



# 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 32nd Asadh 2079

Particulars	As at 32nd Asadh 2079 (Current Year) (Unaudited)	As at 30th Chaitra 2078 (Previous Quarter) (Unaudited)	As at 31st Asadh 2078 (Previous Year) (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	30,512,214	32,395,666	31,482,876
Intangible Assets (Hydropower Project Assets)	6,172,577,819	6,207,686,314	6,271,011,250
Intangible Assets Under Development	69,342,387	67,482,915	61,868,570
-Mistri Khola	-	-	-
-Research on Mistri Khola Cascade Project	69,342,387	67,482,915	61,868,570
Goodwill (arising on acquisition of Aadhisakti)	15,311,858	15,469,172	15,941,112
Deferred tax assets	121,211	121,211	121,211
<b>Total non-current assets</b>	<b>6,287,865,489</b>	<b>6,323,155,278</b>	<b>6,380,425,021</b>
<b>Current assets</b>			
Trade and other receivables	479,488,462	267,321,912	16,333,771
Prepayments	122,988,009	78,857,283	112,336,726
Loan and advances	61,520,805	50,661,405	47,500
Cash and cash equivalents	276,279,156	365,624,697	42,986,780
<b>Total current assets</b>	<b>940,276,432</b>	<b>762,465,297</b>	<b>171,704,776</b>
<b>Total assets</b>	<b>7,228,141,921</b>	<b>7,085,620,575</b>	<b>6,552,129,797</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1,968,027,000	1,968,027,000	1,968,027,000
Retained earnings	1,011,321,280	828,967,425	405,239,857
<b>Total equity</b>	<b>2,979,348,280</b>	<b>2,796,994,425</b>	<b>2,373,266,857</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	3,853,473,474	3,914,086,208	3,969,521,749
Trade and other payables	-	-	-
<b>Total non-current liabilities</b>	<b>3,853,473,474</b>	<b>3,914,086,208</b>	<b>3,969,521,749</b>
<b>Current liabilities</b>			
Trade and other payables	77,035,238	43,158,316	133,480,835
Loans and borrowings	318,284,929	331,381,626	75,860,356
<b>Total current liabilities</b>	<b>395,320,167</b>	<b>374,539,942</b>	<b>209,341,191</b>
<b>Total liabilities</b>	<b>4,248,793,641</b>	<b>4,288,626,150</b>	<b>4,178,862,940</b>
<b>Total equity and liabilities</b>	<b>7,228,141,921</b>	<b>7,085,620,575</b>	<b>6,552,129,797</b>

## MOUNTAIN ENERGY NEPAL LTD.

### Unaudited Statement of Profit or Loss and other Comprehensive Income For the period ended 32nd Asadh, 2079

Particulars	Upto This Quarter (Current Year) (Unaudited)	Upto 30th Poush 2078 (Previous Quarter) (Unaudited)	Upto 31st Chaitra 2077 (Previous Year) (Audited)
Revenue	1,234,416,352	852,606,698	168,216,348
Cost of sales			
-Amortization on Project Assets	(252,544,750)	(188,495,038)	-
-Other Direct Costs	(98,552,793)	(51,131,303)	(73,862,510)
<b>Gross profit</b>	<b>883,318,809</b>	<b>612,980,357</b>	<b>94,353,838</b>
Net Construction Revenue (As per IFRIC 12)	6,605,986	6,605,986	71,359,966
Administrative expenses	(21,056,147)	(15,572,794)	(28,266,901)
Depreciation and amortisation	(2,182,021)	(1,527,857)	(2,245,360)
<b>Operating profit</b>	<b>866,686,627</b>	<b>602,485,692</b>	<b>135,201,543</b>
Finance income	5,026,165	1,898,868	22,060
Finance costs	(247,708,437)	(168,468,088)	(22,339,330)
Staff Bonus	(12,347,967)	(8,586,210)	(830,486)
Other Income	709,173	182,361	-
<b>Profit before tax</b>	<b>612,365,561</b>	<b>427,512,624</b>	<b>112,053,787</b>
Income tax expenses			
Current tax	(1,244,023)	(515,080)	(5,515)
Previous Year Tax	-	-	-
<b>Deferred tax income/(expense)</b>	<b>-</b>	<b>-</b>	<b>(108,579)</b>
<b>Profit for the period</b>	<b>611,121,538</b>	<b>426,997,543</b>	<b>111,939,693</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>611,121,538</b>	<b>426,997,543</b>	<b>111,939,693</b>

#### 1. Notes to quarterly unaudited financials.

1.1 The unaudited financial statements for the Fourth 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. 156,614,801/- and Mistri Khola Project invoiced Rs. 1,077,801,551/- up to Asadh 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. 154,862,419/- of which Rs. 148,719,904/- is in the current year and balance of Rs. 6,142,515/- in previous year (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	31.05	151.39	2.38	25.25
Previous Quarter End	21.70	142.12	2.04	36.47
Corresponding Previous Quarter End (Audited)	6.08	128.97	0.82	146.31

#### 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
1,065.00	720.00	784.00	144,579,549	165,284	65

#### 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 fourth 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.