MOUNTAIN ENERGY NEPAL LTD.
Kathmandu, Nepal
Statement of Consolidated Financial Position as at Ashadh 32, 2083

Particulars	Group		Mountain Energy Nepal Ltd.	
	As at 32 Ashadh 2083 (Unaudited)	As at 32 Ashadh 2082 (Unaudited)	As at 32 Ashadh 2083 (Unaudited)	As at 32 Ashadh 2082 (Auditedd)
ASSETS				
Non-current assets				
Property, plant and equipment	22,315,600	25,968,107	22,315,600	25,968,107
Right of Use Asset	9,183,981	-	9,183,981	-
Intangible assets	5,253,024,890	5,512,759,797	5,253,024,890	5,512,759,797
Investment	11,875,000	-	469,348,400	-
Intangible assets under development (Mristi khola)	291,157,283	79,751,384	78,836,986	79,751,384
Goodwill (arising on acquisition of Aadhishakti)	12,794,841	13,424,095	12,794,841	13,424,095
Goodwill Dudhkhola	100,391,769	-	-	-
Total non-current assets	**5,700,743,364**	**5,631,903,383**	**5,845,504,698**	**5,631,903,383**
Current assets				
Trade and other receivables	1,222,606,124	1,258,661,174	1,292,606,124	1,258,661,174
Prepayments	547,369,187	217,091,782	154,218,681	217,091,782
Loan and advances	11,429,498	5,080,154	11,429,498	5,080,154
Cash and cash equivalents	317,953,621	48,307,612	292,618,437	48,307,612
Total current assets	**2,099,358,430**	**1,529,140,722**	**1,750,872,740**	**1,529,140,722**
Total assets	**7,800,101,794**	**7,161,044,105**	**7,596,377,438**	**7,161,044,105**
EQUITY AND LIABILITIES				
Equity				
Share capital	3,123,258,850	2,602,715,708	3,123,258,850	2,602,715,708
Reserve and Surplus	1,585,956,910	1,344,808,002	1,585,941,171	1,344,808,002
Equity attributable to equity holder of the parent	**4,709,215,760**	**3,947,523,710**	**4,709,200,021**	**3,947,523,710**
Non-Controlling Interest	203,164,815			
Total equity	**4,912,380,575**	**3,947,523,710**	**4,709,200,021**	**3,947,523,710**
Liabilites				
Non-current liabilities				
Loans and borrowings	2,236,799,217	2,696,593,011	2,236,799,217	2,696,593,011
Lease Liability	9,130,756	-	9,130,756	-
Deferrd tax liabilites	43,347,173	46,542,734	43,347,173	46,542,734
Total non-current liabilities	**2,289,277,146**	**2,743,135,745**	**2,289,277,146**	**2,743,135,745**
Current liabilities				
Trade and other payables	73,321,091	55,433,118	72,777,289	55,433,118
Current Tax Liabilities	490,886	1,644,532	490,886	1,644,532
Lease Liability	3,121,096	-	3,121,096	-
Loans and borrowings	521,511,000	413,307,000	521,511,000	413,307,000
Total current liabilities	**598,444,073**	**470,384,650**	**597,900,271**	**470,384,650**
Total liabilities	**2,887,721,219**	**3,213,520,395**	**2,887,177,417**	**3,213,520,395**
Total equity and liabilities	**7,800,101,794**	**7,161,044,105**	**7,596,377,438**	**7,161,044,105**

Statement of Consolidated Profit or Loss and Other Comprehensive Income
For the period ended Ashadh 32, 2083

Particulars	Group		Mountain Energy Nepal Ltd.		
	Upto 32 Ashadh 2083 (Current Quarter)	Upto 32 Ashadh 2082 (Previous Year)	Upto 32 Ashadh 2083 (Current Quarter)	Upto 32 Ashadh 2082 (Audited)	Upto 30 Chaitra 2082 (Previous Quarter)
Revenue	1,533,543,692	1,307,246,610	1,533,543,692	1,307,246,610	1,079,737,867
Insurance Claim for loss of profit	900,000	80,629,646	900,000	80,629,646	900,000
Cost of sales					
-Amortization on Project Assets	(258,705,180)	(258,705,180)	(258,705,180)	(258,705,180)	(194,028,884)
-Amortization of Goodwill on Acquisition	(629,254)	-	(629,254)	-	-
-Other Direct Costs	(223,559,851)	(190,392,075)	(223,559,851)	(190,392,075)	(163,879,498)
Gross profit	**1,051,549,407**	**938,779,001**	**1,051,549,407**	**938,779,001**	**722,729,485**
Other income (Insurance Recovery)	-	5,000,000	-	5,000,000	-
Administrative expenses	(42,224,599)	(47,544,765)	(42,218,599)	(47,544,765)	(33,138,114)
Depreciation and amortisation	(7,206,711)	(4,403,777)	(7,206,711)	(4,403,777)	(3,198,531)
Operating profit	**1,002,118,097**	**891,830,459**	**1,002,124,097**	**891,830,459**	**686,392,840**
Finance income	29,263,850	1,450,319	29,263,850	1,450,319	29,023,395
Finance costs	(201,951,153)	(244,338,552)	(201,951,153)	(244,338,552)	(161,527,810)
Staff Bonus	(16,588,736)	(12,978,845)	(16,588,736)	(12,978,845)	(11,077,769)
Profit before tax	**812,842,058**	**635,963,381**	**812,848,058**	**635,963,381**	**542,810,656**
Income tax expenses					
Current tax	(18,999,863)	(10,116,630)	(18,999,863)	(10,116,630)	(17,413,110)
Deferred tax income/(expense)	3,195,561	(8,376,693)	3,195,561	(8,376,693)	2,235,564
Profit for the period	**797,037,756**	**617,470,058**	**797,043,756**	**617,470,058**	**527,633,110**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**797,037,756**	**617,470,058**	**797,043,756**	**617,470,058**	**527,633,110**
Equity holders of Company	**797,039,690**	**-**			
Non-controlling interest	**(1,934)**	**-**			

Statement of Consolidated Cash Flow

For the year ended Ashadh 32, 2083

Particulars	Group		Mountain Energy Nepal Ltd.	
	Upto 32 Ashadh 2083 (Current Quarter)	Upto 32 Ashadh 2082 (Previous Year)	Upto 32 Ashadh 2083 (Current Quarter)	Upto 32 Ashadh 2082 (Audited)
A. Cash Flow from Operating Activities				
Net Profit before Tax	812,842,058	635,963,381	812,848,058	635,963,381
Adjustments for:				
Depreciation expenses	7,206,711	4,403,777	7,206,711	4,403,777
Amortisation of Goodwill on Acquisition	629,254	629,254	629,254	629,254
Amortization on Intangible Assets	258,705,180	258,705,180	258,705,180	258,705,180
Interest Income	(29,263,850)	(1,450,319)	(29,263,850)	(1,450,319)
Interest Expenses	201,951,153	244,338,552	201,951,153	244,338,552
Income tax paid	(18,999,863)	(10,116,630)	(18,999,863)	(10,116,630)
NCI recognized for Acquisition during the year	203,186,554	-	-	-
Goodwill recognized for Acquisition during the year	(100,391,769)	-	-	-
CSR Fund	(7,970,438)	(6,174,701)	(7,970,438)	(6,174,701)
Rent Expenses Paid	(3,942,108)	-	(3,942,108)	-
Cash Flow before Change in Working Capital	**1,323,952,882**	**1,126,298,494**	**1,221,164,097**	**1,126,298,494**
Increase/(Decrease) in liabilities	19,668,117	(343,983,811)	19,124,315	(343,983,811)
(Increase)/Decrease in Current Assets	(300,571,698)	(602,223,268)	22,578,808	(602,223,268)
Net Cash Flow from Operating Activities (1)	**1,043,049,301**	**180,091,415**	**1,262,867,220**	**180,091,415**
B. Cash Flow from Financing Activities				
Changes in share capital	-	339,484,658	-	339,484,658
Changes in Borrowings	(351,589,794)	-	(351,589,794)	-
Dividend Paid	(27,397,007)	(357,352,072)	(27,397,007)	(357,352,072)
Interest Paid	(200,775,169)	(244,338,552)	(200,775,169)	(244,338,552)
Net Cash Flow from Financing Activities (2)	**(579,761,970)**	**(262,205,966)**	**(579,761,970)**	**(262,205,966)**
C. Cash Flow from Investing Activities				
Net Sale/(Purchase) of Tangible Fixed Assets	(654,000)	(2,712,958)	(654,000)	(2,712,958)
Sale/(Purchase) of Intangible Assets (Project Assets)	1,029,727	-	1,029,727	-
Investment	(11,875,000)	-	(469,348,400)	-
Project under development	(211,405,899)	-	914,398	-
Interest Income	29,263,850	1,450,319	29,263,850	1,450,319
Net Cash Flow from Investing Activities (3)	**(193,641,322)**	**(1,262,639)**	**(438,794,425)**	**(1,262,639)**
Net Increase/(Decrease) in cash and cash Equivalents (1+2+3)	**269,646,009**	**(83,377,190)**	**244,310,825**	**(83,377,190)**
Cash and cash equivalents at beginning of the year	48,307,612	131,684,802	48,307,612	131,684,802
Cash and Cash Equivalents at end of the year/period	**317,953,621**	**48,307,612**	**292,618,437**	**48,307,612**

1. A Summary of Significant Accounting Polices and other explanatory notes to quarterly interim financial information.

1.1 The unaudited financial statements for the Fourth quarter ended on 32nd Ashadh, 2083 of the FY 2082/83 are reviewed by Audit Committee and authorized to publish by Board of Director of the Company.

1.1.1 Commercial Operation Date and Life of Hydropower Project:

Life (License Period):

- Tadi Khola (Thaprek), license period is valid till 2103 Mangsir 05.
- Mistri Khola license period is valid till 2103 Kartik 19.

Commercial Operation Date (COD):

- Tadi Khola (Thaprek) started commercial operation from 2069 Chaitra 14.
- Mistri Khola started its commercial operation from 2078 Ashadh 03.

1.2 Basis for Accounting:

These interim financial statements for the twelve months period ended on 32nd Ashadh 2083 have been prepared in accordance with NAS 34 Interim Financial Reporting, and the accounting policies applied in these interim financial statements are consistent with those applied in the last annual financial statements as at end for the year ended 32nd Ashad 2082, and should be read in conjunction with the Company's last annual financial statements as at end for the year then ended.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

1.3 Basis for Consolidation:

1.3.1 In accordance with NFRS 10 Consolidated Financial Statements, Mountain Energy Limited has consolidated Dudh Khola Hydro Power Company Private Limited following the acquisition of a 67% stake in on Falgun 11, 2082. For the SEBON reporting date of Ashadh 32, 2083, such consolidation relies on unaudited financial statements certified by the management of Dudh Khola Hydro Power Company Private Limited.

1.3.2 In accordance with NFRS 3 Business Combinations, the acquisition of Dudh Khoila Hydro Power Company Private Limited resulted in the recognition of goodwill which is presented in unaudited Consolidated Statement of the Financial Position.

1.3.3 The hydropower project of the subsidiary is in preliminary stages of development and the project construction work has not commenced. Project development cost incurred at the reporting date is not material, consequently, revenue under IFRIC 12 is not recognized by Dudh Khola Hydro Power Company Private Limited while preparing financial statements.

1.3.4 Tax estimation in Dudh Khola Hydro Power Company Pvt. Ltd. (subsidiary of Mountain Energy Nepal Limited) due to change in ownership is under review and hence the impact of tax in consolidation of account of the subsidiary is not incorporated in the financial statements.

1.3.5 Upon the finalization of the acquisition process including the receipt of audited financial statements for Dudh Khola Hydro Power Company Private Limited and the final assessment of tax implications arising from the change in ownership, the figures recognized in the consolidated financial statements as of Ashadh 32, 2083, may be subject to subsequent adjustment.

1.4 Revenue:

1.4.1 **Sale of Electricity**:

For the fourth quarter ended on 32nd Ashadh 2083 of the Financial Year 2082/2083, net revenue from sale of electricity generated by Tadi Khola HEP (5 MW) is NRs. 153,370,223 and by Mistri Khola HEP (42 MW) is NRs. 1,380,173,469, net of Tatopani compensation.

Revenue for the period is based on terms of the PPA agreement with Nepal Electricity Authority.

1.4.2 **Arbitral Award by NEPCA (Tribunal) & High Court, Patan**

With regard to the dispute between Mountain Energy Nepal Limited & Nepal Electricity Authority, Nepal Council of Arbitration (NEPCA), the Tribunal has awarded the dispute in favor of Mountain Energy Nepal Limited via letter Ref No. 306/080/81 dated 27 October 2023.

Nepal Electricity Authority had appealed against the award of NEPCA to the Honorable High Court, Patan, vide case registration no 080-FJ-0091; for which the Arbitral decision was upheld by the High Court in favor of Mountain Energy Nepal Limited on 05th May 2024.

Payment from NEA

As per the instruction of the Court for execution of decision of the High Court, NEA and deposited following amounts in the court as per its letter dated Shrawan 15, 2082.

Particulars	Amount
Total claimed amount under Clause 12 of PPA	174,180,195
Total claimed amount under Clause 38.18 of PPA	89,897,872
Payment for Claim for short payment (Principal) till Shrawan 2079	**264,078,067**
Interest related to short payment under Clause 12 of PPA	29,012,412
Total Payment made by NEA for the claim till Shrawan 2079 (Rs.)	**293,090,479**

Balance Claim from NEA

The Company has filed application in the Lalitpur District Court for the full implementation of award from the Arbitrator on 2082.05.29.

Updated details of balance receivable as at Ashadh end 2083 are presented below:

Receivables (from Bhadra 2079 to Ashadh 2083)	Amount
Total claimed amount under Clause 12 of PPA	603,190,309.45
Total claimed amount under Clause 38.18 of PPA	329,380,669.77
Total balance claim from NEA (Without Interest)	**932,570,979.22**

1.5 Transition to NFRS 16 Leases

During the year, the company adopted NFRS 16 Leases using the modified retrospective approach.

On the transition date, the company recognized Lease Liability amounting to NPR 15,017,975.53, measured at the present value of the lease payments, discounted using the company's incremental borrowing rate. Accordingly, the existing Office Rent Payable balance of NPR 2,933,789.67, previously recognized under NAS 17, was derecognized and Right Of Use Asset was recognized at NPR 12,084,185.86.

Subsequently, Lease Liability is measured using the company's incremental borrowing rate and less lease payments made. Right Of Use Asset is measured at cost less accumulated depreciation and impairment loss, if any. The company depreciates Right Of Use Asset on a straight-line basis over the remaining lease term of 50 months.

The transition had no impact on comparative information; hence, the comparative information has not been restated.

1.6 Amortization:

Both the Projects, Tadi Khola and Mistri Khola Project have recognized an Intangible Asset for the right to sell electricity to NEA as specified in PPA through construction of projects assets under the service concession agreement.

Tadi Khola Project Assets, accounted as Intangible assets, are amortized over remaining useful life (Operation License period) of 338 months. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales.

Mistri Khola Project Assets, accounted as Intangible assets, are amortized over remaining useful life (Operation License period) of 304.5 months. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales.

Final project construction completion certificate is dated Ashwin 12, 2078. Hence, all the expenses relating to the project up to Ashwin 12, 2078 are capitalized.

1.7 Taxation:

Mistry Khola project is in tax holiday up to Ashad 02, 2088, then after for next five years, tax concession is 50% of applicable tax rate.

100% tax concession period of Tadi Khola HEP ended on Chaitra 13, 2079 and for the next five years, tax concession at the rate of 50% on applicable tax rate is available till Chaitra 13, 2084. Accordingly, tax liability on taxable income of Tadi Khola project is calculated applying the concessional rate of 12.5% from Ashad-end 2082. 100% tax concession period of Mistri Khola HEP is available till Ashadh 02, 2088.

Interest income is not tax exempted as per Section 11 of Income Tax Act, 2058, consequently tax liability on Interest Income has been calculated at the rate of 25% on proportionate basis after deducting the staff bonus.

1.8 Related Party Transitions:

There is no related party transaction during the reporting period.

1.9 Key Financial Ratio: **In NRs.**

Period	Earnings Per Share (Quarterly)	Net Worth Per Share	Current Ratio	P/E Ratio
This Quarter End	25.52	150.78	2.93	22.29
Previous Quarter End	16.89	142.24	2.51	35.46
Corresponding Previous year's Quarter End (Audited)	23.72	151.67	3.22	22.46

1.10 Challenges

Internal

- Retention of skilled human Resources
- Managing Operational Efficiency

External

- Impact of Climate Change on amount of Rain/Snow Fall in Catchment area
- Suppler Risk as vendors of major project assets is of foreign origin.
- Foreign exchange rate

1.11 Management Analysis

Both the projects (Tadi Khola-HEP and Mistri Khola HEP) are operating satisfactorily. The debt service is regular.

1.12 Analysis of Share Transactions:

The Major Highlights of Share Transactions During the Quarter are as follows:

Maximum Price NPR	Minimum Price NPR	Closing Price NPR	Total Turnover NPR	Traded Volume in No.	Transaction Days
673	545	569	1,97,93,10,319	33,46,598	64

2. Corporate Governance

The Company has regular Board of Directors and Audit Committee meetings. The management team meet regularly for the smooth running of the Company.

3. Declaration from Management

I take the responsibility for the accuracy of financial and other information detailed in this report for the 12 months period ended on 32nd Ashadh, 2083 of FY 2082/83 and hereby declare that financial and other information detailed in this report are true, based on records and facts, and are complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed.