

LENG NAVATRA CAPITAL PLC.

ANNUAL REPORT

2022







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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 instruction with quality and confidence in providing a wide range of financial service to meet the needs of the public throughout Cambodia.

MISSION

Leng Navatra Capital Plc. Provide the

Services topublic, small and medium enterprise
by providing financial services in line with the
market needs to improve livelihoods and
business in the community and increase the
benefits of shareholders and staff of all levels.

SLOGAN

Toward success

ogether

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- Board Of Directors



Neak Oknha. LENG Pheaktra

Neak Oknha. Leng Pheaktra, was born in Prey Veng Province in Cambodia in 1985. He is a businessman in cambodia. He has been expanding his business through various kinds of invesments in many different sectors significantly in the construction, resort, market, production as well as financial sectors. He has currently held key positions in the member companies of Galaxy Navatra Group Co Ltd., such as a President Leng Navartra Capital Plc



Oknha. LENG Panhchakpor Board Member

Oknha. LENG Panhchakpor, was born in Prey Veng Province in Cambodia in 1996. She is a businesswomen in cambodia. She has more than 8-years of work experience in the Banking & Finance She has currently held key positions in the member companies of Galaxy Navatra Group such as a Vice President and Board member of Leng Navatra Capital Plc

4- Board Of Directors



Mr. SENG Sokhom Board Member

Mr. SENG Sokhom was born in Kandal Province in Cambodia in 1968.

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 and psychology) at Royal University of Phnom Penh in 1995. He started his career in 1995, as Micro-Enterprise Coordinator for EUROPEA-NUNION (PRASAC). In 2000 he worked for CAMBODIA BREW-ERY 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 and 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. Currently, he is Board Member and CEO of Leng Navatra Capital Plc.

4- Board Of Directors



Ms. MENG Siden Board Member

Ms. MENG Siden was born in Prey Veng Province, Cambodia in 1995. She is a businesswomen in cambodia. She has many work experience in market sectors real-estate and Banking & Finance She has currently held key positions in the member companies of Galaxy Navatra Group such as a Vice President and Board member of LENG NAVATRA CAPITAL PLC.



"In 2022, the world Covid-19 crisis, was 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 annual report of 2022, the global Businesses recovered by rate of 4.3% supported by fiscal and monetary policy, casing 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 Approximate rate of 5.1% in 2022 Growth 2.1% from 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 comperit undan interest rate cap of 18% per annum, the management and of 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 2023, 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

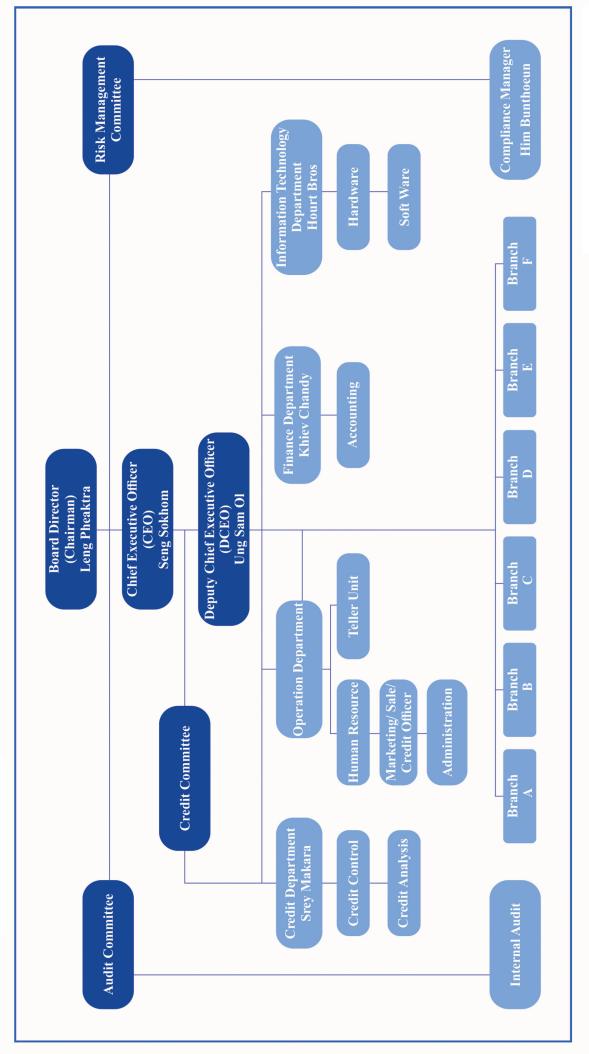
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Seng Sokhom

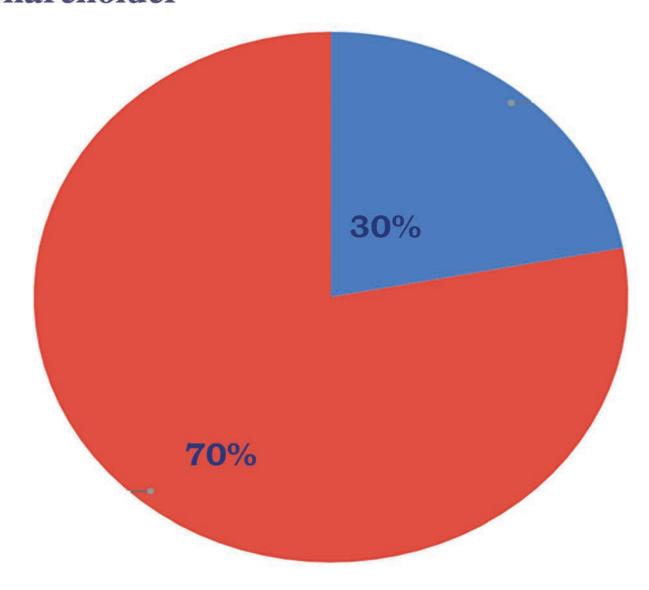
LENG NAVATRA CAPITAL PLC.

ORGANIZATION CHART

6-Organization chart



7-Shareholder



■ Ms.Leng Panhchackpor ■ Mr.Seng Sokhom

N.o	Shareholder's Name	Number of Shares	Amount	Percentage	
1.	Ms. Leng Panhehakpor	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%	

8. Products and Services

Leng Navatra Capital Microfinance Institution. Will offer a widerange of credit products and financial services and is primarily aimed at providing affordable housing and land loans in Cambodia. The purpose of opening a personal microfinance institution is to expand financing to support the need for housing and the purchase of affordable plots. We are committed to achieving our business goals, objectives and ambitions. Our business offers the following:

- * Provide loans to home buyers who are the main customers according to each of our affordable housing projects.
- * Provide a wide range of credit products to meet the needs and requirements of the market.
- * Provide on-demand options with affordable prices, as well as flexible payment terms to customers. Leng Navatra Capital Plc has the following credit services:
- 1- Housing and lond purchase loans: are provided to Customer in KHR or USA, which is from 15,000USD or 60 Million riels to 100,000USD or 400 million riels with a term of up to 120 months and interest rate from 12% per year to 18% per year.
- **2- Business loan** in KHR or USD, 20 million to \$50,000 or 200 million Riel, with a term of up to 120 months and interest rate from 12% year to 18% year.



8-Product and service (continues)

3) Individual loan in KHR or USD, which is from to \$ 5,000 or 20 million Riel to \$ 30,000 or 120 million Riel, with a term of up to 120 months and interest rate from 12% year to 18 % Year.



Partners to repay loans



Investment plan to be completed in 2022

In 2022, Leng Navatra Capital Microfinance Institution's achieved a loan portfolio of \$ 5,000,000 and 426 active clients.





Housing Loan

Providing Loan

Up to 100,000 Dollars

Up to 120 years

MORE DETAIL 023 93 4444









Providing Loan Up To

\$ 30,000

20 Months

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



9-Human resources Digital Recruitment

LENGNAVATRA CAPITAL PLC. Institution welcome all candidates who have the ability, potential and high confidence to continue to contribute to our success. Therefore, the recruitment of qualified and potential staff is still the key mechanism to support the growth or growth of our business, in fact, we have increased the number of employees to 13% compared to last year. During the outbreak of Covid-19, we have adapted and progressed to the next level in the context of the globalization of various digital communication systems to facilitate our recruitment process. We provide flexible and easy way for candidates to conduct the interview process through various digital platforms such as Microsoft Team, Zoom and Skype. In addition, we have made reforms related to the necessary documents in the selection process, following all the digital systems, including the submission of approvals and the process of starting a new employee. At LENGNAVATRA CAPITAL PLC, we are always trying to find new ways to accomplish various projects.

Staff Capacity Developmen

Covid-19 provides us with an opportunity to strengthen our support and cooperation from better stackholders and discover new ways of learning to enhance Develop the capacity of Leng Navatra Capital Plc staff. Below are some of the efforts that the team has achieved.

A. English language development program for staff

Demonstrating the necessity of daily communication, the English language program is opening the door for-LENGNAVATRA CAPITAL PLC staff to help them prepare for any new career changes in the future. In 2023, LENGNAVATRA CAPITAL PLC extended this program to its branch managers and potential employees, including the staff who participated in this program.

B. Potential staff training program

Capacity development of potential employees are currently receiving a lot of attention. This program provides employees with a sense of intimacy, encouragement, and the opportunity to express their abilities with the organization for a long time.

B. Potential staff Program (continues)

LENGNAVATRA CAPITAL PLC provides a specific program to develop its potential employees in order for them to be ready for new positions and have the ability to expand their scope of work. In fact, in 2022, 5 main courses have been trained and some staff will participate in This way.

C. Training program for new employees using the combination method

2022 is the year that LENGNAVATRA CAPITAL PLC launches a new training program for newly recruited customer relations officers. This new training program is designed to combine a holistic approach based on experience. Currently, programs are tailored to our learning environment, including new, inexperienced staff, experienced staff, and a number of training programs, depending on the diversity of the staff. In general, we have staff will be involved in this program.

F. Take care of employees through various welfare activities

Mental health and well-being have been identified as a top priority in LengNavatra Capital Plc human resource mission this year, as the world has experienced a global health crisis. The proliferation of epidemics Covid-19 has affected the health, physical and mental well-being of our staff. Leng Navatra Capital Plc has a strong need to support the mental health and well-being of staff as follows:



Vaccination: Leng Navatra Microfinance Institution fully supports immunization campaigns and encourages staff to be vaccinated to enhance immunity in the community. As a result, 100% of our total staff: LENGNAVATRA CAPITAL PLC has fully volunteered for vaccination with the coordination of the Cambodian Microfinance Association and the Ministry of Labor and Vocational Training.



* Support: To support the mental and physical health of our staff during treatment and rehabilitation, provided the following:

A special amount of special fund is given to some employees who have spouses /children

A special amount of special fund is given to some employees who have spouses /children of employees who passed Covid -19 from May 1 to November 5, 2021.

- Special allowance for employees who are required to perform full-time work or are required to work in the workplace or in a closed area.

-Greetings for staff receiving medical treatment and hospitalization, insurance for staff and their dependents, life insurance for staff and the National Social Security Fund.

*PRINCIPLES PRINCIPLES: LENGNAVATRA CAPITAL PLC. has established strict guidelines, and mechanisms to protect its employees and clients, including policies when employees or clients have been infected with the Covid -19 virus. Principles of the nature of work from home and leave laws. Workplace safety is a top priority, as we strictly follow the recommendations of the Royal Government of Cambodia, including management, rapid testing, wearing a mask, QR code, Covid code and temperature control. And so on.



ត្រឹះស្ថា<mark>តថីក្រហិរញ្ញវត្ថុ ឡេង ណាវាត្រា យែភិថល ច.ក</mark> LENG NAVATRA CAPITAL PLC.

LENG NAVATRA CAPITAL PLC.

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS

FOR THE YEAR ENDED 31 DECEMBER 2022



LENG NAVATRA CAPITAL PLC. FINANCIAL

STATEMENTS AND REPORT OF

INDEPENDENT AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE INFORMATION

Company : Leng Navatra Capital Plc.

Registration No. : 00027916

Registered office : OCIC Street, Phum Kean

Khleang Sangkat Chroy Changvar, Khan

Chroy Changvar, Phnom Penh, Kingdom of

Cambodia

Shareholders : Ms. Leng Panhchakpor

Mr. Seng Sokhom

Board of director : Mr. Leng Pheaktra Chairman

Ms. Leng Panhchakpor Director

Mr. Seng Sokhom Director

Ms. Meng Siden Director

Principal bankers : Sathapana Bank Plc.

Advanced bank of Asia Ltd.

Acleda Bank Plc

RHB Bank (Cambodia) Plc

Wing Bank (Cambodia) Plc

Auditors : Morisonkak MKA

LENG NAVATRA CAPITAL PLC.

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 2022.

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 2022 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 2022, the Company's paid-up capital was increased from USD 1,500,000 to USD 4,500,000 which is composed of 90,000 shares with a par value of USD 50 per share. The capital increase was approved by the National Bank of Cambodia (NBC) on 25 August 2022. On 5 September 2022, the Company obtained the approval from Ministry of Commerce to amend the Company's Memorandum and Articles of Association to reflect the above changes.

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 2022, 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:

	Number of shares	Amount in US\$	%
Ms. Leng Panhchakpor	63,000	3,150,000	70
Mr. Seng Sokhom	27,000	1,350,000	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 2022, 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 confirm 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 2022 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 2022, 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: 19 May 2023



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 2022 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 2022 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.

MORISONKAK MKA AUDIT - ACCOUNTING Co., LTD.

NO 10, STREET 500, SANGKAT PHSAR DOEUM THKOV, KHAN CHAMKARMON, PHNOM PENH
TEL: +855 23 218 994 (3 LINES) - FAX: +855 23 218 993 - Email: mka.audit@morisonkak.com
Email: mka.management@morisonkak.com - Website: www.morisonkak.com





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 Carolina

ราชบุล ขุ้นผลการ

Date: 19 May 2023

Managing Partie OF CAMB

MORISONKAK MKA AUDIT - ACCOUNTING CO., LTD.
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Email: mka.management@morisonkak.com - Website: www.morisonkak.com



LENG NAVATRA CAPITAL PLC.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		31 Dec 2022		31 Dec 2021	
	Notes	USD	KHR'000	USD	KHR'000
ASSETS					
Balances with the Central Bank		629	2,590	20	81
Balances with other banks	4	67,593	278,280	102,255	416,587
Statutory deposits with Central Bank	5	225,000	926,325	75,000	305,550
Loans to customers	6	5,225,905	21,515,051	73,450	299,235
Other assets	7	57,175	235,389	725,727	2,956,612
Property and equipment	8	123,873	509,985	125,746	512,289
Intangible asset	9 .	60,133	247,568	82,683	336,851
TOTAL ASSETS	7 .	5,760,308	23,715,188	1,184,881	4,827,205
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	10	670,301	2,759,629	133,041	542,009
Amount due to related party	11	1,333,334	5,489,336		(#X
Current tax liabilities	17	519	2,137	-	
TOTAL LIABILITIES	6	2,004,154	8,251,102	133,041	542,009
EQUITY					
Share capital	12	4,500,000	18,526,500	1,500,000	6,111,000
Regulatory reserves	13	52,245	212,846	738	3,007
Accumulated losses		(796,091)	(3,242,556)	(448,898)	(1,822,884)
Currency translation difference	5		(32,704)		(5,927)
TOTAL EQUITY	9	3,756,154	15,464,086	1,051,840	4,285,196
TOTAL LIABILITIES AND EQUITY		5,760,308	23,715,188	1,184,881	4,827,205

Signed and authorized for the Board in behalf of the Board in the second in the Board in

Mr. Seng Sokhom
Chief Executive Officer

Date: 19 May 2023

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		31 De	ec 2022	31 De	c 2021
	Notes	USD	KHR'000	USD	KHR'000
Interest income	14	255,110	1,043,145	1,103	4,487
Total interest income		255,110	1,043,145	1,103	4,487
Fee and Commission Income, net Other income		1,383 716	5,655 2,928	2,149	8,742
Total operating income	,	257,209	1,051,728	3,252	13,229
Personnel costs Depreciation and amortization Other operating expenses	15 8 & 9 16	(282,660) (59,206) (208,457)	(1,155,797) (242,093) (852,381)	(147,836) (33,023) (141,251)	(601,397) (134,338) (574,609)
Total operating expenses		(550,323)	(2,250,271)	(322,110)	(1,310,344)
Loss before income tax		(293,114)	(1,198,543)	(318,858)	(1,297,115)
Income tax expense	17 .	(2,572)	(10,517)	(21)	(85)
Net loss for the year		(295,686)	(1,209,060)	(318,879)	_(1,297,200)
Currency translation differences			(26,777)		(5,927)
Net comprehensive loss	2	(295,686)	(1,235,837)	(318,879)	(1,303,127)

Signed and authorized for referse on behalf of the Board

AGUOM OF CAMBO

Mr. Seng Sokhom Chief Executive Officer

Date: 19 May 2023

The accompanying notes form an integral part of these financial statements.

LENG NAVATRA CAPITAL PLC.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

							Currency		
	Share	hare capital	Regulatory reserve	y reserve	Retained	Retained earnings	translation	Total	tal
	OSD	KHR'000	OSD	KHR'000	OSD	KHR'000	KHR'000	OSD	KHR'000
As at 1 January 2022	1,500,000	6,111,000	738	3,007	(448,898)		(5,927)	1,051,840	4,285,196
Comprehensive loss for the year	1	1	•	1	(295,686)	(1,209,060)		(295,686)	(1,209,060)
Issuance of share capital	3,000,000	12,351,000			•	Ė		3,000,000	12,351,000
Reversal of regulatory reserve	1	1	1	1	1	1	•	3.	.1
Transfer to regulatory reserve	1		51,507	210,612	(51,507)	(210,612)			i
Exchange translation difference	•	64,500	1	(773)	1	1	(26,777)	•	36,950
As at 31 December 2022	4,500,000	18,526,500	52,245	212,846	(796,091)	(796,091) (3,242,556)	(32,704)	3,756,154	15,464,086
As at 1 January 2021	1,500,000	6,067,500	11,345	45,889	(140,626)	(568,831)	ŧ	1,370,719	5,544,558
Comprehensive loss for the year	E	ř		1	(318,879)	(1,297,200)	1	(318,879)	(1,297,200)
Issuance of share capital	1	1	1	i	1	i	1	1	
Reversal of regulatory reserve	·	ř.	(11,345)	(46,150)	11,345	46,150	: 13		ı
Transfer to regulatory reserve	,	i	738	3,003	(738)	(3,003)	•	•	1
Exchange translation difference		43,500	1	265	1	1	(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 accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

31 Dec 2022 USD KHR'00		ec 2022 KHR'000	31 Dec 2021 USD KHR'000	
CASH FLOWS FROM OPERATING ACTIVITY	TIES			
Loss before income tax	(293,114)	(1,198,543)	(318,858)	(1,297,115)
Adjustments for: Net interest income Allowances for impairment losses	(255,110)	(1,043,145)	(1,103)	(4,487)
Depreciation and amortization Loss on write off of property and equipment	59,206	242,093	33,023 1,867	134,338 7,595
Operating loss before working capital changes	(489,018)	(1,999,595)	(285,071)	(1,159,669)
Changes in working capital: Loans to customers Other assets Other payables Amount due to related party	(5,115,842) 668,552 537,260 1,333,334	(20,918,678) 2,733,709 2,196,856 5,452,003	13,421 (724,108) 125,179	54,597 (2,945,671) 509,228
Cash used in operations	(3,065,714)	(12,535,705)	(870,579)	(3,541,515)
Interest received Income tax paid	218,497 (2,053)	893,434 (8,395)	725 (30)	2,949 (122)
Net cash used in operating activities	(2,849,270)	(11,650,666)	(869,884)	(3,538,688)
CASH FLOWS FROM INVESTING ACTIVITIES	3. 44 - 33 - 340 000 00 20 - 10 10 10 10 10 10 10 10 10 10 10 10 10		2. 3 . 10. 10. 10. 10. 10. 10. 10. 10. 10. 10	
Statutory deposit Acquisition of property and equipment Acquisition of intangible assets	(150,000) (34,783)	(613,350) (142,228)	(150,942) (90,200)	(614,032) (366,934)
Net cash used in investing activities	(184,783)	(755,578)	(241,142)	(980,966)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	3,000,000	12,267,000		
Net cash from financing activities	3,000,000	12,267,000		
Net changes in cash and cash equivalents	(34,053)	(139,244)	(1,111,026)	(4,519,654)
Cash and cash equivalents at beginning of year Currency translation difference	102,275	416,668 3,446	1,213,301	4,907,802 28,520
Cash and cash equivalents at end of year	68,222	280,870	102,275	416,668
Represented by: Balances with the Central Bank Balances with other banks	629 67,593	2,590 278,280	20 102,255	81 416,587
	68,222	280,870	102,275	416,668

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Leng Navatra Capital 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 2022, the Company had 29 employees.

The financial statements were authorized for issue by the Board of Directors on 19 May 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, the yearly average rate was USD 1 to KHR 4,089 (2021: USD 1 to KHR 4,068) and the closing rate was USD 1 to KHR 4,117 (2021: USD 1 to KHR 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 2022

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 2022

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 contact.

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.

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 2022

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 to customers are initially recognised 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 recognized initially at transaction price and measured subsequently at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at transaction price.

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:

	Useiui III
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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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.

2.11 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.

2.12 Other liabilities

Other liabilities are recognized at transaction price and are subsequently measured at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Interest income (continued)

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 Fee and commission income and expense

Fee and commission incomes comprise loan processing fee, fee on penalty charged for late payment and penalty charged on early paid off.

Other fees and commission incomes are not integral to effective interest of loans at amortized cost and are thus recognized as income when services are rendered. Other fees on penalty charged for late payment and penalty charged on early paid off are recognized when cash is received.

Other fees and commission expenses are recognized on an accrual basis as the services are received.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 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.

2.19 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 e	qual 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 on	e year):	
Normal/standard	<30 days	1%
Special mention	\geq 30 days – 89 days	3%
Substandard	\geq 90 days – 179 days	20%
Doubtful	\geq 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.

2.20 Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and include close family members of any individuals considered to be a related party.

Under the Law on Banking and Financial Institutions, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital of the Company or voting rights, and includes any individual who participates in the administration, direction, management or internal control of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 to customers, 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 to customers, and other financial assets. Among the factors considered are the Company's segmentation of loan to customer portfolios, point of no return of non-performing loan to customers, 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.

(ii) Property and equipment

Accounting for property and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgment.

(iii) 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. BALANCES WITH OTHER BANKS

	31 Dec	2022	31 Dec	2021
	USD	KHR'000	USD	KHR'000
Current account	67,593	278,280	102,255	416,587
	67,593	278,280	102,255	416,587

5. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. LOANS TO CUSTOMERS

	31 Dec	2022	31 Dec	2021
	USD	KHR'000	USD	KHR'000
Individual loans	5,225,905	21,515,051	73,450	299,235
	5,225,905	21,515,051	73,450	299,235

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.

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

(a) By maturity period:

(a) By maturity period:				
	31 De	c 2022	31 Dec	2021
	USD	KHR'000	USD	KHR'000
Over one to five years Over five years	1,288,968 3,936,937	5,306,681 16,208,370	13,419 60,031	54,669 244,566
	5,225,905	21,515,051	73,450	299,235
(b) By economic sector:				
	31 De	c 2022	31 Dec	2021
	USD	KHR'000	USD	KHR'000
Personal loans Housing	3,631,022 1,594,883	14,948,918 6,566,133	23,358 50,092	95,160 204,075
	5,225,905	21,515,051	73,450	299,235

(c) By relationship:

	31 De	31 Dec 2022		2021
	USD	KHR'000	USD	KHR'000
External customers Staff	5,215,541 10,364	21,472,382 42,669	73,450	299,235
	5,225,905	21,515,051	73,450	299,235

(d) By currency denomination:

	31 De	c 2022	31 Dec 2021	
	USD	KHR'000	USD	KHR'000
US Dollars Khmer Riels	5,225,905	21,515,051	73,450	299,235
	5,225,905	21,515,051	73,450	299,235

(e) By exposure:

	31 De	c 2022	31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Non-large exposure	5,225,905	21,515,051	73,450	299,235
	5,225,905	21,515,051	73,450	299,235

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. LOANS TO CUSTOMERS (continued)

(f) By Overdue:

	31 De	c 2022	31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Long-term loans				-
<30 days	5,205,222	21,429,899	73,450	299,235
\geq 30 days – 89 days	20,683	85,152		
	5,225,905	21,515,051	73,450	299,235

(g) By interest rate (per annum):

	31 Dec 2022	31 Dec 2021
External customers	12% - 15.6%	12% - 15.6%
Staff loans	12%	=0

7. OTHER ASSETS

	31 Dec 2022		31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Amount deposited with related party	(1€8	-	675,577	2,752,301
Deposits	50,150	206,467	50,150	204,311
Prepayments	7,025	28,922	142	(=)
	57,175	235,389	725,727	2,956,612

8. PROPERTY AND EQUIPMENT

2022	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost	USD	USD		USD	USD
At 1 January 2022 Additions Write off	44,683 840	18,156 320	7,275 350	80,827 33,273	150,941 34,783
At 31 December 2022	45,523	18,476	7,625	114,100	185,724
Accumulated depreciation At 1 January 2022 Depreciation for the year Write off	6,092 11,297	2,111 3,631	1,422 1,784	15,570 19,944	25,195 36,656
At 31 December 2022	17,389	5,742	3,206	35,514	61,851
Net book value At 31 December 2022	28,134	12,734	4,419	78,586	123,873
Equivalent in KHR'000	115,828	52,426	18,193	323,538	509,985

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. PROPERTY AND EQUIPMENT (continued)

2021	Leasehold	Furniture	Office	Computer	
Cost	improvements USD	and fixtures USD	equipment USD	equipment USD	Total USD
At 1 January 2021 Additions Write off	382 44,683 (382)	1,445 18,156 (1,445)		1,807 80,828 (1,808)	6,665 150,942 (6,666)
At 31 December 2021	44,683	18,156	7,275	80,827	150,941
Accumulated depreciation At 1 January 2021 Depreciation for the year Write off	256 6,117 (281)	1,266 2,157 (1,312)	2,728 1,537 (2,843)	1,719 15,630 (1,780)	5,970 25,441 (6,216)
At 31 December 2021	6,092	2,111	1,422	15,570	25,195
Net book value At 31 December 2021	38,591	16,045	5,853	65,257	125,746
Equivalent in KHR'000	157,220	65,367	23,845	265,857	512,289

9. INTANGIBLE ASSET

Core-banking system Cost	31 Dec 2022 USD	31 Dec 2021 USD
At 1 January Additions Write off	90,200	3,800 90,200 (3,800)
At 31 December	90,200	90,200
Accumulated amortization At 1 January Amortization for the year Write off	7,517 22,550	2,319 7,582 (2,384)
At 31 December	30,067	7,517
Net book value At 31 December	60,133	82,683
Equivalent in KHR'000	247,568	336,851

10. OTHER PAYABLES

	31 Dec	31 Dec 2022		2021
	USD	KHR'000	USD	KHR'000
Amount due to Chairman*	656,141	2,701,332	124,589	507,576
Accruals	8,800	36,230	8,250	33,611
Other tax payables	183	753	183	746
Other payables	5,177	21,314	19	76
	670,301	2,759,629	133,041	542,009

^(*) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. AMOUNT DUE TO RELATED PARTY

This represents an amount payable to Galaxy Navatra Group Co., Ltd., a related party entity in the real estate business. Actually, when the Company issues loans to its customers the funds are recorded as payables to Galaxy Navatra Group Co., Ltd. The loan customers do not receive the funds directly; instead, they are transferred to Galaxy Navatra Group Co., Ltd. for the construction of houses for those customers. There is no formal agreement for this arrangement between the Company and its related party. The amount is interest free with no fixed term of repayment and is settled whenever the Company has available cash flow.

12. SHARE CAPITAL

		31 Dec 202	2		31 Dec 2021	Į.
	Holding %	Number of shares	Amount USD	Holding %	Number of shares	Amount USD
Ms. Leng Panchakpor	70%	63,000	3,150,000	70%	21,000	1,050,000
Mr. Seng Sokhom	30%	27,000	1,350,000	30%	9,000	450,000
	100%	90,000	4,500,000	100%	30,000	1,500,000
Equivalent in KHR'000			18,526,500	*		6,111,000

The registered statutory capital of the Company as at 31 December 2022 is composed of 30,000 (2021: 30,000) shares with par value of USD 50 per share.

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 (NBC) 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 Ministry of Commerce (MOC) approved the change in shareholders and the change in company's name to Leng Navatra Capital Plc.

Furthermore, during the year 2022, the Company's paid-up capital was increased from USD 1,500,000 to USD 4,500,000 which is composed of 90,000 shares with a par value of USD 50 per share. The capital increase was approved by the NBC on 25 August 2022. On 5 September 2022, the Company obtained the approval from MOC to amend the Company's Memorandum and Articles of Association to reflect the above changes. All the shares are fully paid-up.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. INTEREST INCOME

	31 Dec 2022		31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Loan to customers	254,447	1,040,434	378	1,538
Deposits and placements with banks	663	2,711	725	2,949
	255,110	1,043,145	1,103	4,487

15. PERSONNEL COSTS

	31 Dec	31 Dec 2022		c 2021
	USD	KHR'000	USD	KHR'000
Salaries Other benefits	270,778 11,882	1,107,211 48,586	142,090 5,746	578,022 23,375
	282,660	1,155,797	147,836	601,397

16. OTHER OPERATING EXPENSES

	31 Dec 2022		31 De	c 2021
<u>-</u>	USD	KHR'000	USD	KHR'000
Office rental	108,000	441,612	69,500	282,726
Other tax expenses	21,384	87,439	6,853	27,878
Utilities	14,529	59,409	6,587	26,796
Annual software license and maintenance				CD11 - 10-100 - 10-101 - 10-10
fee	13,530	55,324	13,530	55,040
Office supplies and stationeries	11,536	47,171	6,136	24,961
Professional fee	10,431	42,652	10,568	42,991
Business License and Local Taxes	8,117	33,190	5,683	23,118
Communication	7,864	32,156	5,642	22,952
Security	5,278	21,582	1,761	7,164
Bank charges	57	233	8,138	33,105
Other expenses	7,731	31,613	4,565	18,570
Repair and maintenance	10 3 . €	^ =	340	1,383
Travel costs	_120	-	81	330
Write off of assets			1,867	7,595
_	208,457	852,381	141,251	574,609

17. INCOME TAX EXPENSE

	31 Dec 2022		31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Current year income tax	2,572	10,517	21	85
	2,572	10,517	21	85

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. INCOME TAX EXPENSE (continued)

(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 Do	ec 2022	31 De	c 2021
	USD	KHR'000	USD	KHR'000
Loss before income tax	(293,114)	(1,198,543)	(318,858)	(1,297,115)
Income tax @ 20% Expenses not deductible for tax purposes Deferred tax asset not recognized during	(58,623)	(239,709)	(63,772)	(259,424)
	17,585	71,905	8,349	33,962
the year	52,354	214,075	68,369	278,126
Deductible expenses for tax purposes	(11,316)	(46,271)	(12,946)	(52,664)
Income tax expenses @ 20%				-
Minimum tax expense @ 1%	2,572	10,517	21	85

Movement of income tax liability is a follows:

	31 Dec 2022		31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Balance at beginning of year	8.	-	192	776
Charge during the year	2,572	10,517	21	85
Taxation paid during the year	(2,053)	(8,395)	(30)	(122)
Provision reclassified to other liabilities	=)	(=)	(183)	(746)
Currency translation difference		15		
Balance at end of year	519	2,137		-

Tax losses carried forward

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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 611,219 or KHR 2.5 billion (2021: USD 449,805 or KHR 1.83 billion) 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.

18. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party balances for the year are as follow:

Related party balances with companies under the common control of directors

	31 Dec 2022		31 Dec 2021	
	USD	KHR'000	USD	KHR'000
Galaxy Navatra Group Co., Ltd Amount due from	_	_	675,577	2,752,301
Amount due to	1,333,334	5,489,336	-	2,732,301
				24

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. INCOME TAX EXPENSE (continued)

(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.

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Provision reclassified to other liabilities	-		(183)	(746)
Currency translation difference	<u> </u>	15		<u>^</u> 7
Balance at end of year	519	2,137	-	-

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Amount due to	1,333,334	5,489,336	-	-











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