



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 30th Chaitra 2078

Particulars	As at 30th Chaitra 2078 (Current Year)	As at 30th Poush 2078 (Previous Quarter)	As at 31st Chaitra 2077 (Previous Year)
ASSETS			
Non-current assets			
Property, plant and equipment	32,395,666	34,049,853	32,044,475
Intangible Assets (Hydropower Project Assets)	6,207,686,314	6,260,051,053	714,602,367
Intangible Assets Under Development	67,482,915	65,912,012	4,733,507,845
-Mistri Khola Robust Energy	-	-	4,674,639,275
-Research on Mistri Khola Cascade Project	67,482,915	65,912,012	58,868,570
Goodwill (arising on acquisition of Aadhisakti)	15,469,172	15,626,485	16,098,426
Deferred tax assets	121,211	121,211	229,790
Total non-current assets	6,323,155,278	6,375,760,614	5,496,482,903
Current assets			
Trade and other receivables	267,321,912	387,568,646	52,629,006
Prepayments	78,857,283	43,289,598	12,090,216
Loan and advances	50,661,405	42,827,166	682,824,629
Cash and cash equivalents	365,624,697	250,287,198	105,699,577
Total current assets	762,465,297	723,972,608	853,243,428
Total assets	7,085,620,575	7,099,733,222	6,349,726,331
EQUITY AND LIABILITIES			
Equity			
Share capital	1,968,027,000	1,968,027,000	1,968,027,000
Retained earnings	828,967,425	831,541,400	344,416,465
Total equity	2,796,994,425	2,799,568,400	2,312,443,465
Liabilities			
Non-current liabilities			
Loans and borrowings	3,914,086,208	3,873,819,520	3,892,383,652
Trade and other payables	-	-	-
Total non-current liabilities	3,914,086,208	3,873,819,520	3,892,383,652
Current liabilities			
Trade and other payables	43,158,316	67,030,134	124,749,500
Loans and borrowings	331,381,626	359,315,168	20,149,714
Total current liabilities	374,539,942	426,345,302	144,899,214
Total liabilities	4,288,626,150	4,300,164,822	4,037,282,866
Total equity and liabilities	7,085,620,575	7,099,733,222	6,349,726,331

MOUNTAIN ENERGY NEPAL LTD.

Unaudited Statement of Profit or Loss and other Comprehensive Income For the period ended 30th Chaitra, 2078

Particulars	Upto This Quarter (Current Year)	Upto 30th Poush 2078 (Previous Quarter)	Upto 31st Chaitra 2077 (Previous Year)
Revenue	852,606,698	682,198,717	94,309,361
Cost of sales	-	-	-
-Amortization on Project Assets	(188,495,038)	(125,228,787)	(32,412,125)
-Other Direct Costs	(51,131,303)	(24,748,877)	-
Gross profit	612,980,357	532,221,053	61,897,236
Net Construction Revenue (As per IFRIC 12)	6,605,986	6,605,986	28,377,683
Administrative expenses	(15,572,794)	(10,572,310)	(20,297,628)
Depreciation and amortisation	(1,527,857)	(1,031,308)	(1,683,762)
Operating profit	602,485,692	527,223,421	68,293,529
Finance income	1,898,868	135,593	18,458
Finance costs	(168,468,088)	(92,492,255)	(17,873,874)
Staff Bonus	(8,586,210)	(8,565,215)	(441,209)
Other Income	182,361	-	-
Profit before tax	427,512,624	426,301,543	49,996,904
Income tax expenses	-	-	-
Current tax	(515,080)	-	-
Previous Year Tax	-	-	-
Deferred tax income/(expense)	-	-	-
Profit for the period	426,997,543	426,301,543	49,996,904
Other comprehensive income	-	-	-
Total comprehensive income	426,997,543	426,301,543	49,996,904

1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the Third Quarter of the FY 2078/79 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 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. 122,837,977/- and Mistri Khola Project invoiced Rs. 729,768,721/- up to Chaitra 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 till the receipt of construction completion certificate dated Ashwin 12, 2078.

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

1.5 Related Party Transactions:

There is no related party transaction during the reporting period.

1.6 Key Financial Ratio:

In NRs.

Period	Earnings Per Share (Quarterly)	Net Worth Per Share	Current Ratio	P/E Ratio
This Quarter End	21.70	142.12	2.04	36.47
Previous Quarter End	21.66	142.25	1.70	51.47
Corresponding Previous Quarter End	2.83	117.50	5.89	294.38

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.

Commercial operation of Mistri Khola Project started on 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
1,319.00	995.00	1,055.00	371,583,686	314,953	58

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 third 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.