



माउन्टेन इनर्जी नेपाल लि. Mountain Energy Nepal Ltd.

पोस्ट बक्स नं. २१७२९, बडा नं. ३०, डिल्लीबजार, काठमाण्डौ, नेपाल | फोन नं : ०१-४५३७७०५
फ्याक्स नं. ०१-४५३०५६२ | E-mail: info@mountainenergy.com.np | URL: www.mountainenergy.com.np

Unaudited Statement of Financial Position as on 31st Ashwin 2078

| Particulars | This Quarter Ending | As at 31st Ashadh 2078 Unaudited | As at 30th Aswin 2077 |
|---|----------------------|----------------------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 30,987,772 | 31,482,876 | 30,349,541 |
| Intangible Assets (Hydropower Project Assets) | 6,348,206,937 | 6,271,011,250 | 749,517,792 |
| Intangible Assets Under Development -Mistri Khola Project | 61,868,570 | 61,868,570 | 3,732,185,008 |
| -Research on Mistri Khola Cascade Project | 61,868,570 | 61,868,570 | 3,676,316,438 |
| Goodwill (arising on acquisition of Aadhishakti) | 15,783,799 | 15,941,112 | 55,868,570 |
| Prepayments | - | - | 16,884,994 |
| Deferred tax assets | 121,211 | 121,211 | 172,080 |
| Total non-current assets | 6,456,968,289 | 6,380,425,021 | 4,529,363,044 |
| Current assets | | | |
| Trade and other receivables | 458,423,652 | 112,336,726 | 75,751,769 |
| Prepayments | 17,149,663 | 19,619,703 | 13,820,091 |
| Loan and advances | 41,669,010 | 47,500 | 696,750,889 |
| Cash and cash equivalents | 21,248,745 | 42,986,780 | 55,874,794 |
| Total current assets | 538,491,070 | 174,990,708 | 842,197,543 |
| Total assets | 6,995,459,359 | 6,555,415,729 | 5,371,560,586 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 1,968,027,000 | 1,968,027,000 | 1,574,421,600 |
| Retained earnings | 704,295,184 | 410,787,141 | 283,980,430 |
| Total equity | 2,672,322,184 | 2,378,814,141 | 1,858,402,030 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 4,147,612,806 | 3,969,521,749 | 3,363,219,899 |
| Trade and other payables | - | - | - |
| Total non-current liabilities | 4,147,612,806 | 3,969,521,749 | 3,363,219,899 |
| Current liabilities | | | |
| Trade and other payables | 135,224,941 | 131,219,484 | 110,415,356 |
| Loans and borrowings | 40,299,428 | 75,860,356 | 39,523,301 |
| Total current liabilities | 175,524,369 | 207,079,840 | 149,938,657 |
| Total liabilities | 4,323,137,175 | 4,176,601,588 | 3,513,158,556 |
| Total equity and liabilities | 6,995,459,359 | 6,555,415,729 | 5,371,560,586 |

MOUNTAIN ENERGY NEPAL LTD.

Unaudited Statement of Profit or Loss and other Comprehensive Income For the period ended 31st Ashwin, 2078

| Particulars | Upto This Quarter | Upto 31st Ashadh 2078 (Unaudited) | Upto 30th Ashwin 2077 |
|--|--------------------|-----------------------------------|-----------------------|
| Revenue | 387,157,731 | 168,216,348 | 49,357,294 |
| Cost of sales | (69,630,862) | (71,150,647) | (10,713,009) |
| Gross profit | 317,526,869 | 97,065,701 | 38,644,285 |
| Net Construction Revenue (As per IFRIC 12) | 6,605,986 | 71,344,116 | 7,767,345 |
| Other Income | - | 39,250 | - |
| Administrative expenses | (5,264,598) | (26,499,763) | (5,239,283) |
| Depreciation and amortisation | (495,104) | (2,245,360) | (560,370) |
| Operating profit | 318,373,152 | 139,703,944 | 40,611,977 |
| Finance income | 3,649 | 22,060 | 8,521 |
| Finance costs | (19,013,614) | (22,339,330) | (6,968,648) |
| Staff Bonus | (5,855,144) | (920,851) | (517,690) |
| Other Income | - | - | - |
| Other Expenses | - | - | - |
| Profit before tax | 293,508,043 | 116,465,824 | 33,134,161 |
| Income tax expenses | - | - | - |
| Current tax | - | (5,515) | - |
| Previous Year Tax | - | - | - |
| Deferred tax income/(expense) | - | (108,579) | - |
| Profit for the period | 293,508,043 | 116,351,730 | 33,134,161 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | 293,508,043 | 116,351,730 | 33,134,161 |

1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the First Quarter of the FY 2078/79 are reviewed by Audit Committee and authorized to publish by Board of Director of the Company. The unaudited financial statements of the FY 2077/78 are finalized considering effect of additional adjustable events, which is considered while preparing First Quarter financial Statements.

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 Revenue:

1.2.1 **Sale of Electricity:** Revenue from sale of electricity is generated by Tadi Khola Project (5 MW) and Mistri Khola Project (42 MW). Tadi Khola Project invoiced Rs. 52,247,106/- and Mistri Khola Project invoiced Rs. 334,910,625/- up to Ashoj end 2078, to Nepal Electricity Authority as per the terms of PPA.

1.2.2 Mistri Khola Project has started the commercial operation from Ashadh 03, 2078. Net Construction Revenue of Rs. 6,605,986 /-disclosed in the Statement of Profit or Loss and Comprehensive Income represents revenue from construction of the Project, which is based on forecast cost plus 5% as per IFRIC 12 of Nepal Financial Reporting Standards.

1.3 Amortization:

Both the Projects, Tadi Khola and Mistri Khola Project has recognised 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.

1.3.1 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.

1.3.2 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 has been capitalized.

1.4 Taxation:

Both the projects are in Tax Holiday. Hence no income tax liability is calculated on the sale of Electricity to NEA.

1.5 Related Party Transactions:

There is no related party transaction during the reporting period.

1.6 Key Financial Ratio:

| Period | Earnings Per Share (Quarterly) | Net Worth Per Share | Current Ratio | P/E Ratio |
|------------------------------------|--------------------------------|---------------------|---------------|-----------|
| This Quarter End | 14.91 | 135.79 | 3.07 | 74.76 |
| Previous Quarter End | 4.70 | 129.14 | 4.32 | 189.43 |
| Corresponding Previous Quarter End | 2.10 | 121.18 | 5.38 | - |

1.7 Challenges

Internal

- Retention of skilled human Resources

- Managing Operational Efficiency

External

- Impact of Climate Change on amount of Rain/Snow Fall in Catchment area

- Supplier Risk as vendors of major project assets is of foreign origin.

- Foreign exchange rate

2. Management Analysis

Operation of Tadi Khola (Thaprek) projects is satisfactory. The debt service of the project is satisfactory.

Mistri Khola Project has come into commercial operation from Ashadh 03,2078. Operation of Mistri Khola Project is Satisfactory. The debt service of the project is satisfactory.

3. 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 | Traded Volume | Transaction Days |
|-------------------|-------------------|-------------------|----------------|---------------|------------------|
| 1,530.00 | 874.00 | 1,115.00 | 1,735,362,025 | 1,444,721 | 57 |

4. 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.

5. Declaration from Managing Director

I take the responsibility for the accuracy of financial and other information detailed in this report for the period up to first quarter of FY 2078/79 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.