

# ANNUAL REPORT 2023



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# ABOUT Serendib Microinsurance PLC

- Our Vision, Mission and Core Values
- Chairman's Message
- CEO's Message
- 2023 Highlights and Figures

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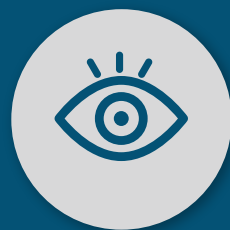


There are 7 micro-insurance companies offering diversified products such as life, health, and personal accident insurance. Each company is backed by its captive business/partner, such as microfinance, leasing, or telecom companies. According to the Insurance Regulator of Cambodia (IRC) statistics report, the micro insurance market amounted to almost \$4 million (USD) in the first two quarters of 2023. Life insurance and health insurance products make up the largest market size of all micro-insurance products, accounting for 80% . By the second quarter of 2023, the microinsurance gross world product (GWP) accounted for less than 2% of the insurance industry.

Serendib Microinsurance Plc. (“SMI” or “Serendib”) is a subsidiary of LOLC Holding Plc. that has operated in Cambodia since 2020. It is listed on the Sri Lankan Stock Exchange and maintains extensive experience and expansion in various areas in the financial sector: leasing, loans, savings, financial products focused on brokerage, securities, insurance and other financial products.

Serendib received a permanent microinsurance business licensed from the IRC in late 2021 to provide microinsurance services to the Cambodian population especially low- and middle-income people to mitigate financial burdens in cases of unexpected risks.





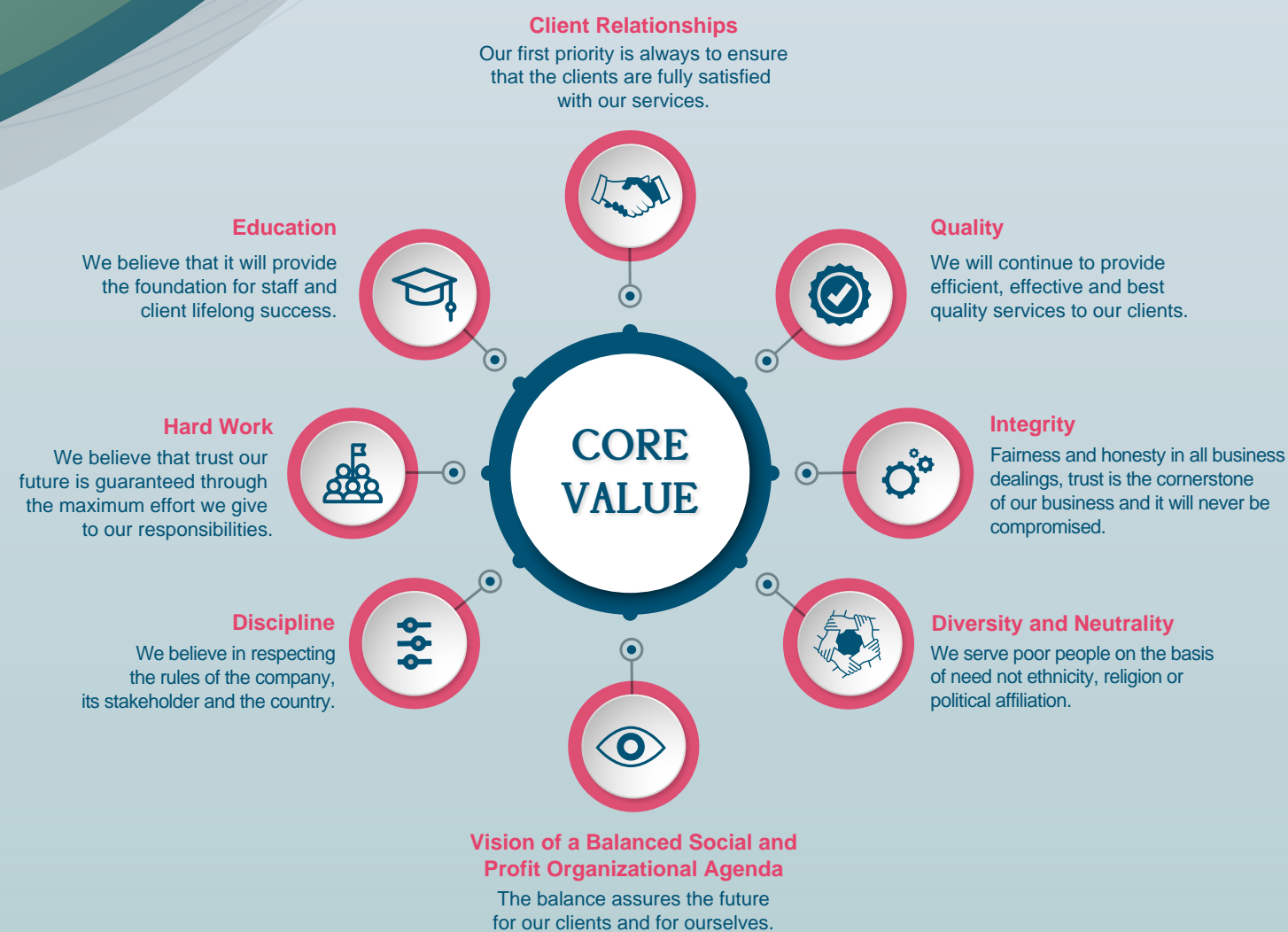
## Vision Statement

Serendib's vision is to be the leading and most trusted micro insurance company in Cambodia.



## Mission Statement

Serendib commits to providing excellent diversified micro insurance products and services to clients to help them prepare for unexpected risks .





# CHAIRMAN'S MESSAGE

Mr. BRINDLEY DE ZYLVA  
Chairman

Dear Shareholders, Partners, and Valued Clients, I am honored to present our Annual Report for 2023. This year has been one of significant progress and resilience, not only for our company but also within the broader context of the Cambodian and global microinsurance industry.

## Insights on the Cambodian and Global Microinsurance Industry Microinsurance, Macro-Impact

The Cambodian microinsurance industry is growing rapidly, driven by an increasing awareness of the benefits of insurance and a supportive regulatory environment. Despite the challenges posed by economic fluctuations and natural disasters, the sector has shown resilience, with more people recognizing the importance of microinsurance in safeguarding their livelihoods.

Globally, the microinsurance sector is witnessing a significant transformation with advancements in digital technology and innovative distribution channels. The use of mobile technology, big data, and partnerships with fintech companies is revolutionizing the way microinsurance is

delivered, making it more accessible and affordable. These global trends are influencing the Cambodian market, offering opportunities for growth and improvement in service delivery.

**Economic Recovery and Sectoral Contributions**  
**Cambodia's Economic Growth** is projected to continue at 5.5%, slightly higher than the previous year's 5.2%, mainly supported by growth in tourism and non-garment manufacturing, despite low growth in the garment, construction, real estate, and agriculture sectors. Tourism has steadily increased, contributing to the recovery of relevant local economic activities such as transportation, trade, and telecommunications. Exports of non-garment products, such as electronics, auto parts, and solar panels, have grown well, while exports of garments and footwear have been affected by declining demand from major trading partners, especially the European Union and the United States. The construction sector experienced low growth, primarily driven by investment and development of public infrastructure, while foreign investment in real estate declined. The agricultural sector grew slightly, supported by growing foreign

demand and favorable weather conditions. Meanwhile, Cambodia's inflation rate slowed to an average of 2.1% in 2023 from 5.4% in 2022, due to lower prices of fuel-related goods and services and a slowdown in food prices, according to the Annual Report 2023 issued by the National Bank of Cambodia.

## Insurance Sector Growth

The insurance sector, although still developing, showed significant progress. According to data from the Insurance Regulator of Cambodia, the industry collected Gross Written Premiums (GWP) of USD 344 million in 2023, up from USD 332 million in 2022. Of this, life insurance contributed USD 194 million, and general insurance, which includes microinsurance, accounted for about USD 150 million.

## Reflecting on Our Journey

In 2023, we demonstrated remarkable growth and resilience. Our Gross Written Premium (GWP) surged from US\$1.3 million in 2022 to US\$3.3 million in 2023, a 154% increase. This performance is noteworthy when compared to the industry average growth rate, which has been considerably lower, reflecting our strong

market positioning and strategic initiatives.

Our sum-assured also saw a substantial increase, rising from US\$163 million in 2022 to US\$444 million in 2023. This 172% growth outpaces the industry average, underscoring our ability to provide comprehensive coverage and instill confidence among our clients.

## Expanding Our Reach

The number of insured persons grew from 157,000 in 2022 to 269,000 in 2023, a 71% increase. This expansion in our client base is a testament to our effective outreach and product offerings, especially in a market where access to insurance remains a challenge for many. Compared to industry growth rates, we excelled in making insurance accessible to a broader segment of the population.

## Financial Performance and Stability

Our financial health remains robust. Our financial metrics for 2023 show significant improvements over the previous year. We achieved 75% of our budgeted GWP and 87% of our budgeted sum-assured, reflecting prudent financial management and strategic foresight.

Our net revenue and equity have strengthened, positioning us well for future growth and stability. In an industry where financial volatility can be common, our steady performance stands out as a beacon of reliability.

#### Regulatory Compliance and Achievements

Maintaining regulatory compliance is a cornerstone of our operations. In 2023, we successfully met the solvency ratio requirement of over 120% and achieved a net equity of over US\$500,000, as mandated by the Insurance Regulatory Commission (IRC). These accomplishments highlight our commitment to financial health and regulatory adherence, setting a benchmark within the industry.

Additionally, we received IRC approval for our Investment Committee appointment on December 26, 2023, and for our Claim Policy on June 13, 2023. Our zero tax penalty status for the desk audit period from January 1, 2022, to March 31, 2023, further underscores our commitment to transparency and compliance.

#### Strategic Vision for 2024 and Beyond

Looking forward, we are poised for continued growth and innovation. Our ambitious targets for 2024 include achieving a GWP of US\$5.4 million and generating a profit of US\$561,000. These goals are underpinned by our strategic focus on leveraging technology for digital insurance solutions, expanding distribution channels, and enhancing operational efficiencies.

#### Key initiatives include:

- **Captive Business Growth:** Enhancing loan customer portfolios, system productivity, multiple policy offerings, and renewal rates.
- **Non-Captive Business Expansion:** Activating growth through partnerships with microfinance institutions, leasing companies, brokers, and digital platforms.
- **Technological Advancements:** Utilizing technology to drive digital sales and streamline operations.

#### Our Products, Clients' Peace of Mind

Serendib will initially focus on the life insurance

business. Our medium-term scope includes two products, while additional products or riders will be developed to support sales distribution:

We aim to develop additional products or riders to support our sales distribution. We will continue striving to develop competitive insurance products that meet clients' specific needs and provide financial literacy through awareness campaigns. Our product plan includes using digital channels, micro endowment, and health options as riders. Our strategic insurance products will feature simple, customized solutions to mitigate financial burdens for rural populations, making them attractive and useful to customers.

#### Our Commitment Toward Cambodian Clients and Partners

To maintain our position in the thriving market, we commit to improving our products and services for existing clients while expanding into new, relevant markets. We aim to enhance our customer base and strategic partnerships in 2024 and beyond. I believe our dedicated human resources are ready to elevate the Company's performance while considering their well-being and societal impact. We are committed to serving our Cambodian clientele, partners, agents, and stakeholders.

#### Conclusion

As we reflect on our achievements and look forward to the future, it is clear that we are not just keeping pace with industry trends but setting new standards. Our growth, financial stability, regulatory compliance, and strategic vision position us well for sustained success.

We extend our heartfelt gratitude to our shareholders, partners, clients, and employees for their unwavering support and dedication. Together, we are building a brighter future for microinsurance in Cambodia.



Mr. Brindley De Zylva

Chairman



# CEO'S MESSAGE

**Mrs. RITH KANHA**  
Acting Chief Executive Officer

## Our Contribution to the Insurance Industry

According to IRC's 2023 statistics, insurance markets in Cambodia have grown by 11.1% in terms of total assets and by 10.9% in terms of total liabilities, compared to 2022. Likewise, microinsurance companies saw their total assets increase in 2023 by about 60% from the year prior. While this new market ended last year with a net loss of about 75%, this figure signals a gradual increase in policymakers making claims.

It is prudent for SMI to invest its resources into this market, improving the financial well-being and protection of rural Cambodian people through varied products such as Serendib Kapear (Credit Life) and Raksa (Term Life).

As a new player in the microinsurance market, SMI increased its share from 3.5% in 2022 to 18.2% in 2023. When it comes to premium collection in 2023, SMI's market shares have increased by nearly 1% , while the industry performance as a whole slightly increased by 0.58% compared to 2022 in terms of GWP.

## Captive Growth and Expanded Partnerships

The captive budget plan in 2023 was \$3,900,000 and the captive achieved about 83% of the total budget planned for the year. The non-captive budget plan in 2023 was \$500,000. It achieved about 9% of the total budget planned for 2023. Overall, SMI achieved approximately 75% of its 2023 budget plan. Still, if we compare SMI's actual sales performance between 2022 and 2023, its growth rate was 48%.

Since its establishment, SMI has partnered with LOLC Cambodia to be a bancassurance business partner, under the model of "Corporate Agent". Meanwhile, Serendib has formed ongoing partnerships with many other group product agents. Such partnerships aim at enhancing financial inclusion by increasing operational networks and accessibility of insurance services to clients. They also strengthen consumer protection, providing clients a term life insurance to relieve familial burden in case any borrower and/or co-borrower experiences an accident and/or health issues leading to death or permanent disability.

## SMI's Alignment with ESG

SMI has entered the market not only for its profits, but also for the improved livelihood of Cambodian people. With this in mind, we strictly uphold our ESG commitment (Environmental, Social and Governance), among others, through boat racing donations, educational videos on financial protection for rural households and active participation in relevant corporate and official functions.

## Our Strategies for 2024

Our strategic priorities for 2024 will include:

- 1- SMI will expand its distribution network to promote product sales and introduce the company's products more widely and efficiently. This will leverage its distribution network and the potential for cost-effective operations with its ever-growing strategic partner banks, microfinance institutions, and rural credit operators to maximize its foundation in delivering products and services.
- 2- Strengthening staffing and human resource management is an important part of the operations and success of the organization.

SMI's management will enhance its existing work culture, in which employees must continue to grow their skills to keep pace with technological developments, industry competition, and the evolution of society.

3- Claims are a priority because SMI is a service-oriented company. Serendib will improve the timeliness of principle claims fulfillment, the efficiency of after-sales services, and the reliability of customer service. Serendib will establish a more effective insurance transaction monitoring and management system in the field of compensation, reducing the risks of fraud and monitoring the timeliness of each claim. With these strategies in mind, we are confident in SMI's sustained operations and improved performance for the sake of its own human resources, clients, partners and other stakeholders.



**Mrs. RITH KANHA**  
Acting Chief Executive Officer



# 2023 Highlights and Figures

In 2023, SMI expanded its alliances with a wide range of partners, such as Punleu Snam Nhornhem Finance, Skylight Finance, 121 Shoppe Plc, Phka Chhouk Finance Plc, Preah Khan Aphiwath Microfinance. This highlights how Serendib has been widely recognized by its local partners for its ability to protect clients from all applicable angles against eventual claims.

Aside from its business operations, SMI continued to emphasize its corporate social responsibility through activities such as:

- Sponsorship of a racing boat during Water Festival;
- Exhibition of its products and services at the Cambodian Insurance Operator Event alongside other Cambodian insurers in Kampot;
- Participation in the “Run for Health” event in Kampot.

Such achievements, no matter how modest they may seem, have helped boost our staff morale, improve client services and maintain our firm standing in the Cambodian insurance market.

Our actual annual outcomes, in turn, can be reflected in the following key ratios and summaries from the years 2022 and 2023:

- Our assets increased by four times from their 2022 amount;
- Our underwriting and net acquisition cost to Net Earned Premium “NEP” has increased slightly from 128% to 195%;
- Our general and administrative expenses have slightly declined in NEP;
- Our solvency ratio has increased by three times.

## Summary Key ratios

	FY2022	FY2023
<b>Key Ratios</b>		
Asset Growth	34%	269%
GWP Growth	45700%	148%
Current Ratio (Liquidity)	128%	196%
Underwriting and Net Acquisition cost to NEP	30%	33%
General and Admin expenses / GWP	38%	20%
General and Admin expenses/ NEP	38%	30%
Total Expense/ Total Asset	92%	57%
Return on Assets (ROA)	-34%	-3%
Return on Equity (ROE)	-116%	-7%
Solvency Ratio	34%	190%





# BUSINESS REVIEW

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Overall, within a year's time, SMI achieved its growth ratio. Our policy sales doubled. Our written premium has grossed by 75% while netting its earning by 70%. A total of 478 claims have been incurred by Serendib, marking a growth of 138%, with almost the same claim payment ratio.

	FY 2022	FY 2023	BP 2023	Achievement % Actual 2023 VS BP2023
Number of Active Policies	-	191,887	-	-
Number of Active Insured	-	244,894	-	-
Active Sum Insured (\$)	-	420,698,708	-	-
Number of Policies Sold	96,665	203,962	207,177	98%
Number of Insured Sold	157,484	268,994	296,551	91%
Sum Insured Sold (\$)	162,939,740	444,367,066	513,382,757	87%
Gross Written Premium (\$)	1,316,192	3,261,378	4,375,749	75%
Net Earned Premium (\$)	648,889	2,201,302	3,141,156	70%
Commission Expense (DAC) (\$)	196,726	720,798	916,237	79%
Number of Claim Incurred	141	478	347	138%
Amount of Claim Incurred (intl)(\$)	307,859	910,329	1,037,449	88%
Number of Claim Paid	139	425	344	124%
Amount of Claim Paid (\$)	231,047	749,352	976,278	77%
Claim Ratio (Int)	47%	41%	33%	-25%
Claim Ratio (IRC)	18%	23%	22%	-3%







SMI provides hundreds of jobs to Cambodians. Working with SMI not only earns its employees decent financial benefits and continuous human and professional development, but also contributes to helping clients across the Kingdom with reasonably priced financial services. As such, each employee takes part in improving their fellow citizens' lives and contributes to the socioeconomic development of their country.

**a. Staff Capacity Building Matters**

Throughout 2023, SMI organized a wide range of training and development courses for its employees.

**b. Inclusivity Policies**

As diversity and neutrality are part of our core values, we will always ensure that our workplace upholds and adheres to human resources policies, clauses and practices that are as follows:

- Faith-based non-discrimination: No matter what religion our staff observes, SMI facilitates understanding towards them and amongst their colleagues.
- Professional code of conduct: At the workplace, our staff found mutual respect to move forward in their tasks and careers with anti-harassment policies proving effective across all branches.
- Gender and diversity: We welcome and encourage diverse populations to apply for vacancies within our company, such as women, minorities, people with disabilities, members of the LGBTQ community and people from all religious backgrounds.
- Convenient facilities: All SMI buildings offer physical convenience to people with disabilities.

SMI offers competitive benefits to staff and interns, including:

**Financial Benefits:**

- Competitive salary;
- Seniority payment, provided in accordance to the Labour Law;
- Bonus for Khmer New Year, Pchum Ben, Year-end;
- Annual salary increment;
- Monthly staff savings schemes;
- Pension fund;
- Allowance for monthly staff activities;
- Monthly phone allowances;
- Uniform allowances;
- Fully paid maternity leave;
- Monthly incentive;

**Non-Financial Benefits:**

- Medical allowances for staff and their family members;
- Hospitalization allowances for staff and their family members;
- Training and development opportunities;
- Opportunities for promotion;
- Annual leaves and national holidays, in accordance with the Prakas of the Ministry of Labour and Vocational Training;
- Health and 24 hours personal accident insurance;
- Paid sick leave and maternity leave; and
- Other benefits

**Benefits for Interns:**

- Monthly allowances;
- Pension fund;
- Health and work-related personal accident insurance from National Social Security Fund;
- Job skill training; and
- Opportunity to be employed full-time.

**d. Performance Evaluation:**











Performance valuation is evaluated twice per year. It provides benefits to both staff and supervisors. The supervisor can use the performance evaluation tools to set mid-year and year-end goals for their employees, continue to monitor their progress and provide feedback for more improvement. At the same time employees also gain benefits from the performance evaluation in knowing what goals they need to achieve, receiving constructive feedback from their supervisors related to their strengths and weaknesses and in working with their supervisors to plan for their areas of development.



# Our Partners

While our main partner is LOLC Cambodia, Serendib has secured an increasing number of partnerships, over the years, including 2023. Those partners include the following:

Our Partners

C.K.L.S Finance Plc.		Preahkhan Aphivath Plc.	
Bamteay Meas Sopheakmeungkul Agricultural Cooperative (B.S.M.K)		Punleu Snam Nhor Nhem Finance Plc.	
Sky Light Finance Plc.		Phanitda	
Rithy Finance Plc.		Daikou Finance Plc.	
Phka Chhouk Finance Plc.		121 Shoppe Co., Ltd.	

Apart from these partners, we have entered into MOUs with agencies including BSMK, MAMEDE, CKLS and Rithy Finance.

Such alliances and partnerships have kept SMI on track with our business plans and allowed the company to serve our clients with both confidence in our focus and peace of mind.







# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE



## Board of Directors

### Composition

The Board currently has seven members, of whom two are Independent Directors. The Board of Directors (BOD) of SMI is a dynamic and competent group with a wealth of management, financial, and growth expertise and experience. The Board confirms it has the appropriate number of Independent Directors each of whom bring strong, independent judgment to the Board’s discussions on issues of strategy, audit, performance and risk.

The structure and composition of the Board are in line with the requirements of the Prakas issued by IRC. The Board of Directors is comprised of the following:

Name	Position
Mr. Brindley Chrisantha Gajanayake de Zylva (Brindley de Zylva)	Chairman
Mr. Francisco Kankanamalage Conrad Prasad Nirosch Dias (Conrad Dias)	Director
Mr. Indrajith Wijesiriwardana	Independent Director
Mr. Don Soshan Kamantha Amarasekera	Independent Director
Mrs. Nadika Apatha	Executive Director
Mrs. Sunjeevani Kotakadeniya	Independent Director
Mr. Sanakan Thamothersampillai	Independent Director (Appointed on 11 January 2024)

### Board of Directors Profile



**MR. BRINDLEY DE ZYLVA**  
Chairman

Brindley serves as the Chairman of Serendib Microinsurance Plc. and Chairman of the Board for LOLC (Cambodia) Plc. He is also the Managing Director of LOLC Myanmar Micro-Finance Company Ltd. With a career spanning over 40 years, Brindley has extensive experience in the Non-Bank Financial Services Industry (NBFI), including roles in licensed finance companies, microfinance institutions, specialized leasing companies, and microinsurance. His expertise in the NBFI sector covers areas such as credit and recovery management, finance, marketing, and sales. Brindley is a Fellow of the Sri Lanka Institute of Credit Management and was elected as its Honorary Secretary in 2010. He has also been involved in the Council of Management of the Finance Houses Association of Sri Lanka, serving nine years as a member, four of which as Vice Chairman, and as a Director of the Financial Ombudsman Sri Lanka (Guarantee) Limited. In 2015, Brindley transitioned to oversee regional assignments for the LOLC Group in Myanmar and Cambodia.



**MR. CONRAD DIAS**  
Director

Mr. Dias was the former Group CIO and Director of LOLC Holdings Plc., Director/CEO of LOLC Finance Plc., and the Co-founder of iPay. Mr. Dias graduated with his Master’s Degree from the University of Leicester, majoring in Business Administration. He is a Fellow of the Chartered Institute of Management Accountants, a Chartered Global Management Accountant, a Fellow of the British Computer Society, and a Fellow Member of the Certified Management Accountants of Sri Lanka. Mr. Dias has contributed to the LOLC Group and the local IT industry with his 30 years of experience and possesses domain expertise in sectors such as trading, banking and finance, asset management, and manufacturing. In recognition of his contributions, he was awarded the CSSL CIO of the Year Award in 2016 and later received the Professional Excellence Award in 2017 at an event organized by the Institute of Certified Management Accountants of Sri Lanka. In 2020, a year of accolades for Mr. Dias, he was inducted into the Global CIO Hall of Fame and was a winner of the Global CIO 100 for the year 2020 from IDG USA.





**MR. INDRAJITH WIJESIRIWARDANA**  
Independent Director

Mr. Wijesiriwardana is an Independent Director of Serendib Microinsurance Plc. With more than 20 years of international experience in nearly 30 different countries, Mr. Wijesiriwardana is also a proficient consultant in international development finance. His experience covers key areas of expertise, including capacity building in the financial sector and Microfinance and SME Finance (MSME). Mr. Wijesiriwardana is highly skilled in strategy and business design, developing inclusive financial systems, building capacity in financial institutions focusing on MSME, institutional transformations, and product design and process improvements. During his career in the banking sector, he developed and evaluated project proposals and monitored projects before becoming a consultant. During this time, he was responsible for loan financing for small, medium, and large enterprises; trade financing; equity financing; restructuring; loan syndication; and leasing. He also managed and developed financial support services, including budgeting and monitoring, planning, accounting, and MIS.



**MR. KAMANTHA AMARASEKERA**  
Independent Director

Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998.

Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. Other key appointments include: Director - Kelani Tyres PLC, Lanka Milk Foods (CWE) PLC, Madulsima Plantations PLC, Balangoda Plantations PLC, Eden Hotel Lanka PLC, Ceylon Hotels Corporation PLC, Palm Garden Hotels PLC, AgStar PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC and several other subsidiaries of Browns Investments Group.



**MRS. NADIKA OPATHA**  
Executive director

Mrs. Nadika Opatha is a pioneer for women in finance and insurance, with over 28 years of leadership experience across Sri Lanka, Cambodia and North America. She holds a Master's in Business Administration from the University of Colombo. After launching her career with LOLC Holdings in 1997, she spent roughly a decade working as a financial advisor for the insurance arm of the Royal Bank of Canada and earned a Diploma in Investment Funds from the Institute of Canadian Bankers Association. During this time she achieved Million Dollar Round Table status in 2007 and 2008 one of the highest global achievements in the Life Insurance Industry. Returning to Sri Lanka, Mrs. Nadika became head of LOLC Insurance Company's Bancassurance and Corporate Sales team, establishing these new sectors for the company. She became COO of the LOLC Group insurance arm in 2019 and CEO in 2020 making her both the first female CEO in the Sri Lankan life insurance industry and in the LOLC Group. In 2021 she was appointed Executive Director of Serendib Micro Insurance PLC, Cambodia, and the following year she was made Executive Director of the Board of LOLC Life Assurance Ltd. Mrs. Nadika is also the Treasurer of the Insurance Association of Sri Lanka, a member of Women in Management Sri Lanka and a board member at the International Chamber of Commerce Sri Lanka. Additional accolades include being recognized as Best National Sales Head at SLIM NASCO 2018 and the 2023 Career Role Model of the Year at the Top50 Professional & Career Women Global Awards.

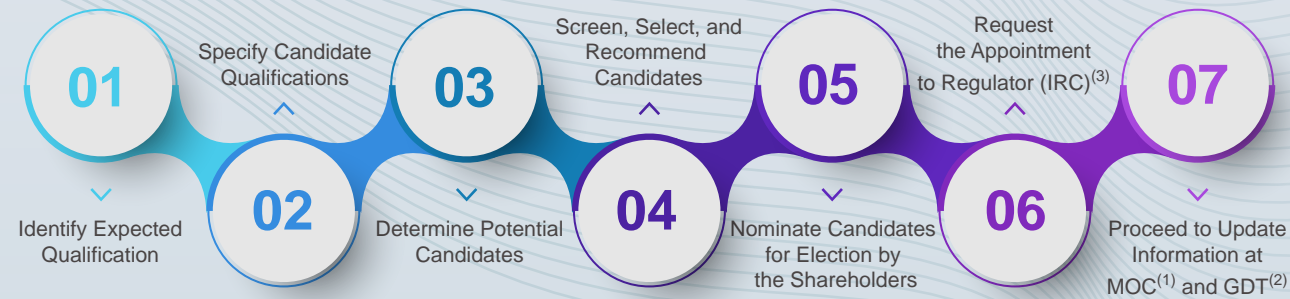


**MRS. SUNJEEVANI KOTAKADENIYA**  
Independent Director

Mrs. Sunjeevani is a senior finance professional with extensive management experience in Finance and Financial management practices. She is a member of Chartered Institute of Management Accountants (UK) and the Chartered Global Management Accountants (USA), and holds a Master's in Business Administration from the University of Colombo. She has over twenty years of senior management experience across insurance, finance companies, factoring, fund management, unit trusts and stock broking. Her non-financial services sector experience includes work in leisure, trading, manufacturing, construction, agriculture and plantations, and IT services. Mrs. Sunjeevani is a catalyst in restructuring and change management, mergers and acquisitions and project management. She is CFO of Browns Investments PLC Group, overseeing finance for the group locally and internationally, and she sits on the board of several listed companies including Agstar PLC, Seylan Bank PLC and Sierra Cables PLC.



## Nominating Process:



(1) - MOC - Ministry of Commerce

(2) - GDT - General Department of Taxation

(3) - IRC - Insurance Regulator of Cambodia

## Board Meeting

A board meeting is generally conducted in quarters. The board of directors reviews the overall company's performance in every meeting. The board is also kept informed of developments in the financial sector, such as statutory or regulatory changes, and their potential influence on the company. In addition to reviewing and discussing regular board papers that report on performance and compliance, the board also reviews and discusses special board papers that address non-routine matters.

## Primary Responsibilities of the Board

The Board takes full responsibility for leading, controlling, guiding, and monitoring the institution's overall performance, and also enforcing accountability standards, all with the objective of enabling management to execute its obligations effectively.

The Board is ultimately responsible for establishing a framework of good corporate governance for institutions, including financial reporting, risk management, and compliance processes.

When it comes to strategy, performance, resources, and business conduct, all board members contribute and bring their independent judgment, broad expertise, and experience to the table. Their duties are to:

- Appoint, remove, suspend or take action on the management of the Company subject to any prior approval from supervisory authority where required, to direct and control them, and to fix their remuneration;
- Decide the Company's development strategy and annual business plan as proposed by the management and to organize the monitoring and evaluation of the business activities of the Company;
- Decide on the Company's market development, marketing and technology strategy;
- Enter into negotiations and agreements, and to give effect to any modification, variation or rescission of any negotiations or agreements entered into;
- Give a guarantee on behalf of the Company;
- Approve the financial report of each financial year and propose the distribution of dividends to the Shareholders for approval;
- Open, maintain, operate and close the Company's account(s) with any bank;
- Approve the establishment of representative offices, subsidiaries, branches, agencies and other affiliated companies, making such decisions for their management and discontinuing these as they see fit;
- Appoint agents and attorneys for the Company in Cambodia or in any foreign country with such powers (including the power to delegate) as they may see fit;
- Propose to the Shareholders on:
  - Amendments to the MAA;
  - Mergers, acquisitions or consolidations between the Company and any other entities;
  - Sale of all or major parts of the Company's assets;
  - Dissolution or liquidation of the Company;

## Attendance in meeting per year

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Brindley de Zylva Chairman	25 <sup>th</sup> October 2019	4	4
Ms. Nadika Opatha Executive Director	01 <sup>st</sup> October 2021	4	4
Mr. Conrad Dias Non-Executive Director	25 <sup>th</sup> October 2019	4	4
Ms. Sunjeevani Kotakadeniya Independent Director	22 <sup>nd</sup> December 2021	4	4
Mr. Indrajith Wijesiriwardana Independent Director	25 <sup>th</sup> October 2019	4	4
Mr. Kamantha Amarasekera Independent Director	25 <sup>th</sup> October 2019	4	4

## Annual Board Evaluation

No.	Description	Evaluation Procedure	Criteria
1	Board of Directors	Each director must assess the performance of the Board of Directors by assigning a quantitative score (1–5) to each criterion and signing the evaluation form. Following the evaluation, the Company Secretary will compile the results of all evaluations for board meeting discussion.	<ul style="list-style-type: none"> <li>• Composition of Board of Directors</li> <li>• Oversight of Management</li> <li>• Understanding the company culture and its business</li> <li>• Conduct of Board meeting</li> </ul>
2	Directors	Each director shall self-evaluate by assigning a score (1–5) to each criterion and signing the evaluation form., the Company Secretary will receive all assessment forms to compile the results for discussion at the board meeting.	Director performance quality



## Independency and Transparency

Two of the Board of Directors of SMI are non-executive, and four out of the seven directors are independent directors. The structure and composition of the Board of Directors are in compliance with the Law on Insurance, Law on Commercial Enterprise, Prakas on Requirement for Corporate Governance, and Prakas on Corporate Governance for Insurance Companies.

QUALIFIED, ACTIVE AND INDEPENDENT BOARD	COMPLIANCE
All board members shall be strictly assessed with their qualifications and approved by IRC.	√
All board members shall attend at least 75% of the total board meetings in a year	√
Board members should exercise sound judgment	√
The Audit Committee shall be chaired by an independent board member and at least one member of the Committee shall be an expert in the area of financial audit.	√
TRANSPARENCY	COMPLIANCE
Disclosure to the public:	
<ul style="list-style-type: none"> <li>Board structure and management structure/organizational chart</li> <li>Basic ownership structure</li> <li>Where applicable, corporate group structure and corresponding ownership shares held</li> <li>Code of conduct or ethical code</li> <li>Annual Report</li> <li>Audited financial statement</li> </ul>	√
LAW ON COMMERCIAL ENTERPRISE	COMPLIANCE
The directors of a company shall approve the annual financial statements and the approval shall be shown by the signature of one or more directors.	√
A company shall not issue, publish or circulate copies of annual financial statements unless the financial statements are approved by the directors and accompanied by the auditor's report.	√
Calling for meetings: Meetings of the board of directors shall be held at least once every three (3) months. The adoption of the Board of Directors Resolution shall be decided based on the majority vote of the members or representatives that were presented in the meeting.	√

## Report of The Board of Directors

### Directors' interests

None of the Directors held or dealt in the shares of the Company.

### Directors' benefits

During and at the end of the financial year, the company was not party to any system in which a director of the company could glean benefits through the acquisition of shares in, or debentures of, the company or any other corporate body.

No company director has received or become entitled to receive benefits (other than benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is member, or with a Company in which the Directors have a substantial financial interest other than as disclosed in the financial statements.

Statements of Directors' responsibility in respect to financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023, and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies that are supported by reasonable and prudent judgments and estimates, and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards ("CIFRS") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- ascertain that proper action had been taken in relation to the writing-off of bad debts, making of allowance for doubtful debts, satisfying that all known bad debts have been written off and that adequate allowance had been made for doubtful debts;
- ensure that any assets other than debts which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company are recorded at an amount which they might be expected to realize;
- oversee the Company's financial reporting process and maintain both adequate accounting records and an effective system of internal controls; and
- assess 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.

At the date of this report, the Directors are not aware of any circumstances:

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent;
- which would render the values attributed to assets in the financial statements of the Company misleading;
- which render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.



No contingent or other liability 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 substantially affect the ability to meet its obligations as and when they fall due. At the date of this report, there does not exist:

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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.

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

In opinion of the Directors:

- 3. the results of the Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- 4. there has not arisen any significant event or matter, in the interval between the end of the financial year and the date of this report, likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

## Management Team



**Mrs. Rith Kanha**

**Head of Finance, Admin and HR department**

Mrs. Rith Kanha earned a dual bachelor's degree in Business Administration (finance and banking) and Business (English language) in 2013 and holds credentials in Cambodian Tax and Cambodian Business Law from Cam Ed Business School. She began work at KPMG (Cambodia) Co., Ltd. in 2013 and was soon promoted to Audit Assistant and then Senior Auditor. In 2017, she began work as the Financial Controller at Hatien Vegas Entertainment Resort (Kampot Province), Internal Audit Manager of Teng Lay Import Export & Transport Co., Ltd, and Finance Manager for Teng Lay Dry Port. From 2019 to 2020, she worked as Head of Finance for Mekong Micro Insurance and Head of Finance for Sahakrinpheap Microfinance Plc. She also provides accounting and taxation consulting and has worked as Head of Finance, Admin and HR for Serendib Microinsurance Plc. in Cambodia since 2021.



**Mr. Supahrna Gajanayake**

**Head of Business Development Department**

Mr. Supahrna Gajanayake, Head of Serendib's Business Development Department, is a marketing specialist with over 10 years of experience in diverse industries including tobacco, financial services, IT solutions and Insurance. He obtained his master's degree in Business Management at Asia E University in 2017 after attending IGCSE in 2010 and earning an introductory certificate from Chartered Institute of Marketing in 2011. From 2012 through 2015, he worked for British American Tobacco as a trade marketing executive, and the following year was a senior business development executive at NDB Securities (Pvt) Ltd. That same year, he started working for LOLC Group within LOLC Technologies Ltd in Colombo, Sri Lanka, and from 2016 to 2017 was a senior business development associate. He then worked as a senior executive in Alternate Distribution at LOLC Assurance Ltd before rising to Deputy Manager in Alternate Distribution in 2019. Since 2022 he has led business development for Serendib Microinsurance Plc.



Composition

The Enterprise Risk Management and Compliance Committee is chaired by an Independent Director with expertise in finance and risk management, and is independent from day-to-day operations, as required by law and regulation.

Mrs. Sunjeevani Kotakadeniya is chairman of this committee because of her strength in finance and many other fields in the banking and microfinance sector.

Committee’s primary responsibilities:

- Ensuring that there is an effective risk management system for the operation of the business;
- Ensuring that there are proper policies in place;
- Reviewing and checking compliance reports including AML/CFT report to ensure compliance with laws and regulations;
- Reporting to the Board of Directors;
- Meeting at least quarterly

Meeting Time:

Enterprise Risk Management and Compliance Committee meetings were held four times in 2023. The attendance of the members of the Enterprise Risk Management and Compliance Committee is shown in the table below

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mrs. Sunjeevani Kotakadeniya Chairman / Independent Director	22 <sup>th</sup> December 2021	4	4
Mrs. Nadika Opatha Member / Executive director	25 <sup>th</sup> October 2019	4	4
Mr. Conrad Dias Member / Non-Executive Director	25 <sup>th</sup> October 2019	4	4





# FINANCIAL STATEMENTS

- Report of the Board of Directors Statement by
- Management Report of the Independent Auditors
- Report of the Independent Auditors
- Financial Statements

04



## Report of the Board of Directors

The Directors hereby submit their report together with the audited financial statements of Serendib Microinsurance Plc. (“the Company”) for the year ended 31 December 2023.

### Principal activities

The principal activity of the Company is to provide micro-insurance services in the Kingdom of Cambodia.

On 22 December 2021, the Company was granted the permanent license from the Insurance Regulator of Cambodia (“IRC”).

### Financial results

The financial results of the Company were as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Profit/(Loss) before income tax	14,358	59,012	(334,747)	(1,368,111)
Income tax expense	(163,476)	(671,886)	(65,852)	(269,137)
Net loss for the year	(149,118)	(612,874)	(400,599)	(1,637,248)

### Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the financial year.

### Share capital and advance capital contribution

The paid-up capital of the Company as at 31 December 2023 was US\$1,000,000 (2022: US\$1,000,000) with a par value US\$1 per share. During the year, the Company received capital contribution amounting to US\$1,999,900 from LOLC Asia Private Limited, the new shareholder. Refer to Note 12(a) for the detailed Company’s share capital and shareholding structure.

### Reserves and provisions

There were no material transfers to or from reserves and provision during the financial year other than amount as disclosed in the financial statements.

### Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

## Serendib Microinsurance Plc.

## Report of the Board of Directors (continued)

### Board of Directors

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

Mr. Brindley Chrishantha Gajanayake De Zylva	Chairman
Mr. F Kankanamalage Conrad Prasad Niroshan Dias	Director
Mr. Indrajith Wijesiriwardana	Director
Mr. Don Soshan Kamantha Amarasekera	Director
Ms. Nadika Prabashi Nayanabaduge Opatha	Director
Ms. Sarajika Sunjeevani Kotakadeniya	Director
Mr. Sanakan Thamothersampillai	Director (Appointed on 11 January 2024)

### Directors’ interests

None of the Directors held or dealt in the shares of the Company.

### Directors’ benefits

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

No Directors of the Company has received or become entitled to receive benefit (other than benefit disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is member, or with a Company in which the Directors has a substantial financial interest other than as disclosed in the financial statements.

### Statements of Directors’ responsibility in respect of financial statements

The Board of Directors is responsible to ascertain that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards (“CIFRS”) or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;
- ensure that any assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company had been written down to an amount which they might be expected to realise;
- oversee the Company’s financial reporting process and maintain adequate accounting records and an effective system of internal controls; and
- assess 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.



## Serendib Microinsurance Plc.

### Report of the Board of Directors (continued)

#### Statements of Directors' responsibility in respect of financial statements (continued)

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to assets in the financial statements of the Company misleading;
- (iii) which has arisen which render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.

No contingent or other liability 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 substantially affect the ability to meet its obligations as and when they fall due. At the date of this report, there does not exist:

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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.

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

In opinion of the Directors:

- (i) the results of the Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) 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 to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

*Signed in accordance with a resolution of the Board of Directors,*



Mr. Brindley Chrisantha Gajanayake De Zylva  
*Chairman*

Phnom Penh, Kingdom of Cambodia  
20 March 2024

#### Statement by Management

We, the undersigned on behalf of the Management of Serendib Microinsurance Plc. ("the Company"), do hereby state that, in our opinion, the accompanying financial statements which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising of material accounting policies and other explanatory information present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRS").



Ms. Rith Kanha  
*Acting Chief Executive Officer*

Phnom Penh, Kingdom of Cambodia  
20 March 2024



**Report of the Independent Auditors  
To the shareholders  
Serendib Microinsurance Plc.**

**Opinion**

We have audited the financial statements of Serendib Microinsurance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out on pages 48 to 84.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRS”).

**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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance 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. 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 comprises the information included in the Report of the Board of Directors and the Statement by Management as set out on pages 41 to 44.

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 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.

**Report of the Independent Auditors (continued)  
To the shareholders  
Serendib Microinsurance Plc.**

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRSs, 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 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 reporting process.

**Auditors’ responsibility for the audit of the 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 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 and related disclosures made by management.



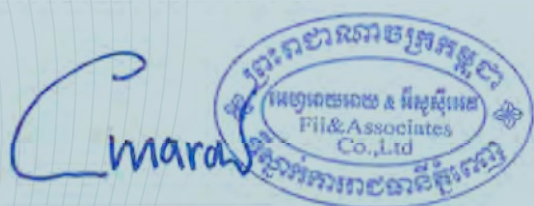
**Report of the Independent Auditors (continued)**  
**To the shareholders**  
**Serendib Microinsurance Plc.**

**Auditors' responsibility for the audit of the financial statements (continued)**

- Conclude on the appropriateness of management 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 audit 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 date of our auditor's report. However, future events or condition 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 disclosure, 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.

For **Fii&Associates Co., Ltd.**



Chhun Mara  
*Audit Director*

Phnom Penh, Kingdom of Cambodia

20 March 2024

**Serendib Microinsurance Plc.**

**Statement of financial position**  
**As at 31 December 2023**

	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
<b>ASSETS</b>					
Statutory deposit	4	48,960	200,002	48,579	200,000
Property and equipment	5	46,515	190,014	52,638	216,711
Intangible assets	6	61,427	250,929	11,035	45,431
Right-of-use assets	7.1	3,354	13,701	3,210	13,216
Deferred acquisition costs	8	561,063	2,291,942	218,796	900,783
Insurance and other receivables	9	329,943	1,347,817	101,561	418,127
Term deposits	10	3,203,726	13,087,221	247,442	1,018,718
Cash and cash equivalents	11	58,586	239,324	485,734	1,999,766
<b>Total assets</b>		<b>4,313,574</b>	<b>17,620,950</b>	<b>1,168,995</b>	<b>4,812,752</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	12(a)	1,000,000	4,000,000	1,000,000	4,000,000
Advance capital contribution	12(b)	1,999,900	7,999,600	-	-
Accumulated losses		(805,125)	(3,290,781)	(656,007)	(2,677,907)
Currency translation differences		-	256,837	-	94,126
<b>Total equity</b>		<b>2,194,775</b>	<b>8,965,656</b>	<b>343,993</b>	<b>1,416,219</b>
<b>Liabilities</b>					
Insurance contract liabilities	13	1,967,938	8,039,027	746,885	3,074,926
Lease liabilities	7.2	3,455	14,114	3,455	14,224
Other payables	14	136,152	556,180	69,643	286,720
Current income tax liability	15.2	11,254	45,973	5,019	20,663
<b>Total liabilities</b>		<b>2,118,799</b>	<b>8,655,294</b>	<b>825,002</b>	<b>3,396,533</b>
<b>Total equity and liabilities</b>		<b>4,313,574</b>	<b>17,620,950</b>	<b>1,168,995</b>	<b>4,812,752</b>

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



**Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2023**

	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
Insurance premium revenue	16	3,261,378	13,404,264	1,316,192	5,379,277
Other income	17	108,770	447,045	21,268	86,922
<b>Net income before claims, benefits and expenses</b>		3,370,148	13,851,309	1,337,460	5,466,199
Gross benefits and claims paid		(160,977)	(661,615)	(76,812)	(313,931)
Change in reserves of unearned premium	13	(1,060,076)	(4,356,912)	(667,303)	(2,727,267)
General and administrative expenses	18	(664,587)	(2,731,453)	(500,319)	(2,044,804)
Claims and benefits incurred		(749,352)	(3,079,837)	(231,047)	(944,289)
Underwriting expense and net acquisition costs	8	(720,798)	(2,962,480)	(196,726)	(804,019)
<b>Profit/(Loss) before income tax</b>		14,358	59,012	(334,747)	(1,368,111)
Income tax expense	15.3	(163,476)	(671,886)	(65,852)	(269,137)
<b>Net loss for the year</b>		(149,118)	(612,874)	(400,599)	(1,637,248)
<b>Other comprehensive income</b>					
Currency translation difference		-	162,711	-	20,000
<b>Total comprehensive loss for the year</b>		(149,118)	(450,163)	(400,599)	(1,617,248)

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

**Serendib Microinsurance Plc.**

**Statement of changes in equity  
for the year ended 31 December 2023**

	Share capital	Advance capital	Currency		Total
	US\$	US\$	US\$	US\$	US\$
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)
At 1 January 2022	1,000,000	4,000,000	-	74,126	744,592
<b>Comprehensive loss for the year</b>					
Net loss for the year	-	-	-	-	(400,599)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	20,000	-
<b>Total comprehensive (loss)/income for the year</b>					
<b>At 31 December 2022</b>	1,000,000	4,000,000	(400,599)	20,000	(400,599)
At 1 January 2023	1,000,000	4,000,000	(400,599)	94,126	343,993
Advance capital injection	-	-	(656,007)	-	1,416,219
<b>Comprehensive loss for the year</b>					
Net loss for the year	-	-	(656,007)	-	(612,874)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	(149,118)	162,711	-
<b>Total comprehensive (loss)/income for the year</b>					
<b>At 31 December 2023</b>	1,000,000	4,000,000	(805,125)	256,837	8,965,656

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



## Serendib Microinsurance Plc.

### Statement of cash flows for the year ended 31 December 2023

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
<b>Cash flows from operating activities</b>				
Net loss for the year	(149,118)	(612,874)	(400,599)	(1,637,248)
<i>Adjustments for:</i>				
Depreciation and amortisation	38,070	156,468	24,649	100,740
Interest expense	497	2,044	794	3,245
Interest income	(97,716)	(401,613)	(17,153)	(70,104)
Income tax expense	163,476	671,886	65,852	269,137
	(44,791)	(184,089)	(326,457)	(1,334,230)
<i>Changes in:</i>				
Insurance and other receivables	(149,881)	(616,011)	(96,764)	(395,474)
Deferred acquisition costs	(342,267)	(1,406,717)	(218,796)	(894,219)
Insurance contract liabilities	1,221,053	5,018,528	744,115	3,041,198
Other payables	66,509	273,352	55,486	226,771
<b>Cash generated from operations</b>	750,623	3,085,063	157,584	644,046
Interest paid	(497)	(2,044)	(794)	(3,245)
Income tax paid	(157,241)	(646,261)	(61,106)	(249,740)
<b>Net cash generated from operating activities</b>	592,885	2,436,758	95,684	391,061
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	(12,868)	(52,887)	(55,165)	(225,459)
Purchases of intangible asset	(59,552)	(244,759)	(13,939)	(56,969)
Term deposits	(2,956,284)	(12,150,327)	397,558	1,624,820
Interest received	18,834	77,408	23,857	97,504
<b>Net cash (used in)/generated from investing activities</b>	(3,009,870)	(12,370,565)	352,311	1,439,896
<b>Cash flows from financing activities</b>				
Payments of lease liabilities	(10,063)	(41,359)	(9,766)	(39,914)
Proceeds from advance of share capital	1,999,900	8,219,589	-	-
<b>Net cash generated from/(used in) financing activities</b>	1,989,837	8,178,230	(9,766)	(39,914)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(427,148)	(1,755,577)	438,229	1,791,043
Cash and cash equivalents at 1 January	485,734	1,999,766	47,505	193,536
Currency translation difference	-	(4,865)	-	15,187
<b>Cash and cash equivalents at 31 December (Note 11)</b>	58,586	239,324	485,734	1,999,766

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

## Serendib Microinsurance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 1. Reporting entity

Serendib Microinsurance Plc. ("the Company") was incorporated as a public limited company in Cambodia under the Registration No. 00049691.

The principal activity of the Company is to provide micro-insurance services in the Kingdom of Cambodia.

On 22 December 2021, the Company was granted the permanent license from the Insurance Regulator of Cambodia ("IRC").

The address of its registered office is at Building No. 101A 3EoE1 and 101A, Street 289, Phum 1, Sangkat Boeung Kak 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2023, the Company had 19 employees (2022: 14 employees).

#### 2. Basis of preparation

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). CIFRSs are equivalent to International Financial Reporting Standards ("IFRSs"), except IFRS 9 and IFRS 17, where the Accounting and Auditing Regulator, through Circular No. 0013/23 dated 24 March 2023, approved to delay the implementation until 31 December 2024 with early adoption is encouraged. The Company has not early adopted the new standards in preparing these financial statements.

Details of the Company's material accounting policies are included in Note 25.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 20 March 2024.

##### 2.2 Fiscal year and reporting period

The Company's fiscal year starts on 1 January and ends on 31 December.

##### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

##### 2.4 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 the United States Dollars ("US\$"), management have determined the US\$ to be the Company's functional as it reflects the economic substance of the underlying events and circumstances of the Company.



## Notes to the financial statements (continued) for the year ended 31 December 2023

### 2. Basis of preparation (continued)

#### 2.4 Functional and presentation currency (continued)

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

The financial statements are expressed in US\$. The translations of US\$ amount into KHR are included solely for meeting the presentation requirements pursuant to Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date and the share capital are translated at historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as “Currency translation difference” in the other comprehensive income. The accumulative currency translation differences are recognised as a separate component of equity. All values in KHR are rounded to the nearest thousand (“KHR’000”), except if otherwise indicated.

The financial statements are presented in KHR based on the following applicable exchange rate per US\$1:

Financial year end	Closing rate	Average rate
31 December 2023	US\$1 = KHR4,085	KHR4,110
31 December 2022	US\$1 = KHR4,117	KHR4,087

These translations are for compliance purposes only and should not be construed as presentations that the KHR amounts have been, could be, or could in the future be, converted into US\$ at this or any other rate of exchange.

#### 2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of failure events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### 3.1 Insurance contract

The determination of insurance contract liabilities is dependent on assumptions made by the management of the Company. These estimates are reviewed and adjusted (if necessary) each year in order to establish insurance contract liabilities which reflect best estimate assumptions. The process used to determine these assumptions are disclosed in Note 13.

#### 3.2 Income and other taxes

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

#### 3.3 Property and equipment and intangible assets

Accounting for property and equipment and intangible assets 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 judgement.

#### 3.4 Impairment of financial instruments

Management establishes allowance for doubtful debts on a case-by-case basis when they believe collection of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers’ financial position. If the financial condition of customer were deteriorating, resulting in the inability to make the required payments, allowance may be required to be made for such receivable.



## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Critical accounting estimates and judgements (continued)

#### 3.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about the assumptions made in measuring fair value is included in Note 21 – Financial instruments – accounting classifications and fair values.

### 4. Statutory deposit

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Statutory deposit	48,960	200,002	48,579	200,000

Statutory deposit is maintained with the Insurance Regulator of Cambodia ("IRC") earning no interest.

## Serendib Microinsurance Plc.

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 5. Property and equipment

	2023		2022	
	Office furniture, fixtures and equipment US\$	Computers equipment US\$	Vehicle US\$	Other assets US\$
<b>Cost</b>				
At 1 January 2023	3,107	16,919	45,050	1,102
Additions	495	11,908	465	-
Currency translation difference	-	-	-	-
At 31 December 2023	3,602	28,827	45,515	1,102
				<b>Total US\$</b>
				79,046
				<b>KHR'000 (Note 2.4)</b>
				272,455
				52,887
				(2,439)
				322,903
<b>Less: Accumulated depreciation</b>				
At 1 January 2023	1,751	5,323	6,007	459
Depreciation for the year	1,159	8,430	9,033	369
Currency translation difference	-	-	-	-
At 31 December 2023	2,910	13,753	15,040	828
				<b>Total US\$</b>
				32,531
				<b>KHR'000</b>
				55,744
				78,053
				(908)
				132,889
<b>Carrying amounts</b>				
At 31 December 2023	692	15,074	30,475	274
				<b>Total US\$</b>
				46,515
				<b>KHR'000</b>
				190,014



Notes to the financial statements (continued)  
for the year ended 31 December 2023

## 5. Property and equipment (continued)

2022	Office furniture, fixtures and equipment US\$	Computers equipment US\$	Vehicle US\$	Other assets US\$	Total US\$	KHR'000 (Note 2.4)
<b>Cost</b>						
At 1 January 2022	3,107	6,804	-	1,102	11,013	44,867
Additions	-	10,115	45,050	-	55,165	225,459
Currency translation difference	-	-	-	-	-	2,129
At 31 December 2022	3,107	16,919	45,050	1,102	66,178	272,455
<b>Less: Accumulated depreciation</b>						
At 1 January 2022	715	619	-	92	1,426	5,810
Depreciation for the year	1,036	4,704	6,007	367	12,114	49,510
Currency translation difference	-	-	-	-	-	424
At 31 December 2022	1,751	5,323	6,007	459	13,540	55,744
<b>Carrying amounts</b>						
At 31 December 2022	1,356	11,596	39,043	643	52,638	216,711

## Serendib Microinsurance Plc.

Notes to the financial statements (continued)  
for the year ended 31 December 2023

## 6. Intangible assets

2023	Software development US\$	Software under development US\$	Total US\$	KHR'000 (Note 2.4)
<b>Cost</b>				
At 1 January	13,939	-	13,939	57,387
Additions	17,477	42,075	59,552	244,759
Currency translation difference	-	-	-	(1,935)
At 31 December	31,416	42,075	73,491	300,211
<b>Less: Accumulated amortisation</b>				
At 1 January	2,904	-	2,904	11,956
Amortisation during the year	9,160	-	9,160	37,648
Currency translation difference	-	-	-	(322)
At 31 December	12,064	-	12,064	49,282
<b>Carrying amounts</b>				
At 31 December	19,352	42,075	61,427	250,929

2022	Software development US\$	Software under development US\$	Total US\$	KHR'000 (Note 2.4)
<b>Cost</b>				
At 1 January	-	-	-	-
Additions	13,939	-	13,939	56,969
Currency translation difference	-	-	-	418
At 31 December	13,939	-	13,939	57,387
<b>Less: Accumulated amortisation</b>				
At 1 January	-	-	-	-
Amortisation during the year	2,904	-	2,904	11,869
Currency translation difference	-	-	-	87
At 31 December	2,904	-	2,904	11,956
<b>Carrying amounts</b>				
At 31 December	11,035	-	11,035	45,431



**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**7. Right-of-use assets/lease liabilities**

**7.1 Right-of-use assets ("ROU")**

Information about lease for which the Company is a lessee is presented below.

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
<b>Cost</b>				
At 1 January	19,262	79,302	19,262	78,473
Additions	10,063	41,359	-	-
Currency translation difference	-	(868)	-	829
At 31 December	29,325	119,793	19,262	79,302
<b>Less: Accumulated amortisation</b>				
At 1 January	16,052	66,086	6,421	26,159
Depreciation for the year	9,919	40,767	9,631	39,362
Currency translation difference	-	(761)	-	565
At 31 December	25,971	106,092	16,052	66,086
<b>Carrying amounts</b>				
At 31 December	3,354	13,701	3,210	13,216

**7.2 Lease liabilities**

(i) Amounts recognised in the statement of financial position:

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Current	3,455	14,114	3,455	14,224

(ii) Amounts recognised in the statement of profit or loss (included in general and administrative expenses):

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Depreciation of ROU	9,919	40,767	9,631	39,362
Interest expense	497	2,044	794	3,245
	10,416	42,811	10,425	42,607

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**7. Right-of-use assets/lease liabilities (continued)**

**7.2 Lease liabilities (continued)**

(iii) Amounts recognised in the statement of cash flows:

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Cash payments for the principal portion of the lease liabilities	10,063	41,359	9,766	39,914
Cash payments for the interest portion of the lease liabilities	497	2,044	794	3,245
	10,560	43,403	10,560	43,159

**8. Deferred acquisition costs**

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January	218,796	900,783	-	-
Commission paid	1,063,065	4,369,197	415,522	1,698,238
Recognised in profit or loss	(720,798)	(2,962,480)	(196,726)	(804,019)
Currency translation difference	-	(15,558)	-	6,564
At 31 December	561,063	2,291,942	218,796	900,783

**9. Insurance and other receivables**

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Premium receivables	227,245	928,296	99,558	409,880
Accrued interest receivable	78,952	322,519	70	288
Other receivables	23,746	97,002	1,933	7,959
	329,943	1,347,817	101,561	418,127

**10. Term deposits**

Fixed deposits are placed with local commercial banks, more than 3 months but less than one year, bearing interest rates ranging from 4.20% to 8.10% per annum.



## Serendib Microinsurance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 11. Cash and cash equivalents

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Cash on hand	50	204	766	3,154
Cash at banks	58,536	239,120	484,968	1,996,612
	<u>58,586</u>	<u>239,324</u>	<u>485,734</u>	<u>1,999,766</u>

#### 12. Share capital and advance capital contribution

##### (a) Share capital

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Registered, issued and paid-up: 1,000,000 shares of US\$1 each	<u>1,000,000</u>	<u>4,000,000</u>	<u>1,000,000</u>	<u>4,000,000</u>

The shareholding structure and shareholder are as follows:

	2023			2022		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Amount US\$	Amount US\$
LOLC General Insurance Limited	45%	450,000	450,000	45%	450,000	450,000
LOLC Life Assurance Limited	45%	450,000	450,000	45%	450,000	450,000
LOLC Serendib Private Limited	10%	99,900	99,900	10%	100,000	100,000
LOLC Asia Private Limited	0%	100	100	0%	-	-
	<u>100%</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>100%</u>	<u>1,000,000</u>	<u>1,000,000</u>

##### (b) Advance capital contribution

During the year, the Company received capital contribution amounting to US\$1,999,900 from LOLC Asia Private Limited, the new shareholder. On 11 January 2024, the Insurance Regulator of Cambodia ("IRC") granted approval for the new shareholder and the increase in share capital. The above change was approved by Ministry of Commerce ("MOC") on 21 February 2024.

## Serendib Microinsurance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 13. Insurance contract liabilities

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Provision for incurred but not reported (IBNR) (a)	136,204	556,393	72,633	299,030
Provision for unearned premiums (b)	1,730,005	7,067,070	669,929	2,758,098
Provision for claims (c)	101,729	415,564	4,323	17,798
	<u>1,967,938</u>	<u>8,039,027</u>	<u>746,885</u>	<u>3,074,926</u>

(a). Movements in provision for IBNR were as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	72,633	299,030	144	587
Claims incurred during the year	63,571	261,277	72,489	296,263
Currency translation difference	-	(3,914)	-	2,180
At 31 December	<u>136,204</u>	<u>556,393</u>	<u>72,633</u>	<u>299,030</u>

(b). Movements in unearned premiums were as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	669,929	2,758,098	2,626	10,698
Premiums written during the year	1,060,076	4,356,912	667,303	2,727,267
Currency translation difference	-	(47,940)	-	20,133
At 31 December	<u>1,730,005</u>	<u>7,067,070</u>	<u>669,929</u>	<u>2,758,098</u>

(c). Movements in claims were as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	4,323	17,798	-	-
Claims requested during the year	402,311	1,653,498	36,742	150,165
Claims paid during the year	(304,905)	(1,253,160)	(32,419)	(132,496)
Currency translation difference	-	(2,572)	-	129
At 31 December	<u>101,729</u>	<u>415,564</u>	<u>4,323</u>	<u>17,798</u>



**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**13. Insurance contract liabilities (continued)**

**Process used to determine assumptions**

Unearned Premium Reserve and the Claims Provisions have been estimated in accordance with the generally accepted actuarial principles and procedures for short term liabilities. Although the portfolio under consideration is specifically a life insurance portfolio, above simplified methodology is acceptable considering that this portfolio is been priced and treated as a group cover with a one-year term.

***Unearned Premium Reserve (UPR) and Unearned Risk Reserve (URR)***

Unearned Premium Reserve is based on 365th method.

Unearned Risk Reserve (URR) is defined as the excess of best estimate of expected future claims payments arising from future events, for risks assumed as at the valuation date with a provision for adverse deviations (PAD).

In the absence of any historical data, best estimate of future claims was estimated using the pricing assumption (39% of Premiums) with a 15% arbitrary PAD.

When estimating the unexpired risk, claims were expected to distribute uniformly over the term.

Total Premium Liability is defined as the maximum of UPR and URR.

***Claims Provisions for Incurred but Not Reported Claims (IBNR)***

The Company has commenced its sales operations in November 2021 and it has only been in business for 26 months and, as a result, does not have sufficient historical experience upon which to base a reliable estimate of the claims provisions.

In the absence of any historical data, above Claims Provisions was evaluated against the expected claims ratios used for pricing with a 15% PAD for adverse deviations. Amount set aside is expected to be adequate and to be a prudent estimate to provide for any claims incurred but not report.

**14. Other payables**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Accrued expenses	91,302	372,969	46,759	192,507
Accrued staff bonus	38,089	155,594	18,412	75,802
Other tax payables	6,618	27,035	4,472	18,411
Other payables	143	582	-	-
	<b>136,152</b>	<b>556,180</b>	<b>69,643</b>	<b>286,720</b>

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**15. Income tax**

**15.1 Applicable tax rates**

In accordance with Article 20 (new) of the Cambodian Law on Taxation, life insurance companies are subject to income tax at statutory tax rate of 20% of taxable income or the minimum tax, whichever is higher.

Minimum tax is calculated at the rate of 1% of annual turnover (i.e., life insurance premium and related income and other income from other business activities). This minimum tax can be exempted if the Company maintains proper accounting records as defined in the Prakas No. 638 issued by the General Department of Taxation ("GDT"), subject to approval by the GDT.

Interest income earned from deposit with banks and local financial institutions that already paid for withholding tax is not subject to tax on profit in accordance with circular No.003 MEF GDT – Tax on profit and other tax collection on insurance companies issued by MEF on 10 February 2011.

On 28 June 2021, GDT updated the regulations for micro-insurance business activities to apply tax rate 5% on micro-insurance products.

**15.2 Current income tax liability**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
At 1 January	5,019	20,663	273	1,112
Recognised in profit or loss	163,476	671,886	65,852	269,137
Income tax paid	(157,241)	(646,261)	(61,106)	(249,740)
Currency translation difference	-	(315)	-	154
At 31 December	<b>11,254</b>	<b>45,973</b>	<b>5,019</b>	<b>20,663</b>

**15.3 Income tax expense**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Micro-insurance premium revenue	3,261,378	13,404,264	1,316,192	5,379,277
Income tax at 5% of gross premium	<b>163,476</b>	<b>671,886</b>	<b>65,852</b>	<b>269,137</b>



**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**15. Income tax (continued)**

**15.4 Unrecognised deferred tax assets**

Tax losses incurred in any tax year can be carried forward to offset against profit realised in the following five tax years subject to the following conditions:

- The loss must be recorded in the Tax on Income return and submitted to the GDT on time;
- The business objective of the Company must not have changed;
- The ownership of the Company must not have changed; and
- The Company must not have received a unilateral tax re-assessment.

Deferred tax assets in respect of the tax losses are not recognised in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

**16. Insurance premium revenue**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Credit life	1,097,005	4,508,691	1,316,192	5,379,277
Term life	2,164,373	8,895,573	-	-
	<u>3,261,378</u>	<u>13,404,264</u>	<u>1,316,192</u>	<u>5,379,277</u>

**17. Other income**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Interest income	97,716	401,613	17,153	70,104
Others	11,054	45,432	4,115	16,818
	<u>108,770</u>	<u>447,045</u>	<u>21,268</u>	<u>86,922</u>

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**18. General and administrative expenses**

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Salaries	409,918	1,684,763	315,342	1,288,803
Professional fees	70,941	291,568	76,599	313,060
Depreciation and amortisation	38,070	156,468	24,649	100,740
Information technology service fees	22,686	93,239	-	-
Audit remuneration	20,850	85,694	10,450	42,709
Contribution fees	16,307	67,022	6,581	26,897
Marketing	13,028	53,545	12,588	51,447
Communication	11,064	45,473	4,387	17,930
Staff benefits	10,156	41,741	8,479	34,654
Recruitment service	5,734	23,567	795	3,249
Printing	4,721	19,403	6,303	25,760
Tax expenses	3,909	16,066	4,792	19,585
Entertainment	3,589	14,751	1,639	6,699
Utilities	3,276	13,464	3,029	12,380
License fees	2,286	9,395	3,839	15,690
Public service fee	1,521	6,251	1,037	4,238
Office supplies	1,158	4,759	850	3,474
Agent training	994	4,085	3,017	12,330
Repairs and maintenance	846	3,477	294	1,202
Interest expense on lease liabilities	497	2,044	794	3,245
Other expenses	23,036	94,678	14,855	60,712
	<u>664,587</u>	<u>2,731,453</u>	<u>500,319</u>	<u>2,044,804</u>



Notes to the financial statements (continued)  
for the year ended 31 December 2023

## 19. Related party transactions and balances

## 19.1 Transactions with related parties

Related party	Relationship	Account balance/nature of transaction	2023		2022	
			US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
LOLC (Cambodia) Plc.	Related party	Premium collected on behalf	3,215,862	13,217,193	1,255,116	5,129,659
		Premiums received	3,108,725	12,776,860	1,155,996	4,724,556
		Commission expense	1,061,304	4,361,959	414,188	1,692,786
		Commission paid	993,161	4,081,892	381,479	1,559,105
		Rental expense	13,440	55,238	13,440	54,929
		Management fee	67,472	277,310	64,428	263,317
LOLC Life Assurance Private Limited	Shareholder	Management fee	4,070	16,728	7,000	28,609
		Payment of management fee	4,070	16,728	6,300	25,748

The total remuneration of directors and other members of key management in 2023 (including salaries and benefits) was US\$67,619 (2022: Nil).

## Serendib Microinsurance Plc.

Notes to the financial statements (continued)  
for the year ended 31 December 2023

## 19. Related party transactions and balances (continued)

## 19.2 Balances with related parties

Related party	Relationship	Account balance/nature of transaction	2023		2022	
			US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
LOLC (Cambodia) Plc.	Related party	Amounts due from	206,480	843,471	99,120	405,103
		Amounts due to	68,143	278,364	32,709	133,682
LOLC Life Assurance Private Limited	Shareholder	Amounts due to	-	-	700	2,861

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**20. Capital management**

The Company's policy is to maintain a strong capital base so as to maintain shareholders, creditors and market confidence and to sustain future development of the business.

**Solvency Margin**

According to Article 3 of the Circular No. 009-MEF issued on 29 June 2011, the Company shall maintain a solvency margin of KHR400 million with a registered bank or Micro-Finance Institution licensed by the National Bank of Cambodia.

On 14 December 2022, Non-Bank Financial Services Authority ("NBFS") issued new Prakas No. 061-FSA to set the statutory solvency margin requirement for insurance company. According to Article 8 of the Prakas, the micro-insurance companies shall maintain a minimum solvency of 25% of net insurance premium income. If the 25% of net insurance premium income is less than 50% of the minimum capital, the micro-insurance companies shall determine the minimum solvency ratio equal to 50% of minimum capital. The minimum share capital for micro-insurance companies required is KHR2,000 million as per stated in Article 14 of the Prakas.

As at 31 December 2023, the Company's solvency margin status is as follows:

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Net insurance premium revenue	3,261,378	13,404,264	1,316,192	5,379,277
Statutory solvency margin required	815,345	3,351,066	329,048	1,344,819
Deposits with registered banks				
Cash at banks (Note 11)	58,536	239,120	484,968	1,996,612
Fixed deposits (Note 10)	3,203,726	13,087,221	247,442	1,018,718
	3,262,262	13,326,341	732,410	3,015,330
Surplus of the statutory solvency margin required	2,446,917	9,975,275	403,362	1,670,511

According to Article 4 of the Prakas, the micro-insurance companies shall maintain solvency ratio of at least 120% of the net assets.

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2023**

**20. Capital management (continued)**

The Company's net asset in accordance with Article 5 of the Prakas is calculated as follows;

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Total asset balance	4,313,574	17,620,950	1,168,995	4,812,752
Less:				
Receivable over 180 days	-	-	70	288
Advances and Prepayments	23,746	97,002	1,931	7,950
Deferred acquisition cost	561,063	2,291,942	218,796	900,783
Intangible Assets	61,427	250,929	11,035	45,431
Total inadmissible asset	3,667,338	14,981,077	937,163	3,858,300
Total inadmissible assets	3,667,338	14,981,077	937,163	3,858,300
Total liabilities	(2,118,799)	(8,655,294)	(825,002)	(3,396,533)
Net asset	1,548,539	6,325,783	112,161	461,767

The Company's solvency ratio is calculated as follows:

	<b>2023</b>		<b>2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
		(Note 2.4)		(Note 2.4)
Net assets calculated based on above Prakas	1,548,539	6,325,783	112,161	461,767
Minimum solvency	250,000	1,000,000	250,000	1,000,000
Company's required solvency	815,345	3,351,066	329,048	1,344,819
Solvency ratio	190%	190%	34%	34%

**21. Financial instruments - accounting classifications and fair values**

The Company has not disclosed the fair value information for the financial assets and financial liabilities because their carrying amounts are a reasonable approximation of the fair value.

All financial assets and financial liabilities of the Company are categorised as level 2 under the fair value hierarchy.



## Notes to the financial statements (continued) for the year ended 31 December 2023

### 22. Financial risk management

The Company has exposure to the following risks arising from finance instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### 22.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Insurance and other receivables	329,943	1,347,817	101,561	418,127
Cash at banks	58,536	239,120	484,968	1,996,612
Term deposits	3,203,726	13,087,221	247,442	1,018,718
	<u>3,592,205</u>	<u>14,674,158</u>	<u>833,971</u>	<u>3,433,457</u>

#### Insurance and other receivables

The Company has not recorded any impairment loss since no occurrence of default has taken place since the start of the Company's operations. Management does not foresee any significant credit risk from receivables arising from insurance and reinsurance contracts and does not expect that they may default and cause losses to the Company.

#### Cash at banks and term deposits

Cash at banks, comprising current and saving accounts, and term deposits are mainly held by major financial institutions in Cambodia. Management does not foresee any significant credit risk from deposit with banks based on the external credit ratings of the counterparties. There was no impairment allowance recognised for deposit with banks and MFIs as at 31 December 2023 (31 December 2022: Nil).

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 22. Financial risk management (continued)

#### 22.2 Liquidity risk (continued)

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of the non-derivative financial liabilities at the reporting date. The amounts are gross and, undiscounted and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amounts US\$	Contractual cash flows US\$	Less than 6 months US\$	6 to 12 months US\$	More than 1 year US\$
<b>31 December 2023</b>					
Gross insurance contract liabilities	1,967,938	1,967,938	-	1,967,938	-
Other liabilities	149,602	149,602	149,602	-	-
Lease liabilities	3,455	3,455	3,455	-	-
	<u>2,120,995</u>	<u>2,120,995</u>	<u>153,057</u>	<u>1,967,938</u>	<u>-</u>
<b>31 December 2022</b>					
Gross insurance contract liabilities	746,885	746,885	-	746,885	-
Other liabilities	65,171	65,171	65,171	-	-
Lease liabilities	3,455	3,455	3,455	-	-
	<u>815,511</u>	<u>815,511</u>	<u>68,626</u>	<u>746,885</u>	<u>-</u>

#### 22.3 Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Company does not have significant exposure to foreign currency risk as most transactions of the Company are carried out in US\$, the functional currency of the Company.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**22. Financial risk management (continued)**

**22.3 Marketing risk (continued)**

**Interest rate risk**

*Exposure to interest rate risk*

Interest-bearing financial assets include cash at banks and placements with banks and MFIs. The interest rates are disclosed in Notes 10 and 11. There are no interest-bearing financial liabilities at the reporting date.

*Fair value sensitivity analysis for fixed-rate instruments*

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**23. Insurance risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

Risks that are specific to the various types of insurance contracts are elaborated below:

**Life insurance non-par contracts**

The life insurance non-par contracts consist of individual term insurance, individual endowment plan and group business.

**23.1 Concentration of insurance risk**

Concentration of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**23. Insurance risk (continued)**

**23.1 Concentration of insurance risk (continued)**

Insurance risk for contracts is also affected by the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholder behaviour. On the Sumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggregated by such behaviour. The Company has factored the impact of policyholders' behaviour into the assumptions used to measure insurance contract liabilities.

**23.2 Management of insurance risk – underwriting and reinsurance strategy**

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of the type of risk and the level of insured benefits. The Company has developed its insurance underwriting strategy according to 2 main areas – risk selection and risk classification.

The risk selection process determines the groups of insurance risk that are acceptable to the Company so that diversification of insurance risk types is achieved. At the same time, this is to ensure within each of these risk types, there is a sufficiently large population of risks to reduce the variability of the expected outcome.

**24. Taxation contingencies**

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. The management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Company could be significant.

**25. Material accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

**25.1 Foreign currency transactions**

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at reporting date are translated into US\$ at the exchange rates ruling at that date. Exchange differences arising on translation are recognised in the profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.



**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.2 Insurance contract**

**(i) Classification**

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholders or other beneficiaries if a specified uncertain future event adversely affects the policyholders or other beneficiaries.

**(ii) Recognition and measurement**

***Premiums and commission***

Premiums from policyholders are recognised on their respective due dates. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums receivable recognised in the statement of financial position. The commission expense arising from these outstanding premiums is accrued in the same reporting period.

Premiums due after but received before the end of the financial year are recorded as advance premiums and are recognised as liabilities in the statement of financial position.

***Claims and benefits incurred***

Claims include maturities, deaths and other claims events. Maturity claims are recorded on the policy maturity date. Surrenders are recorded when paid, death claims and payments on other claim events are recorded when notified.

Benefits are recorded as an expense when they are incurred.

***Insurance contract liabilities***

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is measured using assumptions considered to be appropriate for the policies in force. The actuarial valuation basis is determined by the Company's Actuary.

In respect of policies within the non-participating fund which are not universal life, the Company values the insurance contract liabilities using best estimate assumptions and discounting the future cash flows to their present value.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.2 Insurance contract (continued)**

**(ii) Recognition and measurement (continued)**

***Insurance contract liabilities (continued)***

***Provision for unexpired risk***

Provision for unexpired risk refer to unearned premium that is part of the premiums relating to the unexpired risk as at the reporting date, and recognised as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums for short term contracts are calculated in proportion to the number of days (1/365 basis) until the policy expires. Increase/decrease in unearned premiums represents the difference between the balance of unearned premiums for the current and prior periods.

***Reinsurance***

An asset arising from reinsurance contracts is recognised in the statement of financial position representing premiums ceded to or payments due from reinsurers and the share of benefits and claims recoverable from reinsurers. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

***Liability adequacy test***

At each reporting date, a liability adequacy test is performed to assess the adequacy of the insurance contract liabilities. In performing the test, current best estimates of discounted contractual cash flow and claims handling and administration expense, as well as investment income from the assets backing such liabilities, are used. Where a shortfall is identified, additional provision is made and the deficiency is charged to profit or loss.

***Acquisition costs***

Acquisition costs represent costs incurred to obtain premium income, such as commission paid to insurance brokers, agencies and other insurance companies. Those direct and indirect costs incurred during the financial period arising from the underwriting or renewing insurance contracts are deferred and amortised over the period in which the related revenues are earned by using 1/365 basis. All other acquisition costs are recognised as an expense when incurred.

Notes to the financial statements (continued)  
for the year ended 31 December 2023

25. Material accounting policies (continued)

25.3 Financial instruments

The Company classifies non-derivative financial assets into loans and receivables and held-to-maturity categories.

The Company classifies non-derivative financial liabilities into other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

(ii) Non-derivative financial assets and financial liabilities – measurement

*Loan and receivables*

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and fixed term deposits with maturities of three months or less from the transaction date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

*Other financial liabilities*

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)  
for the year ended 31 December 2023

25. Material accounting policies (continued)

25.4 Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

25.5 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

If parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of the property and equipment.

Any gains or losses on disposal of an item of property and equipment are recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of property and equipment less the estimate residual value using declining balance basis based on the net book value of the individual assets at the beginning of the period, and is generally recognised at profit or loss at the following annual rate:

Office furniture, fixtures and equipment	3 years
Computer equipment	3 years
Vehicle	5 years
Other assets	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.6 Intangible assets**

Intangible assets (computer software) are stated at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of 4 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**25.7 Impairment**

**(i) Non-derivative financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets is impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on term that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

***Financial assets measured at amortised cost***

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an judgement if any current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.7 Impairment (continued)**

**(i) Non-derivative financial assets (continued)**

***Financial assets measured at amortised cost (continued)***

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the impairment loss subsequently decrease and the decrease can be related to objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**(ii) Non - financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. Impairment losses are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

**25.8 Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.8 Employee benefits (continued)**

**(ii) Other long-term employee benefits**

The Company's net obligation in respect of other long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefits is discounted to determine its present value. Remeasurements are recognised in profit or loss the period and which they arise.

**25.9 Provisions**

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**25.10 Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in CIFRS 16.

***As a lessee***

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

**Notes to the financial statements (continued)  
for the year ended 31 December 2023**

**25. Material accounting policies (continued)**

**25.10 Leases (continued)**

***As a lessee (continued)***

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use asset are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives of right-of-use assets range from 2 to 4.5 years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments are fixed payments, including in-substance fixed payments, which is included in the measurement of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is revised in-substance fixed lease payments.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

***Short-term leases and leases of low-value assets***

Short-term leases and leases of low-value assets are charged as an expense on a straight-line basis over the lease term.



Notes to the financial statements (continued)  
for the year ended 31 December 2023

25. Material accounting policies (continued)

25.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent it relates to the items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *CIAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

25.12 Related parties

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including Director and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

Notes to the financial statements (continued)  
for the year ended 31 December 2023

26. Adoption of new and revised accounting standards

26.1 New and revised accounting standards effective during the year

The new and revised accounting standards and interpretations assessed to be applicable to the Company's financial statements as follows:

- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12).

The management assessed that the adoption of the above accounting standards have no material impact on the financial statements of the Company.

26.2 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended.

New standards or amendments	Effective date
<ul style="list-style-type: none"><li>• CIFRS 17 Insurance Contracts and amendments to CIFRS 17 Insurance Contracts.</li><li>• CIFRS 9 Financial Instruments</li></ul>	1 January 2025
<ul style="list-style-type: none"><li>• Classification of Liabilities as Current or Non-current (Amendments to CIAS 1).</li></ul>	1 January 2024

The Company is assessing the application of CIFRS 17 and CIFRS 9. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Company's financial statements in the period of initial application.

On 27 September 2023, the Company submitted the letter request delay of CIFRS 17 and CIFRS 9 standard implementation to 1 January 2027 which is still in the process of obtaining approval from the Insurance Regulator of Cambodia ("IRC").



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