

*Capital Merchant Banking &  
Finance Ltd*

*Financial Statements*

*For*

*F.Y. 2067/068*



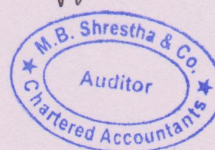
# M.B. SHRESTHA & Co.

Chartered Accountants  
Sankhamul Road  
New Baneshwar

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E-mail: pbshrestha@wlink.com.np  
G.P.O.Box : 720  
Kathmandu, Nepal.

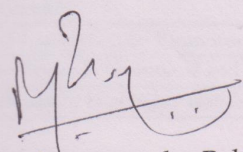
## TO THE SHAREHOLDERS OF CAPITAL MERCHANT BANKING & FINANCE LIMITED

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking & Finance Limited as on Ashadh 32, 2068 (July 16, 2011) and the related Profit & Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in Nepal and the directives issued by the Nepal Rastra Bank (NRB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On examination of the financial statements as aforesaid, we report that;
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
  - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are in agreement with the books of accounts.
  - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.



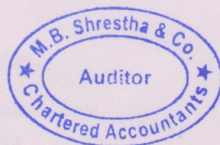


4. Nepal Rastra Bank (NRB), vide its letter of Shrawan 24, 2068, has enforced PCA (Prompt Corrective Action) against the company with immediate effect requiring the company to comply with additional NRB directives. This action as aforesaid has been initiated pursuant to the provision of NRB's "Prompt and Corrective Action Bye-Rules 2064"
5. The erstwhile Board of Directors of the company has presently been replaced by new Board of Directors including Managing Director.
6. As mentioned in schedule 4.30 of the financial statements, the company's total Capital Fund and Core Capital stood at insufficient figures as of Ashadh 32, 2068 (July 16, 2011) as against the minimum requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in note # 9 of the financial statements, the existing Loan Loss Provisions have been shortfall by Rs. 1,16,72,86 thousand in total.
8. In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraph # 7, the said financial statements, read together with the notes attached thereon give a true and fair view of the financial position of the company as of Ashadh 32, 2068 (July 16, 2011) and results of its operations and its cash flows for the year then ended.



Maheswarendra Bahadur Shrestha, FCA  
M.B Shrestha & Co.  
Chartered Accountants

Date: May 08, 2012





## Capital Merchant Banking & Finance Ltd.


Balance Sheet as on Ashad 32, 2068 (July 16, 2011)


Capital & Liabilities		Schedule	This Year Rs.	Previous Year Rs.
1	Share Capital	4.1	935,069,500	935,069,500
2	Reserves and Funds	4.2	(918,331,652)	43,362,921
3	Debentures and Bonds	4.3	-	-
4	Borrowings	4.4	217,200,000	195,000,000
5	Deposit Liabilities	4.5	2,719,591,584	2,294,677,694
6	Bills Payables	4.6	-	-
7	Proposed and Payable Dividend		-	49,214,184
8	Income Tax Liabilities			6,713,649
9	Other Liabilities	4.7	61,228,338	50,192,267
<b>Total Capital Liabilities</b>			<b>3,014,757,770</b>	<b>3,574,230,215</b>

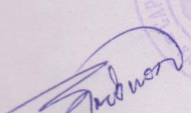
Assets		Schedule	This Year Rs.	Previous Year Rs.
1	Cash Balance	4.8	7,953,565	18,443,691
2	Balance with NRB	4.9	295,456	139,817,338
3	Balance with Banks/Financial Institutions	4.10	53,756,182	379,199,102
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	200,527,000	245,027,000
6	Loans Advances and Bills Purchase	4.13	2,145,400,447	2,654,096,039
7	Fixed Assets	4.14	168,335,565	117,317,125
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	438,489,555	20,329,920
<b>Total Assets</b>			<b>3,014,757,770</b>	<b>3,574,230,215</b>

Contingent Liabilities	Schedule	4.17
Directors' Declaration	Schedule	4.29
Statement of Capital Fund	Schedule	4.30
Statement of Risk Weighted Assets	Schedule	4.30 (A)
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Statement of Loan taken by Promotors	Schedule	4.34
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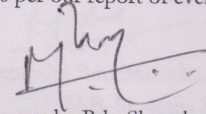
Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.

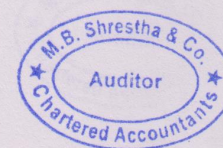
  
 Bhumi Narayan Shrestha  
 Chairman & Director

  
 Mahendra Nath Karmacharya  
 Managing Director

  
 Ashok Kumar Bhattarai  
 Director

As per our report of even date

  
 Maheswarendra Bdr. Shrestha, FCA  
 M.B. Shrestha & Co.  
 Chartered Accountants



Date : 25 Bhaishak, 2069  
Place : Kathmandu



## Capital Merchant Banking & Finance Ltd.


### Profit and Loss Account

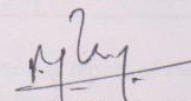
For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)


Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	457,228,681	352,382,876
2. Interest Expenses	4.19	343,627,596	210,966,225
<b>Net Interest Income</b>		<b>113,601,085</b>	<b>141,416,651</b>
3. Commission and Discount	4.20	1,490,163	673,459
4. Other Operating Income	4.21	13,298,630	21,411,406
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>128,389,878</b>	<b>163,501,516</b>
6. Employees Expenses	4.23	37,448,220	18,136,123
7. Other Overhead Expenses	4.24	55,172,180	31,183,921
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>35,769,478</b>	<b>114,181,472</b>
9. Provision for Possible Losses	4.25	1,392,475,972	17,182,961
<b>Operating Profit</b>		<b>(1,356,706,494)</b>	<b>96,998,511</b>
10. Non-operating Income/Expenses	4.26	1,484,376	1,576,737
11. Provision Written-Back	4.27	-	16,800
<b>Profit from Regular Operations</b>		<b>(1,355,222,118)</b>	<b>98,592,048</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(1,355,222,118)</b>	<b>98,592,048</b>
13. Provision For Staff Bonus		-	8,962,913
14. Provision For Income Tax		(393,527,545)	
This Year's		-	27,094,000
Previous Year's		-	-
Deferred Tax Expense/(Income)		(393,527,545)	5,040
<b>Net Profit/(Loss)</b>		<b>(961,694,573)</b>	<b>62,530,095</b>

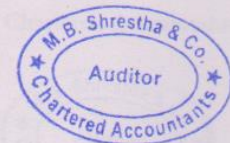
*Schedule No. 4.18 to 4.28, 4.32, 4.33, 4.34 & 4.35 form integral part of this Profit and Loss Account.*

As per our report of even date

  
 Bhumi Narayan Shrestha      Mahendra Nath Karmacharya  
 Chairman & Director      Managing Director

  
 Maheswarendra Bdr. Shrestha, FCA  
 M.B. Shrestha & Co.  
 Chartered Accountants

  
 Ashok Kumar Bhattarai  
 Director



Date : 25 Bhaishak, 2069  
Place : Kathmandu





## Capital Merchant Banking & Finance Ltd.


Profit and Loss Appropriation Account

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

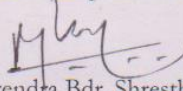
	Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>				
1	Accumulated Profit up to the Last Year		3,645,009	2,830,076
2	Current Year's Profit		(961,694,573)	62,530,095
3	Exchange Fluctuation Fund		-	-
<b>Total (A)</b>			<b>(958,049,564)</b>	<b>65,360,171</b>
<b>Expenses</b>				
1	Accumulated Loss up to the Last Year		-	-
2	This Year's Loss		-	-
3	General Reserve		-	12,506,019
4	Contingent Reserve		-	-
5	Institutional Development Fund		-	-
6	Dividend Equalization Fund		-	-
7	Employee Related Reserves Funds		-	-
8	Proposed Dividend		-	49,214,184
9	Proposed Issue of Bonus Shares		-	-
10	Special Reserve Fund		-	-
11	Exchange Fluctuation Fund		-	-
12	Capital Redemption Reserve Fund		-	-
13	Capital Adjustment Fund		-	-
14	Deferred Tax Reserve		393,527,545	(5,040)
<b>Total (B)</b>			<b>393,527,545</b>	<b>61,715,163</b>
15	<b>Accumulated Profit/(Loss) (A-B)</b>		<b>(1,351,577,109)</b>	<b>3,645,008</b>

  
Bhumi Narayan Shrestha  
Chairman & Director

  
Mahendra Nath Karn  
Managing Director

  
Ashok Kumar Bhattarai  
Director

As per our report of even date

  
Maheswarendra Bdr. Shrestha, FCA  
M.B. Shrestha & Co.  
Chartered Accountants



Date : 25 Bhaishak, 2069  
Place : Kathmandu



**Capital Merchant Banking & Finance Ltd.**

Statement of Changes in Equity  
Fiscal Year 2010/11 (2067/68)

Particulars	(In Rs.)									
	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2010	935,069,500	3,645,009	37,104,433	-	-	2,611,560	-	1,920	-	978,432,422
Adjustment for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
<b>Restated Balance as at 16 July 2011</b>	<b>935,069,500</b>	<b>3,645,009</b>	<b>37,104,433</b>	<b>-</b>	<b>-</b>	<b>2,611,560</b>	<b>-</b>	<b>1,920</b>	<b>-</b>	<b>978,432,422</b>
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(961,694,573)	-	-	-	-	-	-	-	(961,694,573)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(393,527,545)	-	-	-	-	-	393,527,545	-	-
<b>Closing Balance</b>	<b>935,069,500</b>	<b>(1,351,577,110)</b>	<b>37,104,433</b>	<b>-</b>	<b>-</b>	<b>2,611,560</b>	<b>-</b>	<b>393,529,465</b>	<b>-</b>	<b>16,737,848</b>

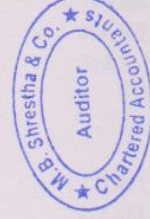
*(Signature)*  
Bhumi Narayan Shrestha  
Chairman & Director

*(Signature)*  
Ashok Kumar Bhattarai  
Director

Date : 25 Bhaishak, 2069  
Place : Kathmandu

*(Signature)*  
Maheshwar Nath Karmacharya  
Managing Director

*(Signature)*  
Maheswarendra Bdr. Shrestha, FCA  
M.B. Shrestha & Co.  
Chartered Accountants





## Capital Merchant Banking & Finance Ltd.

### Cash Flow Statement

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

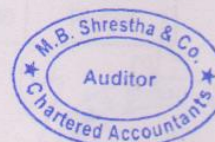
Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>25,874,387</b>	<b>94,806,170</b>
1 <b>Cash Received</b>	<b>473,501,849</b>	<b>374,467,742</b>
1.1 Interest Income	457,228,681	352,382,876
1.2 Commission and Discount Income	1,490,163	673,460
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	14,783,005	21,411,406
2 <b>Cash Payment</b>	<b>447,627,462</b>	<b>279,661,572</b>
2.1 Interest Expenses	343,627,596	210,966,225
2.2 Staff Expenses	41,045,584	24,137,306
2.3 Office Overhead Expenses	38,954,282	23,350,535
2.4 Income Tax Paid	24,000,000	21,207,505
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	<b>(434,092,977)</b>	<b>(345,589,461)</b>
<b>(Increase)/Decrease of Current Assets</b>	<b>552,563,502</b>	<b>(782,284,662)</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	44,500,000	(110,000,000)
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	508,695,592	(666,024,465)
4 (Increase)/Decrease in Other Assets	(632,090)	(6,260,197)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(986,656,479)</b>	<b>436,695,201</b>
1 Increase/(Decrease) in Deposits Liabilities	424,913,890	482,877,895
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	22,200,000	(60,000,000)
4 Increase/(Decrease) in Other Liabilities	(1,433,770,370)	13,817,307
<b>(b) Cash flow from Investment Activities</b>	<b>(67,236,339)</b>	<b>(16,749,375)</b>
1 (Increase)/Decrease in Long-Term Investment	-	79,152
2 (Increase)/Decrease in Fixed Assets	(67,236,339)	(18,377,527)
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	1,549,000
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>532,156,182</b>
1 Increase/(Decrease) in Long-Term Borrowings (Bonds, Debentures etc.)	-	-
2 Increase/(Decrease) in Share Capital	-	563,653,260
3 Increase/(Decrease) in Other Liabilities (Share Premium)	-	(31,497,078)
4 Increase/(Decrease) in Refinance/Facilities From Nepal Rastra Bank	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>(475,454,929)</b>	<b>264,623,516</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>537,460,131</b>	<b>272,836,615</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>62,005,203</b>	<b>537,460,131</b>

As per our report of even date

Bhumi Narayan Shrestha      Mahendra Nath Karmacharya  
Chairman & Director      Managing Director

Maheswarendra Bdr. Shrestha, FCA  
M.B. Shrestha & Co.  
Chartered Accountants

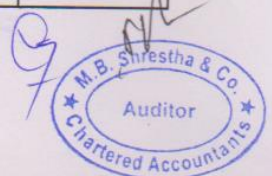
Ashok Kumar Bhattarai  
Director



Date : 25 Bhaishak, 2069  
Place : Kathmandu



List of Share Holder's holding 0.5% or more of Paid-Up Share Capital				
S. N.	Name of the Shareholders	No. of Shares	Amount	Percentage
1	Upasana K.C	48,349	4,834,900	0.52%
2	Unnati Corporate Investment	50,304	5,030,400	0.54%
3	Kasturi Investment Company	60,810	6,081,000	0.65%
4	Hemanta Pandit	65,682	6,568,200	0.70%
5	Gorakshya Multi Investment	70,000	7,000,000	0.75%
6	Samuchha Investment Company	79,000	7,900,000	0.84%
7	Chaya Rana Shah	80,030	8,003,000	0.86%
8	Rabi Kiran Dhakal	85,736	8,573,600	0.92%
9	Nilgiri Investment Pvt Ltd	88,963	8,896,300	0.95%
10	Parasparik Investment Company	89,280	8,928,000	0.95%
11	Calculate Builders Pvt Ltd	89,287	8,928,700	0.95%
12	Madan Bahadur Khadka	90,000	9,000,000	0.96%
13	Samyog Housing & Development	90,000	9,000,000	0.96%
14	Beauty Builders Pvt Ltd	90,000	9,000,000	0.96%
15	Bijeswori Awash Bikas	90,232	9,023,200	0.96%
16	B Developers Pvt Ltd	90,442	9,044,200	0.97%
17	Amir Jung Khadka	92,298	9,229,800	0.99%
18	Gobinda Prasad Aryal	103,102	10,310,200	1.10%
19	Gobinda Prasad Aryal	140,000	14,000,000	1.50%
20	Bigyan Prasad Poudel	173,655	17,365,500	1.86%
21	Murari Karki	174,502	17,450,200	1.87%
22	Shreeram Khatri	195,983	19,598,300	2.10%
23	ABC Stock Management	261,500	26,150,000	2.80%
24	Shreeram Khatri	324,000	32,400,000	3.46%
25	Stock Investment & Company	416,357	41,635,700	4.45%
26	Murari Karki	420,545	42,054,500	4.50%
27	Gaurishankar Investment Comapany	760,000	76,000,000	8.13%
28	Amir Jung Khadka	936,233	93,623,300	10.01%
29	Sulav Investment Company	1,074,474	107,447,400	11.49%
30	Paban Kumar Karki	1,377,000	137,700,000	14.73%





## Capital Merchant Banking & Finance Ltd.

Schedule 4.1

Share Capital and Ownership  
As on 32 Ashad 2068

Particulars	This Year Rs.	Previous Year Rs.
<b>1 Share Capital</b>		
1.1 Authorized Capital	3,000,000,000	3,000,000,000
a) 30,000,000 Ordinary Shares of Rs. 100 each	3,000,000,000	3,000,000,000
b) ..... Non-redeemable Preference Shares of Rs. .... each	-	-
c) ..... Redeemable Preference Shares of Rs. .... each	-	-
1.2 Issued Capital	2,020,000,000	2,020,000,000
a) 20,200,000 Ordinary Shares of Rs.100 each	2,020,000,000	2,020,000,000
b) ..... Non-redeemable Preference Shares of Rs. .... each	-	-
c) ..... Redeemable Preference Shares of Rs. .... each	-	-
1.3 Paid up Capital	935,069,500	935,069,500
a) 9,350,695 Ordinary Shares of Rs.100 each	935,069,500	935,069,500
b) ..... Non-redeemable Preference Shares of Rs. .... each	-	-
c) ..... Redeemable Preference Shares of Rs. .... each	-	-
1.4 Proposed Bonus Share	-	-
1.5 Calls in Advance	-	-

Particulars	This Year		Previous Year	
	%	Share Capital	Share Capital	%
<b>1 National Ownership</b>	100%	935,069,500	935,069,500	100%
1.1 Government of Nepal		-	-	
1.2 "A" Class Licensed Institutions		-	-	
1.3 Other License Institutions		-	-	
1.4 Other Entities/ Organizations	49%	458,184,100	374,027,800	40%
1.7 Individuals	51%	476,885,400	561,041,700	60%
1.6 Others		-	-	
<b>2 Foreign Ownership</b>	-	-	-	-
<b>Total</b>	<b>100</b>	<b>935,069,500</b>	<b>935,069,500</b>	<b>100</b>



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Capital Merchant Banking & Finance Ltd.

Debit and Credit

As on 32 Ashad 2068

Schedule 4.2

Capital Merchant Banking & Finance Ltd.

Reserve and Surplus

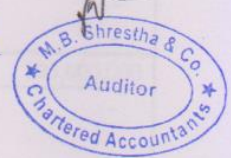
As on 32 Ashad 2068

Particulars		This Year Rs.	Previous Year Rs.
1	General Reserve Fund	37,104,433	37,104,433
2	Capital Reserve Fund	-	-
3	Capital Redemption Reserve	-	-
4	Capital Adjustment Fund	-	-
5	Other Resevers	396,141,025	
	5.1 Contingent Reserve	-	-
	5.2 Institution Development Fund	-	-
	5.3 Dividend Equalization Fund	-	-
	5.4 Special Reserve Fund	-	-
	5.5 Assets Revaluation Reserve	-	-
	5.6 Deferred Tax Reserve	393,529,465	1,920
	5.7 Other Free Reserves	-	-
	5.8 Other Reserve Funds	-	-
	5.9 Share Premium	2,611,560	2,611,560
6	Accumulated Profit/(Loss)	(1,351,577,110)	3,645,008
7	Exchange Equalization Fund	-	-
	<b>Total</b>	<b>(918,331,652)</b>	<b>43,362,921</b>



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## Schedule 4.3

## Capital Merchant Banking &amp; Finance Ltd.

Debentures and Bonds  
As on 32 Ashad 2068

Particulars		This Year Rs.	Previous Year Rs.
1	..... Percent Bonds/Debentures of Rs. .... each Issued on ..... and Matured on ..... (Outstanding balance of Redemption Reserve Rs. ....)	-	-
2	..... Percent Bond/Debentures of Rs. .... each Issued on ..... and Matured on ..... (Outstanding Balance of Redemption Reserve Rs. ....)	-	-
3	.....	-	-
<b>Total (1+2+3)</b>		-	-

Note : Particulars of securities shall be disclosed in case the Debentures/Bonds are issued with assigned securities.

## Schedule 4.4

## Capital Merchant Banking &amp; Finance Ltd.

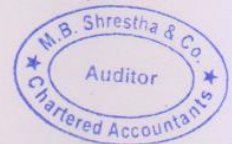
Borrowings  
As on 32 Ashad 2068

Particulars		This Year Rs.	Previous Year Rs.
A.	Local		
1	Nepal Government	-	-
2	Nepal Rastra Bank	-	-
3	Repo Obligation	-	-
4	Inter Bank and Financial Institutions	217,200,000	195,000,000
5	Other Organized Institutions	-	-
6	Others	-	-
Total		217,200,000	195,000,000
B.	Foreign		
1	Banks	-	-
2	Others	-	-
Total		-	-
<b>Total (A+B)</b>		<b>217,200,000</b>	<b>195,000,000</b>



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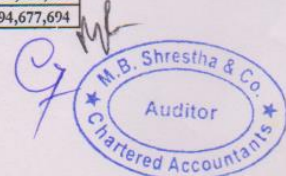
## Capital Merchant Banking &amp; Finance Ltd.

Deposits  
As on 32 Ashad 2068

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>		
<i>1.</i>	<i>Local Currency</i>	-	2,857,093
1.1	Nepal Government	-	-
1.2	"A" Class Licensed Institutions	-	-
1.3	Other Licensed Financial Institutions	-	2,381,837
1.4	Other Organized Institutions	-	240,998
1.5	Individuals	-	234,258
1.6	Others	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Nepal Government	-	-
2.2	"A" Class Licensed Institutions	-	-
2.3	Other Licensed Financial Institutions	-	-
2.4	Other Organized Institutions	-	-
2.5	Individuals	-	-
2.6	Others	-	-
<b>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
<i>1.</i>	<i>Local Currency</i>	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	2,857,093
<b>2</b>	<b>Interest Bearing Accounts</b>		
<b>A.</b>	<b>Savings Deposits</b>	582,651,052	557,772,306
<i>1.</i>	<i>Local Currency</i>	582,651,052	557,772,306
1.1	Organized Institutions	434,247	149,064
1.2	Individuals	582,216,805	557,623,242
1.3	Others	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	1,343,252,051	1,141,537,284
<i>1.</i>	<i>Local Currency</i>	1,343,252,050.95	1,141,537,284
1.1	Organized Institutions	927,625,727	891,853,173
1.2	Individuals	415,626,324	249,684,111
1.3	Others	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	793,688,481	592,511,011
<i>1.</i>	<i>Local Currency</i>	793,688,481	592,511,011
1.1	"A" Class Licensed Institutions	-	5,653
1.2	Other Licensed Institutions	488,265,455	470,616,783
1.3	Other Organized Institutions	222,202,261	66,024,262
1.4	Individuals	83,220,765	55,864,313
1.5	Others	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	"A" Class Licensed Institutions	-	-
2.2	Other Licensed Institutions	-	-
2.3	Other Organized Institutions	-	-
2.4	Individuals	-	-
2.5	Others	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	2,719,591,584	2,291,820,601
	<b>Total Deposit (1+2)</b>	2,719,591,584	2,294,677,694



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## Schedule 4.6

## Capital Merchant Banking &amp; Finance Ltd.

## Bills Payable

As on 32 Ashad 2068

	Particulars	This Year Rs.	Previous Year Rs.
1	Local Currency	-	-
2	Foreign Currency	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

## Schedule 4.7

## Capital Merchant Banking &amp; Finance Ltd.

## Other Liabilities

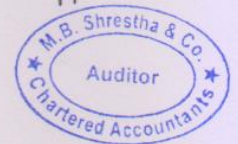
As on 32 Ashad 2068

	Particulars	This Year Rs.	Previous Year Rs.
1	Pension/Gratuity Fund	304,059	224,635
2	Employees Provident Fund	-	-
3	Employees Welfare Fund	-	-
4	Provision for Staff Bonus	-	8,962,913
5	Interest Payable on Deposits	24,827,347	25,822,600
6	Interest Payable on Borrowings	322,385	894,658
7	Unearned Discount and Commission	-	-
8	Sundry Creditors	11,161,171	4,336,951
9	Branch Adjustment Account	-	-
10	Others	-	-
	TDS Payable on interest	4,728,594	-
	Other TDS Payable	1,064,060	-
	A/C Payables	676,029	-
	FD Nominees	13,851,754	6,998,426
	Provision	4,292,940	-
	Deferred Tax Liability	-	-
	Other Miscellaneous	-	2,952,084
	<b>Total</b>	<b>61,228,338</b>	<b>50,192,267</b>



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Capital Merchant Banking & Finance Ltd.

Schedule 4.8

Cash Balance  
As on 32 Ashad 2068

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	7,953,565	18,443,691
2 Foreign Currency	-	-
<b>Total</b>	<b>7,953,565</b>	<b>18,443,691</b>

Schedule 4.9

Capital Merchant Banking & Finance Ltd.

Balance with Nepal Rastra Bank  
As on 32 Ashad 2068

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	295,456	-	-	-	295,456	139,817,338
a) Current Account	295,456	-	-	-	295,456	139,817,338
b) Other Account	-	-	-	-	-	-



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## Capital Merchant Banking &amp; Finance Ltd.

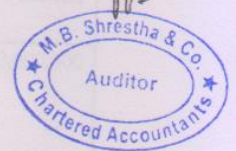
Balance with Banks/Financial Institutions

As on 32 Ashad 2068

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	53,756,182	-	-	-	53,756,182	379,199,102
a) Current Account	3,551,293				3,551,293	9,140,412
b) Other Account	50,204,889				50,204,889	370,058,690
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>53,756,182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,756,182</b>	<b>379,199,102</b>



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**Capital Merchant Banking & Finance Ltd.**

Schedule 4.11

Money at Call and Short Notice

As on 32 Ashad 2068

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

**Capital Merchant Banking & Finance Ltd.**

Schedule 4.12

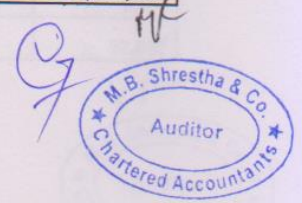
Investments

As on 32 Ashad 2068

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	70,000,000	-	70,000,000	50,000,000
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	20,000,000	-	20,000,000	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	140,000,000
7 Foreign Banks	-	-	-	-
8 Organized Institutions Shares	29,200	-	29,200	33,400
9 Corporate Bonds and Debentures	-	-	-	-
10 Other Investments	110,500,000	-	110,500,000	55,000,000
<b>Total Investment</b>	<b>200,529,200</b>	-	<b>200,529,200</b>	<b>245,033,400</b>
Provision	2,200	-	2,200	6,400
<b>Net Investment</b>	<b>200,527,000</b>	-	<b>200,527,000</b>	<b>245,027,000</b>



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Schedule 4.12 (A)

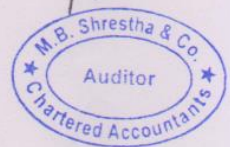
**Capital Merchant Banking & Finance Ltd.**  
Investment in Shares, Debentures and Bonds  
As on 32 Ashad 2068

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau					
270 Ordinary Shares of Rs 100 Paid up	27,000	-	-	27,000	27,000
1.2 Union Finance Co. Ltd.	2,200	3,960	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
1.3 Laxmi Bank Ltd.	-	-	-	-	-
42 Ordinary Shares of Rs 100 Paid up	-	-	-	-	4,200
2 Investment in Debentures and Bonds					
2.1 ..... Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % ..... Debentures/Bonds of Rs. .... each	-	-	-	-	-
2.2 .....	-	-	-	-	-
2.3 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>3,960</b>	<b>2,200</b>	<b>29,200</b>	<b>33,400</b>
3 Provision for Loss					
3.1 Provision Up to Previous Year	2,200				6,400
3.2 Additions This Year	6,400				23,200
	(4,200)				(16,800)
<b>Total Provision</b>	<b>2,200</b>				<b>6,400</b>
<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>



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Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**

Held for Trading

As on 32 Ashad 2068

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	2,200	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	-	-	-	-	



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**Capital Merchant Banking & Finance Ltd.**

Held to Maturity

As on 31 Ashad 2068

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	70,000,000	-	-	-	-	
2. Saving Bonds of Government of Nepal	20,000,000	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	110,527,000	-	-	-	-	
<b>Total Investment</b>	<b>200,527,000</b>	-	-	-	-	



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Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**

Available for Sale

As on 32 Ashad 2068

Description	Cost Price	Last Market Price	Current Market Price	Current Year Fund Adjustment Amount	Last Year		Remarks
					Profit/(Loss)		
1. Treasury Bills of Government of Nepal	-	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	-	
6. Shares of Local Licensed Institutions	29,200	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>						



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## Capital Merchant Banking &amp; Finance Ltd.

Classification of Loans and Bills Purchased and Provisioning

As on 32 Ashad 2068

Particulars	Loans						Total	Bills			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Domestic	Foreign		Total				
	Deprived		Others									
	Insured	Uninsured										
1	Performing Loan	-	61,703,980	1,994,994,155	-	-	2,056,698,135	-	-	-	2,056,698,135	2,680,905,090
1.1	Pass Loan	-	61,703,980	1,994,994,155	-	-	2,056,698,135	-	-	-	2,056,698,135	2,680,905,090
1.2	Restructured	-	-	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	1,580,385,722	-	-	1,580,385,722	-	-	-	1,580,385,722	72,398,387
2.1	Substandard	-	-	143,343,764	-	-	143,343,764	-	-	-	143,343,764	-
2.2	Doubtful	-	-	3,522,941	-	-	3,522,941	-	-	-	3,522,941	-
2.3	Bad	-	-	1,433,519,016	-	-	1,433,519,016	-	-	-	1,433,519,016	72,398,387
(A)	<b>Total Loan</b>	-	61,703,980	3,575,379,877	-	-	3,637,083,857	-	-	-	3,637,083,857	2,753,303,477
3	Loan Loss Provision	-	617,040	1,491,066,370	-	-	1,491,683,410	-	-	-	1,491,683,410	99,207,438
3.1	Pass	-	617,040	19,949,942	-	-	20,566,981	-	-	-	20,566,981	26,809,051
3.2	Restructured	-	-	-	-	-	-	-	-	-	-	-
3.3	Substandard	-	-	35,835,941	-	-	35,835,941	-	-	-	35,835,941	-
3.4	Doubtful	-	-	1,761,471	-	-	1,761,471	-	-	-	1,761,471	-
3.5	Bad	-	-	1,433,519,016	-	-	1,433,519,016	-	-	-	1,433,519,016	72,398,387
(B)	<b>Total Provisioning</b>	-	617,040	1,491,066,370	-	-	1,491,683,410	-	-	-	1,491,683,410	99,207,438
4	Provisioning up to Previous Year	-	449,970	98,757,468	-	-	99,207,438	-	-	-	99,207,438	82,024,477
4.1	Pass	-	449,970	26,359,081	-	-	26,809,051	-	-	-	26,809,051	20,255,096
4.2	Restructured	-	-	-	-	-	-	-	-	-	-	-
4.3	Substandard	-	-	-	-	-	-	-	-	-	-	-
4.4	Doubtful	-	-	-	-	-	-	-	-	-	-	-
4.5	Bad	-	-	72,398,387	-	-	72,398,387	-	-	-	72,398,387	61,769,381
(C)	<b>Total Previous Year's Provision</b>	-	449,970	98,757,468	-	-	99,207,438.00	-	-	-	99,207,438	82,024,477
(D)	<b>Written Back From Previous Year</b>	-	-	-	-	-	-	-	-	-	-	-
	Changes in This Year	-	167,070	1,392,308,902	-	-	1,392,475,972	-	-	-	1,392,475,972	17,182,961
	<b>Net Loan (A-B)</b>	-	61,086,940	2,084,313,507	-	-	2,145,400,447	-	-	-	2,145,400,447	2,654,096,039



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## Capital Merchant Banking & Finance Ltd.

Loans, Advances and Bills Purchased Security wise

As on 32 Ashad 2068

Schedule 4.13 (A)

	Particulars	This Year Rs.	Previous Year Rs.
(A)	Secured		
1	Movable/Immovable Assets	3,637,083,857	2,753,303,477
2	Guarantee of Local Licensed Institutions	3,239,175,044	2,633,238,430
3	Government Guarantee	-	-
4	Internationally Rated Bank Guarantee	-	-
5	Export Documents	-	-
6	Fixed Deposit Receipts	-	-
	a) Own Fixed Deposit Receipt	298,362,372	75,068,020
	b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7	Government Bonds	-	-
8	Counter Guarantee	-	-
9	Personal Guarantee	-	-
10	Other Securities	-	-
		99,546,441	44,997,027
(B)	Unsecured	-	-
	<b>Total</b>	<b>3,637,083,857</b>	<b>2,753,303,477</b>



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## Capital Merchant Banking &amp; Finance Ltd.

Fixed Assets  
As on 32 Ashad 2068

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others			
1								
At Cost								
a. Previous Year Balance	31,332,349	-	18,815,524	5,599,210.00	-	-	66,505,152	55,322,744
b. Addition This Year	(0)	6,208,878	21,161,230	8,263,950	2,515,298	-	55,749,458	11,913,298
Revaluation/Written Back This Year	-	-	-	-	-	-	-	-
c. This Year Sold	-	-	117,254	-	-	-	117,254	730,890
d. This Year Written off	-	-	35,950	57,236	-	-	112,182	-
e. Total Cost (a+b+c-d-e)	31,332,349	30,017,858	39,823,549	13,805,924	7,045,493	18,996	122,025,173	66,505,152
Depreciation								
a. Up to Previous Year	4,362,854	2,866,584	5,751,326	2,645,457.00	1,573,300	-	17,199,521	10,663,668
b. For This Year	1,348,475	4,562,072	6,860,707	2,231,895.70	1,214,749	-	16,217,899	7,072,378
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-	536,525
Total Depreciation	5,711,329	7,428,656	12,612,033	4,877,353	2,788,049	-	33,417,420	17,199,521
3 Book Value (WDV*) (1-2)	25,621,020	22,589,202	27,211,516	8,928,571	4,257,445	-	88,607,754	49,305,631
4 Land	-	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending)	-	-	-	-	-	-	4,229,724	4,229,724
6 Leasehold Assets	-	-	-	-	-	-	19,488,718	7,772,400
Total (3+4+5+6)	25,621,020	22,589,202	27,211,516	8,928,571	4,257,445	-	168,335,565	117,317,125

\* Written Down Value



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## Schedule 4.16

## Capital Merchant Banking &amp; Finance Ltd.

Other Assets

As on 32 Ashad 2068

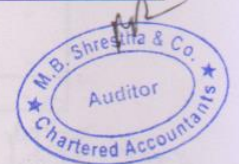
Particulars		This Year Rs.	Previous Year Rs.
Stationery Stock		1,460,133	512,879
Income Receivable on Investments		682,226	2,351,438
Accrued Interest on Loan	150,463,250	-	16,687,719
Less : Interest Suspense Amount	(150,463,250)	-	(16,687,719)
Commission Receivable		-	-
Sundry Debtors		36,372,580	11,207,309
Staff Loans and Advances		596,893	326,009
Prepaid Expenses		2,180,560	1,065,955
Cash in Transit		-	-
Other Transit items ( including cheques )		-	959,295
Drafts Paid without Notice		-	-
Expenses Not Written off		477,871	-
Branch account		-	-
Deferred Tax Assets		393,529,465	1,920
Other		3,189,826	3,905,115
<b>Total</b>		<b>438,489,555</b>	<b>20,329,920</b>

## Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	138,431,616	12,031,634	-	150,463,250	16,687,719
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-



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## Schedule 4.17

## Capital Merchant Banking &amp; Finance Ltd.

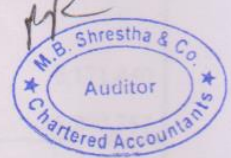
Contingent Liabilities

As on 32 Ashad 2068

Particulars		This Year Rs.	Previous Year Rs.
1	Claims on Institution but not accepted by the Institution	-	-
2	Letters of Credit (Full Amount)	-	-
	a) Less than 6 months Maturity	-	-
	b) More than 6 months Maturity	-	-
3	Rediscounted Bills	-	-
4	Unmatured Guarantees/Bonds	1,650,000	-
	a) Bid Bonds	-	-
	b) Performance Bonds	1,650,000	-
	c) Other Guarantees/Bonds	-	-
5	Unpaid Shares in Investment	-	-
6	Forward Exchange Contract Liabilities	-	-
7	Bills under Collection	-	-
8	Acceptance and Endorsements	-	-
9	Underwriting Commitments	-	-
10	Irrevocable Loan Commitments	-	-
11	Counter Guarantee of Internationally Rated Banks	-	-
12	Advance Payment Guarantee	-	-
13	Financial Guarantee	-	-
14	Contingent Liabilities on Income Tax	-	-
15	Capital Commitment net of Advance Payment	-	-
16	-----	-	-
<b>Total</b>		<b>1,650,000</b>	<b>-</b>



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## Capital Merchant Banking &amp; Finance Ltd.

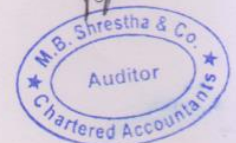
## Interest Income

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
A.	On Loan, Advances and Overdraft	394,256,316	312,059,968
1	Loans and Advances	394,256,316	312,059,968
2	Overdraft	-	-
B	On Investment	6,274,407	930,711
1	Nepal Government Securities	-	-
a.	Treasury Bills	5,049,407	930,711
b.	Development Bonds	1,225,000	-
c.	National Savings Certificates	-	-
2	Foreign Securities	-	-
a.	..... Deposits	-	-
b.	..... Local Currency	-	-
3	Nepal Rastra Bank Bond	-	-
4	Debenture and Bonds	-	-
a.	Financial Institutions	-	-
b.	Other Organizations	-	-
5	On Interbank Placement	-	-
a.	Bank and Financial Institutions	-	-
b.	Other Organizations	-	-
C	On Agency Balances	-	-
1	Local Banks	-	-
2	Foreign Banks	-	-
D	On Money at Call and Short Notice	-	-
1	Local Banks/Financial Institutions	-	-
2	Foreign Banks	-	-
E	On Others	56,697,958	39,392,197
1	Certificate of Deposits	-	-
2	Inter-Bank Loan	8,607,058	8,171,440
3	Others-Deposit with other Fis	48,090,900	31,220,757
<b>Total</b>		<b>457,228,681</b>	<b>352,382,876</b>



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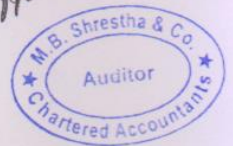
Schedule 4.19

## Capital Merchant Banking &amp; Finance Ltd.

Interest Expenses

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	308,004,673	210,966,225
1	Fixed Deposits	149,959,282	100,018,493
1.1	Local Currency	149,959,282	100,018,493
1.2	Foreign Currency	-	-
2	Savings Deposits	63,404,700	56,432,627
2.1	Local Currency	63,404,700	56,432,627
2.2	Foreign Currency	-	-
3	Call Deposits	94,640,692	24,443,510
3.1	Local Currency	94,640,692	24,443,510
3.2	Foreign Currency	-	-
4	Certificate of Deposits	-	-
B	On Borrowings	35,622,923	30,071,595
1	Debentures and Bonds	-	-
2	Loan from Nepal Rastra Bank	-	-
3	Inter Bank/Financial Institutions Borrowing	35,622,923	30,071,595
4	Other Corporate Body	-	-
5	Other Loans	-	-
C	On Others	-	-
1	.....	-	-
2	.....	-	-
<b>Total</b>		<b>343,627,596</b>	<b>210,966,225</b>





## Capital Merchant Banking & Finance Ltd.

Schedule 4.20

Commission and Discount

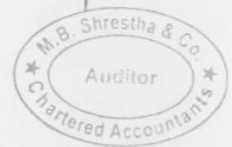
For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
A Bills Purchase and Discount		
1 Local	-	-
2 Foreign	-	-
B Commission		
1 Letters of Credit	201,331	48,067
2 Guarantee	-	-
3 Collection Fee	34,000	-
4 Remittance Fee	152,331	48,067
5 Credit Cards	15,000.00	-
6 Share Underwriting/Issues	-	-
7 Government Transactions	-	-
8 Agency Commission	-	-
10 Exchange Income	-	-
C Others	1,288,831	625,392
<b>Total</b>	<b>1,490,163</b>	<b>673,459</b>



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**Capital Merchant Banking & Finance Ltd.**

*Schedule 4.21*

Other Operating Income

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
1	Rental on Safe Deposit Lockers	-	-
2	Issue and Renewals of Credit Cards	-	-
3	Issue and Renewals of ATM Cards	-	-
4	Telex/T.T.	178,121	2,700
5	Service Charges	-	-
6	Renewal Fees	12,521,436	16,820,125
7	Others	-	-
	<b>Total</b>	<b>13,298,630</b>	<b>21,411,406</b>

**Capital Merchant Banking & Finance Ltd.**

*Schedule 4.22*

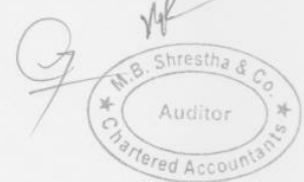
Exchange Gain/Loss

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
(A)	Revaluation Gain	-	-
(B)	Trading Gain (Except Exchange Income)	-	-
	<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>



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Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**

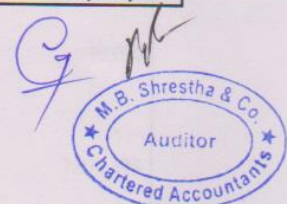
Employee Expenses

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
1	Salary	20,948,066	10,624,464
2	Allowances	4,367,270	2,803,952
3	Contribution to Provident Fund	814,447	597,491
4	Training Expenses	159,010	92,950
5	Uniform	592,435	479,422
6	Medical	1,899,458	1,073,183
7	Insurance	817,157	75,055
8	Pension and Gratuity Provision	1,408,179	859,874
9	Others	6,442,199	1,529,732
<b>Total</b>		<b>37,448,220</b>	<b>18,136,123</b>



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10	Technical Services Fee	10,420	2,18,391
11	Advertisement	94,880	1,99,570
12	Printing & Stationery	83,742	79,281
13	Security Expenses	1,768,300	761,900
14	Travel Expenses	4,052,291	1,897,250
15	Commodation and Diet	11,750	365,400
16	Others	11,091,200	2,244,150
17	17.1. Monitoring Fee	33,400	37,500
18	17.2. Fee of Panel	1,033,090	3,880,470
19	17.3. Advertisement Expenses	320,800	78,400
20	17.4. Audit Expenses	1,854,000	760,000
21	17.5. Service Charge	4,200	1,200
22	17.6. Gift Expenses	58,100	1,400
23	17.7. Travel Expenses	7,120,000	300,000
24	17.8. Printing & Stationery Expenses	1,20,000	100,000
25	17.9. ATM Network Expenses	98,700	1,10,000
26	17.10. Check Issue Management	1,20,000	1,10,000
27	17.11. Others	1,20,000	1,10,000
<b>Total</b>		<b>35,72,700</b>	<b>18,99,123</b>

## Capital Merchant Banking &amp; Finance Ltd.

Other Overhead Expenses

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars		This Year Rs.	Previous Year Rs.
1	House Rent	6,070,844	2,039,067
2	Electricity and Water	1,660,281	977,823
3	Repair and Maintenance	951,780	327,776
	(a) Building	76,248	5,505
	(b) Vehicles	175,048	170,606
	(c) Others	700,485	151,665
4	Insurance	871,396	509,556
5	Postage, Telex, Telephone, Fax	925,095	476,494
6	Office Equipment, Furniture and Fixture Repair	-	-
7	Traveling Allowances and Expenses	967,695	218,338
8	Stationery and Printing	2,790,217	1,217,337
9	Periodicals and Books	64,704	40,506
10	Advertisements	4,400,285	27,994,900
11	Legal Expenses	75,500	16,600
12	Donations	78,954	24,271
13	Expenses Relating to Board of Directors	514,534	715,837
	(a) Meeting Fees	410,000	700,000
	(b) Other Expenses	104,534	15,837
14	Annual General Meeting Expenses	384,605	461,857
15	Expenses Relating to Audit	109,733	-
	(a) Audit Fees	90,000	90,000
	(b) Other Expenses	19,733	-
16	Commission on Remittances	-	-
17	Depreciation on Fixed Assets	16,217,899	7,072,378
18	Amortization of Preliminary Expenses	-	-
19	Share Issue Expenses	10,429	2,138,340
20	Technical Services Fee	961,888	1,399,578
21	Entertainment	606,012	391,891
22	Written Off Expenses	1,748,265	761,008
23	Security Expenses	4,068,293	1,869,520
24	Credit Guarantee Premium	-	-
25	Commission and Discount	11,774	292,102
26	Others	11,681,996	7,344,152
	26.1 Membership Fee	83,483	31,500
	26.2 Tax & Fines	1,053,993	2,530,470
	26.3 Anniversary Expenses	920,460	73,485
	26.4 Fuel Expenses	1,861,983	760,240
	26.5 Service Charge	7,937	250
	26.6 Gift Expenses	13,152	3,850
	26.7 Branch Extension Expenses	1,103,932	395,010
	26.8 Business Promotion Expenses	379,744	108,830
	26.9 ATM Network Expenses	951,606	1,321,813
	26.6 Share Issue Management	-	-
	26.7 Others	5,305,707	2,118,704
<b>Total</b>		<b>55,172,180</b>	<b>31,183,921</b>



Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**

Provision for Possible Losses

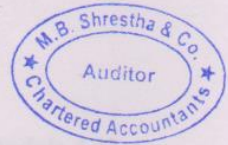
For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	1,392,475,972	17,182,961
2 Increase in Provison for Loss on Investment	-	-
3 Provision Against Non-Banking Assets	-	-
4 Provision Against Other Assets	-	-
<b>Total</b>	<b>1,392,475,972</b>	<b>17,182,961</b>



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Capital Merchant Banking & Finance Ltd.

Provision for Possible Losses

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back		
2 Provision against Non-Banking Assets Written Back		
3 Investment Provision Written Back		17,182,961
4 Provision against Other Assets Written Back		
<b>Total</b>		<b>17,182,961</b>

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Schedule 4.26

## Capital Merchant Banking &amp; Finance Ltd.

Non-Operating Income/Loss

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
1 Profit (Loss) on Sale of Investment	39,059	62,352
2 Profit (Loss) on Sale of Assets	(54,683)	(34,615)
3 Dividend	-	-
4 Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5 Others	1,500,000	1,549,000
<b>Total Non-Operating Income (Loss)</b>	<b>1,484,376</b>	<b>1,576,737</b>

Schedule 4.27

## Capital Merchant Banking &amp; Finance Ltd.

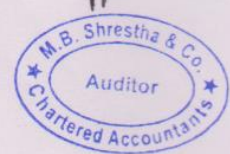
Loss Provisions Written Back

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back	-	-
2 Provision against Non-Banking Assets Written Back	-	-
3 Investment Provision Written Back	-	16,800
4 Provision against Other Assets Written back	-	-
<b>Total</b>	<b>-</b>	<b>16,800</b>



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# Capital Merchant Banking & Finance Ltd.

Schedule 4.28

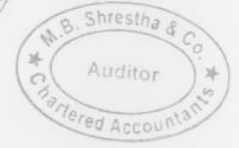
Income /Expenses from Extra-ordinary Activities

For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)

Particulars	This Year Rs.	Previous Year Rs.
1 Recovery of write off Loan	-	-
2 Voluntary Retirement Scheme Expenses	-	-
3 Loan Write-Off (4.28) (a)	-	-
4 Other Expenses/Income	-	-
<b>Total</b>	-	-

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Capital Merchant Banking & Finance Ltd.

Schedule 4.30

Statement of Capital Fund

As on 32 Ashad 2068

Particulars		Fig. in '000	
		This Year Rs.	Previous Year Rs.
A) Core Capital	प्राथमिक पूंजी		
1	Paid up Capital	14,538	978,433
2	Proposed Bonus Share	935,070	935,070
3	Share Premium	-	-
4	Non-Redeemable Preference Share	2,612	-
5	General Reserve Fund	-	-
6	Cumulative Profit/(Loss) (up to Previous FY)	37,104	37,104
7	Current Year Profit/(Loss) as per shown in Balance Sheet	(1,351,577)	3,645
8	Capital Redemption Reserve	-	-
9	Capital Adjustment Reserve	-	-
10	Calls in Advance	-	-
11	Other Free Reserves	-	-
12	Deferred Tax Reserve	-	2,612
Less :		393,529	2
-	Goodwill	2,200	-
-	Investment in excess of prescribed limit	-	-
-	Fictitious Assets	2,200	-
-	Investment in securities of companies with financial interest	-	-
-	Acquisition of Land and Building for self use in violation of directive	-	-
-	Investment in Residential housing loan and land development in excess of prescribed limit	-	-
-	Underwriting commitment not sold within prescribed time limit	-	-
-	Loan to person or group of persons restricted by prevailing Act and laws	-	-
B) Supplementary Capital			
1	Loan Loss Provision on Pass Loans	20,569	26,815
2	Additional Loan Loss Provision	20,567	26,809
3	Hybrid Capital Instruments	-	-
4	Unsecured Subordinated Term Debt	-	-
5	Exchange Equalization Reserve	-	-
6	Assets Revaluation Reserve	-	-
7	Investment Adjustment Reserve	-	-
C) Total Capital Fund (A+B)	कुल पूंजी	2.20	6.00
D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		35,107	1,005,248
Capital Fund (@ 11 Percent)			
Core Capital (@ 5.5 Percent)		435,039	322,383
Capital Fund Deficit By @ ..... Percent		217,520	161,192
Core Capital Deficit By @ ..... Percent		(399,932)	682,865
		(202,982)	817,244



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**Capital Merchant Banking & Finance Ltd.**

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders  
As on 32 Ashad 2068

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the organizations or companies in which such individuals are managing agent, are as follows :

Name of Promoter/Director/Chief Executive	Till Last Year's Balance		This Year Recovery		This Year Additions	Balance as of Ashad End	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(B) Chief Executive							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(C) Promoters							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(D) Employees							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(E) Shareholders							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
<b>Total</b>							



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## Capital Merchant Banking &amp; Finance Ltd.

## Table of Risk Weighted Assets Statement

As on 32 Ashad 2068

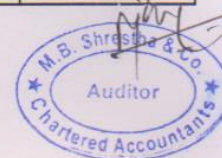
Fig. in '000

On-Balance Sheet Assets	Weight age	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	7,954	-	18,444	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	295	-	139,817	-
Investment in Government Securities	0	20,000	-	-	-
Investment in NRB Bonds	0	70,000	-	50,000	-
Fully Secured Loan against own Fixed Deposit Receipt	0	297,247	-	75,068	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	53,756	10,751	519,199	103,840
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
Loan against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	110,500	22,100	-	-
Interbank Lending	20	-	-	55,000	11,000
Investments in Shares, Debentures and Bonds	100	29	29	33	33
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	3,339,836	3,339,836	2,678,235	2,678,235
Fixed Assets	100	168,336	168,336	117,317	117,317
Other Interest Receivable ( Total interest receivable less interest receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	412,199	412,199	20,330	20,330
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>4,480,153</b>	<b>3,953,252</b>	<b>3,673,443</b>	<b>2,930,755</b>
<b>Off Balance Sheet Items</b>					
Bills Collection	0	-	-	-	-
Forward Foreign Exchange Contract	10	-	-	-	-
Letters of Credit with Maturity of less than 6 months (Full Value)	20	-	-	-	-
Guarantees provided against Counter Guarantee of Internationally Rated Foreign Banks	20	-	-	-	-
Letters of credit with maturity of more than 6 months (Full Value)	50	-	-	-	-
Performance Bond, Performance Bond and Underwriting Commitment	50	-	-	-	-
Letter Sale on the Condition of Re-Purchase	50	-	-	-	-
Advance Payment Guarantee	100	-	-	-	-
Financial and Other Guarantee	100	1,650	1,650	-	-
Revocable Loan Commitment	100	-	-	-	-
Contingent Liability in respect of Income Tax	100	-	-	-	-
All other contingent Liabilities	100	-	-	-	-
Unpaid Guarantee Claims	100	-	-	-	-
<b>Total (B)</b>		<b>1,650</b>	<b>1,650</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>4,481,803</b>	<b>3,954,902</b>	<b>3,673,443</b>	<b>2,930,755</b>



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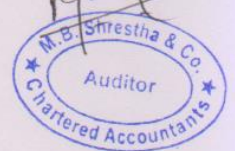


## Capital Merchant Banking & Finance Ltd.

Schedule 4.31

Principal Indicators  
(At least for previous 5 years)

Particulars		Indicators	FY 2063/64	FY 2064/65	FY 2065/66	FY 2066/67	FY 2067/68
1	Percent of Net Profit/Gross Income	Percent	19.27	18.22	16.06	16.63	(203.10)
2	Earning Per Share	Rs.	16.46	10.55	11.21	6.69	(102.85)
3	Market Value Per Share	Rs.	175.00	1,290	680	216	131
4	Price Earning Ratio	Percent	11.00	122.00	61.00	32.00	(1.27)
5	Dividend (Including Bonus) on Share Capital	Percent	15.83	8.42	-	-	-
6	Cash Dividend on Share Capital	Percent	0.83	0.42	8.42	5.26	-
7	Interest Income/Loan & Advances	Percent	10.78	9.98	10.99	11.33	10.84
8	Staff Expenses/Total Operating Expenses	Percent	31.09	35.34	39.64	36.77	40.43
9	Interest Expenses / Total Deposit and Borrowing	Percent	6.77	6.80	7.96	9.19	11.70
10	Exchange Gain/Total Income	Percent	-	-	-	-	-
11	Staff Bonus/Total Staff Expenses	Percent	108.71	89.83	56.64	49.42	-
12	Net Profit/Loan and Advances	Percent	2.39	2.08	2.01	2.27	(26.44)
13	Net Profit/Total Assets	Percent	2.03	1.77	1.66	1.75	(31.90)
14	Total Credit/Deposit	Percent	104.26	111.61	115.20	119.99	133.74
15	Total Operating Expenses/Total Assets	Percent	0.87	0.81	1.05	1.38	1.83
16	Adequacy of Capital Fund on Risk Weighted Assets						
	a) Core Capital	Percent	15.50	19.98	17.59	33.39	0.37
	b) Supplementary Capital	Percent	0.82	0.88	0.89	0.91	0.52
	c) Total Capital Fund	Percent	16.32	20.87	18.48	34.30	0.89
17	Liquidity (CRR)	Percent	12.37	11.72	13.20	21.59	0.054
18	Non-Performing Loan/Total Credit	Percent	2.820	2.270	2.960	2.63	43.45
19	Weighted Average Interest Rate Spread	Percent	5.12	4.62	4.92	4.92	2.01%
20	Book Net-Worth	Rs.	194,693	390,759	401,463	978,432	16,737,848
21	Total Number of Shares	Nos.	1,610,000	3,461,500	3,740,278	9,350,695	9,350,695
22	Total Staff	Nos.	18	24	57	71	128
23	Others	-	-	-	-	-	-



**Capital Merchant Banking & Finance Ltd.**

Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions  
As at 32 Ashad 2068 (16 July 2011)

S. N.	Name of Promoters/Promoter Group Shareholders	Share in the name of Promoter		Name of Lending Banks /Financial Institutions	Loan Details		Remarks
		Total Number of Shares	Percentage to total Paid up Capital		Loan Amount	Number of Shares pledged as collateral	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							



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## Significant Accounting Policies

Schedule 4.32

### 1. General Information

**Capital Merchant Banking & Finance Limited** is a limited liability company domiciled in Nepal. The address of its registered office is at Battisputali, Kathmandu, Nepal.

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 19 Magh 2058 and came into operation with effective from 19 Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period, unless otherwise stated. The financial statements are prepared on historical cost convention except where otherwise stated.

### 3. Statement of Compliance

The financial statements has been prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), Bank and Financial Institutions Act, 2063 ("BAFIA") and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

### 4. Basis of Preparation

Financial Statements are prepared on the historical cost basis. The preparation of financial statements is in conformity with GAAP applicable in Nepal. It also requires management to exercise judgement in process of applying the accounting policies.

The Company follows accrual system of accounting for the preparation of financial statements except where otherwise stated. All the formats of the financial statements are in accordance with the NRB Directives.

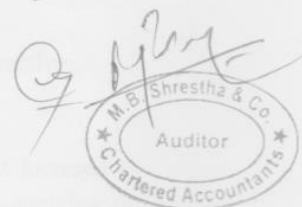
### 5. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.



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6. **Commission Income**  
All the commission incomes are accounted for on accrual basis.
7. **Interest Expense**  
Interest on deposit liabilities and borrowings is accounted for on accrual basis.
8. **Loans and Advances including Bills Purchased**  
Loans and advances include direct finance provided to the customers. These include term loans, consumer loans etc. All credit exposures are subject to regular review and are graded according to the level of credit risk and are classified as per NRB Directives. Loans and advances are shown net of mandatory provisions according to the NRB Directives.
9. **Staff Loans and Advances**  
Loans and advances granted to staff are shown under other assets Schedule-4.16.
10. **Loan Loss Provision**  
The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.
11. **Write Off**  
During this period, the Company has not written off any amount of loans and advances.
12. **Investments**  
Investments are classified as held for trading, held to maturity and available for sale.
13. **Fixed Assets and Depreciation**
  - a. Fixed assets are stated at cost less accumulated depreciation and impairment losses.
  - b. Assets with a value less than Rs. 5,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase.
  - c. Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner and rates prescribed by Income Tax Act, 2058.
  - d. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.
14. **Non-Banking Assets**  
Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives.
15. **Software Expenses**  
Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.



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**16. Employee Benefits**

*a. Retirement fund*

Provident fund contribution is recognised as expenses and deposited into the CIT.

*b. Gratuity*

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

**17. Stationery Stock**

Stationery stock at the year end is accounted for at cost. For the purpose of valuation of the same FIFO method has been applied.

**18. Provisions, Contingent Liabilities and Contingent Assets**

The Company creates a provision when there is a present obligation of the entity arising from past events, the settlements of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a present obligation that may or may not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statement.

**19. Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

**20. Deferred Tax**

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement's carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

Deferred tax assets arising from temporary difference and unused tax losses are recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



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## Notes to Accounts

### Schedule 4.33

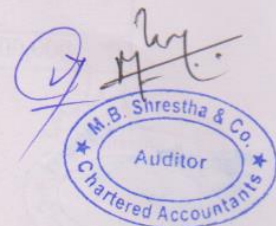
1. **Interest Income and Interest Suspense**  
The interest receivable on loans and advances as at 16 July, 2011 (32 Ashad, 2068) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.
2. **Provision for Staff Bonus**  
Staff bonus has not been provided as bank has negative net profit.
3. **Staff Housing Fund**  
No staff housing fund has been created by the Bank as required under the Labour Act, 2048.
4. **General Reserve**  
General Reserves has not been provided as bank has negative net profit.
5. **Calls in Arrears**  
There are no Calls in Arrears at the year end.
6. **Unpaid Dividend**  
The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 287,915.03.
7. **Investment in Share Capital of other Corporate**  
The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.  
Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 16 July 2011.
8. **Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off:**

Rs'000

Particulars	Amount (Rs.)
Opening Balance	2,753,303
Loans Disbursed	1,502,364
Loans Recovered	618,584
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	3,637,084



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1. **Classification of Loans & Provisioning**

Classification of loan as on 32/3/2068 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	2,056,698
2.	Substandard	143,344
3.	Doubtful	3,523
4.	Loss	1,433,519
<b>Total</b>		<b>3,637,084</b>

Accordingly, Company has provided Rs. 1,491,683 thousand loan loss provision thereon. Based on the notice published for auction of loan related mortgaged properties, additional loan loss provision of Rs. 1,167,286 thousand needs to be provided resulting total loan loss provision as on 32/3/2068 will be Rs. 2,658,969 thousand whose classification of loan is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	970,853
2.	Substandard	12,406
3.	Doubtful	3,173
4.	Loss	2,650,652
<b>Total</b>		<b>3,637,084</b>

Moreover, loan loss provision amounting to Rs. 500 thousand is yet to be created on account of guarantee invocation. The implication of this would increase net loss by the same amount.

2. **Summary Status of the Deposit Liabilities**

Rs'000

Particulars	Current Year	Previous Year	Change Rs.
	NRs.	NRs.	
Current Deposit	0	2,857	(2,857)
Margin Deposit	0	0	0
Saving Deposit	582,651	557,772	24,879
Call Deposit	793,688	592,511	201,177
Fixed Deposit	1,343,252	1,141,537	201,715
<b>Total</b>	<b>2,719,592</b>	<b>2,294,678</b>	<b>424,914</b>

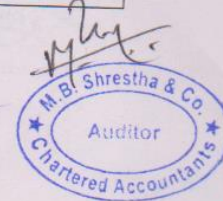
3. **Paid up Share Capital**

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000



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### Classification of Loans & Provisioning

Classification of loan as on 32/3/2068 is as under:

Rs '000

S. N.	Category	Amount (Rs.)
1.	Pass	2,056,698
2.	Substandard	143,344
3.	Doubtful	3,523
4.	Loss	1,433,519
<b>Total</b>		<b>3,637,084</b>

Accordingly, Company has provided Rs. 1,491,683 thousand loan loss provision thereon. Based on the notice published for auction of loan related mortgaged properties, additional loan loss provision of Rs. 1,167,286 thousand needs to be provided resulting total loan loss provision as on 32/3/2068 will be Rs. 2,658,969 thousand whose classification of loan is as under:

Rs '000

S. N.	Category	Amount (Rs.)
1.	Pass	970,853
2.	Substandard	12,406
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4.	Loss	2,650,652
<b>Total</b>		<b>3,637,084</b>

Moreover, loan loss provision amounting to Rs. 500 thousand is yet to be created on account of guarantee invocation. The implication of this would increase net loss by the same amount.

### Summary Status of the Deposit Liabilities

Rs '000

Particulars	Current Year	Previous Year	Change Rs.
	NRs.	NRs.	
Current Deposit	0	2,857	(2,857)
Margin Deposit	0	0	0
Saving Deposit	582,651	557,772	24,879
Call Deposit	793,688	592,511	201,177
Fixed Deposit	1,343,252	1,141,537	201,715
<b>Total</b>	<b>2,719,592</b>	<b>2,294,678</b>	<b>424,914</b>

### Paid up Share Capital

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000





9. **Classification of Loans & Provisioning**

Classification of loan as on 32/3/2068 is as under:

		Rs '000
S. N.	Category	Amount (Rs.)
1.	Pass	2,056,698
2.	Substandard	143,344
3.	Doubtful	3,523
4.	Loss	1,433,519
<b>Total</b>		<b>3,637,084</b>

Accordingly, Company has provided Rs. 1,491,066 thousand loan loss provision thereon. Based on the notice published for auction of loan related mortgaged properties, additional loan loss provision of Rs. 1,173,366 needs to be provided resulting total loan loss provision as on 32/3/2068 will be Rs. 2,664,432 thousand whose classification of loan is as under:

		Rs '000
S. N.	Category	Amount (Rs.)
1.	Pass	970,853
2.	Substandard	12,406
3.	Doubtful	3,173
4.	Loss	2,650,652
<b>Total</b>		<b>3,637,084</b>

Moreover, loan loss provision amounting to Rs. 500 thousand is yet to be created on account of guarantee invocation. The implication of this would increase net loss by the same amount.

10. **Summary Status of the Deposit Liabilities**

Particulars	Current Year	Previous Year	Change Rs.
	NRs.	NRs.	
Current Deposit	0	2,857	(2,857)
Margin Deposit	0	0	0
Saving Deposit	582,651	557,772	24,879
Call Deposit	793,688	592,511	201,177
Fixed Deposit	1,343,252	1,141,537	201,715
<b>Total</b>	<b>2,719,592</b>	<b>2,294,678</b>	<b>424,914</b>

11. **Paid up Share Capital**

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000



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2064/65	346,150,000	Public Share & 15% Bonus share
2065/66	374,027,800	Bonus Shares
2066/67	935,069,500	1:1.5 right share
2067/68	935,069,500	

12. **Earnings Per Share, share price and share transaction**

Earnings per Share is calculated and disclosed as follows:

Particulars	Basic Earnings Per Share	Diluted Earnings Per Share*
Net profit attributable to equity shareholders (Rs.)	- 961,694,573	- 961,694,573
Weighted average number of shares outstanding (No.)	9,350,695	9,350,695
<b>Earnings Per Share (Rs.)</b>	<b>-102.85</b>	<b>-102.85</b>

\* Since the Company has not issued preference share and debentures/bonds, basic earnings per share and diluted earnings per share are same.

13. **Tax liability reconciliation**

Reconciliation of profit as per financial statement is reconciled with taxable profit to compute tax liability as follows:

Particulars	Amount
Profit before tax as per Profit & Loss Account	(1,355,222,118)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	16,217,899
Provision for Gratuity	1,408,179
Provision for Leave Encashment	4,292,940
Donation	78,954
LLP	1,309,829,217
Deferred Expenses W/off	-
Share Issue Management W/off	-
Pollution Check of Bike	3,600
Standing Liquidity Facility	30,337
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	16,217,899
Deferred Expenses	477,871
Share Issue Management	2,189,861
Taxable Profit as per Income tax Act 2058	(42,246,624)
<b>Corporate Income Tax @ 30%</b>	-



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M. B. Shrestha & Co.  
Auditor  
Chartered Accountants



14. **Details of Non Banking Assets**

The Company has not taken possession of any assets taken as security against the loans and advances.

15. **Provision for Gratuity**

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

16. **Provision for Leave Encashment**

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 4,292,940 has been provided for leave encashment under this account.

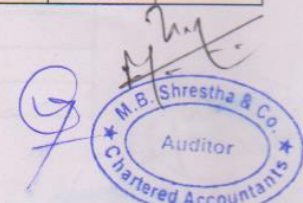
17. **Classification of Assets and Liabilities based on Maturity**

Rs in 000

S. N	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
	<b>Assets</b>						
1	Cash Balance	7954	-	-	-	-	7954
2	Balance with Banks and Financial Institutions	46253	-	-	-	-	46253
3	Investment in foreign Banks	-	-	-	-	0	0
4	Call Money	0	-	-	-	-	0
5	Nepal Government Securities	0	0	0	10000	80000	90000
6	Nepal Rastra Bank Bonds	-	-	-	-	-	0
7	Inter Bank/ Financial Institution Lending	112500		0		-	112500
8	Loans and Advances	0	92140	146057	190977	2554254	2983428
9	Others	0	0	0	0	0	0
	<b>Total Assets</b>	<b>166707</b>	<b>92140</b>	<b>146057</b>	<b>200977</b>	<b>2634254</b>	<b>3240135</b>
	<b>Liabilities</b>						-
10	Current Deposits						
11	Saving Deposits	1388018					1388018
12	Fixed Deposits	147334	345064	462521	228859	147783	1331561
13	Debentures						
14	Borrowing:	217200					217200
15	Other Liabilities						
	<b>Total Liabilities</b>	<b>1752552</b>	<b>345064</b>	<b>462521</b>	<b>228859</b>	<b>147783</b>	<b>2936779</b>
	Net Financial Assets	-1585845	-252924	-316464	-27882	2486471	303356
	<b>Cumulative Total Assets</b>	<b>-1585845</b>	<b>-1838769</b>	<b>-2155233</b>	<b>-2183115</b>	<b>303356</b>	



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18. **Deferred Tax Assets/ (Liability)**

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	1,309,829,217	-	1,309,829,217
Deferred Expenses		477,871	(477,871)
Share Issue Management		2,189,861	(2,189,861)
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity	304,059	-	304,059
Provision for Staff Leave	4,292,940	-	4,292,940
<b>Net Temporary Difference</b>			<b>1,311,758,484</b>
Deferred Tax Liability/(Assets) as at Ashad end 2068 @ 30%			393,527,545
Deferred Tax Liability/(Assets) till Ashad end 2067			1,920
<b>Deferred Tax Expense/(Income) for current year</b>			<b>393,529,465</b>

Deferred Tax Assets as on Ashad end 2068 (16 July 2011) is Rs. 393,529,465 and Rs. 393,527,545 has been recognized as deferred tax income in Profit and Loss Account in the current year.

19. Presently, the Company has been under PCA (Prompt Corrective Action) as enforced by NRB. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative profitability.

20. **Non Adjusting Events after Reporting Period**

The composition of both new and the then existing BOD is listed below:

Then existing Board of Directors:

S. No.	Name of Person	Designation
1	Bigyan Prasad Poudel	Chairman
2	Laxman Prasad Poudel	Member
3	Somraj Regmi	Member
4	Sushma K.C.	Member
5	Dambar Bahadur Basnet	Member



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New Board of Directors:

S. No.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Mahendranath Adhikari	Member
3	Ashok Kumar Bhattarai	Member
4	Mahendranath Karmacharya	Managing Director/ Professional Director

21. **Income Tax**

Provision for income tax has not been made as the bank has negative taxable profit.

22. The financial statements are subject to NRB approval.

23. The financial statements are presented in Nepalese Rupees, rounded to the nearest Rupee.

24. **Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.



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