

CAMBODIAN REINSURANCE COMPANY
“CAMBODIA RE”
(Registration No.: Co – 6063/02 Et)

Financial Statements
for the year ended 31 December 2018
and
Report of the Independent Auditors

Cambodian Reinsurance Company “Cambodia Re”
(Registration No.: Co – 6063/02 Et)

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Corporate Information

Company	Cambodian Reinsurance Company "Cambodia Re"
Registration No.	Co – 6063/02 Et
Registered Office	No. 17, Street 134, Sangkat Mittapheap Khan 7 Makara Phnom Penh Cambodia
Shareholders	Ministry of Economy and Finance Asia Insurance International (Holding) Co Ltd
Board of Directors	H.E. Ros Seilava H.E. Im Sithol H.E. Pen Pich Saly Mr. Huy Vatharo Mr. Rath Veasna Mr. Teddy Hailamsah
Management Team	H.E. Ros Seilava – Chairman Mr. Huy Vatharo – Managing Director Mr. Ty Atith – Operation Director Mr. Rath Veasna – Admin & Finance Director
Principal Bankers	ACLEDA Bank Plc. Foreign Trade Bank of Cambodia Advanced Bank of Asia Ltd Phnom Penh Commercial Bank RHB Indochina Bank WB Finance Co., Ltd. Sathapana Bank Plc. LOLC Microfinance Sacombank (Cambodia) Plc. Cathay United Bank (Cambodia) Corp., Ltd Bank for Investment and Development of Cambodia Plc.
Auditors	KPMG Cambodia Ltd



ក្រុមហ៊ុនធានារ៉ាប់រងបន្តកម្ពុជា
CAMBODIAN REINSURANCE COMPANY
"CAMBODIA RE"

No.....

ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ
KINGDOM OF CAMBODIA
NATION - RELIGION - KING

Report of the Directors

The Directors have the pleasure in submitting their report together with the audited financial statements of Cambodian Reinsurance Company "Cambodia Re" ("the Company") for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is to engage in reinsurance non-life and life and insurance risks.

Financial results

The financial results of the Company for the year ended 31 December 2018 were as follows:

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before taxation	1,694,896	6,855,854	2,153,511	8,710,952
Income tax expense	(384,972)	(1,557,212)	(309,956)	(1,253,772)
Net profit for the year	<u>1,309,924</u>	<u>5,298,642</u>	<u>1,843,555</u>	<u>7,457,180</u>

Dividends

On 31 December 2018, the Board of Director approved for dividends declared to its shareholders with total amounting to US\$1,500,000 from retained earnings. Currently the Company is under process to seek approval from Ministry of Economy and Finance on the dividends distribution.

Reserves and provision

All material movements to or from reserves and provisions during the financial year have been disclosed in the financial statements.

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Share capital

During the year, the shareholders have resolved to increase Company’s capital of 50,000 shares and sell existing 30,750 shares through a private placement. As of the date of these financial statements, the Company has not finalised this transaction process yet.

Directors

The Directors who held office since the date of the last report are:

H.E. Ros Seilava	Chairman
H.E. Pen Pich Saly	Board Member
H.E. Im Sithol	Board Member
Mr. Huy Vatharo	Board Member, Managing Director
Mr. Rath Veasna	Staff Representative, Admin & Finance Director
Mr. Teddy Hailamsah	Board Member

Directors’ benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling 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.

Since the end of the previous financial year, 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.

Responsibilities of the Directors in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- (i). adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii). comply with Cambodian International Financial Reporting Standards (“CIFRS”) or, if there have been any departures in the interest of fair presentation, ensure that these 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;

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- (iv). ensure that any current 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;
- (v). oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (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; and
- (vii). control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

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

- (a) 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;
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; and
- (c) 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.

Cambodian Reinsurance Company “Cambodia Re”

(Registration No.: Co – 6063/02 Et)

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.

Auditors

KPMG Cambodia Ltd. is the auditor of the Company.

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



H.E. Ros Seilava

Chairman of the Board of Directors



Mr. Huy Vatharo

Managing Director

Phnom Penh, Kingdom of Cambodia

22 March 2019



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No.....

Statement by the Directors

We, the undersigned on behalf of the Board of Directors of Cambodian Reinsurance Company "Cambodia Re" ("the Company"), do hereby state that, in our opinion, the accompanying financial statements which comprise the statement of financial position at 31 December 2018, 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 significant accounting policies and other explanatory information present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRS").

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

H.E. Ros Seilava

Chairman of the Board of Directors

Mr. Huy Vatharo

Managing Director

Phnom Penh, Kingdom of Cambodia

22 March 2019



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Kingdom of Cambodia
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Report of the independent auditors

To the Shareholders

Cambodian Reinsurance Company “Cambodia Re”

Opinion

We have audited the financial statements of Cambodian Reinsurance Company (“the Company”), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 61.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, 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 (“CISA”). 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 obtained at the date of this auditors’ report is the Report of the Directors on pages 1 to 4.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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 Those Charged with Governance for the Financial Statements

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

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

Auditors' Responsibilities 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 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 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.



- 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 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.

For KPMG Cambodia Ltd



Taing YoukFong
Partner

Phnom Penh, Kingdom of Cambodia

22 March 2019

Cambodian Reinsurance Company "Cambodia Re"

(Registration No.: Co – 6063/02 Et)

Statement of financial position as at 31 December 2018

	Note	31 December 2018		31 December 2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Cash and cash equivalents	5	834,491	3,352,985	151,002	609,595
Insurance receivables	6	5,367,447	21,566,402	4,683,915	18,908,964
Other receivables	7	2,344,297	9,419,385	50,379	203,380
Investments	8	15,570,424	62,561,964	12,864,371	51,933,466
Investment property	9	-	-	2,605,400	10,518,000
Property and equipment	10	887,872	3,567,470	901,279	3,638,463
Intangible assets	11	66,021	265,272	39,440	159,219
Government bonds	12	2,815,875	11,314,186	2,815,963	11,368,043
Statutory deposit	13	1,400,000	5,625,200	1,400,000	5,651,800
Total assets		29,286,427	117,672,864	25,511,749	102,990,930
LIABILITIES AND EQUITY					
Liabilities					
Insurance payables	14	4,805,477	19,308,407	3,694,764	14,915,762
Insurance contract liabilities	15	4,393,861	17,654,533	3,793,428	15,314,069
Other liabilities	16	698,394	2,806,147	105,023	423,978
Current income tax liabilities	17	373,221	1,499,602	5,741	23,176
Total liabilities		10,270,953	41,268,689	7,598,956	30,676,985
Equity					
Share capital	18	7,000,000	28,000,000	7,000,000	28,000,000
Other capital	19	750,000	3,037,500	750,000	3,037,500
Reserves	20	4,361,556	17,662,410	4,204,365	17,026,572
Retained earnings		6,753,136	27,347,676	4,338,907	17,582,121
Revaluation reserves	21	150,782	618,008	1,619,521	6,559,057
Currency translation difference		-	(261,419)	-	108,695
Total equity		19,015,474	76,404,175	17,912,793	72,313,945
Total liabilities and equity		29,286,427	117,672,864	25,511,749	102,990,930

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

Cambodian Reinsurance Company “Cambodia Re”

(Registration No.: Co – 6063/02 Et)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Insurance premium revenue	22	11,641,023	47,087,938	9,896,805	40,032,576
Insurance premium ceded to reinsurers	23	(4,284,209)	(17,329,625)	(3,783,842)	(15,305,641)
Change in provision for unexpired risks		(677,194)	(2,739,250)	(582,852)	(2,357,636)
Net insurance premium revenue		6,679,620	27,019,063	5,530,111	22,369,299
Commission income	24	1,350,662	5,463,428	1,219,021	4,930,940
Profit commission income	24	261,779	1,058,896	352,648	1,426,461
Finance and other income	25	744,937	3,013,270	737,171	2,981,857
Net income before claim		9,036,998	36,554,657	7,838,951	31,708,557
Gross claims paid	26	(3,316,224)	(13,414,126)	(2,739,838)	(11,082,645)
Reinsurers' share of claims paid	27	625,499	2,530,143	869,383	3,516,654
Change in other insurance contract liabilities		76,761	310,498	(346,149)	(1,400,173)
Net claims incurred		(2,613,964)	(10,573,485)	(2,216,604)	(8,966,164)
Commission expense	28	(3,501,408)	(14,163,195)	(2,577,174)	(10,424,669)
Contribution fees	29	(36,773)	(148,747)	(30,566)	(123,639)
Administrative and operating expenses	30	(1,189,957)	(4,813,376)	(861,096)	(3,483,133)
Profit before income tax		1,694,896	6,855,854	2,153,511	8,710,952
Income tax expense	17	(384,972)	(1,557,212)	(309,956)	(1,253,772)
Net profit for the year		1,309,924	5,298,642	1,843,555	7,457,180
Other comprehensive income					
Available-for sale financial assets – net change in fair value		150,269	607,838	513	2,075
Reversal of revaluation reserve – related tax		(357,512)	(1,446,136)	-	-
Currency translation difference		-	(370,114)	-	(14,753)
Total comprehensive income		1,102,681	4,090,230	1,844,068	7,444,502

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

Cambodian Reinsurance Company "Cambodia Re"

Registration No.: Co - 6063/02 Et)

Statement of changes in equity the year ended 31 December 2018

	Share capital		Other capital		Reserves		Revaluation reserves		Retained earnings		Foreign currency translation		Total	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance as at 1 January 2017	7,000,000	28,000,000	750,000	3,037,500	3,983,138	16,131,709	1,619,008	6,556,982	2,716,579	11,019,804	-	123,448	16,068,725	64,869,443
Profits to catastrophe reserve	-	-	-	-	221,227	894,863	-	-	(221,227)	(894,863)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	1,843,555	7,457,180	-	-	1,843,555	7,457,180
Change in investment-available-for-sale financial assets	-	-	-	-	-	-	513	2,075	-	-	-	-	513	2,075
Change in currency translation difference	-	-	-	-	-	-	-	-	-	-	-	(14,753)	-	(14,753)
Balance as at 31 December 2017	7,000,000	28,000,000	750,000	3,037,500	4,204,365	17,026,572	1,619,521	6,559,057	4,338,907	17,582,121	-	108,695	17,912,793	72,313,945
Balance as at 1 January 2018	7,000,000	28,000,000	750,000	3,037,500	4,204,365	17,026,572	1,619,521	6,559,057	4,338,907	17,582,121	-	108,695	17,912,793	72,313,945
Profits to catastrophe reserve	-	-	-	-	157,191	635,838	-	-	(157,191)	(635,838)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	1,309,924	5,298,642	-	-	1,309,924	5,298,642
Change in investment property - related tax	-	-	-	-	-	-	(357,512)	(1,446,136)	-	-	-	-	(357,512)	(1,446,136)
Change in revaluation reserves to retained earnings	-	-	-	-	-	-	(1,261,496)	(5,102,751)	1,261,496	5,102,751	-	-	-	-
Change in investment-available-for-sale financial assets	-	-	-	-	-	-	150,269	607,838	-	-	-	-	150,269	607,838
Change in currency translation difference	-	-	-	-	-	-	-	-	-	-	-	(370,114)	-	(370,114)
Balance as at 31 December 2018	7,000,000	28,000,000	750,000	3,037,500	4,361,556	17,662,410	150,782	6,18,008	6,753,136	27,347,676	-	(261,419)	19,015,474	76,404,175

Accompanying notes form an integral part of these financial statements.

Cambodian Reinsurance Company "Cambodia Re"

(Registration No.: Co – 6063/02 Et)

Statement of cash flows for the year ended 31 December 2018

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Operating activities				
Profit for the year	1,309,924	5,298,642	1,843,555	7,457,180
Adjustments for:				
Depreciation and amortisation	26,249	106,177	28,946	117,087
Interest income	(693,304)	(2,804,415)	(697,781)	(2,822,524)
Income tax expense	384,972	1,557,212	309,956	1,253,772
Loss on disposal of investment property	225,861	913,608	-	-
	<u>1,253,702</u>	<u>5,071,224</u>	<u>1,484,676</u>	<u>6,005,515</u>
Changes in:				
Reinsurance share of provision for unexpired risks	(227,596)	(920,626)	27,740	112,208
Reinsurance share of insurance contract liabilities	89,300	361,219	226,141	914,740
Gross provision for unexpired risks	904,790	3,659,876	555,112	2,245,428
Gross insurance contract liabilities	(166,061)	(671,717)	120,008	485,432
Insurance receivables	(683,532)	(2,764,887)	(781,013)	(3,159,198)
Insurance payables	1,110,713	4,492,834	755,327	3,055,298
Other receivables	(2,293,918)	(9,278,898)	(48,654)	(196,805)
Other payables	593,371	2,400,186	(11,199)	(45,300)
Cash generated from operations	<u>580,769</u>	<u>2,349,211</u>	<u>2,328,138</u>	<u>9,417,318</u>
Taxation paid	<u>(375,004)</u>	<u>(1,516,891)</u>	<u>(304,215)</u>	<u>(1,230,550)</u>
Net cash generated from operating activities	<u>205,765</u>	<u>832,320</u>	<u>2,023,923</u>	<u>8,186,768</u>
Investing activities				
Purchase of property and equipment	(7,423)	(30,026)	(5,618)	(22,725)
Increase in placements with banks	(1,848,122)	(7,475,653)	(2,537,833)	(10,265,534)
Interest received	693,304	2,804,415	697,781	2,822,524
Purchase of available for sale investments	(707,662)	(2,862,493)	(149,947)	(606,536)
Purchase of intangible assets	(32,000)	(129,440)	-	-
Proceed from disposal of investment property	2,379,539	9,625,235	-	-
Government bonds	88	356	-	-
Net cash generated from /(used in) investing activities	<u>477,724</u>	<u>1,932,394</u>	<u>(1,995,617)</u>	<u>(8,072,271)</u>

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(Registration No.: Co – 6063/02 Et)

Statement of cash flows (continued) for the year ended 31 December 2018

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Net increase in cash and cash equivalents	683,489	2,764,714	28,306	114,497
Cash and cash equivalents at beginning of the year	151,002	609,595	122,696	495,324
Currency translation difference	-	(21,324)	-	(226)
Cash and cash equivalents at end of the year (Note 5)	<u>834,491</u>	<u>3,352,985</u>	<u>151,002</u>	<u>609,595</u>

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

Cambodian Reinsurance Company “Cambodia Re”

(Registration No.: Co – 6063/02 Et)

Notes to the financial statements for the year ended 31 December 2018

1. Principal activities

Cambodian Reinsurance Company “Cambodia Re” was incorporated as a private limited company in Cambodia under the Registration Number Co - 6063/02 Et dated 14 August 2002. Prior to 16 January 2004, the Company was wholly owned by the Ministry of Economy and Finance (“MEF”) of the Government of Cambodia. On 16 January 2004, with effect from 1 January 2004, MEF entered into a Joint Venture Agreement with Asia Insurance International (Holding) Co Ltd (“AII”), a company incorporated in Bermuda, for the sale of 20% of the share capital of the Company held by the MEF.

The principal activity of the Company is to engage in reinsurance of non-life and life insurance risks. The Company commenced its commercial operations on 1 January 2003 under the license granted by the MEF. On 12 February 2014, the MEF approved the renewal of the Company’s license for another three years which is valid from 20 January 2014 to 19 January 2017. On 24 February 2017, the MEF approved on the second renewal of the Company’s license for another three years valid from 19 January 2017 to 18 January 2020.

The Company’s registered office is located at No. 17, Street 134, Sangkat Mittapheap, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2018 the Company had 17 employees excluding directors (2017: 18 employees). There were totally 6 directors of which 2 were in fulltime employment with the Company.

2. Basis of preparation

(a) Statement of compliance

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

These financial statements were authorised for issue by the Company’s Board of Directors on 22 March 2019.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention modified to include the measurement at fair value of financial assets available-for-sale.

Cambodian Reinsurance Company “Cambodia Re”

(Registration No.: Co – 6063/02 Et)

Notes to the financial statements (continued) for the year ended 31 December 2018

2. Basis of preparation (continued)

(c) 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 United States Dollars (“US\$”), management has determined the US\$ to be the Company’s functional as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in US\$, which is the Company’s functional currency.

All amounts have been rounded to nearest dollars, unless otherwise indicated.

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, 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 estimates include 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 Management 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.

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

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Notes to the financial statements (continued) for the year ended 31 December 2018

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Measurement of fair values (continued)

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 33 – financial instruments.

Valuation of Insurance contract liabilities

(i) *Non-life insurance contract*

For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of reinsurance business, it takes a significant period of time before ultimate costs of claims can be established with certainty and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These methods primarily use historical claim settlement trends as a base for assessing future claims settlement amounts. Historical claims developments are mainly analysed by underwriting year, by type and line of business and by geographical territory. Large claims are separately addressed using loss adjusters' reports and historical large claims development patterns.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.

Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of these liabilities and the attached uncertainty.

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Notes to the financial statements (continued) for the year ended 31 December 2018

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Valuation of Insurance contract liabilities (continued)

(ii) *Life insurance contract liabilities:*

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

3. Significant accounting policies

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

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the exchange rates at the reporting date. Foreign currency differences are generally recognised in profit or 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 contracts

(i) Classification

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholders by agreeing to compensate the policyholders or other beneficiaries if a specified uncertain future event adversely affects the policyholders or other beneficiaries. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The Company's Insurance contracts are classified into two broad categories, depending on the duration of the risk and the type of risk insured, namely life insurance and general insurance.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(b) Insurance contracts (continued)

(i) Classification (continued)

Non-life (general) insurance contract

These contracts provide for motor, fire, accident, engineering, marine cargo, personal accident, health, and miscellaneous.

Life insurance contracts

These are contracts that are predominantly protection based. For protection based contracts, the Company usually guarantees a fixed level of benefit that is payable upon a claim event (e.g. death, total permanent disability, critical illness). In return, the policyholders pay contractual premiums that may be guaranteed over the terms of the contracts.

(ii) Recognition and measurement

Premium income

Premium is recognised as income when offers from ceding companies are confirmed via statement of account (“SOA”). This comprises premiums generated on contracts entered into during the year as well as premiums and adjustments on contracts entered into in earlier years but confirmed in the current accounting year.

All written premiums are recorded on underwriting year basis and a provision is made for unearned income as Reserve for Unexpired Risk for the portion of premium relating to the current underwriting year that have not expired by the end of the accounting year. Earned Premium Income represents Gross Premium less change in reserve for unearned Premium during the year.

Retrocession

Retrocession premium represents the cost of outward reinsurance for the year. The retrocession programme is on underwriting year basis with appropriate reserves calculated using the same basis as reserve for unexpired risks.

Retrocession recoveries represent that portion of claims paid/payable on risks ceded out in respect of which recoveries are received/receivable from the retrocessionaire. Retrocession recoveries are disclosed separately as an asset and charged against gross claims incurred to arrive at net claims incurred.

Retrocession assets are assessed annually for impairment and the carrying amount reduced with impairment through profit or loss.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(b) Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Reserve for unexpired risks

The portion of the gross written premium which has not yet been earned by the end of the accounting year is accounted for as Reserve for Unexpired Risks. This is calculated using current underwriting year gross written premium for all classes of business assuming premium earning patterns based on historical pattern and business knowledge.

Reserve for outstanding claim

Reserve for outstanding claims represents provisions made to account for estimated cost of all claims and the related claims handling expenses incurred but not paid at the reporting date. This includes the cost of claims IBNR using best available information.

A full provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the best information available at that time. Provision is also made for the cost of IBNR until after the reporting date. Similarly, provision is made for “unallocated claims expenses” being the estimated administrative expenses that will be incurred after the reporting date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a reporting date and the subsequent settlement are included in profit or loss of the following year.

Based on the best available information, this reserve is calculated using standard actuarial methods and historical claims experience.

Insurance contract – 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 flows and claims handling and administration expenses, 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 in the statement of comprehensive income.

Deferred acquisition costs

Direct and indirect cost incurred to sell, underwrite and initiate new insurance contracts are recognised when incurred

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not classified at fair value through profit or loss, transaction costs that are directly attributable to the acquisition, issue or disposal of the financial instrument.

(ii) Classification

Financial instruments are classified as follows:

Financial assets

Loans and receivables

Loan and receivables comprise insurance receivable, other receivable, investment, government bonds and cash and cash equivalents.

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.

Other investments

Other investments represent long term deposits with financial institutions which maturity more than 12 months.

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 the Company in the management of its short-term commitments.

Available-for-sale

Non-derivative financial assets that are not classified into any of the preceding categories and are available for sale are classified in this category.

Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit or loss.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Classification (continued)

Financial assets (continued)

Available-for-sale (continued)

On derecognition or disposal, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity into profit or loss. Where the Company holds more than one investment in the same security they are deemed to be disposed of on a first-in-first-out basis. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Interest earned whilst holding available-for-sale investments is reported as income. Dividends earned are recognised in the income statement when the right of the payment is established.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value determination

Fair values of financial assets and financial liabilities in active markets are determined based on the market bid and ask prices respectively at the reporting date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models.

(iii) Derecognition

Financial assets

The Company derecognises 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 assets.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

Financial assets (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

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. Examples of such transactions are securities lending and sale and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

(iv) Offsetting

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

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) *Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(d) 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.

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated impairment loss, if any. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(f) Property 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.

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

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(f) Property and equipment (continued)

(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 using a declining balance basis (except office building charged on straight-line method) using the net book value of the individual assets as at the beginning of the year at the following annual rates:

Office building	5%	Straight line
Computer and office equipment	50%	Declining balance basis
Furniture and fittings	25%	Declining balance basis
Motor vehicles	25%	Declining balance basis

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

(g) 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 10 years.

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

(h) Statutory deposit

Statutory deposit is 10% of the Company's initial registered capital maintained with the 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 Ministry of Economy and Finance's Circular No 009 MEF dated 9 December 2002, bears no interest and is refundable only when the Company ceases its operations in Cambodia, is stated at cost.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(i) Reserves

Appropriations of retained profits are transferred to a catastrophe reserve and reserve for social and development at the discretion of the Company's Board of Directors.

(j) Impairment

(i) 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; 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 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.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(j) Impairment (continued)

(i) 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.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not 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. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(k) Employee benefits

Short-term employee benefits

Short-term employee benefits 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.

(l) 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.

(m) Operating leases

Leases, where the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) 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 years.

Current tax includes i) corporate tax on the gross premium received in relation to the insurance or reinsurance risk and ii) corporate tax on any taxable profit that are not attributable to insurance or reinsurance activities.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(n) Income tax (continued)

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.

A 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 used. 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; such reductions are reversed when the probability of future taxable profits improves.

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.

(o) Investment income

Interest on term deposits with banks is recognised into profit and loss using effective interest method.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

i) *CIFRS 17 Insurance Contract*

In May 2017, the IASB published IFRS 17, *Insurance Contracts*. CIFRS 17 supersedes CIFRS 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 CIFRS 15 Revenue from Contracts with Customers are also applied. IFRS 4 includes a temporary exemption for companies whose activities are predominantly connected with insurance to defer the effective date of CIFRS 9 until the earlier effective date of the CIFRS 17.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(p) New standards and interpretations not yet adopted (continued)

i) CIFRS 17 Insurance Contract (continued)

On 14 November 2018, the IAS B discussed and tentatively decided to defer the effective date of IFRS 17 to annual period beginning on or after 1 January 2022. The IASB also tentatively decided to defer the fixed expiry date of the temporary exemption of IFRS 9 in IFRS 4 to annual period on or after 1 January 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 recognise profits as its delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise 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 planning to assess 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 CIAS 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 of CIFRS 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 CIAS 39 categories of held to maturity, loans and receivables and available for sale.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(p) New standards and interpretations not yet adopted (continued)

ii) *CIFRS 9 Financial Instruments (continued)*

CIFRS 9 replaces the ‘incurred loss’ model in CIAS 39 with a forward-looking ‘expected credit loss’ (“ECL”) model. This will require considerable judgment 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: these 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 over 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 ELC 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 17 become effective and is currently assessing the impact of the standard on its financial position and results of operations.

iii) *CIFRS 16 Leases*

The Company is required to adopt CIFRS 16 *Leases from 1 January 2019*. CIFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

CIFRS 16 replaces existing leases guidance, including CIAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Significant accounting policies (continued)

(p) New standards and interpretations not yet adopted (continued)

iii) *CIFRS 16 Leases (continued)*

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating lease. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

As at the authorisation date of these financial statements, the Company is evaluating the potential impact of the implementation of these new and amendment accounting standards to its financial statements.

Transition

The Company plans to apply CIFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting CIFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply CIFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with CIAS 17 and IFRIC 4.

iv) **Other new accounting standards**

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

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to CIFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to CIAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to CIAS 19).
- Annual Improvements to CIFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in CIFRS Standards.

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Notes to the financial statements (continued) for the year ended 31 December 2018

4. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars. The translations of United States Dollars amounts into Khmer Riel ("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 share capital and additional capital contribution account are translated at the historical rate. The statements of 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 Company uses the following exchange rates:

			Closing rate	Average rate
31 December 2018	US\$1	=	KHR 4,018	KHR 4,045
31 December 2017	US\$1	=	<u>KHR 4,037</u>	<u>KHR 4,045</u>

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

5. Cash and bank balances

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash and cash equivalents:				
Cash on hand	319	1,282	319	1,288
Cash at banks with maturity less than 3 months	834,172	3,351,703	150,683	608,307
	<u>834,491</u>	<u>3,352,985</u>	<u>151,002</u>	<u>609,595</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

6. Insurance receivable

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract				
<i>Other insurers and reinsurers</i>				
Gross premium receivables	4,007,949	16,103,939	3,041,813	12,279,799
Other insurance receivables	800,380	3,215,927	842,384	3,400,703
Reinsurance receivables	157,647	633,426	279,768	1,129,423
	<u>4,965,976</u>	<u>19,953,292</u>	<u>4,163,965</u>	<u>16,809,925</u>
<i>Related parties (Note 31(b))</i>				
Gross premium receivables	131,452	528,174	138,516	559,189
Other insurance receivables	171,850	690,493	272,817	1,101,362
Reinsurance receivables	46,039	184,985	63,961	258,211
	<u>349,341</u>	<u>1,403,652</u>	<u>475,294</u>	<u>1,918,762</u>
	<u>5,315,317</u>	<u>21,356,944</u>	<u>4,639,259</u>	<u>18,728,687</u>
Life insurance contract				
Gross premium receivables	33,844	135,985	28,507	115,083
Other insurance receivables	(1,844)	(7,409)	399	1,611
Reinsurance receivables	20,130	80,882	15,750	63,583
	<u>52,130</u>	<u>209,458</u>	<u>44,656</u>	<u>180,277</u>
	<u>5,367,447</u>	<u>21,566,402</u>	<u>4,683,915</u>	<u>18,908,964</u>

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7. Other receivables

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deposits	19,874	79,854	34,250	138,267
License fees	4,466	17,944	8,632	34,847
Dividend receivable	12,005	48,236	7,497	30,266
Other receivables (*)	2,307,952	9,273,351	-	-
	<u>2,344,297</u>	<u>9,419,385</u>	<u>50,379</u>	<u>203,380</u>

(*) Other receivables mostly represents the receivable of sale proceed of the disposal of investment property which was subsequently settled in January 2019.

8. Investments

		31 December 2018		31 December 2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Other investments	(i)	14,562,033	58,510,249	12,713,911	51,326,059
Financial assets – available for sale	(ii)	300,729	1,208,329	150,460	607,407
Financial assets – corporate bonds	(iii)	707,662	2,843,386	-	-
		<u>15,570,424</u>	<u>62,561,964</u>	<u>12,864,371</u>	<u>51,933,466</u>

(i) Other investment

Other investment represents term deposits with financial institutions in Cambodia with maturity more than 12 months from placement and earn interest at rates ranging from 4.00% to 9.75% (2017: 4.80% to 10.50%) per annum.

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Notes to the financial statements (continued) for the year ended 31 December 2018

8. Investments (continued)

(ii) Financial assets – available-for-sale

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cost	150,460	604,548	149,947	605,336
Gain on change in fair value	150,269	607,838	513	2,075
Currency translation difference	-	(4,057)	-	(4)
	<u>300,729</u>	<u>1,208,329</u>	<u>150,460</u>	<u>607,407</u>

This represents the share of Sihanoukville Autonomous Port (“PAS”) purchased in the secondary market. At the end of each month, the Company performs the “mark to market” valuation on the purchased shares. As at 31 December 2018, there was totally 119,100 shares (31 December 2017: 119,100 shares).

The Company has no intention of holding the shares to generate a profit for short term fluctuation in price or dealer’s margin, accordingly interest in share of PAS is classified as available for sale financial asset in the financial statements.

(iii) Financial assets – corporate bonds

Investment in Corporate Bonds are in Khmer Riels denomination and has a normal value of KHR100,000 per bond. On 14 November 2018, the Company bought 28,000 Bonds, equivalents to KHR2,800,000,000 issued by Hattha Kaksekar Limited. The Bonds bear interest rate of 8.5% per annum for three years (2018 – 2021) effective from 14 November 2018 and are payable semi-annually in arrears on 14th May and 14th November each year, with the first payment to be made on 14th May 2019.

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Notes to the financial statements (continued) for the year ended 31 December 2018

9. Investment property

This represents freehold land of 3,722 square meters, located at street 2004, Sangkat Kakab, Khan Por Senchey (previously Khan Dangkor), Phnom Penh, Kingdom of Cambodia, covered by a certificate of title issued by the Phnom Penh Municipality’s Department of Land Management, Urban Planning and Construction on 02 December 2004.

In 2012 and 2013, the Company revalued its freehold land to fair value by an independent appraiser, which resulted in the increase in land value from its original cost of US\$591,980 to US\$2,605,400. The surplus resulted from the revaluation was recorded under revaluation reserves (See Note 21).

On 10 September 2018, the Company entered into a Purchase and Sale Agreement with resident purchaser to sell the freehold land at US\$839 per square meter. The detailed of disposal transaction is as follow:

	Amount	
	US\$	KHR('000) (Note 4)
Gross sale proceed	2,558,950	10,350,953
Less: Costs proceed associated to sale	(179,411)	(725,717)
Net sale proceed	2,379,539	9,625,236
Less: Investment property cost	(2,605,400)	(10,538,843)
Loss on disposal of investment property	(225,861)	(913,607)

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Notes to the financial statements (continued) for the year ended 31 December 2018

10. Property and equipment

2018	Freehold land US\$	Office building US\$	Computer and office equipment US\$	Furniture and fittings US\$	Motor vehicles US\$	US\$	Total KHR'000 (Note 4)
Cost							
At 1 January 2018	756,288	199,868	74,703	33,460	157,431	1,221,750	4,932,204
Additions	-	-	5,456	1,967	-	7,423	30,026
Currency translation difference	-	-	-	-	-	-	(23,413)
At 31 December 2018	756,288	199,868	80,159	35,427	157,431	1,229,173	4,938,817
Less: Accumulated depreciation							
At 1 January 2018	-	88,817	68,563	26,688	136,403	320,471	1,293,741
Depreciation for the year	-	9,993	4,121	1,459	5,257	20,830	84,257
Currency translation difference	-	-	-	-	-	-	(6,651)
At 31 December 2018	-	98,810	72,684	28,147	141,660	341,301	1,371,347
Carrying amounts							
At 31 December 2018	756,288	101,058	7,475	7,280	15,771	887,872	3,567,470

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Notes to the financial statements (continued) for the year ended 31 December 2018

10. Property and equipment (continued)

2017	Freehold land US\$	Office building US\$	Computer and office equipment US\$	Furniture and fittings US\$	Motor vehicles US\$	US\$	Total KHR'000 (Note 4)
Cost							
At 1 January 2017	756,288	199,868	70,235	32,310	157,431	1,216,132	4,909,525
Additions	-	-	4,468	1,150	-	5,618	22,725
Currency translation difference	-	-	-	-	-	-	(46)
At 31 December 2017	756,288	199,868	74,703	33,460	157,431	1,221,750	4,932,204
Less: Accumulated depreciation							
At 1 January 2017	-	78,824	63,344	24,893	129,394	296,455	1,196,789
Depreciation for the year	-	9,993	5,219	1,795	7,009	24,016	97,145
Currency translation difference	-	-	-	-	-	-	(193)
At 31 December 2017	-	88,817	68,563	26,688	136,403	320,471	1,293,741
Carrying amounts							
At 31 December 2017	756,288	111,051	6,140	6,772	21,028	901,279	3,638,463

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Notes to the financial statements (continued) for the year ended 31 December 2018

11. Intangible assets

	Computer software	
	US\$	KHR'000 (Note 4)
Cost		
At 1 January 2018	49,300	199,024
Addition	32,000	129,440
Currency translation difference	-	(1,801)
As at 31 December 2018	<u>81,300</u>	<u>326,663</u>
Less: Accumulated amortisation		
At 1 January 2018	9,860	39,805
Amortisation for the year	5,419	21,920
Currency translation difference	-	(334)
As at 31 December 2018	<u>15,279</u>	<u>61,391</u>
Carrying amounts		
At 31 December 2018	<u>66,021</u>	<u>265,272</u>
Cost		
At 1 January 2017/ 31 December 2017	49,300	199,024
Less: Accumulated amortisation		
At 1 January 2017	4,930	19,902
Amortisation for the year	4,930	19,942
Currency translation difference	-	(39)
As at 31 December 2017	<u>9,860</u>	<u>39,805</u>
Carrying amounts		
At 31 December 2017	<u>39,440</u>	<u>159,219</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

12. Government bonds

The Government bonds were issued by the Ministry of Economy and Finance (“MEF”) since the incorporation of the Company as the initial paid-up capital. As at 31 December 2018, there were totally 1,118 bonds with par value of KHR 10,000,000 (equivalent to US\$ 2,500 per bond). The bonds bear interest at the rate of 3% per annum and will expire on 1 April 2020.

As at 31 December, the bonds are maintained at the following premises:

	31 December 2018		31 December 2017	
	Number of bond	US\$	Number of bond	US\$
Foreign Trade Bank of Cambodia	1,090	2,725,000	1,090	2,725,000
Cambodia Re’s office	28	70,000	28	70,000
Accrued interest receivable	-	20,875	-	20,963
	<u>1,118</u>	<u>2,815,875</u>	<u>1,118</u>	<u>2,815,963</u>

13. Statutory deposit

A statutory deposit is maintained with the National Treasury in compliance with Article 53 of the Royal Government’s Sub-Decree on Insurance dated 22 October 2001 and Article 1 of the Ministry of Economy and Finance’s Circular No 009 SHV dated 9 December 2002. The deposit, is at minimum, equivalent to 10% of Company’s registered capital, bears no interest and is refundable only when the Company ceases its operations in Cambodia.

The Company maintains statutory deposit by the 560 government bonds with par value of KHR 10,000,000 (equivalent to US\$ 2,500 per bond) issued by the MEF and matured on 1 April 2017. On 31 March 2017, the MEF has issued a Prakas No. 360 Pr.K to extend this government bond from 1 April 2017 to 1 April 2020 at the same amount.

14. Insurance payables

	31 December 2018		31 December 2017	
	US\$	KHR’000 (Note 4)	US\$	KHR’000 (Note 4)
Non-life insurance contract				
Other insurers and reinsurers				
Payable arising from reinsurance	1,479,621	5,945,117	1,403,457	5,665,756
Payable arising from insurance contract	2,881,933	11,579,607	1,701,355	6,868,370
	<u>4,361,554</u>	<u>17,524,724</u>	<u>3,104,812</u>	<u>12,534,126</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

14. Insurance payables (continued)

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract (continued)				
<i>Related parties (Note 31(b))</i>				
Payable arising from reinsurance	263,514	1,058,799	460,320	1,858,312
Payable arising from insurance contract	112,547	452,214	88,895	358,869
	<u>376,061</u>	<u>1,511,013</u>	<u>549,215</u>	<u>2,217,181</u>
	<u>4,737,615</u>	<u>19,035,737</u>	<u>3,654,027</u>	<u>14,751,307</u>
Life insurance contract				
Payable arising from reinsurance	29,933	120,271	26,594	107,360
Payable arising from insurance contract	37,929	152,399	14,143	57,095
	<u>67,862</u>	<u>272,670</u>	<u>40,737</u>	<u>164,455</u>
	<u>4,805,477</u>	<u>19,308,407</u>	<u>3,694,764</u>	<u>14,915,762</u>

15. Insurance contract liabilities

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract, net				
Provision for unexpired risks	3,554,531	14,282,105	2,881,465	11,632,475
Other insurance contract liabilities	805,140	3,235,052	879,856	3,551,978
	<u>4,359,671</u>	<u>17,517,157</u>	<u>3,761,321</u>	<u>15,184,453</u>
Life insurance contract, net				
Provision for unexpired risks	28,572	114,803	24,444	98,680
Other insurance contract liabilities	5,618	22,573	7,663	30,936
	<u>34,190</u>	<u>137,376</u>	<u>32,107</u>	<u>129,616</u>
Total	<u>4,393,861</u>	<u>17,654,533</u>	<u>3,793,428</u>	<u>15,314,069</u>

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Notes to the financial statements (continued)
for the year ended 31 December 2018

15. Insurance contract liabilities (continued)

The analysis of insurance liabilities are as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract				
Gross				
Provision for unexpired risks	5,572,229	22,389,216	4,675,693	18,875,773
Claims outstanding	761,459	3,059,542	859,634	3,470,342
IBNR	451,539	1,814,284	507,468	2,048,648
	<u>6,785,227</u>	<u>27,263,042</u>	<u>6,042,795</u>	<u>24,394,763</u>
Reinsurance				
Provision for unexpired risks	(2,017,698)	(8,107,111)	(1,794,228)	(7,243,298)
Claims outstanding	(335,880)	(1,349,566)	(440,138)	(1,776,837)
IBNR	(71,978)	(289,208)	(47,108)	(190,175)
	<u>(2,425,556)</u>	<u>(9,745,885)</u>	<u>(2,281,474)</u>	<u>(9,210,310)</u>
Non-life insurance contract, net	<u>4,359,671</u>	<u>17,517,157</u>	<u>3,761,321</u>	<u>15,184,453</u>
Life insurance contract				
Gross				
Provision for unexpired risks	57,142	229,597	48,888	197,360
Claims outstanding	4,000	16,072	12,598	50,858
IBNR	4,304	17,293	7,663	30,936
	<u>65,446</u>	<u>262,962</u>	<u>69,149</u>	<u>279,154</u>
Reinsurance				
Provision for unexpired risks	(28,570)	(114,794)	(24,444)	(98,680)
Claims outstanding	(2,000)	(8,036)	(6,299)	(25,429)
IBNR	(686)	(2,756)	(6,299)	(25,429)
	<u>(31,256)</u>	<u>(125,586)</u>	<u>(37,042)</u>	<u>(149,538)</u>
Life insurance contract, net	<u>34,190</u>	<u>137,376</u>	<u>32,107</u>	<u>129,616</u>
Total	<u>4,393,861</u>	<u>17,654,533</u>	<u>3,793,428</u>	<u>15,314,069</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

15. Insurance contract liabilities (continued)

Movement in insurance contract liabilities:

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	3,793,428	15,314,069	2,864,427	11,563,692
Charge during the year:				
Provision for unexpired risks	677,194	2,739,250	582,852	2,357,636
Other insurance contract liabilities	(76,761)	(310,498)	346,149	1,400,173
Currency translation difference	-	(88,288)	-	(7,432)
At 31 December	<u>4,393,861</u>	<u>17,654,533</u>	<u>3,793,428</u>	<u>15,314,069</u>

Process used to determine assumptions

Claims liabilities

Loss reserve are constituted for payment obligations from reinsurance losses that have occurred but have not yet been settled. They are further divided into reserves for reinsurance losses reported by the reporting date and reserves for reinsurance that have already been incurred but not yet reported (“IBNR”) by the reporting date. The loss reserves are based on estimates that may diverge from the actual amounts payable. The provision for IBNR is calculated, based on the actuarial valuations of historical claims development, including a Provision for Adverse Deviation (PAD) at the total overall Company level.

Estimating the outstanding claims provision involves projection of The Company's future claim experience. As with all projections, there are elements of uncertainty and thus the future claims experience may be different from its actual claims experience due to the level of uncertainty of estimation involved in projecting future claims experience based on past claims experience. These uncertainties arise from changes in underlying risks, changes in spread of risks, claims projections as well as uncertainties in the projection model and underlying assumptions.

Sensitivity analysis

The sensitivity of the claims liability of the Company's to the key assumptions as at 31 December 2018 is indicated below. The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of loss development pattern and loss ratio movement. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures.

Parameter	Change in input	Impact on gross liability US\$'000	Impact on net liability US\$'000	Impact on profit or loss US\$'000
Ultimate loss	+ 2.5% (multiplicative)	275	211	(211)
Ultimate loss	- 2.5% (multiplicative)	(275)	(211)	211

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Notes to the financial statements (continued) for the year ended 31 December 2018

16. Other liabilities

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit incentive payables	98,626	396,279	93,023	375,534
Rental deposit	12,000	48,216	12,000	48,444
Commission and lawyer fee	67,768	272,292	-	-
Others (*)	520,000	2,089,360	-	-
	<u>698,394</u>	<u>2,806,147</u>	<u>105,023</u>	<u>423,978</u>

(*) The others liabilities represents initial deposit from potential investors, Forte Investment Holding Co., Ltd and Sovannaphum Life Assurance Plc. on their interesting to purchase the Company's shares. The investors have the right to withdraw their interest of investment by notice in writing to the Company; these deposit then will be reimbursed in full by the Company to each potential investors. As the date of these financial statements, the private placement has not been finalised.

17. Taxation

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

Non-life insurance

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

Interest income earned from deposit with banks and local financial institutions is not subject to tax on profit in accordance with circular No. 003 MEF GDT – Tax on Profit and Other Tax Collection of Insurance Companies issued by MEF on 10 February 2011.

Life insurance

In accordance with Article 20 (new) of the Cambodian Law on Taxation, Life insurance Company is subject to income tax at statutory tax rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

Minimum tax is calculated at the rate of 1% of the annual turnover (life insurance premium and related income and other income from another 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) in which is subject to be approved by the GDT.

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Notes to the financial statements (continued) for the year ended 31 December 2018

17. Taxation (continued)

(a) Current income tax liabilities

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	5,741	23,176	-	-
Charge to profit or loss	596,408	2,412,471	497,248	2,011,368
Recognise in other comprehensive income	357,512	1,446,136	-	-
Gross income tax paid	(586,440)	(2,372,150)	(491,507)	(1,988,146)
Currency translation difference	-	(10,031)	-	(46)
At 31 December	<u>373,221</u>	<u>1,499,602</u>	<u>5,741</u>	<u>23,176</u>

The net income tax paid is detailed as follow:

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Gross income tax paid	586,440	2,372,150	491,507	1,988,146
Tax recoveries from reinsurers*	(211,436)	(855,259)	(187,292)	(757,596)
Net income tax paid per cash flow statement	<u>375,004</u>	<u>1,516,891</u>	<u>304,215</u>	<u>1,230,550</u>

(b) Income tax expense

(i) Amount recognised in profit and loss

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current tax expense	596,408	2,412,471	497,248	2,011,368
Tax recoveries from reinsurers*	(211,436)	(855,259)	(187,292)	(757,596)
	<u>384,972</u>	<u>1,557,212</u>	<u>309,956</u>	<u>1,253,772</u>

(ii) Amount recognised in other comprehensive income

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Investment property-related tax	<u>357,512</u>	<u>1,446,136</u>	-	-

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Notes to the financial statements (continued) for the year ended 31 December 2018

17. Taxation (continued)

(b) Income tax expense (continued)

(ii) Amount recognised in other comprehensive income

	Non-life US\$	Life US\$	Non- insurance US\$	Total US\$	KHR'000 (Note 4)
2018					
Gain on disposal of investment property – per tax basis	-	-	1,787,559	1,787,559	7,230,676
Income tax using statutory rate At 20% profits tax	-	-	357,512	357,512	1,446,136
Investment property-related tax	-	-	357,512	357,512	1,446,136

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.

18. Share capital

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid 280,000 shares of US\$25 each	7,000,000	28,000,000	7,000,000	28,000,000

As at 31 December 2018 and 2017, the Company's shareholders and their respective interests are as follows:

	Registered, issued and fully paid		
	Number of shares	Amount US\$	%
Ministry of Economy and Finance (Royal Government of Cambodia)	224,000	5,600,000	80
Asia Insurance International (Holding) Co., Ltd.	56,000	1,400,000	20
	280,000	7,000,000	100

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Notes to the financial statements (continued) for the year ended 31 December 2018

19. Other capital

In 2013, the shareholders had paid up additional capital amounting to US\$750,000 of which 80% (US\$600,000) and 20% (US\$150,000) from the Ministry of Economy and Finance and Asia Insurance International (Holding) Co., Ltd. respectively.

The Company has not proceed to update this additional capital in the Memorandum and Articles of Association with the Ministry of Commerce as at the date of these financial statements.

20 Reserves

Dividend policy which was approved by the Board of Directors and the MEF on 10 October 2017 and 21 December 2017 respectively is as follow:

1. At the discretion of Board of Directors’ proposal which is subject to MEF’s approval, the Company may distribute a maximum of 70% of its distributable income to common shareholders.
2. Distributable income is defined as net income after tax less the following:
 - Compensation for losses incurred in previous years (if any).
 - Reward to management and employees as approval from the Board of Directors.
 - Allocation of 10% for catastrophes reserve
 - Allocation of 2% or maximum at US\$50,000 for establishment and accumulation of a social and development fund.

	Catastrophe reserve US\$	Reserve for social and development US\$	Total US\$
At 1 January 2018	4,167,494	36,871	4,204,365
Transferred from retained earnings	130,992	26,199	157,191
At 31 December 2018	<u>4,298,486</u>	<u>63,070</u>	<u>4,361,556</u>
Equivalent in KHR’000 (Note 4)	<u>17,407,004</u>	<u>255,406</u>	<u>17,662,410</u>
At 1 January 2017	3,983,138	-	3,983,138
Transferred from retained earnings	184,356	36,871	221,227
At 31 December 2017	<u>4,167,494</u>	<u>36,871</u>	<u>4,204,365</u>
Equivalent in KHR’000 (Note 4)	<u>16,877,254</u>	<u>149,318</u>	<u>17,026,572</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

21. Revaluation reserves

	Revaluation reserves US\$	Revaluation surplus on available-for-sale financial assets US\$	Total US\$
At 1 January 2018	1,619,008	513	1,619,521
(Reversal)/addition	(357,512)	150,269	(207,243)
Transfer to retained earnings	(1,261,496)	-	(1,261,496)
At 31 December 2018	-	150,782	150,782
Equivalent in KHR'000 (Note 4)	-	618,008	618,008
At 1 January 2017	1,619,008	-	1,619,008
Addition	-	513	513
At 31 December 2017	1,619,008	513	1,619,521
Equivalent in KHR'000 (Note 4)	6,556,982	2,075	6,559,057

22. Insurance premium revenue

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract	11,529,159	46,635,448	9,820,786	39,725,079
Life insurance contract	111,864	452,490	76,019	307,497
	<u>11,641,023</u>	<u>47,087,938</u>	<u>9,896,805</u>	<u>40,032,576</u>

23. Insurance premium ceded to reinsurers

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract	4,228,277	17,103,380	3,745,832	15,151,890
Life insurance contract	55,932	226,245	38,010	153,751
	<u>4,284,209</u>	<u>17,329,625</u>	<u>3,783,842</u>	<u>15,305,641</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

24. Commission income

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Commission income:				
Non-life insurance contract	1,352,246	5,469,835	1,219,021	4,930,940
Life insurance contract	(1,584)	(6,407)	-	-
	<u>1,350,662</u>	<u>5,463,428</u>	<u>1,219,021</u>	<u>4,930,940</u>
Profit commission income:				
Non-life insurance contract	<u>261,779</u>	<u>1,058,896</u>	<u>352,648</u>	<u>1,426,461</u>

25. Finance and other income

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	693,304	2,804,415	697,781	2,822,524
Other income	51,633	208,855	39,390	159,333
	<u>744,937</u>	<u>3,013,270</u>	<u>737,171</u>	<u>2,981,857</u>

26. Gross claims paid

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract	3,262,465	13,196,671	2,702,038	10,929,744
Life insurance contract	53,759	217,455	37,800	152,901
	<u>3,316,224</u>	<u>13,414,126</u>	<u>2,739,838</u>	<u>11,082,645</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

27. Reinsurers' share of claims paid

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract	598,619	2,421,413	850,483	3,440,204
Life insurance contract	26,880	108,730	18,900	76,450
	<u>625,499</u>	<u>2,530,143</u>	<u>869,383</u>	<u>3,516,654</u>

28. Commission expenses

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-life insurance contract	3,496,284	14,142,468	2,577,174	10,424,669
Life insurance contract	5,124	20,727	-	-
	<u>3,501,408</u>	<u>14,163,195</u>	<u>2,577,174</u>	<u>10,424,669</u>

29. Contribution fees

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Gross				
Non-life insurance contract	57,482	232,515	49,106	198,634
Life insurance contract	559	2,261	380	1,536
	<u>58,041</u>	<u>234,776</u>	<u>49,486</u>	<u>200,170</u>
Reinsurance				
Non-life insurance contract	(21,138)	(85,503)	(18,849)	(76,244)
Life insurance contract	(130)	(526)	(71)	(287)
	<u>(21,268)</u>	<u>(86,029)</u>	<u>(18,920)</u>	<u>(76,531)</u>
	<u>36,773</u>	<u>148,747</u>	<u>30,566</u>	<u>123,639</u>

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Notes to the financial statements (continued)
for the year ended 31 December 2018

30. Administrative and operating expenses

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Directors salaries and bonuses	410,110	1,658,895	368,850	1,491,998
Staff salaries and bonuses	244,646	989,593	238,969	966,630
Depreciation and amortisation	26,249	106,177	28,946	117,087
Travelling and entertainment	47,504	192,154	41,919	169,562
Utilities	24,141	97,650	22,547	91,203
Advertising and promotion	26,381	106,711	13,010	52,625
Communications	8,677	35,098	8,317	33,642
Professional fee	31,020	125,476	13,552	54,818
Repairs and maintenance	16,505	66,763	21,780	88,100
Bank charges	3,418	13,826	2,725	11,023
Withholding tax on interest income	39,466	159,640	36,417	147,307
Other taxes	4,341	17,559	4,506	18,227
Other expenses	81,638	330,226	59,558	240,911
Loss on disposal of investment property	225,861	913,608	-	-
	<u>1,189,957</u>	<u>4,813,376</u>	<u>861,096</u>	<u>3,483,133</u>

31. Related party transactions and balances

(a) Transaction with related parties

During the year there were the following significant transactions with related parties:

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Key management compensation				
Directors salaries and bonuses	410,110	1,658,895	368,850	1,491,998
	<u>410,110</u>	<u>1,658,895</u>	<u>368,850</u>	<u>1,491,998</u>

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Notes to the financial statements (continued)
for the year ended 31 December 2018

31. Related party transactions and balances (continued)

(a) Transaction with related parties (continued)

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Other related parties				
Cambodian National Insurance Company (“CAMINCO”)				
Premium ceded	768,715	3,109,452	754,931	3,053,696
Commission expense	199,813	808,244	196,298	794,025
Asia Insurance Co., Ltd. (HK)				
Reinsured premium	280,351	1,134,020	319,351	1,291,775
Commission income	98,121	396,899	140,281	567,437
Bangkok Insurance Public Co., Ltd.				
Reinsured premium	569,184	2,302,349	648,375	2,622,677
Commission income	199,219	805,841	284,810	1,152,056
P.T. Asuransi Central Asia				
Reinsured premium	-	-	51	206
Commission income	-	-	18	73
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Balance with related parties

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amount due from related parties (Note 6)				
Cambodian National Insurance Company (“CAMINCO”)				
Premium receivables	131,452	528,174	138,516	559,189
Asia Insurance Co., Ltd. (HK)				
Reinsurance receivables	25,118	100,924	21,451	86,598
Other insurance receivables	76,443	307,148	90,030	363,451
Bangkok Insurance Public Co., Ltd.				
Reinsurance receivables	20,921	84,061	42,510	171,613
Other insurance receivables	95,407	383,345	182,787	737,911
	<u>349,341</u>	<u>1,403,652</u>	<u>475,294</u>	<u>1,918,762</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

31. Related party transactions and balances (continued)

(b) Balance with related parties (continued)

	31 December 2018		31 December 2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Amount due to related parties (Note 14)</i>				
Cambodian National Insurance Company (“CAMINCO”)	112,547	452,214	88,895	358,869
Asia Insurance Co., Ltd. (HK)	135,690	545,202	151,906	613,245
Bangkok Insurance Public Co., Ltd.	127,824	513,597	308,414	1,245,067
	<u>376,061</u>	<u>1,511,013</u>	<u>549,215</u>	<u>2,217,181</u>

32. Capital management

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

33. Financial instruments – fair values and risk management

(a) 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 other than Investments in equity as disclosed in Note 8(ii) and (iii) to the financial statements.

Except Investments in equity which is categorised as level 1, all other financial assets and financial liabilities of the Company are categorised as level 2 under the fair value hierarchy.

(b) Financial risk management

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

- credit risk;
- liquidity risk; and
- market 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.

Cambodian Reinsurance Company “Cambodia Re”

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Notes to the financial statements (continued) for the year ended 31 December 2018

33. Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(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:

	Carrying amounts			
	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Receivables arising from insurance and reinsurance contracts	5,367,447	21,566,402	4,683,915	18,908,964
Other receivables	2,344,297	9,419,385	50,379	203,380
Other investments	15,570,424	62,561,964	12,864,371	51,933,466
Cash in banks	834,491	3,352,985	151,002	609,595
	<u>24,116,659</u>	<u>96,900,736</u>	<u>17,749,667</u>	<u>71,655,405</u>

Receivables arising from insurance and reinsurance contracts

For receivables arising from insurance and reinsurance contracts, none of the Company's receivables due from policyholders are past due.

Cash in banks

Cash in banks represents fixed deposits and other bank accounts with Commercial Banks. Management does not foresee any significant credit risk from cash in banks and does not expect the banks to fail to meet their obligations.

(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.

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Notes to the financial statements (continued) for the year ended 31 December 2018

33. Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

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. For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

At 31 December 2018	Carrying Amount US\$	Contractual cash flow US\$	Less than 1 year US\$	More than 1 year US\$
Gross insurance contract liabilities	4,393,861	4,393,861	810,758	3,583,103
Insurance and other payables	5,503,871	5,503,871	5,503,871	-
	<u>9,897,732</u>	<u>9,897,732</u>	<u>6,314,629</u>	<u>3,583,103</u>
(KHR'000 equivalents – Note 4)	<u>39,769,087</u>	<u>39,769,087</u>	<u>25,372,179</u>	<u>14,464,987</u>
At 31 December 2017	Carrying Amount US\$	Contractual cash flow US\$	Less than 1 year US\$	More than 1 year US\$
Gross insurance contract liabilities	3,793,428	3,793,428	887,519	2,905,909
Insurance and other payables	3,799,787	3,799,787	3,799,787	-
	<u>7,593,215</u>	<u>7,593,215</u>	<u>4,687,306</u>	<u>2,905,909</u>
(KHR'000 equivalents – Note 4)	<u>30,653,809</u>	<u>30,653,809</u>	<u>18,922,654</u>	<u>11,731,155</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

33. Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(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 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.

Interest rate risk

Exposure to interest rate risk

Interest-bearing financial assets include cash in banks. The interest rates and deposit terms of cash in banks are disclosed in Note 8. 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. However, the insurance contract liabilities depend on the expected return that the Company would earn on the assets in the policyholders' funds albeit on a prudent basis. Therefore a change in the interest rates at the reporting date would affect profit and loss.

(c) 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.

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:

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Notes to the financial statements (continued) for the year ended 31 December 2018

33. Financial instruments – fair values and risk management (continued)

(c) Insurance risk (continued)

(i) 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 behaviour. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. The Company has factored the impact of policyholders' behaviour into the assumptions used to measure insurance contract liabilities.

(ii) 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 risk 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 loss potential. Reinsurance arrangement for risk undertaken by the Company has limited the Company's risk exposure.

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Notes to the financial statements (continued) for the year ended 31 December 2018

34. 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 differing interpretations and the effects could be significant.

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**Notes to the financial statements (continued)
 for the year ended 31 December 2018**

5. Underwriting results by segment

Statement of profit and loss for the year ended 31 December 2018

	Life		Non-life						Grand total		
	US\$	Motor US\$	Fire US\$	Engineering US\$	Marine cargo US\$	Personal accident US\$	Health US\$	Miscellaneous US\$	Total US\$	US\$	KHR'000 (Note 4)
Underwriting income											
Insurance premium revenue	111,862	3,181,539	4,202,684	499,164	153,875	749,304	1,486,056	1,256,539	11,529,161	11,641,023	47,087,938
Insurance premium ceded to reinsurers	(55,929)	-	(2,878,183)	(389,426)	(84,535)	(438,021)	-	(438,115)	(4,228,280)	(4,284,209)	(17,329,625)
Change in provision for unexpired risks	(4,128)	(519,441)	(111,280)	(11,685)	(3,831)	20,617	244,491	(291,937)	(673,066)	(677,194)	(2,739,250)
Commission income	51,805	2,662,098	1,213,221	98,053	65,509	331,900	1,730,547	526,487	6,627,815	6,679,620	27,019,063
Profit commission income	2,562	-	906,628	122,669	26,629	137,977	-	154,197	1,348,100	1,350,662	5,463,428
	-	-	178,196	24,110	5,234	27,120	-	27,119	261,779	261,779	1,058,896
Net income before claim	54,367	2,662,098	2,298,045	244,832	97,372	496,997	1,730,547	707,803	8,237,694	8,292,061	33,541,387
Gross claims paid	(53,759)	(1,066,521)	(461,898)	(101,162)	(5,720)	(279,934)	(1,147,832)	(199,398)	(3,262,465)	(3,316,224)	(13,414,126)
Reinsurers' share of claims paid	26,879	-	307,843	84,408	2,950	161,620	-	41,799	598,620	625,499	2,530,143
Change in other insurance contract liabilities	2,045	(10,230)	36,342	7,376	2,214	5,250	44,550	(10,786)	74,716	76,761	310,498
Net claims incurred	(24,835)	(1,076,751)	(117,713)	(9,378)	(556)	(113,064)	(1,103,282)	(168,385)	(2,589,129)	(2,613,964)	(10,573,485)
Commission expense	-	(952,693)	(1,258,469)	(149,472)	(46,077)	(224,375)	(474,075)	(396,247)	(3,501,408)	(3,501,408)	(14,163,195)
Contribution fees	(280)	(15,908)	(6,623)	(549)	(347)	(1,556)	(7,430)	(4,080)	(36,493)	(36,773)	(148,747)
Underwriting profit	29,252	616,746	915,240	85,433	50,392	158,002	145,760	139,091	2,110,664	2,139,916	8,655,960

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 or the year ended 31 December 2018**

5. Underwriting results by segment (continued)

Statement of profit and loss for the year ended 31 December 2017

	Life			Non-life					Grand total		
	US\$	Motor US\$	Fire US\$	Engineering US\$	Marine cargo US\$	Personal accident US\$	Health US\$	Miscellaneous US\$	Total US\$	US\$	KHR'000 (Note 4)
Underwriting income											
Insurance premium revenue	75,905	2,291,471	3,710,413	418,092	130,320	808,948	1,758,502	703,154	9,820,900	9,896,805	40,032,576
Insurance premium ceded to reinsurers	(37,952)	-	(2,568,452)	(303,674)	(67,921)	(403,691)	-	(402,152)	(3,745,890)	(3,783,842)	(15,305,641)
Change in provision for unexpired risks	(24,444)	(186,894)	(211,497)	(54,920)	(12,023)	160,738	(443,102)	189,290	(558,408)	(582,852)	(2,357,636)
Commission income	13,509	2,104,577	930,464	59,498	50,376	565,995	1,315,400	490,292	5,516,602	5,530,111	22,369,299
Profit commission income	-	-	834,747	98,694	22,074	131,199	-	132,307	1,219,021	1,219,021	4,930,940
	-	-	241,800	28,589	6,394	38,005	-	37,860	352,648	352,648	1,426,461
Net income before claim	13,509	2,104,577	2,007,011	186,781	78,844	735,199	1,315,400	660,459	7,088,271	7,101,780	28,726,700
Gross claims paid	(37,800)	(634,285)	(597,220)	(148,040)	(5,712)	(257,333)	(976,311)	(83,137)	(2,702,038)	(2,739,838)	(11,082,645)
Reinsurers' share of claims paid	18,900	-	547,040	97,063	3,384	164,912	-	38,084	850,483	869,383	3,516,654
Change in other insurance contract liabilities	(7,662)	(19,593)	(43,806)	(119,536)	6,702	(9,217)	(160,231)	7,194	(338,487)	(346,149)	(1,400,173)
Net claims incurred	(26,562)	(663,878)	(93,986)	(170,513)	4,374	(101,638)	(1,136,542)	(37,859)	(2,190,042)	(2,216,604)	(8,966,164)
Commission expense	-	(595,782)	(964,707)	(108,704)	(33,883)	(210,326)	(457,211)	(206,561)	(2,577,174)	(2,577,174)	(10,424,669)
Contribution fees	(190)	(11,457)	(5,710)	(572)	(312)	(2,026)	(8,793)	(1,506)	(30,376)	(30,566)	(123,639)
Underwriting profit	(13,243)	843,460	942,608	(93,008)	49,023	421,209	(287,146)	414,533	2,290,679	2,277,436	9,212,228

i. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 March 2019.