

Interim Financial Report

As of Ashad End, 2082 (16th July, 2025)

Unaudited



Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

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Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

Condensed Statement of Financial Position
As on Quarter Ended 16th July 2025 (Ashad End 2082)

Fig in NPR.

Particulars	Unaudited	Audited
	At the End of this Quarter	At the End of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	1,271,114	1,434,190
Property and Equipment	17,166,905	19,591,223
Investment Properties	-	-
Deferred Tax Assets	3,239,340	3,239,340
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	894,751,295	520,700,000
Loans	-	-
Reinsurance Assets	-	-
Current Tax Assets	8,421,822	2,896,324
Insurance Receivables	124,235,991	-
Other Assets	638,679	857,611
Other Financial Assets	7,490,038	1,969,750
Cash and Cash Equivalent	18,593,369	14,120,093
Total Assets	1,075,808,553	564,808,531
Equity:		
Share Capital	750,000,000	525,000,000
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Catastrophe Reserves	6,211,024	192,728
Retained Earnings	48,157,740	573,919
Other Equity	3,583,941	3,248,611
Total Equity	807,952,705	529,015,258
Liabilities:		
Provisions	4,358,923	853,071
Gross Insurance Contract Liabilities	223,664,567	23,405,986
Deferred Tax Liabilities	-	-
Insurance Payable	15,242,759	1,080,648
Current Tax Liabilities	-	-
Borrowings	-	-
Other Liabilities	12,355,213	5,268,821
Other Financial Liabilities	12,234,386	5,184,747
Total Liabilities	267,855,848	35,793,273
Total Equity and Liabilities	1,075,808,553	564,808,531

Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

Condensed Statement of Profit or Loss
For the Quarter Ended 16th July 2025 (Ashad End, 2082)

Fig in NPR.

Particulars	Unaudited		Audited	
	Current Year		Corresponding Previous Year	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Income:				
Gross Earned Premiums	251,384,685	458,183,965	21,741,238	42,222,900
Premiums Ceded	46,603,621	58,584,798	2,615,582	5,230,497
Net Earned Premiums	204,781,064	399,599,167	19,125,656	36,992,403
Commission Income	-	-	777,593	777,593
Other Direct Income	21,662	30,691	-	-
Interest Income on Loan to Policyholders	-	-	-	-
Income from Investments and Loans	14,996,082	54,971,175	12,531,156	48,884,256
Net Gain/(Loss) on Fair Value Changes	(4,221,037)	(9,718,762)	-	-
Net Realised Gains/(Losses)	-	25,882,912	-	-
Other Income	-	-	-	-
Total Income	215,577,771	470,765,183	32,434,405	86,654,252
Expenses:				
Gross Benefits and Claims Paid	53,974,382	102,770,375	1,882,480	2,682,480
Claims Ceded	18,696,881	35,236,096	841,198	1,314,398
Gross Change in Contract Liabilities	97,140,507	200,258,581	13,267,181	23,265,418
Change in Contract Liabilities Ceded to RI	-	-	-	-
Net Benefits and Claims Paid	132,418,008	267,792,860	14,308,463	24,633,500
Commission Expenses	11,508,257	32,590,157	2,450,053	4,319,154
Service Fees	1,023,905	1,998,006	95,608	184,960
Other Direct expenses	20,817	65,209	7,705	15,998
Employee Benefits Expenses	17,305,096	54,313,058	10,074,389	37,949,032
Depreciation and Amortization Expenses	1,826,138	8,182,055	1,866,999	5,566,558
Impairment Losses	-	-	-	-
Other Operating Expenses	18,564,342	44,459,368	5,373,856	14,657,327
Finance Cost	157,818	1,181,505	99,828	469,082
Total Expenses	182,824,381	410,582,218	34,276,901	87,795,611
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	32,753,390	60,182,965	(1,842,496)	(1,141,359)
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	32,753,390	60,182,965	(1,842,496)	(1,141,359)
Income Tax Expense	-	-	-	3,371,066
Net Profit/(Loss) For The Year	32,753,390	60,182,965	(1,842,496)	2,229,707
Earning Per Share				
Basic EPS		8.02		0.42
Diluted EPS		8.02		0.42

Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

Condensed Statement of Other Comprehensive Income
For the Quarter Ended 16th July 2025 (Ashad End, 2082)

Fig in NPR.

Particulars	Unaudited		Audited	
	Current Year		Corresponding Previous Year	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Net Profit/(Loss) For The Year	32,753,390	60,182,965	(1,842,496)	2,229,707
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	32,753,390	60,182,965	(1,842,496)	2,229,707

Other Details

Particulars	Current Year	Previous Year
	Up to this Quarter (YTD)	Up to this Quarter (YTD)
1. Total Inforce Policy count	932,132	30,749
2. Total Number of Policy issued during the Period	601,106	19,414
3. First Year Premium (including Single Premium)	450,798,508	42,222,900
4. Single Premium	191,068,757	14,664,938
5. Renewal Premium	7,385,457	-
6. Total Benefits and Claims Paid in Count	1,099	25
7. Outstanding Benefits and Claims in Count	-	-
8. Gross Claim Outstanding (Amount)	-	-
9. Declared Bonus Rate (Guaranteed Addition)	25-50	40-50
10. Interim Bonus Rate	-	-
11. Long Term Investments (Amount)	167,088,000	455,000,000
12. Short Term Investments (Amount)	727,663,295	65,700,000
13. Policyholders Loan	-	-
14. Investment in Cost Value	904,470,057	520,700,000
15. Life Insurance Fund (Amount)	214,917,681	23,405,986
16. Unearned Premium Reserve for Term Policies (Amount)	114,423,859	15,702,339
17. Solvency Margin Ratio	1.97	1.97

Notes:

1. The Figures presented above are subject to change as a result of Audit Findings & Actuarial Valuation Report, as well as instructions from NIA. Additionally, the impact of Deferred Tax Calculation has not been incorporated.
2. The Financial Statements comply with the Nepal Financial Reporting Standard (NFRS) and adhere to the reporting format specified by the NIA.
3. During this Quarter, the Company has received calculation of its allocated share of FE Insurance Business from the Pool Manager, which has been recognized for the first time in above report.
4. Condensed Financial Report is published in Aarthik Abhiyan National Daily dated 2082/04/29.
5. The Interim Financial Report is also available in the Company's website www.gmli.com.np

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

- Solvency Ratio Related Disclosures:** As per the latest Actuarial Valuation Report (Fiscal Year 2080/081), the company's Solvency Ratio stands at 1.97
- Reinsurance Related Disclosures:** The Reinsurance arrangements have been exclusively made with Domestic Reinsurers namely, Himalayan Reinsurance Ltd. and Nepal Reinsurance Co. Ltd. in compliance with Reinsurance Directives 2080.
- Details Related to Legal Proceeding:** No material lawsuits have been filed by or against the Company, its Promoters, or Directors for violations of prevailing laws, criminal offenses, or financial crimes etc.
- Corporate Governance:** The Company maintains a dedicated Legal/Compliance Department to ensure ongoing oversight of governance matters. The Board of Directors (BOD), Audit Committee, and Management are firmly committed to upholding strong corporate governance practices. Furthermore, the Company has complied with Corporate Governance Directives, 2080.
- Regulatory Limit on Expenses Ratio:** The Expenses ratio of Company complies with the Regulatory Limit set by the Nepal Insurance Authority.
- Any other Disclosure:** The Company has fully complied with all applicable laws and regulatory directives. The Share issued to the general public were listed & commenced trading on NEPSE starting from 27th Magh, 2081.

Disclosure as required by Rule 26 (1) of Annexure 14 of Securities Listing and Issue Directives, 2073:

- Financial Statement:** The Financial Statement has been prepared & published in compliance with NFRS standards, and adhere to the reporting format specified by the NIA.

2. Major Financial Indicators:

Earnings per Share (Annualised)	8.02
Price Earning (PE Ratio)	273.45
Net Worth Per Share	107.30
Assets Per Share	143.44

- Management Analysis:** Management Analysis of the Company is summarized as below:

Particulars	Q4 - FY 2081/082	Q4 - FY 2080/081
Total Premium (Rs)	458,183,965	42,222,900
Life Insurance Fund (Rs)	214,917,681	23,405,986
Net Profit (Rs)	60,182,965	2,229,707
Total Investments (Rs)	894,751,295	520,700,000

- Legal Proceeding:** There are no any Legal Proceeding against the company & by the company till this reporting period.

5. **Details Related to Share Transaction:** The Shares of the company is listed & actively traded in Nepal Stock Exchange Limited detailed as below:

Maximum Rate	2,648.22
Minimum Rate	2,119.31
Closing Price	2,194.29
No. of Transactions	25,804
No. of Transaction Days	63 Days

6. **Problems & Challenges:** The Global Economic Crisis has slowed national economic activity, impacting low growth in the micro life insurance sector. Additional hurdles include low public awareness of insurance, high inflation, and ongoing economic uncertainties etc.
7. **Corporate Good Governance:** The Company upholds Strong Corporate Governance through a robust Internal Control System, overseen by dedicated committees & sub-committees. It ensures full compliance with all the regulatory circulars and directives issued by governing authorities.
8. **Declaration by CEO:** I hereby confirm that the data & information presented in the report are accurate, complete and fairly presented to the best of our knowledge. No any information has been omitted or misrepresented in a manner that could influence the investors decision.

Statement of Changes in Equity
For the Year Ended 31st Ashad 2081 (FY 2080/081)

Fig in NPR.

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2080	525,000,000	-	-	-	1,583,553	-	-	192,728	19,271	-	-	-	-	-	526,795,553
Prior period adjustment															
Restated Balance as at Shrawan 1, 2080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) For the Year					2,229,707										2,229,707
Other Comprehensive Income for the Year, Net of Tax															-
i) Changes in Fair Value of FVOCI Debt Instruments															-
ii) Gains/ (Losses) on Cash Flow Hedge															-
iii) Exchange differences on translation of Foreign Operation															-
iv) Changes in fair value of FVOCI Equity Instruments															-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets															-
vi) Re-measurement of Post-Employment Benefit Obligations															-
Transfer to Reserves/ Funds									(10,000)						(10,000)
Transfer to Deferred Tax Reserves					(3,239,340)								3,239,340		-
Transfer of Depreciation on Revaluation of Property and Equipment															-
Transfer on Disposal of Revalued Property and Equipment															-
Transfer on Disposal of Equity Instruments Measured at FVTOCI															-
Transfer to Insurance Contract Liabilities															
Share Issuance Costs															-
Contribution by/ Distribution to the owners of the Company															-
i) Bonus Share Issued															-
ii) Share Issue	-														-
iii) Cash Dividend															-
iv) Dividend Distribution Tax															-
v) Others (To be specified)															-
Balance as on Ashadh End, 2081	525,000,000		-	-	573,920		-	192,728	9,271	-	-	-	3,239,340	-	529,015,259
Prior period adjustment															-
Restated Balance as at Shrawan 1, 2081	525,000,000	-	-	-	573,920		-	192,728	9,271		-	-	3,239,340	-	529,015,259

Statement of Changes in Equity
For the Quarter Ended 16th July 2025 (Ashad End, 2082)

Fig in NPR.

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Restated Balance as at Shrawan 1, 2081	525,000,000.00	-	-	-	573,920	-	-	192,728	9,271	-	-	-	3,239,340	-	529,015,259
Profit/(Loss) For the Year					60,182,966										60,182,966
Other Comprehensive Income for the Year, Net of Tax															-
i) Changes in Fair Value of FVOCI Debt Instruments															-
ii) Gains/ (Losses) on Cash Flow Hedge															-
iii) Exchange differences on translation of Foreign Operation															-
iv) Changes in fair value of FVOCI Equity Instruments															-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets															-
vi) Re-measurement of Post-Employment Benefit Obligations															-
Transfer to Reserves/ Funds					(6,018,297)			6,018,297	(266,500)						(266,500)
Transfer to Deferred Tax Reserves					-								-		-
Transfer of Depreciation on Revaluation of Property and Equipment															-
Transfer on Disposal of Revalued Property and Equipment															-
Transfer on Disposal of Equity Instruments Measured at FVTOCI															-
Transfer to Insurance Contract Liabilities					-										-
Share Issuance Costs (IPO Related Cost)					(5,979,019)										(5,979,019)
Contribution by/ Distribution to the owners of the Company															-
i) Bonus Share Issued															-
ii) Share Issue (Pending Allotment – FE, MF & Staffs)	225,000,000		-												225,000,000
iii) Cash Dividend															-
iv) Dividend Distribution Tax															-
v) Others (To be specified)					(601,830)				601,830						-
Balance as on Ashad End, 2082	750,000,000.00	-	-	-	48,157,740	-	-	6,211,024	344,600	-	-	-	3,239,340	-	807,952,705

Statement of Cash Flows
For the Quarter Ended 16th July 2025 (Ashad End, 2082)

Fig in NPR.

Particulars	Unaudited	Audited
	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received	-	
Gross Premium Received	458,183,965	42,222,900
Commission Received	-	-
Claim Recovery Received from Reinsurers	35,236,096	1,314,398
Realized Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	30,691	-
Others (to be specified)	-	-
Cash Paid		
Gross Benefits and Claims Paid	(102,770,375)	(2,682,480)
Reinsurance Premium Paid	(168,658,679)	(3,535,407)
Commission Paid	(32,138,814)	(3,176,264)
Service Fees Paid	(1,245,121)	(706)
Employee Benefits Expenses Paid	(45,622,486)	(36,709,108)
Other Expenses Paid	(46,631,847)	(17,078,307)
Others (to be specified)	(266,500)	(10,002)
Income Tax Paid	-	-
Net Cash Flow From Operating Activities [1]	96,116,931	(1,9654,976)
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(226,000)	(678,000)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(1,544,988)	(5,300,204)
Proceeds From Sale of Property and Equipment	-	-
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(294,963,343)	-
Proceeds from Sale of Equity Instruments	172,581,286	-
Purchase of Mutual Funds	(2,500,000)	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(12,088,000)	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(312,500,000)	(65,700,000)
Maturity of Deposits	65,700,000	50,000,000
Loans Paid	-	-

Proceeds from Loans	-	-
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest & Other Income Received	74,876,409	44,581,560
Dividend Received	-	-
Others (to be specified)	-	-
Total Cash Flow From Investing Activities [2]	(310,664,636)	22,903,356
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital (IPO)	225,000,000	-
Share Issuance Cost Paid	(5,979,019)	-
Dividend Paid	-	-
Dividend Distribution Tax Paid	-	-
Others (to be specified)	-	-
Total Cash Flow From Financing Activities [3]	219,020,981	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	4,473,275	3,248,380
Cash & Cash Equivalents At Beginning of The Year/Period	14,120,093	10,871,713
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	18,593,368	14,120,093
Components of Cash & Cash Equivalents		
Cash In Hand	-	-
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity up to 3 months)	-	-
Balance With Banks	18,593,368	14,120,093

Statement of Distributable Profit or Loss
For the Quarter Ended 16th July 2025 (Ashad End, 2082)

Fig in NPR.

Particulars	Unaudited	Audited
	Current Year	Previous Year
Opening Balance in Retained Earnings	573,920	1,583,553
Transfer from OCI reserves to retained earning in current year	-	-
Net profit or (loss) as per statement of profit or loss	60,182,966	2,229,707
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Catastrophe Reserve	(6,018,297)	-
iii) Transfer to Capital Reserve	-	-
iv) Transfer to CSR reserve	(601,830)	-
v) Transfer to/from Regulatory Reserve	-	-
vi) Transfer to Fair Value Reserve	-	-
vii) Transfer of Deferred Tax Reserve	-	(3,239,340)
viii) Transfer to OCI reserves due to change in classification	-	-
ix) Others (to be Specified)	-	-
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL		
a) Equity Instruments	-	-
b) Mutual Fund	-	-
c) Others (if any)	-	-
ii) Accumulated Fair Value gain on Investment Properties	-	-
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	-	-
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	-	-
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	-	-
vi) Goodwill Recognized	-	-
vii) Unrealized Gain on fluctuation of Foreign Exchange Currency	-	-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	-	-
ix) Overdue loans	-	-
x) Fair value gain recognized in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares as per sec 16 of Financial Directive	-	-
xii) Delisted share investment or mutual fund investment	-	-
xiii) Bonus share/dividend paid	-	-
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Others (IPO Related Cost)	(5,979,019)	-
Adjusted Retained Earning	48,157,740	573,920
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	-	-
Add/Less: Others (to be specified)	-	-
Total Distributable Profit/(loss)	48,157,740	573,920

Notes to the Interim Financial Statements

1. General Information

Guardian Micro Life Insurance Limited (herein after referred to as the 'Company') is a public limited company, incorporated on 26th December 2022 and operated as Micro Life Insurance Company after obtaining license on 10th April 2023 under the Insurance Act 2079.

The registered office of the Company is located at Biratnagar Municipality, Munalpath Morang, Nepal. The Company's shares are not listed yet on any stock exchanges. The principal activities of the Company are to provide various Micro life insurance products & services with digital platform through its province offices, branches, sub-branches, extension counters and network of agents.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

i. Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (NASB) and in compliance with the requirements of the Companies Act 2063, directives issued by Nepal Insurance Authority and other applicable required disclosures. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

The Financial Statements have been prepared on a Going Concern Basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

ii. Reporting Period and approval of financial statements

The Company current reporting period is from 1st Shrawan, 2081 to 32nd Ashad, 2082 and Quarterly Financial Statement prepared for this period is Un-Audited.

iii. Basis of Measurement

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

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

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

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

iv. Use of Estimates, Judgements and Assumptions

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the Financial Statements.

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

- Fair value of financial instruments
- Classification of financial ASSETS and financial Liabilities
- Impairment losses on financial ASSETS and non- financial ASSETS
- Useful economic life of Property and Equipment
- Taxation and Deferred Tax
- Defined Benefit Obligations
- Provisions for Liabilities, Commitments and Contingencies

3. Significant Accounting Policies

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

A. Goodwill and Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred. Additional expenditures on intangible assets are capitalized only if they enhance future economic benefits embodied in the specific assets to which it relates, while all other expenses are recognized immediately.

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

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

List of Assets Categories	Useful Life (In Years) for SLM
Software	5 Years
Licenses	License Period

However, Company has not acquired any License till the end of reporting period.

B. Property and Equipment (P&E)

Freehold land is carried at historical cost and other items of property, plant and equipment (PPE) are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be reliably measured. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. The company applies NAS 16 "Property, Plant and Equipment" in the accounting of Property & Equipment including Right of Use Assets.

Repairs and Maintenance Expenses are charged to profit or loss during the reporting period in which they are incurred. Accumulated depreciation at the revaluation date is eliminated against the Gross Carrying Amount, and the Net Amount is restated to the Revalued Amount. Upon disposal, the Revaluation Reserve related to the Sale of Assets is transferred to Retained Earnings, and the difference between Depreciation on Revalued Carrying Amount of Assets and Depreciation based on Assets Original Cost is also transferred to Retained Earnings.

i) Depreciation

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

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

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

List of Assets Categories	Useful Life (In Years) for SLM	Residual Value
Land	Not Applicable	N/A
Buildings	20 Years	Rs. 1
Leasehold Improvement	5 Years or Actual Lease Period	Rs. 1
Furniture & Fixture	4 Years	Rs. 1
Computers and IT Equipment	4 Years	Rs. 1
Office Equipment	4 Years	Rs. 1
Vehicles	5 Years	Rs. 1
Other Assets	4 Years	Rs. 1

Company however does not have any Land & Building as on reporting date.

ii) De-Recognition of Assets

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

C. Investment Properties

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

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

Investment properties are derecognized upon disposal or when permanently withdrawn from use with no future economic benefits. Any gains or losses on the retirement or disposals are recognized in the statement of profit or loss in the year of retirement or disposal.

Company does not hold any Investment Properties as on reporting date.

D. Deferred Tax Assets and Liabilities

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

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

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

E. Financial Assets

Financial Assets are recognized when the Company becomes a party to the contractual provisions, and their classification is determined at initial recognition. When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

Financial assets are measured based on their category: Assets carried at **Amortized Cost (AC)** if held within a business model whose objective is achieved is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, Interest income in these financial assets is measured using effective interest rate method, Assets at **Fair Value through Other Comprehensive Income (FVTOCI)** if held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income, and Assets at **Fair Value through profit or loss (FVTPL)** if is not classified in the above categories.

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

F. Reinsurance Assets

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

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

G. Current Tax Assets

Current Tax Assets indicates the Income Tax that a company has overpaid or prepaid for a specific reporting period, and these funds are either to be refunded or used to offset future tax obligations. This is the amount that has been paid more in Tax than its actual liability for the period, or when Tax have been deducted at source (TDS) on the company's income like Interest earned on Investment of Fixed Deposit, Call Deposit and Payment of Instalment Tax etc.

H. Cash & Cash Equivalent

Cash & Cash Equivalents includes Cash in Hand, Cheque in Hand, Bank Balances and Short Term Deposits having maturity period of three months or less.

I. Financial Liabilities

Financial Liabilities are recognized when the Company becomes a party to the contractual provisions, and their classification is determined at initial recognition. All Financial Liabilities are initially recognized at Fair Value and in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

Financial Liabilities are measured at amortized cost using the Effective Interest Method. For trade & other payables maturing within one year from the date of SOFP, the carrying amounts approximate fair value due to their short maturity.

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

J. Reserves and Funds:

- i) **Share Application Money Pending Allotment:** These fund arises if the company has issued Share and part of such Shares are not fully Paid-Up or Shareholders who have applied for Share is yet to be allotted.
- ii) **Share Premium:** If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to Share Premium Account. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.
- iii) **Catastrophe Reserve:** The Company has allocated catastrophe reserve for the amount which is 10% of the Net Profit for the period as per Regulator's Directive.
- iv) **Fair Value Reserve:** The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.
- v) **Actuarial Reserves:** Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.
- vi) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal or earlier revaluation losses charged to profit or loss.
- vii) **Corporate Social Responsibility Reserves:** The Company has allocated CSR reserve for the amount which is 1% of the Net Profit for the period as per Regulator's Directive.
- viii) **Other Reserves:** Deferred Tax Reserve equal to the amount of Deferred Tax Assets is created as per the financial directives issued by Nepal Insurance Authority.

K. Gross Insurance Contract Liabilities

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

In the Condensed Financial Statements, the calculation of the Gross Insurance Contract Liabilities has been presented in accordance with Clause Number 5, Point 2 & 3 of the circular issued by the Nepal Insurance Authority related to Quarterly Financial Statement.

L. Employee Benefits

Employee benefits comprises various forms of compensation provided by the company for services rendered by its employees. The company's benefits package includes short-term and long-term benefits, such as Salary, Allowances, SSF Contribution, Paid & Accumulated Leave, Annual Statutory Bonus etc.

The company follows the Accounting Standard NAS 19 – 'Employee Benefits' for recording of all employee benefits and reports the following in its financial statements:

- (i) Recognition of a Liability when an Employee has provided services in exchange for employee benefits to be paid in the future.
- (ii) Recognition of an Expense when the Group consumes the economic benefit arising from services provided by an employee in exchange for Employee Benefits.

M. Revenue Recognition:

i) Gross Premium

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

ii) Unearned Premium Reserves

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

iii) Premiums on Reinsurance Accepted

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

iv) Commission Income

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

v) Investment Income

Interest income is recognized in the Statement of Profit or Loss as it accrues and is calculated by using the EIR method. Fees and Commission that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

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

vi) Net realized gains and losses

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

N. Benefit, Claims and Expenses:

i) Gross Benefits and Claims

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

ii) Reinsurance Claims

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

iii) Commission Expenses

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

iv) Service Fees

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

v) Finance Cost

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

O. Product Classification

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

The Company may have following portfolios under which it may operates its business:

- (a) Endowment
- (b) Anticipated
- (c) Endowment Cum Whole Life
- (d) Whole Life
- (e) Foreign Employment Term
- (f) Other (Micro) Term
- (g) Special Term

The company has issued only Term & Endowment (Non-Par) Policies till this reporting period.

P. Cash Flow Statement

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

Q. Leases

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 10%.

After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment. The lease assets having the lease liability of equal to or less than 30 Lakh Present Value at inception has been considered as low value and for those lease the expenses has been recognized under Straight Line Basis.

R. Income Tax

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

i) Current Tax

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

ii) Deferred Tax

Deferred Tax is recognized on temporary difference between the carrying amounts of Assets and Liabilities in the Statement of Financial Position and their Tax Base. Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

S. Provisions, Contingent Liabilities & Contingent Assets:

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

Provisions:

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

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

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

i) Contingent Liabilities

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

ii) Contingent Assets

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

T. Earnings Per Share

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

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

U. Operating Segment

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

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

V. Leased Assets

The Company has made the use of leasing arrangements principally for the provision of the office spaces. The rental contracts for the offices are typically negotiated for terms of between 3 Years and above and some of these have extension terms. The Company has not entered into sale and leaseback arrangements. All the leases are negotiated on an individual basis. The Company has assessed whether a contract is or contains a lease at inception of the company. The lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified assets for a period of time in exchange for consideration.

At lease commencement date, the company has recognized a Right-Of-Use Lease Asset and a Lease Liability in its Statement of Financial Position. The right of use assets is measured at cost. Which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company has depreciated the Right of Use Asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The company has also assessed the right of use asset for impairment when such indicator exists.

At the commencement date, the company has measured the Lease Liability at the Present Value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate of 10% because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

W. Related Party Disclosures

Holding Company: Not Applicable

Subsidiaries: Not Applicable

Associates: Not Applicable

Fellow Subsidiaries: Not Applicable

Key Management Personnel:

Name	Relationship
Udeep Shrestha	Chairman
CA Trishila Jhunjunwala	Director
Udaya Narayan Bhattarai	Director
Dr. Jay Prakash Jaiswal	Director
Pramod Prasad Bhattarai	Independent Director
Jyoti Agrawal	Public Director
Shashtika Shrestha	Public Director
Chirayu Bhandari	Chief Executive Officer

There are no related party transactions with these personnel apart from employee benefits of CEO.

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

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

Business Segments of the Company for the period are: Micro Term (Individual + Group), Endowment (Non-Par) & Foreign Employment Term.

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

Particulars	Micro Term (Individual)	Endowment (Non-Par)	Micro Term (Group)	Whole Life	Foreign Employment Term	Anticipated Endowment	Endowment Cum Whole Life	Inter Segment Elimination	Total
Income:									
Gross Earned Premiums	4,096,057	46,414,900	265,230,958	-	142,442,050	-	-	-	458,183,965
Premiums Ceded	(623,850)	(157,374)	(17,338,607)	-	(40,464,967)	-	-	-	(58,584,798)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-
Net Earned Premiums	3,472,207	46,257,526	247,892,351	-	101,977,083	-	-	-	399,599,167
Commission Income	-	-	-	-	-	-	-	-	-
Other Direct Income	-	30,691	-	-	-	-	-	-	30,691
Interest Income on Loan to Policyholders	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	415,664	3,982,343	14,344,420	-	-	-	-	-	18,742,427
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-
Net Realized Gains/ (Losses)	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
Total Segmental Income	3,887,871	50,270,560	262,236,771	-	101,977,083	-	-	-	418,372,285
Expenses:									
Gross Benefits and Claims Paid	1,661,840	551,768	91,151,733	-	9,405,034	-	-	-	102,770,375
Claims Ceded	(870,135)	(403,528)	(30,200,420)	-	(3,762,014)	-	-	-	(35,236,097)
Gross Change in Contract Liabilities	1,568,563	32,490,002	102,294,500	-	63,905,517	-	-	-	200,258,582
Change in Contract Legalities Ceded to Reinsurers	-	-	-	-	-	-	-	-	-
Net Benefits and Claims Paid	2,360,267	32,638,242	163,245,813	-	69,548,537	-	-	-	267,792,859
Commission Expenses	390,185	5,676,877	26,523,096	-	-	-	-	-	32,590,157
Service Fees	17,361	231,298	1,239,462	-	509,885	-	-	-	1,998,006
Other Direct Expenses	15,625	25,537	24,046	-	-	-	-	-	65,209
Employee Benefits Expenses	435,739	4,790,000	28,067,404	-	-	-	-	-	33,293,142
Depreciation and Amortization Expenses	74,859	822,912	4,821,920	-	-	-	-	-	5,719,690
Impairment Losses	-	-	-	-	-	-	-	-	-
Other Operating Expenses	394,115	4,332,440	25,386,296	-	1,382,733	-	-	-	31,495,585
Finance Cost	10,810	118,830	696,295	-	-	-	-	-	825,935
Total Segmental Expenses	3,698,961	48,636,135	250,004,332	-	71,441,155	-	-	-	373,780,583
Total Segmental Results	188,910	1,634,425	12,232,439	-	30,535,928	-	-	-	44,591,701
Segment Assets	1,110,641	12,585,340	71,917,032	-	38,622,978	-	-	-	124,235,991
Segment Liabilities	2,135,775	24,201,763	138,297,329	-	74,272,458	-	-	-	238,907,325

Reconciliation of Segmental Profit with Statement of Profit or Loss:

Particulars	Current Year (Rs)
Segmental Profit	44,591,701
Less: Employee Benefits expenses	(21,019,916)
Less: Depreciation and Amortization	(2,462,365)
Less: Other operating expenses	(12,963,783)
Less: Impairment losses	-
Less: Finance Cost	(355,570)
Add: Un-allocable Other Income	52,392,898
Profit Before Tax	60,182,965

Reconciliation of Assets:

Particulars	Current Year (Rs)
Segment Assets	124,235,991
Goodwill & Intangible Assets	1,271,114
Property and Equipment	17,166,905
Investment Properties	-
Deferred Tax Assets	3,239,340
Investment in Subsidiaries	-
Investment in Associates	-
Investments	894,751,295
Loans	-
Current Tax Assets	8,421,822
Other Assets	638,679
Other Financial Assets	7,490,038
Cash and Cash Equivalents	18,593,368
Total Assets	1,075,808,552

Reconciliation of Liabilities:

Particulars	Current Year (Rs)
Segment Liabilities	238,907,325
Provisions	4,358,923
Deferred Tax Liabilities	-
Current Tax Liabilities	-
Other Financial Liabilities	12,234,386
Other Liabilities	12,355,213
Total Liabilities	267,855,847

****Thank You****