SHIKHAR INSURANCE COMPANY LIMITED

(Shikhar Biz Centre, Thapathali, Kathmandu, Tel: 5346101, Website: shikharinsurance.com)

Quarterly Financial Statements for the quarter ended 31 Ashwin 2082, F.Y. 2082/83 B.S

CONDENSED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	At the end of this Quarter (Unaudited)	At the end of Immediate Previous Year(Audited)
Assets:		
Goodwill & Intangible Assets	11,551,744	11,865,631
Property and Equipment	769,107,609	763,662,715
Investment Properties	64,058,429	76,377,810
Deferred Tax Assets	128,503,733	41,705,869
Investment in Subsidiaries	-	-
Investment in Associates	164,255,595	164,255,595
Investments	4,917,424,959	4,736,747,857
Loans	-	-
Reinsurance Assets	6,656,620,517	4,581,613,373
Current Tax Assets	90,352,610	78,746,204
Insurance Receivables	1,011,883,288	1,089,817,156
Other Assets	357,828,154	489,499,370
Other Financial Assets	1,337,165,226	777,917,224
Cash and Cash Equivalent	74,015,418	119,979,411
Total Assets	**15,582,767,282**	**12,932,188,215**
Equity:		
Share Capital	2,923,099,000	2,923,099,000
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserves	1,936,594,066	1,936,594,066
Catastrophe Reserves	163,048,042	163,048,042
Retained Earnings	67,760,932	226,347,351
Other Equity	540,266,515	584,208,445
Total Equity	**5,630,768,555**	**5,833,296,903**
Liabilities:		
Provisions	178,685,820	178,685,820
Gross Insurance Contract Liabilities	8,591,952,126	5,884,863,042
Deferred Tax Liabilities	-	-
Insurance Payable	35,692,987	7,797,944
Current Tax Liabilities	-	-
Borrowings	323,119,349	98,119,349
Other Liabilities	386,162,254	412,919,142
Other Financial Liabilities	436,386,191	516,506,014
Total Liabilities	**9,951,998,727**	**7,098,891,312**
Total Equity and Liabilities	**15,582,767,282**	**12,932,188,215**

CONDENSED STATEMENT OF PROFIT OR LOSS

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	906,835,455	906,835,455	816,732,318	816,732,318
Premiums Ceded	(616,049,452)	(616,049,452)	(534,479,011)	(534,479,011)
Net Earned Premiums	**290,786,003**	**290,786,003**	**282,253,307**	**282,253,307**
Commission Income	168,312,186	168,312,186	155,682,495	155,682,495
Other Direct Income	-	-	-	-
Income from Investments and Loans	66,010,591	66,010,591	103,060,740	103,060,740
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	(1,095,581)	(1,095,581)	-	-
Other Income	14,998,505	14,998,505	10,743,987	10,743,987
Total Income	**539,011,704**	**539,011,704**	**551,740,529**	**551,740,529**
Expenses:				-
Gross Claims Paid	680,224,183	680,224,183	644,414,311	644,414,311
Claims Ceded	(473,148,148)	(473,148,148)	(452,650,677)	(452,650,677)
Gross Change in Contract Liabilities	2,270,564,461	2,270,564,461	1,195,865,207	1,195,865,207
Change in Contract Liabilities Ceded to Reinsurers	(1,904,558,892)	(1,904,558,892)	(1,188,576,097)	(1,188,576,097)
Net Claims Incurred	**573,081,603**	**573,081,603**	**199,052,744**	**199,052,744**
Commission Expenses	20,311,838	20,311,838	10,055,159	10,055,159
Service Fees	7,694,312	7,694,312	7,680,812	7,680,812
Other Direct expenses	-	-	-	-
Employee Benefits Expenses	109,459,631	109,459,631	126,061,725	126,061,725
Depreciation and Amortization Expenses	13,145,758	13,145,758	13,871,141	13,871,141
Impairment Losses	-	-	-	-
Other Operating Expenses	35,654,144	35,654,144	30,510,399	30,510,399
Finance Cost	6,216,445	6,216,445	6,651,462	6,651,462
Total Expenses	**765,563,731**	**765,563,731**	**393,883,442**	**393,883,442**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**(226,552,027)**	**(226,552,027)**	**157,857,087**	**157,857,087**
Share of Net Profit of Associates accounted using Equity Method	-	-		-
Profit Before Tax	**(226,552,027)**	**(226,552,027)**	**157,857,087**	**157,857,087**
Income Tax Expenses	67,965,608	67,965,608	42,621,414	42,621,414
Net Profit/(Loss) For The Year	**(158,586,419)**	**(158,586,419)**	**115,235,673**	**115,235,673**
Earning Per Share				
Basic EPS		(21.70)		17.36
Diluted EPS		(21.70)		17.36

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	**(158,586,419)**	**(158,586,419)**	**115,235,673**	**115,235,673**
Other Comprehensive Income	(43,941,930)	(43,941,930)	38,042,683	38,042,683
Total Comprehensive Income	**(202,528,349)**	**(202,528,349)**	**153,278,356**	**153,278,356**

OTHER DETAILS

Particulars	Current Year Upto this Quarter (YTD)	Previous Year Upto this Quarter (YTD)
1. Total Issued Policy (Count)	79,440	73,934
2. Total Renewed Policy (Count)	24,041	23,120
3. Total Claims Paid (Count)	4,765	4,838
4. Gross Outstanding Claim Including IBNR and IBNER (Amount)	5,155,867,768	3,617,217,763
5. Net Outstanding Claim Including IBNR and IBNER (Amount)	746,438,738	394,241,477
6. Outstanding Claims (Count)	14,496	12,864
7. Margin Over Best Estimate (MOBE)	7,616,950	11,345,369
8. Unearned Premium Reserve (UPR) Amount	1,150,789,195	1,292,943,353
9. Unexpired Risk Reserve (URR) Amount	14,952,691	14,998,223
10. Earthquake Premium Reserve (Amount)	21,328,312	10,860,268
11. Long Term Investments (Amount)	1,576,454,575	1,341,061,266
12. Short Term Investments (Amount)	3,410,070,384	3,457,140,827
13. Direct Premium (Amount)	1,384,661,092	1,120,058,804
14. Investment in Cost (Amount)	4,986,524,959	4,798,202,093
15. Solvency Margin Ratio (RBC-S)	508.40%	333.00%

Note:

Above financial statements are prepared in accordance with directives issued by Nepal Insurance Authority.
Above figures are subject to change upon otherwise instructions of Statuory Auditors and/or regulatory authority.
Interim financial report has been published in company's website at www.shikharinsurance.com

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

1. **Disclosure on Solvency Ratio Particulars Ratio Solvency Ratio:** Based on the Latest Financial Statement of Shikhar Insurance Co. Ltd. (the company) the solvency ratio of the company is 5.08 times, which is above the regulatory limit of 1.5 times.
2. **Reinsurance related disclosure:** The company has arranged for adequate and appropriate reinsurance program based on the directives issued by Nepal Insurance Authority and strategy of the company.
   To cover the catastrophic risks, the company has arranged for catastrophic reinsurance program, which is highest in the Nepalese Insurance Industry.
3. **Details regarding legal actions:** The company has initiated legal proceedings against tax assessment of previous fiscal years from the Large Taxpayer's Office.
4. **Corporate Governance:** The company has complied with the relevant provisions of Good Governance Directives issued by Nepal Insurance Authority.
5. **Any other disclosures deemed as relevant: None.**

Disclosure as per Securities Registration and Issuance Regulation 2073

Related to Rule 26, Subrule 1

Quarterly Report of First Quarter of FY 2082/83

1. Financial Statements

a. Quarterly Statement of Financial Position and Statement of Profit or Loss

The Statement of Financial Position and the Statement of Profit or Loss of the company for the first quarter of FY 2082/83 is published along with this Report. The Financial Statements are prepared based on Directives and Circular issued from Nepal Insurance Authority regarding preparation of Annual Financial Statements and Quarterly Financial Statements. The previous period's figures have been regrouped and adjusted wherever required.

b. Major Financial Indicators

Earnings Per Share (Rs)	(21.70)	Net worth Per Share (Rs)	192.63
Price Earnings Ratio (Times)	(28.14)	Total assets per Share (Rs)	533.09

2. Management Analysis

The decrease in overall economic activity, low government expenditure on infrastructure project, and higher inflation rate has affected the growth of the insurance business of the company. The significant reduction in the interest rate offered by the bank and financial institutions has affected the investment return of the company in the current period. As an investment diversification objective and contribution to the nation's economy, the company has investment in different infrastructure projects. In the short run, even though these investments provide no return, we believe that these investments will contribute long term stable return in the coming days. The financial results for the current period has been affected by the RSMDT claims incurred due to the event of september 8 and 9, 2025. The reported loss of the RSMDT claim is around Rs. 2.4 billion. As per the existing re-insurance program of the company the net claim expense of the RSMDT loss to the company will be around Rs.36 crore only.

3. Details Regarding Legal Action

There are a few numbers of legal proceedings from the company against tax assessment of previous fiscal years from the Large Taxpayer's Office.

4. Details regarding Share Transaction of the Company

Maximum Price	828	Closing Price	610.6
Minimum Price	588.8	Transaction Days	51
Transaction No.	7,879	Share Quantity	916,084

5. Problems and Challenges

a. Impact on the insurance industry due to decrease in the economic activity of the country.
b. Fluctuations in the interest rates offered by the bank and financial institutions.
c. Lack of skilled manpower in the insurance industry.
d. Catastrophic risk due to frequent catastrophes such as earthquake, Strome, flood and landslide.
e. Unstable and volatile political and economic environment of the country.

6. Strategies

a. Create new and unique insurance products each year to cater to the insurance needs of the market.
b. To increase the insurance penetration and increase the business of the company through opening of new branches throughout the country.
c. Investment diversification through investment in different infrastructure projects and sector providing long term stable return.
d. Taking appropriate reinsurance program for minimizing catastrophic insurance risk.
e. Training and development activities as continues exercise for the development of skilled manpower in the insurance industry.

7. Corporate Governance

The company is conducting its activities in accordance with the provision of Insurance Act, Insurance Regulation, Directives and Circulars issued by Nepal Insurance Authority, the internal control mechanism of the company and following the suggestions received from the internal and external auditor of the company and Nepal Insurance Authority.

8. Chief Executive Officer's Declaration

I, as of the date, hereby individually accept responsibility for the accuracy and truthfulness of the information and details disclosed in this report. I also hereby declare that to the best of my knowledge and belief the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investor. However, the figures may be changed after the audit of the financial statement or changes in the claim information or reinsurance information or any other information which was not available while making the financial statements.