

**Independent Auditor's Report
To the Shareholder of Barun Investment Ltd.**

Opinion

We have audited the financial statements of Barun Investment Ltd., which comprise the balance sheet as at Ashad 32, 2079, and the profit and loss statement, changes in Equity and cash flows statement for the year then ended, and a summary of significant accounting policies and notes to account.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at Ashad 32, 2079, and its financial performance and its cash flows for the year then ended in accordance with General Accepted Accounting Principles.

Financial Statements of Company are not prepared as per Nepal Financial Reporting Standards (NFRS) issued by Institute of Chartered Accountants of Nepal and hence we do not express opinion on financial statements based on said standards.

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 ethical requirements that are relevant to our audit of the financial statements, 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.

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

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

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

Auditor's 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 in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

As per the requirement of the company's Act we report that

- We have received the information and explanation required for the purpose of our audit
- Books of accounts are maintained by the company so as to reflect the affairs of the company,
- Balance sheet, Profit and Loss Statement, changes in Equity and cash flow statements are in agreement with the books of accounts maintained by the company,
- On the basis of information and explanation provided to us, the board of directors or any representative or any employee has not acted contrary to law and misappropriated any property of the company or caused any loss or damage to the company and,
- No any accounting fraud has been committed.

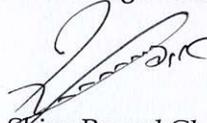


Gyanendra Subedi, FCA
Partner
UDIN:230501CA00482tYyxM
Place: Kathmandu, Nepal
Date: 2080/01/08

Barun Investment Ltd.
Teku, Kathmandu
Balance Sheet
As on 32 Ashadh, 2079

Particular	Sch	Current Year Rs	Previous Year Rs
Sources of Funds			
Capital and Reserve Fund			
Share Capital	1	307,000,000.00	307,000,000.00
Call in Advance		65,500,000.00	18,000,000.00
Mid Term and Long Term Loan			
Secured Loan		-	-
Advance for Capital		-	-
Total Sources of Funds		372,500,000.00	325,000,000.00
Application of Fund			
Fixed Assets			
Investment	2	325,018,300.00	302,443,700.00
Current Assets			
Cash and Bank Balance	3	12,042.55	432,532.55
Advances for Investment	4	48,524,800.00	16,080,700.00
Business & Other Advance	5	1,132,364.00	15,334,589.00
Total (A)		49,669,206.55	31,847,821.55
Less: Current Liabilities and Provision			
Business and Other Account Payable	6	10,563,928.49	17,808,703.49
Total (B)		10,563,928.49	17,808,703.49
Net Current Assets(A-B)		39,105,278.06	14,039,118.06
Profit and Loss Account		8,376,421.94	8,517,181.94
Total Application of Funds		372,500,000.00	325,000,000.00

Significant Accounting Policies and Notes to Account 8


Shiva Prasad Ghimire
Director


Gyanendra Subedi
Joshi & Bhandary
Chartered Accountants

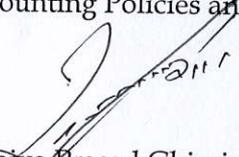


Barun Investment Ltd.
Teku, Kathmandu
Profit & Loss Account

For the Period from 1 Shrawan 2078 to 32 Aashadh 2079

Particulars	Sch.	Current Year Rs.	Previous Year Rs.
Income from Investment		-	-
Other Income		800,000.00	-
Total Income		800,000.00	-
Other Operating Expenses			
Administration Expenses	7	659,240.00	458,894.94
Depreciation Expenses		-	-
Net Profit Before Tax		140,760.00	(458,894.94)
Provision for income tax		-	-
Net Profit After Tax		140,760.00	(458,894.94)
Previous Year Profit (Loss)		(8,517,181.94)	(8,058,287.00)
Profit (Loss) Transferred To Balance Sheet		(8,376,421.94)	(8,517,181.94)

Significant Accounting Policies and Notes to Account 8


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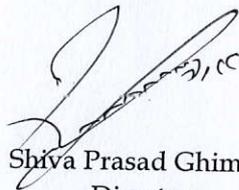


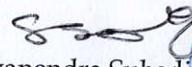
Barun Investment Ltd.
Teku, Kathmandu
Cash Flow Statement

For the Period from 1 Shrawan 2078 to 32 Aashadh 2079

Particulars	Current Years Rs.	Previous Year Rs.
A) Cash Flow From Operating Activites		
Net Profit (Loss)	140,760.00	(458,894.94)
Add:		
Depreciation Expenses	-	-
Pre-operative expenses written off	-	-
Net Profit (Loss) After Adjustment of Non Cash Income & Expenses	140,760.00	(458,894.94)
Operation of cash Flow before change in WC		
Decrease (Increase) in Current Assets	(18,241,875.00)	3,383,229.00
Increase (Decrease) In Current Liabilities	(7,244,775.00)	16,071,542.11
Net Cash Flow From Operating Activities	(25,345,890.00)	18,995,876.17
B) Cash Flow From Investing Activities		
Sales (Purchase) of Fixed Assets		
Sales (Purchase) of Investment	(22,574,600.00)	(37,000,000.00)
Net Cash Flow From Investing Activities	(22,574,600.00)	(37,000,000.00)
C) Cash Flow From Financial Activities		
Add: Issue of Share and Debenture	-	-
Less: Redemption of Debenture & Preferred Share		
Advance for Share capital	47,500,000.00	18,000,000.00
Net Cash Flow From Financing Activities	47,500,000.00	18,000,000.00
Net increase (decrease) In Cash and Cash Equipvalents(A+B+C)	(420,490.00)	(4,123.83)
Add: Opening Cash and Cash Equipvalents	432,532.55	436,656.38
Closing Cash and Cash Equipvalents	12,042.55	432,532.55

Significant Accounting Policies and Notes to Account 8


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Director


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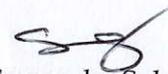
Barun Investment Ltd.
Teku, Kathmandu
Changes in equity
For The Year Ended 32 Ashadh 2079

Partiulars	Share Capital	Retained earnings	Share Premium	Revaluation Reserve	Total
Balance as on 1 Shrawan 2078	307,000,000.00	(8,517,181.94)	-	-	298,482,818.06
Issue of Share Capital	-	-	-	-	-
Net Profit/Loss for the period		140,760.00		-	140,760.00
Balance as on 32 Adhadh 2079	307,000,000.00	(8,376,421.94)	-	-	298,623,578.06

Significant Accounting Policies and Notes to Account 8



Shiva Prasad Ghimire
Director



Gyanendra Subedi
Joshi & Bhandary
Chartered Accountants



Business & Other Advance**Schedule -5**

Particulars	Curren Year Rs	Previous Year Rs
Cosmopolitan Trading	107,489.00	107,489.00
Kalanga Hydro Pvt.Ltd	-	2,813,700.00
Sanigad Hydro Pvt Ltd	-	12,213,400.00
Guruns Hydro P. Ltd	680,000.00	-
SG Organization	24,875.00	-
Ishwor Bhattarai	200,000.00	200,000.00
Advance Income Tax	120,000.00	-
Grand Total	1,132,364.00	15,334,589.00

Business and Other Account Payable**Schedule -6**

Particulars	Curren Year Rs	Previous Year Rs
Sathi Udyog	900,000.00	900,000.00
Haleshi Trade	7,494.00	7,494.00
Kanak Trade Center	6,510.00	6,510.00
SG Organization	-	44,600.00
Office Rent Payable	-	45,600.00
Gyanendra & Associates	56,595.00	8,920.00
United Traders Syndicate Pvt. Ltd.	6,780.10	6,780.10
Audit Fee Payable	156,100.00	164,750.00
Advance From Director	9,325,799.39	16,494,546.39
Salary Payable	100,000.00	100,000.00
Salary Income Tax	-	5,996.85
TDS-Consultancy	4,125.00	-
TDS on Audit Fee	525.00	1,455.00
TDS On Rent	-	2,276.00
Social Security Tax	-	19,775.15
Total	10,563,928.49	17,808,703.49

Administration Expenses**Schedule -7**

Particulars	Curren Year Rs	Previous Year Rs
Office Rent	-	12,000.00
Salary Expenses	-	-
Repair & Maintainance Expenses	-	85,255.10
Consultancy Fee Expenses	310,750.00	271,200.00
Audit Fee	39,550.00	39,550.00
Renewal & Registration Expenses	280,500.00	-
Fuel Expenses	-	46,354.84
Other Expenses	28,000.00	2,000.00
Bank Charge	440.00	2,535.00
Total	659,240.00	458,894.94






Significant Accounting Policies and Notes to Accounts

Reporting Entity

Barun Investment Pvt. Ltd. is a private limited company registered with office of company registrar and the company is converted into public limited company as on 2078/3/31. The registered office of the company is located in Lalitpur metropolitan city-04, Lalitpur Nepal. The main objective of the company is to investment.

1. Basis of Preparation of Financial Statements

The financial statement is prepared on the historical cost convention and going concern basis and in accordance with generally accepted accounting principles (GAAP). The preparation of financial statement in conformity with Generally Accepted Accounting Principles (GAAP) requires the use of certain critical accounting estimates. It also requires management to exercise judgment in process of applying the company's accounting policies. The Company follows accrual system of accounting for preparation of Financial Statements except where otherwise stated.

2. Property, Plant and Equipment

Property, Plant and Equipment comprises of various assets having useful life more than one year. Those assets are recognized at cost and presented in the balance sheet at cost less accumulated depreciation. No fixed Assets Acquired during this year.

3. Investment

Investments are on non-listed companies and booked at par value.

4. Income Tax Provision

No Provision for Income Tax is made in view of Loss for the period.

6. Previous year Figures

Previous Year figures are regrouped or rearranged wherever necessary.

