



Interim Financial Report

As of Ashad End 2082



CREST MICRO LIFE INSURANCE LIMITED

Birendranagar-6, Surkhet

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CONDENSED STATEMENT OF FINANCIAL POSITION As on Quarter Ended 16th July, 2025 (Ashad End 2082)

Fig in NPR

Particulars	Notes	Unaudited	Audited
		This Quarter Ending	Immediate Previous Year Ending
Assets			
Goodwill & Intangible Assets	4	1,639,195	1,643,848
Property and Equipment	5	34,590,169	37,099,762
Investment Properties	6	-	-
Deferred Tax Assets	7	7,199,777	7,199,777
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	829,385,741	543,000,000
Loans	11	-	-
Reinsurance Assets	12	2,999,669	2,999,669
Current Tax Assets	21	5,880,723	2,586,098
Insurance Receivables	13	79,597,080	-
Other Assets	14	40,085,506	2,034,092
Other Financial Assets	15	1,179,843	-
Cash and Cash Equivalent	16	24,196,362	17,795,524
Total Assets		1,026,754,065	614,358,769
Equity & Liabilities			
Equity			
Share Capital	17 (a)	750,000,000	525,000,000
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	3,265,900	994,972
Retained Earnings	17 (e)	23,125,306	8,855,247
Other Equity	17 (f)	7,454,367	7,299,274
Total Equity		783,845,572	542,149,492
Liabilities			
Provisions	18	2,176,358	1,610,566
Gross Insurance Contract Liabilities	19	210,696,759	47,599,702
Deferred Tax Liabilities	7	-	-
Insurance Payable	20	-	4,994,622
Current Tax Liabilities	21	-	-
Borrowings	22	-	-
Other Liabilities	23	18,708,092	13,009,370
Other Financial Liabilities	24	11,327,283	4,995,018
Total Liabilities		242,908,492	72,209,277
Total Equity and Liabilities		1,026,754,065	614,358,769

CONDENSED STATEMENT OF PROFIT OR LOSS
For the Quarter Ended 16th July, 2025 (Ashad End 2082)

Fig. in NPR

Particulars	Notes	Unaudited		Audited	
		Current Year		Corresponding Previous Year	
		This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Income:					
Gross Earned Premiums	25	199,106,627	435,444,911	49,491,363	97,645,475
Premiums Ceded	26	54,030,334	96,190,677	8,717,069	13,374,226
Net Earned Premiums		145,076,293	339,254,234	40,774,294	84,271,249
Commission Income	27	-	-	-	-
Other Direct Income	28	225,893	243,827	129	129
Interest Income on Loan to Policyholders	11	-	-	-	-
Income from Investments and Loans	29	14,215,886	52,149,452	12,639,384	47,751,807
Net Gain/(Loss) on Fair Value Changes	30	(4,736,030)	(9,061,894)	-	-
Net Realised Gains/(Losses)	31	-	6,870,817	-	-
Other Income	32	(869,419)	(724,905)	62	62
Total Income		153,912,623	388,731,530	53,413,869	132,023,248
Expenses:					
Gross Benefits and Claims Paid	33	58,290,727	119,128,320	6,844,000	8,834,000
Claims Ceded	33	30,519,716	62,622,582	3,678,862	4,752,262
Gross Change in Contract Liabilities	34	60,930,400	163,097,058	18,338,031	47,536,077
Change in Contract Liabilities Ceded to Reinsurers	34	-	-	(21,255)	2,999,669
Net Benefits and Claims Paid		88,701,410	219,602,796	21,524,423	48,618,146
Commission Expenses	35	9,382,666	30,671,096	5,315,145	10,736,176
Service Fees	36	725,381	1,696,271	203,871	421,356
Other Direct expenses	37	22,230	86,620	17,750	68,420
Employee Benefits Expenses	38	16,345,564	56,253,954	13,738,916	39,997,193
Depreciation and Amortization Expenses	39	2,026,549	7,842,812	986,577	7,187,397

Impairment Losses	40	-	-	-	-
Other Operating Expenses	41	24,353,117	49,074,902	8,193,355	19,003,697
Finance Cost	42	179,782	793,800	228,220	977,389
Total Expenses		141,736,700	366,022,251	50,208,259	127,009,773
Net Profit/(Loss) For the Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		12,175,923	22,709,279	3,205,610	5,013,475
Share of Net Profit of Associates accounted using Equity Method	9	-	-	-	-
Profit Before Tax		12,175,923	22,709,279	3,205,610	5,013,475
Income Tax Expense	43	-	-	(7,641,501)	(7,641,501)
Net Profit/(Loss) For the Year		12,175,923	22,709,279	10,847,111	12,654,976
Earnings Per Share	51				
Basic EPS (Annualized)			3.03		2.41
Diluted EPS			3.03		2.41

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Quarter Ended 16th July, 2025 (Ashad End 2082)

Fig. in NPR

Particulars	Unaudited		Audited	
	Current Year		Corresponding Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Net Profit/(Loss) for the period	12,175,923	22,709,279	10,847,111	12,654,976
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,175,923	22,709,279	10,847,111	12,654,976

OTHER INDICATORS

Particulars	Current Year	Previous Year
	Upto This Quarter (YTD)	Upto This Quarter (YTD)
1. Total inforce Policies Count	383021	58736
2. Total number of policies issued during the Period	378268	38949
3. First Year Premium (including Single Premium)	427,173,081	97,645,475
4. Single Premium	368,240,566	57,372,983
5. Renewal Premium	8,271,830	-
6. Total Benefits and Claims Paid in Count	702	39
7. Outstanding Benefits and Claims in Count	-	-
8. Gross Claim Outstanding (amount)	-	-
9. Declared Bonus rate (Guaranteed Addition)	40-50	45-50
10. Interim Bonus rate (Guaranteed Addition)	40-50	45-50
11. Long Term Investments	241,885,741	479,000,000
12. Short Term Investments	587,500,000	64,000,000
13. Policyholder Loan	-	-
14. Investment in cost value	838,447,635	543,000,000
15. Life Insurance Fund	210,696,759	47,599,702
16. Unearned Premium Reserve for term Policies (Amount)	149,395,669	28,884,551
17. Solvency Margin Ratio	1.97	1.97

Note:

1. The unaudited figures as presented above are subject to change as per the instructions from Nepal Insurance Authority/Statutory Auditors.
2. The financial statement has been formulated in compliance with the Nepal Financial Reporting Standards (NFRS) as mandated by the Nepal Insurance Authority.
3. The detailed interim report has been published on the company's website at www.cml.com.np.
4. Only the business figures confirmed by the FE Pool manager up to the first quarter are considered.

DISCLOSURE AS PER SECTION 84(3) OF INSURANCE ACT, 2079

1. Solvency Ratio: The company has maintained a solvency ratio of 1.97 as per its latest actuarial valuation i.e. Fiscal Year 2080/081.

2. Reinsurance-related disclosure: The company maintains reinsurance agreements as a fundamental component of its risk management strategy. The purpose of these arrangements is to mitigate potential losses resulting from large and unexpected claims. The company has made the reinsurance arrangements type of direct cession and surplus treaty, with Himalayan Reinsurance and Nepal Re. These arrangements are subject to regular review and evaluation to ensure they align with the company's risk tolerance and overall business objectives.

3. Details regarding legal proceedings: There have been no legal proceedings against the company reported up to the current period.

4. Corporate Governance: We affirm our adherence to corporate governance directive issued by Nepal Insurance Authority, ensuring compliance with applicable laws and regulations. Our Board of Directors oversees operations, and throughout the reporting period, we have met all disclosure requirements and maintained robust internal controls. We are committed to upholding these practices, essential for building trust and ensuring the company's long-term sustainability.

5. Regulatory limit on expenses ratio: The expenses of company are within the expenses ratio prescribed by Nepal Insurance Authority.

6. Any other disclosure: The company has complied with all the applicable laws and directives issued by the regulatory bodies.

PUBLISHED AS PER ANNEXURE 14 OF RULE 26 OF SUB RULE (1) OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2073

1. Financial Statements

The financial statements of the company for the fourth quarter of FY 2081/82 have been published along with this report. The interim financial report has been prepared in accordance with the circular issued by the Nepal Insurance Authority.

2. Major Financial Indicators

Earnings per Share (Annualised)	3.03
PE Ratio	450.60
Net worth per share	104.51
Assets per share	136.90

3. Management Analysis

The company performed strongly in the fourth quarter of FY 2081/82. Total premium went up to NPR 435.44 million from NPR 97.65 million corresponding last year. The Life Insurance Fund also grew to NPR 210.69

million, showing more savings for our policyholders. Net profit increased to NPR 227.09 million, which means we managed our costs better. Our total investments reached NPR 829.39 million, showing steady growth. These results show that the company is growing and heading in a good direction.

4. Legal Proceedings

There are no legal proceedings against the company or by the company during this period.

5. Details of Share Transactions

The shares of the companies are listed and actively traded in Nepal Stock Exchange Limited. The details of the share transactions of the company are mentioned below:

Maximum Rate	2458.20
Minimum Rate	372.80
Closing Price	1364.36
No. of Transactions	92814
Transaction days	63

6. Problems and Threats

The life insurance market in Nepal is currently facing different challenges, including a shortage of skilled human resources, limited long-term investment opportunities, and growing market competition. Other key issues include low public awareness, high inflation, and the impact of global economic uncertainty.

7. Corporate Good Governance

The company has built a strong internal control system, which is regularly reviewed by committees and sub-committees. It has also adopted modern IT systems to support transparency and good governance. The company continues to follow all the rules and guidelines set by the Nepal Insurance Authority and other regulatory bodies.

8. Declaration by the Chief Executive Officer

I personally take responsibility for ensuring that the information and statements in this report are true and fairly presented. To the best of my knowledge, no relevant information that could affect investors' decision-making has been knowingly left out while preparing this report.

CREST MICRO LIFE INSURANCE LIMITED
Statement of Changes in Equity
For Period 17th July, 2023 - 15th July, 2024
(For the Year Ended Ashad, 2081)

Fig. in NPR

	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	Total
Balance as on Shrawan 1, 2080	828,000,000	-	-	-	8,991,929	-	-	498,624	49,862	-	-	-	-	-	829,494,815
Price period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2080	828,000,000	-	-	-	8,991,929	-	-	498,624	49,862	-	-	-	-	-	829,494,815
Profit/(Loss) For the Year	-	-	-	-	12,654,976	-	-	-	-	-	-	-	-	-	12,654,976
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves/ Funds	-	-	-	-	(581,482)	-	-	501,348	50,138	-	-	-	-	-	-
Transfer to Deferred Tax Reserves	-	-	-	-	(7,199,777)	-	-	-	-	-	-	7,199,777	-	-	-
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end, 2081	828,000,000	-	-	-	8,888,246	-	-	994,972	99,497	-	-	-	7,199,777	-	842,149,491
Price period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2081	828,000,000	-	-	-	8,888,246	-	-	994,972	99,497	-	-	-	7,199,777	-	842,149,492

CREST MICRO LIFE INSURANCE LIMITED
Statement of Changes in Equity
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad, 2082)

Fig. in NPR

	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	Total
Restated Balance as at Shrawan 1, 2081	828,000,000	-	-	-	8,888,246	-	-	994,972	99,497	-	-	-	7,199,777	-	842,149,492
Profit/(Loss) For the Year	-	-	-	-	22,709,280	-	-	-	-	-	-	-	-	-	22,709,280
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves/ Funds	-	-	-	-	(2,498,021)	-	-	2,270,928	227,093	-	-	-	-	-	0
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	-	-	-	-	(8,941,200)	-	-	-	-	-	-	-	-	-	(8,941,200)
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	228,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	228,000,000
iii) Cash Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Others (To be specified)	-	-	-	-	-	-	-	-	(72,000)	-	-	-	-	-	(72,000)
Balance as on Ashadh end, 2082	790,000,000	-	-	-	28,128,808	-	-	8,268,900	294,990	-	-	-	7,199,777	-	783,843,971

STATEMENT OF CASH FLOWS
For the Quarter Ended 16th July, 2025 (Ashad End 2082)

Fig. in NPR

Particulars	Current Year	Previous Year
	Upto This Quarter (YTD)	Year Ending
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	435,444,911	97,645,475
Commission Received	-	-
Claim Recovery Received from Reinsurers	62,622,582	4,752,262
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	(481,078)	191
Others (to be specified)	6,107,579	1,822,083
Cash Paid		
Gross Benefits and Claims Paid	(119,128,320)	(8,834,000)
Reinsurance Premium Paid	(180,301,426)	(8,340,809)
Commission Paid	(26,382,125)	(9,254,398)
Service Fees Paid	(1,503,493)	(319)
Employee Benefits Expenses Paid	(54,251,307)	(37,143,992)
Other Expenses Paid	(89,018,734)	(23,477,405)
Others (to be specified)	-	-
Income Tax Paid	(3,294,625)	(2,902,595)
Net Cash Flow From Operating Activities [1]	29,813,964	14,266,492
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(452,000)	(1,405,750)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(5,682,033)	(11,246,519)
Proceeds From Sale of Property and Equipment	-	-
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(149,695,691)	-
Proceeds from Sale of Equity Instruments	35,351,346	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-

Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(14,643,000)	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(223,500,000)	(107,000,000)
Maturity of Deposits	64,000,000	31,500,000
Loans Paid	-	-
Proceeds from Loans	-	-
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	52,149,452	47,751,807
Dividend Received	-	-
Others (to be specified)	-	-
Total Cash Flow From Investing Activities [2]	(242,471,927)	(40,400,461)
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	225,000,000	-
Share Issuance Cost Paid	(5,941,200)	-
Dividend Paid	-	-
Dividend Distribution Tax Paid	-	-
Others (to be specified)	-	-
Total Cash Flow From Financing Activities [3]	219,058,800	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	6,400,837	(26,133,970)
Cash & Cash Equivalents At Beginning of The Year/Period	17,795,524	43,929,494
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	24,196,361	17,795,524
Components of Cash & Cash Equivalents		
Cash In Hand	-	16,387
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	24,052,225	17,637,792
Wallet and others	144,135	141,345

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS
For the Quarter Ended 16th July, 2025 (Ashad End 2082)

Fig. in NPR

Particulars	Current Year
Opening Balance in Retained Earnings	8,855,246
Transfer from OCI reserves to retained earning in current year	-
Net profit or (loss) as per statement of profit or loss	22,709,279
Appropriations:	
i) Transfer to Insurance Fund	
ii) Transfer to Catastrophe Reserve	(2,270,928)
iii) Transfer to Capital Reserve	
iv) Transfer to CSR reserve	(227,093)
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 (to be Specified)	
Deductions:	
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	
xiv) Deduction as per Sec 17 of Financial directive	
xiv) Deduction as per Sec 18 of Financial directive	
xv) Others (to be specified)	
Adjusted Retained Earning	29,066,505
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	5,941,200
Less: Deduction as per sec 15(1) Of Financial directive	
Add/Less: Others (to be specified)	
Total Distributable Profit/(loss)	23,125,305

I. Notes to the Interim Financial Statements

Reporting Entity

Crest Micro Life Insurance Limited (herein after referred to as the 'Company') was incorporated on 2079/09/13 and operated as Micro life insurance company after obtaining license on 2079/12/28 under the Insurance Act 2079.

The registered office of the Company is located at Birendranagar-6, Surkhet. The Company's shares are not listed yet on any stock exchange. The principal activities of the Company are to provide various life insurance products through its province offices, branches, sub-branches, and network of agents.

Basis of preparation

The Condensed Financial Statements of the Company have been prepared and presented in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act 2006, directives issued by Nepal Insurance Authority and other applicable required disclosures. The format used in the preparation and presentation of the Condensed Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

The Financial Statements have been prepared on a going concern basis. The term NFRS includes all the standards and the related interpretations which are consistently use.

Statement of compliance with NFRSs

These condensed financial statements comply with the requirements of the Nepal Financial Reporting Standards (NFRS) laid down by The Institute of Chartered Accountants of Nepal (ICAN), Companies Act, 2006 and all, directive issued by Nepal Insurance Authority and other applicable laws and regulation and amendments thereto.

Use of Estimates, assumptions, and judgments

The preparation of these Condensed Financial Statements in conformity with NFRS requires management to make estimates, judgments, and assumptions. These estimates, judgments and assumptions affect the reported balance of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the year presented.

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 to the Financial Statements.

The most significant areas of assumptions and estimation applied in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements are listed hereinafter and their description follows:

- ❖ Fair value of financial instruments
- ❖ Classification of financial ASSETS and financial liabilities
- ❖ Impairment losses on financial ASSETS and non- financial ASSETS
- ❖ Useful economic life of property and equipment
- ❖ Taxation and deferred Tax
- ❖ Defined benefit obligations
- ❖ Provisions for liabilities, commitments, and contingencies

Significant accounting policies

The company has applied the accounting policies set out below consistently to all periods presented in the accompanying condensed financial statements unless specifically stated otherwise.

(i) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value.
- ii. Defined Employee Benefits under NAS 19 'Employee Benefits'
- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

(ii) Cash & Cash Equivalent

Cash & Cash Equivalents include Cash in Hand, Cheque in Hand, Bank Balances and short term deposits with a maturity of three months or less.

(iii) Goodwill and Intangible Assets

The accounting policy for intangible assets states that assets acquired separately are initially recognized at cost and subsequently carried at cost less accumulated amortization and impairment losses. Internally generated intangibles, excluding capitalized development costs, are expensed in the year incurred. Additional expenditures on intangible assets are capitalized only if they enhance future economic benefits, while all other expenses are recognized immediately.

Amortization is calculated using the straight-line method based on the estimated useful life, reviewed annually, and any changes are treated as accounting estimates. Intangible assets, categorized by software and licenses, have specific useful lives and residual values. Derecognition occurs when no future economic benefits are expected, with any resulting gains or losses recognized in the Statement of Profit or Loss.

Useful Life of Intangible Assets based on SLM is categorized as stated below:

Asset Categories	Useful Life (In Years)	Residual Value
Software	Lower of 5 years or License period	5%
Licenses	License Period	5%

(iv) Property and Equipment (P&E)

The company recognizes freehold land at historical cost and other property, plant, and equipment (P&E) items at acquisition or construction cost less accumulated depreciation if it is probable that future economic benefits will be derived for more than one year and the cost can be reliably measured. Subsequent costs meeting these

criteria are added to the asset's carrying amount or recognized separately. The company applies NAS 16 – “Property, Plant and Equipment” in the accounting of property and equipment.

Repair and maintenance expenses are charged to profit or loss. Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount, and the net amount is restated to the revalued amount. Upon disposal, the revaluation reserve related to the asset is transferred to retained earnings, and the difference between depreciation on revalued and original cost is also transferred to retained earnings.

(v) Derecognition of Assets

An item of Property, Plant 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, Plant 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.

(vi) 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)" 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:

Asset Categories	Useful Life (In Years)	Residual Value
Land	Not Applicable	Not Applicable
Buildings	Not Available	5%
Leasehold Improvement	Lower of 5 Years or Lease Period	5%
Furniture & Fixtures	10	5%
Computers and IT Equipment’s	5	5%
Office Equipment	5	5%
Vehicles	10	5%
Other Assets	5	5%

(vii) Investment Properties

Investment properties, held for rental income or capital appreciation, are initially measured at cost, including related transaction costs, and subsequently carried at cost less accumulated depreciation. Additional expenditures are capitalized only if future economic benefits are probable and can be reliably measured; other repairs and maintenance costs are expensed.

Land is carried at historical cost, while buildings are depreciated over their estimated useful lives.

Investment properties are derecognized upon disposal or when permanently withdrawn with no future economic benefit, and gains or losses from retirement or disposal are recognized in the statement of profit or loss.

As of the reporting date, the company does not have any investment properties.

viii) Deferred Tax Assets and Liabilities

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary difference 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 Difference.

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.

(ix) Financial Assets

Financial assets are recognized when the company becomes a party to the contractual provisions, and their classification is determined 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.

Financial assets are measured based on their category: **assets at amortized cost** if held to collect contractual cash flows, **assets at fair value through other comprehensive income (FVTOCI)** if held for both collecting cash flows and selling assets, and **assets at fair value through profit or loss (FVTPL)** if not classified in the above categories.

De-recognition occurs when the company transfers rights to receive cash flows, considering risks and rewards of ownership. Impairment is assessed if there is objective evidence of incurred loss events impacting future cash flows, such as financial difficulty, default, or observable data indicating a decrease in estimated future cash flows.

(x) Current Tax Assets

Current Tax Assets represent income taxes that a company has overpaid or prepaid for a specific reporting period, and these funds are either to be refunded or used to offset future tax obligations. This is the amount that has been paid more in taxes than its actual liability for the period, or when taxes have been deducted at source (TDS) on the company's income, such as interest earned on fixed deposits.

(xi) Financial Liabilities

Financial liabilities are recognized when the company becomes a party to the contractual provisions, and their classification is determined at initial recognition. All financial liabilities are initially recognized at fair value, including transaction costs for liabilities not at fair value through profit or loss.

Financial liabilities are measured at amortized cost using the Effective Interest Method. For payables maturing within one year, carrying amounts approximate fair value due to their short maturity.

De-recognition occurs when the obligation is discharged, cancelled, or expires. Replacement, modification, or substantial changes in terms result in de-recognition of the original liability and recognition of a new liability, with the difference in carrying amounts recognized in the Statement of Profit or Loss.

(xii) Reserves and Funds

i) Share Application Money Pending Allotment: These funds are received from shareholders who have applied for shares but have not yet been allotted their shares.

ii) Share Premium: If the Company issues share capital at premium it receives an extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

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

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

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 occurred); and the effects of changes in actuarial assumptions.

vi) 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.

vii) Corporate Social Responsibility Reserves: The Company has allocated corporate social responsibility reserves for the amount which is 1% of the profit for the year as per Regulator's Directive.

viii) Other Reserves: Deferred Tax Reserve equal to the amount of Deferred Tax Assets is created out of prudence and Nepal Insurance Authority's Directives.

(xiii) Employee Benefits

Employee benefits comprise various forms of compensation provided by an organization in exchange for services rendered by its employees. The company's compensation package includes short-term and long-term benefits, such as salary, allowances, paid leave, accumulated leave, SSF contribution, and annual statutory bonuses.

The Group adheres to the accounting standard NAS 19 - "Employee Benefits" for recording all employee benefits and reports the following in its financial statements:

Recognition of liability when an employee has provided services in exchange for employee benefits to be paid in the future.

(i) Recognition of a liability when an employee has provided services in exchange for employee benefits to be paid in the future.

(ii) Recognition of an expense when the Group consumes the economic benefit arising from services provided by an employee in exchange for employee benefits.

(xiv) Gross Insurance Contract Liabilities

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.

In the condensed financial statements, all of the excess amount derived from individual portfolios with maturity benefits have been allocated to the gross insurance contract liabilities. For other types of portfolios, the calculation of gross insurance contract liabilities has been performed in accordance with point number 5(3) of the circular issued by the Nepal Insurance Authority for quarterly financial statement reporting.

(xv) Revenue Recognition

i) Gross Premium

Gross premiums are recognized as soon as the amount of the premiums can be reliably measured. The 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) Premiums on Reinsurance Accepted

Premiums on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered 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.

iv) Commission Income

Commission Income is recognised on an accrual basis. If the income is for future periods, then they are deferred and recognized over those future periods.

v) Investment income

"Interest income is recognised 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 recognised as an adjustment to the EIR of the instrument.

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

vi) Net realised gains and losses

Net realised 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 amortised cost and are recorded on occurrence of the sale transaction.

(xvi) Benefit, Claims and Expenses

i) Gross Benefits and Claims

Benefits and claims include 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 recognised 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 recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

iii) Commission Expenses

Commission expenses are recognised on an accrual basis. If the expenses is for future periods, then they are deferred and recognised over those future periods.

iv) Service Fees

Service fees are recognised on an accrual basis as per the rates mentioned in Insurance act, 2079.

v) Finance Cost

Finance costs are recognised for the period relating to unwinding of discount and interest expenses due to re-measurement of liabilities.

(xvii) 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.

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

- | | |
|-------------------------------|----------------------------|
| i) Endowment | v) Foreign Employment Term |
| ii) Anticipated | vi) Other (Micro) Term |
| iii) Endowment Cum Whole Life | vi) Special Term |
| iv) Whole Life | |

Till the reporting period, the company has issued policies under the Micro Endowment, Micro Anticipated and Micro Term portfolio.

(xviii) 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.

(xix) Leases

The lease liability has been accounted for under NFRS 16 “Leases”. For all the significant lease , the Right-of Use assets has been recognised at its initial recognition under cash model. The Lease liability has been recognised at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 9%.

After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

(xx) Provisions

The company applies NAS 37 – “Provisions, Contingent Liabilities & Contingent Assets” in the accounting of provisions.

(xxi) 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.

(xxii) 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."

(xxiii) 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”.

The 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.

Related Parties Disclosures

Holding Company: Not Applicable

Subsidiaries: Not Applicable

Associates: Not Applicable

Fellow Subsidiaries: Not Applicable

Key Management Personnel:

Name	Relationship
Rishi Raj More	Chairman
Mridula Saria	Director
Rohit Karan Baidya	Director
Binod Puri	Director
Pabitra Lal Chuke	Independent Director
Ishwor Lal Shrestha	Public Director
Sunita Maharjan	Public Director
Pratap Man Shrestha	Chief Executive Officer

SEGMENT REPORTING
For the Quarter Ended 16th July 2025 (Ashad End 2082)

Segment information is presented in respect of the Company's business segments. The management of the Company has identified portfolio as a business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries. The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

Business Segments of the Company's are:

Endowment	Foreign Employment Term
Anticipated Endowment	Micro Term
Endowment Cum Whole Life	Special Term
Whole Life	

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Inter Segment Elimination	Total
Income:									
Gross Earned Premiums	95,265,237	1,917,144			142,442,050	195,820,480			435,444,911
Premiums Ceded	(314,738)	(8,853)			(40,464,967)	(55,402,119)			(96,190,677)
Inter-Segment Revenue									-
Net Earned Premiums	94,950,499	1,908,291	-	-	101,977,083	140,418,361	-	-	339,254,234
Commission Income									-
Other Direct Income									-
Interest Income on Loan to Policyholders									-
Income from Investments and Loans	7,866,839	117,389			-	7,901,505			15,885,734
Net Gain/(Loss) on Fair Value Changes									
Net Realised Gains/(Losses)									
Other Income	42,718	18			199,266	1,825			243,827
Total Segmental Income	102,860,056	2,025,698	-	-	102,176,349	148,321,691	-	-	355,383,795

Expenses:

Gross Benefits and Claims Paid	1,424,307	-	-	-	9,405,034	108,298,979	-	-	119,128,320
Claims Ceded	(648,000)	-	-	-	(3,762,014)	(58,212,568)	-	-	(62,622,582)
Gross Change in Contract Liabilities	49,990,835	802,929	-	-	67,984,723	44,318,570	-	-	163,097,058
Change in Contract Liabilities Ceded to Reinsurers									
Net Benefits and Claims Paid	50,767,142	802,929	-	-	73,627,743	94,404,981	-	-	219,602,796
Commission Expenses	10,676,813	427,834	-	-	-	19,566,449	-	-	30,671,096
Service Fees	474,752	9,541	-	-	509,885	702,092	-	-	1,696,271
Other Direct expenses	35,140	1,510	-	-	-	49,970	-	-	86,620
Employee Benefits Expenses	15,592,834	274,536	-	-	-	32,490,260	-	-	48,357,631
Depreciation and Amortization Expenses	2,276,011	40,073	-	-	-	4,742,447	-	-	7,058,530
Impairment Losses									-
Other Operating Expenses	22,806,999	465,219	-	-	1,424,421	19,589,027	-	-	44,285,666
Finance Cost	230,363	4,056	-	-	-	480,001	-	-	714,420
Total Segmental Expenses	102,860,056	2,025,698	-	-	75,562,049	172,025,226	-	-	352,473,030
Total Segmental Results	-	-	-	-	26,614,300	(23,703,535)	-	-	2,910,765
Segment Assets	270,051,916	3,120,892	-	-	264,248,783	288,235,230	-	-	825,656,821
Segment Liabilities	68,705,985	802,929	-	-	67,984,723	73,203,121	-	-	210,696,759

SEGMENT REPORTING

For the Quarter Ended 16th July, 2025 (Ashad End 2082)

c) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year
Segmental Profit	2,910,765
Less: Employee Benefits expenses	(7,896,323)
Less: Depreciation and Amortization	(784,281)
Less: Other operating expenses	(4,789,237)
Less: Impairment losses	-
Less: Finance Cost	(79,380)
Add: Unallocable Other Income	33,347,735
Profit Before Tax	22,709,279

d) Reconciliation of Assets

Particulars	Current Year
Segment Assets	825,656,821
Goodwill & Intangible Assets	349,134
Property and Equipment	7,367,403
Investment Properties	-
Deferred Tax Assets	1,533,489
Investment in Subsidiaries	-
Investment in Associates	-
Investments	176,651,902
Loans	-
Current Tax Assets	1,252,543
Other Assets	8,537,862
Other Financial Assets	251,296
Cash and Cash Equivalents	5,153,613
Total Assets	1,026,754,064

e) Reconciliation of Liabilities

Particulars	Current Year
Segment Liabilities	210,696,759
Provisions	2,176,358
Deferred Tax Liabilities	-
Current Tax Liabilities	-
Other Financial Liabilities	11,327,283
Other Liabilities	18,708,092
Total Liabilities	242,908,492

*** Thank you ***