

Manjushree Finance Limited
Condensed Consolidated Statement of Financial Position
As on Quarter ended 29th Poush 2076 (14th January 2020)

Figures in NPR '000

Assets	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	1,301,092	2,191,640
Due from Nepal Rastra Bank	449,087	281,807
Placement with Bank & Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loans and advance BFIs	445,500	161,600
Loans and advance to customers	6,204,221	5,322,986
Investment securities	468,717	96,890
Current tax assets	56,497	66,279
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment Property	36,346	41,346
Property and equipment	46,699	42,856
Goodwill and Intangible assets	987	720
Deferred tax assets	2,906	848
Other Assets	69,129	148,410
Total Assets	9,081,181	8,355,383
Liabilities		
Due to Bank and Financial Institutions	2,291,016	2,368,891
Due to Nepal Rastra Bank	125,676	35,353
Derivative financial instruments	-	-
Deposit from customers	5,404,789	4,928,669
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	184,641	8,427
Debt Securities issued	-	-
Subordinate Liabilities	-	-
Total Liabilities	8,006,123	7,341,341
Equity		
Share capital	818,131	804,060
Share Premium	-	661
Retained earnings	93,370	92,438
Reserves	163,556	116,883
Total equity attributable to equity holder	1,075,057	1,014,042
Non -controlling interest	-	-
Total equity	1,075,057	1,014,042
Total Liabilities and equity	9,081,181	8,355,383

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended 30th poush2076

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	253,473	573,291	218,815	457,290
Interest Expenses	186,339	376,324	163,714	333,013
Net Interest Income	67,134	196,967	55,101	124,277
Fees and Commission income	8,628	17,170	7,345	18,135
Fees and Commission expenses		-		-
Net fee and commission income	8,628	17,170	7,345	18,135
Net interest, fee and commission income	75,762	214,137	62,447	142,412
Net trading income				-
Other operating income				
Total operating income	75,762	214,137	62,447	142,412
Impairment charge/(reversal) for loans and other losses	(49,842)	9,890	45,073	54,051
Net operating income	125,603	204,247	17,374	88,361
Operating expenses				
Personnel expenses	35,951	63,161	12,194	33,849
Other operating expenses	17,880	32,449	12,564	23,744
Depreciation & Amortization	6,353	8,507	2,068	4,271
Operating Profit	65,419	100,131	(9,452)	26,496
Non operating income	98,174	98,174		
Non operating expenses				
Profit before income tax	163,593	198,305	(9,452)	26,496
Income tax expenses	44,595	54,931	(2,923)	6,814
Current Tax	42,767	52,881		7,066
Deferred Tax	1,828	2,049		(251)
Profit/(loss) for the period	115,782	143,374	(6,529)	19,682

Statement of Comprehensive Income

Figures in NPR '000

Particulars	Current Year		Previous Year	
			Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Profit or loss for the period	115,782	143,374	(6,529)	19,682
Other comprehensive income				
a) Items that will not be reclassified to profit or loss				
-Gains/(losses) from investments in equity instruments measured at fair value				-
-Gains/(loss) on revaluation				
-Actuarial gain/loss on defined benefit plans				
-Income tax relating to above items		-		
Net other comprehensive income that will not be reclassified to profit or loss		-		-
b) Items that are or may be reclassified to profit or loss				
-Gains/(losses) on cash flow hedge				
-Exchange Gains/(losses) (arising from translating financial assets of foreign operation)				
-Income tax relating to above items				
Net other comprehensive income that are or may be reclassified to profit or loss		-		-
c) Share of other comprehensive income of associate accounted as per equity method				
Other comprehensive income for the period, net of income tax		-		-
Total Comprehensive Income for the period	115,782	143,374	(6,529)	19,682

Profit attributable to:				
Equity holders of the bank	115,782	143,374	(6,529)	19,682
Non-controlling Interest				
Total	115,782	143,374	(6,529)	19,682

Earnings per share		
Basic earnings per share	17.52	2.45
Annualized Basic Earnings Per Share	35.05	4.90
Diluted earnings per share	35.05	4.90

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA		15.11%		13.45%
Non-performing loan (NPL) to total loan		3.43%		3.17%
Total loan loss provision to Total NPL		125.25%		116.80%
Cost of Funds		9.26%		10.38%
Credit to Deposit Ratio		77.60%		77.18%
Base Rate		11.64%		12.86%
Interest Rate Spread		4.26%		4.75%

Manjushree Finance Limited
Condensed Consolidated Statement of Changes in Equity
For the Period Ended on 29th Poush 2076.

Figures in NPR '000

Attributable to equity holders of the Bank												
	Share Capital	Share Premium	General Reserve	Exchange equalization reserve	Regulatory Reserve	Fair value reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2075	804,060	661	55,590	-	-	-	-	114,539	1,425	976,276		976,276
Profit for the Period								73,113		73,113		73,113
Other Comprehensive Income						795				795		795
Total Comprehensive income						795		73,113		73,907		73,907
Transfer to reserve during the period			14,623					(14,623)		-		
Creation of CSR Fund								(731)	731	-		
Transfer from Reserves during the year due to AIR					28,265			(28,265)		-		
Transfer from Reserves during the year due to NBA					22,898			(22,898)		-		
Transfer from Reserves during the year due to deferred Tax assets					4,955			(4,955)		-		
Contributions from and distributions to owners												
Share issued										-		-
Share based payments												
Share Issued Expenses								(469)		(469)		(469)
Share Issued Expenses-Tax Impact								141		141		141
Share based payments												
Dividends to equity holders												
Bonus shares issued								-		-		-
Cash Dividend Paid								(23,318)		(23,318)		(23,318)
Gain on Disposal of Share Classified into OCI												
Adjustment for Loss on valuation of share investment					96			(96)		-		-
Current Tax on Gain on Disposal of Share Classified into OCI												
Other												
Total Contributions by and distributions								795				
Balance at 31st Ashad end 2076	804,060	661	55,590	-	56,214	795	-	92,438	2,156	1,026,537		1,026,537
Balance at Shrawan 1, 2076	804,060	661	55,590	-	56,214	795	-	92,438	2,156	1,026,537	-	1,026,537
Profit for the Period								143,374		143,374		143,374
Other Comprehensive Income												
Total Comprehensive income								143,374		143,374		143,374
Transfer to reserve during the period			28,675		20,126			(48,801)		-		
Creation of CSR Fund								(1,434)	1,434	-		
Share Premium		(661)						661		-		
Contributions from and distributions to owners												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued		14,071						(14,071)		-		
Cash Dividend Paid								(78,798)		(78,798)		(78,798)
Other												
Total Contributions by and distributions	14,071	(661)	28,675	-	20,126	-	-	931	-	63,143		63,143
Balance at 29th Poush end 2076	818,131	-	84,265	-	76,340	795	-	93,370	2,156	1,075,057		1,075,057

Manjushree Finance Limited
Condensed Consolidated Statement of Cash Flow
For the Period ended on 29th Poush 2076.

Figures in NPR '000

Particulars	Up to this quarter	corresponding previous year up to this quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	541,806	401,067
Fees and other income received	17,170	18,135
Dividend received		
Receipts from other operating activities	98,174	-
Interest paid	(376,324)	(333,013)
Commission and fees paid	-	-
Cash payment to employees	(63,161)	33,849
Other expenses paid	(32,449)	(33,849)
Operatng cash flows before changes in operating assets and liabilities	185,217	86,189
(Increase)/decrease in operating assets	(1,354,433)	(1,398,386)
Due from Nepal Rastra Bank	(167,280)	(178,246)
Placement with bank and financial institutions		
Other trading assets		
Loan and advances to bank and financial institutions	(981,850)	(154,100)
loan disbursemnt to customer	(183,285)	(939,846)
Other assets	(22,018)	(126,194)
Increase/(Decrease) in operating liabilities	1,260,689	1,143,456
Due to bank and financial institutions	(77,875)	1,319,244
Due to Nepal Rastra Bank	90,324	(179,614)
Deposit from customers	1,072,026	757,680
Borrowings		
Other Liabilities	176,214	(753,854)
Net Cash flow from operating activities before tax paid	91,473	(168,741)
Income taxes paid	52,881	7,066
Net cash flow from operating activities	38,591	(175,807)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(371,827)	(18,064)
Receipts from sale of investment securities	98,174	
Purchase of propertyand equipment	(3,843)	(431)
Receipt from the sale of property and equipment		
Purchase of intangible assets	(267)	801
Receipt from the sale of investment properties		
Interest received	31,485	56,223
Dividend received		-
Net cash used in investing activities	(246,278)	38,528
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue if debt securities		
Repayment of debt securities		
Receipt from issue of subordinated liabilities		
Repayment of subordinated liabilities		
Receipt from issue of shares		
Dividends paid	(78,798)	
Interest paid	(8,158)	(2,765)
Other receipt/payment		
Net cash from financing activities	(86,956)	(2,765)
Net Increase (decrease) in cash and cash equivalents	(294,642)	(140,043)
Cash and cash equivalents at shrawan 1,2076	1,595,734	1,735,777
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at 30th Ashwin 2076	1,301,092	1,595,734

Statement of Distributable Profit and Loss
As on Quarter Ended Poush End 2076.
(As per NRB Regulation)

Figures in NPR '000

Particulars	Upto This Quarter(YTD)
Net profit for the period as on Poush quarter 2076/77	143,374
<u>Appropriations:</u>	
<u>1.1 Profit required to be appropriated to:</u>	(30,109)
<i>a. General reserve</i>	(28,675)
<i>b. Foreign exchange fluctuation fund</i>	
<i>c. Capital redemption reserve</i>	
<i>d. Corporate social responsibility fund</i>	(1,434)
<i>e. Employees training fund</i>	
<i>f. Other</i>	
<u>1.2 Profit required to be transferred to Regulatory Reserve:</u>	(20,126)
<i>a. Transferred to Regulatory Reserve</i>	(20,126)
<i>b. Transferred from Regulatory Reserve</i>	
Net Profit for the period ended Poush quarter 2076 available for distribution	93,140

Notes to the Interim Financial Statements

1. Basis of preparation

The Interim Financial Statements of the Finance for the Second quarter of current FY 2076-2077 ending 14th January 2020 (29th Poush 2076) have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS) - NAS 34 “Interim Financial Reporting” as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The Formats used in the preparation of the Financial Statements and the disclosures made therein comply with the specified formats prescribed by the Nepal Rastra Bank for the preparation, presentation and publication of the Interim Financial Statements.

The Condensed Consolidated Interim Financial Statement comprise of:

- Condensed Consolidated Statement of Financial Position,
- Condensed Consolidated Statement of Profit or Loss,
- Condensed Consolidated Statement of Comprehensive Income,
- Condensed Consolidated Statement of Changes in Equity,
- Condensed Consolidated Statement of Cash Flows,
- Ratios as per NRB Directive

1.1 Reporting Period

The Finance follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Statement of Financial Position	29 th Poush,2076	14 th January,2020
Statement of Profit/Loss	1 st Shrawan 2076 to 29 th Poush,2076	17 th July ,2019 to 14 th January ,2020

1.2 Functional and Presentation Currency

The Nepalese Rupees (NRs), being the currency of primary economic environment under which finance operates, has been used as the functional currency. The Interim Financial information has been presented in Nepalese Rupees and has been shown in actual figure, unless indicated otherwise.

1.3 New standards in issue but not yet effective

The interim financial statement of the Finance have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as issued by Accounting Standard Board-Nepal.

1.4 Comparative Information

Comparative information is provided in narrative and descriptive nature, if it is relevant to understand the current period's interim financial statement and reclassified whenever necessary to conform to current period presentation.

2. Statement of Compliance with NFRSs

The interim financial statement of group which comprise of Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Ratios, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Notes to the consolidated Interim Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board and carve out issued by the Institute of Chartered Accountants of Nepal and in compliance with BAFIA 2073 and Unified Directive 2076 issued by Nepal Rastra Bank and all other applicable laws and regulations.

3. Use of Estimates, Assumptions and Judgments

The Management of the Finance has made judgments, estimations and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses that is required for the preparation of interim condensed financial statements in conformity with Nepal Financial Reporting Standards (NFRS). The Management believes that the estimated used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Necessary revisions to accounting estimates are recognized in the period in which such estimates are revised and in any future periods affected. Actual results may differ from these estimates. Any revision in accounting estimate is recognized prospectively in present and future periods as required under NAS 08 Accounting Policies, Changes in Accounting Estimates and Error.

Significant estimates, assumptions and judgments used in applying accounting policies which have material effect in financial statements are:

- Impairment on loans and advances (Provision for loan calculated as per NRB)
- Determination of fair value of financial instruments
- Assessment of Finance's ability to continue as going concern.

4. Changes in Accounting Policies

There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year ended Poush2076.

5. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and deviations if any have been disclosed accordingly.

5.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Investment Property measured at Fair Value.

5.2 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, unrestricted balances with finances and money at call and at short notice and highly liquid financial assets with original maturities of three month or less from the date of acquisition that are subject to insignificant risk of changes in their fair value and are used by the finance in the management of short term commitments.

5.3 Financial Instruments- Initial recognition and subsequent measurement

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

5.4 Loans and advances to customers and BFIs

Loans and advances to customers and BFIs comprises of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market which includes short term lending, term based lending, mortgage lending, personal lending loans to employees and others. Loans and advances are presented on net of the total loan loss provision on the basis of directive number 2 issued by Nepal Rastra Bank. These loans are categorized under pass, watch list, sub-standard, doubtful and loss category. Loan loss provisions are provided on the basis of percentage of total loan outstanding on the basis of their overdue days and other criteria set out in the directive.

5.5 Trading Assets

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

5.6 Property and Equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the finance and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

5.7 Goodwill and Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the finance. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

5.8 Investment Property

Non-Banking Assets which are acquired as part of recovery of loans are classified as investment property and are carried at cost. The Finance's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the repossessed value. Land and Building of repossessed collateral are classified as investment property.

5.9 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Tax) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

a) Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

b) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

5.10 Deposits

The Finance accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Finance and represents the amount owed by the Finance to the customer.

5.11 Provisions

Provisions are recognized when the Finance has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Finance determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

5.12 Share capital and Reserves

Ordinary share capital represents the par value of ordinary shares issued. Share issuance cost which were incurred for raising the capital has not been shown as deduction from share capital but are charged to statement of profit or loss. Share premium represents the excess consideration received by the bank over the par value of ordinary shares issued, and is classified as equity.

Statutory reserves represents the mandatory reserves maintained by the bank as per Nepal Rastra Bank Directives. This includes general reserve, exchange equalization reserve, capital redemption reserve, investment adjustment reserve, interest capitalized reserves, corporate social responsibility reserve, training and development reserve and other reserves as notified by Nepal Rastra Bank. These reserves are not available for distribution of dividend to the shareholders. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank before distributing dividend. Retained earnings represents the cumulative net earnings or profit after accounting for dividends to shareholders and mandatory reserves required as per directives issued by Nepal Rastra Bank.

5.13 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Finance to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

5.14 Revenue Recognition

Interest income includes interest income on the basis of accrual basis from loan and advance to borrowers, loans, investment in government securities, and investment in development bond.

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Fees and commission income earned from services that are provided over a certain period of time which includes fees and commission collected from issuance of, guarantees are recognized on time proportion basis. And net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends.

5.15 Interest Expenses

Interest expense is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. Expenses for promotion and incentives provided to bring the deposits are not included in the calculation of effective interest rate because of the immaterial nature and allocation of the cost to individual deposit is not feasible.

5.16 Personnel Expenses

The cost of all short-term employee benefits is recognized as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to salaries, bonus and annual leave represent the amount which the finance has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. Annual staff bonus of 10% have been computed as per Bonus Act on the profit for the period before tax.

Defined Benefit Plans- Gratuity and unutilized accumulated leave

Gratuity has been calculated on the basis of HR Byelaws of the company which may be differs from Actuarial Valuation which is in the process.

5.17 Other Operating Expenses

Other Operating expenses are incurred and accounted on an accrual basis and are charged to income statement unless those expenses form the capital nature.

5.18 Depreciation and Amortization

Depreciation is calculated by using the straight line method on cost or carrying value of property, plant & equipment other than freehold land. Fixed Assets are depreciated on the basis of expected useful life on Straight Line Method (SLM) basis. Land is not depreciated. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	Assets Types	Depreciation Rate
1.	Leasehold	5 years
2.	Vehicle	7 years
3.	Furniture & Fixture	5 years
4.	Office Equipment	5 years
5.	Computer	5 years
6.	Computer Software	5 years

5.19 Earnings per Share

Finance presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Finance by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

6. Segment Reporting:

The bank's operation are managed centrally through head office. All strategic, financial and operational policies and operations are controlled and directed from head office. The bank operates in all provinces 1, 2, 3, 4, 5, and 7. The management of the bank is on the basis of various types of operations supported by ancillary support services.

Name of Segment	Figures in NPR '000				
	Banking	Treasury	Remittance	Unallocatable	Total
a. Revenues from External Customers	548,079	25,212	163	115,181	688,635
b. Intersegment Revenues	-	-		-	-
c. Net Revenues					688,635
d. Interest Revenues	516,594				516,594
e. Interest Expense	376,324				376,324
f. Net Interest revenue (b)	140,270				140,270
g. Depreciation and Amortization					
h. Segment Profit/ (Loss)	171,755	25,212	163	115,181	312,311

i. Entity's Interest in the profit and loss of associates accounted using Equity method					
j. Other Material non Cash item					
K. Impairment of Assets					
L. Segment Assets	8,483,932	263,184		334,065	9,081,181
M. Segment Liabilities	7,821,482			184,641	9,081,181

Figures in NPR '000	
Reconciliation of Reportable Segment Profit and Loss	
Particulars	Amount
Total Profit Before Tax For Reportable Segments	312,311
Profit Before Tax for other Segments	-
Elimination of Inter- Segment Profit	-
Unallocated Amounts: Other Corporate Expenses	114,006
Profit Before Tax	198,305

Note:

1. The objective of this reporting is to provide the information about the different types of product and services the enterprises produces and sells and the contribution of the different segments on the profitability of the enterprise.
2. Segment Report is prepared as per NAS 23, which states that a business segment shall be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and:
 - (a) Its revenue from sales to external customers and from transactions with other segments is 10 per cent or more of the total revenue, external and internal, of all segments; or
 - (b) Its segment result, whether profit or loss, is 10 per cent or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or
 - (c) Its assets are 10 per cent or more of the total assets of all segments.
3. Segment Assets, Segment Liabilities includes only those items which can be allocated and reported in Finance's Core Banking System (CBS). All the items which could not be allocated are shown as Unallocable in the Reconciliation Statement.
4. Banking Segment includes functions like deposits and lending activities and other similar activities.
5. Treasury Segment includes all the short term and long term investments made on Treasury as well as shares and development bonds.