

**ASIAN LIFE INSURANCE COMPANY LIMITED**  
Maitidevi, Kathmandu  
**Quarterly Financial Results for 1st quarter, F.Y. 2081/82**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Fig in NPR.

Particulars	Unaudited	Unaudited	Unaudited	Unaudited
	Group		Insurance	
	At the end of this Quarter	At the end of Immediate Previous Year	At the end of this Quarter	At the end of Immediate Previous Year
<b>Assets:</b>				
Goodwill & Intangible Assets	13,558,139	13,869,653	12,975,118	13,264,667
Property and Equipment	630,432,045	575,968,999	629,097,624	574,722,627
Investment Properties	-	-	-	-
Deferred Tax Assets	10,829,912	10,482,559	-	-
Investment in Subsidiaries	-	-	76,500,000	76,500,000
Investment in Associates	2,670,541,403	2,664,117,569	2,832,215,876	2,802,215,876
Investments	40,344,376,768	38,662,225,008	40,276,825,855	38,597,149,023
Loans	5,012,041,487	4,972,321,681	5,010,577,428	4,970,727,241
Reinsurance Assets	38,112,150	66,100,610	38,112,150	66,100,610
Current Tax Assets	246,915,816	238,416,505	244,909,098	237,045,200
Insurance Receivables	91,944,967	91,944,967	91,944,967	91,944,967
Other Assets	681,899,362	570,281,846	281,899,362	170,281,846
Other Financial Assets	1,243,866,634	1,251,457,835	1,611,986,214	1,649,513,549
Cash and Cash Equivalent	325,135,258	251,754,422	324,918,234	248,702,709
<b>Total Assets</b>	<b>51,309,653,940</b>	<b>49,368,941,654</b>	<b>51,431,961,927</b>	<b>49,498,168,315</b>
<b>Equity:</b>				
Share Capital	3,399,836,307	3,399,836,307	3,399,836,307	3,399,836,307
Share Application Money Pending Allotment	-	-	-	-
Share Premium	-	-	-	-
Catastrophe Reserves	240,502,315	227,205,041	240,502,315	227,205,041
Retained Earnings	272,809,253	174,241,053	459,277,292	340,931,553
Other Equity	107,489,153	66,530,197	85,859,427	46,315,442
<b>Total Equity</b>	<b>4,020,637,027</b>	<b>3,867,812,597</b>	<b>4,185,475,340</b>	<b>4,014,288,343</b>
<b>Liabilities:</b>				
Provisions	828,805,486	836,262,054	828,780,978	835,703,404
Gross Insurance Contract Liabilities	44,360,865,833	43,010,857,520	44,344,740,256	42,994,731,944
Deferred Tax Liabilities	228,101,617	100,720,760	228,101,617	100,720,760
Insurance Payable	124,639,706	143,749,569	124,639,706	143,749,569
Current Tax Liabilities	-	-	-	-
Borrowings	-	-	-	-
Other Liabilities	492,764,972	441,509,671	467,039,622	441,599,703
Other Financial Liabilities	1,253,839,299	968,029,483	1,253,184,408	967,374,593
<b>Total Liabilities</b>	<b>47,289,016,912</b>	<b>45,501,129,057</b>	<b>47,246,486,587</b>	<b>45,483,879,972</b>
<b>Total Equity and Liabilities</b>	<b>51,309,653,940</b>	<b>49,368,941,654</b>	<b>51,431,961,927</b>	<b>49,498,168,315</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

Fig in NPR.

Particulars	Unaudited		Unaudited		Unaudited		Unaudited	
	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
<b>Income:</b>								
Gross Earned Premiums	2,036,630,968	2,036,630,968	1,858,017,635	1,858,017,635	2,036,630,968	2,036,630,968	1,858,017,635	1,858,017,635
Premiums Ceded	18,168,300	18,168,300	59,565,946	59,565,946	18,168,300	18,168,300	59,565,946	59,565,946
<b>Net Earned Premiums</b>	<b>2,018,462,668</b>	<b>2,018,462,668</b>	<b>1,798,451,689</b>	<b>1,798,451,689</b>	<b>2,018,462,668</b>	<b>2,018,462,668</b>	<b>1,798,451,689</b>	<b>1,798,451,689</b>
Commission Income	-	-	-	-	-	-	-	-
Other Direct Income	19,552,880	19,552,880	22,378,055	22,378,055	19,552,880	19,552,880	21,368,595	21,368,595
Interest Income on Loan to Policyholders	129,999,807	129,999,807	144,895,430	144,895,430	129,999,807	129,999,807	144,895,430	144,895,430
Income from Investments and Loans	857,197,730	857,197,730	871,469,535	871,469,535	850,388,017	850,388,017	871,469,535	871,469,535
Net Gain/(Loss) on Fair Value Changes	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-
Other Income	2,831,081	2,831,081	-	-	1,810,245	1,810,245	-	-
<b>Total Income</b>	<b>3,028,044,166</b>	<b>3,028,044,166</b>	<b>2,837,194,710</b>	<b>2,837,194,710</b>	<b>3,020,213,616</b>	<b>3,020,213,616</b>	<b>2,836,185,249</b>	<b>2,836,185,249</b>
<b>Expenses:</b>								
Gross Benefits and Claims Paid	1,395,201,424	1,395,201,424	957,200,478	957,200,478	1,395,201,424	1,395,201,424	957,200,478	957,200,478
Claims Ceded	37,582,518	37,582,518	4,400,000	4,400,000	37,582,518	37,582,518	4,400,000	4,400,000
Gross Change in Contract Liabilities	1,006,079,999	1,006,079,999	1,404,746,558	1,404,746,558	1,006,079,999	1,006,079,999	1,404,746,558	1,404,746,558
Change in Contract Liabilities Ceded to Reinsurers	(27,988,460)	(27,988,460)	6,251,000	6,251,000	(27,988,460)	(27,988,460)	6,251,000	6,251,000
<b>Net Benefits and Claims Paid</b>	<b>2,391,687,365</b>	<b>2,391,687,365</b>	<b>2,351,296,037</b>	<b>2,351,296,037</b>	<b>2,391,687,365</b>	<b>2,391,687,365</b>	<b>2,351,296,037</b>	<b>2,351,296,037</b>
Commission Expenses	172,230,480	172,230,480	165,645,048	165,645,048	171,984,956	171,984,956	165,645,048	165,645,048
Service Fees	15,138,470	15,138,470	13,604,824	13,604,824	15,138,470	15,138,470	13,604,824	13,604,824
Other Direct expenses	500,542	500,542	595,225	595,225	500,542	500,542	574,100	574,100
Employee Benefits Expenses	93,534,740	93,534,740	91,490,922	91,490,922	92,331,469	92,331,469	90,234,027	90,234,027
Depreciation and Amortization Expenses	3,806,799	3,806,799	12,942,016	12,942,016	3,806,799	3,806,799	12,942,016	12,942,016
Impairment Losses	-	-	-	-	-	-	-	-
Other Operating Expenses	43,719,068	43,719,068	35,191,237	35,191,237	42,550,913	42,550,913	34,111,504	34,111,504
Finance Cost	507,882	507,882	1,611,594	1,611,594	507,882	507,882	1,611,594	1,611,594
<b>Total Expenses</b>	<b>2,721,125,347</b>	<b>2,721,125,347</b>	<b>2,672,376,902</b>	<b>2,672,376,902</b>	<b>2,718,508,397</b>	<b>2,718,508,397</b>	<b>2,670,019,150</b>	<b>2,670,019,150</b>
<b>Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax</b>	<b>306,918,819</b>	<b>306,918,819</b>	<b>164,817,807</b>	<b>164,817,807</b>	<b>301,705,219</b>	<b>301,705,219</b>	<b>166,166,099</b>	<b>166,166,099</b>
Share of Net Profit of Associates accounted using Equity Method	(23,576,166)	(23,576,166)	(27,733,865)	(27,733,865)	-	-	-	-
<b>Profit Before Tax</b>	<b>283,342,652</b>	<b>283,342,652</b>	<b>137,083,942</b>	<b>137,083,942</b>	<b>301,705,219</b>	<b>301,705,219</b>	<b>166,166,099</b>	<b>166,166,099</b>
Income Tax Expenses	168,732,479	168,732,479	72,569,874	72,569,874	168,732,479	168,732,479	72,569,874	72,569,874
<b>Net Profit/(Loss) For The Year</b>	<b>114,610,173</b>	<b>114,610,173</b>	<b>64,514,068</b>	<b>64,514,068</b>	<b>132,972,740</b>	<b>132,972,740</b>	<b>93,596,225</b>	<b>93,596,225</b>
<b>Earning Per Share</b>								
Basic EPS		13.48		7.59		15.64		11.01
Diluted EPS		13.48		7.59		15.64		11.01

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
For Period From Shrawan 01,2081 to Ashoj 30,2081 (July 16,2024 to October 16,2024)

Fig in NPR.

Particulars	Unaudited		Unaudited		Unaudited		Unaudited	
	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	114,610,173	114,610,173	64,514,068	64,514,068	132,972,740	132,972,740	93,596,225	93,596,225
Changes in fair value of FVOCI Equity Instruments	509,523,428	509,523,428	-	-	509,523,428	509,523,428	-	-
Income Tax Relating to Above Items	127,380,857	127,380,857	-	-	127,380,857	127,380,857	-	-
<b>Total Other Comprehensive Income For the Year, Net of Tax</b>	<b>382,142,571</b>	<b>382,142,571</b>	<b>-</b>	<b>-</b>	<b>382,142,571</b>	<b>382,142,571</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income For the Year, Net of Tax</b>	<b>496,752,744</b>	<b>496,752,744</b>	<b>64,514,068</b>	<b>64,514,068</b>	<b>515,115,311</b>	<b>515,115,311</b>	<b>93,596,225</b>	<b>93,596,225</b>

**OTHER INDICATORS**

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	691388	623,551
2. Total no. of policy issued during the year	68151	60769
3. First Year Premium(including single)	396,599,706	305,571,357
4. Single Premium	77,996,168	14,787,927
5. Renewal Premium	1,640,031,262	1,537,658,351
6. Total Benefits and Claims Paid in Count	1523	288
7. Outstanding Benefits and Claims in Count	230	197
8. Gross Claim Outstanding (Amount)	82,852,500	76,253,000
9. Declared Bonus rate (FY 79-80)	42-75	42-75
10. Interim bonus rate	42-75	42-75
11. Long Term Investments (Amount)	30,015,768,731	23,244,602,106
12. Short Term Investments (Amount)	13,169,773,000	11,613,088,988
13. Policyholders Loan	4,870,210,482	4,789,177,073
14. Investment in cost value	42,325,470,289	37,981,378,345
15. Life Insurance Fund (Amount)	43,595,657,944	39,092,510,265
16. Unearned Premium Reverse for Term Policies (Amount)	276,169,746	66,205,497
17. Solvency Margin Ratio	2.21	2.21

**Notes:**

- a. Financial Statements are prepared as per Nepal Financial Reporting Standard (NFRS) and Financial Directives 2080 issued by Nepal Insurance Authority.
- b. FE pool business data has been included as per data published by NIA in Gross Earned Premium.
- c. Figures have been regrouped & rearranged wherever necessary.
- d. The above figures are unaudited and therefore might change after audit or direction from regulator.

Asian Life Insurance Company Ltd.  
Statement of Changes In Equity (Group)  
For Period 16 July,2024 - 16 October, 2024

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred tax reserve	Other Reserves	Non-Controlling Interest	Total
<b>Restated Balance as at Shrawan 1, 2080</b>	3,399,836,307	-	-	-	174,241,053	18,745,399	-	227,205,041	7,480,165	-	26,291,101	(41,701,597)	35,500,374	1,791,731	18,423,024	3,867,812,598
Profit/(Loss) For the Year					113,195,202											113,195,202
Other Comprehensive Income for the Year, Net of Tax																-
i) Changes in Fair Value of FVOCI Debt Instruments																-
ii) Gains/ (Losses) on Cash Flow Hedge																-
iii) Exchange differences on translation of Foreign Operation																-
iv) Changes in fair value of FVOCI Equity Instruments											38,214,257					38,214,257
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					(14,627,001)			13,297,274	1,329,727						1,414,971	1,414,971
Transfer to Deferred Tax Reserves																-
Transfer of Depreciation on Revaluation of Property and Equipment																-
Transfer on Disposal of Revalued Property and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Transfer to Insurance Contract Liabilities																-
Share Issuance Costs																-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue																-
iii) Cash Dividend																-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
<b>Balance as on Ashwin end, 2081</b>	3,399,836,307	-	-	-	272,809,253	18,745,399	-	240,502,315	8,809,893	-	64,505,359	(41,701,597)	35,500,374	1,791,731	19,837,995	4,020,637,028

Asian Life Insurance Company Ltd.  
Statement of Changes In Equity (Insurer)  
For Period 16 July,2024 - 16 October, 2024

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred tax reserve	Other Reserves	Non-Controlling Interest	Total
<b>Restated Balance as at Shrawan 1, 2081</b>	3,399,836,307	-	-	-	340,931,553	18,745,399	-	227,205,041	7,480,165	-	26,291,101	(41,701,597)	35,500,374	-	-	4,014,288,344
Profit/(Loss) For the Year					132,972,740											132,972,740
Other Comprehensive Income for the Year, Net of Tax																-
i) Changes in Fair Value of FVOCI Debt Instruments																-
ii) Gains/ (Losses) on Cash Flow Hedge																-
iii) Exchange differences on translation of Foreign Operation																-
iv) Changes in fair value of FVOCI Equity Instruments											38,214,257					38,214,257
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					(14,627,001)			13,297,274	1,329,727							-
Transfer to Deferred Tax Reserves																-
Transfer of Depreciation on Revaluation of Property and Equipment																-
Transfer on Disposal of Revalued Property and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Transfer to Insurance Contract Liabilities																-
Share Issuance Costs																-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue																-
iii) Cash Dividend																-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
<b>Balance as on Ashwin end, 2081</b>	3,399,836,307	-	-	-	459,277,292	18,745,399	-	240,502,315	8,809,893	-	64,505,359	(41,701,597)	35,500,374	-	-	4,185,475,341

**ASIAN LIFE INSURANCE COMPANY LIMITED**  
**Statement of Cash Flow**  
**For Period 16 July 2024 - 16 October 2024**

Fig. in NPR

Particulars	Current Year	Previous Year
<b>Cash Flow From Operating Activities:</b>		
<b>Cash Received</b>		
Gross Premium Received	2,111,551,390	8,051,201,210.96
Commission Received	-	-
Claim Recovery Received from Reinsurers	-	7,698,778.57
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	19,552,880	82,991,008.00
Others (Payable)	21,716,924	(935,190,901.68)
<b>Cash Paid</b>		
Gross Benefits and Claims Paid	(1,395,200,584)	(4,667,205,397.78)
Reinsurance Premium Paid	-	-
Commission Paid	(171,984,956)	(727,538,600.24)
Service Fees Paid	-	-
Employee Benefits Expenses Paid	(92,396,989)	(337,003,637.74)
Other Expenses Paid	-	-
Others (to be specified): Advance	(1,620,080)	256,648,499.07
Other Operating Expenses	(44,287,657)	(461,931,335.54)
Finance Cost	-	-
Income Tax Paid	(176,596,373)	-
<b>Net Cash Flow From Operating Activities [1]</b>	<b>270,734,554</b>	<b>1,269,669,624</b>
<b>Cash Flow From Investing Activities</b>		
Acquisitions of Intangible Assets	(14,125)	(8,122,757.00)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	2,700,000.00
Acquisitions of Property and Equipment	(57,878,123)	(12,659,986.05)
Proceeds From Sale of Property and Equipment	-	-
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	(30,000,000)	(1,601,150,376.00)
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(640,656,383)	(2,475,387,445.52)
Proceeds from Sale of Equity Instruments	144,374,577	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	13,815,215	15,417,550.00
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	(554,820,000.00)
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(5,612,900,000)	(10,114,100,000.00)
Maturity of Deposits	4,961,400,000	9,264,300,000.00
Loans Paid	(598,947,570)	(2,205,915,883.00)
Proceeds from Loans	559,097,383	2,029,398,223.00
Proceeds from Finance Lease	-	-
Interest Income Received	1,025,889,653	3,876,408,836.53
Dividend Received	2,180,291	23,548,274.51
Others (Miscellaneous income)	39,120,053	27,819,986.74
<b>Total Cash Flow From Investing Activities [2]</b>	<b>(194,519,030)</b>	<b>(1,732,563,577)</b>
<b>Cash Flow From Financing Activities</b>		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	-	244,535,790.00
Share Issuance Cost Paid	-	-
Dividend Paid	-	-
Dividend Distribution Tax Paid	-	-
Others (call in advance of subsidiary)	-	-
<b>Total Cash Flow From Financing Activities [3]</b>	<b>-</b>	<b>244,535,790</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents [1+2+3]</b>	<b>76,215,524</b>	<b>(218,358,163)</b>
Cash & Cash Equivalents At Beginning of The Year/Period	248,702,710	467,060,873
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
<b>Cash &amp; Cash Equivalents At End of The Year/Period</b>	<b>324,918,234</b>	<b>248,702,710</b>
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash In Hand	5,231,305	41,650,986
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	319,686,929	207,051,724

**Asian Life Insurance Company Ltd.**  
**Statement of Distributable Profit or Loss**  
**For Period 16th July, 2024 - 16th October, 2024**

Fig. in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	340,931,553	305,891,243
Transfer from OCI reserves to retained earning in current year		-
Net profit or (loss) as per statement of profit or loss	132,972,740	328,591,466
<b>Appropriations:</b>		
i) Transfer to Insurance Fund		-
ii) Transfer to Catastrophe Reserve	(13,297,274)	(32,859,147)
iii) Transfer to Capital Reserve		-
iv) Transfer to CSR reserve	(1,329,727)	(3,285,915)
v) Transfer to/from Regulatory Reserve		-
vi) Transfer to Fair Value Reserve		-
vii) Transfer of Deferred Tax Reserve		-
viii) Transfer to OCI reserves due to change in classification		-
ix) Others (Prior period adjustment)		-
<b>Deductions:</b>		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL		-
a) Equity Instruments		-
b) Mutual Fund		-
c) Others (if any)		-
ii) Accumulated Fair Value gain on Investment Properties		-
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges		-
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges		-
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges		-
vi) Goodwill Recognised		-
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency		-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account		-
ix) Overdue loans		-
x) Fair value gain recognised in Statement of Profit or Loss		-
xi) Investment in unlisted shares as per sec 16 of Financial Directive		-
xii) Delisted share investment or mutual fund investment		-
xiii) Bonus share/ dividend paid		(257,406,095)
xiv) Deduction as per Sec 17 of Financial directive		-
xiv) Deduction as per Sec 18 of Financial directive		-
xv) Others (to be specified)		-
<b>Adjusted Retained Earning</b>	<b>459,277,292</b>	<b>340,931,553</b>
Add: Transfer from Share Premium Account		-
Less: Amount apportioned for Assigned capital		-
Less: Deduction as per sec 15(1) Of Financial directive	-	(15,410,495)
Add/Less: Others (adjusted as per group retained earning)	(186,468,038)	(151,280,005)
<b>Total Distributable Profit/(loss)</b>	<b>272,809,253</b>	<b>174,241,053</b>

Segmental Information for the year ended Ashoj 30, 2081 (October 16, 2024)

Particulars	Endowment	Anticipated Endowment	Child Endowment	Endowment Cum Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (to be Specified)	Inter Segment Elimination	Total
<b>Income:</b>										
Gross Earned Premiums	747,166,986	387,778,441	568,163,105	279,578,449	44,292,949	9,651,038				2,036,630,968
Premiums Ceded	6,665,299	3,459,279	5,068,448	2,494,053	395,127	86,095				18,168,300
Inter-Segment Revenue										-
<b>Net Earned Premiums</b>	<b>740,501,687</b>	<b>384,319,162</b>	<b>563,094,657</b>	<b>277,084,396</b>	<b>43,897,822</b>	<b>9,564,943</b>	-	-	-	<b>2,018,462,668</b>
Commission Income										-
Other Direct Income	6,704,713	1,727,628	7,312,368	3,796,343	-	11,828				19,552,880
Interest Income on Loan to Policyholders	65,299,862	10,271,984	30,225,121	24,202,840	-	-				129,999,807
Income from Investments and Loans	408,465,671	51,023,281	203,813,701	187,085,364	-	-				850,388,017
Net Gain/(Loss) on Fair Value Changes										-
Net Realised Gains/(Losses)										-
Other Income										-
<b>Total Segmental Income</b>	<b>1,220,971,933</b>	<b>447,342,055</b>	<b>804,445,847</b>	<b>492,168,943</b>	<b>43,897,822</b>	<b>9,576,771</b>	-	-	-	<b>3,018,403,371</b>
<b>Expenses:</b>										
Gross Benefits and Claims Paid	395,904,589	471,017,832	311,324,867	174,740,296	16,100,840	26,113,000				1,395,201,424
Claims Ceded	10,664,475	12,687,800	8,386,153	4,706,977	433,708	703,405				37,582,518
Gross Change in Contract Liabilities	362,188,800	20,121,600	382,310,400	211,276,800	20,121,600	10,060,800				1,006,079,999
Change in Contract Liabilities Ceded to Reinsurers	(7,410,763)	(16,106,539)	(2,531,931)	(1,726,460)	-	(212,768)				(27,988,460)
<b>Net Benefits and Claims Paid</b>	<b>754,839,676</b>	<b>494,558,171</b>	<b>687,781,045</b>	<b>383,036,579</b>	<b>35,788,732</b>	<b>35,683,162</b>	-	-	-	<b>2,391,687,365</b>
Commission Expenses	101,693,304	22,241,429	31,325,104	15,760,321	-	964,799				171,984,956
Service Fees	5,553,763	2,882,394	4,223,210	2,078,133	329,234	71,737				15,138,470
Other Direct expenses										-
Employee Benefits Expenses										-
Depreciation and Amortization Expenses										-
Impairment Losses										-
Other Operating Expenses										-
Finance Cost										-
<b>Total Segmental Expenses</b>	<b>862,086,743</b>	<b>519,681,994</b>	<b>723,329,358</b>	<b>400,875,033</b>	<b>36,117,966</b>	<b>36,719,698</b>	-	-	-	<b>2,578,810,791</b>
<b>Total Segmental Results</b>	<b>358,885,190</b>	<b>(72,339,939)</b>	<b>81,116,488</b>	<b>91,293,910</b>	<b>7,779,857</b>	<b>(27,142,927)</b>	-	-	-	<b>439,592,580</b>
Segment Assets	10,091,306	21,932,426	3,447,754	2,350,936	-	289,728				38,112,150
Segment Liabilities	16,228,254,637	2,871,080,529	15,974,288,696	9,036,650,737	85,802,039	148,663,618				44,344,740,256



### **Disclosure as per Section 84(3) of Insurance Act, 2079**

1. Solvency Ratio related disclosure: The Company has maintained solvency ratio of 2.21 as per its latest audited financial statement i.e. 2079/80.
2. Reinsurance related disclosure: The Company has entered into reinsurance agreements in order to minimize its business and operating risks.
3. Details regarding legal proceedings: There are no legal proceedings against the company.
4. Corporate Governance: The Company has fully complied with the Corporate Governance Directive issued by Nepal Insurance Authority.
5. Regulatory limit on expenses ratio: The expense of the company is within the expense ratio prescribed by Nepal Insurance Authority.
6. The company has complied with all applicable laws and directives issued by the regulatory bodies.

### **Additional Disclosure as per Securities Registration and Issue Regulation, 2073 (Rule 26(1), Annexure 14)**

#### **1. a) Financial Statement**

Statement of Financial Position and Statement of Profit and Loss are prepared and published as per Nepal Financial Reporting Standard. There has no transaction between related parties.

#### **b) Key Financial indicators and ratios**

Earnings Per Share	15.64
Price Earnings Ratio ( P/E Ratio)	46.97
Net Worth Per Share	123.11
Total Assets Per Share	1,512.78

#### **2. Management Analysis**

- a) The company's premium and liquidity ratio is satisfying.
- b) The company has earned a gross premium of NPR 2,036.63 million.
- c) Company has made gross claim payment of NPR 1,395.20 million until the end of 1<sup>st</sup> quarter, 2081/82.
- d) The life fund of company is 43,595.66 million until the end of 1<sup>st</sup> quarter, 2081/82.
- e) Overall, the company has excellent business strategy and good customer satisfaction.

#### **3. Details relating to legal action**

- a) Case Filed against Company:  
There are no such instances.
- b) Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the company.  
There are no such instances.
- c) Case relating to financial crime filed against any promoter or director  
There are no such instances.

#### 4. Analysis of share transaction and progress of the company

The company was listed on Nepal Stock Exchange on date 2067/01/03 and started the share trading on date 2067/01/29. The details regarding the maximum, minimum, closing price, traded days and total share transacted during the quarter is as:

Maximum Price	825	Total Days Transacted	57
Minimum Price	618.70	Total transacted Value	3,667,858,720.50
Closing Price	734.90	Total Transacted quantity	4,950,824

#### 5. Problems and challenges

##### Problems

The Nepalese insurance market is estimated to have contract due to slow downfall in the economic activities. The main challenges of Nepalese life insurance business includes Low insurance penetration, high inflation, economic uncertainty and unhealthy competition among the life insurers.

##### Management Strategy

The company aims to raise awareness among the people all around the country regarding the importance of having life insurance which will support the growth of life insurance products and by building on the progress that have been already made and quality growth that will protect and grow our market position in the future. The management intends to invest the fund in accordance with the Investment Directive issued by Nepal Insurance Authority with the intention to maximize the profit with the optimum utilization of fund. Moreover, till the end of 3rd quarter, the company has diverged in the investment sectors like hydropower, tourism and also the airlines. Also, the company aims to enhance the customer service to customer care through holistic solutions, effortless service and strengthening and scaling relationship with them by providing meaningful engagement.

#### 6. Corporate Governance

The Company follows zero tolerance governance and compliance culture and ensures absolute compliance of directives and guidelines issued by Nepal Insurance Authority. To ensure adequate compliance and risk management, the company has developed strong policy and procedural framework along with dedicated compliance, risk management and audit function. The company has appointed an Internal Auditor in order to monitor and evaluate the efficiency and adequacy of internal control system in the company.

The board of directors, audit committee, human resource management committee and all other management committees are committed to enforce highest standard of corporate governance within the company.

#### 7. Declaration by CEO

I hereby declare that the data and information provided in this report is true, complete and factual to the best of my knowledge. No any conscious matter has been made to misguide the investors.

## Notes to the Interim Financial Statements for the quarter ended October 16, 2024

### A. Basis of Preparation

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Account.

### B. Statement of Compliance with NFRS

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal. These confirm, in material aspect, to NFRS as issued by the Nepal Accounting Standards Board. The financial statements have been prepared on the going-concern basis. The term NFRS, includes all the standards, and the related interpretations which are consistently used.

### C. Use of Estimates, assumptions and judgements

The preparation of these Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material their effects are disclosed in the Notes of the financial statements.

#### Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

##### (a) Property, Plant and Equipment (PPE)

###### i) Recognition

"Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying

amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred."

## **ii) Revaluation**

"After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers."

"An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit and loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

"Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

## **iii) Depreciation**

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/ DBM is categorized as stated below:

List of Asset Categories	"Useful Life(In Years) for SLM"	"Rate of Depreciation (In %) for DBM"
Land	Not Applicable	Not Applicable
Buildings		5%
Leasehold Improvement	Lease Period	Lease Period
Furniture & Fixtures		25%
Computers and IT Equipment's		25%
Office Equipment		25%
Vehicles		20%
Other Assets		25%

Note: Useful life/ Rate of Depreciation are recommendary only. Insurer may adopt other alternatives as per their management estimate.

#### iv) Derecognition

An item of Property and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

#### v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

## **(b) Intangible Assets**

### **i) Recognition**

"Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred."

### **ii) Amortization**

"The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortization is recognized in statement of profit or loss on straight line method (SLM) over the estimated useful life of the intangible assets/ diminishing balance method (DBM), from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss."

<b>List of Asset Categories</b>	<b>Useful Life (In Years) for SLM</b>	<b>Rate of Depreciation (In %) for DBM</b>
Software	10	10%
Licenses	License Period	License Period
Others (to be Specified)		

Note: Useful life/ Rate of Depreciation are recommendary only. Insurer may adopt other alternatives as per their management estimate.

### **iii) Derecognition**

An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

### **iv) Impairment of Assets**

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

### **(c) Investment Properties**

#### **"Cost Model:**

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above."

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

OR

**"Fair Value Model:**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category of property being valued."

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

**(d)Cash & Cash Equivalent**

For the purpose of presentation in the Statement of Cash Flows, Cash & Cash Equivalents includes Cash In Hand, Bank Balances and short term deposits with a maturity of three months or less.

**(e)Financial Assets****i) Initial Recognition & Measurement**

"Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss."

**ii) Subsequent Measurement****a) Financial Assets carried at Amortized Cost (AC)**

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments



of principal and interest on the principal amount outstanding. Interest income from these financial assets is measured using effective interest rate method.

**b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)**

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

**c) Financial Assets at Fair Value through Profit or Loss (FVTPL)**

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss."

**iii) De-Recognition**

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

**iv) Impairment of Financial Assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

"Expected Credit Loss for Impairment of Financial Assets is applicable after implementation of NFRS 9

In accordance with NFRS 9 “Financial Instrument”, the Company uses ‘Expected Credit Loss’ (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:  
The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date);  
or  
Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

#### **(f) Financial Liabilities**

##### **i) Initial Recognition & Measurement**

"Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability."

##### **ii) Subsequent Measurement**

"After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments."

##### **iii) De-Recognition**

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

#### **(g) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **(h) Reinsurance Assets**

"Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurers. These assets are created for the Reinsurer's share of Insurance Contract Liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in statement of profit or loss."

#### **(i) Share Capital**

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

#### **(j) Reserves and Funds**

**i) Share Premium:** If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution of bonus shares.

**ii) Catastrophe Reserves:** The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directive.

**iii) Fair Value Reserves:** The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

**iv) Regulatory Reserves:** Reserve created out of net profit in line with different circulars issued by Insurance Board.

**v) Actuarial Reserves:** Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

**vi) Cashflow Hedge Reserves:** Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

**vii) Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

**viii) Other Reserves:** Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

### **(k) Insurance Contract Liabilities**

#### **i) Provision for unearned premiums**

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies."

#### **ii) Outstanding claims provisions**

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs. "

#### **iii) Unapportion surplus**

Unapportion surplus where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, and held within the insurance contract liabilities.

#### **Liability adequacy**

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability."

## **(I)Employee Benefits**

### **i) Short Term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

### **ii) Post- Employment Benefits**

#### **Defined Contribution Plan**

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

#### **Defined Benefit Plan**

For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

### **iii) Long Term Employee Benefits**

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

#### **iv) Termination**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:

- a) when the Company can no longer withdraw the offer of those benefits; and
- b) When the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme."

#### **(m) Revenue Recognition**

##### **i) Gross Premium**

Gross premiums are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

##### **ii) Unearned Premium Reserves**

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

##### **iii) Reinsurance Premium**

"Reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed."

##### **iv) Fees and commission income**

Commission Income shall be recognized on as soon as the income can be reliably measured. If the income is for future periods, then they are deferred and recognized over those future periods.

**v) Investment income**

"Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established."

**vi) Net realized gains and losses**

Net realized gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

**(n) Benefit, Claims and Expenses****i) Gross Benefits and Claims**

Benefits and claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements of claims. Benefits and claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered

**ii) Reinsurance Claims**

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contracts.

**(o) Product Classification**

"Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:"

**i) Endowment** - This is a with profit plan that makes provisions for the family of the Life Assured in event of his early death and also assures a lump sum at a desired age on maturity. It costs moderate premiums, has high liquidity and is savings oriented. This plan is apt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

**ii) Anticipated** - This scheme provides for specific periodic payments of partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata bandha, Academic Graduations etc. An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

**iii) Endowment Cum Whole Life**- This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

**iv) Whole Life** - This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

**iv) Foreign Employment Term**- Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

**iv) Other Term**- Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

#### **(p)Borrowing Costs**

"Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred."



#### **(q)Cash Flow Statement**

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

#### **(r) Leases**

##### **"Finance Leases**

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

#### **(s)Income Taxes**

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

##### **i) Current Tax**

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

##### **ii) Deferred Tax**

"Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their tax bases. Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized."

#### **(t) Provisions, Contingent Liabilities & Contingent Assets**

##### **(i) Provisions**

"Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow."

##### **(ii) Contingent Liabilities**

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

##### **(iii) Contingent Assets**

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

**(u)Functional Currency & Foreign Currency Transactions**

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

**(v)Earnings Per Share**

"Basic Earnings per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares."

**(w)Operating Segment**

"Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

**D. Changes in accounting Policies**

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

## E. Related Parties Disclosures

### (a) Identify Related Parties

Holding Companies: -

Subsidiaries: Asian Capital Ltd (72.86% Holding)

Associates: Hotel Crown Imperial (43.19%) Mount Glory Forest Resort and Spa (39.09%),  
Yeti Airlines (47%)

Fellow Subsidiaries:-

### Key Management Personnel:

<b>Name</b>	<b>Position</b>
Deepak Kumar Shrestha	Chairperson
Sheela Rajbhandari	Director
Sushant Chachan	Director
Nistha Pradhanang	Director
Saurav Rungata	Director
Achyut Raj Sapkota	Director
Dinesh Lal Shrestha	CEO