

ANNUAL REPORT

2025



BHUTAN LOTTERY LIMITED

Registered Office
Bhutan Lottery Limited
P.O. Box. 51
Phuentsholing, Chukha, Bhutan
Tel: 05-253089
Website: corporate.blb.bt
© Bhutan Lottery Limited

C O N T E N T S

1. Year in Review	
1.1 From the Desk of the Chief Executive Officer	1
2. About the Company	
2.1 Company Profile	2
2.2 Board of Directors	7
2.3 Management Team	10
3. Director's Report	11
4. Corporate Governance Report	
4.1 Board	14
4.2 Directors' Remuneration	15
4.3 Annual General Meeting	16
4.4 Risk Management System	16
5. Independent Auditor's Report	17

“Working Responsibly in Changing People’s Lives”

Message from the Chief Executive Officer



The year under review, 2025, reflects the continued strength and resilience of our Company. Over the years, BLL has carried out its mandate with due responsibility, focusing on initiatives that create positive social impact while strengthening revenue generation. These sustained efforts are directed toward enhancing the Company’s financial capacity, with the long-term objective of enabling support for De-suung and other voluntary services rendered in the interest of the nation.

During the year, BLL responded proactively to changing player preferences and market demand with new, innovative products and lottery schemes. BLL was able to provide quality entertainment options to our players in the market while consistently generating revenue with transparent and fair schemes for every game and protection to buyers through enhanced security features on the games to gain the trust of our players to ultimately achieve its vision of becoming a responsible gaming organization.

In 2025, BLL recorded a modest improvement over the previous year. Total revenue reached Nu. 1,265.54 million, an increase of 9.55% from Nu. 1,155.24 million in 2024. Profit after tax rose by 3.46%, from Nu. 170.39 million in 2024 to Nu. 176.29 million in 2025. Lottery winners received prizes totalling over Nu. 870.49 million during the year, reflecting the Company’s continuing commitment to changing people’s lives.

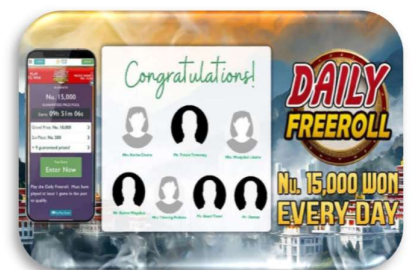
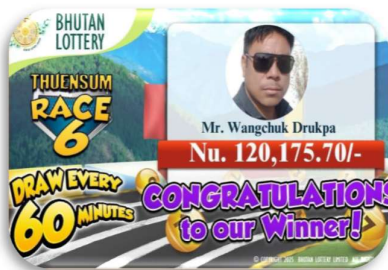
This progress would not have been possible without the unwavering support and guidance of our Board of Directors, the dedication of our employees, the hard work of our retail partners, and the loyalty of our valued players. I extend my sincere thank you to all the board members, regional sales agents, our lottery players, stakeholders and the entire BLL team for their continued commitment.

Looking ahead, the Company is well positioned to build on its achievements. Guided by a strong leadership team and a clear strategy, the Company remains confident in its ability to adapt to evolving market conditions, grow sustainably, and deliver long-term value to stakeholders while continuing to make a positive contribution to society.

Thank You!



(Pheaphay R. Drukpa)
Chief Executive Officer



**Changing People's Lives
SINCE 2016**





Bumper 2025

- Special Losar Bumper, 1st March
- Monsoon Lucky Bumper, 1st July
- Gold Bonanza Bumper, 11th November
- New Year Special Bumper, 31st December



Online Products in 2025:

- Thuensum Crosswords Paradise, 7th February, 2025
- Pick 3, 8th July, 2025
- Pick 4, 11th September, 2025
- Spin Roulette, 16th October, 2025

Paper Lottery Products in 2025:

- Bi-Weekly Lottery, 20th May, 2025 - 3rd October, 2025
- Thuensum Scratch T50, 27th January, 2025
- Thuensum Bingo T40, 24th April, 2025
- Phuensum Weekly Lottery, 17th October, 2025



Our Vision

“Be a responsible gaming organization.”

Our vision to be a responsible gaming organization shapes every aspect of our operations, ensuring that we maintain integrity and trust in all our engagements.

Our Mission

“To provide quality entertainment options through the promotion of innovative games with a wide range of attractive prizes, while generating revenue in an ethical manner.”

This mission compels us to continually innovate and expand our offerings, ensuring that we not only entertain but also contribute positively to our community and the national economy.

Our Values

Our core values are the pillars that support our vision and mission, guiding our daily operations and long-term strategic decisions.

- **Integrity and Responsibility:**

Commitment to ethical behavior and public trust defines our approach to managing our lottery games and systems.

- **Innovation:**

We strive to lead the market in providing innovative entertainment options that meet the evolving needs of our customers.

- **Financial Responsibility:**

Our operations are conducted with an acute awareness of our financial responsibilities, both to our stakeholders and to the broader community.

- **Customer Awareness:**

We ensure that our interactions with customers are informative and respectful, enhancing their overall experience.

- **Teamwork:**

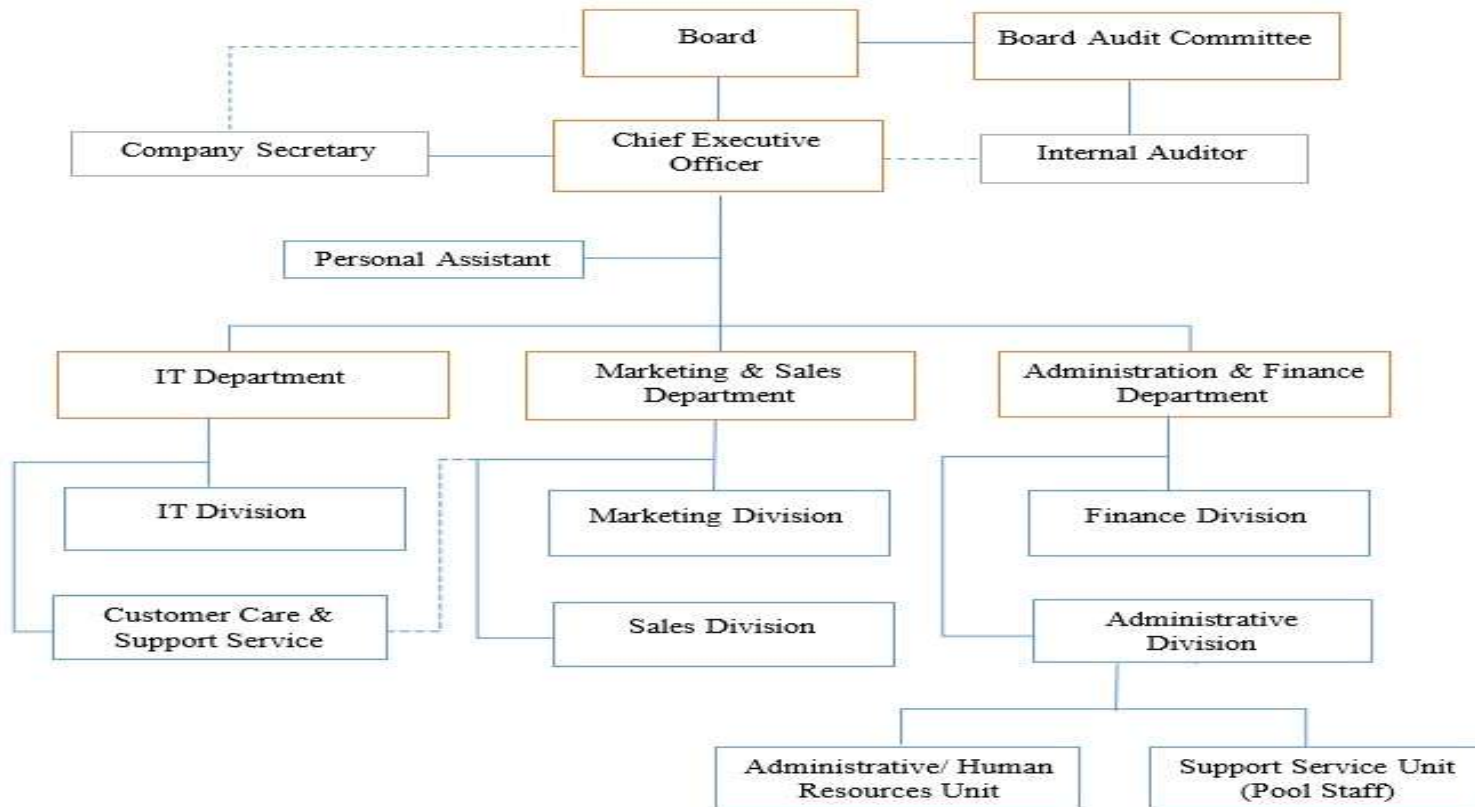
Collaborative efforts and mutual respect within our team drive our success and foster a productive workplace environment.

- **Quality:**

Our commitment to quality underpins our goal to lead in our sector and deliver outstanding products and services.

This report details our efforts to embody these values in our work throughout the year and outlines our plans for continued growth and excellence in the future.

Organization Structure

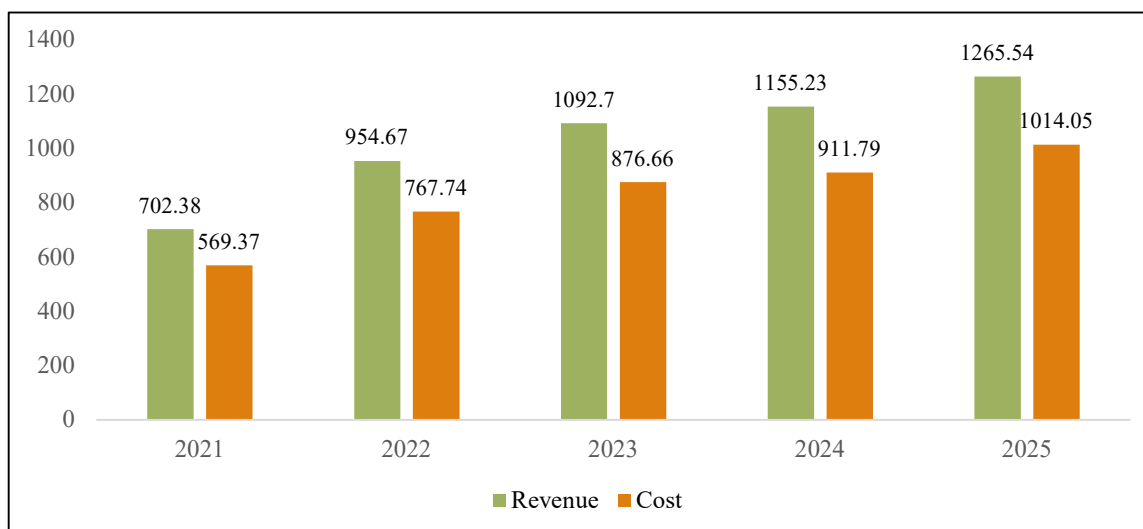


Financial Highlights at a Glance

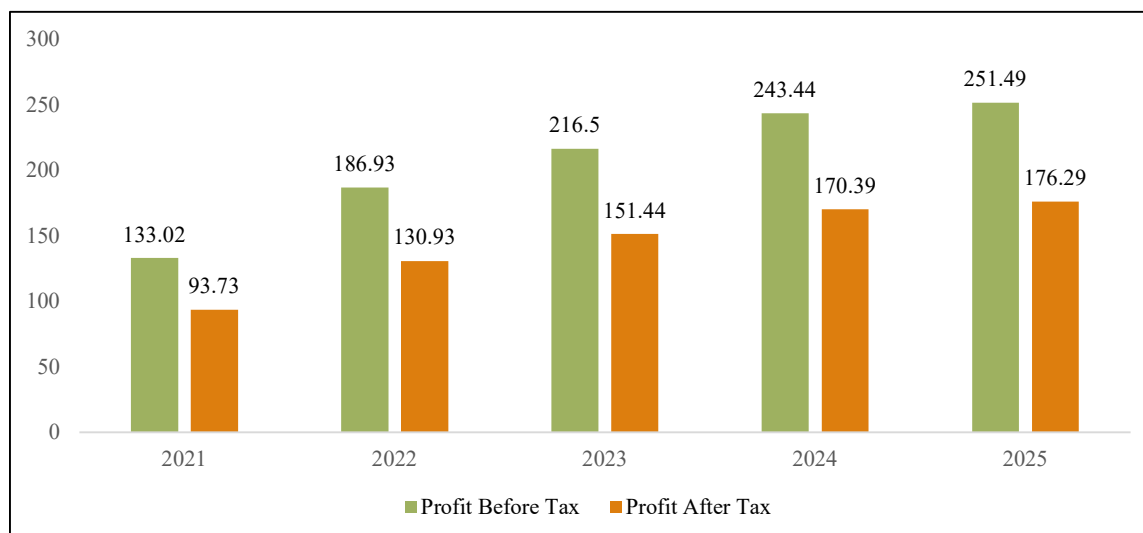
The following metrics capture BLL's performance for the financial year ended 31 December 2025.

Nu. 1,265.54M	Nu. 176.29M	Nu. 870.49M	Nu. 107.31M
Total Revenue	Profit After Tax	Prizes Distributed	Tax Contributions
+9.55% vs 2024	+3.39% vs 2024	+10.2% vs 2024	Winning Tax + Corporate Tax

Revenue and Cost



Profit Before Tax and Profit After Tax



2.2 Board Directors



Dasho Karma Yonten

Chairman

Dasho holds a Master of Business Administration (MBA) from Hitotsubashi University, Japan, and a Bachelor's degree in Electrical Engineering from the University of Kansas, USA, earned through the Monbusho and Fulbright Scholarships, respectively. He has over 30 years of leadership experience in public administration, corporate management, and the energy sector. He currently serves as the Head of the Office of Performance Management under His Majesty's Secretariat and previously held key leadership positions, including Founding CEO of Druk Holding and Investments (DHI), CEO of the Bhutan Electricity Authority, Project Manager of the Basochhu Hydropower Project, and Assistant Engineer with the Department of Power.



Dasho Wangchuk Dorji

Board Director

Dasho holds a degree in Bachelor of Science from New Hampshire College, Manchester, USA, specializing in Business Finance, Economics, and Business Administration. He serves as the Vice Chairman of Tashi Group and holds several leadership positions, including Chairman of Tashi Air Private Ltd., Tashi InfoComm Ltd., Bhutan Fruit Product Pvt. Ltd., Tashi Metals Pvt. Ltd., and Bhutan Brewery Private Ltd., as well as Managing Director of Bhutan Carbide & Chemicals Ltd. He brings extensive experience in corporate leadership, business management, and governance to the Board.



Mr. Sherab Namgay

Board Director

Mr. Sherab Namgay holds a Master of Business Administration (MBA) from Curtin University, Australia, a Bachelor's Degree in Economics (Foreign Trade Specialization) from PSG College of Arts and Science, India, and is a Certified Balanced Scorecard Professional from the Balanced Scorecard Institute, USA. He currently serves as the Chief Executive Officer of Bhutan Agro Industries Limited. Previously, he was the Managing Director of Bhutan Board and Products Limited and held leadership and analytical roles at Druk Holding and Investments, the Office of Performance Management under His Majesty's Secretariat, and Kuensel Corporation Limited. He brings extensive experience in strategic management, corporate governance, business development, and organizational performance.



Mrs. Tashi Lhamo

Board Director

Mrs. Tashi Lhamo holds an MBA (Advanced) from Curtin University, Australia, a Bachelor of Business (Accounting) from the University of South Australia, and a Bachelor of Commerce (Honours) from Sherubtse College, Bhutan. She is a CPA Australia-accredited professional and a recipient of the prestigious Hubert H. Humphrey Fellowship in Banking and Finance at Boston University, USA. She has extensive experience in finance and corporate governance, having served as Director of the Department of Finance at Druk Holding and Investments Limited, Director of Revolving Fund Management and Operations at BOiC, and Head of Finance, Accounts and Compliance at Bhutan National Bank.

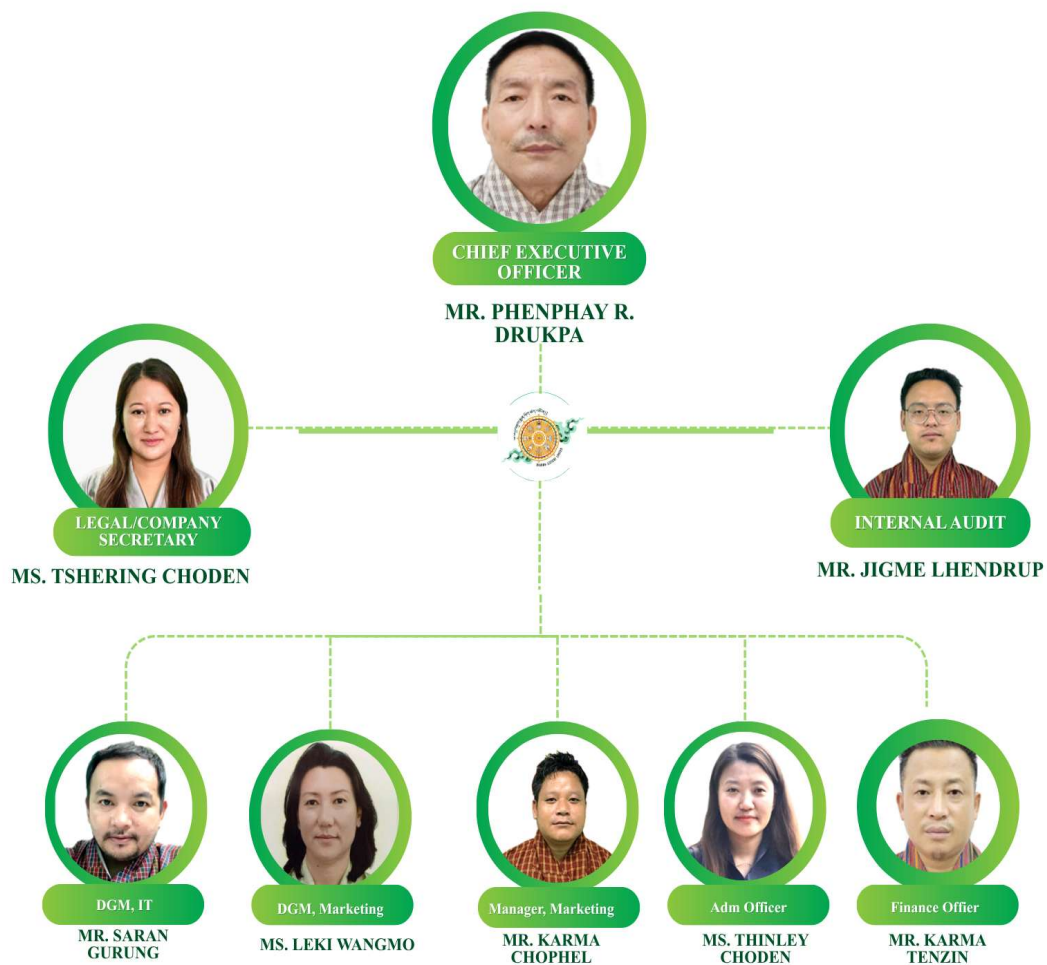


Mr. Phenphay R. Drukpa

Chief Executive Officer

Mr. Phenphay R. Drukpa holds a Post Graduate Diploma in Accountancy from Nelson Polytechnic, New Zealand, and a Bachelor of Commerce from Sherubtse College. He has over three decades of experience in public finance, budgeting, administration, and corporate leadership. He served as the Chief Executive Officer of Bhutan Lottery Limited from April 2016 to March 2026 and previously held various senior positions under the Ministry of Finance, including Chief Budget Officer, Chief Administrative Officer, Chief Accounts Officer, and Sector Head in the Department of National Budget and Accounts. He also served as the Chief Accounts Officer/Head of Chancery at the Permanent Mission of Bhutan to the United Nations, New York.

Management Team



3. DIRECTORS' REPORT



On behalf of the Board and Management of Bhutan Lottery Limited (BLL), I am pleased to present the Directors' Report, together with the audited financial statements for the financial year ended December 31, 2025.

Performance and Operating Highlights

The year 2025 marked the completion of a decade of operations for BLL and the second year following its transition from the Ministry of Finance to the De-Suung Skilling Program (DSP). This transition positions BLL to play a broader role in supporting national service initiatives, while continuing to contribute revenue to the Government and create employment opportunities.

Over the past ten years, BLL has demonstrated a consistent commitment to innovation and market responsiveness. While maintaining a stable portfolio of traditional paper-based lotteries, the Company has expanded into e-lottery offerings and digital sales channels to meet evolving customer preferences. These efforts are strengthening long-term sustainability while aligning with our vision of delivering responsible and engaging entertainment.

During the year, BLL undertook several strategic and operational initiatives to improve performance, expand market reach, and enhance customer convenience. However, the Company continues to face challenges from unregulated and illegal online lottery schemes, as well as evolving customer preferences. As the only legally authorized lottery operator in the country, BLL remains committed to upholding the principles of responsible gaming, providing a safe and regulated alternative to illegal gambling, and generating sustainable funds for the country.

In our efforts to enhance player experience and deliver greater value, two new scratch card games were introduced in 2025, alongside an increase in payout ratios from 61% to 65%. During the year, four Bumper Lottery draws were conducted, with total prize payouts exceeding Nu. 78.26 million. To improve accessibility, BLL strengthened its sales network through collaborations with Desuung, the Royal Bhutan Police, and the Royal Bhutan Army, along with the inclusion of walk-in sellers. These initiatives played a key role in broadening the player base and improving access to paper lottery products, supported by an existing network of 39 open sellers operating on a commission basis and over 77 sub-sellers.

Digital growth was further accelerated through overseas marketing initiatives targeting Bhutanese communities abroad, along with enhanced payment integration through TBank and MBoB. Several new online games were introduced, including Thuensum Crossword Paradise, Thuensum Pick 3, Thuensum Pick 4, and Spin Roulette, collectively contributing 14% of total online lottery sales. Existing digital products were also optimized to improve player engagement. During the year, BLL distributed Nu. 870.49 million in prizes, representing a 10.2% increase over 2024 and reflecting continued customer participation while delivering greater value to players.

Financial Highlights

In 2025, sales increased by 8.58%, from Nu. 1,143.08 million in 2024 to Nu. 1,241.11 million. The profit before tax stood at Nu. 251.49 million, while profit after tax amounted to Nu. 176.29 million, an increase of 3.46% compared to Nu. 170.39 million recorded in 2024. Total revenue for the year, including other income of Nu. 24.43 million, reached Nu. 1,265.54 million. While revenue increased in 2025, the financial performance reflected modest improvement, with net profit remaining consistent with the previous year.

The financial performance of BLL has shown steady improvement over the years, as summarized in the table below:

Amount in Million Nu.

Detail	2021	2022	2023	2024	2025
Revenue	702.38	954.67	1,092.70	1,155.23	1,265.54
Cost	569.37	767.74	876.66	911.79	1,014.05
Profit Before Tax	133.01	186.93	216.35	243.44	251.49
Profit After Tax	93.73	130.93	151.44	170.39	176.29
Dividend	80.00	100.00	-	-	114
Staff Strength	19	19	21	21	24

In 2025, BLL made a substantial contribution to the national treasury, remitting Nu. 31.58 million in winning taxes and Nu. 75.73 million in corporate income tax. This performance underscores the Company's steadfast commitment to responsible corporate entity and its ongoing support of the national economy. Of the total turnover, 96.42% was directed towards prize payouts, taxes, commissions, shareholder reserves, and direct costs, while only 3.63% of the total turnover was used for operational expenses, reflecting lean and efficient operations.

Statutory Audit

The financial statements for the year 2025 have been audited by *Dilli Yok & Associates*, a firm based in Thimphu, which was appointed by the Royal Audit Authority, reaffirming our commitment to financial transparency and integrity.

Board's Recommendation on Dividend

The Board declared a dividend of 190% on the paid-up equity capital of Nu.60 million which is Nu. 114 million for the financial year ending 31st December 2025.

Corporate Social Responsibilities (CSR)

BLL continued its CSR initiative of buying back expired and used lottery tickets to reduce waste and promote environmental sustainability. As a subsidiary of DSP, all proceeds from BLL's operations are directed to DSP to support its initiatives of empowering youth by imparting skills through various skilling programs, enabling them to lead meaningful lives.

Human Resource

As of December 2025, BLL had a total of 24 employees, comprising 14 males and 10 females, with one contract employee and 23 regular employees. During the year, only one employee resigned, and a total of four new employees were recruited to replace outgoing staff from both the current and previous year. As part of its employee engagement initiatives, seven employees from various departments were provided with ex-country training, enhancing their skills, knowledge, and exposure.

Challenges and Way Forward

BLL continues to face challenges related to prevailing social stigma and public skepticism, including doubts regarding winners and the integrity of draw processes. To address these concerns, the Company will broadcast live online gaming draws and related publicity through social media platforms to enhance transparency. At the same time, BLL will reinforce how lottery revenue directly supports nation-building and community services. Furthermore, through strategic advertising of winners and targeted messaging initiatives, the Company aims to positively shift public perception and strengthen trust and confidence in its operations.

The distribution of lottery tickets continues to pose a challenge, as recruiting sellers is difficult due to the upfront deposit requirement. While this deposit is necessary to ensure financial security, it discourages many potential applicants. As an alternative and in line with the Company's long-term plans, BLL will focus on developing a dedicated online platform for the sale of physical lottery tickets in 2026, enabling customers to purchase tickets conveniently from any location and at any time.

The growing presence of illegal lottery operators on social media, along with the appeal of regional lottery products offering frequent draws, continues to pose significant competitive challenges. In response, the Company will actively participate in major events, festivals, and public gatherings to increase brand visibility and raise awareness. As the only authorized and regulated entertainment company, BLL will position itself as a responsible and legitimate alternative source of entertainment while generating meaningful funds for the country.

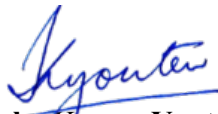
Unstable internet connectivity is currently disrupting e-lottery operations, leading to failed transactions, delayed deposits, and interrupted ticket purchases. The problem is compounded by limited payment options, as customers can only use the Royal Monetary Authority (RMA), Bank of Bhutan (BOB), and T-bank gateways currently. To enhance accessibility and convenience for players, BLL commits to introducing diverse payment options. Furthermore, to strengthen security and system reliability, BLL will upgrade its online platform and data storage with advanced safeguards, alongside updating the Lottery Management System (LMS) to the latest stable version to enhance performance, security, and usability. Collectively, these initiatives reaffirm the Company's commitment to responsible gaming and secure operations.

Bhutan Lottery's annual report underscores a year of resilience, innovation, and commitment. Despite economic and operational challenges, the company has remained steadfast to its core values of transparency, integrity, and responsible gaming practices, sustaining a robust domestic presence and a significant contribution to government revenues.

Acknowledgment

The Board of Directors extends sincere appreciation and gratitude to the Royal Government for its steadfast support, as well as to all stakeholders and valued players for their continued trust and partnership. The Board also acknowledges the management and staff for their dedication, commitment, and hard work throughout the year, which have been fundamental to the Company's achievements.

For and on behalf of the Board of Directors


(Dasho Karma Yonten)
Chairman

4. REPORT ON CORPORATE GOVERNANCE

Bhutan Lottery Limited has complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Guidelines of State-Owned Enterprise, 2019 and other statutory requirements.

4.1 Board

1. Board Composition

The Board of Directors holds ultimate responsibility for guiding BLL's strategic direction and performance and for ensuring the Company achieves its approved targets. All Board appointments were submitted to the BLL's Annual General Meeting for endorsement. The Board consists of five Directors, including the Chairman and the Chief Executive Officer (CEO). Details are provided below:

Name	Address	Category	Appointment to Present Term	Term
Dasho Karma Yonten (Chairman)	OPM, His Majesty's Secretariat	Non-Independent, Non-Executive	15 th April, 2024	1 st Term
Dasho Wangchuk Dorji	Vice Chairman, Tashi Group of Companies	Independent, Non-Executive	15 th April, 2024	1 st Term
Ms. Tashi Lhamo	Former Director, Department of Finance, DHI	Independent, Non-Executive	15 th April, 2024	1 st Term
Mr. Sherab Namgay	CEO, Bhutan Agro Industries Ltd.	Non-Independent, Non-Executive	15 th April, 2024	1 st Term
Mr. Phenphay R. Drukpa	CEO, Bhutan Lottery Limited	Non-Independent, Executive	Re-appointed on 1 st January, 2026	

2. Board Meetings

A total of five Board Meetings were held in 2025. Details of Board attendance are as follows;

Board Meeting No.	Date	Members Present	Leave of Absence
45 th Board Meeting	2 nd January, 2025	1. Dasho Karma Yonten 2. Dasho Wangchuk Dorji 3. Mr. Sherab Namgay 4. Mrs. Tashi Lhamo 5. Mr. Phenphay R. Drukpa	None
46 th Board Meeting	20 th March, 2025	1. Dasho Karma Yonten 2. Dasho Wangchuk Dorji 3. Mr. Sherab Namgay 4. Mrs. Tashi Lhamo 5. Mr. Phenphay R. Drukpa	None
47 th Board Meeting	24 th March, 2025	1. Dasho Karma Yonten 2. Dasho Wangchuk Dorji 3. Mr. Sherab Namgay 4. Mrs. Tashi Lhamo 5. Mr. Phenphay R. Drukpa	None

48th Board Meeting	28 th May, 2025	1. Dasho Karma Yonten 2. Dasho Wangchuk Dorji 3. Mr. Sherab Namgay 4. Mrs. Tashi Lhamo 5. Mr. Phenphay R. Drukpa	None
49th Board Meeting	2 nd December, 2025	1. Dasho Karma Yonten 2. Dasho Wangchuk Dorji 3. Mr. Sherab Namgay 4. Mrs. Tashi Lhamo 5. Mr. Phenphay R. Drukpa	None

3. Board Audit Committee (BAC):

The Board Audit Committee was established to monitor the internal control system and internal audit activities. The Committee held three meetings in 2025 on the following dates:

1. 1st BAC Meeting was held on 1st May, 2025
2. 2nd BAC Meeting was held on 31st July, 2025
3. 3rd BAC Meeting was held on 21st October, 2025

Meeting	1st BAC	2nd BAC	3rd BAC
Mrs. Tashi Lhamo (Chair)	✓	✓	✓
Mr. Sherab Namgay	✓	✓	✓
Mr. Jigme Lhendrup (Secretary)	✓	✓	✓

4. Board Remuneration

The Sitting Fees of Board Directors for the year 2025 is as follows:

S/N	Board of Directors	Particulars	Sitting Fees
1	Dasho Karma Yonten	Chairperson	45,000.00
2	Dasho Wangchuk Dorji	Director	45,000.00
3	Mr. Sherab Namgay	Director	57,500.00
4	Mrs. Tashi Lhamo	Director	57,500.00

5. Chief Executive Officer's Remuneration

Name	Particulars	2025	2024
Mr. Phenphay R. Drukpa	Salary	1,231,496.00	1,072,500.00
	Contract Allowance	585,000.00	536,252.00
	Leave Travel Concession	15,000.00	22,500.00
	Leave Encashment	90,000.00	88,125.00
	Monthly Variable Compensation	585,000.00	540,000.00
	Annual Bonus	119,556.00	264,375.00
	Total	2,626,052.00	2,523,752.00

Annual General Meeting

The 10th Annual General Meeting (AGM) was held on 28th April, 2026 and the AGM was attended by the shareholders, Board Directors and the key members of the management team.

Risk Management System

Bhutan Lottery Limited (BLL) maintains a Risk Management Framework to identify, assess, monitor, and mitigate risks that may affect the achievement of its strategic and operational objectives. The framework provides a systematic approach to managing risks across the organization and supports sound governance, effective decision-making, and business continuity.

The Board of Directors oversees the Company's risk management framework, while Management is responsible for its implementation and day-to-day monitoring. Key risks include lottery fraud and scams, regulatory and compliance risks, information technology and cybersecurity risks, operational disruptions, financial risks, and reputational risks. Appropriate mitigation measures are implemented to minimize potential impacts and strengthen organizational resilience.

Risk assessments are conducted on a regular basis, with quarterly reviews coordinated by the designated Risk Focal Officer to ensure emerging risks are identified promptly and existing controls remain effective. This ongoing process enables BLL to respond proactively to changes in the operating environment while safeguarding the integrity, sustainability, and public confidence in its lottery operations.

**DILLI YOK
&
ASSOCIATES
(CHARTERED
ACCOUNTANTS)**

Third Floor, JoJo's Building.
Thimphu, Bhutan
Email: cabhutan@yahoo.com
Contact No: 17258738/17420185

**AUDIT REPORT ON THE FINANCIAL
STATEMENTS OF BHUTAN LOTTERY
LIMITED**

PERIOD: January 1, 2025 to DECEMBER 31, 2025

February 2026

TITLE SHEET

Title	:	Audit Report on the financial statements of Bhutan Lottery Limited
Head of the Agency	:	Designation: Chief Executive Officer Name: Phenphay R Drukpa CID No.10xxxxxxx86 Email: phenphay@bll.bt
Finance Personnel	:	Designation: Finance Officer Name: Karma Tenzin CID No. 10xxxxxxx39 Email: karmatenzin@bll.bt
Period Audited	:	January 1, 2025 to DECEMBER 31, 2025
Schedule of Audit	:	Planning: 22-01-2026 to 04-01-2026 Actual: 23-01-2026 to 04-01-2026 Reporting: Feb. 2026
Composition of Audit Team	:	<u>Team Leader:</u> CA Dilli Ram Bista CID No. 11xxxxxxx39 1. Leki Wangmo CID No. 10 xxxxxxx 98 2. Tshering Choden CID No. 10 xxxxxxx 30 3. Sonam Yangzom CID No. 10 xxxxxxx 98 4. Bimal Sharma CID No. 11 xxxxxxx 02
Supervising Officer	:	CA Dilli Ram Bista
Appointment Letter	:	RAA(SA-39)/COAD/2025/801
Focal Person	:	CA Dilli Ram Bista Email: cabhutan@yahoo.com Phone: 17258738/17420185

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2
REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS	7
FINANCIAL STATEMENTS	14
NOTES TO FINANCIAL STATEMENTS	20
COMPLIANCE CALENDER	44

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

To,
The Shareholder(s)
Bhutan Lottery Limited
Phuentsholing, Bhutan

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **Bhutan Lottery Limited** (the "Company"), which comprise the Statement of Financial Position as at **December 31, 2025** and the Statement of Comprehensive Income, Statement of Changes in Equity and statement of Cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and explanation given to us, the accompanying financial statements give a true and fair view of the financial position of the Company as at **December 31, 2025** and its financial performance and its cash flows, for the year then ended in accordance with Bhutanese Accounting Standard (BAS).

Basis for Opinion:

We conducted our audit in accordance with the provision of the Company Act of Bhutan, 2016 ("The Act") and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the period under audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the year ended we have not determined any key audit matter, accordingly we do not provide key audit matter in this section of report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair representation of the financial statements in accordance with the Bhutanese Accounting Standards (BAS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing and terms of reference for audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

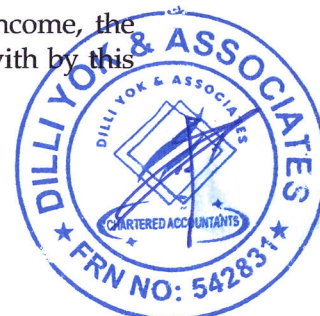
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

As required by Section 266 of the Act (the Minimum Audit Examination and Reporting Requirements), we enclose in the Annexure 'A' a statement on the matters specified therein to the extent applicable.

As required by section 265 of the Act, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.



- d) In our opinion, generally the company has complied with other legal and regulatory requirements to the extent applicable to the company.

Dilli Yok & Associates
Chartered Accountant
Firm License No: CRC2625



CA Dilli Ram Bista
Membership No.542831
Place: *Thimphu*
Date: *18/02/26*



REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

Annexure "A"

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS
(To the Extent Applicable)

All audits have been carried out applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

General:

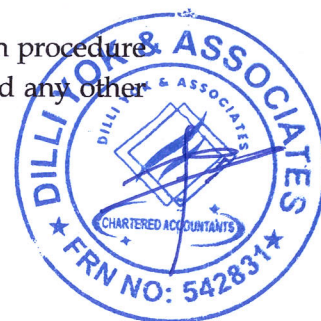
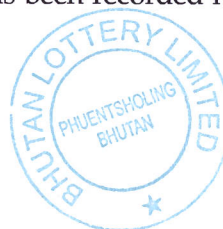
- a) The Company has adhered to the Corporate Governance Guidelines and Regulations as applicable) to them.
- b) Generally, the governing board/authority pursued a prudent and sound financial management practice in managing the affairs of the company.
- c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- d) Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- e) Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) Mandatory obligations social or otherwise, if any, entrusted are being fulfilled.

In the case of a Service Sector company:

1. The Company has maintained proper records showing full particulars, including quantitative details and the situation of fixed assets. These records are documented in a Fixed Asset Register, which includes the specific location of each asset.
2. Physical verification of fixed assets was conducted by the management. It was observed that certain assets purchased under emergency requirements were not immediately updated in the Fixed Asset Register. However, these transactions were found to be properly recorded, capitalized, and classified within the financial statements. No material discrepancies were noticed between physical existence and the financial records.
3. As the company carry out lottery business, physical verification of tickets before sales and the tickets which remains unsold were conducted. The verifications are conducted before the lottery is despatched to respected agent and when the draw of the particular ticket is completed, unsold tickets from agents are verified. Other stocks are verified at certain interval.
4. The procedures of physical verification followed by the management are considered reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stores as compared to the book records. Therefore, no adjustments were required in the books of accounts.



6. Yes, Company has an appropriate system of recording receipts, issues and consumption of materials and stores commensurate with size and nature of business.
7. Yes, quantitative reconciliation is carried out at every draw of the lottery and also do the quantitative reconciliation at the end of accounting year in respect of all major items of inventories.
8. The clause is not applicable as per the nature of business
9. This clause is not applicable as per the nature of business.
10. The Board approval is obtained for writing off amounts due to material loss/ discrepancies in physical/ book balances of inventories.
11. As per the examination and information provided by the management, the records of the unsold tickets and its disposed value are appropriately shown in the financial statements. The method adopted in the previous year was followed during the year.
12. The company has not availed any loans, secured or unsecured, during the financial year.
13. The company has refrained from granting loans to other parties. The only advances granted by the company are salary advances to employees, which are scheduled to be settled within the current financial year.
14. Advances given to staff are being recovered in the normal process are in line with the service rule and no excess or frequent advance are accumulated against particular individuals. The company has granted salary advances to employees, which are to be settled within the current fiscal year.
15. The company has established an adequate system of internal controls to ensure the completeness, accuracy, and reliability of accounting records. The system supports the orderly and efficient conduct of business, safeguards the company's assets, and ensures strict adherence to applicable rules, regulations, and procedures.
16. Yes, there is a reasonable system of authorization at proper levels, and an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of Tickets for the lottery.
17. The company generally follows a system of purchasing stores and other assets through a competitive bidding process, including the invitation of tenders or obtaining at least three quotations from reputable suppliers for major purchase of assets. However, for small-value items and emergency requirements, the company resorts to direct purchases to ensure operational continuity, which is considered reasonable given the nature of its service operations.
18. (a) On the examination, the procurement and service division have their own procedure to be followed. No such involvement of directors is been recorded nor found any other



party/parties related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested have been made at prices, which are unreasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties are recorded.

- 18 (b) our examination reveals that, no transactions entered into by the company wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company.
19. According to our examination, no as such personal expenses are charged to the company.
20. As explained to us, there is no unserviceable materials in the view of nature of business except the unsold tickets which are disposed after 60 days of received from the agents.
21. There is a reasonable system of ascertaining and identifying the duplicate of the tickets, difference in numbers, damage of tickets and etc.
22. In the view nature of business this clause is not applicable.
23. In the view nature of business this clause is not applicable.
24. The company has been regular in depositing rates and taxes, provident fund and other statutory dues with appropriate authority.
25. The undisputed amount payable in respect of rates, taxes, duties, provident funds and statutory deductions payable at the last day of the financial year ending 31st December 2025 are as follows: -

Sl. No.	Particulars	Amount (in Nu)
1	20 % Lottery Tax	2,306,143.27
2	Health Contribution	11,191.00
3	Salary tax	77,260.00
4	2% TDS Payable	182,567.06
5	5% TDS	299,758.25

26. *In the view of nature of business this clause is not applicable.*
27. The company fixes the price of its goods and service after taking into account the cost of product/ services and prevalent market condition.
28. Company does not have formal credit policy, however company deals with customer as per credit period in the contract agreement.
29. The Company has appointed commission agents for selling its products during the period under audit. The agency commission structure is in keeping with the industry.



norms/market conditions. The company has a system of evaluating performance of each agent on a periodic basis

30. Company has a reasonable system of continuous follow up with debtors and other parties for recovery of outstanding amount. Age-wise analysis of outstanding amounts is not been carried out because the outstanding amount are received at the reasonable interval.
31. The management of liquid resources particularly cash/ bank balances and short-term deposits etc. are adequate and there are no such excessive amounts lying idle in non-interest-bearing accounts.
32. In our opinion and according to the information and explanations given to us, the activities carried out by the management are lawful and intra-vies to the Articles of Incorporation of the company.
33. According to the information and explanations given to us investment decisions are made subject to prior approval of the Board. However, no investments in new project have been made by the company during the year under audit.
34. The Company has established a budgetary control system.
35. The company is yet to introduce the system of standard costing. Hence carrying out variance analysis on the basis of standard costing is not applicable.
36. The details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the chief executive officer by the company directly or indirectly are disclosed in Notes on Accounts.
37. On the basis of our examination of minutes of the meetings of the Board of Directors, made available to us, the directive of the Board appears to have been complied with.
38. We are given to understand by the management the officials of the company have not transmitted any price sensitive information which are not made publicly available, unauthorized to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves.
39. No as such transaction is been allocated during the year of the audit.
40. As per our examination the proper agreements are executed and the terms and conditions of leases are reasonable and the same are applied.

Computerized Accounting Environment

1. The company maintains its system in Tally.
2. All the computers are strictly password protected with appropriate user-access over the computer installations and the files.
3. The company has maintained backup facilities.



4. The operational controls are adequate and automatic to ensure correctness and validity of input data and output information.
5. In our opinion and according to the information and explanations given to us, the measures taken by the company to prevent unauthorized access over the computer installations and files are adequate.
6. No change-over to a new system had been done during the audit period. Hence question of data migration does not arise.

Lottery management system

The Lottery Management System (LMS) is an in-house developed solution built on the .NET platform. It is a Windows-based application with back-office controls. The system is designed to manage paper lottery products as well as scratch card games efficiently.

In addition, we have web portal for agents to account for sold and unsold tickets. Through this portal, agents can submit detailed reports of ticket sales and returns. Before the draw, officials are able to monitor live data as agents update information in real time.

Key Functionality of the System:

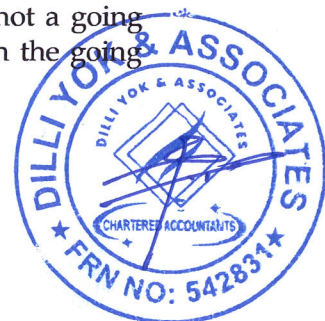
- i. Lottery Number Generation & Distribution Random generation of lottery numbers and manages systematic distribution including the invoice generations.
- ii. Draw Process Management Provides a secure draw platform and generates the winning numbers based on the drawn result. The system application also determines whether the drawn number is originated from sold or unsold tickets.
- iii. Comprehensive Reporting Generates detailed reports including actual payouts, promoter prizes, claimed & unclaimed prizes, total sales, and unsold ticket summaries.
- iv. Winning Ticket Authentication Authenticates winning tickets through QR code scanning.
- v. Winnings Record Management maintains complete records of all winning transactions for both paper lotteries and scratch card games.

Secure Scratch Card Validation Scratch card winnings are authenticated via encrypted QR code scanning. The data is securely protected, and only this system possesses the authorized decryption keys preventing access by any external system.

Other requirements:

1. Going concern

The company is generating enough revenue from sales of lottery tickets and from online gaming platforms. Hence, we have no reason to believe that the Company is not a going concern entity and accordingly, the financial statements have been prepared on the going concern assumption.



2. Ratio Analysis

Refer To Exhibit-II

3. Compliance with the Companies Act of Bhutan 2016

As confirmed by the Management and as verified from accounts and information provided, we are of the opinion that the Company has complied with most of the provisions of The Companies Act of Bhutan 2016.

4. Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of Bhutan 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of Audit, we have considered the compliance of most of the applicable provisions of the said Companies Act of Bhutan 2016, Income Tax Act of Kingdom of Bhutan 2000 and its Articles of Incorporation.

Dilli Yok & Associates
Chartered Accountant
Firm License No: CRC2625



CA Dilli Ram Bista
Membership No.542831
Place: 12/03/26
Date: Thimphu.



FINANCIAL STATEMENTS

BHUTAN LOTTERY LIMITED
PHUENTSHOLING
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

Particulars	Notes	31-Dec-25	31-Dec-24
ASSETS			
Non-current Assets			
Property, Plant and Equipment (PPE)	2	13,366,607.75	9,760,168.44
Right of Use Asset	3.1	4,232,302.96	9,671,383.11
Total Non-current Assets		17,598,910.71	19,431,551.54
Current Assets			
Trade and Other Receivables	4	40,774,108.36	44,393,718.87
Other Assets	5	72,916,216.74	39,458,042.89
Short Term Investments	6	550,000,000.00	280,000,000.00
Cash and Bank Balances	7	91,602,959.36	199,093,097.03
Net Defined Benefit Asset/(Liability)	9.5. a	824,835.17	1,124,474.13
Total Current Assets		756,118,119.63	564,069,332.92
Total Assets		773,717,030.34	583,500,884.46
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	8.1	60,000,000.00	60,000,000.00
Retained Earnings	8.2	588,702,501.00	412,410,096.93
Other Comprehensive Income		(40,110.19)	151,529.96
Total Equity		648,662,390.81	472,561,626.90
Non-current Liabilities			
Deferred Tax Liability	10.a	315,629.47	842,984.51
Lease Liability	3.3	-	4,536,460.15
Total Non-current Liabilities		315,629.47	5,379,444.66
Current Liabilities			
Trade and Other Payable	11	40,816,895.97	23,563,236.19
Other Liabilities (Performance Security Deposits)	12	2,285,091.33	2,023,187.50
Short Term Provisions	13	76,915,727.02	74,155,469.31
Lease Liability	3.3	4,721,295.73	5,817,919.91
Total Current Liabilities		124,739,010.05	105,559,812.91
Total of Equity and Liabilities		773,717,030.34	583,500,884.46

Interims of our Report of even date-

For Dilli Yok & ASSOCIATES

Chartered Accountants

FRN/CRC2625

CA Dilli Ram Bista
Membership No.542831

Place : Thimphu

Date: 18/02/26

Karma Tenzin
(Finance Officer)

Karma Tenzin
Finance Officer
Bhutan Lottery Ltd.
Phuentsholing : Bhutan

Phenphay R. Drukpa
(Chief Executive Officer)

Dasho Karma Yonten
(Chairman)

Bhutan Lottery Limited
Phuentsholing : Bhutan

BHUTAN LOTTERY LIMITED
PHUENTSHOLING
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2025

Particulars	Notes	31-Dec-25	31-Dec-24
Revenue			
Sale of Lottery Tickets	14	1,241,112,165.00	1,143,086,000.00
Less: Prize Winning Payouts	15	(870,490,551.05)	(789,893,242.82)
Net Revenue from Sales of Lottery Tickets		370,621,613.95	353,192,757.18
Other Income	16	24,425,206.91	12,149,987.77
Gross Revenue		395,046,820.86	365,342,744.95
Less: Direct Expenses	17	(97,666,210.76)	(84,833,630.31)
Gross Profit		297,380,610.10	280,509,114.64
EXPENDITURE			
Operating Expenses	18	493,374.67	744,239.33
Employee Benefits Expense	19	16,315,658.98	13,585,226.50
Other Expenses	20	20,777,731.73	15,404,998.15
Impairment Loss on Trade Receivables		5,192.25	-
Depreciation and Amortization Expenses	2	2,729,511.13	1,844,830.11
Depreciation on Right to Use Asset	3.2	5,568,197.04	5,489,599.76
Total Expenditure		45,889,665.80	37,068,893.85
Profit Before Tax		251,490,944.30	243,440,220.79
Less : Income Tax Expense		75,725,895.27	73,027,271.31
Deferred Tax Income		(527,355.04)	14,443.51
Profit after Tax		176,292,404.07	170,398,505.97
OTHER COMPREHENSIVE INCOME			
Actuarial Gain/ (Loss) on Post Employment		(191,640.15)	146,606.23
Income Tax relating to above Item		57,492.05	-
Net Other Comprehensive Income		(134,148.10)	146,606.23
Total Comprehensive Income		176,158,255.97	170,545,112.20
Basic and Diluted Earnings per Share	21	293.82	284.00

Interims of our Report of even date
For Dilli Yok & ASSOCIATES
Chartered Accountants
HRN CRC2625

CA Dilli Ram Bista
Membership No.542831

Place: Thimphu

Date: 18/02/26

Karma Tenzin
(Finance Officer)

Karma Tenzin
Finance Officer
Bhutan Lottery Ltd.
Phuentsholing : Bhutan

Phenphay R. Drukpa
(Chief/Executive Officer)

PHENPHAY R. DRUKPA
CHIEF EXECUTIVE OFFICER
BHUTAN LOTTERY LTD.
PHUENTSHOLING : BHUTAN

Dasho Karma Yonten
(Chairman)

Chairman
Bhutan Lottery Limited
Phuentsholing : Bhutan

BHUTAN LOTTERY LIMITED
PHUENTSCHOLING

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

Particulars	Ordinary Shares			Retained Earnings	Other Comprehensive Income	Total (Nu.)
	No. of Shares (issued and fully paid up)	Par value per Share	Total Value of Shares			
Balance as at 31st December, 2023	600,000.00	100.00	60,000,000.00	242,011,590.96	4,923.73	302,016,514.70
Profit after income-tax	-	-	-	170,398,505.97	-	170,398,505.97
Other Comprehensive Income for the year	-	-	-	-	146,606.23	146,606.23
Balance as at 31st December, 2024	600,000.00	100.00	60,000,000.00	412,410,096.93	151,529.96	472,561,626.90
Profit after income-tax	-	-	-	176,292,404.07	-	176,292,404.07
Other Comprehensive Income for the year	-	-	-	-	(134,148.10)	(134,148.10)
Income tax on OCI	-	-	-	-	(57,492.05)	(57,492.05)
Balance as at 31st December, 2025	600,000.00	100.00	60,000,000.00	588,702,501.00	(40,110.19)	648,662,390.82

Interims of our Report of even date-

For Dilli Yok & ASSOCIATES

Chartered Accountants

FRN CRC2625



CA Dilli-Ram Bista

Membership No. 542831

Place : Thimphu

Date: 18/03/26

Karma Tenzin

Karma (Finance Officer)

Finance Officer

Bhutan Lottery Ltd.

Phuentsholing : Bhutan

PHENPHAY R. DRUKPA

Chief Executive Officer

(Chief Executive Officer) JUTAN LOTTERY LTD.

PHUENTSCHOLING : BHUTAN

Dasbo Karma Yonten

(Chairman)

Chairman

Bhutan Lottery Limited

Phuentsholing : Bhutan

BHUTAN LOTTERY LIMITED
PHUENTSHOLING
STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2025

Particulars	31-Dec-25	31-Dec-24
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (loss) before tax	251,490,944.30	243,440,220.79
Adjustment for:		
Depreciation	2,729,511.13	1,844,830.11
Increase in Gratuity Provision	820,704.01	125,210.42
Actuarial Gain/(Loss) on Post Employment	(191,640.15)	146,606.23
Gain on re-measurement of Lease	(12,833.57)	-
Depreciation on Right-of-Use Asset	5,568,197.04	5,489,599.76
Operating Profit before working capital changes	260,404,882.76	251,046,467.31
Adjustment for:		
(Increase) / Decrease in Trade and Other Receivables	3,614,418.26	(25,487,725.49)
(Increase) / Decrease in Other Current Assets	(27,282,728.61)	(3,082,000.86)
Increase / (Decrease) in Trade and Other Payable	17,177,555.78	6,387,027.87
Increase / (Decrease) in Other Current Liabilities	261,903.83	(807,868.00)
Increase / (Decrease) in Short Term Provisions	142,930.00	(19,010.00)
Income Tax Paid	(79,723,781.58)	(58,935,262.54)
Cash generated from / (used in) Operations	174,595,180.43	169,101,628.29
Net cash from / (used in) Operating Activities	174,595,180.43	169,101,628.29
CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Property, Plant and Equipment	(6,335,950.44)	(139,073.00)
(Increase) / Decrease in Short Term Deposits	(270,000,000.00)	(120,000,000.00)
Net cash from / (used in) Investing Activities	(276,335,950.44)	(120,139,073.00)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease Liability principal repayment	(5,749,367.66)	(4,806,602.81)
Net Cash from / (Used in) Financing activities	(5,749,367.66)	(4,806,602.81)
Net increase / (decrease) in cash and cash equivalents	(107,490,137.67)	44,155,952.48
Cash and Cash equivalents at the beginning of the year	199,093,097.03	154,937,144.55
Cash and Cash equivalents at the end of the period	91,602,959.36	199,093,097.03

Interims of our Report of even date-
For Dilli Yok & ASSOCIATES
Chartered Accountants
FRN CRC2625

CA Dilli Ram Bista
Membership No. 542831

Place : Thimphu
Date: 12/03/26

Karma Tenzin
(Finance Officer)

Finance Officer
Bhutan Lottery Ltd.
Phuentsholing : Bhutan

Phenphay R. Drukpa
(Chief Executive Officer)

Phenphay R. DRUKPA
CHIEF EXECUTIVE OFFICER
BHUTAN LOTTERY LTD.
PHUENTSHOLING : BHUTAN
Dasho Karma Yonten
(Chairman)
Chairman
Bhutan Lottery Limited
Phuentsholing : Bhutan

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

NOTES TO FINANCIAL STATEMENTS

GENERAL CORPORATE INFORMATION

Bhutan Lottery Limited (BLL) was incorporated a Limited Liability Public Company under the Companies Act of the Kingdom of Bhutan 2000 (Amendment, 2016) on 2 October 2015 vide Certificate of Incorporation Registration No.20151002TH10491. The Ministry of Finance (MoF), Royal Government of Bhutan is the Company's sole Shareholder. However, on 19 October 2023, an agreement was executed between MoF and De-suung Skilling Programme (DSP), His Majesty's Secretariat (HMS), on the transfer of shares from MoF to DSP. In line with the 8th Annual General Meeting, the Corporate Registry Authority, Ministry of Industry, Commerce and Employment, Thimphu, has issued its approval No. MoICE/CRA-491/2024/141 dated 05.06.2024 to transfer the entire shares. Accordingly, all 600,000 number of shares have been transferred to DSP, under HMS, at par value of Nu.100 each, amounting to Nu.60, 000,000.00, value dating 26 April 2024.

BLL is entrusted to carry out lottery and associated business and primarily engaged in the lottery business. It has its Head Office in Phuentsholing Thromde, Chhukha Dzongkhag.

NOTE 1: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Bhutan Accounting Standards (BAS 2020) as issued by Accounting and Auditing Standards Board of Bhutan and as prescribed by the Companies Act of Bhutan, 2016.

1.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair value:

- Defined benefit plan obligations are measured as the present value of the defined benefit obligation, less the fair value of any plan assets, in accordance with BAS 19 *Employee Benefits*.
- Certain financial assets and financial liabilities are measured at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI), as applicable, in accordance with IFRS 9 Financial Instruments.

1.3 Functional Currency

The consolidated financial statements are presented in Bhutanese Ngultrum (Nu.), which is both the functional currency and the presentation currency of the Company.

1.4 Rounding off

All financial information presented in Ngultrum has been rounded to the nearest unit, unless otherwise stated.



1.5 Comparative Information

Where necessary, certain comparative information has been re-classified and updated in order to provide a more appropriate basis for comparison.

1.6 Presentation of financial statements

The Company presents its consolidated statement of financial position based on the order of liquidity, as permitted by BAS 1 Presentation of Financial Statements. Assets and liabilities are classified as current or non-current based on their expected recovery or settlement:

- Assets expected to be realized, sold, or consumed within twelve months after the reporting date are classified as current. All other assets are classified as non-current.
- Liabilities expected to be settled within twelve months after the reporting date are classified as current. All other liabilities are classified as non-current.

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when there is:

- A legally enforceable right to offset the recognized amounts; and
- An intention either to settle on a net basis or to realize the asset and settle the liability simultaneously, in accordance with BAS 32 Financial Instruments: Presentation.

Income and expenses are offset only when required or permitted by BFRS, and such offsetting is specifically disclosed in the accounting policies.

1.7 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with BAS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and in any future periods affected. Uncertainty about these judgments, assumptions, and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future reporting periods.

Areas involving significant judgments, estimates, and assumptions are summarized below:

1.7(i) Revenue Recognition-Lottery ticket sales and online gaming

The Company applies judgment in determining the timing of revenue recognition from lottery ticket sales and online gaming activities in accordance with BFRS. Revenue from lottery games is recognized when control of the ticket (i.e., the chance to participate) transfers to the customer, which is generally at the point of sale. Management estimates and recognizes revenue net of expected unclaimed prizes based on historical patterns and trends.

1.7(ii) Fair Value Measurement of Financial Instruments

Certain financial assets and liabilities are measured at fair value under BFRS 9 *Financial Instruments* and BFRS 13 *Fair Value Measurement*. Where quoted market prices are not



available, fair values are determined using valuation techniques that require significant management judgment, particularly regarding assumptions such as discount rates, credit spreads, and expected future cash flow.

1.7(iii) Defined Benefit Pension Obligations

The cost of defined benefit pension plans is determined using actuarial valuations in accordance with BAS 19 *Employee Benefits*. Significant assumptions used in the actuarial valuation include discount rates, expected salary increases, mortality rates, and retirement ages. These assumptions are subject to estimation uncertainty and are reviewed annually.

1.7(iv) Useful Lives and Residual Values of Property, Plant and Equipment

Management reviews the estimated useful lives and residual values of property, plant and equipment at each reporting date, in accordance with BAS 16 *Property, Plant and Equipment*.

Judgment is exercised in determining appropriate useful lives, particularly for specialized gaming and IT equipment where technological changes may lead to shorter useful lives than originally estimated.

1.7(v) Provision for Prize Liabilities

The Company recognizes a provision for prizes won but not yet claimed, based on historical trends and anticipated claim patterns. The estimation of this liability requires management to apply judgment and assumptions about the likelihood and timing of claims. Changes in these assumptions could materially impact the recognized provision.

1.7(vi) Deferred Tax Assets Recognition

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized, in accordance with BAS 12 *Income Taxes*.

Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

In accordance with BAS requirements, the Company started calculating Expected Credit Loss (ECL) on receivables during the year, which amounted to Nu. 5,192.25. However, this amount has not been considered in the deferred tax calculation because ECL is only a provision and does not represent actual bad debts. As per the Income Tax Act of the Kingdom of Bhutan 2020, such provisions are not allowable for tax purposes and are added back in the tax computation. In addition, the related receivables for which ECL is calculated were all recovered within the 45-day credit period, indicating that the balances were collectible.

1.7(vii) Lease Recognition and Measurement

The Company determines whether an arrangement is, or contains, a lease at inception, in accordance with BFRS 16 *Leases*. Judgment is applied in identifying the lease term, particularly regarding renewal and termination options, and in estimating the incremental borrowing rate when the implicit rate is not readily determinable. Right-of-use assets and corresponding lease liabilities are recognized at the commencement date based on the present value of future lease payments. Changes in assumptions regarding lease terms or discount rates may significantly impact the measurement of lease assets and liabilities.



1.8 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, and balance in current accounts with banks.

1.9 Property, Plant and Equipment

All Property, Plant and Equipment (PPE) are stated at historical cost less depreciation and impairment, if any. Cost includes the purchase price, taxes and duties, labor cost, directly attributable costs of bringing the asset to its working condition for its intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, where applicable.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that further economic benefit associated with the item will flow to the company and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in the income statement during the financial year in which they are incurred.

Depreciation is calculated on a straight-line basis to allocate the cost of assets, net of residual values, over their estimated useful lives as follows:

Asset Type	Useful Life
Furniture & Fittings	10 Years
Office Equipment	10 Years
Motor Vehicles	10 Years (20% residual value)
Data Processing Equipment	4 Years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

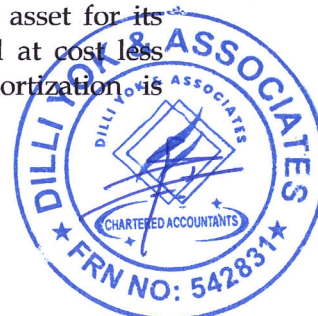
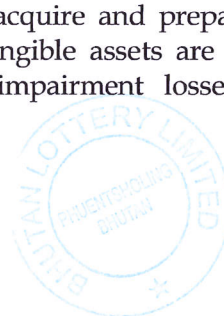
Gains and losses on disposals of assets are determined by comparing the disposal proceeds with the carrying amount and are recognized in the income statement within 'Other Income' or 'Other Expenses', as appropriate.

Assets received free of cost (gifts) are recognized at their fair value at the date of with a corresponding credit recognized in "Other Income," unless conditions attached to the asset require alternative accounting treatment.

If the gift is subject to conditions — such as restrictions on use (e.g., for public benefit only, or prohibitions on sale or transfer) — the recognition and subsequent measurement may be governed by BAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* or other applicable guidance. In such cases, recognition of income is deferred and recognized in the income statement systematically over the periods in which the entity recognizes the related expenses for which the grant is intended to compensate.

1.10 Intangible Asset

Intangible assets comprise acquired computer software licenses are capitalized at cost. Cost includes all directly attributable costs necessary to acquire and prepare the asset for its intended use. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is



recognized on a straight-line basis over the estimated useful life of the software, which is four (4) years.

Expenditures that maintain or restore the performance of software programs, such as upgrades, minor enhancements, or routine maintenance costs, are expensed as incurred.

1.11 Financial Assets

Financial assets are classified at initial recognition as financial assets at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL), as appropriate, in accordance with BFRS 9 *Financial Instruments*.

The Company classifies its financial assets as financial assets at amortized cost when both of the following conditions are met:

- The asset is held within a business model whose objective is to hold financial assets 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.

Financial assets classified at amortized cost are initially recognized at fair value plus transaction costs directly attributable to the acquisition of the financial asset. Subsequently, they are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables, being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, are included within this category. These typically comprise 'Trade and Other Receivables' and 'Cash and Cash Equivalents' as presented in the Statement of Financial Position.

1.11(i) Trade and Other Receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

1.11(ii) Impairment of Financial Assets (Trade Receivables)

The company applies the simplified approach permitted by BFRS 9 *Financial Instruments* for trade receivables, which requires recognition of lifetime expected credit losses from initial recognition. The expected credit losses on trade receivables are estimated using a provision matrix based on past trend, adjusted for forward-looking information specific to debtors and the economic environment.

Expected credit losses are determined by multiplying the probability of default (i.e., the probability the asset will default within the given time frame) by the loss given default (the percentage of the asset not expected to be collected because of default). (Refer table below).



Provision Matrix (Trade Receivables) as at 31.12.2025

Aging	Outstanding Amt	Current to 1-30	1-30 to 31-60	31-60 to 61-90	61 -90 to Above 90	Above 90	PD	LGD	EFA	DF	ECL
0-30	39,163,250.49	4.50%	42.18%	66.67%	15.91%	100.00%	0.20%	5.90%	104.89%	1	4,879.07
31-60	1,616,050.12	7.00%	42.18%	66.67%	15.91%	100.00%	0.31%	5.90%	104.89%	1	313.18
61-90	-	-	42.18%	66.67%	15.91%	100.00%	4.47%	5.90%	104.89%	1	-
Above 90	-	-	-	-	15.91%	100.00%	15.91%	5.90%	104.89%	1	-
	40,779,300.61										5,192.25



1.11(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and balances held in current accounts with banks. In the Statement of Cash Flows, cash and cash equivalents include cash and balances with banks that are readily available for use by the Company without any significant restriction and that are subject to an insignificant risk of changes in value.

1.12 Financial Liabilities

Financial liabilities are classified at initial recognition as financial liabilities at amortized cost or at fair value through profit or loss (FVTPL), in accordance with BFRS 9 *Financial Instruments*.

The Company's financial liabilities are initially recognized at fair value. For financial liabilities not classified at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the acquisition or issue of the liability. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method, unless they are designated at fair value through profit or loss.

The company's financial liabilities measured at amortized cost primarily include 'Trade and Other Payables' and 'Lease Liabilities' recognized in the Statement of Financial Position.

Financial liabilities are classified as current liabilities if they are due to be settled within twelve months after the reporting date, or if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date. All other financial liabilities are classified as non-current.

Financial liabilities are derecognized when the obligation under the liability is discharged, canceled, or expires.

1.13 Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

A contingent liability is only disclosed when the existence of an obligation will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or when a present obligation does not meet the recognition criteria for a provision.

Contingent liabilities are not recognized in the Statement of Financial Position.

1.14 Revenue Recognition

Revenue is recognized when the control of goods or services is transferred to the customer, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, returns, and applicable taxes.

1.14(i) Lottery Revenue

The Company recognizes revenue from various lottery products as follows:



1.14(i)(a) Online Lotteries

Revenue from online lottery ticket sales is recognized at the point of sale, when a ticket is generated and sold to the customer through the system. Control is considered transferred at the moment the customer receives the ticket and the right to participate. Although system-generated reports are available daily, revenue is recorded on a consolidated monthly basis for accounting purposes.

1.14(i)(b) Offline Draw-Based Lotteries

Revenue from draw-based lottery products, such as *Phuensum Weekly Lottery (PWL)*, *Daily Lotteries*, *Bi-Weekly*, and *Bumper Lotteries*, is recognized on the date of the lottery draw. The performance obligation is satisfied at the point when the customer's participation right in the lottery is fulfilled through the occurrence of the draw.

1.14(i)(c) Scratch Card Lotteries

Revenue from scratch card lottery products, including *Thuensum Scratch Card (T-30)*, *Thuensum Quick Cash (T-20)*, *Thuensum Bingo (T-40)* and *Thuensum Scratch (T-50)*, is recognized upon distribution of scratch cards to retailers. Distribution to retailers constitutes the transfer of control and the associated risks and rewards of ownership.

1.14(ii) Interest Income:

Interest income is recognized using the effective interest method, based on the time proportionate principle and the effective interest rate applicable to the outstanding amount, when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

1.15 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares in accordance with BAS 33 *Earnings per Share*.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



Bhutan Lottery Limited
Phuentsholing: Bhutan
Note 2: Property, Plant & Equipment (PPE)

Particulars	Furniture and Fittings	Data Processing Equipment	Vehicles	Plant & Electrical Equipment	Software	Total
At 31 December 2024	767,095.24	7,277,331.54	7,014,044.00	7,118,357.49	74,000.00	22,250,828.27
Additions	-	139,073.00	-	-	-	139,073.00
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
At 1 January 2025	767,095.24	7,416,404.54	7,014,044.00	7,118,357.49	74,000.00	22,389,901.27
Additions	180,738.00	1,603,504.32	4,429,508.12	122,200.00	-	6,335,950.44
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
At 31 December 2025	947,833.24	9,019,908.86	11,443,552.12	7,240,557.49	74,000.00	28,725,851.71
Disposals	-	-	-	-	-	-
Depreciation charge for the year	76,709.52	507,302.32	561,123.52	699,692.75	2.00	1,844,830.11
Adjustment	-	-	-	-	-	-
At 31 December 2024	421,462.34	5,113,835.53	4,449,173.08	2,571,261.89	74,000.00	12,629,732.83
Disposals	-	-	-	-	-	-
Depreciation charge for the year	85,276.28	1,197,837.68	738,789.27	707,607.90	-	2,729,511.13
Adjustment	-	-	-	-	-	-
At 31 December 2025	506,738.61	6,311,673.21	5,187,962.35	3,278,869.79	74,000.00	15,359,243.96
Net book value:	-	-	-	-	-	-
At 31 December 2024	345,632.91	2,302,569.01	2,564,870.92	4,547,095.60	-	9,760,168.44
At 31 December 2025	441,094.63	2,708,235.65	6,255,589.77	3,961,687.70	-	13,366,607.75



NOTE 3: LEASES

The Company had been paying a monthly office rent of Nu. 460, 886.16 to the Department of Revenue and Customs, Ministry of Finance, up to September 2024. The lease arrangement is renewed every two years, with each renewal incorporating a 10% escalation on the existing rent. Following the latest renewal, the current monthly rent amounts to Nu. 537, 738.39.

The Company recognizes a lease liability and a corresponding Right-of-Use (RoU) asset at the commencement date of a lease, which is the date when the leased asset is available for use by the Company.

Right-of-Use Assets (RoU)

RoU assets are initially measured at cost, comprising:

- The amount of the initial lease liability recognized.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the company; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site.

Subsequently, RoU assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. RoU assets are also subject to impairment testing.

Lease Liabilities and Right of Use Assets

At the commencement date, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

The present value of lease payments is discounted using the company's incremental borrowing rate, as the interest rate implicit in the lease is generally not readily determinable.

After initial recognition, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification due to a change in the lease term and or change in the lease payments.

Interest expense on lease liabilities and depreciation on right-of-use assets are recognized separately in the income statement.

Short-Term Leases and Leases of Low-Value Assets

The Company applies the recognition exemption permitted by BFRS 16 to short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low-value assets (such as small items of office furniture or IT equipment).



Lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Lease Modification

During the year, the Company modified a lease 2 agreement, resulting in a gain of Nu.12,833.56 recognized in profit and loss. The amount considered immaterial and is included within the lease note disclosures.

Note 3.1: Right of Use Asset		
Particulars	2025 (Nu.)	2024 (Nu.)
Right-of-use asset at 1 Jan 2024 (initial reorganization Lease 1	9,154,714.82	14,385,980.45
Right-of-use asset at 1 May 2024 (initial reorganization Lease 2	516,668.28	775,002.42
Right-of-use assets at 1 Dec 2024 (add on initial reorganization Lease 2	129,116.90	-
Total Initial Reorganization	9,800,500.00	15,160,982.86
Less: Accumulated depreciation as at 31 December 2025	5,568,197.04	5,489,599.76
Net carrying amount at 31 December 2025	4,232,302.96	9,671,383.11

Note 3.2: Depreciation charges for the period		
Particulars	2025 (Nu.)	2024 (Nu.)
Depreciation expense recognized for the period	5,568,197.04	5,489,599.76

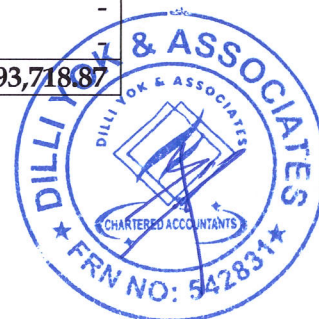
Note 3.3: Lease Liability		
Particulars	2025 (Nu.)	2024 (Nu.)
Lease Liability at 1 Jan 2024 (initial recognition lease 1	9,822,549.54	14,385,980.45
Lease Liability at 1 May 2024 (initial recognition lease 2	531,830.51	775,002.42
Lease Liability at 1 Dec 2024 (Add initial recognition lease 2	116,283.34	-
Total initial recognition	10,470,663.39	15,160,982.86
Add: Interest expense accrued for the period	703,493.02	1,145,344.17
Less: Lease payments made during the year	6,452,860.68	5,951,946.98
Lease Liability as at 31 December 2025	4,721,295.73	10,354,380.06

Particulars	2025 (Nu.)	2024 (Nu.)
Current portion of Lease Liability (within 1 year)	4,721,295.73	5,817,919.91
Non-current portion of Lease Liability (beyond 1 year)	-	4,536,460.15
Total Lease Liability as at 31 December 2025	4,721,295.73	10,354,380.06
Amortization of Right of Use Assets	5,568,197.04	5,489,599.76
Interest Expenses on Lease Liabilities	703,493.02	1,145,344.17
Total amount recognition in Income statement	6,271,690.06	6,634,943.93

Maturity Analysis of Lease Liabilities (Undiscounted Cash Flows)		
Maturity Bucket	Lease Payments	Lease Payments
Within 1 year	4,901,172.73	6,508,268.11
1-2 years	-	4,704,296.57
Total undiscounted lease payments	4,901,172.73	11,212,564.69
Less: unexpired finance charges	179,876.00	858,184.63



Present Value of lease liabilities	4,721,296.73	10,354,380.06
Note 4: Trade and Other Receivables		
Particulars	2025 (Nu.)	2024 (Nu.)
Gyeltshen Lottery Agent(Tsirang)	607,620.51	196,115.06
Indo Lottery Agent, Paro	-	4,151,239.55
Kuenjung Lottery Agent	943,510.18	1,382,453.75
M/s Bhutan Lottery Agent,S/jongkhar	32,677.27	2,336,873.92
M/s Bhutan Smart Lottery,Thimphu	5,852,260.61	3,945,866.31
M/s Menjong Lottery , Sarpang	3,573,400.55	3,939,457.58
Tashi Wangchuk Lottery Agent, Mongar	3,421,268.50	6,232,847.56
Blessed Lottery-Thimphu	4,341,501.08	10,987,214.67
Deki Lhamo (Trongsa Open Seller)	271,892.00	194,207.65
Draduel's Delight-Wangdue	2,515,140.99	3,456,986.18
Kuenphen Lottery - Phuentsholing	807,140.00	5,037,665.55
Pema Chuki Trashigang Open Seller	1,021,020.47	907,785.92
Phuntsho Wangdi (Nganglam Open Seller)	19,248.00	1,390,976.14
Autsho Open Seller Ngawang Dorji	50,396.00	(10,084.20)
Deki Punakha Open Seller	64,101.68	268,705.73
Mon Bdr Gurung Lhuentse Open Seller	84,265.00	(5,982.90)
Nir Maya Gurung Open Seller	152,357.00	(24,967.60)
Som Bdr Mongar Lhamozingkha Open Seller	-	(1,029.00)
Sumitra Rai Haa Open Seller	135,566.10	(613.00)
Yasoda Mongar Samtse Open Seller	251,980.00	8,000.00
Abi Kumar Jogi-Limithang Mongar Open Seller	379,643.60	-
Deoki Gurung Tendruk Open Seller	40,356.00	-
Desung Headquarter	4,000,187.00	-
Desuup Skilling Program	1,315,127.00	-
Dorji Wangzom Norbugang Samtse Open Seller	538,640.00	-
Durga Ghalley Samtse Open Seller	177,243.50	-
HQ Police Thimphu	1,200,410.00	-
Jigme Sonam Dendup	157,582.00	-
Karma Dema Tashigang Open Seller	719,608.10	-
Kinley Tenain Sipsu Open Seller	276,924.00	-
Lhabu Paro Open Seller	30,207.00	-
MTC Wangdue	25,345.00	-
Pema Lhaden Phuentsholing Open Seller	3,382,999.55	-
RBA Rametey	85,565.00	-
RBA Tendu Samtse	101,095.00	-
RBA WING 12 Wangdue	25,345.00	-
RBA WING 5	7,717.50	-
Sangmo Dolma Tamang Lhamozhingkha Open Seller	24,594.00	-
Tandin Penjor	229,487.50	-
Tashi Cell	502,588.00	-
Thinley Dema (Open Seller) Trashiyangtse	62,701.00	-
Tshering Choden Paro Open Seller	22,144.00	-
Tshering Wangmo Open Seller Paro	1,871,573.50	-
Ujal Thara Rana Dagana Open Seller	41,681.00	-
Walking Sellers	1,415,190.42	-
Less: Impairment Loss on Trade Receivables	(5,192.25)	-
Total	40,774,108.36	44,393,718.87



Note 5: Other Assets		
Particulars	2025 (Nu.)	2024 (Nu.)
Advance Payments to Third Parties	1,280,860.71	225,000.00
Lottery Tickets in Hand	2,851,350.00	1,610,825.00
Advance Income Tax	38,647,882.20	31,951,371.91
TDS Receivable	722,804.89	388,177.64
Interest accrued on Short Term Deposits	14,254,508.40	5,086,624.18
Gold	1,096,723.07	-
Toyota Land Cruiser Prado	13,864,990.69	-
Prepaid Expenses	99,672.78	18,428.11
Samsung Galaxy A15 5G 8GB RAM 128GB	-	16,199.00
Samsung Galaxy A55	-	34,294.05
Vivo V30(12+256GB) 5G	29,699.00	59,398.00
Laptop Giveaway	67,725.00	67,725.00
Total	72,916,216.74	39,458,042.89

Note 6: Short Term Investment		
Particulars	2025 (Nu.)	2024 (Nu.)
Fixed Deposit with Banks	550,000,000.00	280,000,000.00
Total	550,000,000.00	280,000,000.00

Short Term Deposits with Bank was not considered as Cash & Cash Equivalent as the pending maturity period is more than 3 months on 31.12.2025

Note 7: Cash and Bank Balances		
Particulars	2025 (Nu.)	2024 (Nu.)
Cash In Hand	246,326.28	122,102.58
Imprest with employees	141,910.00	140,000.00
Balances with Local Banks	91,214,723.08	198,830,994.45
Total	91,602,959.36	199,093,097.03

Note 8: Equity

Note 8.1: Issued Capital

Particulars	2025 (Nu.)	2024 (Nu.)
Authorized Capital	500,000,000.00	500,000,000.00
Issued Capital		
600,000 fully paid Equity shares of Nu 100 each	60,000,000.00	60,000,000.00
Total	60,000,000.00	60,000,000.00

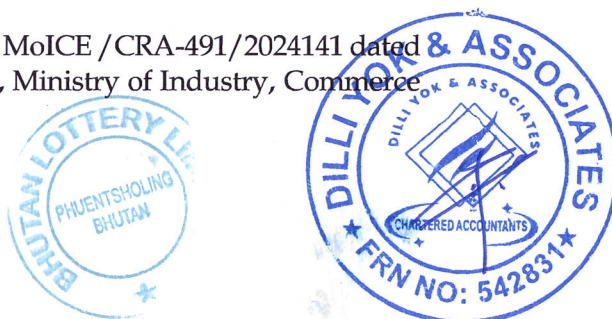
Note I

All shares are of same class and have the same right attached.

Note II

At the time of incorporation on 2nd October 2015, the Ministry of Finance, Royal Government of Bhutan as a subscriber to the Articles of Incorporation agreed to subscribe to 5,000,000 Equity Shares of Nu 100 each amounting to Nu 500,000,000. However, as of 31 December 2025, the subscribed equity shares capital amounts to Nu. 60,000,000.

Subsequently, on 26th April 2024, pursuant to approval No. MoICE /CRA-491/2024141 dated 05th June 2024 issued by the Corporate Registry Authority, Ministry of Industry, Commerce



and Employment, Thimphu, the entire holding of 600,000 shares transferred to De-Suung Skilling Program, under His Majesty's Secretariat. The transfer was affected, at par value of Nu.100 each, amounting to Nu. 60,000,000.00.

Note 8.2: Retained Earnings		
Particulars	2025 (Nu.)	2024 (Nu.)
Opening Balance	412,561,626.90	242,016,514.70
Less: Dividend paid for the year 2024	-	-
Add: Comprehensive Income / (Loss) during the Year	176,100,763.92	170,545,112.20
Less: Net Prior year adjustments	-	-
Total	588,662,390.82	412,561,626.90

Note 9

Retirement Benefit Obligations

Note 9.1

Defined Contribution Scheme

The Company operates a defined contribution plan for its employees, whereby it contributes a defined percentage of gross emoluments to an approved provident fund scheme (i.e., the National Pension and Provident Fund).

Under a defined contribution plan, the Company's obligation is limited to the amount that it agrees to contribute to the fund. The Company has no further legal or constructive obligation to pay additional contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan are recognized as an expense in the income statement in the periods during which the related services are rendered by employees.

Note 9.2

Defined Benefits Scheme

The Company operates a defined benefit gratuity scheme for qualifying employees, under which retirement benefits are based on the employee's final salary and years of service with the Company. The Company maintains a gratuity fund deposit with Royal Insurance Corporation of Bhutan Limited (RICBL). The net defined benefit asset recognized is calculated in accordance with BAS 19, offsetting the fair value of plan assets against the present value of defined benefit obligations."

The defined benefit obligation is determined by independent actuaries through an actuarial valuation performed annually. The valuation of the actuarial obligation of the defined benefit scheme was carried out by Druk Infinity Consulting, a registered actuary firm in the country. Actuarial gains and losses arising from experience adjustments (the effects of differences between previous actuarial assumptions and what has actually occurred) and changes in actuarial assumptions are recognized immediately in other comprehensive income (OCI) in the period in which they occur. Past service costs, if any, are recognized immediately in profit or loss.

Actuarial Valuation Assumptions

The key actuarial assumptions used in the valuation are as follows:

- Discount rate: 8.20% per annum
- Expected salary growth rate: 8.00% per annum
- Mortality rate: 100% of Indian Assured Lives Mortality Table (2012-14)



- d. Employee turnover rate: 1.00% per annum

The Projected Unit Credit (PUC) method has been used to determine the present value of the defined benefit obligation. The obligation for the scheme is subject to risks in respect of employee attrition and Salary rates.

Employee attrition

The obligation is based on Management's estimate of the expected number of staff who will resign before reaching the standard retirement age. If the number of staff resigning is greater or less than the expected rate, the outstanding obligation will be affected.

Salary risk

Since the benefit is dependent on the employee's final salary, there is a risk that salary increases will be greater than those included in the actuarial valuation. Salary increases cover regular increases for length of service as well as periodic increases of salary scales for inflation.

Note 9.3

Other Long-Term Employee Benefits

In addition to gratuity, the Company provides other long-term benefits including:

- a. Transfer grant
- b. Repatriation allowance
- c. Carriage charges

These benefits are payable under specific service conditions upon employee relocation or cessation of service as of 31 December 2025:

- a. These benefits have not yet been actuarially valued separately.
- b. Management has assessed that the liability is not material relative to the Company's overall financial position.
- c. Consequently, these benefits have not been recognized as a separate defined benefit liability in the financial statements.

The Company will continue to monitor the materiality of these obligations and will commission an actuarial valuation if deemed necessary in future reporting periods.

Note 9.4

Short-Term Employee Benefits

Short-term employee benefits include:

- a. Annual leave encashment
- b. Bonus / Performance-Based Variable Pay (PBVP)

These benefits are recognized as an expense and liability at year-end, based on management's best estimates, and are settled within twelve months after the reporting period. Accordingly, no actuarial valuation is required for these benefits under BAS 19.



Note 9.5: Amounts Recognized in the Financial Statements**(a) Statement of Financial Position**

Description	2025 (Nu.)	2024 (Nu.)
Present value of defined benefit obligation	2,862,913.80	2,042,209.79
Fair value of plan assets	3,687,748.97	3,166,683.92
Net defined benefit asset/(liability)	824,835.17	1,124,474.13

b) Statement of Comprehensive Income

Current service cost	542,132.99	411,277.52
Past service costs	-	-
Interest cost on defined benefit obligation	167,461.20	147,947.63
Less: expected return on plan assets	(273,134.96)	(230,764.73)
Expenses recognized in Comprehensive Income	436,459.23	328,460.42

c) Other Comprehensive Income (OCI)

Particulars	2025 (Nu.)	2024 (Nu.)
Actuarial (gain)/loss on liability experience	111,109.82	(208,494.73)
Actuarial (gain)/loss on liability assumption changes	-	-
Return on plan assets (greater)/less than discount rate	80,530.33	61,888.50
Actuarial (gain)/losses recognized in OCI	191,640.15	(146,606.23)

d) Movements in the Present Value of Defined Benefit Obligation

Particulars	2025 (Nu.)	2024 (Nu.)
Opening Defined Benefit Obligation	2,042,209.79	1,916,999.37
Current service cost	542,132.99	411,277.52
Past Service Cost	-	0.00
Interest cost	167,461.20	147,947.63
Actuarial (gain)/loss on experience adjusted	111,109.82	(208,494.73)
Benefits paid	-	(225,520.00)
Actuarial (gain)/loss due to change in demographic assumptions	-	-
Actuarial (gain)/loss due to change in financial assumptions	-	-
Closing Defined Benefit Obligation	2,862,913.80	2,042,209.79

e) Movement in Fair Value of Plan Assets

Description	2025 (Nu.)	2024 (Nu.)
Fair value at beginning of the year	3,166,683.92	2,630,600.38
Contributions paid into the plan	328,460.42	367,207.31
Expected return on plan assets	273,134.96	230,764.73
Return on plan assets greater/or (less)than expected	(80,530.33)	(61,888.50)
Fair value at end of the year	3,687,748.97	3,166,683.92

f) Bifurcation between current and non-current Net Liability

Descriptions	2025 (Nu.)	2025 (Nu.)
Current Liability	3,166,683.92	2,630,600.38
Non-current Liability	328,460.42	367,207.31
Net Liability/(Assets)	(824,835.17)	(1,124,474.13)



g) Expected benefit payments for the year ending	2025 (Nu.)	2024 (Nu.)
December 31, 2026	44,476.06	31,427.08
December 31, 2027	1,391,345.45	41,658.11
December 31, 2028	45,863.70	1,311,444.19
December 31, 2029	62,863.88	42,564.90
December 31, 2030	76,591.41	53,082.47
December 31, 2031 to December 31, 2035	989,696.88	777,692.36
December 31, 2036 to December 31, 2045	14,498,182.96	9,067,910.92
Weighted Average Duration of Defined Benefit Obligation	20 Years	20 Years

h) Sensitivity Analysis		
i) Discount Rate-	2025 (Nu.)	2024 (Nu.)
Discount Rate as at 31 December 2025	8.20%	8.20%
Effect on DBO due to 1% increase in Discount Rate	(149,815.97)	(106,195.01)
Effect on DBO due to 1% decrease in Discount Rate	164,696.51	116,524.72
ii) Salary Escalation Rate-	2025 (Nu.)	2024 (Nu.)
Salary Escalation rate as at 31 December 2025	80%	80%
Effect on DBO due to 1% increase in Salary Escalation Rate	171,281.10	121,220.89
Effect on DBO due to 1% decrease in Salary Escalation Rate	(157,094.41)	(111,383.33)

Note 10

Current and Deferred Income-tax

Reconciliation between Current Tax Charge and the Accounting Profit		
Taxation		
Particulars	2025 (Nu.)	2024 (Nu.)
Profit Before Tax for the Year 2025 as per BAS FS	251,490,944.30	243,440,220.79
<u>Add :Expenses disallowed as per the Provision of Income Tax (ITA):</u>		
Depreciation on PPE	2,729,511.13	1,844,830.11
Depreciation on Right of Use Asset	5,568,197.04	5,489,599.76
Interest Expense	703,493.02	1,145,344.17
Provision for Gratuity	436,459.23	328,460.42
Impairment Loss on Trade Receivables	5,192.25	-
Non-deductible expenditure (PBVP-Provision)	579,751.75	661,048.00
Fines and Penalties	125,205.52	107,641.43
Donation	13,875.00	-
Previous Year Tax Adjustments	247,492.53	-
Total disallowed expenses	10,409,177.47	9,576,923.89

Less : Exempt Income / Allowed expenses as per the ITA:		
Depreciation for the year as per the provisions of Income Tax	2,041,992.75	1,856,511.58
Rental Expense (Lease Accounting)	6,485,181.71	5,951,946.98
Gratuity Provision for 2024 deposited in 2025	328,460.42	328,460.42
PBVI provision for 2024 disallowed have made payment in 2025	624,836.00	1,455,988.00
Total allowed expenses	9,480,470.88	9,592,906.98
Net Taxable profit	252,419,650.89	243,424,237.71
Tax (%)	0.30	0.30
Income Tax @ 30%	75,725,895.27	73,027,271.31



Income Tax payable	2025 (Nu.)	2024 (Nu.)
Current tax in respect of current year	75,725,895.27	73,027,271.31
Total Income Tax payable	75,725,895.27	73,027,271.31
Deferred tax payable - current year	(527,355.04)	14,443.51
Total Income Tax Expense Recognized	75,198,540.23	73,041,714.82

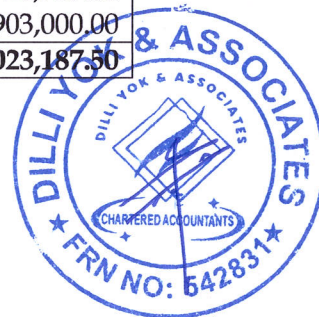
Reconciliation of Tax on Operating Income/(loss)		
Profit Before Tax	251,490,944.30	243,440,220.79
Income Tax Expense Calculated @ 30%	75,447,283.29	73,032,066.24
Adjustment required for:		
Difference between tax and accounting depreciation	206,255.51	(3,504.44)
Non-Deductible expenditure	289,897.44	230,606.83
Difference between Lease Accounting	(64,047.49)	204,899.08
Deductible expenditure of Payment of Gratuity	32,399.64	-
Impairment Loss on Trade Receivables	1,557.68	-
PBVP provision for 2023 paid in 2024	(187,450.80)	(436,796.40)
Current Tax Payable	75,725,895.27	73,027,271.31
Effective Tax Rate	0.30	0.30

Note 10.a: Deferred Tax		
Particulars	2025 (Nu.)	2024 (Nu.)
Opening as per BLL system	842,984.51	828,541.00
Provision for tax due to timing differences	(527,355.04)	14,443.51
Closing Balance	315,629.47	842,984.51

Note 10.b: Computation of Actual Tax Liability		
Particulars	2025 (Nu.)	2024 (Nu.)
Provision Income Tax for 2025	75,725,895.27	73,027,271.31
Less: Advance Income Tax	(38,647,882.20)	(31,951,371.91)
Less: TDS Retain	(722,804.89)	(388,177.64)
Net payable Income Tax	36,355,208.18	40,687,721.76

Note 11: Trade and Other Payable		
Particulars	2025 (Nu.)	2024 (Nu.)
Trade Payables to Prize Winners	33,867,277.19	10,908,000.00
Trade Payables to Others	3,933,699.19	7,064,160.42
TDS Payable	2,788,468.59	5,408,885.77
Statutory Dues Payable	88,451.00	61,940.00
Outstanding Liabilities: Audit Fees	129,000.00	110,250.00
Outstanding Liabilities: Consultancy Fees	10,000.00	10,000.00
Total	40,816,895.97	23,563,236.19

Note 12: Other Current Liabilities		
Particulars	2025 (Nu.)	2024 (Nu.)
Performance Security Deposit received from suppliers	1,357,354.33	1,095,450.50
Security Deposit (Received)	24,737.00	24,737.00
Lotto Security Deposit	903,000.00	903,000.00
Total	2,285,091.33	2,023,187.50



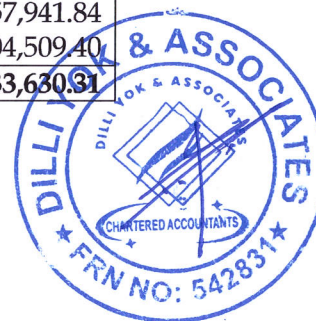
Note 13 : Short Term Provisions		
Particulars	2025 (Nu.)	2024 (Nu.)
Leave Encashment	610,080.00	467,150.00
Performance Based Variable Pay (PBVP)	579,751.75	661,048.00
Provision for Income Tax	75,725,895.27	73,027,271.31
Total	76,915,727.02	74,155,469.31

Note 14: Sales of Lottery Tickets		
Particulars	2025 (Nu.)	2024 (Nu.)
Sales Elotery Interactive	962,929,005.00	939,993,320.00
Sales Elotery Lotto	7,143,810.00	10,119,430.00
Sales (Phuensum Weekly Lottery)	39,478,450.00	47,357,350.00
Sales Special Tshe-Jur Bumper	-	8,880,000.00
Sales Special Losar Bumper	13,788,000.00	11,601,000.00
Sales Monsoon Bumper	39,693,000.00	9,972,000.00
Sales Thruabab Bumper	38,037,600.00	-
Sales National Day Bumper	50,514,000.00	27,408,000.00
Sales (Thuensum Quick Cash Cards)	21,230,000.00	30,240,000.00
Sales (Thuensum Scratch Cards)	33,860,000.00	29,535,000.00
Sales (Daily Lottery)	34,438,300.00	27,979,900.00
Total	1,241,112,165	1,143,086,000

Note 15: Prize Winning Payouts		
Particulars	2025 (Nu.)	2024 (Nu.)
E-lottery Interactives	715,196,116.46	678,036,753.52
E-lottery Lotto	2,938,317.90	7,050,929.30
Bumper	74,102,191.69	30,636,000.00
Phuensum Weekly Lottery	17,882,700.00	25,890,500.00
Thuensum Scratch Cards	12,010,925.00	14,047,740.00
Thuensum Quick Cash	25,462,990.00	18,539,320.00
Daily Lottery	22,897,310.00	15,692,000.00
Total	870,490,551.05	789,893,242.82

Note 16 : Other income (Interest Income on Fixed Deposits and Other Income)		
Particulars	2025 (Nu.)	2024 (Nu.)
Interest Income on Fixed Deposits	23,624,868.13	9,937,443.85
Liquidated Damage	-	40,200.00
Unclaimed Winnings	227,779.84	1,797,815.92
Rental Income	430,576.00	374,528.00
Late Payment Penalty Income	85,236.94	-
Sales of Waste Tickets	56,746.00	-
Total	24,425,206.91	12,149,987.77

Note 17: Direct Expense		
Particulars	2025 (Nu.)	2024 (Nu.)
Prize Money to Agents	8,501,695.00	7,865,251.57
Printing of Lottery tickets	11,481,506.75	12,505,927.50
Commission to Agents	38,880,096.41	26,457,941.84
4% Variable cost to bonobo plc	38,802,912.60	38,004,509.40
Total	97,666,210.76	84,833,630.31



Note 18: Operating Expenses		
Particulars	2025 (Nu.)	2024 (Nu.)
Maintenance Expenses		
Plants & Equipment's	159,842.24	281,177.97
Office Building	112,079.00	383,711.00
Motor Vehicles	221,453.43	79,350.36
Total	493,374.67	744,239.33

Note 19 : Employee Benefits Expense		
Particulars	2025 (Nu.)	2024 (Nu.)
Payroll and Related Expenses		
Salary to Staff	13,105,090.00	10,733,393.00
Staff Welfare	242,966.00	232,457.08
Provident Fund Contribution	982,078.00	799,658.00
Gratuity Provision	436,459.23	328,460.42
Leave Encashment	610,080.00	504,952.00
Leave Travel Concession	329,234.00	295,258.00
Liveries	30,000.00	30,000.00
PBVP	579,751.75	661,048.00
Total	16,315,658.98	13,585,226.50

Note 20 : Other Expenses		
Particulars	2025 (Nu.)	2024 (Nu.)
Board Sitting Fee & Meeting Expenses	368,722.80	244,350.00
Fees & Subscription	264,229.06	92,780.00
Printing & Stationery	229,028.10	272,476.00
Sales Promotion Expenses & Inward Remittance	12,271,872.08	7,494,800.54
Travelling Expenses	958,425.00	411,087.00
Communication Internet & Telephone Charges	496,758.47	500,778.30
License and Registration	18,269.00	18,120.00
Electricity Charges	100,684.00	97,095.00
Recruitment, Training & Development	1,808,859.80	74,878.00
Hospitality Expenses	105,631.00	32,017.50
Professional Fees	10,000.00	10,000.00
CSR Expenses	1,073,254.50	2,404,053.00
Interest Expense	703,493.02	1,145,344.17
Miscellaneous Expenses	922,213.69	1,483,338.95
Impairment Loss on Trade Receivables	5,192.25	-
Bank charges	120,080.29	89,038.89
Advertisement	74,368.00	22,996.00
Postage and Telegram	566,274.00	445,540.00
Insurance Expenses	61,855.92	28,013.80
Audit Expenses (Refer Note 24 below)	264,983.00	184,651.00
Draw Result's Communication Expenses	288,730.00	353,640.00
Total	20,782,923.98	15,404,998.15



Note 21 : Earning Per Share		
Particulars	2025 (Nu.)	2024 (Nu.)
Profit/(loss) after Income tax	176,164,858.69	170,398,505.97
Other comprehensive income for the year	(191,640.15)	146,606.23
Profit used to determine basic earnings per share	176,100,763.92	170,545,112.20
Number of shares at the beginning of the year	600,000.00	600,000.00
Number of shares at the end of the year	600,000.00	600,000.00
Weighted average number of ordinary shares in issue	600,000.00	600,000.00
Basic and Diluted Earnings per share	293.82	284.00

Note 22

Managerial Remuneration

Key Management Personnel (KMPs) are those persons having authority and responsibility for planning, directing and Controlling the activities of the Company directly or indirectly including any director whether executive or otherwise.

Key management personnel of the company for the purpose of disclosure of compensation including the Chief Executive Officer as required by the Companies Act of the Kingdom of Bhutan, 2016, with details of transactions for the 2025 year are as under:

- Dasho Karma Younten - Chairman, OPM, His Majesty's Secretariate, Thimphu (from 15 April 2024);
- Mr.Wangchuk Dorji – Board Director, Vice Chairman, Tashi Group of Companies, Thimphu (15 April 2024;
- Mrs.Tashi Lhamo – Board Director, Thimphu (from 15 April 2024);
- Mr.Sherab Namgay – Board Director, Chief Executive Officer, BAIL, Thimphu (from 15 April 2024
- Mr. Phenphay R Drukpa – Board Director, Chief Executive Officer of the Company, Phuentsholing.

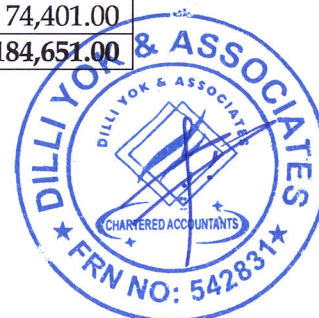
Particulars	2025 (Nu.)	2024 (Nu.)
Remuneration to Chief Executive Officer		
Salary and allowances	2,416,496.00	2,148,752.00
Other Benefits	209,556.00	375,000.00
Sitting Fees	45,000.00	25,000.00
Sitting fees to other board of directors of the company	180,000.00	100,000.00
Total	2,851,052.00	2,648,752.00

Note 23

Related Party Disclosures

The Company is a wholly owned Public Sector Undertaking (PSU) of DSP, HMS. No transaction has been made to the related part during 2025.

Note 24 : Audit Expenses		
Particulars	2025 (Nu.)	2024 (Nu.)
Statutory Audit Fee	129,000.00	110,250.00
Statutory and Other audits expenses	135,983.00	74,401.00
Total	264,983.00	184,651.00



Note 25: Other Information

- a. There is no contingent liability as at 31.12.2025.
- b. A service payment at 4% on gross monthly sales is made to Bonobo Plc for the online lottery software for three years from 14 December 2023 to 14 December 2026.
- c. The Company did not withhold winning tax on prizes distributed in Kind during the year, in accordance with the Department of Revenue and Customs letter no. DRC/TAX-TDS/CL-03/584 dated 7th October, 2025
- d. A provision of 579,751.75 is made for performance-Based Variable Pay (PBVP) for eligible employees, based on management approval and expected entitlement of 1 month basic pay. *(Refer Note 13 above) and;*
- e. Wherever the balance confirmation is not available from the parties, balances appearing in the books of accounts have been considered.



RATIO ANALYSIS

BHUTAN LOTTERY LIMITED
Phuentsholing: Bhutan

Ratio Analysis.				
Financial and Operational Ratio Analysis in respect of the Company are given in below:				
SL.No	Ratios	Basis	2025	2024
1	Earnings per share	(Profit After Tax/ No. of shares issued)	293.82:1	284.00:1
2	Net Profit Ratio (%)	(Net Profit/ Turnover * 100)	14%	15%
3	Operating Efficiency (%)	(Operating Expenses/Revenue*100)	80%	79%
4	Return on Equity (%)	(Net Profit/ Owner's Equity *100)	27%	36%
5	Current Ratio	Current Asset/ Current Liability	6.06:1	5.34:1



COMPLIANCE CALENDER

COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

CHECK LIST FOR COMPLIANCE OF PROVISION OF THE COMPANIES ACT OF BHUTAN, 2016						
NAME OF COMPANY: BHUTAN LOTTERY LIMITED						
REGISTERED NO. : U20151002PHU0491						
Sl. No	Ss.	INCORPORATION OF A COMPANY & SECURITIES	COMPLIANCE CHECKLIST			
			YES	NO	NA	REMARKS
1	28	Changes to Articles/ Approval		✓		There are no changes after to Articles during the period under audit.
2	47	Change of name/ Approval		✓		
3	123	Increase or consolidation of share capital		✓		
4	124	Reduction of share capital		✓		
5	82	License Copy and Share Certificate filing	✓			The Company has only one business activities bearing License No. R2003204 (issued on 28.07.2016) for Bhutan Lottery which was renewed on 24.07.2025
6	107	Public offer of shares & Debentures-ROE Approval			✓	
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			P.O. Box No. 51, Lower Market, Phuentsholing, 21011, 21101, 021102, Bhutan. PABX: 05-253089
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			Bhutan Lottery Limited
9	241	Financial Year of Companies as of 31st Dec.	✓			Yes, the company is following the same financial year, which ends on 31st Dec.
	242	Extension up to 15 months - ROC approval		✓		
	243	Extension up to 18 months - Authority's approval		✓		
	245	Financial Statements to follow BAS	✓			Yes, company is following the BAS while making the financial statements
10	267					



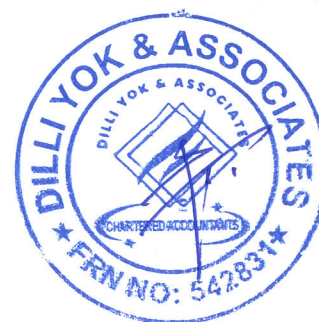
		Annual Return Submission (On/before 31st May for listed; others 31st July)				
11	177	Annual General Meeting (Minutes)	✓			AGM was held during the audited period for financial year 2024.
12	180	Extraordinary General Meeting (Minutes)		✓		During the period under audit no EGM was held
13	185	Notice for calling general meeting	✓			
	187	Listed Co. - written as well as in media Public Co/Private Co. - Written Notice	✓			
14	190	Chairman of meeting (CEO cannot chair)	✓			
15	192	Representation of corporations at meetings (appointed by Board Directors)		✓		
16	193	Ordinary and special resolutions (Minutes)	✓			
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	✓			A total of Five Board Meetings were held during the year as under: i. 45 th Board Meeting held on 02/01/2025 ii. 46 th Board Meeting held on 20/03/2025 iii. 47 th Board Meeting held on 24/03/2025 iv. 48 th Board Meeting held on 28/05/2025 v. 49 th Board Meeting held on 02/12/2025
18	199	Declaration and payment of dividend (199-209)		✓		During the period under audit no dividend was declared.
19	232	Books of account to be kept by company (location & time period)	✓			Books of Accounts of the Company is maintained at its Head Office in P.O Box No.52, Jorden Lam, and Phuentsholing.
20		Board's report (signed by Chairman)	✓			
21	252	Appointment and removal of Auditors, re-appointment annually (251-259)	✓			



22	260	Resignation of Auditors from office (Annual Resignation)		✓		
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			
24	133	Number of directors (Minimum No. & retirement on rotation)	✓			
25	139	Additional directors			✓	
26	140	Consent to act as directors			✓	
27	141	Certain person not to be appointed as Directors			✓	
28	142	Resignation by a director		✓		<i>None of the directors resigned during the period under audit</i>
29	143	Removal of directors		✓		<i>None of the Director removed during the period under audit</i>
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	✓			<i>Refer SI.NO. 195</i>
31	152	General powers of the board	✓			
32	156	Restriction on powers of Board	✓			
33	210	Appointment of Chief Executive Officer (Max 5 years terms& 2 consecutive terms only)	✓			
34	414	Appointment of selling or buying agents (govt. Approval obtained or not)	✓			
35	157	No loans to directors (only for Public Co.)			✓	
36	53	Inter-corporate investments (investments to be disclosed) apply old rule		✓		
37	158	Contracts in which directors are interested		✓		<i>There were no contracts in which director were interested.</i>



38		Companies to have secretaries	✓			
39	161	Standard of care required by directors	✓			
CHECK LIST FOR COMPLIANCE OF PROVISION OF THE COMPANIES ACT OF BHUTAN, 2016						
		STATUTORY RECORD AND INSPECTION	YES	NO	NA	REMARKS
40	228	Statutory record and inspection				
41	(a)	Register of buy-back of shares		✓		Since no buy back of shares were under taken during the year
42	(b)	Register of transfers		✓		
43	(c)	Register of charges		✓		
	(d)	Register of inter-corporate loans		✓		
44	(e)	Register of inter-corporate investments		✓		
45	(f)	Register of contracts in which directors are interested		✓		
46	(g)	Register of directors		✓		
47	(h)	Register of directors' shareholding		✓		



PRIOR YEAR AUDIT FOLLOW UP REPORT

Follow up report on Previous Years' Management ReportsSummary of Follow-up Reports

Accounting year	Total No. of recommendations provided	No. of recommendations implemented	No. of recommendations partially implemented	Balance recommendation to be implemented
2024	0	0	0	0

There was no Audit observation for the previous years.

