Regd No. : 1207 COP No. : 1355

P. Naresh & Associates
Chartered Accountants

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Independent Auditor's Report
To the Shareholders of Supreme Health Care Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Supreme Health Care Limited** ("the Company"), which comprise the Statement of Financial Position as at 32nd Ashadh 2083 (16 July 2026), the Statement of Financial Performance (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashadh 2083 (16 July 2026), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN), together with the ethical requirements relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the key audit matter to be communicated in our report.

P. NARESH & ASSOCIATES Kathmandu Chartered Accountants

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Key audit matter	How our audit addressed the matter
Valuation of inventories (Note 3.4 and Accounting Policy D) Inventories of NRs 125,869,863 (13% of total assets) include finished pharmaceutical goods of NRs 58,810,594. Measuring inventory at the lower of weighted average cost and net realizable value, and allocating production overheads on normal capacity, involves significant judgment.	We attended the year-end physical inventory count and tested count-to-ledger reconciliation. We tested the weighted average cost computation and the allocation of conversion costs of NRs 52,766,245 to finished goods. We obtained a batch-wise production report of finished goods and assessed allocation of production overhead. We also tested net realizable value against subsequent selling prices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' report prepared under Section 109 of the Companies Act, 2063, but does not include the financial statements and our auditor's report thereon. The Board of Directors' report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

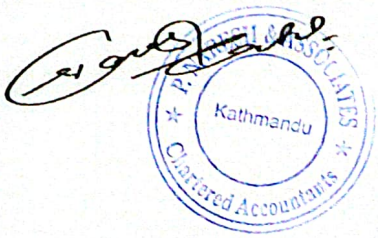
If , based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and the Companies Act, 2063, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.



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Auditor's Responsibilities for the Audit of the Financial Statements

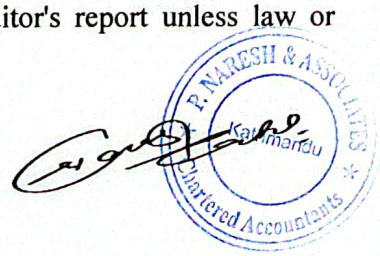
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



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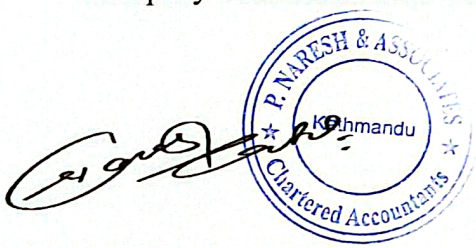
Report on Other Legal and Regulatory Requirements

As required by Section 115 of the Companies Act, 2063, and on the basis of our examination, we report that:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
3. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of account maintained by the Company.
4. In our opinion and to the best of our information and according to the explanations given to us, the Board of Directors, its representatives or employees of the Company have not acted contrary to the provisions of law relating to accounts, nor caused loss or damage to the Company deliberately, nor misappropriated any property of the Company.
5. The business of the Company has been conducted satisfactorily and the operations of the Company were found to be within its jurisdiction.



CA Naresh Kumar Patel
Proprietor
P.Naresh & Associates
Chartered Accountants
Date: 2083-06-15
Place: Kathmandu
UDIN:261001CA02062gm7w2

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Supreme Health Care Limited

Parwanipur-04, Bara

Statement of Financial Position

As on 32nd Ashad 2083 (16th July 2026)

Amount (NRs)

Particulars	Notes	As at 32nd Ashadh 2083	As at 32nd Ashadh 2082
ASSETS			
Non-Current Assets			
Property, Plant & Equipments	3.1	256,731,463	226,654,858
Capital WIP	3.1	39,039,022	-
Intangible Assets	3.2	87,294,242	93,601,493
Deferred Tax Assets	3.9	6,111,330	134,233
Financial Assets			
Advances and Deposits	3.5	-	180,000,000
Investments	3.3	180,000,000	-
Total Non-Current Assets		**569,176,056**	**500,390,583**
Current Assets			
Inventories	3.4	125,869,863	99,669,384
Advances and Deposits	3.5	49,940,379	26,711,995
Financial Assets			
Trade and Other Receivables	3.6	182,971,638	167,358,942
Cash and Cash Equivalents	3.7	11,762,061	53,569,773
Total Current Assets		**370,543,941**	**347,310,093**
TOTAL ASSETS		**939,719,997**	**847,700,676**
EQUITY AND LIABILITIES			
LIABILITIES			
Non-Current Liabilities			
Employment Benefit Obligations	3.8	-	-
Lease Liabilities	3.12	5,416,298	6,526,143
Financial Liabilities			
Borrowings	3.10	180,131,300	201,351,969
Total Non-current Laibilities		**185,547,598**	**207,878,113**
Current Liabilities			
Income Tax Liability (Net)	3.11	2,994,538	4,940,640
Employment Benefit Obligations	3.8	376,025	2,963,910
Lease Liabilities	3.12	1,080,134	947,527
Provision	3.13	3,255,394	-
Financial Liabilities			
Borrowings	3.10	75,228,523	11,545,648
Trade and Other Liabilities	3.14	5,135,463	18,112,586
Other Current Liabilities	3.15	9,972,498	19,640,433
Total Current Liabilities		**98,042,575**	**58,150,743**
TOTAL LIABILTIES		**283,590,173**	**266,028,855**
EQUITY			
Share Capital	3.16	560,000,000	200,100,000
Calls-in Advance	3.16I	-	313,198,827
Other Equity (Including Retained Earnings)	3.17	96,129,825	68,372,994
TOTAL EQUITY		**656,129,825**	**581,671,821**
TOTAL EQUITY AND LIABILITIES		**939,719,997**	**847,700,676**

The accompanying notes to accounts are integral part of these financial statements.

As Per Our Report of Even Date

Rambabu Rauniyar
Director

Mukesh Kumar Sharma
Director

CA Naresh Kumar Patel
Proprietor
P.Naresh and Associates
Chartered Accountants

P.NARESH & ASSOCIATES Kathmandu Chartered Accountants

Suresh Sah
Account Officer

Supreme Healthcare Limited

Date: 2083-06-12
Place: Birgunj

Supreme Health Care Limited

Parwanipur-04, Bara

Statement of Financial Performance

For the year ended 32nd Ashad 2083 (16th July 2026)

Amount (NRs)

Particulars	Notes	FY 2082-83	FY 2081-82
Revenue from Operation	3.19	301,472,286	288,270,364
Cost of Goods sold	3.20	145,001,953	131,409,052
Gross Profit		**156,470,333**	**156,861,312**
Other Income	3.21	739,493	1,848,914
Total Income		**157,209,827**	**158,710,226**
Administrative and Other Operating Expenses			
Employee Benefit Expenses	3.22	24,992,828	23,296,038
Depreciation and Amortization Expenses	3.23	19,722,837	10,855,068
Other Administrative Expenses	3.24	21,689,411	14,782,786
Selling and Distribution Expenses			
Distribution, Logistics and Advertisement Expenses	3.25	42,168,221	44,777,586
Profit from Operation		**48,636,530**	**64,998,748**
Finance Cost	3.26	19,042,036	31,338,894
Impairment Charges/(Reversal)	3.27	-	-
Profit Before Tax		**29,594,495**	**33,659,854**
Income Tax Expenses :	3.28		
Current Tax Expenses		5,690,589	5,741,676
Previous Year Tax Expenses		2,124,172	-
Deferred Tax Income/(Expenses)		(5,977,098)	(134,233)
Net Profit After Tax		**27,756,831**	**28,052,411**
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
Gains/(losses) from investment in equity instruments measured at fair value		-	-
Gains/(losses) on revaluation			-
Actuarial gains/(losses) on defined benefit plans		-	-
Income tax relating to above items		-	-
Net other comprehensive income that will not be reclassified to profit or loss		-	-
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge		-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)		-	-
Income tax relating to above items		-	-
Reclassify to profit or loss		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
Other Comprehensive Income		-	-
Total Comprehensive Income		**27,756,831**	**28,052,411**
Earning Per Share (EPS)		**4.96**	**14.02**

The accompanying notes to accounts are integral part of these financial statements

Rambabu Rauniyar
Director

Mukesh Kumar Sharma
Director

Suresh Sah
Account Officer

Date: 2083-06-12
Place: Birgunj

Supreme Healthcare Limited

As per our report of even date

CA Naresh Kumar Patel
Proprietor
P.Naresh and Associates
Chartered Accountants

P.NARESH & ASSOCIATES Chartered Accountants

Supreme Health Care Limited

Parwanipur-04, Bara

Statement of Cash Flow

For the year ended 32nd Ashad 2083 (16th July 2026)

Amount (NRs)

Particulars	FY 2082-83	FY 2081-82
Cash Flows from Operating Activities		
Profit After Tax	27,756,831	28,052,411
Add/(Less) : Non-cash Income and Expenses		
Depreciation of Property, Plant and Equipment	26,703,566	19,277,172
Amortisation of Intangibles	6,307,251	77,483
Income Tax Adjustment	1,837,664	-
Interest on Borrowing	19,042,036	31,338,894
Loss on Disposal of Vehicle	478,000	-
Interest on Lease Liabilities	490,128	-
Lease Paid	(1,413,333)	-
Cash Flows from Operation Before Working Capital	**81,202,143**	**78,745,960**
Decrease/(Increase) in Current Assets	(65,041,559)	(85,435,389)
Increase/(Decrease) in Current Liabilities	(21,977,548)	(30,158,202)
Cash Flow from Operation	**(5,816,964)**	**(36,847,631)**
Financial Expenses	-	-
Income Tax Paid	(9,760,864)	(134,233)
Net Cash Flows from Operating Activities	**(15,577,828)**	**(36,981,864)**
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipments	(58,882,204)	(14,743,551)
Increase in Capital Work in Progress	(39,039,022)	-
Disposal of Property, Plant & Equipments	1,570,000	-
Investment	-	(180,000,000)
Net Cash Flows from Investing Activities	**(96,351,226)**	**(194,743,551)**
Cash Flows from financing Activities		
Increase in Equity	359,900,000	120,100,000
Increase/ (Decrease) in Calls in Advance	(313,198,827)	313,198,827
Increase in Non Current Liabilities	42,462,206	(124,785,187)
Interest Paid During the Year	(19,042,036)	(31,338,894)
Net Cash Flows from Financing Activities	**70,121,343**	**277,174,746**
Net Increase/(Decrease) in Cash & Bank Balances	**(41,807,711)**	**45,449,331**
Cash and Cash Equivalent at The Beginning of The Year	53,569,772	8,120,441
Cash and Cash Equivalent at The End of The Year	**11,762,061**	**53,569,772**

Rambabu Raunlyar
Director

Mukesh Kumar Sharma
Director

As per our report of even date

CA Naresh Kumar Patel
Proprietor
P.Naresh and Associates
Chartered Accountants

P.NARESH & ASSOCIATES ★ Kathmandu ★ Chartered Accountants

Suresh Sah
Account Officer

Date: 2083-06-12
Place: Birgunj

Supreme Healthcare Limited

Supreme Health Care Limited

Parwanipur-04, Bara

Statement of Changes in Equity

As on 32nd Ashad 2083 (16th July 2026)

Amount (NRs)

	Equity	Reserve & Surplus			Total Equity
		Security Premium	Retained Earnings	Fair Value Reserve	
Balance as of Ashad 31, 2081	80,000,000	-	40,320,583		120,320,583
Adjustment/Restatement	-	-		-	-
Balance as of Shrawan 1, 2081 (Restated)	80,000,000	-	40,320,583	-	120,320,583
Changes in equity for the year ended Ashad 31, 2081					
Issue of Share	120,100,000	-	-	-	120,100,000
Advance Share Capital	313,198,827	-	-	-	313,198,827
Dividend to Equity-Holders:					
Issue of Bonus Share	-	-	-	-	-
Cash Dividend	-	-	-	-	-
Profit/(Loss) for the year	-	-	28,052,411	-	28,052,411
Other Comprehensive Income	-	-	-	-	-
Transfer to Reserves during the year	-	-	-	-	-
Transfer from Reserves during the year	-	-	-	-	-
Balance as of Ashad 31, 2082	513,298,827	-	68,372,993	-	581,671,820
Adjustment/Restatement	-	-	-	-	-
Balance as of Shrawan 1, 2082 (Restated)	513,298,827	-	68,372,993	-	581,671,822
Balance as of Shrawan 1, 2082 (Restated)	513,298,827	-	68,372,993	-	581,671,824
Changes in equity for the year ended Ashad 31, 2082				-	
Issue of Share	359,900,000	-	-	-	359,900,000
Calls in Advance	(313,198,827)	-	-	-	(313,198,827)
Dividend to Equity-Holders:					
Issue of Bonus Share	-	-	-	-	-
Cash Dividend	-	-	-	-	-
Profit/(Loss) for the year	-	-	27,756,831	-	27,756,831
Transfer to Reserves during the year	-	-	-	-	-
Increase/(Decrease) in Fairvalue During the Year	-	-	-	-	-
Deferrd Tax On Fairvalue Increase/ (Decrease)	-	-	-	-	-
Balance as of Ashad 32, 2083	560,000,000	-	96,129,824	-	656,129,825

The accompanying notes to accounts are integral part of these financial statements.

As Per Our Report of Even Date

Rambabu Rauniyar
Director

Mukesh Kumar Sharma
Director

Suresh Sah
Account Officer

CA Naresh Kumar Patel
Proprietor
P.Naresh and Associates
Chartered Accountants

Date: 2083-06-12
Place: Birgunj

Supreme Healthcare Limited

Supreme Health Care Limited
Parwanipur-04, Bara
Notes to Financial Statement
As on 32nd Ashad 2083 (16th July 2026)

3.1 Property, Plant & Equipment *Amount (NRs.)*

Particulars	Land	Building	Furniture & Office Equipment	Vehicle	Plant and Machinery	Right of Use Assets (ROU)	Total	Capital WIP
Cost of Assets								
Gross Balance as on 1st Shrawan 2081	19,624,000	138,128,159	2,984,588	10,599,872	80,776,291	-	252,112,910	29,908,861
Additions during the year								
Acquisition	-	-	993,208	-	5,444,656	8,305,687	14,743,551	-
Capitalization	-	29,908,861	-	-	-	-	29,908,861	(29,908,861)
Disposals during the year	-	-	-	-	-	-	-	-
Assets Written Off	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Balance as on 31st Ashad 2082	19,624,000	168,037,020	3,977,796	10,599,872	86,220,947	8,305,687	296,765,322	-
Gross Balance as on 1st Shrawan 2082	19,624,000	168,037,020	3,977,796	10,599,872	86,220,947	8,305,687	296,765,322	-
Additions during the year								
Acquisition	-	-	427,351	6,496,817	6,794,918	-	13,719,086	39,039,022
Capitalization	-	45,163,119	-	-	-	-	45,163,119	-
Disposals during the year	-	-	-	(4,000,000)	-	-	(4,000,000)	-
Adjustment	-	-	-	-	-	(54,033)	(54,033)	-
Balance as on 31st Ashad 2083	19,624,000	213,200,138	4,405,147	13,096,689	93,015,866	8,251,654	351,593,493	39,039,022
Depreciation and Impairment of Assets								
Opening Balance of Depreciation	-	15,668,465	1,622,090	3,985,703	29,557,035	-	50,833,292	-
Depreciation for the year	-	7,618,428	588,926	1,322,834	8,499,587	1,247,397	19,277,172	-
Disposals during the year	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Balance as on 32nd Ashad 2082	-	23,286,892	2,211,017	5,308,537	38,056,622	1,247,397	68,863,067	-
Gross Balance as on 1st Shrawan 2082	19,624,000	168,037,020	3,977,796	10,599,872	86,220,947	8,305,687	296,765,322	-
Depreciation and Impairment of Assets								
Opening Balance of Depreciation	-	23,286,892	2,211,017	5,308,537	38,056,622	1,247,397	68,863,067	-
Depreciation for the year	-	8,556,920	1,003,352	2,619,338	13,287,981	1,235,976	26,703,566	-
Disposals during the year	-	-	-	(1,952,000)	-	-	(1,952,000)	
Adjustment	-	-	-	-	-	-	-	
Balance as on 32nd Ashad 2083	-	31,843,812	3,214,369	5,975,875	51,344,602	2,483,373	92,378,658	-
WDV as on 32nd Ashad 2082	19,624,000	144,750,127	1,766,779	5,291,335	48,164,326	7,058,290	226,654,858	-
WDV as on 32nd Ashad 2083	19,624,000	181,356,326	1,190,778	7,120,814	41,671,263	5,768,281	256,731,463	39,039,022

Supreme Healthcare Limited

RAMESH & ASSOCIATES Kathmandu Chartered Accountants

Supreme Health Care Limited

Parwanipur-04, Bara

Notes to Financial Statements

As on 32nd Ashad 2083 (16th July 2026)

A. Allocations of Depreciations

Depreciation on Plant & Machinery used in the production process has been allocated as part of manufacturing overheads. This allocation ensures that the cost of using these fixed assets is systematically charged to inventory and cost of goods manufactured in accordance with the reporting Framework.

Particulars	32nd Ashadh 2083	32nd Ashadh 2082
Manufacturing Overhead	13,287,981	10,777,585
Operating Expenses	13,415,585	8,499,587
Total	**26,703,566**	**19,277,172**

B. Assets Under Construction

Capital work-in-progress represents expenditure incurred on ongoing construction and installation activities related to the company's production facility. These expenditures are capital in nature and are transferred to the relevant fixed asset category upon completion and readiness for use.

Capital Work-in-Progress Movement

Year Ended on 31st Ashadh 2082

The construction of the factory building was completed during the current financial year, and the asset was made ready for use. Accordingly, the entire balance of Rs. 29,908,861 under Capital Work-in-Progress has been capitalized under "Building" in Property, Plant & Equipment during the year.

Category	Particulars/Description
Civil & Infrastructure Works	Construction of factory building structure; foundation works; internal RCC works; exterior wall construction; utility base works
Total	

Year Ended on 32nd Ashadh 2083

During this financial year, the Company had recognized Capital Work-in-Progress amounting to Rs. 3,90,39,021 relating to assets under construction

Supreme Healthcare

Kathmandu

Supreme Health Care Limited

Parwanipur-04, Bara

Notes to Financial Statement

As on 32nd Ashad 2083 (16th July 2026)

3.2 Intangible Assets

Amount(NRs)

Particulars	Software	New Product Development Cost (R&D)	Total
Gross carrying amount:			
Balance at 1st Shrawan 2081 **	341,917	93,446,527	**93,788,444**
Additions	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposals	-	-	-
Adjustment/Revaluation	-	-	-
Balance at 32nd Ashad 2082	**341,917**	**93,446,527**	**93,788,444**
Balance at 1st Shrawan 2082 **	341,917	93,446,527	**93,788,444**
Additions	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposals	-	-	-
Adjustment/Revaluation	-	-	-
Gross Balance at 32nd Ashad 2083	**341,917**	**93,446,527**	**93,788,444**
Accumulated Amortization:			
Balance at 1st Shrawan 2081	109,469	-	**109,469**
Amortization charge for the year	77,483	-	**77,483**
Additions	-	-	-
Disposals	-	-	-
Balance at 32nd Ashad 2082	**186,951**	-	**186,951**
Accumulated Amortization:			
Balance at 1st Shrawan 2082	186,951	-	**186,951**
Amortization charge for the year	77,483	6,229,768	**6,307,251**
Additions	-	-	-
Disposals	-	-	-
Accumulated Depreciation at 32nd Ashad 2083	**264,434**	**6,229,768**	**6,494,202**
Net Carrying amount at 32nd Ashad 2082	**154,965**	**93,446,527**	**93,601,493**
Net Carrying amount at 32nd Ashad 2083	**77,483**	**87,216,759**	**87,294,242**

** Note that figure of Rs. 1,84,82,449 was earlier classified under Current assets under the sub-heading deferred revenue expenditure. This item represented the cost of research and development incurred for bringing the medicine marketable in the market. Hence, it was earlier decided by the management to be amortized over the period of 5 years. Now after the review of classfication, management has decided to represent it under the item intangible Assets as it more accurately qualified the classification criteria.

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3.3 Investments

Particulars	FY 2082-83	FY 2081-82
Non-Current Investments		
Investment in Subsidiary (Cost)	-	-
Non-Listed (Fully Paid)	-	-
Total Investment in Subsidiary (A)	-	-
Investment in Associates and JV		
Listed Fully (Paid Up)	-	-
Non-Listed (Fully Paid)	180,000,000	-
Total Investment in Associates (B)	**180,000,000**	-
Total Non-Current Investments (A+B)	**180,000,000**	-

3.4 Inventories

Particulars	FY 2082-83	FY 2081-82
Raw Materials and Consumables	34,570,032	26,904,682
Packaging Materials	32,489,238	20,922,849
Finished Goods	58,810,594	51,841,853
Total	**125,869,863**	**99,669,384**

3.5 Prepayment, Advances and Deposits

Particulars	FY 2082-83	FY 2081-82
Non-Current Prepayment, Advances and Deposits		
Advance for purchase of Equity Shares	-	180,000,000
Non-Current Advances and Deposits	-	**180,000,000**
Other Advances and Prepayments		
Prepaid Insurance	736,951	736,951
Custom Margin	379,980	477,500
Staff Advance	6,975,255	1,100,379
Advance to Suppliers	41,848,193	24,397,165
Total Other Advances (B)	**49,940,379**	**26,711,995**

3.6 Trade and Other Receivables

Particulars	FY 2082-83	FY 2081-82
Current Receivables		
Trade Receivables		
Trade Receivables (Gross)	188,630,555	167,358,942
Less: Impairment Charge	(5,658,917)	-
Trade Receivables (Net) (A)	**182,971,638**	**167,358,942**
Other Receivables		
Other receivables	-	-
Sub-Total Other Receivables (B)	-	-
Total Current Trade and Other Receivables (A+B)	**182,971,638**	**167,358,942**

3.7 Cash and Cash Equivalents

Particulars	FY 2082-83	FY 2081-82
Citizen Bank International Ltd.	2,408,572	1,000
Everest Bank Ltd.	1,187,283	1,243,466
Global Ime Bank Ltd.	188,362	2,568,190
Nic Asia Bank Ltd.	260,883	43,153,313
Sunrise Bank Ltd.	7,680,233	6,582,229
Cash in Hand	36,726	21,575
Total	**11,762,061**	**53,569,773**

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3.8 Employee Benefit Obligations

Particulars	FY 2082-83	FY 2081-82
Non-Current	-	-
Total	-	-
Current		
Salary Payables	-	2,633,582
Social Security Fund	376,025	330,328
Total	376,025	2,963,910

3.9 Deferred Tax

For The Year Ended On 2081.82

Particulars	As Per Financials	As Per Tax	Differences
Property and Equipment	294,715,612	295,139,186	423,574
Lease liabilities (Net of ROU Assets)	415,380	-	415,380
Provisions	-	-	-
Total Temporary Difference			838,954
Applicable Tax rate			16%
Closing Deferred Tax Assets/(Liability)			134,233
Opening Assets/ (Liability)			-
Deferred Tax Income/ (Expenses)			134,233
Deferred Tax Income/ (Expenses) Transferred to OCI			-
Deferred Tax Income/ (Expenses) Transferred to PL			134,233

For The Year Ended On 2082.83

Particulars	As Per Financials	As Per Tax	Differences
Property and Equipment	250,963,182	288,430,845	37,467,663
Lease liabilities (Net of ROU Assets)	728,151	-	728,151
Provisions	-	-	-
Total Temporary Difference			38,195,814
Total Temporary Difference			16%
Closing Deferred Tax Assets/(Liability)			6,111,330
Opening Assets/ (Liability)			134,233
Deferred Tax Income/ (Expenses)			(5,977,098)
Deferred Tax Income/ (Expenses) Transferred to OCI			-
Deferred Tax Income/ (Expenses) Transferred to PL			(5,977,098)

3.10 Borrowings

Particulars	FY 2082-83	FY 2081-82
Non-Current Borrowings		
Citizen Bank Term Loan	180,131,300	201,351,969
Total	180,131,300	201,351,969
Current Borrowings		
Citizen Bank Overdraft Loan	75,228,523	11,545,648
Total	75,228,523	11,545,648

3.11 Income Tax Assets/Liabilities (Net)

Particulars	FY 2082-83	FY 2081-82
Net Assets/Liabilities up to Previous Year		
Income Tax Assets up to Previous year	196,050	-
Excess/(Deficit) During Previous Year Taxes	-	-
During the Year		
Advance Income Tax	2,500,000	810,000
Advance Income Tax TDS	1	-
Total Income Tax Assets	2,696,051	810,000
Opening Liability	-	387,665
Income Tax Expenses	-	853
Paid During The Year	-	(388,518)
Income Tax Liability During F.Y *(Ref Sub Sch.A)*	5,690,589	5,750,641
Previous Year Tax Expenses	-	-
Total Tax Liability	5,690,589	5,750,640
Net Tax Assets/(Liability)	(2,994,538)	(4,940,640)

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3.12 Lease Liabilities

Particulars	FY 2082-83	FY 2081-82
Opening lease Liability	7,473,670	-
Adjustment in previous Fiscal Year	(54,033)	-
Increase/ (Decrease) in Lease liability During the Year	-	8,305,687
Interest Expenses	490,128	554,650
Adjustment in previous Fiscal Year	-	-
Less: Payment during F.Y	(1,413,333)	(1,386,667)
Total Lease Liabilities Current and Non-Current	**6,496,432**	**7,473,670**
Classified As:		
Current Lease Liability	1,080,134	947,527
Non-Current Lease Liabilities	5,416,298	6,526,143
Total Lease Liabilities Current and Non-Current	**6,496,432**	**7,473,670**

Amounts recognised in profit or loss

Particulars	FY 2082-83	FY 2081-82
Interest on lease liabilities	490,128	554,650
Amortisation expense for Right-to-Use Assets	1,235,976	1,247,397
Classified as short term Operating Lease	-	-
Total	**1,726,104**	**1,802,047**

Amounts recognised in the statement of cash flows

Particulars	FY 2082-83	FY 2081-82
Total cash outflow for leases	1,413,333	1,386,667
Total	**1,413,333**	**1,386,667**

3.13 Provisions

Particulars	FY 2082-83	FY 2081-82
Non-Current Provision	-	-
Total	-	-
Current Provision	-	-
Provision for Bonus to Employees	2,959,449	-
Provision for Corporate Social Responsibility (CSR)	295,945	-
Total	**3,255,394**	-

3.14 Trade and Other Liabilities

Particulars	FY 2082-83	FY 2081-82
Non-current Trade and Other Liabilities		
Trade and Other Payables	-	-
Total	-	-
Current Trade and Other Liabilities		
Trade Payables		
Sundry Creditors	5,135,463	18,112,586
Total	**5,135,463**	**18,112,586**

3.15 Other Current Liabilities

Particulars	FY 2082-83	FY 2081-82
Audit Fee Payable	223,000	223,000
Petty Cash Refund Payable	1,024,532	611,725
Payable For Rent and Others	268,683	190,716
Interest Payable	-	2,129,390
Advance From Customer	1,878,833	7,243,006
Other Payables	4,650,000	8,327,796
Payable to Government Authorities		
House Rent Tax	223,238	138,662
SST Payable	149,923	245,523
TDS Payable	1,554,288	530,615
Reverse Vat Payable	-	
Total	**9,972,498**	**19,640,433**

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3.16 Share Capital

Particulars	FY 2082-83	FY 2081-82
Authorized Share Capital		
Equity Shares		
(7,000,000 Shares (FY 2081-82 : 65,00,000 shares) @ Rs 100 per Share)	700,000,000	650,000,000
Issued Share Capital		
(7,000,000 Shares (FY 2081-82 : 65,00,000 shares) @ Rs 100 per Share)	700,000,000	650,000,000
Paid Up Share Capital		
(56,00,000 Shares (FY 2081-82 : 20,01,000 shares) @ Rs 100 per Share)	560,000,000	200,100,000
Total	**560,000,000**	**200,100,000**

A. Reconciliation of No. of Shares

Particulars	FY 2082-83	FY 2081-82
Ordinary Shares as at 1st Shrawan	2,001,000	800,000
Add: Issued During the Year	3,599,000	1,201,000
Add: Bonus Shared Issued	-	-
Ordinary Shares as on Ashad End	**5,600,000**	**2,001,000**

3.16i Calls in Advance

Particulars	FY 2082-83	FY 2081-82
Share Application Money	-	313,198,827
Total	-	**313,198,827**

3.17 Reserves (Other Equity)

Particulars	FY 2082-83	FY 2081-82
General Reserve	-	-
Retained Earnings (A)	96,129,825	68,372,994
Revaluation Reserve	-	-
Fair Value Reserve	-	-
Total	**96,129,825**	**68,372,994**

A. Retained Earnings

Particulars	FY 2082-83	FY 2081-82
Opening Balance	68,372,994	40,320,583
Profit/Loss For The Year	27,756,831	28,052,411
Dividend Paid During the Year	-	-
Closing Balance	**96,129,825**	**68,372,994**

3.19 Sales

Particulars	FY 2082-83	FY 2081-82
Sales	313,469,093	296,395,795
Less: Sales Return	(11,996,807)	(8,125,431)
Total	**301,472,286**	**288,270,364**

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3.20 Cost of Goods Sold

Particulars	FY 2082-83	FY 2081-82
A. Opening Stock		
Raw Materials.	26,904,682	16,682,831
Packaging Materials	20,922,849	15,077,468
Finished Goods.	51,841,853	45,608,978
Total Opening Stocks (A)	**99,669,384**	**77,369,278**
B. Cost Incurred During the Period		
Cost of Purchase		
Raw Materials	80,244,068	78,893,625
Packaging Material	38,208,759	32,525,944
Sticker and Other Packaging Expenses	-	1,542,015
Less: Packaging Material	(16,640)	(813,132)
Total Purchase During The Year (I)	**118,436,187**	**112,148,452**
Cost of Conversion		
Direct Personnel Expenses	27,181,050	22,789,627
Fuel & Lubricants	1,187,450	710,400
Repair & Maintenance.	5,185,428	4,149,545
Laboratories Expenses	995,273	1,447,176
Water & Electricity expenses	4,793,690	3,494,347
Depreciation	13,287,981	8,499,587
Other Production Expense *(SubNote 3.20.1)*	135,374	470,024
Total Cost of Conversion During the Year (II)	**52,766,245**	**41,560,706**
Total Cost Incurred During the Period (I+II) (B)	**171,202,432**	**153,709,158**
C. Closing Stock		
Raw Materials.	34,570,032	26,904,682
Packaging Materials	32,489,238	20,922,849
Finished Goods.	58,810,594	51,841,853
Total Closing Stocks (C)	**125,869,863**	**99,669,384**
Cost of Goods Sold (COGS) (A+B-C)	**145,001,953**	**131,409,052**

3.20.1 Other Production Expenses

Particulars	FY 2082-83	FY 2081-82
Production Incentive (Overtime)	-	305,841
Loading and Unloading Expenses	47,387	49,067
Testing Expenses	87,987	115,116
Total Other Production Expenses	**135,374**	**470,024**

3.21 Other Income

Particulars	FY 2082-83	FY 2081-82
Exchange Gain/Loss	(68,211)	191,940
Insurance Claim Received	245,000	1,267,507
Scrap Sales	490,650	373,660
Miscellaneous Income	72,054	15,807
Total	**739,493**	**1,848,914**

3.22 Employee Benefit Expenses

Particulars	FY 2082-83	FY 2081-82
Short term Employment Benefit (Net of Transfer)	45,887,771	45,002,747
Post Employement Benefit		
i) Defined Contribution Plans	3,326,658	1,082,918
ii) Defined Benefit Plans	-	-
Other long term benefits	-	-
Termination Benefits	-	-
Total Employee Benefit Expenses	**49,214,429**	**46,085,665**
Less: Transferred to COGS	27,181,050	22,789,627
Bonus for the Year 2082-83	2,959,449	-
Total	**24,992,828**	**23,296,038**

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3.22.1 Short Term Employee Benefit

Personnel Expenses

Particulars	FY 2082-83	FY 2081-82
Salary & Allowance	43,738,405	41,234,565
Uniform Expenses	64,745	79,321
Festival Allowances	2,084,621	3,688,862
Total	**45,887,771**	**45,002,747**

3.22.2 Post Employement Benefit

This comprises of Defined Benefit plan and defined contribution plan.

a) Defined Contribution Plans

The entity makes regular defined contributions to the Social Security Fund (SSF) on behalf of its eligible employees as per applicable laws and employment contracts. Under these defined contribution plans, the entity's obligation is limited to the fixed percentage of basic salary contributed each month. Once the contributions are deposited into the respective funds, the entity has no further liability regarding future obligations. These contributions are recognized as employee benefit expenses in the period in which they are incurred.

Particulars	FY 2082-83	FY 2081-82
Contribution to Defined contribution Plan	3,326,658	1,082,918
Total	**3,326,658**	**1,082,918**

b) Defined Benefit Plans

Since the company has been registered with SSF, no obligation for defined banefit plans exist.

3.22.3 Other long term employee benefits

Particulars	FY 2082-83	FY 2081-82
Leave Encashment	-	-
Total	-	-

3.23 Depreciation and Amortization

Particulars	FY 2082-83	FY 2081-82
Depreciation		
Depreciation of Fixed Assets	25,467,591	18,029,775
Amortization of Intangible Assets	6,307,251	77,483
Depreciation of ROU Assets	1,235,976	1,247,397
Sub-Total	**33,010,817**	**19,354,655**
Depreciation transferred to COGS	(13,287,981)	(8,499,587)
Total Depreciation and Amortization Expenses	**19,722,837**	**10,855,068**

Depreciation transferred to COGS includes depreciation on plant and machinery used in process of production.

3.24 Other Administrative Expenses

Particulars	FY 2082-83	FY 2081-82
Audit Fee and Other Expeses	308,525	226,000
Cateen Expenses	350,562	356,241
Factory Murti Pratishta Expenses	-	430,033
Insurance Expenses	2,203,237	2,383,531
Communication Expenses	471,509	421,800
Printing & Stationery Expenses	558,212	277,817
Puja Expenses	323,718	168,391
Registration & Renewal Expenses	2,437,080	513,847
Travelling Expenses	830,071	1,000,830
Water & Electricity	181,625	143,599
Bank Charges	312,233	496,492
Cleaning Expenses	386,621	285,090
Repair & Maintenance	2,409,259	1,511,842
Electricity, Fuel and Other Consumables	2,233,808	1,542,681
Loss on Sale of Fixed Assets	478,000	-
Other Office Expenses	2,227,488	1,328,104
Annual Maintainence Charge (AMC)	22,600	-
Deferred Expenditure Written off	-	3,696,490
Provision for Doubtful Debt	5,658,917	
Provision for CSR	295,945	-
Total	**21,689,411**	**14,782,786**

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3.25 Distribution, Logistics and Advertisement Expenses

Particulars	FY 2082-83	FY 2081-82
Printing and Baner Expenses	112,217	11,100
Rate Difference Expenses	3,154,267	6,818,528
Scheme Discount	9,893,336	9,397,759
Carriage Outwards	947,967	857,864
Expired Medicine Expenses	9,863,686	7,136,594
Sales Incentive Expenses	1,916,894	838,400
Sales Promotion Expenses	8,911,519	12,044,913
Travelling Expenses (Marketing)	7,368,334	7,672,428
Total	**42,168,221**	**44,777,586**

3.26 Finance Cost

Particulars	FY 2082-83	FY 2081-82
Interest Paid on Loans and Borrowings	18,551,907	30,784,244
Interest on Lease Liabilities	490,128	554,650
Total	**19,042,036**	**31,338,894**

3.27 Impairment Charges/(Reversal)

Particulars	FY 2082-83	FY 2081-82
Impairment Charges/(Reversal)	-	-
Total	-	-

3.28 Income Tax Expense

Particulars	FY 2082-83	FY 2081-82
Current tax expense		
Current year	5,690,589	5,741,676
Adjustments for prior years	2,124,172	853
Deferred tax (Income)/expense		-
Deferred Tax on Temporary Differences	(5,977,098)	(134,233)
Total Income Tax for the Year	**1,837,664**	**5,608,296**

Calulation of Effective Tax rate and reconcilliation between Profit and Tax

Particulars	FY 2082-83	FY 2081-82
Profit Before Tax	29,594,495	33,659,854
Amount of Tax 16% rate	-	-
Adjusted Amounts		
Additions		
Interest on Lease Liabilities	490,128	88,743
Amortization on ROU Assets	1,235,976	199,583
Repair as per Financial Statement	7,594,687	905,821
Provision for Doubtful Debt	5,658,917	
Deductions		
Repair allowed as per Income Tax Act 2058	(7,594,687)	(838,050)
Rent Paid During The year	(1,413,333)	-
Taxable Income	35,566,182	34,015,951
Actual Tax Expenses	5,690,589	5,442,552
Effective Tax Rate	**19.23%**	**16.17%**

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3.29 Classification of Financial Assets/ Liability

A. Financial Assets

Particulars	Amortised Cost	Fair value Through OCI (FVTOCI)	Fair value Through PL (FVTOPL)
Investment	-	-	-
Other Investment	-	-	-
Trade and Other Receivables	182,971,638	-	-
Cash and Cash Equivalents	11,762,061	-	-
Total Financial Assets	**194,733,699**	-	-

B. Financial Liabilities

Particulars	Amortised Cost	Fair value Through OCI (FVTOCI)	Fair value Through PL (FVTOPL)
Borrowings	255,359,823	-	-
Other Current Liabilities	9,972,498	-	-
Trade and Other Liabilities	5,135,463	-	-
Total Financial Liabilities	**5,135,463**	-	-

3.30 Earning Per Share (EPS)

Earnings per share (EPS) have been presented based on the net profit attributable to equity holders as per the arrangements made under NAS 33, along with the weighted average number of ordinary shares outstanding during the period. Since the company has no diluted shares, the basic earnings per share and diluted earnings per share are equal.

Particulars	FY 2082-83	FY 2081-82
Net Profit/(Loss) During the Year	27,756,831	28,052,411
Weighted Average No of Shares	5,600,000	2,001,000
Basic Earning Per Share (BEPS)	4.96	14.02
Dilluted Earning Per Share (DEPS)	4.96	14.02

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Notes to the Financial Statement

For the year ended 32nd Ashad 2083 (16th July 2026)

1.Corporate Information

Supreme Health Care Ltd. (hereunder called Company), is a limited liability company registered with the Office of Company Registrar in Nepal on 9th December 2009 A.D (2066 BS Mangsir 23) in Nepal. The company is domiciled in Nepal and has its registered office in Parwanipur-04, Bara. The company is engaged in the production and sales of pharmaceuticals. The company is registered with Tax Office of Nepal on 9th Poush 2066 and has obtained PAN 303926234 from Simara Tax Office, Bara.

Supreme Healthcare Limited is a growing pharmaceutical company in Nepal. It is a WHO-GMP & ISO 9001:2015 Certified company with cGMP Manufacturing Facilities, Equipments & competent technical professionals engaged in the production activities of pharmaceutical dosage forms like Tablets, Capsules , Ointments, Cream, Topical Lotion and Solution as per GMP norms at every step. It manufactures affordable & quality products.

2.Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These conform, in material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.2 Accounting Pronouncements

The company has prepared its financial statements based on the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal (ASBN). The preparation and presentation of these statements have been done in accordance with the policies outlined under NFRS.

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2.3 Accounting Convention

The company's financial statements are prepared on the basis of historical cost. According to the historical cost concept, if historical cost cannot be determined, then assets and liabilities are measured at fair value or amortized cost, as appropriate.

Historical cost refers to the purchase price or the amount paid to acquire an asset or liability. When the market for determining the fair value is inactive or unreliable, the value used in such cases is known as fair value. Fair value is used only when the market value of the asset or liability can be reliably measured. The financial statements are prepared on a historical cost except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuring policies below.

Furthermore, fair value measurement is done according to the following levels:

Level 1:

If the asset or liability has an active market with publicly quoted prices, the value of identical assets or liabilities is taken as the fair value.

Level 2:

If a market is not active but prices are available for similar assets or liabilities, or if the fair value can be determined using valuation techniques or observable inputs (such as market data), that value is used.

Level 3:

Used when the fair value must be derived using unobservable inputs (e.g., internal estimates).

Amortized cost refers to the valuation of financial assets or liabilities at the original recorded amount, adjusted over time. This involves accounting for the difference between the initial (purchase) value and the maturity (final) value by applying the Effective Interest Rate (EIR) method. Additionally, adjustments are made for any impairment losses or uncollectible amounts.

Effective interest rate (EIR) method calculates the carrying amount of a financial asset or liability by evenly distributing interest income or expense over the life of the instrument. This includes accounting for premiums, discounts, and other integral costs, ensuring a consistent rate of return.

2.4 Approval of Financial Statement by Board of Directors

The board of directors has approved the financial statement for the period and decided to submit at AGM for final approval from the meeting of shareholders.

2.5 Reporting Period

The Company follows Nepalese financial year based on Nepali calendar starting from 1st Shrawan and ending on last day of Ashad.

Particulars	As per Nepali Calendar	As per English Calendar
Current Reporting Period	1st Shrawan 2082 to 32nd Ashad 2083	16th July 2025 to 16th July 2026
Comparative Reporting Period	1st Shrawan 2081 to 32nd Ashad 2082	17th July 2024 to 15th July 2025

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2.6 Presentations

Statement of Financial Position

The figures for previous years are rearranged and regrouped wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary. The company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies Liabilities as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The company's operating cycle has been defined as twelve-month period.

Statement of Profit or Loss

The statement of profit or loss has been prepared using classification "by function" method.

Statement of Cash Flow

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

Statement of Changes in equity

Statement of Changes in equity has been presented by disclosing each part of equity.

2.7 Materiality and Aggregations

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

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2.8 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NRs.) which is the currency of the primary economic environment in which the company operates. The financial information presented has been rounded off to nearest rupee except where otherwise stated.

2.9 Use of Estimates and Judgements

The preparation of financial statements in line with applicable NFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management. The estimates are revised accordingly and such changes are accounted prospectively.

Key Areas of Estimates, Assumptions, and Judgments in the Preparation of Financial Statement

i). Fair Value of Financial Instruments

ii). Classification of Financial Assets and Financial Liabilities

iii). Impairment Losses on Financial Assets

iv). Impairment Losses on Non-Financial Assets

v). Useful Economic Life of Property, Plant, and Equipment (PPE)

vi). Taxation and Deferred Tax

vii). Defined Benefit Obligations

viii). Provisions for Liabilities, Commitments, and Contingencies

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.10 Limitations to NFRS Implementation

In circumstances where the costs of implementation outweigh the benefits, or where practical challenges and limitations exist, full implementation of Nepal Financial Reporting Standards (NFRS) may not be beneficial or achievable. Accordingly, any such limitations or exemptions have been disclosed as appropriate.

Due to various circumstances and practical difficulties, full implementation of Nepal Financial Reporting Standards (NFRS) has not been beneficial or achievable for all companies. Therefore, some limitations and exemptions have been prescribed in certain segments.

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2.11 Responsibilities for the preparation of Financial Statement

As per the section 108(5) of Company's act 2063 the directors or other officers shall have the final responsibility to maintain books of account and records of the company. The Board of Directors acknowledges the responsibility for the preparation and presentation of financial statements which comprises of :

Statement of Financial Position: Information related to the company's financial position as of the end of Ashad, 2083.

Statement of Profit or Loss and Statement of Other Comprehensive Income: Information related to the company's financial performance for the fiscal year 2082/83, including profit or loss and other comprehensive income.

Statement of Cash Flows: Information regarding cash flows for the fiscal year 2082/83.

Statement of Changes in Equity: Information on changes in equity that occurred during the fiscal year 2082/83.

Notes to Accounts: Explanatory notes and accounting policies followed in the preparation of financial statements, as well as significant decisions taken by the management and board committee during the financial reporting process.

3. Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2024. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies.

A.Property Plant and Equipments

I.) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Buildings & other infrastructures constructed by the Company on leasehold land are capitalised and included under the category of ROU Assets.

ii.) Subsequent Cost

Subsequent to initial recognition, cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in the statement of profit or loss and other comprehensive income as they are incurred.

iii.) Depreciation

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are charged from the month of acquisition. On disposal of an asset, depreciation is charged up to the month prior to the disposal. No depreciation is charged for land and assets under construction. The Company is following this policy consistently from prior periods.

Categories	Useful Life
Land	NA
Building	20 Yrs
Furniture & Office Equipment	4 Yrs
Vehicle	5 Yrs
Plant and Machinery	7 Yrs

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate. No significant adjustment in respect of items of property, plant and equipment was done in the twelve-month period ended 32 Ashadh 2083.

iv.) Assets Under Construction:

Assets under construction represent the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at reporting date and these are stated at cost, net of accumulated impairment losses, if any

v.) Impairment

The carrying amount of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. However, no such conditions that

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might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

An impairment loss is recognised through the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount of an asset is calculated as the present value of estimated future cash flows, that will be generated by the use of that asset, discounted at an appropriate rate.

Impairment Indicators Comprises

a) Significant Decline in Market Value: A noticeable drop in the asset's market price below its carrying amount, especially if the decline is more than expected from normal use or passage of time.

b) 'Physical Damage or Obsolescence: Evidence of physical damage (e.g., fire, wear and tear) or technological obsolescence that reduces the asset's ability to generate future economic benefits.

c) Underperformance or Restructuring: If the asset is part of a cash-generating unit that is underperforming, being restructured, or likely to be disposed of, it may indicate impairment.

vi.) Disposal

An asset is derecognised on disposal or when no further economic benefits are expected from its use. Gain or loss on disposal of an asset is determined as the difference of net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income/expense in the statement of profit or loss and other comprehensive income.

vii.) Right of Use (ROU) Assets

Leased assets are capitalised from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value lease or short term leases (less than 12 months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

B. Intangible Assets

Intangible assets with a determinable useful life are recognized at acquisition cost, less accumulated amortization and accumulated impairment losses, if any.

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Amortization is charged over the useful life of the intangible asset. The company reviews the expected useful life and the pattern of expected future economic benefits from the asset. Amortization methods and periods are revised when there is a significant change in the expected usage or economic benefits derived from the asset.

According to the company's financial statements, the useful life of such intangible assets has been estimated to be fifteen years. The assets are amortized using the Straight-Line Method.

C. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, intercompany payables and interest-bearing borrowings.

1) Financial Assets

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the transaction. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Company's financial assets comprise trade and other receivables, financial investment assets, deposits and cash and cash equivalents.

i) Trade Receivables

Trade and other receivables consist of unpaid bills receivable from customers and other parties. Trade and other receivables are recognized initially at original invoice amount and subsequently measured at the remaining amount less expected credit loss at the year end, which is made at the discretion of the management as per the credit policy.

ii) Pre Payment Advances & Deposits

Advances & Deposits are measured at payment value which are expected to be recovered after completion of a certain period or purpose. The Company assesses the recoverability of advances at each reporting date. A provision is recognized when there is objective evidence that the amounts may not be recoverable, either in full or in part. The amount of the provision is determined based on historical trends, specific circumstances of the party, and other relevant factors. The provision is reviewed periodically and adjusted as appropriate.

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iii) Investment in Fixed Term Deposits

The company has invested in fixed-term deposits with banks in Nepal under its name. These deposits have a fixed maturity period and earn interest at a predetermined rate. The interest rate and other terms may vary depending on the bank. According to NFRS 9, such term deposits are measured at amortized cost using the effective interest rate (EIR) based on their maturity period and effective interest rate.

If such deposits are to be redeemed before maturity or interest is to be received periodically, in such cases, unless otherwise specified, the intrinsic coupon rate is assumed to be the interest rate.

iv) Cash and Cash Equivalents

Cash and cash equivalents refer to assets that are highly liquid and are generally expected to mature within three months. These are held to meet short-term obligations and immediate liquidity needs of the entity.

Such assets are recorded at fair value, and the risk of changes in their value is considered to be minimal. Examples include call deposits and other instruments that can be readily converted into cash with insignificant risk of value change. The balance of cheque books may also be included in this category.

Valuation and Risk Considerations

While valuing cash and cash equivalents, factors such as Time Value of Money and Inflationary Devaluation are taken into account, particularly when assessing the value of interest income receivable on such assets.

v) Impairment of Financial Assets

Recognition

Financial assets not carried at fair value through profit or loss and receivables are assessed at each reporting date to determine whether there is objective evidence that any particular asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

vi) Calculation of Recoverable Amount

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the

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asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

vii) Reversal of Impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.) Financial Liabilities

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

i) Trade and Other Liabilities

a. Trade Payables

Trade payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Short term Trade and other payables are recognised at cost whereas trade payables of long term nature are recognised at Amortised Cost based on the contractual cashflow expected to be made.

b. Other Short Term liabilities

Other short-term liabilities are the financial obligations that are expected to be settled within the company's normal operating cycle or within twelve months after the reporting date. These liabilities include items such as advance payable, TDS and other statutory dues payables.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

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D)Inventories

Inventories are initially recognized at cost and subsequently at the lower of cost and Net realizable value (NRV). Net realizable Value (NRV) is the estimated price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

The cost is determined on weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

E) Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ROU Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily

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determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short Term Lease Liabilities and Low Value Lease liabilities

The Company is not applying the recognition and measurement requirements of NFRS 16 to short-term leases (leases of less than 12 months maximum duration). It is also not applying the recognition and measurement requirements of NFRS 16 to leases for which the underlying asset is of low value (i.e. NPR 120,000 per annum). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

F) Equity

i) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

ii) Retained Earnings

Retained earnings represent the cumulative net profits of the company that have not been distributed to shareholders as dividends or transferred to other reserves. In the statement of financial position, retained earnings are presented as a component of equity.

G) Employee Benefits

i) Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii) Post Employment Benefits

Post Employment Benefits includes defined contribution plan and Defined Benefit Plan

Defined Contribution Plan

Under defined contribution plans, the Company makes fixed contributions to the employee retirement benefit fund, after which the Company's legal and constructive obligations are discharged.

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Among the employee benefits provided by the Company after service retirement, the employee provident fund contribution has the characteristics of a defined contribution plan. The Company has recognized such benefits as expenses on an accrual basis in this year's financial statements.

The Company contributes 21% of the employee's salary to the Social Security Fund (SSF), while the employee contributes an additional 10%, resulting in a total contribution of 31% to the SSF, in accordance with applicable laws and regulation.

H) Income Tax Liability (Net)

The Company has presented income tax assets and liabilities on a net basis in these financial statements. This presentation is in accordance with the accounting principle that allows entities to offset income tax assets and income tax liabilities when:

- The entity has a legally enforceable right to set off the recognized amounts; and
- The assets and liabilities relate to income taxes levied by the same taxation authority

Where the Company has overpaid taxes in relation to its current tax liability, or where advance tax payments exceed the current year's tax obligation, the net amount is presented as either a current asset (if the entity is in a net refund position) or current liability (if additional tax is payable).

i) Income tax Assets

Income tax assets have been recorded at historical cost valuation. The cost value itself represents the fair value. Details related to this are mentioned in Note 4.7 of these financial statements.

Impairment and Risk

Since income tax assets represent amounts deposited with the Internal Revenue Department of the Government of Nepal, there appears to be no possibility of impairment or risk.

ii. Income Tax Liability

Current income tax liability refers to the income tax amount payable to the Internal Revenue Department from the profit earned in the current financial year. The current period's income tax liability is determined by the taxable profit of the respective financial year.

Due to differences between prevailing tax laws and accounting practices, when determining the Company's profit, some expenses and income among the relevant expenses and income are included in some other financial year for tax purposes, and some expenses and income are not included at all for tax purposes. Therefore, the net profit shown in the Company's profit and loss account and the taxable profit may differ.

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The Company has adopted a policy of calculating the current income tax liability payable by applying the statutory income tax rate to the taxable income computed as specified by the Income Tax Act, 2058. The fees and interest under Chapter 22 of the Income Tax Act, 2058, as per Section 122, which provides for calculation by the Internal Revenue Department, have not been calculated during the preparation of these financial statements.

I)Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

J)Revenue Recognition

In the context of the transactions presented, the Company has recognized revenue in accordance with the principles outlined in NFRS 15 – Revenue from Contracts with Customers. This standard establishes a comprehensive framework for determining how and when revenue is recognized.

Revenue recognition is based on the identification of the contract with the customer and the specific performance obligations within that contract. The Company determines the transaction price, allocates it to each performance obligation, and recognizes revenue when the respective obligations are satisfied.

This process ensures that revenue is recorded in a manner that accurately reflects the transfer of control of goods or services to customers, at amounts that represent the consideration the Company expects to be entitled to in exchange for those goods or services.

I) Revenue From Operation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is

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the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of excise duties. The Company presents gross sales of beer and other beverages, from which excise duties payable to the Government of Nepal are separately deducted to arrive at net revenue.

Revenue is recognized when the control of the goods is transferred to the customer, which generally occurs at the point of dispatch or delivery, depending on the terms of sale. This recognition aligns with the requirements of NFRS 15 – Revenue from Contracts with Customers.

ii) Other Income

Other income comprises earnings and receipts arising from activities that are incidental to the Company's core pharmaceutical manufacturing operations.
This includes income from sale of scrap materials, such as used drums, jars and other containers in which raw materials and packaging materials are received. These scrap items are periodically sold to Company personnel as well as to external parties, and the proceeds from such disposals are recognised under this head.

K) Cost of Goods Sold

Cost of goods sold comprises the cost of materials and expenses incurred in the production of finished pharmaceutical formulations manufactured by the Company. This includes the cost of raw materials and packaging materials. Cost of goods sold also encompasses conversion costs, which include allocation of direct personnel expenses relating to the manufacturing operations, repair and maintenance of production machinery, laboratory expenses relating to quality testing and control, and depreciation allocated to plant and machinery, laboratory equipment, and other production-related assets. These costs collectively represent the total expenditure incurred to bring the finished pharmaceutical goods to their present condition and location.

L) Selling and Distribution Expenses

Selling and distribution expenses represent the costs incurred to promote, market, and deliver the Company's products to customers. These expenses include transportation and freight charges related to the delivery of goods, promotional and advertising costs aimed at enhancing brand visibility, and trade discounts or promotional incentives provided to customers or distributors.

Additionally, the Company incurs costs for the distribution network, including warehousing, handling, and logistics. Salaries, wages, and other employee-related expenses of personnel engaged in the sales and distribution functions are also included under this head. Expenses related to market research, dealer support activities, sales commission, and other direct selling costs form part of this classification.

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M) Income Taxes

The Company is liable to pay income tax as per the prevailing tax laws on the taxable income shown in its statement of profit or loss. The income tax-related accounting has been done in accordance with the provisions of NAS 12 – Income Taxes. Income tax includes current tax, deferred tax, and any adjustments relating to prior years, which have all been duly accounted for.

i) Current Tax

Current tax liability refers to the income tax determined based on taxable profits for the fiscal year, calculated in accordance with the applicable income tax laws. The amount of current tax liability is determined using the applicable corporate tax rate and considers allowable deductions and disallowable expenses. Where the Company has incurred non-deductible expenses or lacks appropriate documentation for deductible expenses, such costs are added back to the accounting profit to compute taxable profit. Similarly, allowable deductions not accounted for in the profit and loss statement are deducted while computing taxable income.

In accordance with Section 22 of the Income Tax Act, the Company has determined the current year's tax liability and has made the necessary provisions based on taxable profits after incorporating adjustments for allowable and disallowable items. Furthermore, where applicable, the Company has filed or intends to file returns in line with the due dates prescribed by the authorities.

ii) Deferred Tax

Deferred tax has been recognized based on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax liabilities have been recognized on all taxable temporary differences. Deferred tax assets have been recognized on all deductible temporary differences to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Where there is uncertainty regarding the generation of future taxable profits, deferred tax assets have not been recognized.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improve.

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Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

N) Earning Per Shares

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.

O) Discounting Rate

In measuring liabilities, discounting rates have been used to calculate the present value of future cash flows. Generally, the Capital Assets Pricing Model (CAPM) is used to determine such discount rates. For the purpose of asset impairment, the discount rate has been applied accordingly.

The Weighted Average Cost of Capital (WACC) is considered as the minimum expected return rate by investors. To compute the expected rate of return in CAPM, the Beta coefficient is used. This Beta represents the systematic risk of the asset. However, the discount rate is not solely based on Beta; hence, CAPM has been used as a basis for determining the appropriate discounting rate.

These discount rates have been used to determine the fair value of long-term liabilities based on present value calculations of future cash flows.

P) Reclassification

For the purpose of comparison, certain figures of previous years have been reclassified with necessary disclosures as per requirement.

Q) Going Concern

The financial statements have been prepared on the assumption that the company is a going concern. Management is satisfied that the company has adequate resources to continue its operations for the foreseeable future. In making this assessment, the Board of Directors has considered a broad range of factors, including current and projected financial performance, expected cash flows, and the availability of capital resources under both present and anticipated future conditions.

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Q)Risk Management

The company follows a systematic risk management process aimed at identifying, assessing, and minimizing potential threats to its profitability and sustainability. Risks are monitored through proactive measures and strategic controls.

I)Financial Risk

Risk of failing to achieve expected financial returns on investments or operations. Supreme Health care Ltd. manages this by actively overseeing investments in other sectors.

ii)Market Risk

Arises from market fluctuations affecting income, customer performance, and demand. Supreme Health care Ltd. mitigates this risk using marketing intelligence, regular financial forecasting, and market trend analysis.

iii)Liquidity Risk

Relates to the company's ability to convert assets to cash or secure necessary funds. Supreme Health care Ltd. addresses this by selecting credible vendors, maintaining strong long-term contracts, and minimizing exposure to liquidity challenges.

iv)Credit Risk

Occurs when customers or counterparties fail to meet payment obligations. The company reduces this risk via credit checks, monitoring credit limits, securing bank guarantees, and applying industry best practices in evaluating creditworthiness.

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