Report of the Board of Directors
and
Reviewed interim financial statements

DBD Engineering Plc. (formerly known as DBD Engineering Co., Ltd)

As at 31 December 2021 and for the six-month period and for the year then ended

Contents

Report of the Board of Directors

The Board of Directors submits its report together with the reviewed interim financial statements of DBD Engineering Plc. (formerly known as DBD Engineering Co., Ltd) ("the Company") as at 31 December 2021 and for the six-month period ("the period") and for the year then ended ("the year").

The Company

The Company is a public limited company established under the laws of the Kingdom of Cambodia on 10 March 1998 with registration number Co. 00004029 from the Ministry of Commerce. In accordance with its Memorandum and Articles of Association, the Company is allowed to operate for 99 years beginning from the date of registration with the Ministry of Commerce ("MOC") in the Kingdom of Cambodia.

The Company changed its name from DBD Engineering Co., Ltd to DBD Engineering Plc. after obtaining approval from the MOC on 18 January 2021.

On 6 September 2021, the Company was successfully listed on the Cambodia Securities Exchange ("CSX."). The number of new issued shares are 6,461,538 shares with a par value of KHR1,000 (USD0.25) per share, at an offering price of KHR2,380 (USD0.58) per share. The Company received the proceeds from the Initial Public Offering ("IPO") amounting to USD3,773,539, resulting in share premium of USD2,158,154 (KHR8,779,370,000). As at the date of this report, the Board of Directors has yet to approve the amendment to the Memorandum of Association ("MAA") relating to the capital increase from the IPO.

The registered office and principal place business of the Company are both located at No.68 Street 598, Phnom Penh Thmey, Khan Sen Sok, PO Box 178, Phnom Penh, Kingdom of Cambodia.

The Company had 966 employees as at 31 December 2021 (31 December 2020: 1,043 employees).

The principal activities

The principal activities of the Company are in the areas of mechanical and electrical contractor, plumbing and firefighting contractor, air conditioning cold room HVAC and building maintenance. There is no change in the Company's principal activities during the year.

Results and dividends

The results of the Company's operations for the year then ended 31 December 2021, and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors does not recommend the payment of dividends for the year then ended 31 December 2021. (2020: nil).

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Neang Vithy	Chairman	24 March 2016
Mrs. Lim Muyly	Director	24 March 2016
Mr. Thai Vantha	Director	29 September 2020
Mr. Huy Vatharo	Independent Director	29 September 2020

Auditors

The interim financial statements as at 31 December 2021 and for the six-month period and for the year then ended have been reviewed by Grant Thornton (Cambodia) Limited.

Directors' interest in the Company

According to the Articles of Incorporation of the Company, the interest of directors in office at the end of the year in the ordinary shares of the Company and its related corporations during the year are as follows:

	31 December 2021		31 December 2020	
	% of ownership	Number of shares	% of ownership	Number of shares
Mr. Neang Vithy	45.50%	8,400,000	70%	8,400,000
Mrs. Lim Muyly	19.50%	3,600,000	30%	3,600,000
	65.00%	12,000,000	100%	12,000,000

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the six-month period and for the year then ended. In preparing these financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards "CIFRSs", which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ii. comply with the disclosure requirements of CIFRSs or, if there have been any departures from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

iii. maintain adequate accounting records and an effective system of internal control;

iv. prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and,

v. control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decision and/or instruction have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the period and for the year then ended, in accordance with CIFRSs.

On behalf of the Board of Directors:

Neang Vithy
Chairman

Phnom Penh, Kingdom of Cambodia
8 April 2022

DBD Engineering Plc. #68, St.598, SK. Phnom Penh Thmey, K. Sensok, Phnom Penh, CAMBODIA
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Grant Thornton

Independent auditor's report on review of interim financial statements

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To the Shareholders of
DBD Engineering Plc. (formerly known as DBD Engineering Co., Ltd)

Introduction

We have reviewed the interim financial statements of DBD Engineering Plc. (formerly known as DBD Engineering Co., Ltd) ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period and for the year then ended, and notes to the interim financial statements, including a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), and for such internal control as Management determines is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error, and in selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibility is to express a conclusion on this interim financial information based on our review.

Grant Thornton

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A rview is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the six-month period and for the year then ended in accordance with CIFRSs.

Other matter

We draw attention to the fact that we have not reviewed the comparative statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 31 December 2020, and accordingly, we do not express conclusion and any form of assurance thereon.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the interim financial statements and our auditor's report thereon.

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

In connection with our review of the interim financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim financial statements or our knowledge obtained in the review 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.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

GRANT THORNTON (CAMBODIA) LIMITED

Ronald C. Almera
Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia
8 April 2022

Statement of financial position

	Note	31 December 2021		31 December 2020	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Assets					
Non-current					
Property and equipment - net	6	2,643,062	10,767,835	2,600,015	10,517,061
Intangible assets- net	7	33,986	138,459	37,456	151,510
Right-of-use asset- net	8	32,745	133,403	70,402	284,776
Other non-current assets	9	20,050	81,684	59,050	238,857
Non-current assets		2,729,843	11,121,381	2,766,923	11,192,204
Current					
Contract assets	15	3,791,366	15,446,025	3,150,830	12,745,107
Other current assets	14	946,962	3,857,923	457,476	1,850,490
Amounts due from shareholder	26	134,421	547,631	-	-
Inventories - net	13	2,167,258	8,829,409	1,633,816	6,608,786
Trade receivables	12	6,273,057	25,556,434	1,487,219	6,015,801
Guarantee deposits	11	65,000	264,810	210,545	851,655
Cash and cash equivalents	10	225,119	917,135	283,124	1,145,237
Current assets		13,603,183	55,419,367	7,223,010	29,217,076
Total assets		16,333,026	66,540,748	9,989,933	40,409,280
Equity					
Share capital	16	4,615,385	18,796,687	3,000,000	12,225,301
Share premium	16.1	2,158,154	8,779,370		
Retained earnings		2,281,664	9,441,887	1,868,982	7,763,096
Currency translation reserves		-	(127,047)	-	(293,365)
Total equity		9,055,203	36,890,897	4,868,982	19,695,032
Liabilities					
Non-current					
Borrowings - net of current portion	17	811,320	3,305,318	1,181,824	4,780,478
Lease liabilities - net of current portion	8	-	-	48,510	196,223
Non-current liabilities		811,320	3,305,318	1,230,334	4,976,701
Current					
Borrowings	17	2,519,011	10,262,451	967,207	3,912,352
Overdraft	18	1,871,112	7,622,910	1,724,592	6,975,975
Trade and other payables	19	1,831,215	7,460,370	697,168	2,820,046
Amount due to shareholder	26	-	-	5,642	22,822
Lease liabilities	8	48,509	197,626	60,090	243,064
Contract liabilities	15	161,880	659,499	407,953	1,650,170
Current income tax liability	25.3	34,776	141,677	27,965	113,118
Current liabilities		6,466,503	26,344,533	3,890,617	15,737,547
Total liabilities		7,277,823	29,649,851	5,120,951	20,714,248
Total equity and liabilities		16,333,026	66,540,748	9,989,933	40,409,280

Statement of comprehensive income

	Note	For the year ended 31 December 2021 USD	For the year ended 31 December 2021 KHR'000 (Note 4.2)	For the year ended 31 December 2020 USD	For the year ended 31 December 2020 KHR'000 (Note 4.2)
Revenue	20	17,964,228	73,078,480	13,463,188	54,889,417
Cost of services and goods sold	21	(15,409,410)	(62,685,480)	(11,204,134)	(45,679,254)
Gross profit		2,554,818	10,393,000	2,259,054	9,210,163
Other income - net	23	28,063	114,160	53,631	218,654
Operating expenses	22	(1,483,575)	(6,035,183)	(1,498,327)	(6,108,679)
Finance costs	24	(506,870)	(2,061,947)	(369,475)	(1,506,350)
Profit before tax		592,436	2,410,030	444,883	1,813,788
Income tax expense	25.1	(179,754)	(731,239)	(140,001)	(570,784)
Profit for the year		412,682	1,678,791	304,882	1,243,004
Other comprehensive income/(loss) -					
Currency translation differences		-	166,318	-	(146,680)
Total comprehensive income for the year		412,682	1,845,109	304,882	1,096,324

	Note	For the six-month period ended 31 December 2021 USD	For the six-month period ended 31 December 2021 KHR'000 (Note 4.2)	For the six-month period ended 31 December 2020 USD	For the six-month period ended 31 December 2020 KHR'000 (Note 4.2) (Unreviewed)
Revenue	20	9,637,480	39,205,269	6,425,398	26,196,348
Cost of services and goods sold	21	(7,763,936)	(31,583,692)	(5,018,948)	(20,462,251)
Gross profit		1,873,544	7,621,577	1,406,450	5,734,097
Other income - net	23	3,295	13,404	43,900	178,980
Operating expenses	22	(918,670)	(3,737,150)	(883,715)	(3,602,906)
Finance costs	24	(261,608)	(1,064,221)	(201,630)	(822,046)
Profit before tax		696,561	2,833,610	365,005	1,488,125
Income tax expense	25.1	(112,671)	(458,346)	(75,038)	(305,930)
Profit for the year		583,890	2,375,264	289,967	1,182,195
Other comprehensive income/(loss) -					
Currency translation differences		-	166,386	-	(146,680)
Total comprehensive income for the year		583,890	2,541,650	289,967	1,035,515

Statement of changes in equity

	Share capital		Share premium		Retained earnings		Currency translation reserves	Total	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Balance at 1 January 2020	3,000,000	12,225,301	-	-	1,868,982	7,763,096	(293,365)	4,868,982	19,695,032
Additional capital contribution	1,615,385	6,571,386	2,158,154	8,779,370	-	-	-	3,773,539	15,350,756
Profit for the year	-	-	-	-	412,682	1,678,791	-	412,682	1,678,791
Exchange difference	-	-	-	-	-	-	166,318	-	166,318
Balance at 31 December 2021	4,615,385	18,796,687	2,158,154	8,779,370	2,281,664	9,441,887	(127,047)	9,055,203	36,890,897
Balance at 1 January 2020	142,500	575,273	-	-	4,421,600	18,170,120	(146,685)	4,564,100	18,598,708
Additional capital contribution	2,857,500	11,650,028	-	-	(2,857,500)	(11,650,028)	-	-	-
Profit for the year	-	-	-	-	304,882	1,243,004	-	304,882	1,243,004
Exchange difference	-	-	-	-	-	-	(146,680)	-	(146,680)
Balance at 31 December 2020	3,000,000	12,225,301	-	-	1,868,982	7,763,096	(293,365)	4,868,982	19,695,032

Statement of cash flows

	Note	For the year ended 31 December 2021 USD	For the year ended 31 December 2021 KHR'000 (Note 4.2)	For the year ended 31 December 2020 USD	For the year ended 31 December 2020 KHR'000 (Note 4.2)
Operating activities					
Profit before income tax		592,436	2,410,030	444,883	1,813,788
Adjustments for:					
Depreciation and amortization	6, 7 and 8	178,916	727,831	163,854	668,033
Finance costs	24	506,870	2,061,947	369,475	1,506,350
Loss on disposal of property and equipment and intangible assets	23	1,820	7,404	914	3,726
Operating profit before changes in working capital		1,280,042	5,207,212	979,126	3,991,897
Changes in working capital					
Net changes in:					
Contract assets		(640,536)	(2,605,700)	(743,882)	(3,032,807)
Other current assets		(489,486)	(1,991,229)	223,119	909,656
Amount due from shareholder		(134,421)	(546,825)	-	-
Inventories - net		(533,442)	(2,170,042)	(400,309)	(1,632,060)
Guarantee deposit		145,545	592,077	862,602	3,516,828
Trade receivables		(4,785,838)	(19,468,789)	432,722	1,764,208
Other non-current assets		39,000	158,652	(24,050)	(98,052)
Overdraft		146,520	596,043	260,686	1,062,817
Trade and other payables		1,134,047	4,613,303	(656,279)	(2,675,649)
Contract liabilities		(246,073)	(1,001,025)	261,852	1,067,571
Amount due to shareholder		(5,642)	(22,952)	(27,433)	(111,844)
Cash generated (used in)/from operating activities		(4,090,284)	(16,639,275)	1,168,154	4,762,565
Income tax paid	25.3	(172,943)	(703,532)	(112,036)	(456,771)
Net cash (used in)/from operating activities		(4,263,227)	(17,342,807)	1,056,118	4,305,794
Investing activities					
Acquisitions of property and equipment and intangible assets	6 and 7	(182,806)	(743,655)	(177,805)	(724,911)
Proceeds from disposals of property and equipment and intangible assets		150	610	81	331
Net cash used in investing activities		(182,656)	(743,045)	(177,724)	(724,580)

Statement of cash flows (continued)

Financing activities					
Additional capital contribution	16	3,773,539	15,350,757		
Repayments of lease liabilities	8	(67,201)	(273,374)	(67,200)	(273,975)
Repayments of borrowings	17	(7,305,521)	(29,718,859)	(662,982)	(2,702,978)
Drawdown of borrowings	17	8,486,821	34,524,388	475,543	1,938,789
Payment of interest	17	(499,760)	(2,033,024)	(356,898)	(1,455,073)
Net cash from/(used in) financing activities		4,387,878	17,849,888	(611,537)	(2,493,237)
Net change in cash and cash equivalents during the year		(58,005)	(235,965)	266,857	1,087,977
Cash and cash equivalents, beginning of year		283,124	1,145,237	16,267	66,288
Currency translation difference	-	-	7,862	-	(9,028)
Cash and cash equivalents, end of year	10	225,119	917,135	283,124	1,145,237

Notes to the financial statements

1. General information

DBD Engineering Plc. (formerly known as DBD Engineering Co., Ltd) ("the Company") is a public limited company established under the laws of the Kingdom of Cambodia on 10 March 1998 with registration number Co. 00004029 from the Ministry of Commerce. In accordance with its Memorandum and Articles of Association, the duration of the Company is 99 years beginning from the date of registration with the Ministry of Commerce in the Kingdom of Cambodia.

The registered office and principal place business of the Company are both located at No.68 Street 598, Phnom Penh Thmey, Khan Sen Sok, PO Box 178, Phnom Penh, Kingdom of Cambodia.

The Company changed its name from DBD Engineering Co., Ltd to DBD Engineering Plc. after obtaining approval from the MOC on 18 January 2021.

The principal activities of the Company are mechanical and electrical contractor, plumbing and firefighting contractor, air conditioning cold room HVAC and building maintenance.

The Company had 966 employees as at 31 December 2021 (31 December 2020: 1,043 employees).

2. Basis of preparation and statement of compliance with CIFRS

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

The Accounting and Auditing Regulator of Cambodia, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to fully adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") without modifications. The standards are referred to as CIFRSs.

3. New or revised standards and interpretations

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB.

Other Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- IFRS 17, Insurance Contracts
- Reference to the Conceptual Framework
- Replacement issues in the context of the IBOR reform (Amendments to IFRS 16, IFRS 9, and IAS 39)
- Prohibition of deducting proceeds from items produced on property and equipment (Amendments to IAS 16)
- Costs to include when assessing contract is onerous (Amendments to IAS 37)
- Classification of liabilities (Amendments to IAS 1)

These amendments are not expected to have a significant impact on the Company's financial statements in the period of initial application and therefore the disclosures have not been made.

4. Summary of significant accounting policies

4.1 Basis of preparation

The financial statements of the Company, which are expressed in United States Dollars ("USD"), are prepared under the historical cost of convention and drawn up in accordance with CIFRSs.

4.2 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Company's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies other than USD are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016 and have been made using the prescribed official exchange rate based on the following applicable exchange rate per USD1 as published by the National Bank of Cambodia ("NBC"):

	2021	2020
Average rate*	4,068*	4,077*
Closing rate	4,074	4,045

*The average amounts were determined by using the NBC's average of daily rates

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange.

4.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantially all risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost,
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income or interest expense.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade receivables, guarantee deposit and other non-current assets fall into this category of financial instruments.

Financial assets measured at amortized cost are cash and cash equivalents, trade receivables, guarantee deposit, amounts due from shareholder, and other non-current asset.

Trade receivables are non-interest bearing and are normally settled within one month after billing the invoice at every end of the month until a project is completed.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. None of the Company's financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objectives is hold to collect the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. None of the Company's financial instruments fall into this category.

Impairment of financial assets

CIFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a profitability-weighted estimate of the credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using historical loss rate.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under CIFRS 9 compared to CIAS 39, the Company's financial liabilities were not impacted by the adoption of CIFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, amounts due to related parties, and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with other banks which are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4.5 Equity, reserve and retained earnings

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior year profit or losses.

4.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.7 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off and an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted under CIFRSs, or for gains and losses arising from similar transactions.

4.8 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

Subsequent costs are included in an assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Depreciation is calculated to write off the cost of items of property and equipment to their residual values on a straight-line method over their respective estimated useful lives, as follows:

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

	Estimated useful lives
Machineries	2 to 5 years
Vehicles	3 to 5 years
Office equipment	2 to 4 years
Furniture	2 to 3 years
Land improvements	2 to 3 years
Right-of use assets	10 years

At the end of each reporting period, the carrying amount of an item of property and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Asset under construction is stated at cost. This includes cost of construction of property and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Asset under construction is not depreciated until such time when the relevant assets are completed and ready for operational use.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in income statement on the date of retirement or disposal.

Fully depreciated property and equipment are retained in the financial statements until they are disposed of or written off.

The residual values, useful lives and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. If expectations differ from previous estimates, the changes are accounted for as change in an accounting estimate.

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.9 Intangible assets

Intangible asset represents software which is stated at cost less accumulated amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to bringing the software for its intended use. Software is not amortised before it is ready for its intended use.

4.10 Impairment testing of non-financial assets

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

To determine the value-in-use, Management estimates expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by Management.

4.11 Leases

The Company as a lessee

Lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii) the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of comprehensive income on a straight-line basis over the lease term.

4.12 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

To determine whether to recognise revenue, the Company follows a 5-step process:

a. Identifying the contract with a customer
b. Identifying the performance obligations
c. Determining the transaction price
d. Allocating the transaction price to the performance obligations
e. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The Company recognises revenue from construction services over time if it creates an asset with no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Where revenue recognised in the statement of comprehensive income exceeds billings to purchasers, the balance is shown as contracts assets. Where billings to purchasers exceed revenue recognised in the statement of comprehensive income, the balance is shown as contract liabilities.

Revenue from sales of goods is recognised upon delivery of goods where the control of the properties has been passed to the buyers.

Other income

Other income is recognised in the statement of comprehensive income in the year in which they are earned.

4.13 Expense recognition

Expenses are recognised in the statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised in the statement of comprehensive income:

a. on the basis of a direct association between the costs incurred and the earning of specific items of income;
b. on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined;
c. or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the function of expense method. Cost of services and goods sold represents direct labor, inventories, and other overhead costs directly attributable to earning the revenue. Operating expenses are costs attributable to general, administrative, and other business activities of the Company.

4.14 Income taxes

Tax expense recognised in the profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the

Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.15 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged. In addition:

a. A person or a close member of that person's family is related to the Company if that person:
   i. Has control or joint control over the Company;
   ii. Has significant influence over the Company; or
   iii. Is a member of the key management personnel of the Company.

b. An entity is related to the Company if any of the following conditions applies:
   i. The Company are members of the same group;
   ii. One entity is an associate or joint venture of the other entity;
   iii. Both entities are joint ventures of the same third party;
   iv. On entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. The entity is a post-employment benefit plan for the benefits of employees of the Company;
   vi. The entity is controlled or jointly-controlled by a person identified in a. above;
   vii. A person identified in a.i. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity; or
   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

5. Significant accounting estimates, assumptions and judgments

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Significant accounting estimates and assumptions

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Contract revenues

Recognised amounts of contract revenues and related receivables reflect Management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going construction contracts and the older backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Estimating net realisable value of inventories

The net realisable value of inventories represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Company determines the estimated selling price based on the recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Company records provision for excess of cost over net realisable value of inventories. While the Company believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

Useful life of depreciable assets

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Company's property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets.

In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase the recognised operating expenses and decrease non-current assets.

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using average borrowing rate in Cambodia.

Estimating cost of right-of-use assets

Determining the cost of right-of-use asset includes the amount of lease liability recognised and the estimated costs to be incurred in dismantling and removing its underlying asset or restoring to the condition required by the contract.

Impairment of non-financial assets

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of property and equipment and intangible assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the audited financial statements. Future events could cause the Company to conclude that property and equipment and intangible assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

b. Significant accounting judgment

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in audited financial statements.

Recognition of contract revenues

Recognising construction contract requires significant judgment in determining milestones, actual work performed and the estimated costs to complete the work.

Determining the timing of satisfaction of performance obligations

The Company assessed that contracts with customer that contain more than one performance obligation, the revenue arising from such qualify for recognition over time, satisfaction of performance obligation are based on the completion report of services promised in the contract. Meanwhile, when there is only one performance obligation the revenue arising from such qualify for recognition at a point in time, when the control over inventories is transferred to the customer.

Determining the transaction price and the amounts allocated to performance obligation

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for services to be performed and the transfer of control over the inventories to a customer.

The Company assessed that for contracts with customer that contain more than one performance obligation, revenue arising from such agreements qualify for recognition over time based on the completion report of services performed. The Company allocates the transaction price to the performance obligations and recognises revenue over time.

For revenue transactions that there is only one performance obligation, the Company assessed that revenue arising from such agreements qualify for recognition at a point in time based on the transfer of control. Control over inventories refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset. The Company allocates the transaction price to one performance obligation and recognises revenue at a point in time.

Determining the amount of contract costs

The Company assessed that incremental costs of obtaining a contract with a customer such as sales commissions paid are costs that the Company incurs that would not have incurred if the contract had not been obtained and should be recognised as an asset.

Leases
The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on specific asset or assets and the arrangement conveys the right to use the asset.

Lease of low-value assets
In assessing whether leases are of low-value, Management considers the economic substance of the underlying asset as a whole.

Discount rate used to determine the carrying amount of the Company's lease liability
The Company's lease liability is discounted at a rate set by reference to market yields at the end of the report period as prescribed by the GDT. Significant judgment is required when setting the criteria for borrowing interest rates to be included in the population from which the discount rate is derived.

Amortisation of right-of-use asset
Amortisation of leased asset is calculated using straight-line method to allocate the cost, net of residual values, over the estimated useful lives being the lesser between the remaining lease terms and the expected life of the asset.

Income tax expense
The Company will recognize liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's current interpretation of the various tax legislations which are subject to periodic changes. The final determination of tax expenses will be made following examination by the General Department of Taxation.

When the final tax outcome of these matters is different from the amount that were initially recognized, such differences will impact the tax provision in the financial year in which such determination is made.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

6. Property and equipment - net

	Freehold land USD	Machineries USD	Vehicles USD	Office equipment USD	Furniture USD	Land improvements	Work in progress USD	USD	Total KHR (Note 4.2)
Gross carrying amount									
Balance at 1 January 2021	2,167,620	550,602	573,268	61,376	8,653	-	52,165	3,413,684	13,808,352
Additions	-	113,441	490	7,817	257	-	60,801	182,806	743,655
Transfers	-	-	-	-	-	52,165	(52,165)	-	-
Disposals	-	(11,102)	(350)	(2,760)	-	-	-	(14,212)	(57,814)
Currency translation difference	-	-	-	-	-	-	-	-	100,008
Balance at 31 December 2021	2,167,620	652,941	573,408	66,433	8,910	52,165	60,801	3,582,278	14,594,201
Accumulated depreciation									
Balance at 1 January 2021	-	295,878	465,856	44,928	7,007	-	-	813,669	3,291,291
Depreciation	-	105,478	17,081	8,818	1,195	5,217	-	137,789	560,526
Disposals	-	(9,286)	(217)	(2,739)	-	-	-	(12,242)	(49,800)
Currency translation difference	-	-	-	-	-	-	-	-	24,349
Balance at 31 December 2021	-	392,070	482,720	51,007	8,202	5,217	-	939,216	3,826,366
Carrying amount 31 December 2021	2,167,620	260,871	90,688	15,426	708	46,948	60,801	2,643,062	10,767,835
Gross carrying amount									
Balance at 1 January 2020	2,167,620	595,610	572,204	61,880	7,563	-	-	3,404,877	13,874,874
Additions	-	96,005	10,645	15,948	2,143	-	52,165	176,906	721,246
Disposal	-	-	(9,581)	-	-	-	-	(9,581)	(39,062)
Write-off	-	(141,013)	-	(16,452)	(1,053)	-	-	(158,518)	(646,278)
Currency translation difference	-	-	-	-	-	-	-	-	(102,428)
Balance at 31 December 2020	2,167,620	550,602	573,268	61,376	8,653	-	52,165	3,413,684	13,808,352
Accumulated depreciation									
Balance at 1 January 2020	-	352,518	451,860	48,639	7,419	-	-	860,436	3,506,277
Depreciation	-	83,378	23,577	12,741	641	-	-	120,337	490,614
Disposals	-	-	(9,581)	-	-	-	-	(9,581)	(39,062)
Write-off	-	(140,018)	-	(16,452)	(1,053)	-	-	(157,523)	(642,221)
Currency translation difference	-	-	-	-	-	-	-	-	(24,317)
Balance at 31 December 2020	-	295,878	465,856	44,928	7,007	-	-	813,669	3,291,291
Carrying amount 31 December 2020	2,167,620	254,724	107,412	16,448	1,646	-	52,165	2,600,015	10,517,061

On 22 October 2019, the Company entered into a consumption loan contract with Advanced Bank of Asia Limited ("ABA") amounting to USD1,690,000 bearing interest at 8% per annum and repayable in 72 months from the date of implementation of the loan. As of 31 December 2021, the remaining principal of the loan is USD1,384,016. The loan is secured by two lots of land with total land size of 10,322 square meters, covered by certificate of property no. 12120103-0495 and 12120103-0496, lot no. 495 and 496, located at Svay Chek Village, Sangkat Kork Roka, Khan Prek Pnov, Phnom Penh, Cambodia, recorded in the Company's property and equipment as freehold land costing USD2,167,620. The title of the land was registered under the name of Mr. Neang Vithy and Mrs. Lim Muyly on behalf of the Company.

The Company has fully paid the remaining liability related to the acquisition of the freehold land as at 31 December 2021 (31 December 2020: USD484,520).

7. Intangible assets - net

		2021		2020
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Gross carrying amount				
Balance as at 1 January	42,845	173,308	41,946	170,930
Additions	-	-	899	3,665
Currency translation difference	-	1,243	-	(1,287)
Balance as at 31 December	42,845	174,551	42,845	173,308
Accumulated amortisation				
Balance as at 1 January	5,389	21,798	1,165	4,747
Amortisation	3,470	14,116	4,224	17,221
Currency translation difference	-	178	-	(170)
Balance as at 31 December	8,859	36,092	5,389	21,798
Carrying amount as at 31 December	33,986	138,459	37,456	151,510

8. Right-of-use asset - net and lease liabilities

Company as a lessee

The Company has a lease contract for the building that is used as its office for a period of 10 non-cancellable years, with no option to renew the lease after the end of the tenancy period. The Company is not restricted from assigning and subleasing the leased asset.

The carrying amounts of right-of-use assets recognised and the movements during the period are as follows:

		2021		2020
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Gross carrying amount				
Balance as at 1 January	392,941	1,589,446	392,941	1,601,235
Currency translation difference	-	11,396	-	(11,789)
Balance as at 31 December	392,941	1,600,842	392,941	1,589,446
Accumulated depreciation				
Balance as at 1 January	322,539	1,304,670	283,246	1,154,228
Amortisation	37,657	153,189	39,293	160,198
Currency translation difference	-	9,580	-	(9,756)
Balance as at 31 December	360,196	1,467,439	322,539	1,304,670
Carrying amount as at 31 December	32,745	133,403	70,402	284,776

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on statement of financial position.

Right-of-use asset	No. of right-of-use assets	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with variable payments linked to index	No. of leases with termination options
Office building	1	1.8	1.8	-	-	-	-

Lease liabilities are presented in the statement of financial position as follows:

		31 December 2021		31 December 2020
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Current	48,509	197,626	60,090	243,064
Non-current	-	-	48,510	196,223
	48,509	197,626	108,600	439,287

Set out below are the carrying amounts of lease liabilities and the movements during the period:

		2021		2020
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
At 1 January	108,600	439,287	163,223	665,134
Accretion of interest	7,110	28,923	12,577	51,277
Repayments	(67,201)	(273,374)	(67,200)	(273,975)
Currency translation difference	-	2,790	-	(3,149)
At 31 December	48,509	197,626	108,600	439,287

8.1 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	1 January 2021	For the year ended 31 December 2021			31 December 2021	
		Drawdown	Repayment	Non-cash flow		
	USD	USD	USD	USD	USD	KHR'000 (Note 4.2)
Lease liabilities	108,600	-	(67,201)	7,110	48,509	197,626

	1 January 2020	For the year ended 31 December 2020			31 December 2020	
		Drawdown	Repayment	Non-cash flow		
	USD	USD	USD	USD	USD	KHR'000 (Note 4.2)
Lease liabilities	163,223	-	(67,200)	12,577	108,600	439,287

8.2 Future minimum lease payments

The details of future minimum lease payments related to the office rental are summarized below:

	Minimum lease payments due			
	Within one year	1-2 years	USD	Total KHR'000 (Note 4.2)
31 December 2021				
Lease payments	50,400	-	50,400	205,330
Finance charges	(1,891)	-	(1,891)	(7,704)
Net present value	48,509	-	48,509	197,626

	Minimum lease payments due			
	Within one year	1-2 years	USD	Total KHR'000 (Note 4.2)
31 December 2020				
Lease payments	67,200	50,400	117,600	475,692
Finance charges	(7,110)	(1,890)	(9,000)	(36,405)
Net present value	60,090	48,510	108,600	439,287

9. Other non-current assets

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Deposits paid	20,050	81,684	20,050	81,102
Notes receivable	-	-	39,000	157,755
	20,050	81,684	59,050	238,857

10. Cash and cash equivalents

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Cash at banks	218,603	890,589	277,993	1,124,482
Cash on hand	6,516	26,546	5,131	20,755
	225,119	917,135	283,124	1,145,237

11. Guarantee deposit

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Guarantee deposit on credit facility	65,000	264,810	210,545	851,655

The 12-month guarantee deposit has been used as the security to secure the credit facilities granted to the Company, earning 6% interest per annum. These are deposited with Advanced Bank of Asia and Maybank (Cambodia) Plc.

12. Trade receivables

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Trade receivables	4,510,666	18,376,453	955,079	3,863,295
Retention receivables	1,762,391	7,179,981	532,140	2,152,506
	6,273,057	25,556,434	1,487,219	6,015,801

13. Inventories - net

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Heating, ventilation, and air conditioning materials	2,167,258	8,829,409	1,633,816	6,608,786

In 2021, a total of USD9,569,044 (2020: USD5,528,967) of inventories was included in cost of services and goods sold.

14. Other current assets

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Prepayments	630,506	2,568,681	444,397	1,797,586
Staff loan	312,233	1,272,037	10,000	40,449
Salary advance	3,771	15,363	-	-
Consumables	452	1,842	-	-
VAT credit carry forward	-	-	3,079	12,455
	946,962	3,857,923	457,476	1,850,490

Interest rate on staff loan charged by the Company ranges from 0 to 1% per month.

15. Contract assets/liabilities

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Contract assets	3,791,366	15,446,025	3,150,830	12,745,107
Contract liabilities	161,880	659,499	407,953	1,650,170

The contract assets represent the Company's right to consideration for work completed on construction contracts but not billed yet at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities represent advance considerations received from customers for construction contract where revenue is recognised over time during the construction of a property. The contract liabilities are expected to be recognised as revenue upon completion of certain agreed milestones.

Significant changes to contract liabilities during the year are as follows:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Contract liabilities at the beginning of the year recognized as revenue	396,090	1,611,294	134,100	546,726

16. Share capital

The Company is authorized to issue two classes of shares as follows:

	31 December 2021			31 December 2020		
	Number of shares	USD	Amount KHR'000 (Note 2.3)	Number of shares	USD	Amount KHR'000 (Note 2.3)
Class A, with par value of USD0.25 per share	10,000,000	2,500,000	10,000,000	10,000,000	2,500,000	10,000,000
Class B, with par value of USD0.25 per share	20,000,000	5,000,000	20,000,000	20,000,000	5,000,000	20,000,000
	30,000,000	7,500,000	30,000,000	30,000,000	7,500,000	30,000,000

The movement in the paid-up capital are as follows:

	31 December 2021			31 December 2020		
	Number of shares	USD	Amount KHR'000 (Note 2.3)	Number of shares	USD	Amount KHR'000 (Note 2.3)
As at beginning of the year	12,000000	3,000,000	12,225,301	570,000	142,500	575,273
Additional capital contribution	6,461,538	1,615,385	6,571,386	11,430,000	2,857,500	11,650,028
As at end of the year	18,461,538	4,615,385	18,796,687	12,000000	3,000,000	12,225,301

As at 31 December 2021 and 2020, details of the Company's shareholdings follow:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Mr. Neang Vithy	2,100,000	8,556,001	2,100,000	8,556,001
Mrs. Lim Muyly	900,000	3,669,300	900,000	3,669,300
Public shareholders	1,615,385	6,571,386	-	-
	4,615,385	18,796,687	3,000,000	12,225,301

17. Borrowings

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Non-current	811,320	3,305,318	1,181,824	4,780,478
Current	2,519,011	10,262,451	967,207	3,912,352
	3,330,331	13,567,769	2,149,031	8,692,830

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Balance 1 January	2,149,031	8,692,830	2,336,470	9,521,116
Additions	8,486,821	34,524,388	475,543	1,938,789
Repayments	(7,305,521)	(29,718,859)	(662,982)	(2,702,978)
Interest charged	499,760	2,033,023	356,898	1,455,073
Interest paid	(499,760)	(2,033,023)	(356,898)	(1,455,073)
Currency translation difference	-	69,410	-	(64,097)
Balance 31 December	3,330,331	13,567,769	2,149,031	8,692,830

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
By maturity:				
Within one year	2,519,011	10,262,451	967,207	3,912,352
From two to five years	811,320	3,305,318	1,134,351	4,588,450
Over five years	-	-	47,473	192,028
	3,330,331	13,567,769	2,149,031	8,692,830
By security:				
Secured	2,754,450	11,221,629	1,384,016	6,194,113
Not secured	575,881	2,346,140	765,015	2,498,717
	3,330,331	13,567,769	2,149,031	8,692,830
By currency:				
USD	3,330,331	13,567,769	2,149,031	8,692,830
KHR	-	-	-	-
	3,330,331	13,567,769	2,149,031	8,692,830

			31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
By relationship:				
Non-related parties	3,330,331	13,567,769	1,531,301	2,498,717
Related parties	-	-	617,730	6,194,113
	3,330,331	13,567,769	2,149,031	8,692,830

By interest rate (per annum)		
Term loans	1 to 9 %	1 to 9 %

18. Overdraft

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Advanced Bank of Asia	1,218,854	4,965,611	1,131,994	4,578,916
Chip Mong Commercial Bank Plc.	383,798	1,563,593	351,764	1,422,885
J Trust Royal Bank	268,460	1,093,706	240,834	974,174
	1,871,112	7,622,910	1,724,592	6,975,975

Overdraft with Advanced Bank of Asia has an interest rate of 8% per annum and is secured by lot of land recorded as freehold land under property and equipment costing USD2,167,620 and the properties of the shareholder and key management personnel. The agreement was re-entered by Mr. Neang Vithy and Mrs. Lim Muyly on behalf of the Company on 26 October 2020 with a limited amount of USD1,300,000 and payable within twelve months from the agreement date. During the current year, the overdraft was automatically renewed for another year.

Overdraft with Chip Mong Commercial Bank Plc. has an interest rate of 9% per annum which is unsecured. The agreement was re-entered on 12 June 2020 with a limited amount of USD400,000 and maturity date on 30 April 2021. During the current year, the overdraft was automatically renewed for another year.

Overdraft with J Trust Royal Bank have an interest rate of 8% per annum which is secured by the properties of the shareholder and key management personnel. The agreement was re-entered on 1 October 2020 with a limited amount of USD600,000 and maturity date on 30 April 2021. During the current year, the overdraft was automatically renewed for another year.

19. Trade and other payables

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Accounts payable	668,677	2,724,190	489,633	1,980,565
Accrued expenses	666,068	2,713,561	7,935	32,097
Other taxes payable	275,923	1,124,111	132,101	534,349
Salaries payable	181,082	737,728	-	-
Retention payable	31,625	128,840	59,656	241,309
Other current liabilities	7,840	31,940	7,843	31,726
	1,831,215	7,460,370	697,168	2,820,046

Retention payable pertains to amount of money the Company holds and owed to its sub-contractors. The Company will release 50% of retention payable once the contract is finished and the other 50% until the end of guaranty period which normally ranges from 30 to 180 days.

20. Revenues

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Construction and maintenance services	17,566,790	71,461,702	13,071,507	53,292,534
Sale of goods	397,438	1,616,778	391,681	1,596,883
	17,964,228	73,078,480	13,463,188	54,889,417

	For the six-month period ended 31 December 2021		For the six-month period ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2) (Unreviewed)
Cost of construction and maintenance services	9,498,346	38,639,272	6,235,236	25,421,057
Sale of goods	139,134	565,997	190,162	775,291
	9,637,480	39,205,269	6,425,398	26,196,348

21. Cost of services and goods sold

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Cost of construction and maintenance service	15,026,006	61,125,793	10,809,163	44,068,957
Cost of goods sold	383,404	1,559,687	394,971	1,610,297
	15,409,410	62,685,480	11,204,134	45,679,254

	For the six-month period ended 31 December 2021		For the six-month period ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Cost of construction and maintenance service	7,578,654	30,829,965	4,827,326	19,681,008
Cost of goods sold	185,282	753,727	191,622	781,243
	7,763,936	31,583,692	5,018,948	20,462,251

22. Operating expenses

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Personnel	506,276	2,059,531	322,993	1,316,842
Professional fees	258,377	1,051,078	62,665	255,485
Other taxes	177,271	721,138	240,931	982,276
Office supplies and stationeries	115,650	470,464	80,510	328,239
Bank charges	113,770	462,816	110,573	450,806
Depreciation	73,437	298,742	80,477	328,105
Utilities	70,596	287,185	60,372	246,137
Insurance	65,210	265,274	63,895	260,500
Repairs and maintenance	46,465	189,020	54,524	222,294
Rent	17,238	70,124	18,169	74,075
Communication	8,615	35,046	6,902	28,139
Entertainment	7,153	29,098	5,500	22,424
Inventory adjustment	5,686	23,131	214,865	876,005
Travelling	-	-	431	1,757
Others	17,831	72,536	175,520	715,595
	1,483,575	6,035,183	1,498,327	6,108,679

	For the six-month period ended 31 December 2021		For the six-month period ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2) (Unreviewed)
Personnel	277,410	1,128,504	207,118	844,420
Professional fees	230,695	938,467	37,863	154,367
Other taxes	116,642	474,500	98,509	401,621
Office supplies and stationeries	58,426	237,677	41,021	167,243
Bank charges	55,874	227,295	55,386	225,809
Depreciation	46,986	191,139	18,474	75,318
Utilities	42,283	172,007	26,063	106,259
Insurance	26,874	109,323	38,560	157,209
Repairs and maintenance	24,275	98,751	27,512	112,166
Rent	8,400	34,171	9,085	37,040
Entertainment	5,798	23,586	4,448	18,134
Communication	4,637	18,863	3,628	14,791
Inventory adjustment	4,666	18,981	209,360	853,561
Travelling	-	-	-	-
Others	15,704	63,886	106,688	434,968
	918,670	3,737,150	883,715	3,602,906

23. Other income

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Interest income	7,320	29,778	49,221	200,674
Foreign exchange gain	3,373	13,721	82	334
Loss on disposal of property and equipment and intangible assets	(1,820)	(7,404)	(914)	(3,726)
Others	19,190	78,065	5,242	21,372
	28,063	114,160	53,631	218,654

	For the six-month period ended 31 December 2021		For the six-month period ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2) (Unreviewed)
Interest income	3,154	12,830	44,838	182,805
Foreign exchange gain/(loss)	648	2,636	(331)	(1,351)
Loss on disposal of property and equipment and intangible assets	(507)	(2,062)	(615)	(2,507)
Others	-	-	8	33
	3,295	13,404	43,900	178,980

24. Finance costs

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Interest on borrowings	499,760	2,033,024	356,898	1,455,073
Interest on lease liability	7,110	28,923	12,577	51,277
	506,870	2,061,947	369,475	1,506,350

	For the six-month period ended 31 December 2021		For the six-month period ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2) (Unreviewed)
Interest on borrowings	258,532	1,051,708	189,054	770,773
Interest on lease liability	3,076	12,513	12,576	51,273
	261,608	1,064,221	201,630	822,046

25. Income taxes

The Company has an obligation to pay tax on income at 20% of taxable income or a minimum tax at 1% of annual turnover, whichever is higher. The minimum tax is an annual tax with a liability equal to 1% of gross revenues.

25.1 Income tax expense

The reconciliations between accounting profit before income tax and estimated taxable income for the years ended 31 December 2021 and 2020 are shown below:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Accounting profit before tax	592,436	2,410,030	444,883	1,813,788
Adjustments:				
Permanent differences	(35,935)	(146,184)	366,614	1,494,687
Utilized tax allowances	(556,501)	(2,263,846)	(111,491)	(454,547)
Estimated taxable income	-	-	700,006	2,853,928
Income tax at applicable rate of 20%	-	-	140,001	570,784
Minimum tax rate at rate of 1% of revenue	179,754	731,239	116,365	474,420
Estimated current income tax expense	179,754	731,239	140,001	570,784

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported on the financial statements could change at a later date upon final determination by the tax authorities.

25.2 Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, which may be substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of current tax legislations. However, the relevant authorities may have differing interpretations and the effects could be significant.

25.3 Income tax payable

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Beginning balance	27,965	113,118	-	-
Current income tax	179,754	731,239	140,001	570,784
Income tax paid	(172,943)	(703,532)	(112,036)	(456,771)
Exchange rate difference	-	852	-	(895)
Income tax liability	34,776	141,677	27,965	113,118

26. Related party balances and transactions

The following balances are outstanding with related parties:

Related party	Relationship	31 December 2021		31 December 2020	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Amount due from/(to) shareholder					
Neang Vithy	Shareholder	134,421	547,631	(5,642)	(22,822)

The amount due from/(to) shareholder is unsecured, interest free and repayable on demand.

During the period, the following transactions with shareholder are recorded:

	For the year ended 31 December 2021		For the period ended 31 December 2020	
	USD	KHR'000	USD	KHR'000
Transactions		(Note 4.2)		(Note 4.2)
Neang Vithy				
Payments on behalf of shareholder	747,879	3,042,372	-	-
Repayments from shareholder	(705,879)	(2,871,516)	-	-
Payments on behalf of the Company	(33,548)	(136,473)	-	-
Repayments to the shareholder	131,611	535,394	-	-
Offset with the amounts due from/ to shareholder	-	-	27,432	111,840

27. Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management includes the Chairman of the Company.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Salaries and benefits	171,150	696,238	64,000	260,928

28. Commitments

As at the reporting date, the Company has lease commitments under non-cancellable commitment for the lease of dormitories for its workers under an operating lease arrangement.

The details of future minimum lease payments related to the dormitories' rental are summarized below:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Within one year	11,880	48,328	14,100	57,486
Between two to five years	-	-	16,175	65,945
More than five years	-	-	-	-
	11,880	48,328	30,275	123,431

29. Categories of financial assets and financial liabilities

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Financial assets measured at amortised cost				
Other non-current assets	20,050	81,684	59,050	238,857
Guarantee deposit	65,000	264,810	210,545	851,655
Amount due from shareholder	134,421	547,631	-	-
Trade receivables	6,273,057	25,556,434	1,487,219	6,015,801
Cash and cash equivalents	225,119	917,135	283,124	1,145,237
Total financial assets	6,717,647	27,367,694	2,039,938	8,251,550

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Financial liabilities measured at amortised cost				
Borrowing	3,330,331	13,567,769	2,149,031	8,692,830
Lease liabilities	48,509	197,626	108,600	439,287
Overdraft	1,871,112	7,622,910	1,724,592	6,975,975
Trade and other payables*	1,555,292	6,336,259	565,067	2,285,697
Amount due to shareholder	-	-	5,642	22,822
Total financial liabilities	6,805,244	27,724,564	4,552,932	18,416,611

** Excludes other taxes payable and advances from customers*

30. Risk management objectives and policies

Financial risk

The Company is exposed to financial risks arising from their operations and the use of financial instruments. A financial risk management policy is established to ensure that adequate resources are available for the development of the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Company and its policies in respect of the major areas of treasury activities are set out below:

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to enter into financial instruments with creditworthy counterparties. The Company does not expect to incur material credit losses on its financial assets or other financial instruments.

The concentration of credit risk exists when changes in economic, industry and geographical factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The areas where the Company are exposed to credit risk are as follows:

Trade receivables
The Company applies the CIFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The expected loss rates are based on the corresponding historical credit loss over the past 3 years before 31 December 2021 and 31 December 2020, respectively, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Given the short period exposed to credit risk, the impact of macroeconomic factors has not been considered as significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment amongst other is considered indicators of no reasonable expectation recovery.

As at 31 December 2021 and 2020, the Management is in the view that the trade receivables are assessed to have low credit risk in which the impairment loss is considered immaterial.

Cash and cash equivalents
The credit risk for cash and cash equivalents and short-term placements is considered negligible, since the counterparties are reputable local banks.

(b) Liquidity risk
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The liquidity risks arise principally from its borrowing, lease liabilities, overdraft, trade and other payables and amount due to shareholder.

Analysis of financial instruments by contractual maturities
The following table provides an analysis of the financial liabilities of the Company into relevant maturity groupings. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Current	More than 30 days	More than 90 days	More than one year	Over five years	Total
	USD	USD	USD	USD	USD	USD
At 31 December 2021						
Financial liabilities						
Borrowings	367,730	1,743,520	407,761	811,320	-	3,330,331
Lease liabilities*	5,600	16,800	28,000	-	-	50,400
Overdraft	1,871,112	-	-	-	-	1,871,112
Trade and other payables**	1,555,292	-	-	-	-	1,555,292
Amount due to shareholder	-	-	-	-	-	-
Total financial liabilities	3,799,734	1,760,320	435,761	811,320	-	6,807,135
Equivalent in KHR'000 (Note 4.2)	15,480,116	7,171,544	1,775,290	3,305,318	-	27,732,268

**Before deducting finance charges*
***Excludes other taxes payable and advances from customers*

	Current	More than 30 days	More than 90 days	More than one year	Over five years	Total
	USD	USD	USD	USD	USD	USD
At 31 December 2020						
Financial liabilities						
Borrowings	-	617,730	349,477	1,134,351	47,473	2,149,031
Lease liabilities*	5,600	16,800	44,800	50,400	-	117,600
Overdraft	1,724,592	-	-	-	-	1,724,592
Trade and other payables**	565,067	-	-	-	-	565,067
Amount due to shareholder	5,642	-	-	-	-	5,642
Total financial liabilities	2,300,901	634,530	394,277	1,184,751	47,473	4,561,932
Equivalent in KHR'000 (Note 4.2)	9,307,145	2,566,674	1,594,850	4,792,318	192,028	18,453,015

**Before deducting finance charges*
***Excludes other taxes payable and advances from customers*

(c) Foreign currency risk

The foreign currency exchange risk of the Company arises from the transactions denominated in foreign currencies.

During the year, the Company's exposure to this risk is minimal as most of its transactions are conducted in USD.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk as the Company does not have any floating rate-based financial assets and financial liabilities.

31. Capital management

The primary objective of the Company's capital management is to ensure that it maintains adequate capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividends payable to shareholder and issue new capital. No changes were made in the objective, policies or processes during the year ended 31 December 2021 and 2020.

32. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

33. Authorisation of financial statements

The financial statements as at 31 December 2021 and for the six-month period and for the year then ended were approved for issue by the Board of Directors on 8 April 2022.