

Independent Auditor's Report
To
The Shareholders of Orbit Energy Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Orbit Energy Limited**, which comprise of Statement of Financial Position as at 32nd Aashadh 2083 (Corresponding to 16 July 2026), Statement of Profit or Loss, Statement of Other Comprehensive Income (OCI), Statement of Cash Flows, Statement of Changes in Equity and Schedules for the period covering 1st Shrawan 2082 to 32nd Aashadh 2083 (Corresponding to 17th July 2025 to 16th July 2026) and Notes to financial statement, including Summary of accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of **Orbit Energy Limited** as at 16th July 2026 and of its financial performance and its Cash flows for the period covering 17th July 2025 to 16th July 2026, in accordance with Nepal Financial Reporting Standards (NFRS) and other relevant practices.

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 Financial Statements* section of our report. We are independent of Orbit Energy Limited in accordance with the Institute of Chartered Accountants' of Nepal (ICAN) Handbook of Code of Ethics for Professional Accountants together 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.

Other information

The directors are responsible for the other information such as "Report of Board of Directors/ Chairman's statements" to be presented in the "Orbit Energy Limited" Annual Report and Accounts for FY 2082/83 (2025-26). Our opinion on the Financial Statements does not cover those other information and, accordingly, we do not express any form of assurance or conclusion thereon.

In Connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. As the other information documents are in the process of completion, the management has provided written representations that final version of the documents will be provided when available.



Responsibilities of Management and those charged with Governance for the Financial Statements

The management of Orbit Energy Limited is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRS), 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 going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error. We 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, 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 entity'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 the 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 disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusion are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease 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 have communicated 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.



Report on the Other Legal & Regulatory Requirements

As per the requirements of Section 115 of the Companies Act, 2063 (First Amendment 2074), we further 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 audit.
- b) In our opinion the Company has kept proper books of account as required by law so far, as appears from our examinations of those Books
- c) The financial statements are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanation given to us, the financial statement the said Balance Sheet, Income Statement and Cash Flow Statement, read together with the notes forming part of the accounts give the information required by the Companies Act 2063 (First Amendment 2074) in the manner so required and give a true and fair view:
 - i. In the case of Statement of Financial Position, of the state of affairs of the Company as at 32nd Aashadh, 2083; and
 - ii. In the case of Statement of Profit or Loss, of the results of operations of the Company for the year ended on 32nd Aashadh, 2083; and
 - iii. In the case of the Statement of Cash Flows, of Cash inflow and outflow of Company for the year ended on that date.
- e) Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or company's staffs during the course of our audit nor have we received any such information from the management.
- f) No accounting fraud has been observed during the course of our audit.


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Deepak Adhikari, FCA



Partner

COP- 772

Membership No.- 997

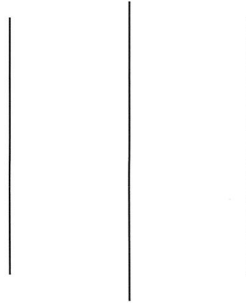
Date: August 05, 2026 (Shrawan 20, 2083)

Place: Kathmandu

UDIN: 260825CA00997G2D75

Audit Report

Orbit Energy Ltd.
Kathmandu, Nepal



Statutory Audit
As per NFRS
For the Year Ended Ashad 32, 2083 (July 16, 2026)

Submitted By:
S. D. & Associates

Shrawan, 2083

Orbit Energy Ltd.
Statement of Financial Position
As at Ashad 32nd, 2083 (16th July 2026)

Amount In NRs.

Particulars	Notes	As on Ashadh 32nd, 2083	Restated As at Ashadh 32nd, 2082
ASSETS			
Non-current Assets			
Property, Plant & Equipment	4A	22,669,838	28,136,410
Intangible Assets	4B	133,208	1,527,249
Intangible Assets Under Development (IAUD)	5	5,146,317,163	2,517,137,209
Financial Assets			
Investment in Associates and Subsidiary		-	-
Other Investment		-	-
Other non-current assets		-	-
Deferred Tax Assets		-	-
Total Non-current Assets		5,169,120,209	2,546,800,869
Current Assets			
Inventories		-	-
Financial Assets			
Trade Receivables		-	-
Cash and Cash Equivalents	6	13,876,305	127,653,755
Investments in Equity Instruments		-	-
Other Financial Assets	7	62,828,645	86,025,335
Other Current Assets	8	808,359,333	998,268,176
Current Tax Assets	9	123,334	122,831
Total Current Assets		885,187,616	1,212,070,097
Total Assets		6,054,307,826	3,758,870,966
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	1,600,000,000	1,600,000,000
Advance for Share Capital	11	-	-
Other Equity	12	314,493,339	130,312,938
Total Equity		1,914,493,339	1,730,312,938
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	13	2,985,951,090	1,966,321,581
Deferred Tax liabilities		-	-
Total Non-current Liabilities		2,985,951,090	1,966,321,581
Current liabilities			
Financial Liabilities			
Borrowings	14	820,000,000	-
Other Financial Liabilities	15	329,883,575	54,876,582
Other Current Liabilities	16	3,979,822	7,359,863
Current Tax Liabilities		-	-
Provision		-	-
Total Current Liabilities		1,153,863,397	62,236,444
Total Liabilities		4,139,814,487	2,028,558,025
Total Equity and Liabilities		6,054,307,826	3,758,870,966

The accompanying notes are integral part of these financial statements.


Ram Prasad Acharya
Director

Uttam Raj Bhandari
Independent Director

Sudip Khadka
Project Director

Milan devkota
Director

Kapil Gaudel
Accounts Officer

As per our attached report of even date

CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

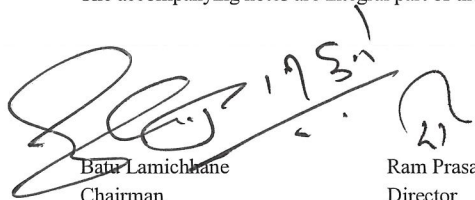


Orbit Energy Ltd.

Statement of profit or loss and Other Comprehensive Income for the year ended 32nd Ashad, 2083

Particulars	Notes	FY. 2082.83	Restated FY. 2081.82
Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Construction Revenue as per IFRIC 12	17	2,629,179,954	1,519,507,240
Less: Construction Expenses as per IFRIC 12	17	2,434,425,884	1,406,951,148
Construction Net Income as per IFRIC 12		194,754,071	112,556,092
Other Income	18	3,783	205,966
Employee Benefits Expense	19	4,753,548	4,564,455
Depreciation and Amortisation Expense	20	2,128,437	2,452,326
Administrative and Other General Expenses	21	3,408,200	2,383,227
Profit Before Interest and Tax		184,467,669	103,362,050
Finance Income			
Finance Cost	22	130,055	292,659
Profit Before Bonus and Tax		184,337,614	103,069,390
Provision For Staff Bonus		-	-
Profit(loss) Before Tax		184,337,614	103,069,390
Less: Tax Expense		-	-
Current Tax		-	-
Deferred Tax		-	-
Profit/(Loss) for the Period		184,337,614	103,069,390
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-
Total comprehensive gain/(loss) for the year, net of tax		184,337,614	103,069,390
Earnings per Equity share of Rs. 100 Each			
Basic Earnings per Share	23	11.52	11.00
Diluted Earnings Per Share	23	11.52	11.00

The accompanying notes are integral part of these financial statements.


Bata Lamichhane
Chairman

Ram Prasad Acharya
Director

Milan Devkota
Director

Uttam Raj Bhandari
Independent Director

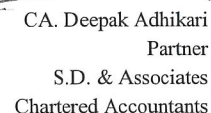
Sudip Khadka
Project Director

Kapil Gaudel
Accounts Officer



As per our attached report of even date




CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Date: 2083/04/20
Place: Kathmandu, Nepal

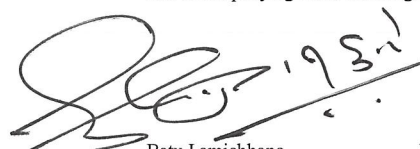
Orbit Energy Ltd.

Statement of cash flows for the year ended 32nd Ashad, 2083

Amount In NRs.

Particulars	FY. 2082.83	Restated FY. 2081.82
Cash Flows From Operating Activities		
Profit For The Year	184,337,614	103,069,390
Adjustments For:		
Lease Liability Written Back	-	-
Reserve Adjustment	(157,213)	1,125
Finance Costs	130,055	292,659
Deffered tax Expenses	-	-
Gain/Loss On Investment Through FVTPL	-	-
Depreciation And Amortization Of Non-Current Assets	2,128,437	2,452,326
Cash Generated From Operations before working capital changes	186,438,893	105,815,501
Movements In Operating Assets:		
(Increase)/Decrease In Other Financial Assets	23,196,690	(70,061,098)
(Increase)/Decrease In Other Current Assets	189,908,843	(243,222,331)
(Increase)/Decrease In Current Tax Assets	(503)	(30,868)
Increase/ (Decrease) In Other Financial Liabilities	275,006,994	25,627,930
Increase/(Decrease) In Other Liabilities	(3,380,041)	4,376,371
Increase/(Decrease) In Current Tax Liabilities		
Cash Generated From Operations	671,170,876	(177,494,494)
Cash Flows From Investing Activities		
Cash Flows From Investing Activities		
Addition on Intangible Assets	-	-
Addition on Intangible Assets Under developments (IAUD)	(2,624,107,432)	(1,541,704,851)
Addition on Property, Plant And Equipment	(340,346)	(3,698,622)
Sale Of Property, Plant And Equipment	-	-
Net Cash (Used In)/Generated By Investing Activities	(2,624,447,778)	(1,545,403,473)
Increase (Decrease) Of Borrowings	1,839,629,509	1,229,216,581
Increase or Decrease In Share Capital	-	970,335,000
Share Issuance Cost	-	(1,264,500)
Increase or Decrease In Advance for Share Capital	-	(352,750,000)
Finance Costs	(130,055)	(292,659)
Net Cash Used In Financing Activities	1,839,499,454	1,845,244,422
Net Increase In Cash And Cash Equivalents	(113,777,451)	122,346,454
Cash And Cash Equivalents At The Beginning Of The Year	127,653,755	5,307,299
Cash And Cash Equivalents At The End Of The Year	13,876,305	127,653,755

The accompanying notes are integral part of these financial statements.


Batu Lamichhane
Chairman


Ram Prasad Acharya
Director

Uttam Raj Bhandari
Independent Director


Sudip Khadka
Project Director


Milan Devkota
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As per our attached report of even date


CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Date: 2083/04/20

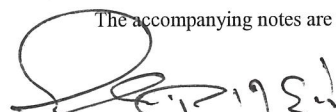
Place: Kathmandu, Nepal

Orbit Energy Ltd.

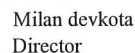
Statement of Changes in Equity for the year ended 32nd Ashad, 2083

Particulars	Share Capital	Advance for Share Capital	Reserves and Surplus			Amount In NRs.
			Capital Reserve	General Reserve	Retained Earnings	Total
Balance As At Ashad 31st, 2081 (Restated)	629,665,000	352,750,000	-	-	28,506,923	1,010,921,923
Issue of Share Capital	970,335,000	-	-	-	-	970,335,000
Advance for Share Capital	-	(352,750,000)	-	-	-	(352,750,000)
Profit For The Year	-	-	-	-	103,069,390	103,069,390
Adjustment to Retained Earning	-	-	-	-	1,125	1,125
Share Issuance Cost	-	-	-	-	(1,264,500)	(1,264,500)
Other Comprehensive Income For TheYear, Net Of Income Tax	-	-	-	-	-	-
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 32nd, 2082	1,600,000,000	-	-	-	130,312,938	1,730,312,938
Issue of Share Capital	-	-	-	-	-	-
Advance for Share Capital	-	-	-	-	-	-
Profit For The Year	-	-	-	-	184,337,614	184,337,614
Adjustment to Retained Earning	-	-	-	-	(157,213)	(157,213)
Share Issuance Cost	-	-	-	-	-	-
Other Comprehensive Income For TheYear, Net Of Income Tax	-	-	-	-	-	-
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 32nd, 2083	1,600,000,000	-	-	-	314,493,339	1,914,493,339

The accompanying notes are integral part of these financial statements.


Batu Lamichhane
Chairman


Ram Prasad Acharya
Director


Milan devkota
Director

Uttam Raj Bhandari
Independent Director

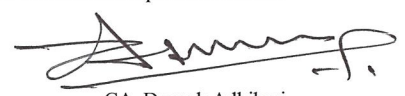

Sudip Khadka
Project Director


Kapil Gaudel
Accounts Officer

Date: 2083/04/20
Place: Kathmandu, Nepal

As per our attached report of even date




CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Orbit Energy Ltd.

Notes to Financial Statements for the year ended on 32nd Ashad, 2083

4A. Property, Plant and Equipment

Amount In NRs.

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Project Vehicle-B	Project Vehicle-C	Computers and Printers	Total
Gross Block							
Balance as at Ashad 31st 2081	1,238,152	2,549,806	3,584	28,029,900	6,586,000	1,040,093	39,447,535
Additions During the Year							
Acquisition	158,084	300,538	-		3,165,000	75,000	3,698,622
Capitalization	-	-	-			-	-
Disposal During the Year	-	-	-			-	-
Adjustment/Revaluation	-	-	-			-	-
Balance as at Ashad 32nd 2082	1,396,236	2,850,344	3,584	28,029,900	9,751,000	1,115,093	43,146,157
Additions During the Year							
Acquisition	132,775	147,243	-	-	-	34,500	314,518
Capitalization	-	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-
Balance as at Ashad 32nd 2083	1,529,011	2,997,587	3,584	28,029,900	9,751,000	1,149,593	43,460,675
Accumulated Depreciation and Impairment							
Depreciation charge for the year	241,253	479,118	459	9,577,615	2,840,673	147,066	13,286,185
Impairment for the year							
Disposal	-	-	-			-	-
Adjustment	-	-	-			-	-
Balance as at Ashad 32nd 2082	556,962	1,365,634	1,749	9,577,615	2,840,673	667,113	15,009,747
Depreciation charge for the year	216,730	379,145	367	3,690,457	1,382,065	112,326	5,781,090
Impairment for the year							
Disposal	-	-	-			-	-
Adjustment	-	-	-			-	-
Balance as at Ashad 32nd 2083	773,692	1,744,779	2,116	13,268,072	4,222,739	779,439	20,790,837
Carrying Amount	755,319	1,252,808	1,468	14,761,828	5,528,261	370,154	22,669,838
As at Ashad 32nd 2082	839,274	1,484,710	1,835	18,452,285	6,910,327	447,980	28,136,410
As at Ashad 32nd 2083	755,319	1,252,808	1,468	14,761,828	5,528,261	370,154	22,669,838



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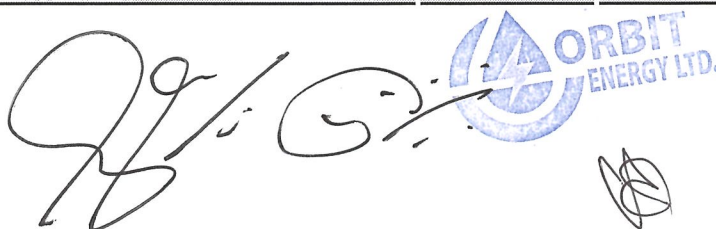
Orbit Energy Ltd.

Notes to Financial Statements for the year ended on 32nd Ashad 2083

4B. Intangible Assets

Amount In NRs.

Particulars	Software	ROU Assets - 1 As per NFRS	Total
Cost			
As on Shrawan 01, 2079	81,188	-	81,188
As on Shrawan 01, 2079- NFRS Adjustment	-	5,634,147	6,387,752
Addition during the year	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	-	-
Balance as on 31st Ashad 2080	81,188	5,634,147	6,468,940
Addition during the Year	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	-	-
Balance as on 31st Ashad 2081	81,188	5,634,147	6,468,940
Addition during the Year	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	-	-
Balance as on 32nd Ashad 2082	81,188	5,634,147	6,468,940
Addition during the Year	-	-	-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	25,828	-
Balance as on 32nd Ashad 2083	81,188	5,659,974	5,741,162
Amortisation and Impairment			
As on Shrawan 01, 2079	-	-	-
As on Shrawan 01, 2079 - NFRS Adjustment Lease	-	-	-
Amortisation charge for the year	16,237	1,379,791	1,678,630
Impairment for the year	-	-	-
Disposals	-	-	-
Adjustment	-	-	-
As on 31st Ashad 2080	16,237	1,379,791	1,678,630
Impairment for the year	-	-	-
Amortisation charge for the year	16,238	1,379,791	1,396,029
Disposals	-	-	-
Adjustment	-	-	-
As on 31st Ashad 2081	32,475	2,759,582	3,074,659
Impairment for the year	-	-	-
Amortisation charge for the year	16,238	1,379,791	1,584,430
Disposals	-	-	-
Adjustment	-	-	-
As on 32nd Ashad 2082	48,712	4,139,373	4,659,088
Impairment for the year	-	-	-
Amortisation charge for the year	16,238	1,403,632	1,419,869
Disposals	-	-	-
Adjustment	-	-	-
As on 32nd Ashad 2083	64,950	5,543,005	5,607,955
Net Book Value	32,476	1,494,774	1,809,851
As on 31st Ashad 2081	48,713	2,874,565	3,111,679
As on 32nd Ashad 2082	32,476	1,494,774	1,527,249
As on 32nd Ashad 2083	16,238	116,969	133,208



ORBIT ENERGY LTD.



Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2083

17. Revenue During Construction Phase as per IFRIC 12

Amount In NRs.

Particulars	FY. 2082.83	FY. 2081.82
Project B		
Revenue During Construction Phase as per IFRIC 12	1,678,774,662	1,371,778,526
Less: Cost During Construction Phase as per IFRIC 12	1,554,420,983	1,270,165,302
Construction Income Project B	124,353,679	101,613,224
Project C		
Revenue During Construction Phase as per IFRIC 12	950,405,293	147,728,714
Less: Cost During Construction Phase as per IFRIC 12	880,004,901	136,785,846
Construction Income Project C	70,400,392	10,942,868
Total Construction Income of Project B and C	194,754,071	112,556,092

Note: The Project 'Sabha Khola (Project B and C)' is still in the process of construction Phase. It is yet to start generation of hydroelectricity. Revenue and Margin during the construction phase has been recognized using the percentage of completion method. Management best estimates of 8% has been used as the basis for margin for determining the revenue and cost during the construction phase.

18. Other Income

Particulars	FY. 2082.83	FY. 2081.82
Interest income	3,783	205,966
Total	3,783	205,966

19. Employee Benefits Expense

Particulars	FY. 2082.83	FY. 2081.82
Salary and Allowances (Sabha B)	4,375,203	4,197,510
Salary and Allowances (Sabha C)	378,345	366,945
Total	4,753,548	4,564,455

20. Depreciation And Amortization Expenses

Particulars	FY. 2082.83	FY. 2081.82
Depreciation Of Property, Plant and Equipment(General Assets)	708,568	867,896
Amortization Intangible Assets (Software) and ROU	1,419,869	1,584,430
Total	2,128,437	2,452,326







Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2083

21. Administrative and Other General Expenses

Particulars	FY. 2082.83	FY. 2081.82
Audit fee	113,000	113,000
Legal fee expenses	-	-
Meeting Allowance	3,000	105,450
Office Expenses	-	21,975
Security Expenses	-	4,000
Travelling Expenses	454,747	197,771
Cleaner Expenses	152,531	159,719
Bank comission and Charges	-	131,830
Equity Certification Fee	-	28,250
Tiffin & Refreshment Expenses	241,887	188,613
Advertisement and Notice Publication Expenses	64,650	96,817
Postal and Courier Expenses	-	1,621
Travelling Allowance-Int'l	-	-
ISO Certification Fee	-	186,450
Travelling and Ticketing	-	-
Mobile Recharge Expenses - Staff	79,050	-
Repair and Maintenance - Office	-	6,375
Food and Accommodation	107,820	171,886
Miscellaneous Expenses	170,070	35,590
Telephone, Water & Electricity Expenses	1,725	54,375
Fuel & Transportation Expenses	1,022,480	738,092
Printing & Stationary Expenses	10,631	31,205
Government Tax	32,800	-
Written Off Assets	-	1
Swift Charge	-	3,500
Consulting Fee	-	56,500
Atestation & Translation Charges	121,000	-
Bank Charge	15,253	-
IPO Approval Service Fee	16,500	-
Meeting Expense	326,941	-
Guest Entertainment Expenses	39,810	-
Membership Expenses	6,300	9,225
Project C		
Bank Charge	30,950	20,326
Fuel Expenses	32,638	6,000
Meeting Expenses	2,040	3,750
Food and Accomodation	31,436	2,957
Travelling Expense	-	5,700
Membership Expenses	2,250	2,250
Cleaning and Sanitizing Expenses	3,734	-
Electricity and Water Expenses	10,350	-
Festival Expenses	200,913	-
Miscellaneous Expenses	16,024	-
Printing & Stationery Expenses	4,470	-
Telephone Expenses (Staff)	2,175	-
Vehicle Repair and Maintenance	58,032	-
Government Tax	14,000	-
Vehicle Renew Expenses	18,993	-
Total	3,408,200	2,383,227



The bottom section of the page contains several handwritten signatures and official stamps. On the left, there are three distinct handwritten signatures. In the center, there is a blue circular stamp for 'ORBIT ENERGY LTD.' with a lightning bolt logo. To the right of this is another blue circular stamp for 'S.D. & Associates Chartered Accountants' located in 'Kathmandu, Nepal'. There are also some smaller, less legible handwritten marks and stamps scattered around these main ones.

Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2083

22. Finance Cost

Particulars	FY. 2082.83	FY. 2081.82
Finance Cost - Bank	-	-
Finance Cost - Other (Lease)	130,055	292,659
Total	130,055	292,659

Note: The interest expenses is on account of unwinding of lease liability relating to office space taken on lease .

23. Earning Per Share (EPS)

Particulars	FY. 2082.83	FY. 2081.82
Profit / (Loss) for the year	184,337,614	103,069,390
Weighted average number of equity shares outstanding	16,000,000	9,369,776
Earning per share - Basic (Face value of Rs. 100 per share)	11.52	11.00
Add: weighted average number of potential equity shares		
Weighted average number of equity shares (including dilutive shares) outstanding	-	-
Earning per share - Diluted (Face value of Rs. 100 per share)	11.52	11.00

 ORBIT ENERGY LTD.



Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2083

5. Intangible Assets Under Development (IAUD)

Amount In NRs.

The Project 'Sabha Khola (Project B and C) ' is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Intangible assets Under Development (IAUD) details as given hereunder:

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Sabha Khola Hydropower Project 'B' - 15.1 MW		
Opening Balance	2,136,700,639	866,535,337
Addition During The Year	1,554,420,983	1,270,165,302
Deletion		
Sub Total	3,691,121,622	2,136,700,639
Add: IFRIC 12 Margin	295,289,730	170,936,051
Total IAUD of Project 'B'	3,986,411,351	2,307,636,690
Sabha Khola Hydropower Project 'C' - 6.3 MW		
Opening Balance	193,981,962	57,196,116
Addition During The Year	880,004,901	136,785,846
Deletion		
Sub Total	1,073,986,863	193,981,962
Add: IFRIC 12 Margin	85,918,949	15,518,557
Total IAUD of Project 'C'	1,159,905,812	209,500,519
Total Intangible Assets Under Development (IAUD) - Project 'B' and 'C'	5,146,317,163	2,517,137,209

These expenditures which are now shown as Intangible Assets Under Development in Statement of Financial Position are subject to capitalization upon commencement of generation of electricity or the date on which the plant is ready for put to use, whichever is earlier. Some expenses which are of administrative nature are also included in IAUD as these are directly attributable to the project.








Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2083

6. Cash and Cash Equivalents

Details of cash and cash equivalents is as follows:

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Balances with Banks	13,695,880	127,627,532
Project 'B'		
Kumari Bank Ltd. - Current Account (0430269127700001)	6,468,000	105,629,265
Kumari Bank Ltd. - Call Account (0430269127700002)	-	40,266
ADBL - Current Account (0100205312140010)	902,026	3,024,617
Nabil Bank Ltd. - Current Account (16901017502965)	18,618	18,618
Siddhartha Bank Ltd. - Non Operating Account (55504988534)	3,566,134	636,620
Prime Commercial Bank HO - Current Account -(00101000000571600101)	262,206	985,491
Prime Commercial Bank - Site Current Account (06901000000093000100)	683,403	12,227,400
Nepal Bank Ltd. - Current Account	6,050	6,050
Siddhartha Bank Ltd. - Current Account	52,633	52,633
Project 'C'		
Kumari Bank Ltd Sabha C 0430269127700003	736,765	4,915,340
Prime Bank Site A/C 06901000000093000100	959,476	88,562
Siddhartha Bank Non Operative Account. Sabha C	40,569	2,670
Cash in hand (As Certified by Management)	180,425	26,223
Cash and Cash Equivalents as Per Balance Sheet	13,876,305	127,653,755
Cash and Cash Equivalents as Per Statement of Cash Flows	13,876,305	127,653,755

7. Other Financial Assets - Current

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Project 'B'		
Cash Margin - Bank Guarantee EM Equipment	6,656,725	-
PPA Bank Guarantee Cash Margin-KBL	645,000	645,000
Cash Margin LC_EM_Troyer Hydro India	36,719,864	36,719,864
Cash Margin_Transmission Line_Build 360	-	6,621,576
LC Cash Margin-Electro Mechanical Works Italy 21.5 MW	1,246,417	10,875,299
LC Cash Margin-Electro Mechanical Works Italy 10.5 MW	538,495	-
NRB Margin EM Equipment	5,393,000	-
Prepaid Access Road Insurance	-	402,888
Prepaid Civil Works Insurance	3,615,502	7,900,107
Prepaid Tunnel Work Insurance	3,196,820	3,272,806
Prepaid Vehicle Insurance	77,505	164,607
Project 'C'		
Cash Margin_EM Works_Flovel Energy	1,018,275	13,464,611
NRB Margin for HM Works Pipe Import	-	367,000
NRB Margin-LC250160-Steel Pipes and Plates	-	1,665,500
Cash Margin Bank Guarantee	3,300,000	-
PPA-Cash Margin - Bank Guarantee KBL	188,700	188,700
Prepaid Civil Work Insurance	-	3,737,376
Prepaid Vehicle Insurance	67,643	-
Prepaid Steel Pipe Insurance	164,698	-
Total	62,828,645	86,025,335





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Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2083

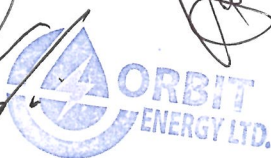
8. Other Assets - Current

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Project 'B' - Sabha Khola		
Advance for Land Procurements	180,599,711	162,953,259
Advance to Baibhab Power - Mobilization Advance for Civil Works	43,456,705	101,829,402
Advance to Baibhab Power Nepal - Mobilization Advance for Tunnel Works	37,208,629	87,519,484
Advance to Cream Hydel Pvt.Ltd. - Mobilization Advance for HM Works	18,820,752	28,035,373
Advance to Baibhab Power - Advance for Transmission Line Works	24,200,000	10,000,000
Site Advance	250,000	250,000
Advance to Nabin Kumar Gauli - Site Work	-	80,000
Advance to Contractors - Baibhab Power Nepal Pvt. Ltd.	103,357,240	4,476,597
Advance to Cangzhou Spiral Steel Pipe Group Co. Ltd.	-	36,657,429
Advance to Long Vision Tours and Travels	-	2,300,000
Troyer AG SPA-Italy _Advance EM Works	-	90,224,561
Advance to Nepal Environment & Development Consultant Pvt. Ltd.	962,000	962,000
Advance to Cream Hydel Pvt Ltd.	40,952,676	7,049,590
Advance to Kumari Capital	100,000	100,000
Advance to Clean Energy Consultants Pvt. Ltd.	2,018,425	2,200,000
Build Three Sixty Pvt Ltd Tower and Line Materials	242,367,166	96,320,988
Advance to Nepal Shipping & Air Losistics Pvt. Ltd.	386,571	-
Advance to Manaram Motors	80,652	-
Other Receivables	395	-
Advance to Electroma Trading Pvt. Ltd	49,840	-
Staff Advance	856,932	1,279,829
Project 'C' - Sabha Khola		
Baibhab Power Nepal Mobilization Advance-Civil Work	61,183,506	91,004,379
Baibhab Power Nepal Advance-Transmission Line	8,000,000	-
Cream Hydel Mobilization Advance - HM Work	16,000,000	-
Advance for Land	24,550,000	18,000,000
Flovel EnergyPvt Ltd-EM Supplier	-	89,764,075
Nepal Environment and Development Consults Pvt Ltd	300,000	300,000
Oceanic Express LLP	-	1,601,572
Advance to Cangzhou Sprial Steel Pipes Co. Ltd. - HM Pipe	-	165,359,640
Staff Advance	2,527,045	-
Advance to Innovative Engineering Services Pvt Ltd	10,850	-
Advance to Manaram Motors	120,238	-
Total	808,359,333	998,268,176

9. Current Tax Assets

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Advance Income Tax	123,334	122,831
Total	123,334	122,831





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Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2083

10. Equity Share Capital

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Equity Share Capital	1,600,000,000.00	1,600,000,000.00
Total	1,600,000,000.00	1,600,000,000.00
i.)		
Authorized Share Capital :		
(20,000,000 Equity Shares of Rs.100 each)	2,000,000,000.00	2,000,000,000.00
Issued Capital:		
(20,000,000 Equity Shares of Rs.100 each)	2,000,000,000.00	2,000,000,000.00
Paid- Up Capital :		
(16,000,000 Equity Shares of Rs.100 each)	1,600,000,000.00	1,600,000,000.00
Total	1,600,000,000.00	1,600,000,000.00

ii.) Terms/rights attached to equity shares

The Company has single class of equity shares having face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

iii.) The Unpaid Share Capital of the company is Rs. 400,000,000.00

iv.) The Details of shareholders holding more than 5% Shares

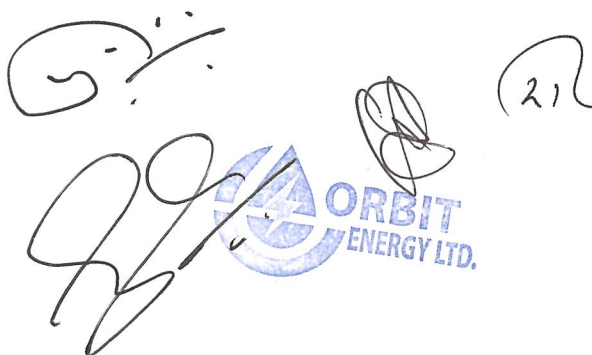
Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Singati Hydro Energy Ltd	40.00%	40.00%
Batu Lamichhane	3.13%	3.13%
Ganesh Karki	3.12%	3.12%
Total	46.24%	46.24%

v.) Reconciliation of number of share outstanding

Particular	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Balance at the beginning of the year - Share Capital	16,000,000.00	6,296,650.00
Add: Share Capital	-	9,703,350.00
Balance at the end of the year	16,000,000.00	16,000,000.00

11. Advance for Share Capital

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Advance for Share Capital	-	-
Total	-	-





Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2083

12. Other Equity

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Balance At Beginning Of Year	130,312,938	28,506,923
Profit and (Loss) For The Year	184,337,614	103,069,390
Adjustment to Retained Earning	-	1,125
Share Issuance Cost	-	(1,264,500)
Income Recognized Due to IFRIC 12	-	-
NFRS Adjustment of Administrative Expenses	-	-
Advance Payment of Lease Liability	-	-
Lease Adjustment	(157,213)	-
Total	314,493,339	130,312,938

13. Borrowings

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Measured at amortized cost		
Term Loan From Banks - Secured (Sabha B)	2,349,001,680	1,643,861,581
Term Loan From Banks - Secured (Sabha C)	636,949,409	322,460,000
Less: Payable within 12 months transferred	-	-
Total	2,985,951,090	1,966,321,581

14. Borrowings

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Measured at amortized cost		
Current Portion of Term Loan (Payable with in 12 months)	-	-
Bridge Gap/Working Capital Loan	820,000,000	-
Total	820,000,000	-








Orbit Energy Ltd.

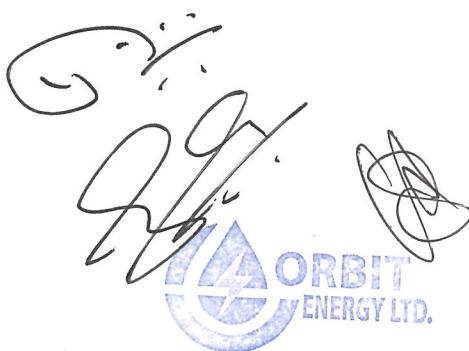
Notes to the financial statements for the year ended Ashad 32nd, 2083

15. Other Financial Liabilities - Current

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Project 'B'		
Audit Fee Payable	111,500	111,500
Staff Payable	886,149	360,255
Payable to Director	1,706,800	1,128,800
Retention Payable	72,986,242	47,501,023
Payable to Dip Auto Engineering Pvt Ltd	-	9,621
Payable to City Automobiles	200,000	-
Payable to Finman Service Pvt. Ltd	57,500	57,500
Payable Next Gen Tech Solution	7,565	7,565
Payable to Synex Power Pvt. Ltd.	10,486,037	2,180,261
LC Comission Payable - ADBL	2,561,101	1,689,651
Payable to Kiran Acharya & Associates	167,250	-
Payable to SN Entreprises Pvt. Ltd	72,292	-
Payable to Troyer AG Italy	43,856,478	-
Siyara Clearing Agency	135,898	-
Payable to Troyer Hydro Pvt Ltd. India	161,496,546	-
Payable to Long Vision Tours and Travels Pvt. Ltd	100,000	-
Other Payables	1,120,702	-
Lease Liability	163,501	1,830,406
Project 'C'		
Retention Payable	10,568,063	-
Staff Payable	101,633	-
Payable to Bailee International Pvt. Ltd.	1,857,700	-
Payable to Flovel EnergyPvt Ltd-EM Supplier	16,918,803	-
Payable to BG Group Pvt Ltd	329,000	-
Payable to Synex Power Pvt Ltd.	3,992,815	-
Total	329,883,575	54,876,582

16. Other Current Liabilities

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
SST and Remuneration Tax Payable	307,496	1,057,238
Withholding Tax Payable (TDS Payable)	3,672,326	6,089,125
CIT Payable	-	213,500
Total	3,979,822	7,359,863



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5.1 Intangible Assets Under Development (IAUD) - Summary (Sabha Khola 'B')

Amount In NRs.

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Sabha Khola 'B' Hydropower Project - 15.1 MW		
Pre-Operating and Development Cost	63,565,812	63,565,812
Civil Construction Works	1,841,156,967	1,212,723,349
Hydromechanical Works	330,699,948	240,355,087
Electro-mechanical/Substation Equipment	527,520,734	6,551,692
132 kV Transmission Line/Con power	34,977,101	34,256,430
Land Lease and Procurement	83,744,661	50,195,300
Site office Building	28,757,148	28,757,148
Office Equipment	5,011,760	5,011,760
Vehicles	16,684,108	11,885,896
Access Road/Infrastructure	124,272,126	124,272,126
Social and Environment Cost/Replacement	46,799,153	38,302,319
Engineering, Management and Supervision	175,328,784	104,505,823
Project Insurance during Construction	22,303,788	12,137,667
Misc/Contingency/Provisional Sum	-	-
Interest During Construction	390,299,532	204,180,231
Total	3,691,121,622	2,136,700,639
Add: IFRIC 12 Margin	295,289,730	170,936,051
Total	3,986,411,351	2,307,636,690

5.1.1 Details of Intangible Assets Under Development (IAUD)

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Sabha Khola 'B' Hydropower Project - 15.1 MW		
<u>Pre-Operating and Development Cost</u>		
Bank Commission	3,743,881	3,743,881
Consultancy Expenses	1,797,100	1,797,100
Project Promotion Expenses	1,982,919	1,982,919
Gratuity Expenses	142,170	142,170
Depreciation	137,460	137,460
Advertising and consultancy Expenses	151,476	151,476
Fuel & Transportation Expenses	1,028,148	1,028,148
Guest Entertainment Expenses	3,626,925	3,626,925
House Rent	5,533,360	5,533,360
Meeting Allowance Expenses	3,700,000	3,700,000
IEE Report Expenses	50,900	50,900
DPR Report Expenses	4,800,000	4,800,000
WIP company Registration Exp	256,600	256,600
Loan processing Fees	4,720,500	4,720,500
Bidhut Bikash Bibagha (Dod) (Sabha Khola "B")	7,162,000	7,162,000
Bidhut Byapar Bibagha (PPA) Sabha Khola "B"	602,000	602,000
Bidhut Bikash Bibagha (Dod)	30,000	30,000
Salary Expenses	21,145,636	21,145,636
Travelling Expenses	1,588,018	1,588,018
Communication	548,240	548,240
Project development Cost	177,240	177,240
Stationary & Printing Expenses	410,467	410,467
Telephone & Mobile Expenses	230,772	230,772
Sub Total	63,565,812	63,565,812



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Civil Construction Works

Underground Works-TUNNEL	849,739,576	581,533,440
Army Management Expenses	57,700,625	39,479,375
Bailey Bridge at Powerhouse	47,718,144	47,718,144
Construction Of Civil Surface Works	633,058,207	369,213,620
Bailey Bridge-Headwork's	45,761,365	45,761,365
Explosives and Detonator	138,494,212	113,151,137
Army Camp and Bunker House	14,117,838	14,117,838
Royalty for Crusher	900,000	600,000
Good Purchased and Furnishing for Army camp	1,148,431	1,148,431
Earthing Works & Material at Sabha Khola B	2,363,054	-
Shortcrete Machine Expenses	50,155,517	-
Sub Total	1,841,156,967	1,212,723,349

Hydromechanical Works

LC-Commission For HM Works-B	596,664	596,664
Cargo Vehicle Parking Expenses-HM	148,450	148,450
Clearing & Transporting Charges of Steel Pipes	19,406,302	10,638,604
Custom Duty of Steel Pipes	3,098,896	2,692,336
Custom Vehicle Charges	44,065	44,065
Fabrication & Erection of Steel Pipes_HM Works	81,210,457	37,294,797
Shore Handling Charges of Steel Pipes	665,199	665,199
Steel Pipes & Plates-HM Works	209,958,025	173,300,596
Transportation of Pipes Brtgr to Sabha B	12,085,350	12,085,350
Transportation of Steel Pipe Britnagar to Butwal	1,906,875	1,906,875
Valuation & Other Custom Expenses	602,515	350,000
Vehicle Detention Charges for Steel Pipes	480,930	480,930
Transit Insurance	151,221	151,221
Yard Charges of Pipes	345,000	-
Sub Total	330,699,948	240,355,087

Electro-mechanical/Substation Equipment

Confirmation Charge EM LC Troyer India	2,574,056	500,000
LC Commission-EM Works	9,627,624	6,051,692
Crane Hire Charge	200,000	-
Custom Clearance Expenses - EM Equipments	1,197,607	-
Electromechanical Equipments 32.25 MW	511,058,113	-
Custom Duty Of EM Works	744,584	-
Energy Meter-2Sets	2,118,750	-
Sub Total	527,520,734	6,551,692

132 kV Transmission Line/Con power

Construction Power	21,587,012	21,587,012
Survey & Design of 132KV Transmission Line	2,632,900	2,632,900
TOD Meter and IIT Metering Unit Insulation Works.	2,422,495	1,847,871
Survey License Fee Transmission	130,000	130,000
IEE Study of 132 KV Transmission Line	1,356,000	1,356,000
LC Commission for Transmission Line	374,799	228,753
Transmission Line Construction License Fee DOED	3,000,000	3,000,000
Grid Connection Expenses	150,000	150,000
DCPT Test at Tower Foundation OF TL	971,800	971,800
Desk Study Report	141,250	141,250
Transmission Line Survey	2,210,845	2,210,845
Sub Total	34,977,101	34,256,430

Land Lease and Procurement

Land Purchased and Lease	36,193,500	26,193,500
Land Purchase Project Area (Registration Fee)	130,800	130,800
Compensation for Land	39,687,282	23,871,000
ROW Compentation-Transmission Line	7,733,079	-
Sub Total	83,744,661	50,195,300

Site office Building

Prefab Camp Works	8,684,050	8,684,050
RCC Camp Works	20,073,098	20,073,098
Sub Total	28,757,148	28,757,148



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Office Equipment

500 KVA Distribution Transformer	1,708,560	1,708,560
Water Current Meter	122,250	122,250
Generator KOEL 250KVA 3PH D.G.	3,180,950	3,180,950
Sub Total	5,011,760	5,011,760

Vehicles

Repairs and Maintenance	3,410,936	2,303,181
Vehicle Depreciation	13,268,072	9,577,615
Vehicle Registration Expenses	5,100	5,100
Sub Total	16,684,108	11,885,896

Access Road/Infrastructure

Access Road	96,317,590	96,317,590
Site Development Expenses	2,861,606	2,861,606
Wages Expenses	25,092,930	25,092,930
Sub Total	124,272,126	124,272,126

Social and Environment Cost/Replacement

Environmental Social Contribution Expenses	1,547,367	1,547,367
Corporate Social Responsibility	17,621,628	15,020,794
Project Promotion Expenses	24,115,158	18,219,158
Compensation for Forest	125,000	125,000
IEE Report	3,390,000	3,390,000
Sub Total	46,799,153	38,302,319

Engineering, Management and Supervision

Bank Commission	1,337,918	170,136
Consultancy Expenses	635,803	635,803
Survey and Geotechnical Investigation works	2,717,650	
Advertisement and Notice Publication Expenses	1,459,920	1,093,570
Fuel & Transportation Expenses	755,403	755,403
Kitchen Goods	24,514	24,514
Office Supply & Miscellaneous Expenses	628,029	406,774
PPA Expense	16,463,000	197,500
Legal Fee	323,033	323,033
Meeting Allowance Expenses	1,502,423	1,485,423
Office Expenses	339,571	339,571
Security Expenses	78,671	78,671
Food & Accommodation Expenses	2,638,231	2,027,251
Salary Expenses	90,105,048	65,312,231
Printing & Satationery Expenses	348,509	288,266
LOI Issuance Certificate	100,000	100,000
Travelling Expenses	17,022,279	1,827,115
Group Accidental Insurance	836,540	542,520
Tiffin & Refreshment Expenses	2,658,363	1,287,669
Travelling Allowance-Int'l	1,098,063	1,098,063
Travelling and Ticketing	10,194,243	7,617,343
Repair and Maintenance	123,229	37,030
Feasibility Study of Shabha Khola B	3,390,000	3,390,000
Site Overhead Expenses	2,833,767	1,900,683
DOED Meeting Expenses	478,251	478,251
DOED & DOI Expenses	1,201,506	1,201,506
Transportation Expenses	145,005	145,005
Telephone and Recharge	1,023,370	575,420
Food and Accommodation-Site Visit	1,494,157	1,482,377
Fuel and Lubrication-Project Travelling	166,740	150,705
Documentation Fee for Bank Guarantee - PPA	500,000	500,000
Financial Closure Fee	565,000	565,000
Financial Consulting Fee	1,684,830	1,053,160
Membership Expenses	152,725	117,025
Rating Fee-Bank Facilities	1,496,120	945,810
Website Development Expenses	80,110	71,190
Festival Expenses	1,926,491	1,852,476
Motorcycle Insurance	14,065	14,065
Vehicle Tax-Renew Expense	466,919	275,419
Due Diligence Study Report	2,039,650	1,474,650
Technical Bill Verification Fee	2,621,600	1,672,400
Water and Electricity Expenses	389,579	322,304
Fuel Expenses (Site)	86,762	48,771
Guest Expenses (Site)	876,062	548,214
Bank Charge	86,434	-
Renewal and Registration Fee	93,500	-
Travel Insurance	45,871	-
Meeting Expensee (Site)	79,830	73,505
Sub Total	175,328,784	104,505,823



Project Insurance during Construction

Access Road Insurance	953,589	550,701
Civil Works Insurance	7,210,671	2,926,066
Tunnel Insurance Cost	13,435,700	8,207,192
Vehicle Insurance Expenses	703,828	453,709
Sub Total	22,303,788	12,137,667

Misc/Contingency/Provisional Sum

Misc/Contingency/Provisional Cost	-	-
Sub Total	-	-

Interest During Construction (IDC)

Interest on Loan	357,566,056	177,300,281
Agency Fee	7,915,655	2,999,950
Bank Loan Processing Charge	24,817,821	23,880,000
Sub Total	390,299,532	204,180,231

Grand Total	3,691,121,622	2,136,700,639
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5.1 Intangible Assets Under Development (IAUD) - Summary (Sabha Khola 'C')

Amount In NRs.

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
Pre-Operating and Development Cost	27,629,012	27,629,012
Civil Construction Works	215,921,745	-
Hydromechanical Works	298,626,328	80,907,260
Electro-mechanical/Substation Equipment	366,556,604	1,728,591
132 kV Transmission Line/Con power	349,358	259,358
Land Lease and Procurement	4,912,500	300,000
Site office Building	-	-
Office Equipment	-	-
Site Office Building	-	-
Office Equipment Cost	1,702,797	1,702,797
Vehicles	4,222,739	2,840,673
Access Road/Infrastructure	26,587,991	26,587,991
Social and Environment Cost/Replacement	45,913,088	25,452,080
Engineering, Management and Supervision	21,109,051	8,078,719
Project Insurance during Construction	4,429,033	691,657
Misc/Contingency/Provisional Sum	-	-
Interest During Construction	56,026,616	17,803,823
Total	1,073,986,863	193,981,962
Add: IFRIC 12 Margin	85,918,949	15,518,557
Total	1,159,905,812	209,500,519

5.1.1 Details of Intangible Assets Under Development (IAUD)

Particulars	As at Ashad 32nd, 2083	As at Ashad 32nd, 2082
<u>Sabha Khola 'C' Hydropower Project - 6.3 MW</u>		
<u>Pre-Operating and Development Cost</u>		
Consultancy Expenses	100,000	100,000
House Rent Office	2,880,000	2,880,000
Gratuity Expenses	39,568	39,568
IEE & DPR Expenses	7,905,644	7,905,644
DPR Report Expenses	1,000,000	1,000,000
Bidhut Byapar Bibhag	90,000	90,000
WIP company Registration Exp	5,000	5,000
License fee & Charges DOED NEA	12,000,000	12,000,000
PPA Expense	60,000	60,000
Grid Connection Expense	52,000	52,000
Bonus	84,700	84,700
PF Contribution	47,500	47,500
Salary Expenses	3,364,600	3,364,600
Sub Total	27,629,012	27,629,012
<u>Civil Construction Works</u>		
Army Monthly Management Expenses	1,440,750	-
Construction of Civil Surface Works	209,742,566	-
Detention Charge-Emulsion Explosives	1,052,030	-
Earthing Materials of Power House-Sabah C	2,132,649	-
MOU & Bunker Management Expenses	1,553,750	-
Sub Total	215,921,745	-
<u>Hydromechanical Works</u>		
LC Commission-for HM Works C	489,185	489,185
Cargo Vehicle Parking Charges-HM	170,495	111,040
Clearing & Transportation Charges of Steel Pipes	12,934,136	4,415,504
Custom Duty-HM Steel Pipes	1,351,538	1,351,538
Custom Vehicle Charges-HM Steel Pipes	30,565	30,565
Shore Handling Charges of Steel Pipes	800,750	480,450
Steel Pipes & Plates HM Works	238,803,958	73,444,318
Valuation Other Custom Expenses-HM	450,000	150,000
Vehicle Detention Charges of Steel Pipes	373,310	373,310
Transit Insurance for HM Works	61,350	61,350
Bank Guarantee Commission for HM Custom Clearance	528,000	-
Cargo Handling Charges Biratnagar Custom	1,158,250	-
Fabrication and Erection of Steel Pipes _HM Works	29,095,642	-
Pipe Insurance at Site Godown	-	-
Transportation of Pipes From Brtngr to Butwal	423,750	-
Transportation of Steel Pipes From Brtnagar to Sab	11,955,400	-
Sub Total	298,626,328	80,907,260




Electro-mechanical/Substation Equipment

LC Commission EM Works	1,728,591	1,728,591
Cargo Vehicle Parking Fee- EM Equipment	82,289	-
Crane Hire Charge	350,000	-
Custom Clearing Expenses-EM Equipments	531,000	-
Custom Duty-EM Equipments	6,136,378	-
Electromechanical Equipments for 9.9MW	355,609,595	-
Energy Meter-2 Set	2,118,750	-
Sub Total	366,556,604	1,728,591

132 kV Transmission Line/Con power

TOD Meter and Metering Unit	349,358	259,358
Sub Total	349,358	259,358

Land Lease and Procurement

Land Purchased and Lease	300,000	300,000
Compensation for Land	2,555,000	-
Land Registration Expenses	42,500	-
ROW Compensation-Transmission Line	2,015,000	-
Sub Total	4,912,500	300,000

Site office Building

Site Office Building Works	-	-
Sub Total	-	-

Office Equipment

125KVA KILOSKAR Green Three Phase DG	1,702,797	1,702,797
Sub Total	1,702,797	1,702,797

Vehicles

Depreciation For Vehicle	4,222,739	2,840,673
Sub Total	4,222,739	2,840,673

Access Road/Infrastructure

Access Road & Construction Power Works	19,836,467	19,836,467
Wages Expenses	6,751,524	6,751,524
Sub Total	26,587,991	26,587,991

Social and Environment Cost/Replacement

Corporate Social Responsibility Expenses	37,250,080	20,952,080
Project Promotion Expenses	8,663,008	4,500,000
Sub Total	45,913,088	25,452,080

Engineering, Management and Supervision

IEE & DPR Expenses (4.2 MW)	1,243,000	1,243,000
License fee & Charges DOED NEA	1,000,000	1,000,000
Feasibility Study of Shabha Khola C	2,260,000	2,260,000
Geo Physical Survey (2D-ERT)	395,500	395,500
Fuel Expenses	235,948	34,000
Meeting Allowance	39,250	39,250
Financial Consulting Fee	415,840	103,960
Food and Accommodation	560,444	16,754
Membership Fee IPPAN	25,500	12,750
PPA Expense	295,000	97,500
Salary Expense	4,223,310	2,079,355
Due Diligence Study Report	1,361,650	796,650
Bank Guarantee Commission for PPA	30,192	-
Cleaning and Sanitizing Expenses	21,161	-
Electricity and Water Expenses	58,650	-
Festival Expenses	1,138,509	-
Guest Expenses Site	240,376	-
Meeting Expense	11,560	-
Miscellaneous Expense	90,800	-
Printing & Stationery Expenses	25,330	-
Site Expenses	1,248,441	-
Telephone Expenses (Staff)	12,325	-
Vehicle Repair and Maintenance	328,847	-
Travelling Expenses	5,398,568	-
Technical Bill Verification Fee	327,700	-
Bolero Insurance-3708	6,819	-
Creta Insurance Expenses	6,705	-
Vehicle Renew Expenses	107,627	-
Sub Total	21,109,051	8,078,719




<u>Project Insurance during Construction</u>		
Civil Works Insurance	4,429,033	691,657
Sub Total	4,429,033	691,657
<u>Misc/Contingency/Provisional Sum</u>		
Misc./Contingency/Provisional	-	-
Sub Total	-	-
<u>Interest During Construction (IDC)</u>		
Loan processing Fees	10,260,020	10,260,020
Interest on Loan	45,766,596	7,543,803
Sub Total	56,026,616	17,803,823
Grand Total	1,073,986,863	193,981,962

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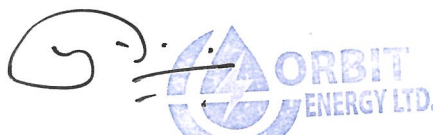
Orbit Energy Ltd.

Notes to Financial Statements for the year ended on 32nd Ashadh, 2083

4A. Property, Plant and Equipment

Amount In NRs.

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Total
Gross Block					
Balance as at Ashad 31st 2081	1,238,151.99	2,549,806.22	3,584.00	1,040,092.96	4,831,635.17
Additions During the Year	158,084.00	300,538.00	-	75,000.00	533,622.00
Acquisition					
Capitalization					
Disposal During the Year					
Adjustment/Revaluation					
Balance as at Ashad 32nd 2082	1,238,151.99	2,549,806.22	3,584.00	1,040,092.96	4,831,635.17
Additions During the Year					
Acquisition	132,775.00	147,243.00	-	34,500.00	314,518.00
Capitalization					
Disposal During the Year					
Adjustment/Revaluation					
Balance as at Ashad 32nd 2083	1,370,926.99	2,697,049.22	3,584.00	1,074,592.96	5,146,153.17
Accumulated Depreciation and Impairment					
Balance as at Ashad 31st 2081	315,709.08	886,516.31	1,290.24	520,046.48	1,723,562.11
Depreciation charge for the year	249,670.23	490,956.98	458.75	148,761.62	889,847.58
Impairment for the year	-	-	-	-	-
Disposal	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as at Ashad 32nd 2082	565,379.31	1,377,473.29	1,748.99	668,808.10	2,613,409.69
Depreciation charge for the year	179,257.75	305,353.53	367.00	95,696.22	580,674.50
Impairment for the year	-	-	-	-	-
Disposal	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as at Ashad 32nd 2083	744,637.06	1,682,826.81	2,115.99	764,504.32	3,194,084.18
Carrying Amount					
	626,289.93	1,014,222.41	1,468.01	310,088.65	1,952,068.98
As at Ashad 31st 2081	922,442.91	1,663,289.91	2,293.76	520,046.48	3,108,073.06
As at Ashad 32nd 2082	672,772.68	1,172,332.93	1,835.01	371,284.86	2,218,225.48
As at Ashad 32nd 2083	626,289.93	1,014,222.41	1,468.01	310,088.65	1,952,068.98




Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2083 (16th July 2026)

Note 1

Corporate Information

1.1 General

Orbit Energy Limited was initially incorporated as a private company on Bhadra 03, 2066, with registration number 65270/066/067. The company has been converted to a limited company on Magh 10, 2080, with a new registration number 327281/2080/081, in accordance with the Companies Act of Nepal. The company's registered office is located at Hadigaun, Kathmandu, Nepal. The Company has been established with the objective of construction, generation and distribution of Hydroelectricity in Nepal.

The company is currently engaged in construction of hydroelectricity project named "Sabha Khola B 32.25MW Hydropower Project" & "Sabha Khola C 9.9MW Hydropower Project" Sankhuwasabha district of Nepal.

The company entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) on for the sale of electricity generated from its project. Currently, the company has not commenced commercial operation, as the project is still in the construction phase.

The project holds a generation license (License No. 187/2073/74 for Project 'B') obtained on 30th Falgun 2073, and Licence No. 419/2080/81 for project 'C') obtained on 1st Poush 2080. The license is granted under a Build-Own-Operate-Transfer (BOOT) arrangement for a duration of 35 years, with the deadline set for 29th Falgun 2108 for project 'B' and 30th Mangsir 2115 for project 'C'.

1.2 Financial Statements

The financial statements of the company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Accounting Policies and Notes to Accounts. The company's financial year starts on 1st Shrawan each year and ends on Ashadh end of the following year.

1.3 Responsibility for the Financial Statement

The Entity is responsible for the fair preparation and presentation of the company's financial statements in accordance with the provisions of the Companies Act and following the Nepal Financial Reporting Standards (NFRS).

1.4 Approval of Financial Statements by Directors

The financial statements presented here have been approved by the Board of Directors (BOD) of the company, as per the resolution dated 20th Shrawan 2083. The BOD has recommended the statements for approval by the Annual General Meeting of the Shareholders. The BOD acknowledges its responsibility for the preparation of these financial statements.

Note 2

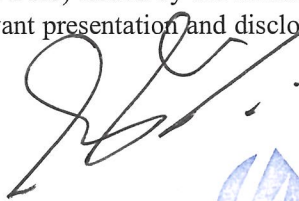
Significant Accounting Policies:

2.1 Basis of Preparation and Measurement

I. Statement of Compliance

The financial statements of the company have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN). They also comply with the relevant presentation and disclosure requirements of the Companies Act, 2063 of Nepal.

II. Basis of Preparation








Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2083 (16th July 2026)

The financial statements have been prepared under the historical cost convention, except where specific NFRS standards require measurement at fair value or amortized cost.

The Company prepares its financial statements on an accrual basis and under the assumption of going concern. All assets and liabilities are classified as current or non-current based on the Company's normal operating cycle, which is considered to be 12 months.

The financial statements are presented in Nepalese Rupees (NPR), which is both the functional and presentation currency of the Company, as it reflects the primary economic environment in which the Company operates.

III. Reporting Period

The reporting period for the company spans from the first day of Shrawan of any year to the last day of Ashadh of the following year, as per the Nepali calendar. The relevant reporting periods are as follows:

Relevant Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Current Reporting Period	1 st Shrawan 2082 – 32 nd Ashadh 2083	17 July 2025 – 16 July 2026
Comparative Reporting Period	1 st Shrawan 2081 – 32 nd Ashadh 2082	16 July 2024 – 16 July 2025

IV. Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain material items that are required to be measured at fair value in accordance with relevant NFRS standards. These exceptions and their respective measurement bases are described in the accounting policies provided in subsequent notes.

2.2 Critical accounting estimates and Judgements

The preparation of financial statements in accordance with NFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. It also requires management to exercise judgment in applying the Company's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience, current and expected future economic conditions, and other relevant factors.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, include:

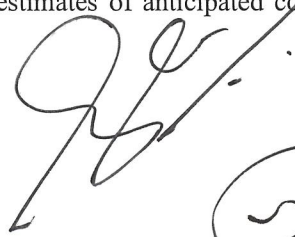
Useful life and residual value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant, and equipment at least annually. This review considers both the technical and economic life of the assets, evaluating various internal and external factors such as relative efficiency and operating costs. As a result, the depreciable lives of the assets are reassessed each year using the most accurate information available to management.

Impairment of property plant and equipment

At the end of each reporting period, the company reviews the carrying amounts of its property, plant, and equipment to assess whether there is any indication that these assets may have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

Value in use is typically determined based on discounted estimated future cash flows, which involves management estimates of anticipated commodity prices, market demand and supply, the economic and








Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2083 (16th July 2026)

regulatory environment, discount rates, and other relevant factors. Any subsequent changes in these factors could affect the carrying value of the assets.

Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of materializing, or that are difficult to quantify reliably, are classified as contingent liabilities. These liabilities are disclosed in the notes to the financial statements but are not recognized in the financial statements.

Recognition of deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the expected timing and level of future taxable profits, as well as future tax planning strategies. The Company bases its assumptions and estimates on the parameters available at the time the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market fluctuations or factors beyond the Company's control.

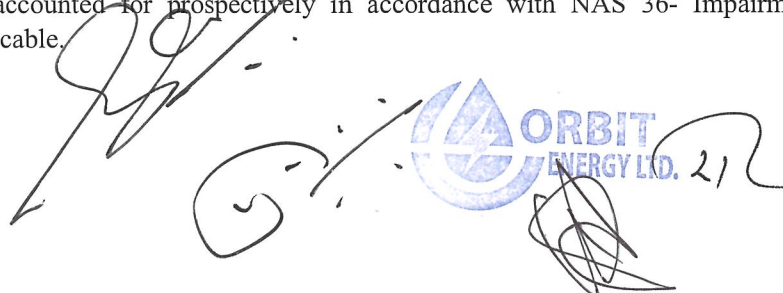
The financial statements have been prepared using the significant accounting policies and measurement bases summarized below:

2.3 Current/ Non-Current Classification

All assets and liabilities are classified as current or non-current based on the company's normal operating cycle and the criteria set out in the relevant legislation. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.4 Property Plant and Equipment

- Property, plant, and equipment are accounted for in accordance with Nepal Accounting Standard (NAS) 16: Property, Plant and Equipment. Items of PPE are initially recognized at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, except where fair value measurement is required under another standard.
- Freehold land, if any, is carried at historical cost and is not depreciated. All other items of property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.
- Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management. This includes duties, freight, installation, professional fees, and estimated costs of dismantling and site restoration in accordance with IFRIC 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities.
- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when it is replaced. All other repairs and maintenance are charged to profit and loss in the reporting period in which they are incurred.
- The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if necessary. Changes in estimates are accounted for prospectively in accordance with NAS 36- Impairment of Assets, where applicable.

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Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2083 (16th July 2026)

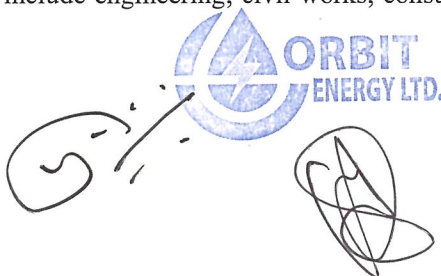
- The company identifies and determines the cost of each significant component or part of an asset separately, if the component's cost is substantial relative to the total cost of the asset and its useful life differs materially from that of the remaining asset. These components are depreciated over their individual useful lives, while the remaining asset is depreciated over the life of the principal asset.
- When a major inspection or repair occurs, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are met. Any remaining carrying amount of the cost of the previous inspection or repair is derecognized. All other repairs and maintenance costs are recognized in the statement of profit or loss.
- Assets in the construction phase are capitalized under the capital work-in-progress account. Upon completion of construction, the cost is transferred to the appropriate category of assets, and depreciation begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.
- Depreciation is calculated on a written-down value basis over the estimated useful life of the assets. The useful life of property, plant, and equipment (PPE) and the corresponding depreciation rates determined by management are presented in the table below:

S.N.	Classes of Assets	Estimated Useful Life	Depreciation Rate
1.	Office Equipment	10-11 years	25%
2.	Furnitures and Fixtures	10-11 years	25%
3.	Vehicles	13-14 years	20%
4.	Computers and Printers	10-11 years	25%
5.	Plant and Equipment (Other Assets)	18-19 years	15%
6.	Leasehold Assets	As per Lease Term	

Computer software is amortized over an estimated useful life of 5 years on straight line basis.

2.5 Intangible Assets

- Intangible assets are identifiable non-monetary assets without physical substance. They are recognized when it is probable that the expected future economic benefits attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Internally generated goodwill is not recognized as an intangible asset, in accordance with NFRS 38 – Intangible Assets.
- Intangible assets with finite useful lives that are acquired separately are measured initially at cost of acquisition. This cost includes the purchase price and other directly attributable costs necessary to bring the assets to a working condition for their intended use. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Assets developed internally — such as those under public-private partnership (PPP) or BOOT models — are capitalized as they are incurred, provided they meet the recognition criteria under IFRIC 12 – Service Concession Arrangements and NAS 38.
- Intangible assets with indefinite useful lives are carried at cost and are not amortized. Instead, they are tested for impairment annually or whenever there is an indication of potential impairment.
- Assets in the construction phase are capitalized under the Intangible Assets Under Development (IAUD) account. These include engineering, civil works, consultancy, licenses, and other related



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costs necessary for project development. Borrowing costs directly attributable to qualifying intangible assets are also capitalized in accordance with NAS 23 – Borrowing Costs. Upon completion of construction, the cost is transferred to the appropriate category of assets, and amortization begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.

- Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains or losses are recognized in the statement of profit or loss at the time the asset is derecognized.

2.6 Depreciation and Amortization

- Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to property, plant & equipment is charged on a pro-rata basis in the first year (year when purchase is made).
- Intangible assets acquired under a Build-Own-Operate-Transfer (BOOT) arrangement are amortized over the term of the arrangement once the asset is ready for use. Amortization of other intangible assets, such as software, is calculated on a straight-line basis over their estimated useful life.
- The useful life of an asset is defined as either the period over which the asset is expected to be used or the number of production or similar units expected to be obtained from its use. The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period, with any changes in estimates accounted for on a prospective basis.
- Property, plant, and equipment (PPE) and intangible assets costing less than NPR 5,000 are expensed directly to the profit and loss account in the year of purchase.

2.7 Impairment of Tangible and Intangible assets

The company, at the end of each reporting period examines the carrying amounts of its tangible and intangible assets to determine if there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated for determining the extent of the impairment loss. If such estimation is not possible, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation is traced, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest identified cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.



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Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2083 (16th July 2026)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently gets reversed, the carrying amount of the asset (or a cash-generating unit) is upped to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

2.8 Revenue Recognition

Revenue from contract with customer is recognized upon transfer of control of promised products or services to customers on complete satisfaction of performance obligations for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as per contracts with the customers. Revenue also excludes taxes or amounts collected from customers in its capacity as agent.

Sale of Electricity

Revenue from sale of products is recognized when the control of products being sold is transferred to customer and when there are no longer any unfulfilled obligations. The performance obligation in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers. Revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and trade discounts.

Revenue is recognized to the extent that it is probable that economic benefit will flow to the company and that the revenue can be reliably measured. The revenue is recognized by allocating the transaction price to the performance obligations on the basis of satisfaction of each performance obligation.

For each performance obligation identified, the company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point of time.

Fee from other service is recognized on accrual basis when the right to receive is established.

Dividend Income

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other incomes are recognized on accrual basis in the financial statements, except when there is an uncertainty of collection.



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A blue circular logo with the text "ORBIT ENERGY" and a stylized "O" and "E" inside.

Revenue recognition during construction phase of Intangible assets (BOOT arrangement)

As the Company is currently in the construction phase of a hydropower project under a Build-Own-Operate-Transfer (BOOT) arrangement, the following policies apply:

Construction Revenue under Service Concession Arrangement (IFRIC 12)

In accordance with IFRIC 12 – Service Concession Arrangements, the construction of the power plant does not result in revenue from customers in a traditional sales sense. Instead, the Company recognizes an intangible asset representing the right to charge users (e.g., NEA) in future periods.

During the construction phase, costs incurred in building the infrastructure are not recognized as revenue. However, the Company applies the percentage of completion method to recognize construction margin, consistent with industry practice and NFRS guidance.

In the current reporting period, a notional construction revenue is recognized by applying a margin rate of 8% over eligible construction costs incurred, reflecting the Company's expected profit margin from the development phase.

2.9 Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (qualifying assets) or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. Such capitalization is done when it is probable that future economic benefit will flow to the entity and the costs can be measured reliably. All other borrowing costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred. Capitalization is suspended during the extended periods in which the active development of a qualifying assets is suspended. The company ceases capitalization when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cheques in hand, banks balances, demand deposits with an original maturity of three months or less and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts facilities as they are considered an integral part of the Company's cash management.

2.11 Employment Benefits

Employee benefits cover benefits provided either to employees or their dependents or their beneficiaries. The payment may be in cash or cash equivalent form or by provision of goods or services. Benefits may be short term benefits, post-employment benefits, termination benefits and other long term employee benefits.

Short term employment benefits

Company recognizes a liability for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.



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Liability is recognised in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Post-employment benefits:

Depending upon the economic substance of the plan, post-employment benefit plans may be classified either as **defined contribution plans** or **defined benefit plans**.

Defined Contribution plan – Provident Fund.

Under defined contribution plans, provident fund, the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

Defined Benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized. The company doesn't provide for any defined benefit Plan.

2.12 Foreign Currency Transactions

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the company is Nepalese Rupee (NPR). In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are converted using closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when such fair value was determined.

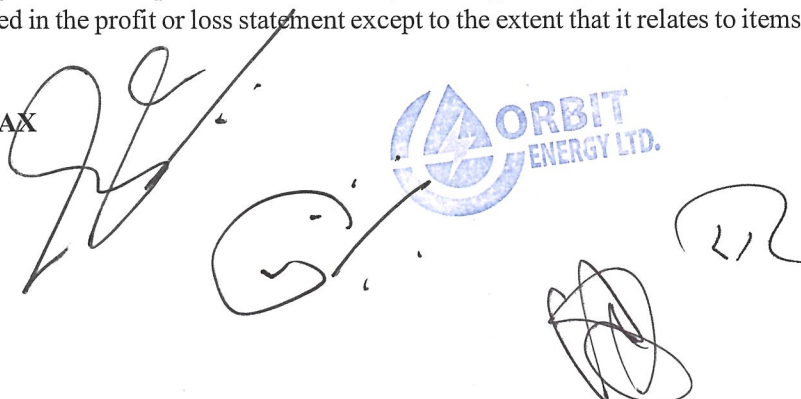
Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference arising on monetary items on settlement or restatement as at reporting date are recognised in Statement of Profit and Loss in the year in which they arise.

2.13 Taxation

Significant judgements are involved in estimating profits for the purpose of paying advance tax, determining the provision for income tax, including amount expected to be paid for uncertain tax positions.

Income tax expenses on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

CURRENT TAX

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The commercial operation of the project managed by company is yet to start. The company expects to start commercial operation before Kartik end, 2082. Once the operation starts, the entity is entitled to full income tax exemption for ten years (full tax holiday) followed by partial exemption for next five years of 50% subject to compliance of tax laws of Nepal (Section 11(3d) of the Income Tax Act, 2058). The current tax expense for a given year is determined by applying the applicable tax rate to the company's taxable profit for that year.

Accordingly, no provision for current income tax has been made for the fiscal year ended 32nd Ashadh 2083 (FY 2082/83).

DEFERRED TAX

- i. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- ii. The extent to which deferred tax assets/liabilities can be recognized is based on management's assessment of the probability of the future taxable income against which such deferred tax assets/liabilities can be utilized/adjusted. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- iii. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- iv. Deferred tax assets or liabilities are not recognized whenever management anticipates that all temporary differences will be resolved within the full duration of the tax holiday period.

Deferred tax assets are not recognized for carried forward losses whenever management is confident that sufficient future profits will arise within the tax holiday period to fully utilize these losses.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split consolidation of shares.

For the purpose of calculating diluted earnings per share, the net profit for the year attributed to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all potentially dilutive equity shares.

While computing Basic and Diluted EPS, the amount received as advance for share capital has not be considered as a part of share capital.

2.15 Provisions Contingencies and Commitments



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Orbit Energy Limited
Notes to the Financial Statements
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Provisions are recognised when the company has a present obligation (legal or constructive) arising because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

At each balance sheet date, on the basis of management judgement, changes in facts and legal aspects, the company assesses requirement of provisions against the outstanding contingent liabilities. However, the actual outcome in future may differ from the original judgement made.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the realization is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. In case the time value of money is material, provisions are discounted using a current pre-tax rate. The unwinding of discount due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

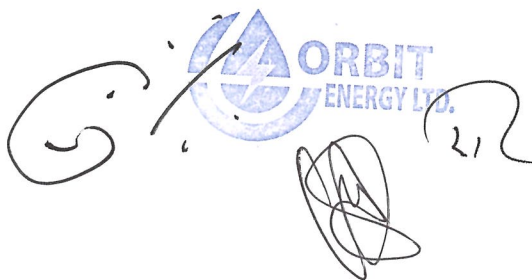
2.16 Financial Instruments

I. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

II. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an



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effective interest rate is recognised in Statement of Profit and Loss and is included in the “Other finance income” or “Other finance cost” line item.

III Financial Assets

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit of loss. The company recognises impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

IV Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities



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Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-Setting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.17 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

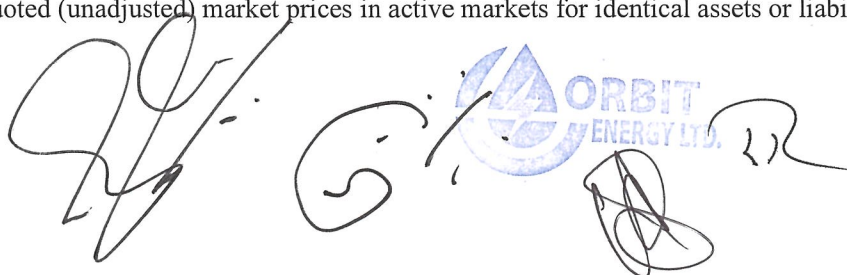
- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The company engages third party valuers, where required, to perform the valuation. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.18 Leases

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

Where the company is the lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

However, the standard provides exceptions for **short-term leases** and **leases of low-value assets**, which the Company has elected to apply, where applicable.

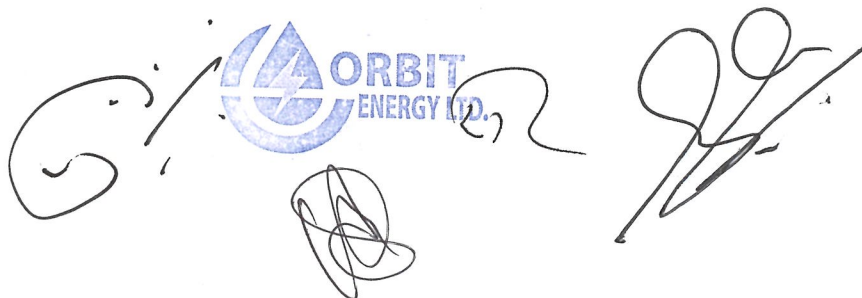
Subsequent measurement

The Company amortizes the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date discounted using the interest rate implicit in the lease, if readily available, or the company's incremental borrowing rate otherwise.

After the initial measurement, the liability will be reduced for payments made and increased for accrued interest. It is also re-measured to account for any reassessment or modification. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

Where the Company is the Lessor



Rental income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same

basis as rental income. Contingent rent are recognized as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables as company's net investment in the leases.

2.19 Government Grants

Government grants are recognised only when there is a reasonable assurance that the grant will be received and company will comply with the conditions attached to them. If the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. If the grant relates to an asset, it is first recognised as deferred income which is then recognized in the statement of profit or loss on a systematic basis over the expected useful life of the related asset. When the company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.20 Non-Current Assets held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through their continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sale and sale shall be expected within one year from the date of classification.

The criteria for held for sale classification is held as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets and its sale is highly probable.

Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised from the date of such classification. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

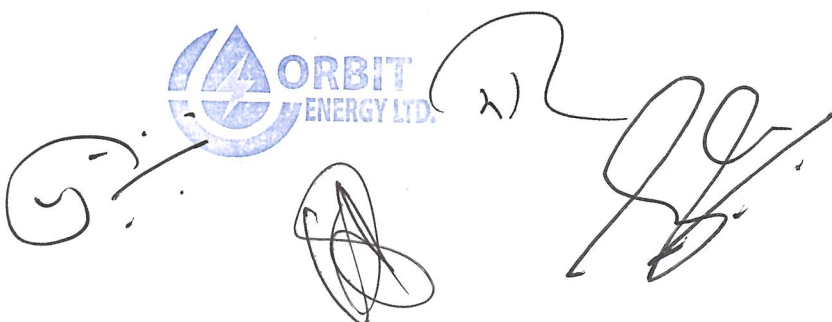
2.21 Service Concession Arrangements

Under IFRIC 12 – Service Concession Arrangements applies to public-to-private service concession arrangements if:

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- (b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

FINANCIAL ASSET MODEL:



The Financial asset model is used when the company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction

services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

INTANGIBLE ASSET MODEL:

The intangible asset model is used to the extent that the Group, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e., considered as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

The Company manages concession arrangements which include power supply from its hydropower plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset as there is no unconditional guarantee of receiving payment and receipt varies upon the variation in generation of electricity (in units).

The company follows intangible assets (fair value) model for accounting of the service concession arrangement agreement related to its hydropower plant.

Intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

2.22 Related Party Disclosures

Following are the related parties and transaction entered with related parties for the relevant financial year.

- a) As at the reporting date, Singati Hydro Energy Ltd. holds 40% of the issued share capital of Orbit Energy Ltd. While this represents less than 50% equity interest, an assessment under NFRS 10 – Consolidated Financial Statements indicates that Singati exercises control over the Company for financial reporting purposes. Control is determined not solely by ownership percentage but by evaluating the ability to direct relevant activities, the exposure to variable returns, and the power to affect those returns. Despite its holding, Singati is able to exercise significant influence over strategic and operational decisions of Orbit through board-level representation and alignment with other significant shareholders.

In substance, Singati possesses the practical ability to direct the key activities of Orbit Energy Ltd., thereby meeting the definition of a parent entity under NFRS 10. Accordingly, Singati Hydro Energy Ltd. is treated as the parent company of Orbit Energy Ltd Ltd. for the purposes of these financial statements.



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- b) The key managerial personnel are following person are charged with governance of the company includes following members of the BOD.

<u>Name</u>	<u>Position in the Company</u>
Batu Lamichhane	Executive Chairman
Ram Prasad Acharya	Director
Milan Devkota	Director
Uttam Raj Bhandari	Independent Director

c) Transactions with related parties

The following transactions were carried out with related parties in the ordinary course of business:

Name of the Related Parties	Nature of Relationship	Nature of Transactions	Opening Balances	Transactions During the year	Closing Balances
Batu Lamichhane	Chairman	Salary & Allowances	7,14,000.00 Cr.	58,80,000.00	12,92,000.00 Cr.
Ram Prasad Acharya	Director	Salary & Allowances	1,63,200.00 Cr	9,60,000.00	1,63,200.00 Cr
Milan Devkota	Director	Salary & Allowances	61,200.00 Cr	5,16,000.00	61,200.00 Cr

Company hasn't entered any other related party transactions during the reporting period that requires disclosure.

2.23 Financial Risk Management Objectives

The company's main financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support the operation of the company. Similarly, the main financial assets of the company comprise trade and other receivables, cash and cash equivalents, short

term deposits that are directly derived from its operation. The company is exposed to a variety of financial risk because of its activities i.e., credit risk, liquidity risk, market risk etc. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Credit Risk:

This risk arises when a counterparty defaults on its contractual obligation to pay resulting in financial loss to the company. Company has PPA agreement with NEA and receivables from its business mainly involves receivable from NEA. Hence, default risk is significantly low.

Interest Rate risk:

The company's exposure to short term and long-term debt obligation is affected by changes in the market interest rate. Risk being of external nature it is beyond the power of the company to minimize such risk.

Liquidity risk:



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Liquidity risk is a risk that the company may face challenges in fulfilling the obligations associated with the financial liabilities. The company's approach of managing liquidity ensures that sufficient funds will always be there to meet its liabilities even in hard circumstances. However, major and prolonged shortfall in the cash flow of the company may trigger potential risk in continuity of the company.

Currency Risk:

The company is not subjected to currency risk at present, as it is not involved in any foreign currency transaction during the current year.

Note 3

Prior Period Error – Amortization of Right-of-Use Asset

In compliance with Nepal Accounting Standard (NAS) 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”, the Company has corrected this omission retrospectively. The effect of this correction has been adjusted against the opening balance of retained earnings as at 1st Shrawan 2083 (17 July 2026), and the comparative figures have been restated in the Statement of Financial Position.

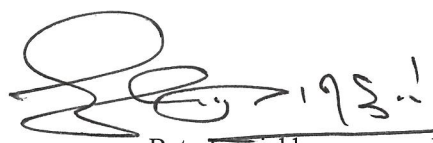
The impact of this prior period adjustment is summarized below:

Particulars	As Previously Reported (Rs.)	Adjustment (Dr/Cr) (Rs.)	As Restated (Rs.)
Intangible Asset	3,111,679.29 Dr	25,827.56 Dr.	3,137,506.85 Dr
Lease Liabilities	1,830,406.00 Cr	183,040.60 Cr	2,013,446.60 Cr
Retained Earnings (Opening)	130,312,938.00 Cr.	157,213.04 Dr.	130,470,151.04 Cr.

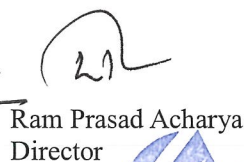
There is no impact on the profit or loss for the current year or cash flows of the entity due to this correction, as the adjustment relates solely to a non-cash amortization expense that was omitted in the prior period.

The accompanying notes are integral part of these financial Statements.

As per our attached report of even date



Batu Lamichhane
Chairman



Ram Prasad Acharya
Director

Milan Devkota
Director



Uttam Raj Bhandari
Independent Director

Sudip Khadka
Project Director

Kapil Gaudel
Accounts Officer



CA Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Date: 2083/04/20
Place: Kathmandu, Nepal