FRANDEC & COMPANY (INSURANCE) INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

HLB, R. SEEBARRAN & CO.
CHARTERED ACCOUNTANTS
71 CANJE STREET
SECTION K CAMPBELLVILLE,
GEORGETOWN

FRANDEC & COMPANY (INSURANCE) INC.

31 DECEMBER 2025

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HLB R. SEEBARRAN & CO
Chartered Accountants/Business and Financial Services

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Frandec & Company (Insurance) Inc.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Frandec & Company (Insurance) Inc, which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Frandec & Company (Insurance) Inc, as at December 31, 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) and comply with the Companies Act 1991.

Basis for Opinion

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

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 IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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As part of an audit in accordance with ISAs, 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

HLB, R. Seebarran & Co.

HLB, R. Seebarran & Co
Chartered Accountants
71 Canje Street,
Section 'K', Campbellville,
Georgetown

June 24, 2026

Frandec & Company (Insurance) Inc.
(A Subsidiary of the Hand-in-Hand Mutual Life Assurance Company)
Statement of Financial Position
As at December 31, 2025

ASSETS	Notes	2025	2024
		G$	G$
Non-current asset			
Office furniture & equipment	5	19,812,927	521,784
Investment in shares	6	385,073,890	370,466,945
Statutory deposits		19,540,425	19,434,837
		424,427,242	390,423,566
Current assets			
Tax recoverable		2,606,042	2,606,042
Insurance contract assets	11	5,132,470	5,591,363
Cash and cash equivalents	7	62,186,903	43,997,076
		69,925,415	52,194,481
Total Assets		494,352,657	442,618,047
Equity and liabilities			
Capital and reserves			
Share capital	8	350,000	350,000
Investment reserve	9	35,071,615	20,464,670
Retained earnings		34,319,811	51,037,747
		69,741,426	71,852,417
Non Current Liabilities			
Deposit on shares	10	350,000,275	350,000,275
		350,000,275	350,000,275
Current liabilities			
Taxation payable		-	8,652,091
Due to related companies		73,750,956	11,413,264
Other payables	12	860,000	700,000
		74,610,956	20,765,355
Total equity and liabilities		494,352,657	442,618,047

These financial statements were approved by the Board of Directors on June 24, 2026.
On behalf of the Board of Directors:

Director

Director

The notes on pages 5 to 21 form an integral part of these financial statements.

Frandec & Company (Insurance) Inc.
(A Subsidiary of the Hand-in-Hand Mutual Life Assurance Company)
Statement of Comprehensive Income
For the year ended December 31, 2025

	Notes	2025	2024
		G$	G$
Insurance revenue		54,644,427	64,150,373
Insurance service expenses	13	(43,012,957)	(35,418,451)
Insurance service result		11,631,470	28,731,922
Other income	14	6,197,122	347,600
		17,828,592	29,079,522
Other operating expenses			
Administrative		(34,476,258)	(6,895,984)
Finance charges	15	(70,270)	(92,340)
		(34,546,528)	(6,988,324)
(Loss) / Profit for the year before taxation		(16,717,935)	22,091,198
Taxation	16	-	(8,652,091)
(Loss) / Profit for the year after taxation		**(16,717,935)**	**13,439,107**
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Change in fair value of equity investments		14,606,945	6,966,670
Total comprehensive income for the year		**(2,110,990)**	**20,405,777**
Basic earning per share in dollars	17	(47.77)	38.40

The notes on pages 5 to 21 form an integral part of these financial statements.

Frandec & Company (Insurance) Inc.
(A Subsidiary of the Hand-in-Hand Mutual Life Assurance Company)
Statement of Changes in Equity
For the year ended December 31, 2025

	Share capital	Investment reserve	Retained earnings	Total
	G$	G$	G$	G$
Balance at 31 December 2024	350,000	13,498,000	37,598,640	51,446,640
Changes in equity 2024:				
Total comprehensive income for the year	-	6,966,670	13,439,107	20,405,777
Balance at December 31, 2024	350,000	20,464,670	51,037,747	71,852,417
Changes in equity 2025:				
Total comprehensive income for the year	-	14,606,945	(16,717,935)	(2,110,990)
Balance at December 31, 2025	**350,000**	**35,071,615**	**34,319,811**	**69,741,426**

The notes on pages 5 to 21 form an integral part of these financial statements.

Frandec & Company (Insurance) Inc.
(A Subsidiary of the Hand-in-Hand Mutual Life Assurance Company)
Statement of Cash Flow
For the year ended December 31, 2025

	2025	2024
Operating activities:	G$	G$
(Loss) / Profit for the year before taxation	(16,717,935)	22,091,198
Adjustments for:		
Investment income	(6,091,534)	(327,600)
Interest received	(105,588)	-
Depreciation charges	247,317	231,904
Operating (loss) / profit before working capital changes	(22,667,740)	21,995,502
Working capital changes:		
Increase in related party	62,337,692	7,315,607
Increase/(decrease) in insurance contract assets	458,893	(4,563,880)
Increase in other payables	160,000	82,983
Cash generated from operations	40,288,845	24,830,212
Tax paid	(8,652,091)	(7,384,189)
Net cash flow from operating activities	31,636,754	17,446,023
Cash flows from investing activities		
Acquisition of fixed assets	(19,538,460)	-
Interest received	105,588	-
Increase in statutory deposits	(105,588)	-
Investment income	6,091,534	327,600
Net cash used / provided in investing activities	(13,446,926)	327,600
Net increase in cash and cash equivalents	18,189,828	17,773,623
Cash and cash equivalents at the beginning of the year	43,997,076	26,223,453
Cash and cash equivalents at December 31	62,186,903	43,997,076
Cash and cash equivalents as shown in the statement of financial position		
Cash and bank	62,186,903	43,997,076
	62,186,903	43,997,076

The notes on pages 5 to 21 form an integral part of these financial statements.

1. Incorporation and principal activity

The Company was incorporated in the Co-operative Republic of Guyana on December 31, 1957 and continued under the Companies Act 1991. On April 9, 2008 the company changed its name from Frandec & Company Inc. to Frandec & Company (Insurance) Inc. The principal activity of the company is to provide health insurance services.

A 100% of the company's share capital was acquired by the Hand-in-Hand Mutual Life Assurance Company Limited on January 1, 2023. During the year, the number of employees in the company was 3 (2024- 2).

2 New and amended standards and interpretations.

Amendments effective for the current year end:

Amended Standards

Amendments to IAS 21: Lack of Exchangeability (effective 1 January 2025).

Adoption of these amendments had no material effect on the financial statements.

Pronouncements effective in future periods available for early adoption*

New and Amended Standards

Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026).
Annual Improvements to IFRS Standards (Volume 11) (effective 1 January 2026).
IFRS 18: Presentation and Disclosures in Financial Statements (effective 1 January 2027).
IFRS 19: Subsidiaries without Public Accountablility : Disclosures (effective 1 January 2027).

*The Company has not opted for early adoption.
None of the above new or amended standards or interpretations is expected to have a material effect on the Company's financial statements.

3 Material Accounting Policies

(a) Accounting convention

These financial statements have been prepared on a going concern basis and under the historical cost convention as modified for the fair value measurement of investments, and conform with International Financial Reporting Standards.

(b) Office furniture & equipment

Office furniture & equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight line balance basis at rates sufficient to write off the cost of the assets over their estimated useful lives as follows:

Office furniture & equipment	10% - 25%

The gain or loss arising on the disposal or retirement of an item of office furniture and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the statement of profit or loss.

3 Summary of significant accounting policies- continued

(c) Financial instruments

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment in shares, receivables, payables, fixed deposit and cash resources. The recognition method adopted is disclosed in the individual policy statements.

Investments

Investment in shares consist of equities instruments.

Management has made an irrevocable designation on initial application of IFRS 9 to classify equity instruments as fair value through other comprehensive income (FVTOCI) with all subsequent changes in fair value being recognized in other comprehensive income. This designation is made on the basis that the instruments are not held for trading. Dividend income from these investments is recognised in profit or loss.

Trade, other receivables and prepayments

Trade, other receivables and prepayments are measured at amortised cost.

Fixed deposit and cash resources

Fixed deposit and cash resources are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are measured at amortised cost.

These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

Impairment of financial assets

Financial assets measured at amortised cost are stated net of an allowance for expected credit losses (ECL). An allowance for either a 12-month or lifetime ECL is required, depending on whether there has been a significant increase in credit risk since initial recognition. The Company applies a lifetime ECL. The measurement of the ECL reflects a probability-weighted outcome, the time value of money and the best available forward-looking information.

Trade, other payables and accruals

Trade, other payables and accruals are measured at amortised cost.

(d) Reserves

Change in fair value on equity investments held at fair value through other comprehensive income is recorded to this account. This reserve is not distributable.

(e) Impairment of office furniture and equipment.

At each reporting date, management reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the carrying amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the statement of profit or loss.

3 Summary of significant accounting policies- continued

(f) Reporting currency

These financial statements are stated in Guyana dollars. Transactions including foreign currencies are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non- monetary assets and liabilities carried at fair value that are denominated in foreign currency are translated at the rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in the statement of income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in the statement of comprehensive income.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from trading profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that are in effect at the end of each reporting period.

Deferred Tax

The Company follows the liability method of accounting for deferred taxation. This method focuses on temporary differences which are differences between the tax base of assets/liabilities and their carrying amount in the Statement of Financial Position. Deferred tax is charged or credited to the Statements of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

statement of financial position's date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available to offset. In the year when profit is realised, the deferred tax assets are being reversed using the applicable tax rates and laws prevailing at that time.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income tax levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

(h) Management expenses

These expenses are allocated based on the net premium written on each class of business for the year.

The Company utilizes the Management and Staff of The Hand-in-Hand Mutual Fire & Life Companies, for which a management fee is paid.

(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 the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3 Summary of significant accounting policies- continued

(i) Provisions-cont'd

De-recognition of provisions

Provisions are de-recognised when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

(j) Insurance contracts

Classification

Insurance contracts are contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain future event, other than a change in a financial variable, adversely affects the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime until all rights and obligations are extinguished or expire.

The Company evaluates whether its insurance contracts contain any components that must be separated and accounted for under a different

IFRS than the insurance contract standard. The Company's insurance contracts do not include any components that require separation.

Level of aggregation

For the purposes of measuring its insurance contracts the Company divides insurance contracts issued into portfolios of insurance contracts. Portfolios comprise contracts with similar risks which are managed together.

Portfolios are then further divided based on expected profitability at inception into a minimum of three groups: 1) onerous contracts, 2) contracts with no significant risk of becoming onerous, and 3) all other contracts. No group may contain contracts issued more than one year apart.

Recognition and derecognition

The Company initially recognizes insurance contracts it issues at the earliest of:

- the date when the first payment from a policyholder is due; or
- for onerous contracts, the date when facts and circumstances indicate that it is onerous.

The Company derecognizes groups of insurance contracts when the rights and obligations have been extinguished or the contract is modified such that IFRS 17 requires the contract to be derecognized and a new contract recognized.

Contract boundary

The measurement of groups of insurance contracts includes all the cash flows within the boundary of the insurance contracts. Cash flows within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period where the company has a substantive obligations to provide insurance contracts services to the policyholder. This substantive obligations ends when the company has the ability to reassess the risk of the policyholder and can set a price or level of benefits that fully reflect the risks.

The Company considers cash flows to be outside of the contract boundary once the obligation under the insurance contract is discharged. Accordingly, receivable and payable balances which do not represent rights due from or obligations due to the policyholder, or a third party acting on behalf of the policy holder, are excluded from insurance contract liabilities.

Measurement

The Company is eligible to measure all of its insurance contracts applying the Premium Allocation Approach (PAA). PAA is a simplified measurement model that may be applied when certain criteria are met. The Company's insurance contracts issued were eligible to apply PAA as each contract in the group had a coverage period of one year or less.

Insurance acquisition cash flows

The Company as elected to expense as incurred the costs of selling, underwriting and starting a group of insurance contracts issued or expected to be issued that are directly attributable to the portfolio of contracts to which the group belongs.

3 Summary of significant accounting policies- continued

(j) Insurance contracts- cont'd

Insurance contract balances

Insurance contract liabilities applying PAA are composed of a liability for remaining coverage, relating to future service, and a liability for incurred claims, relating to past service.

Liability for remaining coverage

The liability for remaining coverage for PAA contracts reflects the premiums received to date less amounts recognized in revenue for insurance contract services provided.

The Company has elected not to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk where the Company expects the time between providing each part of the services and the related premium due date to be no more than a year.

Onerous contracts

Where facts and circumstances indicate that a group of insurance contracts issued may be onerous, the Company calculates the difference between:

1) the liability for remaining coverage under PAA; and
2) the fulfillment cash flows that relate to the remaining coverage of the group.

If the fulfillment cash flows relating to remaining coverage of the group exceed the liability for remaining coverage under PAA, the Company recognizes a loss in the statement of profit or loss and establishes a loss component within the liability for remaining coverage. For all other groups of contracts, the Company assumes that no contracts in the portfolio are onerous. If, at any time during the coverage period, facts and circumstances change and indicate that a group of insurance contracts issued is onerous or that a group of insurance contracts issued is no longer onerous, the Company re-evaluates the analysis of the loss component for a group of contracts based on the expected remaining cash flows and a loss component may be established or adjusted, as necessary.

Liability for incurred claims

The measurement of the liability for incurred claims includes estimates of the future cash flows that will be required to settle obligations related to past insured events, including events that have occurred and where claims have been incurred but not yet reported (IBNR). Differences between the estimated cost and subsequent settlement of claims are recognized in the statement of profit or loss in the period in which they are settled or in which the liabilities are re-estimated.

The liability for incurred claims also includes the Company's obligation to pay other incurred insurance expenses. As disclosed above, certain balances payable or amounts receivable are now included in the liability for incurred claims where they relate to past service.

Risk adjustment

The measurement of insurance contracts includes a risk adjustment for non-financial risk which is the compensation required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment includes the benefit of diversification and excludes the impact of financial risks. The company's current claims reserving methodology and low uncertainty associated with settling claims has resulted in no significant risk adjustment to be recognised.

Presentation and disclosure

For presentation in the statement of profit or loss, the Company aggregates insurance contracts issued and presents separately portfolios of insurance contracts issued that are assets and liabilities.

3 Summary of significant accounting policies- continued

(j) Insurance contracts- cont'd

Insurance revenue

Over the contract boundary of insurance contracts issued, the total insurance revenue is the amount of total premium expected to be received. The Company allocates these expected premium receipts across the contract boundary and recognizes insurance revenue in each period for which insurance contract services are provided based on the passage of time.

Insurance service expenses

Insurance service expenses include changes in fulfillment cash flows relating to the liabilities for incurred claims and other insurance service expenses incurred to fulfill insurance contracts, acquisition cash flows, and losses and reversals of losses on onerous contracts.

4 Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies which are described in note 3, management is required to exercise judgement and make estimates and assumptions about the reported amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

(i) Impairment assessment of financial assets

ECL allowances are measured at amounts equal to the lifetime ECL. Forward-looking information is explicitly incorporated into the estimation of ECL allowances, which involves significant judgement.

(ii) Useful lives of office furniture and equipment

Management applies judgement in its review of the estimated useful lives of office furniture and equipment at the end of each year to determine whether the useful lives should remain the same.

(iii) Estimates of future cash flows

Estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims (LIC) include claims development, inflation and medical trends. Uncertainty exists particularly in relation to estimating the frequency and severity of incurred claims for the most recent months prior to the year end.

5 Office furniture & equipment

	2025	
	Office furniture & equipment	Total
Cost	G$	G$
As at January 01, 2025	927,616	927,616
Additions	19,538,460	19,538,460
At December 31 2025	20,466,076	20,466,076
Depreciation		
As January 01, 2025	405,832	405,832
Depreciation charges	247,317	247,317
At December 31 2025	653,149	653,149
Net book values		
As January 01, 2025	521,784	521,784
At December 31 2025	19,812,927	19,812,927

	2024	
	Office furniture & equipment	Total
Cost	G$	G$
As at January 01, 2024	927,616	927,616
Additions	-	-
At December 31 2024	927,616	927,616
Depreciation		
As January 01, 2024	173,928	173,928
Depreciation charges	231,904	231,904
At December 31 2024	405,832	405,832
Net book values		
As January 01, 2024	753,688	753,688
At December 31 2024	521,784	521,784

		2025 G$	2024 G$
6	**Investment in shares**		
	Equity instruments designated at FVTOCI:		
	Equities	385,073,890	370,466,945
7	**Cash & cash equivalents**		
	Cash at bank	62,186,903	43,997,076
		62,186,903	43,997,076
8	**Share capital**		
	Authorised share capital		
	500,000 ordinary shares of no par value		
	Issued share capital		
	350,000 ordinary shares of no par value	350,000	350,000

Fully paid ordinary shares, with no par value carrying one vote per share and a right to dividends.

		2025 G$	2024 G$
9	**Revaluation reserve**		
	At 1 January	20,464,670	13,498,000
	Fair value adjustments	14,606,945	6,966,670
	At 31 December	35,071,615	20,464,670

This represents the fair value adjustments of investments held and is not distributable.

		2025 G$	2024 G$
10	**Deposit on shares**		
	Hand-in-Hand Mutual Life Assurance Co.	350,000,275	350,000,275

Represents further capital injection by the parent company. These shares will be issued in 2026.

Frandec & Company (Insurance) Inc.
(A Subsidiary of the Hand-in-Hand Mutual Life Assurance Company)
Notes to the Financial Statements
For the year ended December 31, 2025

11 Analysis by remaining coverage and incurred claims for insurance contracts

The following reconciliations show how the net carrying amounts of insurance contracts changed during the period as a result of cash flows and amounts recognised in the statement of profit or loss.

	Liability for remaining coverage	**Liability for incurred claims**		
For year ended 31 December 2025	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	G$	G$	G$	G$
Net insurance contract (assets) liabilities	(7,091,363)	1,500,000	-	(5,591,363)
Insurance revenue	(54,644,427)	-	-	(54,644,427)
Insurance service expenses	-	-	-	-
Incurred claims and other directly attributable	-	24,051,015	-	24,051,015
expenses	-	-	-	-
Acquisition related cash flows	18,961,942	-	-	18,961,942
Adjustments to liabilities for incurred claims	-		-	-
Total changes in the Statement of Profit or Loss				
	(35,682,485)	24,051,015		(11,631,470)
Cash flows				
Premiums received	55,503,320	-	-	55,503,320
Claims and other insurance services expenses paid	-	(24,451,015)	-	(24,451,015)
Acquisition related cash flows	(18,961,942)	-	-	(18,961,942)
Total cash flows	36,541,378	(24,451,015)	-	12,090,363
Net insurance contract (assets) liabilities	(6,232,470)	1,100,000	-	(5,132,470)
		-		
For year ended 31 December 2024				
Net insurance contract (assets) liabilities	(3,365,558)	2,338,075	-	(1,027,483)
Insurance revenue	(64,150,373)	-	-	(64,150,373)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	29,861,156		29,861,156
Acquisition related cash flows	5,557,295	-	-	5,557,295
Adjustments to liabilities for incurred claims	-			-
Total changes in the Statement of Profit or Loss				
	(58,593,078)	29,861,156	-	(28,731,922)
Cash flows				
Premiums received	60,424,568	-	-	60,424,568
Claims and other insurance services expenses paid	-	(30,699,230)		(30,699,230)
Acquisition cash flows	(5,557,295)	-	-	(5,557,295)
Total cash flows	54,867,273	(30,699,230)	-	24,168,043
Net insurance contract (assets) liabilities	(7,091,363)	1,500,000	-	(5,591,363)

		2025 G$	2024 G$
12	**Other payables**		
	Other payables	860,000	700,000
13	**Insurance service and other operating expenses**		
	Claims	22,103,162	25,314,277
	Employment costs	19,458,965	4,269,362
	Administrative expenses	2,732,221	3,207,519
	Cleaning and sanitation	-	150,855
	Commission paid	-	411,792
	Depreciation	247,317	231,904
	Electricity & water charges	241,173	191,413
	Medical cards	390,400	308,000
	Office expenses	379,751	432,738
	Professional fees	6,336,743	433,761
	Rent, utilities and shared cost	24,069,077	6,134,000
	Repairs and maintenance	-	9,000
	Membership fees	352,500	-
	Stationery, printing and postage	396,000	321,000
	Telephone & internet	245,428	470,214
	Audit fees	536,478	400,000
	Uniform	-	28,600
		77,489,215	42,314,435
	Represented by:		
	Insurance service expenses	43,012,957	35,418,451
	Administrative expenses	34,476,258	6,895,984
		77,489,215	42,314,435
14	**Other income**		
	Dividend income	6,091,534	327,600
	Interest	105,588	-
	Others	-	20,000
		6,197,122	347,600
15	**Finance charges**		
	Bank charges	70,270	92,340

			2025	2024
			G$	G$
16	**Taxation**			
	Corporation tax		-	8,652,091
			-	8,652,091
	Reconciliation of effective tax rate			
	Accounting (loss)/profits		(16,717,935)	22,091,198
	Corporation tax at the statutory rate	40%	-	8,836,479
	Tax effect of expenses not deductible in determining taxable profits:			
	Depreciation for accounting purpose		98,927	92,762
	Depreciation for tax purpose		(93,434)	(146,110)
	Tax exempt income		(2,478,849)	(131,040)
			(2,473,356)	8,652,091
17	**Basic earnings per share**			
	Calculated as follows:			
	(Loss)/ Profit after taxation		(16,717,935)	13,439,107
	Ordinary shares issued and fully paid		350,000	350,000
	Basic earnings per share		(47.77)	38.40

Related Party transactions

Parties are considered to bee related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions.

Listed below are transactions with related parties:

		2025	2024
(i)	Parent Company: Hand-in-Hand Mutual Life Assurance Company Balance due to	73,750,956	11,413,264
	Rental	22,000,000	5,000,000
	Deposit on shares	350,000,275	350,000,275

This amount is unsecured and interest free. The balance represent management fees and amounts owing for expenses paid on behalf of the company. Deposit on shares are additional capital injection made and these shares will be issued in 2026.

	2025	2024
Management fees	2,732,221	3,207,519

18 **Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of cash and cash equivalents and equity comprising of issued capital, retained earnings and reserves.
The company's overall strategy remains unchanged from 2023.

19 Analysis of financial assets and liabilities by measurement basis:

	2025			
	Equities at FVTOCI G$	Financial assets at amortised cost G$	Other financial liabilities at amortised cost G$	Total G$
Assets				
Investment shares	385,073,890	-	-	385,073,890
Statutory deposits		19,540,425		19,540,425
Cash and cash equivalents	-	62,186,903		62,186,903
Total assets	385,073,890	81,727,328	-	466,801,218
Liabilities				
Deposit on shares			350,000,275	350,000,275
Other payables	-	-	860,000	860,000
Related party	-	-	73,750,956	73,750,956
Total liabilities	-	-	424,611,231	424,611,231

	2024			
Assets	Equities at FVTOCI G$	Financial assets at amortised cost G$	Other financial liabilities at amortised cost G$	Total G$
Investment shares	370,466,945	-	-	370,466,945
Statutory deposits	-	19,434,837		19,434,837
Cash and cash equivalents	-	43,997,076		43,997,076
Total assets	370,466,945	63,431,913	-	433,898,858
Liabilities				
Deposit on shares			350,000,275	350,000,275
Other payables	-	-	700,000	700,000
Related party	-	-	11,413,264	11,413,264
Total liabilities		-	12,113,264	362,113,539

20 Financial risk management

Financial risk management objectives

The directors and management monitor and manage the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The company seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the directors.

(a) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Management continually identifies, evaluates and diversifies risk in order to minimise the total cost of carrying such risk.
Should the market prices of investments change by 5 percent with all other variables held constant, the impact on the fair value of equities would be G$19,253,695 (2024-G$18,523,347).

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. This results from exposure to various risks that are associated with the effects of changes in interest rates. This impacts directly on its cash flows.

Interest rate risk table

		Maturing 2025		
	Average interest rate %	Interest bearing G$	Non-interest bearing G$	Total G$
Assets				
Investment shares		-	385,073,890	385,073,890
Statutory deposits	0.04%	19,540,425	-	19,540,425
Insurance contract assets		-	5,132,470	5,132,470
Cash and cash equivalents		-	62,186,903	62,186,903
		19,540,425	452,393,263	471,933,688
Liabilities				
Deposit on shares			350,000,275	350,000,275
Other payables		-	860,000	860,000
Related Party		-	73,750,956	73,750,956
		-	424,611,231	74,610,956
Interest sensitivity gap		19,540,425		

20 Financial risk management (cont'd)

a (i) Interest rate risk- cont'd

		Maturing		
		2024		
	Average interest rate	Interest bearing	Non-interest bearing	Total
Assets	%	G$	G$	G$
Investment shares		-	370,466,945	370,466,945
Statutory deposits	0.04%	19,434,837	-	19,434,837
Insurance contract assets		-	5,591,363	5,591,363
Cash and cash equivalents		-	43,997,076	43,997,076
		19,434,837	420,055,384	439,490,221
Liabilities				
Deposit on shares		-	350,000,275	350,000,275
Other payables		-	700,000	700,000
Related Party		-	11,413,264	11,413,264
		-	12,113,264	362,113,539
Interest sensitivity gap		19,434,837		

(ii) Currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates on balances that are denominated in foreign currencies. The company had no exposure during the year.

(iii) Price risk

Price risk is the risk that the value of the financial statements will fluctuate as a result of changes in market prices. Whether those changes are caused by factors affecting all securities traded in the market.

Management continually identifies the risk and diversified the portfolio in order to minimize the risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The company manages its liquidity risk by maintaining an appropriate level of liquid or near liquid form.

The following table shows the contractual maturities of undiscounted financial liabilities and the expected maturities of financial assets, where applicable, and of insurance contract assets based on expected settlement of future cash flows.

	Maturing				
	2025				
	On Demand	Within 12 mths	Within 2 to 5 years	No specific maturity	Total
Assets	G$	G$	G$	G$	G$
Investment shares	-	-		385,073,890	385,073,890
Statutory deposits	-	-	19,540,425		19,540,425
Insurance contract assets	-	5,132,470	-	-	5,132,470
Cash and cash equivalents	62,186,903	-	-	-	62,186,903
	62,186,903	5,132,470	19,540,425	385,073,890	471,933,688
Liabilities					
Deposit on shares	-	350,000,275		-	350,000,275
Other payables	-	860,000	-	-	860,000
Related party	-	4,097,657	-	-	4,097,657
	-	354,957,932	-	-	354,957,932
Net assets/ (liabilities)	62,186,903	(349,825,462)	19,540,425	385,073,890	116,975,756

20 Financial risk management (cont'd)

(b) Liquidity risk cont'd

	Maturing				
	2024				
	On Demand	Within 12 mths	Within 2 to 5 years	No specific maturity	Total
Assets	G$	G$	G$	G$	G$
Investment shares	-	-	-	370,466,945	370,466,945
Statutory deposits	-	-	19,434,837	-	19,434,837
Insurance contract assets	-	5,591,363	-	-	5,591,363
Cash and cash equivalents	43,997,076	-	-	-	43,997,076
	43,997,076	5,591,363	19,434,837	370,466,945	439,490,221
Liabilities					
Deposit on shares		350,000,275			350,000,275
Other payables	-	700,000	-	-	700,000
Related party	-	11,413,264	-	-	11,413,264
	-	362,113,539	-	-	362,113,539
Net assets/ (liabilities)	43,997,076	(356,522,176)	19,434,837	370,466,945	77,376,682

(c) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract. It arises in the case of the Company, principally from premium receivable and cash resources holdings.

Cash and bank include balances held at financial institutions. These banks have been assessed by the Directors as being credit worthy, with strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Credit risk on insurance contract cash flows from policyholders is managed by conducting business with reputable organisations with whom the Company has established relationships, and by rigorous cash collection procedures.The company's exposure to credit risk is continuously monitored to ensure that amounts are recovered. Management implicitly monitors the analysis of credit risk portfolio. ECL has been detemermined to be immaterial as at 31 December 2025 and 31 December 2024.

21 Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 requires fair value of assets and liabilities to be determined based on the following hierarchy:

Level 1 quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2 inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 inputs for the assets or liability that are based on observable market data (that is, unobservable inputs).

The following tables details the carrying costs of assets and liabilities.

		2025			2024	
	IFRS 13	Carrying amount	Fair Value	IFRS 13	Carrying amount	Fair Value
Assets	Level	G$	G$	Level	G$	G$
Investment in shares	1	385,073,890	385,073,890	1	370,466,945	370,466,945
Cash and cash equivalents	1	62,186,903	62,186,903	1	43,997,076	43,997,076
		447,260,793	447,260,793		414,464,021	414,464,021
Liabilities						
Deposit on Shares		350,000,275	350,000,275	2	350,000,275	350,000,275
Due to related companies	2	73,750,956	73,750,956	2	11,413,264	11,413,264
Other payables	2	860,000	860,000	2	700,000	700,000
		424,611,231	424,611,231		362,113,539	362,113,539

Fair values have been determined as follows:

(a) For investment in shares, the fair values were determined with reference to rate provided by the Guyana Association of Securities Council and Intermediaries Inc. and director's valuation (using level 1 fair value measurement).

(b) Financial assets and liabilities at amortised cost.
These financial instruments where the carrying amounts are equal to fair value, due to their short term maturity, the carrying value of certain financial instruments approximates their fair value. These includes cash and cash equivalents, trade receivables, tax liability, payables and bank overdraft.

22 Insurance risk

The principal risks that the company faces under its insurance contracts are that actual claims are greater than estimated, actual claims are not adequately mitigated by reinsurance, and that total claims from the portfolio of contracts exceed the estimate used in pricing those contracts. The company underwrites a small portfolio of group and individual medical under the accident and liability class of insurance. The Company does not hold or issue reinsurance contracts.

The company will engage reinsurers and other risk management techniques as the company grows and take on additional class of insurances and risk. The Company declines, rates up, or a combination of more than one of the preceding as part of its overall prudent underwriting principles.

22 Insurance risk - cont'd

All insurance contracts issued by the Company include conditions aimed at protecting it. Some of these include stating assumed risks clearly (aimed at removing any ambiguity), reserving the right to terminate the policy with notice, and clearly stating the maximum limit of any liability. The Company promises to settle claims as soon as possible, all consideration given to proper investigations to establish that the insured event and losses have occurred. Claims payments are typically resolved within one year.

Insurance risks are spread in a number of geographical areas. However, the majority of the Company's risks are in Georgetown and its environs.

23 Pending litigations

At the end of the year, there were no pending litigations brought by/against the Company.

24 Approval of financial statements

These financial statements were approved by the Board of Directors and authorised for issue on …................., 2026.