

Interim Financial Report

As of Quarter Ended 16th July 2026 (Ashad End, 2083)

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 2026 (Ashad End 2083)

Fig in NPR.

Particulars	Unaudited	Audited
	At the End of this Quarter	At the End of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	1,177,448	1,271,114
Property and Equipment	16,017,815	17,159,905
Investment Properties	-	-
Deferred Tax Assets	20,074,848	20,074,848
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	971,903,077	894,751,295
Loans	-	-
Reinsurance Assets	-	-
Current Tax Assets	15,037,132	8,421,822
Insurance Receivables	50,949,112	108,364,689
Other Assets	615,110	664,105
Other Financial Assets	7,960,482	7,421,931
Cash and Cash Equivalent	237,764,801	18,661,475
Total Assets	1,321,499,825	1,076,791,184
Equity:		
Share Capital	750,000,000	750,000,000
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Catastrophe Reserves	4,191,896	2,585,041
Retained Earnings	30,187,501	15,886,490
Other Equity	20,235,533	20,074,848
Total Equity	804,614,930	788,546,379
Liabilities:		
Provisions	6,687,829	4,445,627
Gross Insurance Contract Liabilities	449,180,282	263,586,769
Deferred Tax Liabilities	-	-
Insurance Payable	14,928,694	-
Current Tax Liabilities	-	-
Borrowings	-	-
Other Liabilities	30,116,438	12,360,443
Other Financial Liabilities	15,971,652	7,851,966
Total Liabilities	516,884,895	288,244,805
Total Equity and Liabilities	1,321,499,825	1,076,791,184

Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

Condensed Statement of Profit or Loss
For the Quarter Ended 16th July 2026 (Ashad End, 2083)

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	163,149,696	584,361,911	251,384,685	458,183,965
Premiums Ceded	25,793,369	90,928,660	46,514,569	58,495,746
Net Earned Premiums	137,356,327	493,433,251	204,870,116	399,688,219
Commission Income	-	-	-	-
Other Direct Income	70,472	161,115	21,662	30,691
Interest Income on Loan to Policyholders	-	-	-	-
Income from Investments and Loans	14,187,089	66,787,928	14,996,082	54,971,175
Net Gain/(Loss) on Fair Value Changes	(8,179,500)	(17,910,529)	(4,221,037)	(9,718,762)
Net Realised Gains/(Losses)	-	32,242,329	-	25,882,912
Other Income	-	-	-	-
Total Income	143,434,388	574,714,094	215,666,823	470,854,235
Expenses:				
Gross Benefits and Claims Paid	93,875,557	314,312,377	53,974,382	102,770,375
Claims Ceded	32,538,811	100,387,683	17,979,732	34,518,948
Gross Change in Contract Liabilities	33,844,656	185,593,513	137,062,709	240,180,783
Change in Contract Liabilities Ceded to RI	-	-	-	-
Net Benefits and Claims Paid	95,181,402	399,518,207	173,057,359	308,432,210
Commission Expenses	12,565,099	44,048,139	11,515,238	32,597,139
Service Fees	686,885	2,467,166	1,024,350	1,998,451
Other Direct expenses	23,178	85,959	20,817	65,209
Employee Benefits Expenses	13,012,037	54,548,973	13,605,819	50,613,781
Depreciation and Amortization Expenses	1,853,117	6,976,062	1,833,138	8,189,055
Impairment Losses	-	-	-	-
Other Operating Expenses	18,361,018	48,703,413	17,958,724	43,853,750
Finance Cost	266,998	2,297,623	157,818	1,181,505
Total Expenses	141,949,734	558,645,542	219,173,263	446,931,100
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	1,484,654	16,068,552	(3,506,440)	23,923,135
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	1,484,654	16,068,552	(3,506,440)	23,923,135
Income Tax Expense	-	-	-	-
Net Profit/(Loss) For The Year	1,484,654	16,068,552	(3,506,440)	23,923,135
Earnings Per Share				
Basic EPS		2.14		3.19
Diluted EPS		2.14		3.19

Guardian Micro Life Insurance Limited
Munalpath, Biratnagar Morang

Condensed Statement of Other Comprehensive Income
For the Quarter Ended 16th July 2026 (Ashad End, 2083)

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	1,484,654	16,068,552	(3,506,440)	23,923,135
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,484,654	16,068,552	(3,506,440)	23,923,135

Other Details

Particulars	Current Year	Previous Year
	Up to this Quarter (YTD)	Up to this Quarter (YTD)
1. Total Inforce Policy Count (excluding FE)	1,511,325	932,132
2. Total Number of Policy issued during the Period	1,463,464	601,106
3. First Year Premium (including Single Premium & FE Pool)	557,905,168	450,798,508
4. Single Premium (excluding FE)	216,581,352	191,068,757
5. Renewal Premium	26,456,743	7,385,457
6. Total Benefits and Claims Paid in Count (excluding FE)	2,973	1,099
7. Outstanding Benefits and Claims in Count	-	-
8. Gross Claim Outstanding (Amount)	-	-
9. Declared Bonus Rate (Guaranteed Addition)	25-50	25-50
10. Interim Bonus Rate	-	-
11. Long Term Investments (Amount)	320,893,077	167,088,000
12. Short Term Investments (Amount)	651,010,000	727,663,295
13. Policyholders Loan	-	-
14. Investment in Cost Value	990,048,606	904,470,057
15. Life Insurance Fund (Amount)	449,180,282	214,917,681
16. Unearned Premium Reserve for Term Policies (Amount)	231,835,799	114,423,859
17. Solvency Margin Ratio (Valuation of FY 2081/082)	2.06	2.06

Notes:

- The Figures presented above are subject to change as a result of audit findings & actuarial valuation report, as well as instructions from NIA. The impact of Deferred Tax Calculation has not been incorporated.
- The above Interim Financial Statements comply with the Nepal Financial Reporting Standard (NFRS) and adhere to the reporting format specified by the NIA.
- The Company recognized its allocated share of FE Insurance Business, as calculated & provided by FE Pool Manager.
- Condensed Financial Report is published in Sourya National Daily dated 2083/04/30.
- The detailed Interim Financial Report and Right to Information pertaining to this Quarter is also published in Company's website www.gmli.com.np

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

- Solvency Ratio Related Disclosures:** Based on latest Actuarial Valuation Report of Fiscal Year 2081/082, the company's Solvency Ratio is 2.06
- Reinsurance Related Disclosures:** Pursuant to Reinsurance Directives 2080, all reinsurance arrangements are placed solely with the both local reinsurers: Himalayan Reinsurance Ltd. and Nepal Reinsurance Co. Ltd.
- Details Related to Legal Proceeding:** There is no any legal proceedings by or against the company.
- 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 is within the Regulatory Limit of NIA.
- Any other Disclosure:** The Company complies with all applicable laws and regulatory directives. The Share issued to the general public were listed & began trading on NEPSE from 27th Magh, 2081 (FY 2081/082).

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

- Financial Statement:** The Financial Statement of 4th Quarter, FY 2082/083 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)	2.14
Price Earning (PE Ratio)	546.05
Net Worth Per Share	104.61
Assets Per Share	176.20

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

Particulars	Q4 - FY 2082/083	Q4 - FY 2081/082
Total Premium (Rs)	584,361,911	458,183,965
Life Insurance Fund (Rs)	449,180,282	263,586,769
Net Profit (Rs)	16,068,552	23,923,135
Total Investments (Rs)	971,903,077	894,751,295

- Legal Proceeding:** As of the current reporting period, the Company is not engaged in any legal proceedings, whether as a defendant or a plaintiff. Nonetheless, there is an ongoing case filed in the Kathmandu District Court concerning a SEBON offence involving a Board Member of the Company, the CEO, and two other management officials.

5. **Details Related to Share Transaction:** The Shares of the company are listed & actively traded in Nepal Stock Exchange Ltd, the summary of the reporting date is detailed as below:

Maximum Rate	1549.50
Minimum Rate	1146.80
Closing Price	1169.90
No. of Transactions	4,637
No. of Transaction Days	64 Days

6. **Problems & Challenges:** The Global Economic Crisis has slowed national economic activity, resulting low growth within the micro life insurance sector. This includes a shortage of skilled human resources, increasing market competition, and limited investment opportunities. Furthermore, additional challenges comprise low public awareness of insurance, elevated inflation rates, and persistent 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 Company:** We 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 Ashad 2082 (FY 2081/082)

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, 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) For the Year					40,758,642										40,758,642
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					(2,631,545)			2,392,314	239,231						-
Transfer to Deferred Tax Reserves					(16,835,507)								16,835,507		-
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					(5,979,019)										(5,979,019)
Contribution by/ Distribution to the owners of the Company															-
i) Bonus Share Issued															-
ii) Share Issue (IPO)	225,000,000														225,000,000
iii) Cash Dividend															-
iv) Dividend Distribution Tax															-
v) Others (To be specified) – CSR Reserve									(248,502)						(248,502)
Balance as on Ashadh End, 2082	750,000,000		-	-	15,886,490		-	2,585,041	-	-	-	-	20,074,848	-	788,546,379
Prior period adjustment															-
Restated Balance as at Shrawan 1, 2082	750,000,000	-	-	-	15,886,490		-	2,585,041	-		-	-	20,074,848	-	788,546,379

Statement of Changes in Equity
For the Quarter Ended 16th July 2026 (Ashad End, 2083)

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, 2082	750,000,000	-	-	-	15,886,490		-	2,585,041	-		-	-	20,074,848	-	788,546,379
Profit/(Loss) For the Year					16,068,551										16,068,551
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					(1,767,540)			1,606,855	160,685						-
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					-										-
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 Ashad End, 2083	750,000,000.00	-	-	-	30,187,501	-	-	4,191,896	160,685	-	-	-	20,074,848	-	804,614,930

Statement of Cash Flows
For the Quarter Ended 16th July 2026 (Ashad End, 2083)

Fig in NPR.

Particulars	Unaudited	Audited
	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	584,361,911	458,183,965
Commission Received	-	-
Claim Recovery Received from Reinsurers	100,387,683	34,518,948
Realized Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	161,115	30,691
Others (FE Pool Business & RI)	94,188,611	-
Cash Paid	-	-
Gross Benefits and Claims Paid	(314,312,377)	(102,770,375)
Reinsurance Premium Paid	(106,526,470)	(167,941,085)
Commission Paid	(40,957,680)	(32,137,744)
Service Fees Paid	(2,908,237)	(952,642)
Employee Benefits Expenses Paid	(52,136,428)	(45,865,376)
Other Expenses Paid	(37,282,060)	(46,632,842)
Others (to be specified)	-	(248,502)
Income Tax Paid	(6,615,310)	(5,525,498)
Net Cash Flow From Operating Activities [1]	218,360,758	90,659,540
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(339,000)	(226,000)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(484,651)	(1,544,988)
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	(77,581,791)	(294,963,343)
Proceeds from Sale of Equity Instruments	122,382,057	172,581,286
Purchase of Mutual Funds	(25,000,000)	(2,500,000)
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(121,862,577)	(12,088,000)
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(608,000,000)	(312,500,000)
Maturity of Deposits	615,000,000	65,700,000
Loans Paid	-	-

Proceeds from Loans	-	-
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest & Other Income Received	96,628,528	80,401,906
Dividend Received	-	-
Others (to be specified)	-	-
Total Cash Flow From Investing Activities [2]	742,567	(305,139,139)
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]	219,103,326	4,541,382
Cash & Cash Equivalents At Beginning of The Year/Period	18,661,475	14,120,093
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	237,764,801	18,661,475
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	237,764,801	18,661,475

Statement of Distributable Profit or Loss
For the Quarter Ended 16th July 2026 (Ashad End, 2083)

Fig in NPR.

Particulars	Unaudited	Audited
	Current Year	Previous Year
Opening Balance in Retained Earnings	15,721,252	573,920
Transfer from OCI reserves to retained earnings in current year	-	-
Net profit or (loss) as per statement of profit or loss	16,068,551	40,758,642
	-	
Appropriations:	-	
i) Transfer to Insurance Fund	-	-
ii) Transfer to Catastrophe Reserve	(1,606,855)	(2,392,313)
iii) Transfer to Capital Reserve	-	-
iv) Transfer to CSR reserve	(160,686)	(239,231)
v) Transfer to/from Regulatory Reserve	-	-
vi) Transfer to Fair Value Reserve	-	-
vii) Transfer of Deferred Tax Reserve	-	(16,835,507)
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	(267,500)	-
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	-	165,239
xv) Others (IPO Related Cost)	-	(5,979,019)
Adjusted Retained Earning	29,754,762	15,721,252
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)	29,754,762	15,721,252

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 operating as a Micro Life Insurance Company after obtaining license on 10th April 2023 under the Insurance Act 2079. The Company has an authorized capital of NPR 80 Crores, out of which NPR 75 Crores have now been fully issued. Initially, promoters contributed 70% of the issued capital, amounting to NPR 52.50 Crores. The remaining 30% equivalent to NPR 22.50 Crores was offered to the public through an Initial Public Offering (IPO) after getting final approval from SEBON dated 2081/08/07 (FY 081/082).

The registered office of the Company is located at Biratnagar Municipality, Munalpath Morang, Nepal. The Shares of the company are listed & actively traded in Nepal Stock Exchange Limited from 27th Magh 2081. 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, 2082 to 32nd Ashad, 2083** 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 every year 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:

There are no related party transactions with the key management personnel apart from employee benefits paid to CEO & meeting allowance paid to the board members during the reporting period.

Segmental Reporting For the Quarter Ended 16th July 2026 (Ashad End, 2083)

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 2026 (Ashad End 2083)

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	3,071,842	78,214,743	345,588,477	-	157,486,849	-	-	-	584,361,911
Premiums Ceded	(459,080)	(275,123)	(45,464,806)	-	(44,729,651)	-	-	-	(90,928,660)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-
Net Earned Premiums	2,612,762	77,939,620	300,123,670	-	112,757,199	-	-	-	493,433,251
Commission Income	-	-	-	-	-	-	-	-	-
Other Direct Income	-	161,115	-	-	-	-	-	-	161,115
Interest Income on Loan to Policyholders	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	375,424	8,348,485	17,477,850	-	-	-	-	-	26,201,759
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-
Net Realized Gains/ (Losses)	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
Total Segmental Income	2,988,186	86,449,220	317,601,520	-	112,757,199	-	-	-	519,796,125
Expenses:									
Gross Benefits and Claims Paid	659,747	19,947	274,313,261	-	39,319,422	-	-	-	314,312,377
Claims Ceded	(209,334)	(212)	(84,450,368)	-	(15,727,769)	-	-	-	(100,387,683)
Gross Change in Contract Liabilities	1,489,534	60,307,701	79,403,992	-	44,392,286	-	-	-	185,593,513
Change in Contract Legalities Ceded to Reinsurers	-	-	-	-	-	-	-	-	-
Net Benefits and Claims Paid	1,939,947	60,327,436	269,266,885	-	67,983,939	-	-	-	399,518,207
Commission Expenses	284,499	9,336,492	34,427,148	-	-	-	-	-	44,048,139
Service Fees	13,064	389,698	1,500,618	-	563,786	-	-	-	2,467,166
Other Direct Expenses	27,386	16,427	42,146	-	-	-	-	-	85,959
Employee Benefits Expenses	255,574	6,315,501	28,530,627	-	-	-	-	-	35,101,702
Depreciation and Amortization Expenses	33,790	834,995	3,772,137	-	-	-	-	-	4,640,922
Impairment Losses	-	-	-	-	-	-	-	-	-
Other Operating Expenses	227,966	5,633,284	25,448,671	-	1,639,500	-	-	-	32,949,421
Finance Cost	11,129	275,012	1,242,385	-	-	-	-	-	1,528,526
Total Segmental Expenses	2,793,355	83,128,846	364,230,617	-	70,187,224	-	-	-	520,340,042
Total Segmental Results	194,831	3,320,374	(46,629,096)	-	42,569,974	-	-	-	(543,917)
Segment Assets	267,826	6,819,356	30,131,030	-	13,730,901	-	-	-	50,949,113
Segment Liabilities	2,439,703	62,119,320	274,471,541	-	125,078,413	-	-	-	464,108,977

Reconciliation of Segmental Profit with Statement of Profit or Loss:

Particulars	Current Year (Rs)
Segmental Profit	(543,917)
Less: Employee Benefits expenses	(19,447,271)
Less: Depreciation and Amortization	(2,335,140)
Less: Other operating expenses	(15,753,993)
Less: Impairment losses	-
Less: Finance Cost	(769,098)
Add: Un-allocable Other Income	54,917,969
Profit Before Tax	16,068,551

Reconciliation of Assets:

Particulars	Current Year (Rs)
Segment Assets	50,949,113
Goodwill & Intangible Assets	1,177,448
Property and Equipment	16,017,815
Investment Properties	-
Deferred Tax Assets	20,074,848
Investment in Subsidiaries	-
Investment in Associates	-
Investments	971,903,077
Loans	-
Current Tax Assets	15,037,132
Other Assets	615,110
Other Financial Assets	7,960,482
Cash and Cash Equivalents	237,764,801
Total Assets	1,321,499,826

Reconciliation of Liabilities:

Particulars	Current Year (Rs)
Segment Liabilities	464,108,977
Provisions	6,687,829
Deferred Tax Liabilities	-
Current Tax Liabilities	-
Other Financial Liabilities	15,971,652
Other Liabilities	30,116,438
Total Liabilities	516,884,895

Thank You