

Sundar and Company
Chartered Accountants

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Auditors Report for the Shareholders of
NEPAL DEVELOPMENT BANK LIMITED

1. We have completed the audit of balance sheet as on Asadh end 2063, and the profit and loss accounts and cash flow statement of the FY 2062/63 ending on the above date of Nepal Development Bank Limited. Liability of the financial descriptions remains with the management. Our responsibility is to give our opinion on basis of auditing on those financial statements prepared by the bank.
2. Audit has been done on the basis of the generally accepted principles of auditing and the directions issued by Nepal Rastra Bank. In order to be confident that the financial statements and precisely free of errors, an audit plans has to be prepared and auditing has to be done accordingly. Proof of surprise/cross checking too is included to prove the financial statements and other disclosed description. Principles of accounting followed by the bank, important assumptions of the management and evaluation of the overall conditions of the financial statement presentation are also included in the auditing. We are confident that the audit will give adequate base for our opinion.
3. Thus investigating the financial statements, we report as follows:
 - a. We received reply on information and queries felt necessary to be raised during the process of auditing.
 - b. In our opinion, presented financial statement tallies with the accounts maintained by the bank and they have been prepared complying with popular Acts and practice.
 - c. In our opinion, statements received from the bank's branches are adequate for auditing.
 - d. In our opinion and the information received from the management, under the accounting policy and comments related to explanation and financial statements (index 4.32 and 4.33) It has not come to our notice that the board of directors, any director of employee has not deliberately worked against the legal provisions of accounting or has caused loss to the bank or done anything fraudulent to the banks funds nor have they breached the directives of the Nepal Rastra Bank and worked against the interest and security of the depositors.(except the points mentioned in the accounting note)
 - e. Since the capital fund of the bank is loan based, the capital fund is not sufficient. (Accounting comment No. 17)

- f. In our opinion, the bank has made sufficient loan provision and from the investigation of the accounts we have found that the bank's operation is within its rights.(except under conditions described in accounting comments No. 17 Ka)
- 4. In our opinion and from whatever we gather on the basis of information and explanation, after studying the attached financial statement and the comments in it,
 - a. The balance sheet depicts the economic state of the bank as on Asadh 32, 2063 (July 16, 2006)
 - b. The profit and loss accounts and the cash flow statement represents the correct and exact picture of the operation result (except under conditions described in accounting comments Nos. 17 ka) and cash flow of the year ended on above date

Sundar Man Shrestha F.C.A
Chartered Accountant
For: Sundar and Company

Dated: 2063/08/26