



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

Unaudited Statement of Financial Position as on 31st Ashwin 2079

Particulars	As at 31 st Ashwin 2079 (Current Year)	As at 32 nd Asadh 2079 (Previous Quarter) (Unaudited)	As at 31 st Ashwin 2078 (Previous Year)
ASSETS			
Non-current assets			
Property, plant and equipment	29,886,557	30,512,126	30,987,772
Intangible Assets (Hydropower Project Assets)	6,120,471,491	6,172,929,506	6,348,206,937
Intangible Assets Under Development	71,529,948	69,342,387	64,868,570
-Mistri Khola	-	-	-
-Research on Mistri Khola Cascade Project	71,529,948	69,342,387	64,868,570
Goodwill (arising on acquisition of Aadhisakti)	15,154,544	15,311,858	15,783,799
Deferred tax assets	121,211	121,211	121,211
Total non-current assets	6,237,163,751	6,288,217,088	6,459,968,289
Current assets			
Trade and other receivables	530,789,286	479,488,462	458,423,651
Prepayments	144,256,696	122,975,491	12,836,590
Loan and advances	64,725,645	61,520,805	42,578,475
Cash and cash equivalents	397,214,325	276,279,157	21,426,199
Total current assets	1,136,985,952	940,263,915	535,264,915
Total assets	7,374,149,703	7,228,481,003	6,995,233,204
EQUITY AND LIABILITIES			
Equity			
Share capital	1,968,027,000	1,968,027,000	1,968,027,000
Retained earnings	1,284,605,779	1,011,650,088	695,815,862
Total equity	3,252,632,779	2,979,677,088	2,663,842,862
Liabilities			
Non-current liabilities			
Loans and borrowings	3,670,656,422	3,853,472,403	3,897,055,064
Trade and other payables	-	-	-
Total non-current liabilities	3,670,656,422	3,853,472,403	3,897,055,064
Current liabilities			
Trade and other payables	73,218,502	77,045,512	143,476,108
Loans and borrowings	377,642,000	318,286,000	290,859,170
Total current liabilities	450,860,502	395,331,512	434,335,278
Total liabilities	4,121,516,924	4,248,803,915	4,331,390,342
Total equity and liabilities	7,374,149,703	7,228,481,003	6,995,233,204

MOUNTAIN ENERGY NEPAL LTD.

Unaudited Statement of Profit or Loss and other Comprehensive Income For the period ended 31st Ashwin, 2079

Particulars	Upto This Quarter (Current Year)	Upto 32 nd Asadh 2079 (Previous Quarter) (Unaudited)	Upto 31 st Aswin 2078 (Previous Year)
Revenue	472,399,720	1,234,416,354	387,157,731
Cost of sales			
-Amortization on Project Assets	(63,652,797)	(252,201,339)	(62,248,401)
-Other Direct Costs	(40,510,906)	(98,552,796)	(10,274,338)
Gross profit	368,236,017	883,662,219	314,634,992
Net Construction Revenue (As per IFRIC 12)	-	6,605,987	6,605,986
Administrative expenses	(11,198,768)	(21,056,148)	(5,264,598)
Depreciation and amortisation	(626,697)	(2,182,181)	(495,104)
Operating profit	356,410,552	867,029,877	315,481,276
Finance income	3,135,850	5,026,165	3,649
Finance costs	(77,416,320)	(247,700,161)	(19,013,614)
Staff Bonus	(5,642,602)	(12,354,998)	(5,795,307)
Other Income	-	709,246	-
Profit before tax	276,487,480	612,710,129	290,676,004
Income tax expenses			
Current tax	(774,661)	(1,256,541)	-
Previous Year Tax	-	-	-
Deferred tax income/(expense)	-	-	(108,579)
Profit for the period	275,712,819	611,453,588	290,676,004
Other comprehensive income	-	-	-
Total comprehensive income	275,712,819	611,453,588	290,676,004

1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the 1st Quarter 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. 49,425,299/- and Mistri Khola Project invoiced Rs. 422,974,421/- for the period Shrawan to Ashwin end 2079, 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 2078.03.23. 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 of total booked Revenue of Rs. 211,556,280/- of which Rs. 56,693,860/- is in the current year and balance of Rs. 154,862,419/- in previous years (2078/79 and 2077/78) and both the parties to PPA agreed for arbitration proceeding for dispute settlement.

1.2.3 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:

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 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	14.01	165.27	2.52	54.35
Previous Year End (Unaudited)	31.07	151.40	2.38	25.23
Corresponding Previous Quarter End (then Restated)	14.76	135.36	1.23	75.52

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 service 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
920.00	695.00	761.40	232,205,774	275,610	66

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 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.