD to Khmer Riel is required. The statements of comprehensive income and cash flows are translated into thousand Khmer Riel (“KHR’000”) using the average rate for the year. Assets and liabilities for each financial position presented and shareholders’ capital are translated at the closing rate as at the reporting date. All resulting exchange differences arising from the translation are recognized as a separate component of equity. These translations are for compliance purposes only and should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into USD at this or any other rate of exchange.

The Company has used the official rates of exchange announced by the General Department of Taxation of the Kingdom of Cambodia. As at 31 December 2021, the yearly average rate was USD 1 to KHR 4,068 and the closing rate was USD 1 to Riel 4,074.

2.5 Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are measured initially at transaction prices adjusted for transaction costs.

(ii) Classification and subsequent measurement

All financial assets and financial liabilities of the Company are classified as basic financial instruments namely cash and debt instruments (deposits and placements with banks, loans to customers, other receivables and payables).

Financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets and financial liabilities (continued)

(iii) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flow from these assets ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

A financial liability is derecognized when it is extinguished, discharged or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The relevant amounts have therefore been presented net in the balance sheet.

2.5 Impairment

(i) Impairment of Financial assets measured at amortized cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Company uses to determine whether there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default of delinquency in interest or principal amounts and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determine that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment (continued)

(i) *Impairment of Financial assets measured at amortized cost (continued)*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These loan receivables are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a financial asset is uncollectible, it is written off against the related allowance for the financial asset. Such financial assets are written off after the realizable value of collateral has been taken into consideration, if any, when in the judgment of the management, there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

(ii) *Impairment of non-financial assets*

At each reporting date, assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. Impairment loss is recognized immediately for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(ii) *Impairment of non-financial assets (continued)*

Any impairment loss is charged to the statement of comprehensive income in the period in which it arises. Reversal of impairment loss is recognized in the statement of comprehensive income to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the NBC and balances with other banks which are readily convertible to known amounts of cash within three months and subject to an insignificant risk of changes in value.

2.7 Statutory deposits with central bank

Statutory deposits represent mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions (“LBFI”) and are not available to finance the Company day-to-day operations and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

2.8 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.9 Other assets

Other assets are carried at amortized cost using the effective interest method in the statement of financial position.

2.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

Depreciation of property and equipment is charged to profit or loss over the estimated useful lives of the assets using the straight-line method as follows:

	Useful life
Leasehold improvements	4 years
Furniture and fixtures	4 years
Office equipment	4 years
Computer equipment	4 years

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognized in profit or loss on the date of disposal.

2.11 Intangible assets

Intangible assets comprise of core-banking software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortization and accumulated impairment losses, if any. Software costs are amortized on a straight-line basis over the expected useful lives of 4 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalized.

2.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.13 Other liabilities

Other liabilities are carried at amortized cost using the effective interest method in the statement of financial position.

2.14 Interest income

Interest income for all interest-bearing financial instruments are measured at amortized cost and are recognized within “interest income” in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of financial instruments and, if significant, include any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate of the contract, but does not consider future credit losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Interest income (continued)

When there is change in estimate future cash receipts, the carrying amount of the financial asset is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. Such adjustment is recognized as interest income in the statement of comprehensive income at the date of revision.

Interest on impaired financial assets is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

When a financial asset is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired lease receivable is recognized using the original effective interest rate.

2.15 Income tax

Income tax expense for the year comprises current and deferred tax. Tax is recognized as expenses for the year. Taxes other than on income are recorded within operating expenses.

Current tax is calculated on the basis of taxable profit using tax rates that have been enacted or substantially enacted at the reporting sheet date in accordance with Cambodian Law on Taxation.

Deferred tax is provided on temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rate enacted or substantially enacted at the reporting sheet date.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intend to settle its current tax assets and liabilities on a net basis.

2.16 Operating leases

Leases in which a significant portion of risks and rewards of ownership of assets are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the leases.

2.17 Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liabilities according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged to equity.

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2.18 Regulatory provision and reserves

According to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk grading and impairment provisioning, Banks and financial institutions are required to compute regulatory provisions for all financial facilities and the minimum regulatory provision is made depending on the classification concerned.

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS for SMEs, the ‘topping up’ will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision be lower than accumulated impairment based on CIFRS for SMEs. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments that have significant affect reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances. These estimates may differ from actual results.

(i) Impairment losses of financial assets

The Company makes allowance for impairment for losses on loan receivables, and other financial assets based on assessment of recoverability. Whilst management is guided by the accounting standard, management makes judgment on the future and other key factors in respect of the estimation of the amount and time of cash flows in allowance for impairment of loan receivables, and other financial assets. Among the factors considered are the Company’s segmentation of loan receivable portfolios, point of no return of non-performing loan receivables, aggregate exposure to be the borrower, and the viability of the customer’s business model, the capacity to generate sufficient cash flow to service debt obligations and aggregate amount and ranking of all other credit claims.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(ii) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following inspection by the General Department of Taxation (GDT). Where the final tax outcome is different from the amounts that were initially recorded, such differences will have an impact on the tax provisions in the financial period in which such determination is made. These factors may create significant tax exposure for the Company. The Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of current tax regulations.

4. CASH ON HAND

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Cash on hand	-	-	9,287	37,566
	-	-	9,287	37,566

5. BALANCES WITH OTHER BANKS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Current account	102,255	416,587	812,443	3,286,332
Term deposits (non-cash equivalents)	-	-	235,523	952,690
	102,255	416,587	1,047,966	4,239,022

6. STATUTORY DEPOSITS WITH CENTRAL BANK

Statutory deposit on capital represent a five percent interest-bearing statutory deposit on capital to comply with NBC's *Prakas* No. B 7-06-209 dated 13 September 2006. The deposit is refundable when the Company voluntarily liquidates its activities and has no deposit liabilities.

This statutory deposit is interest bearing at ½ of the six-month period refinancing rate set by the NBC for statutory deposit maintained in Khmer Riel and 3/8 of the six-month period SIBOR rate for statutory deposit maintained in US Dollar.

7. LOANS TO CUSTOMERS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Individual loans	73,450	299,235	86,493	349,864
	73,450	299,235	86,493	349,864

As stated in note 12, during the year 2021, the new shareholders purchased the shares from the previous shareholders. As per the purchase agreement between both the parties, the loan portfolio of Ponleu Chaktomuk Plc. was not brought forward to Leng Navatra Capital Plc. Furthermore, the Management of Leng Navatra Capital Plc. did not disburse any loans to its customers until December 2021. Due to this, none of the Company's loans to its customers were categorized as non-performing loans at the year end and hence no allowance for doubtful loans was provided by the management.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. LOANS TO CUSTOMERS (continued)

Further analysis of the above loans to customers are as follows:

(a) By maturity period:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Within one year	-	-	247	999
Over one to five years	13,419	54,669	63,857	258,301
Over five years	60,031	244,566	22,389	90,564
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

(b) By economic sector:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Personal loans	23,358	95,160	86,493	349,864
Housing	50,092	204,075	-	-
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

(c) By relationship:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
External customers	73,450	299,235	86,493	349,864
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

(d) By currency denomination:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
US Dollars	73,450	299,235	84,049	339,978
Khmer Riels	-	-	2,444	9,886
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

(e) By exposure:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Non-large exposure	73,450	299,235	86,493	349,864
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

(f) By performance:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Standard loans:				
Secured	73,450	299,235	82,827	335,035
Unsecured	-	-	3,666	14,829
	<u>73,450</u>	<u>299,235</u>	<u>86,493</u>	<u>349,864</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. OTHER ASSETS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Amount deposited with related party*	675,577	2,752,301	-	-
Deposits	50,150	204,311	-	-
Interest receivables	-	-	1,619	6,549
	<u>725,727</u>	<u>2,956,612</u>	<u>1,619</u>	<u>6,549</u>

(*) This represents the amount deposited with Galaxy Navatra Group Co., Ltd, a related party entity in the real estate business, to support its operations. This amount is settled proportionally to the amount of loan the Company provides to customers of Galaxy Navatra Group Co., Ltd

9. PROPERTY AND EQUIPMENT

2021	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost	USD	USD	USD	USD	USD
At 1 January 2021	382	1,445	3,031	1,807	6,665
Additions	44,683	18,156	7,275	80,828	150,942
Write off	(382)	(1,445)	(3,031)	(1,808)	(6,666)
At 31 December 2021	44,683	18,156	7,275	80,827	150,941
Accumulated depreciation					
At 1 January 2021	256	1,266	2,728	1,719	5,970
Depreciation for the year	6,117	2,157	1,537	15,630	25,441
Write off	(281)	(1,312)	(2,843)	(1,780)	(6,216)
At 31 December 2021	6,092	2,111	1,422	15,570	25,195
Net book value					
At 31 December 2021	<u>38,591</u>	<u>16,045</u>	<u>5,853</u>	<u>65,257</u>	<u>125,746</u>
Equivalent in KHR'000	<u>157,220</u>	<u>65,367</u>	<u>23,845</u>	<u>265,857</u>	<u>512,289</u>
2020	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost	USD	USD	USD	USD	USD
At 1 January 2020	382	1,300	3,031	1,807	6,520
Additions	-	145	-	-	145
Write off	-	-	-	-	-
At 31 December 2020	382	1,445	3,031	1,807	6,665
Accumulated depreciation					
At 1 January 2020	179	941	1,943	1,538	4,601
Depreciation for the year	77	325	785	181	1,368
Write off	-	-	-	-	-
At 31 December 2020	256	1,266	2,728	1,719	5,969
Net book value					
At 31 December 2020	<u>126</u>	<u>179</u>	<u>303</u>	<u>88</u>	<u>696</u>
Equivalent in KHR'000	<u>510</u>	<u>724</u>	<u>1,226</u>	<u>356</u>	<u>2,815</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. INTANGIBLE ASSET

Core-banking system	31 Dec 2021	31 Dec 2020
Cost	USD	USD
At 1 January	3,800	3,800
Additions	90,200	-
Write off	(3,800)	-
At 31 December	90,200	3,800
Accumulated amortization		
At 1 January	2,319	2,118
Amortization for the year	7,582	201
Write off	(2,384)	-
At 31 December	7,517	2,319
Net book value		
At 31 December	82,683	1,481
Equivalent in KHR'000	336,851	5,991

11. OTHER PAYABLES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Amount due to Chairman*	124,589	507,576	-	-
Accruals	8,250	33,611	6,908	27,943
Provision for taxation**	183	746	-	-
Unearned income	-	-	771	3,119
Other payables	19	76	-	-
	<u>133,041</u>	<u>542,009</u>	<u>7,679</u>	<u>31,062</u>

(*) This represents the amount provided by the Chairman, Mr. Leng Pheaktra to cover the working capital needs of the Company. The amount is interest free, with no fixed term of repayment and will be refundable on request as soon as the Company has free cash flows.

(**) This represents the provision for income tax of previous year. Due to the change in management during the year (refer note 12), the current management was unable to trace back the source of this provision and was unable to clear the amount with the General Department of Taxation (GDT). However, the management has booked a provision to settle in future, in case of any investigation by the GDT.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. SHARE CAPITAL

	31 Dec 2021			31 Dec 2020		
	Holding %	Number of shares	Amount USD	Holding %	Number of shares	Amount USD
Ms. Leng Panchakpor	70%	21,000	1,050,000	-	-	-
Mr. Seng Sokhom	30%	9,000	450,000	-	-	-
Ms. Ouk Dara	-	-	-	70%	21,000	1,050,000
Ms. Uk Saphay	-	-	-	30%	9,000	450,000
	<u>100%</u>	<u>30,000</u>	<u>1,500,000</u>	<u>100%</u>	<u>30,000</u>	<u>1,500,000</u>
Equivalent in KHR'000			<u>6,111,000</u>			<u>6,067,500</u>

The registered statutory capital of the Company as at 31 December 2021 is composed of 30,000 (2020: 30,000) shares with par value of USD 50 per share. All shares are issued and fully paid up.

On 18 January 2021, the existing shareholders entered into a share purchase agreement with the shareholders of Ponleu Chaktomuk Microfinance Institution Plc. to acquire all the shares capital from them. For the purchase consideration, it was also agreed to include the Ponleu Chaktomuk Microfinance Institution Plc.'s assets comprising of deposits at the National Bank of Cambodia and at commercial banks and cash on hand.

On 02 March 2021, the NBC approved to transfer the share capital from the previous shareholders to the new shareholders. On 06 April 2021, the MOC approved the change in shareholders and the change in company's name to Leng Navatra Capital Plc.

13. REGULATORY RESERVE

Regulatory reserves represent the difference between the allowance of impairment losses calculated in accordance with CIFRS for SMEs and the regulatory provision calculated in accordance with the NBC's requirement. When the regulatory provision is higher than impairment losses calculated in accordance with CIFRS for SMEs, the difference is recorded as regulatory reserve. The reserve is transferred from the retained earnings.

14. INTEREST INCOME

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Loan to customers	378	1,538	19,399	78,469
Deposits and placements with banks	725	2,949	18,314	74,080
	<u>1,103</u>	<u>4,487</u>	<u>37,713</u>	<u>152,549</u>

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15. OTHER INCOME

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Fee and commission income	-	-	1,354	5,477
Reversal of allowance for impairment loss	-	-	11,546	46,704
Others	2,149	8,742	1,671	6,759
	<u>2,149</u>	<u>8,742</u>	<u>14,571</u>	<u>58,940</u>

16. PERSONNEL COSTS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Salaries	142,090	578,022	17,966	72,672
Other benefits	5,746	23,375	590	2,387
	<u>147,836</u>	<u>601,397</u>	<u>18,556</u>	<u>75,059</u>

17. OTHER OPERATING EXPENSES

	31 Dec 2021		Restated* 31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Office rental	69,500	282,726	12,000	48,540
Annual software license and maintenance fee	13,530	55,040	400	1,618
Professional fee	10,568	42,991	12,147	49,135
Bank charges	8,138	33,105	124	502
Other tax expenses	6,853	27,878	1,429	5,780
Utilities	6,587	26,796	1,643	6,646
Office supplies and stationeries	6,136	24,961	1,664	6,731
Business License and Local Taxes	5,683	23,118	5,778	23,372
Communication	5,642	22,952	1,184	4,789
Write off of assets	1,867	7,595	-	-
Security	1,761	7,164	2,431	9,833
Repair and maintenance	340	1,383	70	283
Travel costs	81	330	151	611
Other expenses	4,565	18,570	1,060	4,288
	<u>141,251</u>	<u>574,609</u>	<u>40,081</u>	<u>162,128</u>

(*) Where necessary, certain comparative figures have been grouped differently to conform to changes in presentation in the current year.

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18. INCOME TAX EXPENSE

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Current year income tax	21	85	407	1,646
	21	85	407	1,646

(a) Reconciliation of current income tax

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

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Loss before income tax	(318,858)	(1,297,115)	(7,922)	(32,045)
Income tax @ 20%	(63,772)	(259,424)	(1,584)	(6,407)
Expenses not deductible for tax purposes	8,349	33,962	506	2,046
Deferred tax asset not recognized during the year	68,369	278,126	1,078	4,361
Deductible expenses for tax purposes	(12,946)	(52,664)	-	-
Income tax expenses @ 20%	-	-	-	-
Minimum tax expense @ 1%	21	85	407	1,646

Movement of income tax liability is as follows:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Balance at beginning of year	192	776	10	40
Charge during the year	21	85	407	1,646
Taxation paid during the year	(30)	(122)	(225)	(910)
Provision reclassified to other liabilities (refer Note 11)	(183)	(746)	-	-
Currency translation difference	-	7	-	-
Balance at end of year	-	-	192	776

Tax losses carried forward

The Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within five (5) years subsequent to the year in which the loss was incurred. At the balance sheet date, the Company has estimated accumulated tax losses of USD 341,844 or KHR 1.39 billion (2020: USD 5,390 or KHR 21,803) available for offset against future taxable profits. The Company did not recognize deferred tax asset from tax loss carry forward as management believes that there is no sufficient taxable profit that will be available against which this can be utilized.

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19. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party transactions for the year are as follow:

Related party transactions with companies under the common control of directors

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Amount due from:				
Galaxy Navatra Group Co., Ltd	675,577	2,752,301	-	-

Related party transactions with key management personnel

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Payable to Chairman, Mr. Leng Pheaktra	124,589	507,576	-	-

20. COMMITMENTS AND CONTINGENCIES

(i) LEASE COMMITMENTS

The Company has commitments for the lease of its office under an operating lease arrangement, with future minimum lease amounts due as follows:

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Within one year	118,800	483,991	-	-
Over one year and up to five years	396,000	1,613,304	-	-
	<u>514,800</u>	<u>2,097,295</u>	<u>-</u>	<u>-</u>

(ii) TAX CONTINGENCY

Taxes are calculated on the basis of current interpretation of the tax regulations. However, the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reviewed by the General Department of Taxation (GDT). The Company's judgment of its business activities may not coincide with the interpretation of the same activities by the GDT. These may result in tax increases and other retroactive tax claims and penalties, which can be significant. Therefore, the amounts reported in the financial statements could be changed at a later date upon final determination by the General Department of Taxation.

21. IMPACT OF COVID-19

Since 31 December 2019, the spread of the Covid-19 outbreak has severely impacted businesses in Cambodia. The management has assessed the impact on the financial statements of the Company; however, management is unable to fully assess the exposure as of the reporting date. The duration and impact of the Covid-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. Management considers that the main impact arising from Covid-19 is not long term and that the Company's activities may be slow in this period which impacts the current profitability level and liquidity headroom, but would not lead to a going concern issue.

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22. EVENTS AFTER REPORTING PERIOD

The Company has evaluated events after the end of reporting period until the date the financial statements were available for issue. The Directors affirm that no other material events should be reported to be adjusting or non-adjusting events.

23. COMPARATIVE FIGURES

Where necessary, certain comparative figures have been reclassified to conform to changes in presentation in the current year.

Restatements

The following comparative figures have been restated to conform to the current year presentation.

	31 Dec 2020		
	As previously stated USD	As restated USD	Variance USD
Balances with the National Bank of Cambodia	231,048	-	(231,048)
Balances with the Central Bank	-	156,048	156,058
Statutory deposits with Central Bank	-	75,000	75,000

The Comparative figures have been audited by previous auditors and the classification of some accounts were as per their judgement besides the accounts restated above.



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