



माउन्टेन इनर्जी नेपाल लि. Mountain Energy Nepal Ltd.

पोस्ट बक्स नं. २१७२९, वडा 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 Chaitra 2077

Particulars	This Quarter Ending	As at 29th Poush 2077	As at 30th Chaitra 2076 (Previous Year)
ASSETS			
Non-current assets			
Property, plant and equipment	32,044,475	32,606,463	33,631,721
Intangible Assets (Tadi Aadhishakti)	714,602,367	721,585,452	742,534,707
Intangible Assets Under Development	4,733,507,845	4,496,685,498	3,938,959,294
- Mistri Khola Robust Energy	4,674,639,275	4,437,816,928	3,883,090,724
- Research on Mistri Khola Cascade Project	58,868,570	58,868,570	55,868,570
Goodwill (arising on acquisition of Aadhishakti)	16,098,426	16,255,740	16,727,680
Prepayments	-	-	172,080
Deferred tax assets	229,790	229,790	253,629
Total non-current assets	5,496,482,903	5,267,362,943	4,732,279,111
Current assets			
Trade and other receivables	52,629,006	64,675,755	78,829,388
Prepayments	12,090,216	11,307,501	13,203,098
Loan and advances	682,824,629	682,701,815	698,793,684
Cash and cash equivalents	105,699,577	275,263,162	33,893,854
Total current assets	853,243,428	1,033,948,233	824,720,024
Total assets	6,349,726,331	6,301,311,176	5,556,999,135
EQUITY AND LIABILITIES			
Equity			
Share capital	1,968,027,000	1,968,027,000	1,574,421,600
Retained earnings	344,416,465	342,387,449	288,467,092
Total equity	2,312,443,465	2,310,414,449	1,862,888,692
Liabilities			
Non-current liabilities			
Loans and borrowings	3,892,383,652	3,855,270,111	3,513,846,957
Total non-current liabilities	3,892,383,652	3,855,270,111	3,513,846,957
Current liabilities			
Trade and other payables	124,749,500	95,327,188	143,866,185
Loans and borrowings	20,149,714	40,299,428	36,397,301
Total current liabilities	144,899,214	135,626,616	180,263,486
Total liabilities	4,037,282,866	3,990,896,727	3,694,110,443
Total equity and liabilities	6,349,726,331	6,301,311,176	5,556,999,135

MOUNTAIN ENERGY NEPAL LTD.

Unaudited Statement of Profit or Loss and Other Comprehensive Income For the period ended 31st Chaitra 2077

Particulars	Upto This Quarter	Upto 29th Poush 2077	Upto 30th Chaitra 2076 (Previous Year)
Revenue	94,309,361	82,135,723	106,962,480
Cost of sales	(32,412,125)	(21,126,829)	(34,157,838)
Gross profit	61,897,236	61,008,894	72,804,642
Net Construction Revenue (As per IFRIC 12)	28,377,683	17,010,600	32,480,419
Administrative expenses	(20,297,628)	(15,384,802)	(19,791,535)
Depreciation and amortisation	(1,683,762)	(1,121,773)	(1,935,498)
Operating profit	68,293,529	61,512,919	83,558,028
Finance income	18,458	14,531	173,647
Finance costs	(17,873,874)	(12,927,781)	(28,842,369)
Staff Bonus	(441,209)	(631,781)	(448,178)
Other Income	-	-	850,517
Profit before tax	49,996,904	47,967,888	55,291,645
Income tax expenses	-	-	-
Profit for the period	49,996,904	47,967,888	55,291,645
Other comprehensive income	-	-	-
Total comprehensive income	49,996,904	47,967,888	55,291,645

1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the Third Quarter of the FY 2077/78 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 is in final stage of completion and yet to commence commercial operation.

1.2 Revenue:

1.2.1 **Sale of Electricity:** Revenue from sale of Electricity is generated by Tadi Khola Project (5 MW) and up to Chaitra end 2077, the Project invoiced Rs. 94,309,361/- to Nepal Electricity Authority as per the terms of PPA.

1.2.2 Mistri Khola Project is in final phase of construction. Thus, not generating Revenue from sale of electricity. Net Construction Revenue of Rs. 28,677,683 /- 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 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.

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 not amortised as the Project is in construction phase at the reporting date.

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 Transitions:

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	2.83	130.88	5.89	294.38
Previous Quarter End	2.85	137.04	7.62	125.71
Corresponding Previous Quarter End	3.51	118.32	4.58	-

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.

Construction of Mistri Khola Project is delayed due to situation beyond the control of the company. Currently wet commissioning test is being carried. All testing of the project is expected to be completed by Middle of Jestha 2078. Management is of the view that, there shall be no material cost escalation.

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	Total Transactions	Transaction Days
833	379	833	805,431,390	1,289,728	33113	59

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. At present, focus is early completion of Mistri Khola Project.

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 2077/78 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.