

**Hoda Vasi
Chowdhury & Co**

To
The shareholders of
United Power Generation &
Distribution Company Ltd.
House # NW(J) – 6, Road # 51,
Gulshan – 2, Dhaka – 1212
Bangladesh

**Auditors' Report
&
Audited Financial Statements
of
United Power Generation & Distribution
Company Ltd.**

For the year ended 31 December 2012

Independent Correspondent Firm to **Deloitte Touche Tohmatsu**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to **Deloitte Touche Tohmatsu**

**Auditors' Report
To
The Shareholders of
United Power Generation & Distribution Company Ltd.**

Introduction

We have audited the accompanying financial statements of United Power Generation & Distribution Company Ltd., which comprise the statement of financial position as at 31 December 2012, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information i.e. notes to the Financial Statements.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

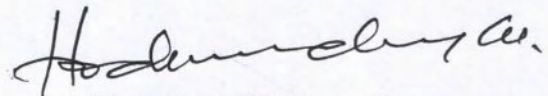
Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the Company's statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) together with notes dealt with by the report are in agreement with the books of account and returns; and
- d. the expenditure incurred and payments made were for the purposes of the Company's business.

Dated: Dhaka, 11 2 FEB 2013


Chartered Accountants

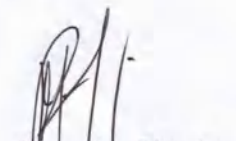
**United Power Generation & Distribution Company Ltd.
Statement of Financial Position
As at 31 December 2012**

	<u>Note(s)</u>	<u>2012 Taka</u>	<u>2011 Taka</u>
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	3,507,982,218	3,619,651,795
Capital work in progress	5	368,104,364	-
Pre-operational expenses	6	-	17,380,575
		<u>3,876,086,582</u>	<u>3,637,032,370</u>
Current assets			
Inventories	7	191,982,411	211,164,353
Trade receivables	8	840,633,875	396,056,054
Inter-company balances	9	2,821,114,070	1,418,002,126
Advance, deposits and prepayments	10	48,964,387	38,206,370
Cash and bank balances	11	6,085,258	37,294,406
		<u>3,908,780,000</u>	<u>2,100,723,309</u>
TOTAL ASSETS		<u>7,784,866,582</u>	<u>5,737,755,679</u>
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	12	1,979,664,840	1,979,664,840
Retained earnings	13	3,266,713,247	1,246,234,967
		<u>5,246,378,087</u>	<u>3,225,899,807</u>
LIABILITIES			
Non-current liabilities			
Long term loan	14	1,934,715,782	2,135,832,865
		<u>1,934,715,782</u>	<u>2,135,832,865</u>
Current liabilities			
Trade payables	15	55,608,568	66,590,189
Other payables and accrual	16	5,411,169	40,142,602
Finance lease obligation (Current portion)	17.01	-	674,762
Long term loan (Current portion)	14.01	218,083,337	228,297,389
Short term loan	18	324,585,139	39,546,522
Provision for taxation	19	84,500	771,543
		<u>603,772,713</u>	<u>376,023,007</u>
TOTAL EQUITY & LIABILITIES		<u>7,784,866,582</u>	<u>5,737,755,679</u>

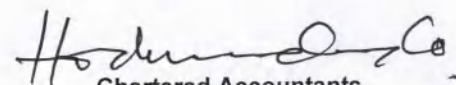
These financial statements should be read in conjunction with the annexed notes.


Company Secretary


Director


Managing Director

Dated: Dhaka, 12 FEB 2013


Chartered Accountants

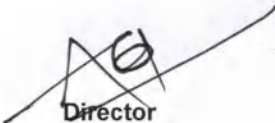


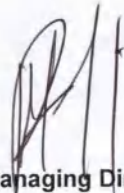
**United Power Generation & Distribution Company Ltd.
Statement of Comprehensive Income
For the year ended 31 December 2012**

	<u>Note(s)</u>	<u>2012 Taka</u>	<u>2011 Taka</u>
Revenue	22	3,273,488,057	2,227,633,409
Operating expenses	23	(884,552,090)	(895,485,539)
Gross profit		2,388,935,967	1,332,147,870
Administrative expenses	24	(57,396,889)	(36,371,340)
Operating profit		2,331,539,078	1,295,776,530
Other operating income	25	225,333	2,057,447
Financial expenses	26	(311,201,631)	(234,795,944)
Net profit before tax		2,020,562,780	1,063,038,033
Provision for taxation	19	(84,500)	(771,543)
Net profit after tax		2,020,478,280	1,062,266,490
Earning per share (EPS)	27	10.21	5.38
Diluted earning per share	27.1	10.21	5.37

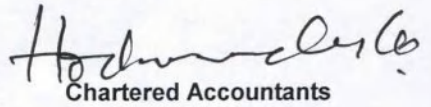
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Company Secretary


Director


Managing Director

Dated: Dhaka, 12 FEB 2013


Chartered Accountants

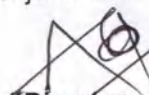


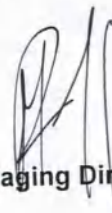
United Power Generation & Distribution Company Ltd.
Statement of Cash Flows
For the period from 01 January 2012 to 31 December 2012

	<u>Note(s)</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
A Cash flows from operating activities			
Cash received from customers	28	2,828,910,236	2,139,444,878
Cash received from other operating income	25	225,333	2,057,447
Cash paid to suppliers and contractors	29	(620,621,685)	(734,870,628)
Cash paid for other operating expenses	30	(193,432,716)	(146,211,610)
Payment of financial expenses	31	(329,023,446)	(224,564,129)
Income tax payment		(924,038)	-
Net cash flow from operating activities		1,685,133,685	1,035,855,957
B Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	32	(386,263,610)	(65,638,629)
Proceeds from sale of property, plant and equipment		-	-
Cash used for capital work - in - progress		-	-
Cash paid for inter-company loan	33	(1,403,111,944)	(1,103,519,560)
Investment in share		-	-
Net cash used in investing activities		(1,789,375,553)	(1,169,158,189)
C Cash flows from financing activities			
Long term loan	34	(211,331,135)	57,670,254
Short term loan received	35	285,038,617	39,546,522
Cash paid for lease finance	36	(674,762)	(955,865)
Net cash flow from financing activities		73,032,720	96,260,911
D Net changes in cash and cash equivalents (A+B+C)		(31,209,149)	(37,041,321)
E Opening balance		37,294,406	74,335,728
Closing balance (D+E) - Note 11		6,085,258	37,294,406

These financial statements should be read in conjunction with the annexed notes.

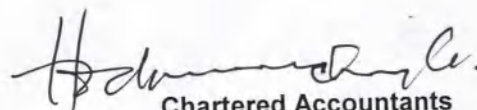

Company Secretary


Director


Managing Director

Dated: Dhaka,


12 FEB 2013


Chartered Accountants

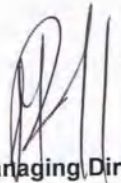
**United Power Generation & Distribution Company Ltd.
Statement of Changes in Equity
For the Year ended 31 December 2012**

Particulars	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance at 1 January 2011	1,070,089,100	1,093,544,217	2,163,633,317
Net profit for the year 2011	-	1,062,266,490	1,062,266,490
Dividend for the year 2010	909,575,740	(909,575,740)	-
Balance at 31 December 2011	<u>1,979,664,840</u>	<u>1,246,234,967</u>	<u>3,225,899,807</u>
Balance at 1 January 2012	1,979,664,840	1,246,234,967	3,225,899,807
Net profit for the year 2012	-	2,020,478,280	2,020,478,280
Balance at 31 December 2012	<u>1,979,664,840</u>	<u>3,266,713,247</u>	<u>5,246,378,087</u>

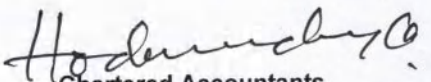
These financial statements should be read in conjunction with the annexed notes.


Company Secretary


Director


Managing Director

Dated: Dhaka, 11 2 FEB 2013


Chartered Accountants



**United Power Generation & Distribution Company Ltd.
Notes to the Financial Statements
As at and for the year ended 31 December 2012**

1 Reporting entity

1.1 Corporate history of reporting entity

United Power Generation & Distribution Company Ltd. (UPGD) ("the Company") formerly known as Malancha Holdings Ltd. (MHL) was incorporated in Bangladesh on 15th January 2007 as a subsidiary company of United Group in order to produce and supply electricity. The Company changed the existing name and style on 1st October 2009 as a private limited company under the Companies Act 1994 and converted into public limited company by Shares on 30 December 2010.

The Company has developed two power plants. One of them with capacity of 41 MW at Dhaka Export Processing Zone (DEPZ) premises and another with capacity of 44 MW at Chittagong Export Processing Zone (CEPZ) premises, under two agreements with Bangladesh Export Processing Zones Authority (BEPZA) signed on May 6, 2007 and May 16, 2007 respectively. Both plant DEPZ and CEPZ came into commercial operation on 26th December 2008 and 12 August 2009 respectively. The address of the company's registered office is United Center, Road No. 51, and House No. NW (J) 6, Gulshan-2, Dhaka-1212, Bangladesh. The authorized share capital of the Company is Tk. 10,000,000,000 (Taka One Thousand crore) only divided into 1,000,000,000 (One hundred crore) shares of Tk. 10 (Ten) each.

1.2 Corporate business

The principal activity of the Company is to set up two gas fired power plants, one at DEPZ with 41 MW capacity and the other at CEPZ with 44 MW capacity for generation of electricity and to sell generated electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the EPZ after fulfilling their requirement. The Company is supplying electricity to the national grid of Bangladesh through selling the same to Dhaka PBS-1 of REB and Bangladesh Power Development Board (BPDB).

1.3 Capacity increase

The Company has undertaken expansion project at Dhaka Export Processing Zone (DEPZ) to increase its capacity from 41 MW to 88 MW and another project at Chittagong Export Processing Zone (CEPZ) to increase capacity form 44 MW to 72 MW. The DEPZ project shall install 2 nos of Heat Recovery Boiler to produce 8 ton/h of steam & CEPZ project shall install 3 nos of Heat Recovery Boiler to produce 12 ton/h of steam to sale to other customers.

2 Basis of presenting and preparation of financial statements.

2.1 Legal compliance

Financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Basis of presentation

Presentation of financial statements have been maintained as per Bangladesh Accounting Standards - 1.



2.3 Basis of measurements

The financial statements have been prepared under historical cost convention.

2.4 Going concern assumption

The financial statements has been prepared considering going concern assumption as per BAS-1(25). The management did not find any significant uncertainties regarding going concern issue within the next twelve months from the end of the reporting period.

2.5 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is both functional currency and presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka.

2.6 Critical accounting estimates, assumptions and judgment

The preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The preparation of financial statements in conformity with BAS and BFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

Note 3.2	Amortization of pre-operational expenses
Note 4	Depreciation
Note 7	Inventory valuation
Note 15	Accrued expenses

2.7 Reporting Period

These financial statements cover the period from 1 January 2012 to 31 December 2012.

2.8 Authorization for issue

These financial statements have been issued for authorization by the board of Directors on 02 February 2013.



3 Summary of significant accounting policies

3.1 Property, plant and equipment

a) Recognition and Measurement

Property, plant and equipment (PPE) are stated according to BAS 16 (Property, Plant and Equipment) at historical cost or revaluation less cumulative depreciation. The cost of asset includes expenses directly attributable to bringing the asset to the location and condition necessary for use.

The cost of an asset is measured at the cash price equivalent at the date of acquisition.

b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

c) Depreciation

Depreciation on the assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of addition of fixed assets, depreciation is not charged in the year of addition. Full year's depreciation is charged in the year of disposal. Residual value is estimated to be zero for all assets.

Category of assets	Rate of depreciation
Plant and machinery	3.33%
Gas line (50 years)	2%
Equipment	15%
Furniture and fixtures	10%
Transport and vehicles	10%

d) Leased assets

Property, plant, and equipment which are financed by leases giving substantially all the risks and rewards of ownership are capitalized at the lower of the fair value of the leased asset or the present value of minimum lease payments at the inception of the lease, and depreciated in the same manner as other assets over the shorter of the lease term or their useful life. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. These are charged to the income statement over the life of the lease, generally on a straight-line basis.

3.2 Pre-operational expenses (note 6)

To comply with BAS 38 para 69, the management of the Company decided to charge remaining pre-operating expense in the current period .



3.3 Inventories

Inventories consisting of spare parts, fuel and lubricant are valued in accordance with BAS 2 (Inventories) at the lower of cost or net realizable value. Net realizable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale. Inventories are measured at cost. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. When inventories are used, the carrying amount of those inventories is recognized in the period in which the related revenue is recognized.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Accounting policies relating to different types of financial instruments are described below.

3.4.1 Financial assets

a) Trade receivables

Trade receivable are carried at original invoice amount.

b) Inter-company balances

These asset include inter-company (loan) receivables which are stated at cost. The Board of Directors and shareholders of related companies are same as United Power Generation & Distribution Company Ltd.

c) Cash and cash equivalent

Cash and cash equivalent comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less which were held and available for use by the Company without any restriction.

3.4.2 Financial liabilities

It includes finance lease obligation, borrowings & trade and other payables.

a) Finance lease obligation

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lessee, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used.

b) Borrowings

Borrowings are classified into both current and non-current liabilities. Moreover in compliance with the requirements of BAS 23 (Borrowing Costs), interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred.

c) Trade and other payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company.



3.5 Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for employee benefits and similar other liabilities are determined in accordance with BAS 19. All remaining provisions are recognized by making the best estimate of the amounts in accordance with BAS 37 (Provisions, Contingent Liabilities and Contingent assets).

3.6 Impairment

3.6.1 Financial assets

Trade receivable is assessed at each date of statement of financial position to determine whether there is objective evidence that it is impaired. Trade receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3.6.2 Non-financial assets

At each reporting date, indicators of impairment are reviewed. For this review, the Company is considered as a single cash generating unit and both tangible and intangible assets are reviewed. If any indication exists, the assets' recoverable amount will need to be estimated. As at 31 December 2012, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

3.7 Revenue recognition

United Power Generation and Distribution Company is a power generation company operating its owned electric generating plants. It produces gas generated electricity for sale to DEPZ, CEPZ, KEPZ, REB, BPDB and Oli Knitting Fabrics Ltd. UPGD has primarily started its power plant in Dhaka EPZ and Chittagong EPZ. The Company's revenues are derived from electric power generation and distribution services and include energy supplied and billed to the customers.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue measured at the fair value of the consideration received or receivable. The following specific recognition criteria must be met before revenue is recognized:

- 1) Entity has transferred significant risks and rewards of ownership of the electric power to the buyer;
- 2) The amount of revenue can be measured reliably;
- 3) The costs incurred and the costs to complete for the transaction can be measured reliably

Revenue is recognized, excluding Value Added Tax and other Government levies, on the basis of net units of energy generated and transmitted to the authorized customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenues are valued using rates in effect when services are provided to customers. Accrued billed revenues are presented in current assets as trade receivables and the corresponding cost is included in operating expenses.



3.8 Statement of cash flows

Statement of cash flows is prepared principally in accordance with BAS 7 (Cash Flow Statement) shows how the Company's cash and cash equivalents changed during the period through inflows and outflows and the cash flows from operating activities have been presented under direct method.

Net cash inflows from operating activities arrived after adjusting cash received from customers and other income with operating expenses paid and interest paid to suppliers during the period.

Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment, and

Net cash inflow from financing activities mainly due to loan paid to related companies, repayment of bank loan and short term loan received from bank.

3.9 Leases

a) Finance lease

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce periodic rate of interest on the remaining balance of the liability.

b) Operating lease

All leases other than those which meet the definition of finance lease are treated as operating lease and are not recognized in the statement of financial position.

3.10 Foreign currency transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS 21 (The Effects of Changes in Foreign Exchange Rates).

3.11 Employee benefits

The Company maintains defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

3.11.1 Defined contribution plan (provident fund)

The Company operates contributory provident fund for all its permanent employees, which is defined contribution plan. The provident fund is funded by contribution from both employees and the Company @ 10% of the basic pay.

3.12 Income tax

Income tax has made for other operating income only and no provision is required for income tax on the company's business profits as the Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation, vide SRO ref: 188-Law/Income Tax/2009—Income Tax ordinance, 1984 (XXXVI of 1984) dated 01 July 2009.



3.13 Deferred tax

As there is considerable uncertainty with regard to the taxation of the Company after the expiry of the tax exemption period, management feels it is not possible to make a reasonable estimate of deferred tax assets/liabilities at this stage.

3.14 Earnings per share

The calculation of the Basic earnings per share is made in accordance with BAS 33 (Earnings Per Share), dividing the profit for the period by weighted average number of ordinary shares outstanding during the period. Moreover, EPS of the period ending 31 December 2012 has been calculated based on the annual income of the year 2012.

Basic earnings per share

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Diluted earnings per share

As there is no prospective dilutive securities, diluted earning per share has been calculated based on the total existing number of shares as prescribed in the rule 8(B), 20(e) of Securities and Exchange Commission (Public Issue) Rules, 2006.

Weighted average number of shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the period.

3.15 Consolidation

The financial statements comprised consolidated accounts of Dhaka EPZ project & Chittagong EPZ project.

3.16 Contingent liabilities and assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with BAS 37, they are disclosed in the notes to the financial statements.





4 Property, plant and equipment, note 3.1

Particulars	Plant and machinery	Gas line	Equipment	Furniture and fixtures	Transport and vehicles	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Cost						
At 01 January 2011	3,731,380,309	148,705,152	2,345,733	315,325	5,236,836	3,887,983,355
Addition during the period	42,332,136	-	1,733,221	230,358	-	44,295,715
Disposal during the period	-	-	-	-	-	-
31 December 2011	3,773,712,445	148,705,152	4,078,954	545,683	5,236,836	3,932,279,070
Depreciation						
01 January 2011	171,333,830	12,556,723	181,619	21,326	397,634	184,491,132
Depreciation charged during the period, note 4.1	124,254,964	2,974,103	351,860	31,533	523,684	128,136,144
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2011	295,588,794	15,530,826	533,479	52,859	921,318	312,627,276
Net book value at 31 December 2011	3,478,123,651	133,174,326	3,545,475	492,825	4,315,518	3,619,651,795
Cost						
At 01 January 2012	3,773,712,445	148,705,152	4,078,954	545,683	5,236,836	3,932,279,070
Addition during the period	16,485,236	-	1,529,900	144,110	-	18,159,246
Disposal during the period	-	-	-	-	-	-
31 December 2012	3,790,197,681	148,705,152	5,608,854	689,793	5,236,836	3,950,438,316
Depreciation						
01 January 2012	295,588,794	15,530,826	533,479	52,859	921,318	312,627,276
Depreciation charged during the period, note 4.1	125,664,624	2,974,103	611,843	54,568	523,684	129,828,822
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2012	421,253,418	18,504,929	1,145,322	107,427	1,445,002	442,456,098
Net book value at 31 December 2012	3,368,944,263	130,200,223	4,463,532	582,366	3,791,834	3,507,982,218
Rate of Depreciation	3.33%	2%	15%	10%	10%	

4.01 Power plant

a) Plant description

The natural gas fired power plants of UPGD consist of Wärtsilä and MTU engine generator terminal with 30 years expected useful life, which form the major part of the power generation companies. This gas-powered generating set consists of auxiliaries, exhaust gas silencer, and electrical, mechanical & civil construction and erection. Each power plant has fourteen (14) integrated systems named fuel, lubrication oil, compressed air, cooling, charge air, exhaust, water treatment, fire protection, emission control, automation, electrical, station service, DC and high voltage systems. At DEPZ there are four (4) gas fired engines with the capacity of 8.73 MW each and three (3) gas fired engines with the capacity of 2 MW each for the generation of electricity. At CEPZ there are five (5) gas fired engines with the capacity of 8.73 MW each. The total output of these stationary power plants at DPEZ and CEPZ is 41 MW & 44 MW respectively.

b) Environmental impact

The environmental impact of a gas power plant is low; it is both efficient and environmentally sound. These gas power plants have the highest simple-cycle efficiency in the market. Natural gas has the lowest CO2 emissions compared to other fossil fuels. The SO2 and PM emissions are relatively low for power plants running on natural gas. The NOx emissions are also lower than with fuel oil-fired diesel/HFU engines. The engine cooling arrangement using closed-circuit radiator cooling reduces plant process water consumption to almost zero, minimizing the effect on local water resources. Effective sound-proofing allows the plant to be operated even in densely populated areas.

4.02 Gas Line

According to Power Supply Agreement, dated 6th and 16th May 2007 with Bangladesh Export Processing Zone Authority (BEPZA); BEPZA, at their own cost, shall provide necessary gas connection of required quantity and specification from the nearest District Regulatory Station (DRS) of Titas Gas Transmission and Distribution Company Limited and Bakhrabad Gas system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. BEPZA shall maintain such gas connection until the expire of a period of thirty (30) years unless extended or earlier termination. Although both parties agreed upon this condition but due to lack of initiative by concerned authority (BEPZA), UPGD has established this gas line back on 17 November 2008 at its own cost.

Gas line is valued at construction cost less depreciation and impairment loss. Cost includes ERW carbon steel pipe, tape for gas line, RMS, TBS, line accessories, and construction and commissioning expenditures. Cost are only included in the asset's carrying amount when it is probable that economic benefits associated with this item will flow to the company and the cost can be measured reliably. All other repair and maintenance expenses are charged to the income statement during the period in which they are incurred.

4.1 Allocation of depreciation expenses, note 4

	2012 Taka	2011 Taka
Operating expenses	128,530,534	126,854,783
Administrative expenses	1,298,288	1,281,361
	129,828,822	128,136,144

5 Capital work in progress, note 1.3

	Balance as at 01 January Taka	Addition during the year Taka	Transfer to PPE during this year Taka	Closing balance Taka
As at 31 December 2011				
Plant and machinery	174,262	-	174,262	-
	174,262	-	174,262	-
As at 31 December 2012				
Plant and machinery (note 5.1)	-	368,104,364	-	368,104,364
	-	368,104,364	-	368,104,364



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	2012 Taka	2011 Taka
5.1 Plant and machinery (note 5)		
Engine	218,449,916	-
Other machinery	93,490,411	-
Advance to EPC Contractor	17,859,400	-
Overhead	38,304,637	-
Total	368,104,364	-

6 Pre-operational expenses, note 3.2

	2012 Taka	2011 Taka	2010 Taka	2009 Taka	2008 Taka
Balance as at 01 January	17,380,575	19,553,147	21,725,719	21,668,119	7,036,047
Expenses during the period	-	-	-	57,600	16,558,432
Total pre-operational expenses	17,380,575	19,553,147	21,725,719	21,725,719	23,594,479
Less: Revenue income during pre COD up to 25.12.2008	-	-	-	-	1,926,361
Net pre-operating expenses	17,380,575	19,553,147	21,725,719	21,725,719	21,668,119
Less: Amortization of Pre-operational expenses	17,380,575	2,172,572	2,172,572	-	-
Balance as at 31 December	-	17,380,575	19,553,147	21,725,719	21,668,119

	2012 Taka	2011 Taka
7 Inventories, note 3.3		
Spare parts, note 7.01	185,062,362	205,372,601
Fuel and lubricants, note 7.01	6,920,049	5,791,752
	191,982,411	211,164,353

Inventories comprises spare parts and fuel & lubricants which are used for maintenance of power plants machineries.

7.01 Movement of inventories, note 7

	Spare parts	Fuel and lubricants
Balance as at 01 January 2011	83,814,252	3,762,921
Purchase during the year 2011	241,469,389	34,355,793
Issued during the year 2011	(119,911,040)	(32,326,962)
Balance as at 31 December 2011	205,372,601	5,791,752
Balance as at 01 January 2012	205,372,601	5,791,752
Purchase during the year 2012	73,066,269	38,360,130
Issued during the year 2012	(93,376,508)	(37,231,833)
Balance as at 31 December 2012	185,062,362	6,920,049

7.02 Number of inventories (as at 31 December 2012)

	Spare parts				Fuel and lubricants			
	Quantity (Nos)		Amount (Taka)		Quantity (Ltr)		Amount (Taka)	
	2012	2011	2012	2011	2012	2011	2012	2011
DEPZ	4,927	4,050	142,789,621	144,579,451	11,325	9,533	3,347,496	2,284,202
CEPZ	2,098	2,980	42,272,741	60,793,150	14,060	14,788	3,572,553	3,507,550
Total	7,025	7,030	185,062,362	205,372,601	25,385	24,321	6,920,049	5,791,752



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	2012 Taka	2011 Taka
8 Trade receivables		
Dhaka Export Processing Zone (DEPZ)	103,501,208	69,971,285
Rural Electrification Board (REB)	242,089,340	122,714,755
Oli Knitting Fabrics Ltd.	3,448,200	4,146,898
Chittagong Export Processing Zone (CEPZ)	102,354,624	69,464,275
Bangladesh Power Development Board (PDB)	378,750,680	129,758,841
Karnaphuli Export Processing Zone (KEPZ)	10,489,824	-
	840,633,875	396,056,054

Trade receivables were stated at their nominal value and considered good. Trade receivables were accrued in the ordinary course of business.

	2012 Taka	2011 Taka
8.01 Ageing of trade receivables		

The ageing of gross trade receivables as at 31 December was:

Invoiced 0-30 days	281,351,573	210,342,620
Invoiced 31-60 days	50,808,608	29,471,499
Invoiced 61-90 days	65,972,401	42,395,654
Invoiced 91-180 days	112,499,275	34,899,695
Invoiced 181-365 days	197,039,467	53,341,341
Invoiced over 365 days	132,962,551	25,605,245
	840,633,875	396,056,054

9 Inter-company balances, note 3.4.1.b

United Enterprises & Co. Ltd.	2,569,378,523	1,378,954,791
United Ashuganj Power Ltd.	49,138,000	29,138,000
Neptune Commercial Ltd.	4,719,107	4,719,107
Neptune Properties	100,000,000	-
United Engineering & Power Services Ltd.	1,785,175	696,963
United Hospital Ltd.	4,493,265	4,493,265
Neptune Land Development Ltd.	20,000,000	-
Shahjanullah Power Company Ltd.	71,600,000	-
	2,821,114,070	1,418,002,126

As per Board decision, the arrangement of share purchase of United Ashuganj Power Ltd (UAPL) has been cancelled and thereby investment in share accordingly rearrange.

As decided in the meeting of the Board of Directors dated 01 January 2010, the company may provide interest free loan not exceeding 60% of the company's total equity to its parent company and its sister concerns and any amount exceeding that limit will be interest bearing at 180 days treasury bill rate.

Moreover as decided in the meeting of the board of the directors dated January 31, 2013, out of Tk. 2,821,114,070, approximately 90% will be realized from the inter companies/ sister concerns by June 2013, to comply with the section 103 of the Companies Act, 1994; and interest will be charged on the any remaining balances of the inter company accounts from July 2013



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9.01 Ageing of inter- company balances

The ageing of inter- company balances as at 31 December was:

Invoiced 0-30 days
Invoiced 31-60 days
Invoiced 61-90 days
Invoiced 91-180 days
Invoiced 181-365 days
Invoiced over 365 days

2012 Taka	2011 Taka
141,733,197	61,820
79,944,174	80,023,000
119,942,195	101,172,876
611,088,631	201,457,708
451,100,710	1,030,341,188
1,417,305,163	4,945,534
2,821,114,070	1,418,002,126

Management of the Company believes that all the amount due to inter company/ sister concerns are good as the shareholder of all the sister concerns & the parent company are same and will be recovered very soon.

10 Advance, deposits and prepayments

Advance paid to suppliers, employees and others (Note 10.01)
Security and other deposits (Note 10.02)
Prepaid expenses (Note 10.03)

2012 Taka	2011 Taka
25,995,875	16,330,538
18,400,179	18,915,165
4,568,333	2,960,667
48,964,387	38,206,370

10.01 Advance paid to suppliers, employees and others, note 10

Land lease rent
Against salary
Other advances

903,291	865,341
1,466,300	3,320,600
23,626,284	12,144,597
25,995,875	16,330,538

Advance was paid to Bangladesh Export Processing Zone Authorities (BEPZA) which is equivalent to six month rental of the said land as security deposit in the form of guarantee against any possible loss of damage of the property or failure to pay rental and other charges. Advance to employees includes advances made against salary. Other advances to various parties against expenses including transportation, fabrication, other expenses, etc.

10.01.1 Ageing of advance paid to suppliers, employees and others

Ageing of advance paid to suppliers, employees and others as at 31 December was:

Invoiced 0-30 days
Invoiced 31-60 days
Invoiced 61-90 days
Invoiced 91-180 days
Invoiced 181-365 days
Invoiced over 365 days

14,655,719	635,128
5,702,420	4,869,159
1,804,000	2,500,000
433,846	95,310
862,869	3,025,000
2,537,021	5,205,941
25,995,875	16,330,538

10.02 Security and other deposits, note 10

LC Margin
Bank guarantee margin
Lease deposit

4,671,139	5,147,360
13,729,040	13,729,040
-	38,765
18,400,179	18,915,165



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10.03 Prepaid expenses, note 10

Insurance premium
BERC license fees

2012 Taka	2011 Taka
3,943,333	2,335,667
625,000	625,000
4,568,333	2,960,667

Prepaid expenses represents advance payments against insurance premium to Green Delta Insurance Company Ltd for CEPZ and Pragati Insurance Ltd for DEPZ and Bangladesh Energy Regulatory Commission (BERC) for license fees.

11 Cash and bank balances, note 3.8

Cash in hand

Cash at bank on current account with:

Dhaka Bank Ltd. - Local Office (A/C # 201-100-17838)
Dhaka Bank Ltd. - F EX. Branch (A/C # 203-100-9944)
Citi Bank-NA (A/C # G010000200555007)
Standard Chartered Bank (A/C # 01-3768643-01)
One Bank Limited (A/C # 18160931019)
Mercantile Bank Limited (A/C # 12911100001164)
Dutch-Bangla Bank Ltd.-Gulshan Branch (A/C # 116-110-5711)
AB Bank Ltd.- Gulshan Branch (A/C # 4019-758319-000)
Standard Bank Ltd. - Principal Branch (A/C # 10233011202)
Bank -Al - Falah (A/C # 0702-03700096)
The City Bank Ltd. - Gulshan Branch (A/C # 1305510011036610)
Prime Bank Limited - Banani Branch (A/C # 13211050007791)
Dutch Bangla Bank Ltd. -Banani Branch (A/C # 103-110-15683)
Shahjalal Islami Bank Ltd. - Main Branch (A/C #11100012562)
National Bank Ltd. - Gulshan Branch (A/C # 006733009033)
Eastern Bank Ltd. - Gulshan branch (A/C # 104-106-13236)
Shahjalal Islami Bank Ltd. - Gulshan Branch (A/C # 11100008208)
Brac Bank-GB (A/C # 1526202342122001)
Jamuna Bank - Gulshan Branch (A/C # 00100210015079)
Trust Bank Ltd-Karwan bazar branch (A/C # 0030-0210004176)

2012 Taka	2011 Taka
207,572	170,687
-	17,737
500,053	409,177
-	41,762
104,855	27,877
20,910	22,180
47,941	51,341
3,286	4,206
6,792	7,942
15,559	15,559
18,744	19,784
22,135	22,135
1,477	1,477
4,660,724	36,387,249
19,355	19,355
6,260	11,424
40,527	64,514
85,747	-
148,088	-
170,234	-
5,000	-
5,877,686	37,123,719
6,085,258	37,294,406

12 Share capital

As per the disclosure requirements laid down in schedule under the rule 12(2) of the Securities and Exchange Rules 1987, the followings are the part and parcel of share capital:

12.01 Authorized share capital

1,000,000,000 ordinary shares of Tk. 10 each

2012 Taka	2011 Taka
10,000,000,000	10,000,000,000
10,000,000,000	10,000,000,000

12.02 Issued, subscribed and paid-up capital

197,966,484 ordinary shares of Tk. 10 each

1,979,664,840	1,979,664,840
1,979,664,840	1,979,664,840

12.03 Movement of share capital

Balance as at 01 January

(Face value of each share is Tk.10 each)
Issuance of stock dividend during the year

Balance as at 31 December

Issuance of stock dividend during the year
(Face value of each share is Tk.10 each)

Balance as at 31 December

1,979,664,840	1,070,089,100
-	-
1,979,664,840	1,070,089,100
-	909,575,740
1,979,664,840	1,979,664,840



12.04 Position of shareholding

Name of Shareholders:	Percentage of holding		Value of shares (Tk.)	
	2012	2011	2012	2011
Hasan Mahmood Raja	8.58%	8.58%	169,932,860	169,932,860
Ahmed Ismail Hossain	8.58%	8.58%	169,932,860	169,932,860
Akhter Mahmud Rana	8.58%	8.58%	169,932,860	169,932,860
Khandaker Moinul Ahsan Shamim	8.58%	8.58%	169,932,860	169,932,860
Faridur Rahman Khan	2.38%	2.38%	47,203,490	47,203,490
Abul Kalam Azad	2.38%	2.38%	47,203,490	47,203,490
Moinuddin Hasan Rashid	8.58%	8.58%	169,932,860	169,932,860
Mahmuduzzaman Khan	-	0.31%	-	6,167,900
United Enterprises & Co. Ltd	52.31%	52%	1,035,593,560	1,029,425,660
	100%	100%	1,979,664,840	1,979,664,840

12.05 Classification of shareholders' by holding

	No of shareholders		No of shares	
	2012	2011	2012	2011
5,001 to 20,000 shares	-	-	-	-
20,001 to 50,000 shares	-	-	-	-
50,001 to 1,000,000 shares	-	1	-	616,790
1,000,001 to 10,000,000 shares	2	2	9,440,698	9,440,698
over 10,000,000 shares	6	6	188,525,786	187,908,996
	8	9	197,966,484	197,966,484

12.06 Option on un-issued shares

There is no option on un-issued share capital

13 Retained earnings

	2012 Taka	2011 Taka
Opening balance	1,246,234,967	1,093,544,217
Net profit for the year	2,020,478,280	1,062,266,490
	3,266,713,247	2,155,810,707
Less: Dividend for the year 2010	-	909,575,740
Accumulated profit transferred to Statement of Financial Position	3,266,713,247	1,246,234,967

14 Long term loan

	2012 Taka	2011 Taka
Dhaka Bank Limited	895,494,452	988,919,355
Dutch-Bangla Bank Ltd.	1,039,221,330	1,146,913,509
	1,934,715,782	2,135,832,865

14.01 Long term loan (Current portion)

	2012	2011
Dhaka Bank Limited	105,895,871	103,710,429
Dutch-Bangla Bank Ltd.	112,187,466	124,586,960
	218,083,337	228,297,389



a) Dhaka Bank Limited

This is a syndicated loan arranged by Dhaka Bank Ltd. Total facility amount is Taka 115.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 92.00 crore and the remaining Taka 23.00 crore was syndicated term loan.

- a) Interest rate:
For IPFF loan: 360 days Bangladesh Bank Treasury bill rate plus 0.50%(IPFF margin) plus 2.50%(PFI's margin).
For Non-IPFF Syndicated Loan: 15.50% p.a.
- b) Tenor: For IPFF Door -to-Door 120 months (10 years) from the date of disbursement.
- c) Repayment: For IPFF- 34 equal quarterly installments and for non-IPFF- 21 equal installments.
- d) Purpose: To pay off the Syndicated Term Loan arranged by SCB and IDLC.
- e) Security:
Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

b) Dutch-Bangla Bank Ltd.

This is arranged by Dutch-Bangla Bank Ltd. Total facility amount is Taka 135.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 108.00 crore and the remaining Taka 27.00 crore was term loan.

- a) Interest rate:
For IPFF loan: 360 days Bangladesh Bank Treasury bill rate plus 0.50% (IPFF margin) plus 2.10% (PFI's margin).
For Non-IPFF Syndicated Loan: 15.50% p.a.
- b) Tenor: For IPFF Door - to - Door 120 months (10 years) from the date of disbursement.
- c) Repayment: 28 equal quarterly installments.
- d) Purpose: To implement the power project.
- e) Security:
Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture, fixture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

15 Trade payables

Trade payables, note 15.01

2012
Taka

2011
Taka

55,608,568	66,590,189
55,608,568	66,590,189

Trade payables consists of gas bills payable to Titas Gas Transmission & Distribution Company Limited for DEPZ power plant and Bakhrabad Gas Systems Limited, the former name of Karnaphuli Gas System Ltd. for CEPZ power plant.

2012
Taka

2011
Taka

15.01 Trade payables, note 15

Gas bill - Titas Gas Transmission & Distribution Company Ltd.
Gas bill - Karnaphuli Gas Distribution Company Ltd.

17,191,155	34,693,214
38,417,413	31,896,975
55,608,568	66,590,189

16 Other payables and accrual

Finance charge payables (note 16.1)
Other payables (note 16.2)

-	17,821,815
5,411,169	22,320,787
5,411,169	40,142,602

16.01 Finance charge payables (note 16)

Dutch Bangla Bank Ltd.

-	17,821,815
-	17,821,815

Gas bill - Titas Gas Transmission & Distribution Company Ltd. Provision has been made for the interest on term loan for the month of December 2011.



16.02 Other payables (note 16)

	2012 <u>Taka</u>	2011 <u>Taka</u>
Mobile bill	14,163	21,779
Salary and allowances	-	2,076,624
Directors remuneration	-	300,000
Utility bill	31,105	10,527
Security expenses	-	274,450
Service charge on gas bill	3,841,741	3,189,697
Medical expenses	14,175	11,745
Audit fees	253,000	229,900
TDS payable	199,000	-
Internet expenses	24,000	-
House rent	-	6,000,000
C & F Bill	-	340,696
R. J. M Corporation	-	1,829,500
Minimum load charge	-	6,727,299
VAT deduction at source payable	557,939	483,659
Payable to provident fund	476,046	824,911
	<u>5,411,169</u>	<u>22,320,787</u>

17 Finance Lease obligation

United Power Generation and Distribution Company Ltd entered into two lease agreement respectively with United Leasing Company and National Bank Limited for the right to use the vehicles for an agreed period of time.

Obligation under finance lease was initially measured at cost.

	United Leasing Company Limited		National Bank Limited	
	2012	2011	2012	2011
Finance lease obligation	-	353,219	-	321,543
Less : Current portion, Note 17.01	-	353,219	-	321,543
	-	-	-	-

Finance lease obligation as at 31 December 2012 and 31 December 2011 are as follows:

	United Leasing Company Ltd		National Bank Ltd	
	2012	2011	2012	2011
i) Within 1 Year	-	353,219	-	321,543
ii) Two to five years	-	-	-	-
ii) More than five years	-	-	-	-

2012
Taka 2011
Taka

17.01 Finance lease obligation (Current portion)

United leasing Company Limited	-	353,219
National Bank Limited	-	321,543
	-	<u>674,762</u>

Current portion of finance lease obligation represents the principal amount of lease obligation included in the minimum lease payments falling due in next 12 month period from the end of the reporting period.



a) United Leasing Company Limited (ULCL)

United Leasing Company Limited (ULCL) has financed the acquisition of one unit of Toyota Voxy Microbus, 2,000 CC Model 2003. The terms and conditions of the facility are as follows:

Acquisition cost: Taka 1,600,000
 Transfer fee: Taka 100
 Interest rate: Interest will be charged @ 15.83% per annum.

Security: i. Ownership of the lease asset;
 ii. Demand Promissory Note for gross rent; and
 iii. Letter of Continuity and Trust Receipt.

Lease term: Lease term will be 60 months with effect from the lease execution date (07 October 2007)

b) National Bank Limited (NBL)

National Bank Limited (NBL) has financed the acquisition of one unit of Reconditioned Toyota Premio, 1,500 CC Model 2008. The terms and conditions of the facility are as follows:

Acquisition cost: Taka 1,642,000
 Transfer fee: Taka 1,642
 Interest rate: Interest will be charged @ 13.50% per annum.

Security: i. Ownership of the lease asset;
 ii. Personal Guarantee of all the Directors and their spouse of the company;
 iii. Corporate Guarantee of United Enterprise & Co. Ltd.

Lease Term: Lease term will be 36 months with effect from the lease execution date (17 July 2009)

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
18 Short term loan		
Bank overdraft-Dhaka Bank Ltd.	74,585,139	39,546,522
Eastern Bank Ltd	250,000,000	-
	<u>324,585,139</u>	<u>39,546,522</u>

a) Dhaka Bank Limited

Overdraft facilities was provided to the Company to meet up working capital requirement for the Business of Power Generation and other construction and trading.

Limit: Taka 100 Million
 Interest rate: 15% p.a.
 Security: Personal guarantee of all the Directors of the company

b) Eastern Bank Limited

The Company has received one time credit facility in the form of Demand Loan to finance the EPC (Erection Procurement and Commissioning) cost against expansion of both DEPZ & CEPZ projects.

Limit: Taka 250 Million
 Interest rate: 15.50% p.a.
 Tenor: 270 days from the date of creation (including moratorium period of 180 days)

Security: i. An undated cheque;
 ii. Personal guarantee of all the Directors of the company;
 iii. Corporate guarantee of United Enterprise & Co. Limited and Neptune Land Development Limited;
 iv. Standard charge document, as per Bank's format



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	2012	2011
	<u>Taka</u>	<u>Taka</u>
19 Provision for taxation (3.12)	84,500	771,543
	84,500	771,543

20 Contingent assets

The company has raised a claim to BEPZA amounting to Taka 388,521,161 due to losses caused to it by the claimant's obligation to provide vacant possession of land and gas connection which resulted in delayed commercial operation date.

	2012	2011
	<u>Taka</u>	<u>Taka</u>
21 Contingent liabilities and commitments		
i) Contingent liabilities		
Bank Guarantees issued by Shahjalal Islami Bank Ltd. with 5% margin in favor of Bangladesh Export Processing Zone (BEPZA).	117,000,000	117,000,000
Bank Guarantees issued by One Bank Ltd. with 10% margin in favor of TITAS Gas Transmission and Distribution Company Limited.	78,790,400	78,790,400
ii) Financial Commitments		
Confirmed irrevocable letters of credit	87,815,200	7,194,550
	283,605,600	202,984,950



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	2012 <u>Taka</u>	2011 <u>Taka</u>
22 Revenue, note 3.7		
Sale of electricity (note 22.1)	3,273,488,057	2,227,633,409
	3,273,488,057	2,227,633,409

22.1 Sale of electricity (note 22)

Name of the customers

Dhaka Export Processing Zone (DEPZ)	1,100,824,551	811,560,068
Rural Electrification Board (REB)	452,632,775	278,124,747
Oli Knitting Fabrics Ltd.	18,398,990	18,973,701
Chittagong Export Processing Zone (CEPZ)	1,062,951,049	732,136,351
Bangladesh Power Development Board (BPDB)	578,378,919	386,838,541
Karnaphuli Export Processing Zone (KEPZ)	60,301,773	-
	3,273,488,057	2,227,633,409

In 2012 electricity sale of the company increased by tk. 104,58,54,648/- as compared to the period 2011 due to the increasing production and increasing electricity tariff rate per unit. Net sales increased by 46.95% during the period under review. During the year the Company produced electricity totally 59,80,19,006 kwh (DEPZ project produced 27,64,63,636 kwh & CEPZ project produced 32,15,55,370 kwh).

	2012 <u>Taka</u>	2011 <u>Taka</u>
23 Operating expenses		
Personnel costs		
Salary, wages and bonus (note 38.1)	-	13,932,922
Welfare and other benefits (note 38.1)	-	4,407,971
	-	18,340,893
Fuel and energy	498,213,666	478,448,785
Operation and maintenance expenses, note 23.1	182,255,959	179,306,915
Depreciation expenses, note 4.1	128,530,534	126,854,783
Minimum load charge	60,947,201	75,591,254
Liquidity damage charge	270,010	29,552
Land lease rent	2,907,626	1,958,723
Traveling and conveyance	393,603	227,998
Carrying charge	230,095	58,800
Entertainment	1,401,391	2,309,482
Uniform and leverage	19,900	392,100
Telephone, mobile, internet & dish line bill	661,910	526,230
Printing and stationery	238,767	222,271
Newspaper, postage and courier	53,020	1,175
Vehicle running and maintenance	226,056	207,892
Rent, rates and taxes	-	377,850
Utility bill	158,681	141,046
Insurance premium	4,372,334	4,502,333
Fire fighting expenses	134,500	-
Medical expenses	428,811	225,672
Beautification and gardening expenses	6,915	29,459
License and other fees	1,027,500	1,389,595
Environmental expenses	305,000	459,000
House rent	703,924	259,563
Site office expenses	641,884	238,083
Security expenses	422,803	3,386,086
	884,552,090	895,485,539



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	2012 <u>Taka</u>	2011 <u>Taka</u>
23.1 Operation and maintenance expenses		
Operational expenses (note 38.1)	19,328,252	-
Stores and spares consumed	130,608,341	152,238,001
Repair and maintenance	32,319,366	27,068,914
	<u>182,255,959</u>	<u>179,306,915</u>
24 Administrative expenses		
Personnel costs		
Salary, wages and bonus	7,375,994	8,629,211
Welfare and benefits	798,000	1,373,000
	<u>8,173,994</u>	<u>10,002,211</u>
Depreciation expense, note 4.1	1,298,288	1,281,361
Amortization of pre-operational expenses, note 6	17,380,575	2,172,572
Directors' remuneration	4,320,000	5,766,881
Rent, rates and taxes	152,495	355,358
Traveling and conveyance	2,101,053	1,102,311
Postage, telephone and telex	318,235	320,936
Entertainment	616,987	376,930
Printing and stationery	1,197,758	546,904
Newspaper bill	20,942	15,344
Computer maintenance	15,100	74,150
Audit fee	253,000	570,300
Advertisement	10,000	625,000
Medical expenses	2,177,654	601,204
Vehicle running expenses	1,209,374	310,983
Office rent	12,720,000	6,000,000
Office expenses	79,963	51,704
Legal & Consultancy fees	4,530,038	1,794,000
PF expenses	270,468	-
Other administrative expenses	550,965	4,403,191
	<u>57,396,889</u>	<u>36,371,340</u>
25 Other operating income		
Sale of drums and burned lube oil etc.	225,333	2,057,447
	<u>225,333</u>	<u>2,057,447</u>

Other operating income derived from sale of scrap drums and burned lube oil which is directly related with the normal course of business activities.

	2012 <u>Taka</u>	2011 <u>Taka</u>
26 Financial expenses		
Interest on lease finance:		
United Leasing Company Limited	23,819	70,386
National Bank Limited	12,789	86,827
IDLC Finance Limited	-	6,618
Syndication loan expenses	-	1,806,797
Interest on long term loan:		
Dhaka Bank Limited	147,340,766	102,895,112
Dutch Bangla Bank Limited	157,191,198	117,088,978
Interest on overdraft:		
Dhaka Bank Limited	6,213,538	10,144,932
Shajalal Islamic bank	-	2,080,433
Bank charge and commission	419,521	615,862
	<u>311,201,631</u>	<u>234,795,944</u>



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Year wise breakup of Financial charges:

	2012 Taka	2011 Taka	2010 Taka	2009 Taka	2008 Taka
Interest capitalized	18,819,154	-	-	102,938,926	263,741,366
Interest charged to revenue	311,201,631	234,795,944	182,151,008	245,022,204	2,827,083
Total:	330,020,785	234,795,944	182,151,008	347,961,130	266,568,449

27 Earnings per share (Basic earnings per share - BAS 33.10)

Basic EPS

	2012 Taka	2011 Taka
Net profit from core business	2,020,788,113	1,065,095,480
Weighted average number of shares outstanding during the period	197,966,484	197,966,484
Basic EPS on Core business (previous year restated)	10.21	5.38
Extra ordinary income (Other operating income)	140,833	1,285,905
Weighted average number of shares outstanding during the period	197,966,484	197,966,484
Basic EPS on extra ordinary business (previous year restated)	0.001	0.006

27.1 Diluted earning per share

	2012 Taka	2011 Taka
Net profit after tax	2,020,478,280	1,062,266,490
Total existing number of shares as on date	197,966,484	197,966,484
Diluted earning per share	10.21	5.37

28 Cash received from customers

Gross cash received from customers arrived after adjusting trade receivables with revenue for the period.

	2012 Taka	2011 Taka
Net Sales	3,273,488,057	2,227,633,409
Add: Opening balance of trade receivables	396,056,054	307,867,523
Less: Closing balance of trade receivables	(840,633,875)	(396,056,054)
	2,828,910,236	2,139,444,878

29 Cash paid to suppliers & contractors

Cash paid to various suppliers arrived after adjusting cost of gas consumption and cost of spare parts consumed with trade payable.

	2012 Taka	2011 Taka
Cost of purchase (spare parts and gas bill)	628,822,007	630,686,785
Changes in inventories	(19,181,942)	123,587,180
Add: Opening balance of trade payables	66,590,189	47,186,851
Less: Closing balance of trade payables	(55,608,568)	(66,590,189)
	620,621,685	734,870,628



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30 Cash paid for other operating expenses

Cash paid for other operating expenses arrived after adjusting non-cash items and other payables for revenue expenses.

	2012	2011
	<u>Taka</u>	<u>Taka</u>
Total expense	941,796,484	931,856,879
Fuel and energy	(498,213,666)	(478,448,785)
Stores and spares consumed	(130,608,341)	(152,238,001)
	312,974,477	301,170,094
Changes in advance deposits and prepayments	10,758,018	(9,166,390)
Depreciation	(129,828,822)	(128,136,144)
Amortization of pre-operational expenses	(17,380,575)	(2,172,572)
Add: Opening balance of other payables	22,320,787	6,837,409
Less: Closing balance of other payables	(5,411,169)	(22,320,787)
	193,432,716	146,211,610

31 Payment of financial expenses

The interest paid has been shown separately in accordance with BAS 7 (Cash Flow Statements). This amount is calculated by adjusting the interest expenses for accruals and deferrals from the balance sheet.

	2012	2011
	<u>Taka</u>	<u>Taka</u>
Interest expense	311,201,631	234,795,944
Add: Opening balance of interest payable (other payable)	17,821,815	7,590,000
Less: Closing balance of interest payable (other payable)	-	(17,821,815)
	329,023,446	224,564,129

32 Payment for acquisition of property, plant and equipment.

Investment related to outflows of cash and cash equivalents for tangible fixed assets.

	2012	2011
	<u>Taka</u>	<u>Taka</u>
Total addition of property, plant and equipment	18,159,246	44,295,715
Less: Disposal of property, plant and equipment	-	-
Add: Work in progress	368,104,364	(174,262)
Add: Opening balance of capex liability	-	21,517,176
	386,263,610	65,638,629

33 Cash paid for inter-company loan

During the period under review the Company has given Inter-company loan amounting to Taka 1,403,111,944/- (2011: the Company has given Inter-company loan amounting to Taka 1,103,519,560/-).

	2012	2011
	<u>Taka</u>	<u>Taka</u>
Opening balance of Inter-company balances	1,418,002,126	314,482,566
Less: Closing Balance of Inter-company balances	(2,821,114,070)	(1,418,002,126)
	(1,403,111,944)	(1,103,519,560)



34 **Long term loan**

During the period under review the Company paid long term loan amounting to Taka 211,331,135/-(2011: the Company received long term loan amounting to Taka 57,670,254/-).

	2012 Taka	2011 Taka
Opening balance of long term loan	2,364,130,254	2,306,460,000
Less: Closing balance of long term loan	(2,152,799,119)	(2,364,130,254)
	211,331,135	(57,670,254)

35 **Short term loan received**

During the period under review the Company received short term loan amounting to Taka 285,038,617/- (2011: the Company received short term loan amounting to Taka 39,546,522/-).

	2012 Taka	2011 Taka
Opening balance of short term loan	39,546,522	-
Less: Closing balance of short term loan	(324,585,139)	(39,546,522)
	(285,038,617)	(39,546,522)

36 **Cash paid for lease finance**

During the period under review the Company paid lease finance amounting to Taka 674,762/- (2011: the Company paid lease finance amounting to Taka 955,865/-).

	2012 Taka	2011 Taka
Opening balance of lease finance	674,762	1,630,627
Less: Closing balance of lease finance	-	(674,762)
	674,762	955,865



37 Bank facilities

The Company has got the following loan facilities from the followings financial institutions:

<u>Name of the bank (s)</u>	Term loan - Limit (million)	Short Term Loan Limit (million)	Letter of credit-limit (million)	LTR - limit (million)	Overdraft Limit (million)	Bank Guarantee Facilities - limit (million)
Dutch-Bangla Bank Ltd.	1,150	-	-	-	-	-
Dhaka Bank Ltd.	1,350	-	100	95	100	50
Eastern Bank Ltd.	-	250	-	-	-	-
Trust bank Ltd.	700	-	250	237	-	-
Total	3,200	250	350	332	100	50

38 Number of employees

Salary Range	2012			2011
	Officers & staffs		Worker	Total employees
	Head office	factory		
Below Tk. 3,000	-	-	-	-
Above Tk. 3,000	7	-	-	118
Total	7	-	-	118

Employee remuneration includes all types of benefits paid and provided both in cash and in kind other than the re-imbursment of expenses incurred for the Company's business.

38.1 The Company has entered into an management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support.

39 Expenditure in equivalent foreign currency

	2012	2011
	Taka	Taka
Foreign travel for Company's business purpose	1,018,017	415,920
	<u>1,018,017</u>	<u>415,920</u>



40 Disclosure of managerial remuneration

40.01 The total amount of remuneration paid to the director of the Company in the accounting year is as follows:

<u>Name</u>	<u>Designation</u>	<u>2012 Taka</u>	<u>2011 Taka</u>
Moinuddin Hasan Rashid	Managing Director	4,320,000	5,766,881
		4,320,000	5,766,881

40.02 The total amount of remuneration paid to the top five executives of the Company in the accounting year is as follows:

<u>Name</u>	<u>Designation</u>	<u>2012 Taka</u>	<u>2011 Taka</u>
Moinuddin Hasan Rashid	Managing Director	4,320,000	5,766,881
Syed Abdul Mayeed	Chief Executive Officer	2,625,000	1,800,000
Sheikh Asraf Hossain	Chief Operating Officer	1,200,000	1,440,000
Md. Amir Khasru	Project Director	1,680,000	1,680,000
Md. Mojibul Islam Patoary	Manager (Finance and Accounts)	540,000	360,000
		10,365,000	11,046,881

40.03 Aggregate amount of remuneration paid to all Directors and Officers during the accounting year is as follows:

<u>Particulars</u>	<u>Nature of payment</u>	<u>2012 Taka</u>	<u>2011 Taka</u>
1. Directors	Board meeting fees	-	-
2. Directors	Remuneration	4,320,000	5,766,881
3. Officers & executives	Salary, bonus & other allowances	10,686,383	23,648,572
		15,006,383	29,415,453

41 Financial risk management:

The Company has exposure to the following risks from its use of financial instruments

- * Credit risk
- * Liquidity risk
- * Market risk

41.01 Risk management framework

Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



41.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers. The company's sales is made to Dhaka Export Processing Zone Authority (DEPZ), Chittagong Export Processing Zone Authority (CEPZ), Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ), Oli Knitting Fabrics Limited under the conditions of the long term Power Purchase Agreement (PPA).

The Company held cash and cash equivalents of Taka at 31 December 2012 is 6,085,258 (2011: Taka 37,294,406), which represents its maximum credit exposure on these assets.

The Company's Inter-company balances is compose of loan to its parent and sister concern, where majority is avail by its parent company;

Moreover, the shareholder of all the sister concerns & the parent company are same. Thus management believes that there is no major credit risk associated with it.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	2012	2011
<u>Taka</u>	<u>Taka</u>	<u>Taka</u>

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk at the reporting date was:

Trade receivables
Security & other deposits
Cash and bank balances
Inter-company balances

840,633,875	396,056,054
18,400,179	18,915,165
6,085,258	37,294,406
2,821,114,070	1,418,002,126
3,686,233,381	1,870,267,751

41.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial bank (Note:18) to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with bank is negotiated accordingly.

41.04 Market risk

Market risk is the risk that any change in market conditions, such as interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

41.05 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Local loans and borrowings are however not affected by fluctuations in interest rates as the rate is below from market rate. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



41.06 Capital management

Capital management refers to implement policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital and retained earnings. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

41.07 Operational risk:

Operational risk constitutes the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation.

The routine & proper maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of UPGD. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Green Delta Insurance Company Ltd., to compensate for all the potential damages caused in such situations.

41.08 Risk associated with supply of raw material (Natural gas):

The main raw material used for generating electricity is natural gas. Any interruption of supplies of the gas to the power plants will hamper the generation of electricity, the only product of the Company.

The Company has a Gas Supply Agreement with Bakhrabad Gas Systems Limited and Titas Gas Transmission & Distribution Company Limited for 15 years which is renewable every 5 years thereafter. So there is no threat of interruption of supplies of the gas to the power plants that may hamper the generation of electricity, the only product of the company. Furthermore, new gas are being explored and discovered in many areas of the country such as Narayanganj, Narshindi, and Bay of Bengal. The Government of Bangladesh plans to add these discoveries to the national grid. Therefore, management does not expect gas supply interruption in the future.

42 Related party transactions

During the period under review the company carried out a number of transactions with related parties in the normal courses of business and on an arms' length basis. The name of the related parties and the nature of relationship have been set out in accordance with the provision of BSA 24: *Related Party Disclosures*

42.1 Transactions with key management personnel

Employee benefits (Short term)
Employee benefits (Provident fund)

	2012 Taka	2011 Taka
	10,365,000	11,046,881
	270,468	-
	10,635,468	11,046,881

Key management personnel includes managing director, directors, managers.



42.2 Other related party transactions

As at and for the year ended 31 December 2012

SL No	Name of the related parties	Relation ship	Nature of transaction	Opening Balance as on 01 January 2012	Transaction during the year		Closing Balance as on 31 December 2012
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	1,378,954,791	1,587,000,710	396,576,978	2,569,378,523
2	United Ashuganj Power Ltd.	Sister concern	Loan	29,138,000	50,000,000	30,000,000	49,138,000
3	United Hospital Ltd.	Sister concern	Loan	4,493,265	-	-	4,493,265
4	United Engineering & Power Services Ltd.	Sister concern	Loan	696,963	19,936,183	18,847,971	1,785,175
5	Shahjanullah power Company Ltd.	Sister concern	Loan	-	71,600,000	-	71,600,000
6	Neptune Properties	Sister concern	Loan	-	100,000,000	-	100,000,000
7	Neptune Land Development Ltd.	Sister concern	Loan	-	50,000,000	30,000,000	20,000,000
8	Neptune Commercial Ltd.	Sister concern	Loan	4,719,107	-	-	4,719,107

As at and for the year ended 31 December 2011

SL No	Name of the related parties	Relation ship	Nature of transaction	Opening Balance as on 01 January 2011	Transaction during the year		Closing Balance as on 31 December 2011
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	425,880,441	1,574,250,000	621,175,650	1,378,954,791
2	United Ashuganj Power Ltd.	Sister concern	Loan	3,580,000	185,558,000	160,000,000	29,138,000
3	United Hospital Ltd.	Sister concern	Loan	-	4,493,265	-	4,493,265
4	United Engineering & Power Services Ltd.	Sister concern	Loan	-	696,963	-	696,963
5	Westmont Power	Sister concern	Loan	5,013,925	-	5,013,925	-
6	Neptune Properties	Sister concern	Loan	119,991,800	-	119,991,800	-
8	Neptune Commercial Ltd.	Sister concern	Loan	-	4,719,107	-	4,719,107

43 Capacity and Production

43.01 Own Manufacture

Line of business	Installed capacity	Actual Production		Project
	KWH	KWH		
		2012	2011	
Electricity	328,000,000	276,463,636	267,155,998	DEPZ
Electricity	352,000,000	321,555,370	312,009,788	CEPZ
	680,000,000	598,019,006	579,165,786	
Percentage of capacity utilization (%)		88%	85%	



5.02 Licensed capacity is no more applicable and the regulatory authority does not exercise any direct control over the procurement, production or sale.

Proposed Dividend

The Board of Directors in its Board meeting dated 12 February 2013 has proposed stock dividend at the rate of 50 % for the year 2012.

General

5.01 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the period under audit.

5.02 Figures appearing in these financial statements have been rounded-off to the nearest Taka.

