माउन्टेन इनर्जी नेपाल लि.
Mountain Energy Nepal Ltd.

पोष्ट बक्स नं. २१७२९, वडा नं. ३०, डिल्लीबजार, काठमाण्डौं, नेपाल । फोन नं : ०१-४५३७७०५
फ्याक्स नं. ०१-४५३०५६२ | E-mail: info@mountainenergy.com.np | URL: www.mountainenergy.com.np

Statement of Financial Position as at Ashwin 31, 2082

Particulars	As at Ashwin 31, 2082	As at Ashad 32, 2082 (Previous Quarter) (Audited)	As at Ashwin 30, 2081 (Previous year)
ASSETS			
Non-current assets			
Property, plant and equipment	24,905,807	25,968,107	28,008,527
Intangible assets	5,448,083,499	5,512,759,797	5,706,875,752
Intangible assets under development (Mristi khola)	76,875,584	76,875,584	76,875,584
Goodwill (arising on acquisition of Aadhishakti)	13,266,781	13,424,095	13,896,035
Deferred tax assets	-	-	-
Total non-current assets	**5,563,131,671**	**5,629,027,583**	**5,825,655,898**
Current assets			
Trade and other receivables	1,148,047,407	1,258,661,174	1,150,775,113
Prepayments	388,059,215	225,563,880	37,392,487
Loan and advances	19,379,510	7,955,954	28,299,848
Cash and cash equivalents	404,274,595	48,307,612	65,181,102
Total current assets	**1,959,760,727**	**1,540,488,620**	**1,281,648,550**
Total assets	**7,522,892,398**	**7,169,516,203**	**7,107,304,448**
EQUITY AND LIABILITIES			
Equity			
Share capital	2,602,715,708	2,602,715,708	2,263,231,050
Retained earnings	1,764,069,728	1,344,808,002	1,330,212,345
Total equity	**4,366,785,436**	**3,947,523,710**	**3,593,443,395**
Liabilites			
Non-current liabilities			
Loans and borrowings	2,484,526,913	2,696,593,011	2,919,735,105
Deferred tax liabilites	46,777,578	46,542,734	34,575,412
Total non-current liabilities	**2,531,304,491**	**2,743,135,745**	**2,954,310,517**
Current liabilities			
Trade and other payables	87,883,471	65,549,748	60,190,999
Loans and borrowings	536,919,000	413,307,000	499,359,537
Total current liabilities	**624,802,471**	**478,856,748**	**559,550,536**
Total liabilities	**3,156,106,962**	**3,221,992,493**	**3,513,861,053**
Total equity and liabilities	**7,522,892,398**	**7,169,516,203**	**7,107,304,448**

Statement of Profit or Loss and other Comprehensive Income

For the period from Shrawan 1, 2082 to Ashwin 31, 2082 (July 17, 2025 to Oct 17, 2025)

Particulars	Upto Ashwin 31, 2082 (Current Quarter)	Upto Ashadh 31, 2082 (Previous Quarter) (Audited)	Upto Ashwin 30, 2081 (Previous Year)
Revenue	613,559,246	1,307,246,610	496,019,781
Insurance Claim for loss of profit	900,000	80,629,646	-
Cost of sales			
-Amortization on Project Assets	(64,676,298)	(258,705,180)	(64,589,225)
-Other Direct Costs	(65,571,414)	(190,392,075)	(44,415,920)
Gross profit	**484,211,534**	**938,779,001**	**387,014,636**
Other income (Insurance Recovery)	-	5,000,000	-
Administrative expenses	(11,501,092)	(47,544,765)	(10,034,182)
Depreciation and amortisation	(1,062,300)	(4,403,777)	(429,010)
Operating profit	**471,648,142**	**891,830,459**	**376,551,444**
Finance income	29,016,173	1,450,319	1,352,741
Finance costs	(57,036,109)	(244,338,552)	(65,182,094)
Staff Bonus	(8,872,564)	(12,978,845)	(6,254,442)
Profit before tax	**434,755,642**	**635,963,381**	**306,467,649**
Income tax expenses			
Current tax	(11,024,105)	(10,116,630)	(1,938,231)
Previous Year Tax	-	-	-
Deferred tax income/(expense)	(234,844)	(8,376,693)	863,793
Profit for the period	**423,496,693**	**617,470,058**	**305,393,211**
Other comprehensive income	-	-	-
Total comprehensive income	**423,496,693**	**617,470,058**	**305,393,211**

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

1.1 The unaudited financial statements for the first quarter ended on 31 Ashwin, 2082 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 three months period ended on 31 Ashwin 2082 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 and for the year ended 32 Ashad 2082, and should be read in conjunction with the Company's last annual financial statements as at and 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 Revenue:

1.3.1 Sale of Electricity:

For the first quarter ended on 31 Ashwin, 2082 of the Financial Year 2082/2083, net revenue from sale of electricity generated by Tadi Khola HEP (5 MW) is NRs. 46,813,646 and by Mistri Khola HEP (42 MW) is NRs. 566,745,600.

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

Insurance Recovery: The Mistri Khola Hydroelectric Project (HEP) was impacted by an unprecedented flood resulting in a loss of profit and damage to project assets. In accordance with the terms of the insurance policy, the Company received compensation of NPR 900,000 for loss of profit and the amounts is recognized as revenue in the financial statements.

1.3.2 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 29, 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.

Detail of balance receivable are presented below:

Receivables (from Bhadra 2079 to Ashwin 2082)	Amount
Total claimed amount under Clause 12 of PPA	494,993,196.62
Total claimed amount under Clause 38.18 of PPA	275,352,058.45
Total balance claim from NEA	**770,345,255.07**

1.4 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.

1.5 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.

1.6 Related Party Transitions:

There is no related party transaction during the reporting period.

1.7 Key Financial Ratio:

In NRs.

Period	Earnings Per Share (Quarterly)	Net Worth Per Share	Current Ratio	P/E Ratio
This Quarter End	16.27	167.78	3.14	36.77
Previous Quarter End	23.72	151.67	3.22	26.95
Corresponding Previous year's Quarter End (Audited)	13.49	158.77	2.29	48.93

1.8 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

1.9 Management Analysis

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

1.10 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
682	555.5	598.3	3,223,194,758	5049107	51

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 3 month period ended on 31 Ashwin, 2082 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.