



**SERENDIB MICROINSURANCE PLC.**

**FINANCIAL STATEMENTS AND  
REPORT OF THE INDEPENDENT AUDITORS**

**FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

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# SERENDIB MICROINSURANCE PLC.

## CORPORATE INFORMATION

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### COMPANY NAME

Serendib Microinsurance Plc.

### PRINCIPAL ACTIVITY

The principal activity of the Company is providing microinsurance services in Cambodia.

### REGISTRATION

Registered with the Ministry of Commerce: 24 October 2019  
Registration #: 00048691  
VAT #: L001-902006701

### REGISTERED OFFICE

No. 101A 3EoE1 and 101A, Street 289, Phum 1, Sangkat Boeung Kak 1, Khan Toul Kork  
Phnom Penh, Kingdom of Cambodia.

### CONTACT

Phone : 096 9881 881  
Email : info@serendib.com.kh

### BOARD OF DIRECTORS

Name	Title	Appointed date
Mr. Brindley Chrisantha Gajanayake De Zylva	Chairman	17-Jun-19
Mr. F. Kankanamalage Conrad Prasad Niroshan Dias	Independent Director	17-Jun-19
Mr. Indrajith Wijesiriwardana	Independent Director	17-Jun-19
Mr. Don Soshan Kamantha Amarasekera	Director	17-Jun-19
Mr. Kahandawela Arachige Kithsiri Perera Gunawardena	Director	01-Oct-21-Resinged
Ms. Nadika Prabashi Nayanabaduge Opatha	Executive Director	01-Oct-21-New
Ms. Sarajika Sunjeevani Kotakadeniya	Independent Director	22-Dec-21-New

### MANAGEMENT TEAM

Mr. Ret Rithy, Chief Executive Officer  
Mr. Ban Phalleng, Chief Operation Officer  
Ms. Rith Kanha, Head of Finance, Admin & HR  
Mr. W M S Rivikula Bandara Gajanayake, Head of Business Development

### PRINCIPAL BANKER

LOLC Cambodia Plc.  
Foreign Trade Bank of Cambodia

### SOLICITORS

None

### AUDITOR

APV (CAMBODIA) CO., LTD.



## SERENDIB MICROINSURANCE PLC.

### DIRECTOR'S REPORT

The Directors present their annual report and the audited financial statements of Serendib Microinsurance Plc. ("the Company") for the period from 1 January 2020 to 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is providing micro insurance services in Cambodia. There have been no significant changes in the nature of this activity during the financial year.

### FINANCIAL RESULTS FOR THE YEAR

	2021		2020	
	USD	KHR'000	USD	KHR'000
Profit/(Loss) before income tax	(116,905)	(475,572)	(138,162)	(563,700)
Income tax expense	(341)	(1,387)	-	-
<b>Net profit/(loss) for the year</b>	<b>(117,246)</b>	<b>(476,959)</b>	<b>(138,162)</b>	<b>(563,700)</b>

### DIRECTORS

The Company's Directors according to the Memorandum and Articles of Association are as follows:

Name	Title
Mr. Brindley Chrishantha Gajanayake De Zylva	Chairman
Mr. F Kankanamalage Conrad Prasad Niroshan Dias	Independent Director
Mr. Indrajith Wijesiriwardana	Independent Director
Mr. Don Soshan Kamantha Amarasekera	Director
Mr. Kahandawela Arachige Kithsiri Perera Gunawardena	Director

### SHARE CAPITAL

According to the Memorandum and Articles of Association, the share structure as of 31 December 2021 is as follows:

Shareholders	Registered number of shares	Registered capital in KHR	Registered capital in USD
LOLC General Insurance Limited	450,000	1,800,000,000	450,000
LOLC Life Assurance Limited	450,000	1,800,000,000	450,000
LOLC Serendib Private Limited	100,000	400,000,000	100,000
<b>Total</b>	<b>1,000,000</b>	<b>4,000,000,000</b>	<b>1,000,000</b>

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. No Director of the Company has received or become entitled to receive any benefit (other than a 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 a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and 31 December 2021, and its financial performance and its cash flows for the years ended. In preparing these financial statements, the Board of Directors are required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- (ii) comply with the Cambodian International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that there have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) 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;
- (iv) ensure that any current 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 had been written down to an amount which they might be expected to realize;
- (v) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls; and
- (vi) 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.

- (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 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:

- 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
- 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.

In opinion of the Directors:

- a) 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
- b) 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.



Mr. Brindley Chrishantha Gajanayake De Zylva  
Chairman

Date: 30 March 2022

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERENDIB MICROINSURANCE PLC.**

### **Opinion**

We have audited the financial statements of Serendib Microinsurance Plc. ("the Company"), which comprise statement of financial position as at 31 December 2020 and 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 11 to 27.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2020 and 31 December 2021, and its financial performance and its cash flows for the years 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 International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBS Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

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

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS, 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 going concern, disclosing, as applicable, matters related to going concerns and using the going concerns basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



APV (Cambodia) Co., Ltd.  
Maria Isabelita C. Manzon-Cabrera  
Phnom Penh, Kingdom of Cambodia

Date: 30 March 2022



**SERENDIB MICROINSURANCE PLC.**

**STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2021**

ASSETS	Notes	2021		2020	
		USD	KHR'000	USD	KHR'000
Statutory deposit		49,092	200,001	49,444	200,001
Property and equipment	5	9,587	39,057	-	-
Right-of-use assets	6	12,841	52,314	1,635	6,613
Other receivables	7	655,988	2,672,495	-	-
Cash and cash equivalents	8	47,505	193,536	151,979	614,756
<b>TOTAL ASSETS</b>		<b>775,013</b>	<b>3,157,403</b>	<b>203,058</b>	<b>821,370</b>
<b>Equity</b>					
Share capital	9	1,000,000	4,000,000	100,000	400,000
Retained earnings		(255,408)	(1,040,659)	(138,162)	(563,700)
Currency translation difference		-	74,126	-	9,335
<b>Total equity</b>		<b>744,592</b>	<b>3,033,467</b>	<b>(38,162)</b>	<b>(154,365)</b>
<b>LIABILITIES AND EQUITY</b>					
Insurance contract liabilities	10	2,770	11,285	-	-
Short term loan	11	-	-	171,097	692,087
Other payables	12	14,157	57,676	68,395	276,658
Current tax liabilities	13	273	1,112	-	-
Lease liability	6	13,221	53,863	1,728	6,990
		<b>30,421</b>	<b>123,936</b>	<b>241,220</b>	<b>975,735</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>775,013</b>	<b>3,157,403</b>	<b>203,058</b>	<b>821,370</b>

The accompanying notes form part of these financial statements

SERENDIB MICROINSURANCE PLC.

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021

	Notes	2021		2020	
		USD	KHR'000	USD	KHR'000
Insurance premium income	14	2,874	11,691	-	-
Other income	15	8,417	34,240	-	-
<b>Net income before claim, benefit and expense</b>		<b>11,291</b>	<b>45,931</b>	<b>-</b>	<b>-</b>
Gross benefits and claims paid		(144)	(586)	-	-
Change in reserve of unearned premium		(2,626)	(10,683)	-	-
General and administrative expenses	16	(125,426)	(510,234)	(138,162)	(563,700)
		<b>(128,196)</b>	<b>(521,503)</b>	<b>(138,162)</b>	<b>(563,700)</b>
<b>Profit/(Loss) before income tax</b>		<b>(116,905)</b>	<b>(475,572)</b>	<b>(138,162)</b>	<b>(563,700)</b>
Income tax expense	13	(341)	(1,387)	-	-
<b>Net profit/(loss) for the year</b>		<b>(117,246)</b>	<b>(476,959)</b>	<b>(138,162)</b>	<b>(563,700)</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(117,246)</b>	<b>(476,959)</b>	<b>(138,162)</b>	<b>(563,700)</b>

The accompanying notes form part of these financial statements.

SERENDIB MICROINSURANCE PLC.

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021

	Share Capital USD	Accumulated profit/(loss) USD	Share Capital KHR'000	Accumulated profit/(loss) KHR'000	Currency translation difference KHR'000	Total
						USD      KHR'000
Balance at 1 January 2020	-	-	-	-	-	-
Net profit/(loss) for the year	-	(138,162)	-	(563,700)	-	(138,162)      (563,700)
Registered capital	100,000	-	400,000	-	-	100,000      400,000
Currency translation difference	-	-	-	-	9,335	-      9,335
<b>Balance at 31 December 2020</b>	<b>100,000</b>	<b>(138,162)</b>	<b>400,000</b>	<b>(563,700)</b>	<b>9,335</b>	<b>(38,162)      (154,365)</b>
Balance at 1 January 2021	100,000	(138,162)	400,000	(563,700)	9,335	(38,162)      (154,365)
Net profit/(loss) for the year	-	(117,246)	-	(476,959)	-	(117,246)      (476,959)
Registered capital	900,000	-	3,600,000	-	-	900,000      3,600,000
Currency translation difference	-	-	-	-	64,791	-      64,791
<b>Balance at 31 December 2021</b>	<b>1,000,000</b>	<b>(255,408)</b>	<b>4,000,000</b>	<b>(1,040,659)</b>	<b>74,126</b>	<b>744,592      3,033,467</b>

The accompanying notes form part of these financial statements

**SERENDIB MICROINSURANCE PLC.**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

	2021		2020	
	USD	KHR'000	USD	KHR'000
<b>Cash flow from operating activities</b>				
Net profit/(Loss) before tax	(116,905)	(475,572)	(138,162)	(563,700)
<b>Adjustments for:</b>				
Depreciation and amortization	9,482	38,573	6,130	25,010
Interest income	(7,057)	(28,708)	-	-
Interest expense	28,189	114,673	563	2,297
	<b>30,614</b>	<b>124,538</b>	<b>6,693</b>	<b>27,307</b>
<b>Changes in operating assets and liabilities</b>				
Decrease/(increase) in other receivables	(648,862)	(2,639,571)	(49,444)	(201,732)
Increase/(decrease) in insurance contract liabilities	2,770	11,268	-	-
Increase/(decrease) in accrual and other payable	(54,238)	(220,640)	68,395	279,052
	<b>(700,330)</b>	<b>(2,848,943)</b>	<b>18,951</b>	<b>77,320</b>
<b>Cash generated from operating activities</b>				
Interest paid	(27,158)	(110,479)	-	-
Income taxes paid	(68)	(277)	-	-
	<b>(27,226)</b>	<b>(110,756)</b>	<b>-</b>	<b>-</b>
<b>Net cash from operating activities</b>	<b>(813,847)</b>	<b>(3,310,733)</b>	<b>(112,518)</b>	<b>(459,073)</b>
<b>Cash flow from investing activities</b>				
Purchase of property and equipment	(11,013)	(44,801)	-	-
Interest received	283	1,151	-	-
<b>Net cash used in investing activities</b>	<b>(10,730)</b>	<b>(43,650)</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>				
Payment of lease liabilities	(8,800)	(35,798)	(6,600)	(26,928)
Proceeds from borrowings	86,576	352,191	171,097	698,076
Repayments of borrowings	(257,673)	(1,048,214)	-	-
Capital injection	900,000	3,661,200	100,000	408,000
<b>Net cash from financing activities</b>	<b>720,103</b>	<b>2,929,379</b>	<b>264,497</b>	<b>1,079,148</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(104,474)</b>	<b>(425,004)</b>	<b>151,979</b>	<b>620,075</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>151,979</b>	<b>614,756</b>	<b>-</b>	<b>-</b>
Currency translation difference	-	3,784	-	(5,319)
<b>Cash and cash equivalents, end of the period</b>	<b>47,505</b>	<b>193,536</b>	<b>151,979</b>	<b>614,756</b>

The accompanying notes form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

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**1. General information**

Serendib Microinsurance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia under the registration number #00048691 issued by the Ministry of Commerce on 24 October 2019.

The Company exists to carry out all microinsurance businesses and all other associated businesses pursuant to the applicable laws of Cambodia.

The registered office and principal place of business of the Company is at No. 101A3EoE1 and 101A, Street 289, Phum 1, Sangkat Boeung kak 1, Khan Toul Kork Phnom Penh, Kingdom of Cambodia.

The financial statements are presented in US Dollar ("USD"), which is also the Company's functional currency.

The financial statements were authorised for an issue by the Board of the Directors on 30 March 2022.

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basic of measurement**

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

**(c) Functional and presentation currency**

The Company transacts its business and maintains its accounting records primarily in the US Dollar ("USD"), management has determined the USD to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in USD, which is the Company's functional currency.

**(d) Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant estimate includes insurance contract liabilities. 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 contract liabilities which reflect best estimate assumptions.

*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.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of CIFRS, including the level in the fair value hierarchy in which such valuations should be classified.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible.

Fair values are categorized 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 values is included in Note 13-financial instruments.

**3. Significant accounting policies**

**(a) Foreign currency transactions**

Transactions in currencies other than USD are translated into USD at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at exchange rates at the reporting date. Foreign currency differences are generally recognised in profit and loss. Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rates as at the respective dates of the initial transactions.

**(b) 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.

***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 the commission payment to referral, brokers and agency, and their own staffs (insurance advisors both part time and full time) in selling their policies which is generally based on the letter approval of rate to be charged for each target reach.

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 claim 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

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Benefits are recorded as an expense when they are incurred.

**(ii) Recognition and measurement**

***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.

Additional provision is made in the valuation assumptions to allow for any adverse deviation from the best estimate experience. Provision made for adverse deviation ("PAD") is mainly based on prescribed adjustments to valuation assumptions. The level of provision is reviewed annually by the Actuary to assess its appropriateness and sufficiency.

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.

***Reinsurance***

An asset arising from reinsurance contracts is recognised in the statement of financial position representing premiums cede to or payment 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.

**(c) Financial instruments**

The Company classifies non-derivative financial assets into loans and receivables 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.

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.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

***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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2021**

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***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call 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 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.

**(ii) Derecognition**

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

***Financial liabilities***

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss

**(iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle the on a net basis or to realise the asset and settle the liability simultaneously.

**(iv) Share capital- ordinary shares**

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

**(d) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated 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 that equipment.



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

**(iii) Depreciation**

Depreciation is calculated to write off the cost of property and equipment less the estimate residual value using a straight-line method over the estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of property and equipment are as follows:

Building and Structures	20 years
Leasehold Improvement	Contractual Period
Office equipment	3 years
Computer equipment	3 years
Furniture and fixture	3 years
Vehicle	5 years

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

**(e) Intangible assets**

Intangible assets which comprised of 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 5 years.

Subsequence 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.

The asset in progress is not amortized until such times as the relevant assets are completed and put into operational use.

**(f) 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 terms 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 measure 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



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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 a 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.

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 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.

**(g) Employee benefits**

***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.

***Other long-term employee benefits***

The Company's net obligation in respect of 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 benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

**(h) Statutory deposit**

Statutory deposit is 10% of the Company's minimum capital maintained with National Bank of Cambodia in compliance with Article 53 of the Royal Government's Sub-Decree on Insurance dated 22 October 2001 and Article 1 of the MEF's Circular No 009 dated 9 December 2002, bears no interest and is refundable only when the Company ceases its operations in Cambodia. Statutory deposit is stated at cost.

**(i) 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



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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.

**j) Leases**

Leases represent office buildings lease for a period of 2 years valid until 30 April 2023.

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.

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 right-of-use assets are presented as a separate line in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise lease payment in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of A lease unless the Company is reasonably certain not to terminate early.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.



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

Short-term lease or low-value assets lease are changed as an expense on a straight-line basis over the lease term.

**(k) Investment income**

Interest income on term deposits with bank is recognised in to profit and loss using effective interest method.

**(l) Income tax**

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

**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 periods.

**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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**(i) CIFRS 17 Insurance Contract**

In May 2017, the IASB published CIFRS 17, Insurance Contracts. CIFRS 17 supersedes CIRS 4 Insurance Contracts. CIFRS 17 is effective for annual reporting period beginning on or after 1 January 2021 with earlier application permitted as long as CIFRS 9 Financial Instruments and CIFRS15 Revenue from Contracts with Customers are also applied. CIFRS 4 includes a temporary exemption for companies whose activities are predominately connected with insurance to defer the effective date of CIFRS 9 until the earlier of the effective date of the CIFRS 17.

On 14 November 2018, the IASB discussed and tentatively decided to defer the effective date of CIFRS 17 to annual period beginning on or after 1January 2022. The IASB also tentatively decided to defer the fixed expiry date of the temporary exemption of CIFRS 9 in CIFRS 9 in CIFRS 4 to annual period on or after 1January 2022.

CIFRS 17 introduces an accounting model that measures groups of insurance contracts based on fulfilment cash flows and a Contractual Service Margin (CSM). It requires a company to measure

insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contract in order to provide transparent reporting about a company's financial position and risk. CIFRS 17 also requires a company to recognised profits as its deliver insurance services (rather than when it receives premiums} and to provide information about insurance contract profits



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the company expects to be recognised in the future. It brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health.

The Company is currently assessing the impact of this new standard on its financial position and results of operations.

**(ii) CIFRS 9 Financial Instruments**

CIFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced the previous guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted and transitional rules apply. However, the Company whose activities are predominantly connected with insurance activities can be elected to defer the effective date of CIFRS 9 until the earlier effective date IAS 17.

CIFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. CIFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

CIFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI except for investments in equity instruments, and to contract assets.

Under CIFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: there are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade and other receivables without a significant financial component.

The Company elects to adopt CIFRS 9 together when the CIFRS 1 becomes effective and is currently assessing the impact of the standard on its financial position and results of operations.

Other new accounting standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

**4. Translation of Khmer Riel into United States Dollars**

The financial statements are expressed in US Dollar ("USD"). Transactions in currencies other than USD are translated into USD at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than USD at the year-end exchange rates, are recognised in profit or loss.

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Assets and liabilities for each statement of financial position presented are translated at the closing rate as at the reporting date. The statements of profit or loss and other comprehensive income and cash flows are translated into US\$ 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 Company uses the following exchange rates:

Exchange rate (USD/KHR)	2021	2020
Average rate	4,068	4,080
Closing rate	4,074	4,045

These convenience translations should not be construed as representations that the Khmer Riel amounts have been, could have been, or could in the future be, converted into United States Dollars at this or any other rate of exchange.

**5. Property and equipment**

	Office Furniture, fixtures and equipment	Computer equipment	Other Tangible Asset	TOTAL
	USD	USD	USD	USD
<b>Cost</b>				
At 1 January 2021	-	-	-	-
Additions	3,107	6,804	1,102	11,013
At 31 December 2021	3,107	6,804	1,102	11,013
<b>Accumulated depreciation</b>				
At 1 January 2021	-	-	-	-
Charge for the year	715	619	92	1,426
At 31 December 2021	715	619	92	1,426
<b>Net book value</b>				
At 31 December 2021	2,392	6,185	1,010	9,587
At 31 December 2021 in (KHR'000)	9,745	25,197	4,115	39,057
At 31 December 2020	-	-	-	-
At 31 December 2020 in (KHR'000)	-	-	-	-



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6. Leases - as a lessee

(i) *Right-of-use assets*

Building	2021		2020	
	USD	KHR'000	USD	KHR'000
<b>Cost</b>				
At 1 January	7,765	31,635	-	-
Additions	19,262	78,473	7,765	31,409
Written off	(7,765)	(31,635)	-	-
Currency translation difference	-	-	-	-
<b>As at 31 December</b>	<b>19,262</b>	<b>78,473</b>	<b>7,765</b>	<b>31,409</b>
<b>Accumulated depreciation and impairment loss</b>				
At 1 January	6,130	24,974	-	-
Amortization charge	6,421	26,159	6,130	24,796
Written off	(6,130)	(24,974)	-	-
Currency translation difference	-	-	-	-
<b>At 31 December</b>	<b>6,421</b>	<b>26,159</b>	<b>6,130</b>	<b>24,796</b>
<b>Carrying amounts</b>	<b>12,841</b>	<b>52,314</b>	<b>1,635</b>	<b>6,613</b>

(ii) *Lease liabilities*

	2021		2020	
	USD	KHR'000	USD	KHR'000
Current	9,766	39,787	1,728	6,990
Non-current	3,455	14,076	-	-
	<b>13,221</b>	<b>53,863</b>	<b>1,728</b>	<b>6,990</b>

Right-of-use asset	No of right-of-use asset leased	Rang of remaining term	Remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to index	No of leases with termination options
Office rental	1	18 months	16 months	-	-	-	-



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	Within 1 year	1-2 years	Total
<b>31 December 2021</b>			
Lease payments	13,221	-	-
Finance charges	859	-	-
<b>Net present values</b>	<b>14,080</b>	<b>-</b>	<b>-</b>

<b>31 December 2020</b>			
Lease payments	7,769	13,221	20,990
Finance charges	1,031	859	1,890
<b>Net present values</b>	<b>8,800</b>	<b>14,080</b>	<b>22,880</b>

**7. Other receivables**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Other receivables	4,214	17,168	-	-
Fixed deposit	645,000	2,627,730	-	-
AIR-cash in bank-fixed deposit	6,774	27,597	-	-
	<b>655,988</b>	<b>2,672,495</b>	<b>-</b>	<b>-</b>

**8. Cash and cash equivalents**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Cash on hand	991	4,037	-	-
Cash in banks	46,514	189,499	151,979	614,756
	<b>47,505</b>	<b>193,536</b>	<b>151,979</b>	<b>614,756</b>

**9. Share capital**

The registered share capital of the Company is USD 1,000,000 divided into 1,000,000 ordinary shares, each with a par KHR 4,000 or USD1.

**10. Insurance contract liabilities**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Provision for incurred ("IBNR") claims (a)	144	587	-	-
Provision for unearned premiums (b)	2,626	10,698	-	-
	<b>2,770</b>	<b>11,285</b>	<b>-</b>	<b>-</b>

a) Movements in the provision for outstanding claims are as follows:

	2021		2020	
	USD	KHR'000	USD	KHR'000
At 1 January	-	-	-	-
Claims incurred in the current year	144	587	-	-
<b>At 31 December</b>	<b>144</b>	<b>587</b>	<b>-</b>	<b>-</b>

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b) Movements in the provision for unearned premiums are as follows:

	2021		2020	
	USD	KHR'000	USD	KHR'000
At 1 January	-	-	-	-
Premiums written during the year	2,626	10,698	-	-
<b>At 31 December</b>	<b>2,626</b>	<b>10,698</b>	<b>-</b>	<b>-</b>

**11. Short-term loan**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Short term loan	-	-	50,000	202,250
Revolving loan	-	-	121,097	489,837
	<b>-</b>	<b>-</b>	<b>171,097</b>	<b>692,087</b>

**12. Other payables**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Accrued expenses	7,456	30,376	-	-
Other payables	10	41	50,000	202,250
Other tax payables	1,735	7,068	18,395	74,408
Accrued staff bonus	4,956	20,191	-	-
	<b>14,157</b>	<b>57,676</b>	<b>68,395</b>	<b>276,658</b>

**13. Income tax**
**(a) Applicable tax rates**

Under the Cambodian Law on Taxation, the Company has an obligation to pay:

- Corporate income tax at 5% of the gross premiums received in the tax year in relation to the insurance or reinsurance of risk in Cambodia, and
- Corporate income tax at 20% of any taxable profits that are not attributable to insurance or reinsurance activities.

Interest income earned from deposit at banks and local financial institutions is not subject to tax on profit in accordance with circular No. 003 MEF GOT- Tax on Profit and Other Tax Collection of Insurance Companies issued by the Ministry of Economy and Finance ("MEF") on 10 February 2011.

Base on Article 21.1 of the new Law on Financial Management 2017 ("LoFM") which was officially promulgated by Royal Kram no. NS/RKM/1216/019 dated 14 December 2016 stated that all the Companies operates its activities as life insurance or reinsurance (with saving features) is subject to Tax on Income ("TOI") at 20% rate.

**Current income tax liabilities**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Balance as at 1 January	-	-	-	-
Additions	341	1,387	-	-
Income tax paid	(68)	(277)	-	-
Currency translation difference	-	12	-	-
	<b>273</b>	<b>1,112</b>	<b>-</b>	<b>-</b>



**SERENDIB MICROINSURANCE PLC.**

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**Current income tax**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Gross premium	2,874	11,691	-	-
Tax at Cambodian statutory tax rate of 5% (2020: 5%)	341	1,387	-	-
Tax effects in respect of:				
Tax on profit not attributable to insurance or reinsurance activities	-	-	-	-
Non-taxable income	-	-	-	-
<b>Total tax expenses</b>	<b>341</b>	<b>1,387</b>	<b>-</b>	<b>-</b>

**14. Premium income**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Credit life	2,874	11,691	-	-

**15. Other incomes**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Interest income	7,057	28,708	-	-
Other incomes	1,360	5,532	-	-
	<b>8,417</b>	<b>34,240</b>	<b>-</b>	<b>-</b>

**16. General and administrative expenses**

	2021		2020	
	USD	KHR'000	USD	KHR'000
Salaries expenses	39,776	161,809	-	-
Interest expenses	28,189	114,673	563	2,297
Professional fees	17,716	72,069	128,797	525,492
Staff benefits	9,047	36,803	-	-
Miscellaneous expenses	7,432	30,233	10	41
Recruitment service expenses	6,548	26,637	-	-
Utilities expenses	1,965	7,994	-	-
Tax expenses	1,569	6,383	1	4
Depreciation and amortisation expenses	9,482	38,573	6,130	25,010
License fees expenses	1,266	5,150	2,630	10,730
Repair and maintenance	1,172	4,768	-	-
Office supplies	574	2,335	-	-
Communication expenses	500	2,034	-	-
Entertainment expenses	156	635	-	-
Printing expenses	20	81	31	126
Contribution fees	14	57	-	-
	<b>125,426</b>	<b>510,234</b>	<b>138,162</b>	<b>563,700</b>

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**17. Related parties' disclosures****Transactions with related parties**

<i>Payments to Directors and key management</i>	<b>2021</b>		<b>2020</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Chief Executive Officer	10,841	44,100,000	-	-
Chief Operation Officer	11,695	47,574,545	-	-
Head of Finance Department	11,549	46,982,861	-	-
	<b>34,085</b>	<b>138,657,406</b>	-	-

**18. 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 business.

**19. Finance risk management**

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

- credit risk;
- liquidity risk
- market risk; and
- insurance risk

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

**(i) 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 amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>2021</b>		<b>2020</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Insurance and other receivables	655,988	2,672,495	-	-
Cash and cash equivalents	47,505	193,536	151,979	614,756
	<b>703,493</b>	<b>2,866,031</b>	<b>151,979</b>	<b>614,756</b>

**ii) Liquidity risk**

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.



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	Carrying amount	Contractual cash flow	Less than 6 months	6-12 months	More than 1 year
	USD	USD	USD	USD	USD
<b>2021</b>					
Insurance and other payables	16,927	-	-	-	-
<b>2020</b>					
Insurance and other payables	-	-	-	-	-

Most of the Company's investment assets are highly liquid and are more than sufficient to meet liquidity need.

**(iii) 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 optimizing the return.

**Currency risk**

The Company does not have significant exposure to foreign currency risk.

**Interest rate risk**

Exposure to interest rate risk

Interest-bearing financial assets include cash in banks. The interest rates of cash at banks are disclosed in Note 10. There are no interest-bearing financial liabilities at the reporting date.

**(iv) 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 number 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:

**(a) Concentration of insurance risk**

Concentrations 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.

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 behavior. On the assumption that policyholders will make decisions rationally, overall insurance

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risk can be assumed to be aggravated by such behavior. The Company has factored the impact of policyholders' behavior into the assumptions used to measure insurance contract liabilities.

**(b) 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.

Each group of insurance risks is classified into categories of standard and degree of substandard through underwriting. Medical selection and financial underwriting guidelines included in the Company's underwriting procedures allow the correct assignment of insurance risk to the appropriate classes. Each class has varied premium to reflect the health condition and family medical history of the applicants. The Company uses reinsurance in the normal course of business to diversify its risks and limits its net risk potential. Reinsurance arrangement for risk undertaken by the Company has limited the Company's risk exposure.

**20. 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 is susceptible to varying interpretations.

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

**21. Subsequent events**

The novel corona virus ("COVID19") which was first reported in China in December 2019 and was declared a global pandemic by the World Health Organization in February 2020. Though the number of COVID19 cases in Cambodia have been relatively little, the pandemic has disrupted normal economic activity around the world. Despite the fact that the pandemic had disrupted normal economic activity worldwide, up to the date of this report, the directors are not aware of any material adverse impact on the Company.