



माउन्टेन इनर्जी नेपाल लि. Mountain Energy Nepal Ltd.

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फ्याक्स नं. ०१-४५३०५६२ | E-mail: info@mountainenergy.com.np | URL: www.mountainenergy.com.np

Statement of Financial Position as on 31st Ashadh, 2080

Particulars	"As at 31 st Ashadh, 2080 (Unaudited)"	"As at 30 th Chaitra 2079 (Unaudited)"	"As at 32 nd Ashadh, 2079 (Audited)"
ASSETS			
Non-current assets			
Property, plant and equipment	28,983,607	29,467,108	30,512,126
Intangible assets	5,987,155,271	5,996,211,541	6,172,929,506
Intangible assets under development	75,092,704	72,748,942	69,342,387
- Research on Mistri Khola Cascade Project	75,092,704	72,748,942	69,342,387
Goodwill (arising on acquisition of Aadshhakti)	14,682,604	14,839,917	15,311,858
Deferred tax assets	527,338	121,211	121,211
Total non-current assets	6,106,441,524	6,113,388,719	6,288,121,088
Current assets			
Trade and other receivables	594,222,296	381,846,086	479,488,462
Prepayments	237,666,691	206,328,067	122,975,491
Loan and advances	60,611,279	70,935,913	61,520,805
Cash and cash equivalents	87,209,365	217,116,228	276,279,157
Total current assets	979,709,631	876,226,294	940,263,915
Total assets	7,086,151,155	6,989,615,013	7,228,481,003
EQUITY AND LIABILITIES			
Equity			
Share capital	1,968,027,000	1,968,027,000	1,968,027,000
Retained earnings	1,205,928,461	1,064,816,045	1,011,134,723
Total equity	3,173,955,461	3,032,843,045	2,979,161,723
Liabilities			
Non-current liabilities			
Loans and borrowings	3,471,026,396	3,509,438,968	3,853,472,403
Trade and other payables	-	-	-
Total non-current liabilities	3,471,026,396	3,509,438,968	3,853,472,403
Current liabilities			
Trade and other payables	71,431,298	57,566,000	77,560,877
Loans and borrowings	369,738,000	389,767,000	318,286,000
Total current liabilities	441,169,298	447,333,000	395,846,877
Total liabilities	3,912,195,694	3,956,771,968	4,249,319,280
Total equity and liabilities	7,086,151,155	6,989,615,013	7,228,481,003

MOUNTAIN ENERGY NEPAL LTD.

Statement of Profit or Loss and other Comprehensive Income For the period ended 31st Ashadh, 2080

Particulars	1 st Shrawan 2079 to 31 st Ashadh, 2080 (Current Period)	1 st Shrawan 2079 to 31 st Chaitra, 2079 (Previous Quarter)	" 1 st Shrawan 2078 to 32 nd Ashadh, 2079 (Previous Year)"
Revenue	1,217,900,592	862,521,500	1,234,416,354
Cost of sales			
-Amortization on Project Assets	(254,292,535)	(190,516,583)	(252,201,339)
-Other Direct Costs	(226,752,708)	(161,954,748)	(98,552,796)
Gross profit	736,855,349	510,050,169	883,662,219
Net Construction Revenue (As per IFRIC 12)	-	-	6,605,987
Administrative expenses	(32,311,871)	(26,770,958)	(21,582,031)
Depreciation and amortisation	(1,942,768)	(1,456,724)	(2,182,181)
Operating profit	702,600,710	481,822,487	866,503,994
Finance income	10,906,907	8,170,827	5,026,165
Finance costs	(296,314,343)	(219,109,955)	(247,700,161)
Staff Bonus	(8,343,865)	(5,417,667)	(12,344,480)
Other Income	-	-	709,246
Other Expenses	-	-	-
Profit before tax	408,849,409	265,465,692	612,194,764
Income tax expenses			
Current tax	(3,294,168)	(2,029,997)	(1,256,541)
Previous Year Tax	-	-	-
Deferred tax income/(expense)	406,127		
Profit for the period	405,961,368	263,435,695	610,938,223
Other comprehensive income	-	-	-
Total comprehensive income	405,961,368	263,435,695	610,938,223

1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the Fourth Quarter ended Ashadh 2080 of the FY 2079/80 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. 118,071,305/- and Mistri Khola Project invoiced Rs. 1,099,829,287/- for the period Shrawan to Ashadh end 2080, to Nepal Electricity Authority as per the terms of PPA.

1.2.2 Applicable Rate of PPA:

As per PPA dated 2067.10.20 (amended on 2073.01.15), the official date for Commercial date of Operation (COD) was 2076.05.14, but due to technical issues, commercial date of operation was revised to 2078.03.03. Accordingly, date of COD was delayed by 3 years and the effective license period is also reduced to 32 years from approved license period of 35 years.

At present, the company is booking the revenue using the PPA rate of Third Year as per clause 12 of PPA after considering effect of delayed COD by 3 years, whereas NEA is making payment considering the revised COD (i.e., 2078.03.23) but applying the PPA rate of the first year and making payment accordingly. Different interpretation of applicable year rate of PPA has resulted in dispute over total booked Revenue of Rs. 305,544,738/- of which Rs. 150,729,616/- is in the current year and balance of Rs. 154,815,122/- in previous years (2078/79 and 2077/78) before interest and both the parties to PPA agreed for arbitration proceedings for dispute settlement.

1.2.3 Deduction of Energy associated with Tatopani SHP of NEA:

As per clause 38.18 of the PPA, there shall be no deduction of energy associated with Tatopani Small Hydropower System during the month of Ashad, Shrawan, Bhadra and Ashwin, due to sufficiency of water in the river system. Further, there is dispute in deduction of energy during contingency evacuation period. The Company had disputed with NEA and filed claim for Rs. 201,388,032 before interest till Ashadh End 2080 and both the parties to PPA agreed for arbitration proceedings for dispute settlement.

1.2.4 Power Evacuation

The entire electricity generated could not be evacuated resulting in revenue loss due to constraint on Electricity Transmission Grid owned and operated by NEA, but the MOU for contingency plan entered on 2073.09.26 between NEA and the company provides that the company renounce the right to claim the compensation for the above revenue loss.

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:

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

Tadi Khola project tax holiday ended on Chaitra 13, 2079 then after the next five years, tax concession is 50% of the applicable tax rate. Accordingly, tax liability on taxable income of Tadi Khola project is calculated applying the concession rate of 10%.

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.

1.5 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	20.63	161.28	2.22	48.23
Previous Quarter End (Restated)	13.39	154.11	1.96	62.58
Corresponding Previous Quarter End (Audited)	31.05	151.39	2.38	25.25

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 running smoothly. The debt servicing of the project is regular.

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
1040.00	707.40	995.00	314,759,118.80	348,975	62

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 12 months period up to Ashadh end 2080 of FY 2079/80 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.