

Hoda Vasi Chowdhury & Co

Chartered Accountants

Auditors' Report to the Shareholders of United Power Generation & Distribution Company Limited

Introduction

We have audited the accompanying financial statements of United Power Generation & Distribution Company Limited (**the “Company”**), which comprise the statement of financial position as at 31 December 2014, 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 Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act (#18) 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 misstatements, 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 conduct our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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.

Hoda Vasi Chowdhury & Co

Chartered Accountants

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 2014 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act (#18) 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.

Dhaka, 29 APR 2015

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Chartered Accountants

United Power Generation & Distribution Company Limited
Statement of Financial Position
As at 31 December 2014

	Note(s)	2014	2013
		Taka	Taka
Assets			
Non-current assets			
Property, plant and equipment-net	4	9,254,961,271	9,479,476,556
		9,254,961,271	9,479,476,556
Current assets			
Inventories	5	251,555,997	250,939,632
Trade receivables	6	851,807,451	670,397,657
Inter company receivables	7	1,562,043,136	1,128,541,871
Advances, deposits and prepayments	8	75,827,208	73,036,908
Cash and cash equivalents	9	266,872,319	75,613,642
		3,008,106,111	2,198,529,710
Total Assets		12,263,067,382	11,678,006,266
Equity & Liabilities			
Shareholders' equity			
Share capital	10	2,969,497,260	2,969,497,260
Retained earnings		6,515,795,388	4,051,308,485
		9,485,292,648	7,020,805,745
Non-current liabilities			
Redeemable pref. shares - non-current portion	11	-	1,192,000,000
Long term loan- Non Current Portion	12	448,949,104	1,744,273,042
		448,949,104	2,936,273,042
Current liabilities			
Trade payables	13	100,070,520	80,113,687
Other payables and accrual	14	14,785,339	24,239,960
Redeemable preference shares - current portion	11.1	1,192,000,000	808,000,000
Long term loan -Current portion	12.01	976,149,050	796,479,149
Provision for taxation	15	45,820,721	12,094,683
Total liabilities		2,328,825,630	1,720,927,479
Total equity and liabilities		12,263,067,382	11,678,006,266

The annexed notes 1 to 38 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

Dhaka, 29 APR 2015


Chartered Accountants

United Power Generation & Distribution Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2014

	<u>Note(s)</u>	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Revenue	16	4,463,323,168	3,396,097,108
Cost of sales	17	(1,582,645,188)	(1,038,613,967)
Gross profit		2,880,677,980	2,357,483,141
General and administrative expenses	18	(59,647,472)	(242,519,472)
Operating profit		2,821,030,508	2,114,963,669
Other operating income	19	130,916,345	32,252,489
Financial expenses	20	(441,498,097)	(360,693,817)
Net profit before income tax		2,510,448,756	1,786,522,341
Income tax expenses		(45,820,721)	(12,094,683)
Net profit after income tax		2,464,628,035	1,774,427,658
Other comprehensive income		-	-
Total comprehensive income		2,464,628,035	1,774,427,658
Earning per share (EPS)	21	8.30	5.98

The annexed notes 1 to 38 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

Dhaka, 29 APR 2015


Chartered Accountants

United Power Generation & Distribution Company Limited
Statement of Cash Flows
For the year ended 31 December 2014

	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
A Cash flows from operating activities		
Cash received from customers	4,281,913,375	3,566,333,325
Cash received from other operating income	130,916,345	32,252,489
Cash paid to suppliers and contractors	(1,008,475,385)	(784,202,235)
Cash paid for other operating expenses	(278,698,772)	(406,705,359)
Payment of financial expenses	(441,498,097)	(360,693,817)
Income tax paid	(13,420,815)	(84,500)
Net cash flow from operating activities	<u>2,670,736,650</u>	<u>2,046,899,903</u>
B Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(140,151,753)	(5,734,011,651)
Cash received / (paid) for inter-company loan	(433,501,265)	1,692,572,199
Proceeds from sale of property, plant and equipment	17,772,179	-
Net cash used in investing activities	<u>(555,880,839)</u>	<u>(4,041,439,452)</u>
C Cash flows from financing activities		
Long term loan received/(paid)	(1,115,654,037)	63,367,933
Redemption of cumulative preference shares	(808,000,000)	2,000,000,000
Security money received / (paid)	56,904	700,000
Net cash flow from financing activities	<u>(1,923,597,133)</u>	<u>2,064,067,933</u>
Net changes in cash and cash equivalents (A+B+C)	<u>191,258,677</u>	<u>69,528,384</u>
Cash and cash equivalents at the beginning of the year	75,613,642	6,085,258
Cash and cash equivalents at the end of the year	<u>266,872,319</u>	<u>75,613,642</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

United Power Generation & Distribution Company Limited
Statement of Changes in Equity
For the Year ended 31 December 2014

Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance at 1 January 2013	1,979,664,840	3,266,713,247	5,246,378,087
Issue of Stock Dividend for the year 2012	989,832,420	(989,832,420)	-
Net profit for the year 2013	-	1,774,427,658	1,774,427,658
Balance at 31 December 2013	<u>2,969,497,260</u>	<u>4,051,308,485</u>	<u>7,020,805,745</u>
Balance at 1 January 2014	2,969,497,260	4,051,308,485	7,020,805,745
Prior year adjustment for short provision of Income tax	-	(141,132)	(141,132)
Net profit for the year 2014	-	2,464,628,035	2,464,628,035
Balance at 31 December 2014	<u>2,969,497,260</u>	<u>6,515,795,388</u>	<u>9,485,292,648</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

United Power Generation & Distribution Company Limited
Notes to the financial statements
As at and for the year ended 31 December 2014

1. Reporting entity

1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as "the Company") a Public Limited Company incorporated in Bangladesh on 5th January 2007 under the Companies Act (#18) 1994 under registration no: C-65291(2783)/07 dated 15 January 2007 with its registered office at United Center, Road No. 51, and House No. NW (J) 6, Gulshan-2, Dhaka-1212, Bangladesh. The Company was initially registered as a Private Limited Company formerly known as Malancha Holdings Ltd. (MHL) and subsequently converted into a Public Limited Company. The authorized share capital of the Company is Tk. 10,000,000,000 (Taka One Thousand crore) only divided into 800,000,000 (Eight Hundred million) ordinary shares of Tk. 10 (Tk. ten) each and 200,000,000 (Two Hundred million) redeemable preference shares of Tk. 10 (Tk. ten) each.

1.2. Nature of Business

The principal activity of the Company is to generate electricity by two gas fired power plants, one at DEPZ with 86 MW capacity and the other at CEPZ with 72 MW capacity and to sell generated electricity to the export processing industries located inside DEPZ and EPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is supplying electricity to the national grid of Bangladesh through selling the same to Dhaka PBS-1 of Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other Private Sector Companies.

1.3 Capacity of the power plant

Initially 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.

In 2013, the Company increased its capacity from 41 MW to 88 MW at Dhaka Export Processing Zone (DEPZ) and another project at Chittagong Export Processing Zone (CEPZ) increased capacity from 44 MW to 72 MW. In 2014 the company operates 86 MW at Dhaka Export Processing Zone (DEPZ) due to disposal of 2 MW MTU engine. The DEPZ project has installed 2 no's of Heat Recovery Boiler to produce 8 ton/h of steam & CEPZ project has installed 3 no's of Heat Recovery Boiler to produce 12 ton/h of steam to sale to other customers. The Company now operates 86 MW at Dhaka Export Processing Zone (DEPZ) and 72 MW at Chittagong Export Processing Zone (CEPZ).

2. Basis of preparation financial statements

2.1 Statement of compliance

These financial statements (including consolidated and separate financial statements) have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Companies Act (#18) 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Authorization for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 29th April 2015.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis .

2.3 Functional and presentational currency

The financial statements are presented in Bangladesh Taka (BDT/Tk.), which is the Company's functional currency. All financial information presented in BDT/Tk. has been rounded off to the nearest BDT/Tk.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

(a) **Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

(b) **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 is included in the following notes:

Note 4	Depreciation
Note 5	Inventory
Note 14	Other payables and accrual
Note 15	Provision for tax

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December.

2.6 Going concern

The Company has adequate resources to continue in operation for the foreseeable future and the directors continue to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

2.7 Preparation and presentation of Financial Statements

The management of the Company is responsible for the preparation and presentation of Financial Statements of United Power Generation & Distribution Company Ltd. for the year ended 31 December 2014.

3. Significant accounting policies

The accounting policies set out below have been applied to the accounts consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

3.1.2 Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

3.1.3 Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of comprehensive income.

3.1.4 Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipments have been depreciated on straight line method.

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. The rates of depreciation vary according to the estimated useful lives of the items of all property, plant and equipment.

The estimated useful lives for the current and comparative years of property and equipment are as follows:

	Depreciation rates (%)
Plant and machinery	3.33%
Gas line (50 years)	2%
Office equipment	15%
Furniture and fixtures	10%
Transport and vehicles	10%

The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

Depreciation is charged at the rate of 2% on gas pipeline because although the gas pipeline suppose to be built by BEPZA but as per their letter dated 24 September 2007 vide reference BEPZA/GM (M)/ DEPZ /E/416/299, they have requested the company to build Gas pipe line at its own cost and accordingly the Company has constructed the Gas pipe line and charged depreciation on gas pipe line to amortize the cost over the years. The company made the gas pipeline and considered as assets of the company as per the recognition criteria of para-8 of BAS-16.

3.2 Inventories

Inventories consisting of spare parts, fuel and lubricant are valued in accordance with BAS-2 (Inventories) at the lower of cost and 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. Cost is calculated on First In First Out (FIFO) 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 recognised in the period in which the related revenue is recognised.

3.3 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.

3.3.1 Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include trade receivables, inter company receivables cash and cash equivalents etc.

(a) Trade receivables

Trade receivables represent the amounts due from customers for rendering services. Trade receivables are recognised initially at cost which is the fair value of the consideration given for them. Provision for debts doubtful of recovery, if any, are made at the discretion of management.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank which are held and available for use by the Company without any restriction. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at bank and financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Cash flows from operating activities have been presented under direct method.

3.3.2 Financial liabilities

A financial liability is recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade payables, Other payables and accrual, redeemable preference share and other current liabilities.

(a) Trade and other payables

The Company recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

(b) Loans and 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. Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

(c) **Redeemable preference shares**

The Company had issued redeemable preference shares during 2013. As per BAS-32 Financial Instruments: Presentation, the substance of a financial instrument rather than its legal form governs its classification on the entity's financial statements. Accordingly, the redeemable preference shares which, in substance, meet the conditions of a financial liability, have been classified as liabilities in these financial statements.

3.4 Impairment

3.4.1 Financial assets

Trade receivables 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 assets, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3.4.2 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 assets are reviewed. If any indication exists, the assets' recoverable amount will need to be estimated. As at 31 December 2014, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

3.4.3 Inventories

Inventories are measured and stated at cost less allowance for obsolescence. These are for use in the operation and maintenance of power plants. As inventories are for internal use, the value is unlikely to diminish.

3.5 Revenue recognition

Revenue is recognised in the statement of comprehensive income upon supply of electricity, quantum of which is determined by survey of meter reading. As per BAS-18 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:

- a. The amount of revenue can be measured reliably
- b. The flow of economic benefits to the entity is probable
- c. The stage of completion at the period end can be measured reliably
- d. The costs incurred to date and the costs to completion can be measured reliably
- e. When the service is performed in accordance with the terms of contractual arrangement

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.

3.6 Finance expenses

Finance expenses comprise interest expense on loan, overdraft and bank charges. All borrowing costs are recognised in the statement of comprehensive income using effective interest method except to the extent that they are capitalised during construction period of the plants in accordance with BAS-23 *Borrowing cost*.

3.7 Employee benefit schemes

Defined contribution plan (provident fund)

All the activities of the company are completed from outsourcing basis. The Company has no permanent employees and hence not required to maintain provident fund policy.

Workers profit participation fund (WPPF)

The government of Bangladesh has made an amendment to the Labour Law 2006 in July 2013. As per amended section-232 (chha) of the Act, any undertaking carrying on business to earn profit is liable to make provision for WPPF at 5% of the net profit and also need to be distributed within 9 months of the statement of financial position/balance sheet date. UPGDCL has no employees and the operation and maintenance activities of UPGDCL were managed by 179 employees of United Engineering and Power Services Limited under an O&M Contract.

Considering the situation as above UPGDCL board of directors are of the view that UPGDCL is not required to make provision for WPPF for the year 2014 and as such no provision for workers profit participation fund (WPPF) has been made in the accounts of these companies for the year ended 31 December 2014.

3.8 Income Tax

Tax on the statement of comprehensive income for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.8.1 Current 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 (#36) 1984 dated 01 July 2009.

3.8.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. 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.

3.9 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and accordingly provision for expenses has been made in the accounts.

3.10 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.10.1 Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

3.10.2 Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A Contingent asset shall not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

3.11 Statement of cash flows

Considering the provisions of BAS-1 "*Presentation of Financial Statements*" and BAS-7, "*Cash Flow Statements*" cash in hand and bank balances have been stated as cash and cash equivalents.

The net cash flow from operating activities is determined after adjusting cash received from customers and other income with operating expenses paid and interest paid to suppliers during the period under direct method as per BAS-7 "*Cash Flow Statements*".

3.12 Earning per share

a) Basic earnings per share

The Company represents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the affects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year 2014.

b) 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.

3.13 Events after reporting period

Events after reporting period that provide additional information about the Company's position at the date of financial position are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.14 General

- i) Figures appearing in these financial statements have been rounded off the nearest Taka.
- ii) Previous period/year's figures have been rearranged, wherever considered necessary to conform to the current period's presentation.

4 Property, plant and equipment, net

Particulars	Cost				Rates %	Depreciation				Written Down Value as on 31 December 2014
	Balance as on 01 January 2014	Addition during the year	Disposal or adjustment during the year	Balance as on 31 December 2014		Balance as on 01 January 2014	Charged during the year	Adjustment during the year	Balance as on 31 December 2014	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
Plant and machinery	9,829,268,588	114,448,621	35,766,061	9,907,951,148	3.33%	547,467,001	327,314,644	4,764,039	870,017,606	9,037,933,542
Gas line	205,581,967	19,472,944	-	225,054,911	2%	21,479,032	4,111,639	-	25,590,671	199,464,240
Office Equipment	9,367,112	1,155,565	-	10,522,677	15%	1,986,650	1,405,067	-	3,391,717	7,130,960
Furniture & Fixtures	1,169,828	784,623	-	1,954,451	10%	176,406	116,983	-	293,389	1,661,062
Motor vehicles	7,166,836	4,290,000	-	11,456,836	10%	1,968,686	716,684	-	2,685,370	8,771,466
Total as on 31 December 2014	10,052,554,331	140,151,753	35,766,061	10,156,940,023		573,077,775	333,665,017	4,764,039	901,978,753	9,254,961,271
Total as on 31 December 2013	3,950,438,316	6,102,116,015	-	10,052,554,331		442,456,098	130,621,677	-	573,077,775	9,479,476,556

4.1 Allocation of depreciation expenses, note 4

	2014	2013
	Figures in Taka	
Operating expenses (Note 17)	330,328,366	129,315,460
Administrative expenses (Note 18)	3,336,650	1,306,217
	333,665,017	130,621,677

4.2 Power plant

Plant description

The natural gas fired power plants of UPGDCL consist of Wärtsilä, Rolls Royce and MTU engine generators with 30 years expected useful life, which form the major part of the power generation companies. This gas fired 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, five (5) gas fired engines with capacity of 9.34 MW each and two (2) 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 and three (3) gas fired engines of capacity 9.34 MW. The total output of these stationary power plants at DPEZ and CEPZ is 86 MW & 72 MW respectively.

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.

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 fifty (50) years unless extended or earlier termination. Although both parties agreed upon this condition but due to lack of initiative by concerned authority (BEPZA), UPGDCL has established this gas line back on 17 November 2008 at its own cost. For DEPZ plant the initial contract was for 6.91 (Million Cubic Feet Per Day) MMCFD. Subsequently additional allocation 9 MMCFD gas given by Titas Gas Transmission & Distribution Company Ltd. for further capacity enhance. Thus total contract load 15.91MMCFD. For CEPZ plant the initial contract was for 10.68 MMCFD. An additional allocation was given for another 4 MMCFD by Karnaphuli Gas Distribution Company Ltd. for further capacity enhance. Thus total contract load 14.68 MMCFD. Gas line cost includes Electric Resistance Welded (ERW) carbon steel pipe, tape for gas line, Regulating & Metering System (RMS), Town Border Station (TBS), line accessories, and construction and commissioning expenditures.

	2014	2013
	Taka	Taka
5.00 Inventories		
Spare parts (Note 5.01)	245,304,781	218,754,767
Fuel and lubricants (Note 5.01)	6,251,216	32,184,865
	251,555,997	250,939,632

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

5.01 Movement of inventories(Note 5)

Balance as at 01 January 2013
Purchase during the year 2013
Issued during the year 2013
Balance as at 31 December 2013

Spare parts	Fuel and lubricants
185,062,362	6,920,049
194,778,278	75,689,049
(161,085,873)	(50,424,233)
218,754,767	32,184,865

Balance as at 01 January 2014
Purchase during the year 2014
Issued during the year 2014
Balance as at 31 December 2014

218,754,767	32,184,865
250,947,315	44,284,506
(224,397,301)	(70,218,155)
245,304,781	6,251,216

5.02 Number of inventories (as at 31 December 2014)

	Spare parts				Fuel and lubricants			
	Quantity (Nos)		Amount (Taka)		Quantity (Ltr)		Amount (Taka)	
	2014	2013	2014	2013	2014	2013	2014	2013
DEPZ	11,408	1,915	134,199,535	154,067,905	15,026	68,234	3,632,226	14,445,399
CEPZ	7,993	2,186	111,105,246	64,686,863	10,016	86,219	2,618,990	17,739,466
Total	19,401	4,101	245,304,781	218,754,767	25,042	154,453	6,251,216	32,184,865

6 Trade Receivables

Bangladesh Power Development Board (BPDB)
Rural Electrification Board (REB)
Chittagong Export Processing Zone (CEPZ)
Dhaka Export Processing Zone (DEPZ)
Karnaphuli Export Processing Zone (KEPZ)
Oli Knitting Fabrics Ltd.
Lilac Fashion
Dhaka Thai Ltd
Ahad Fashion Ltd.
Atomic Energy Research Establishment (AERE)
Rahimafrooz Accumulators Limited
GMS Composit Knitting Ind. Ltd.
Square Textile Limited
Gunze United Limited
Rahimafrooz Batteries Limited (Unit-2)
Zam Zam Engineering Limited

	2014	2013
	Taka	Taka
	293,453,039	208,101,982
	262,949,572	229,920,504
	135,640,893	115,708,676
	94,102,143	83,879,684
	32,107,248	26,220,218
	5,573,758	3,141,996
	2,377,460	2,397,231
	3,041,900	949,323
	164,623	78,042
	509,089	-
	2,008,129	-
	8,220,794	-
	9,335,898	-
	1,630,234	-
	169,471	-
	523,200	-
	851,807,451	670,397,657

The Company did not charge any interest for the time being on the receivables to BPDB and REB considering the strategic reasons but the Company is actively considering applying the clause to charge interest on the receivables. Upon realization of the principal amount, the Company shall pursue collection of interest separately.

7 Inter company receivable

United Enterprises & Co. Ltd.

1,562,043,136	1,128,541,871
1,562,043,136	1,128,541,871

As per decision in the meeting of the Board of Directors, dated, 01 January 2014, interest has been charged on the inter company loan from 1st January 2014 @ average FDR interest rate receivable by UPGDCL against their FDR in respective commercial banks (note-19).

	2014	2013
	Taka	Taka
8 Advances, deposits and prepayments		
Advances :	62,994,208	34,768,125
Advance against Expense	61,381,689	32,259,306
Against Land Lease Rent	1,112,519	1,112,519
Against Salary	500,000	1,396,300
Advance income tax	1,185,000	-
Security and other deposits :	6,159,667	32,319,116
LC Margin	309,667	26,469,116
Bank guarantee margin	5,850,000	5,850,000
Prepayments :	5,488,333	5,949,667
Insurance premium	5,113,333	4,974,667
BERC license fees	375,000	975,000
	75,827,208	73,036,908
9 Cash and cash equivalents		
Cash in hand	190,786	217,215
Cash at bank :		
Dhaka Bank Ltd.	125,924,438	69,061,097
Standard Chartered Bank	93,931	94,855
One Bank Limited	18,295	19,445
Mercantile Bank Limited	47,941	47,941
Dutch-Bangla Bank Ltd.	25,930,456	3,647,698
The City Bank Ltd.	22,135	22,135
Shahjalal Islami Bank Ltd.	2,359,871	146,042
National Bank Ltd.	6,260	6,260
Eastern Bank Ltd.	44,757	48,842
Brac Bank	141,738	140,479
Jamuna Bank	5,639,580	234,060
Trust Bank Ltd	188,937	420,749
Eastern Bank Ltd.-Escrow	1,318,194	1,465,402
Prime Bank Limited	-	1,477
AB Bank Ltd.	-	5,642
Standard Bank Ltd.	-	15,559
Bank -Al - Falah	-	18,744
	161,736,533	75,396,427
Fixed Deposits Receipts (FDR):		
Lanka Bangla Finance Limited	94,511,250	-
Dhaka Bank Limited	10,433,750	-
	104,945,000	-
	266,872,319	75,613,642
10 Share capital		
10.01 Authorized share capital		
800,000,000 ordinary shares of Tk. 10 each	8,000,000,000	8,000,000,000
200,000,000 redeemable preference shares of Tk. 10 each	2,000,000,000	2,000,000,000
	10,000,000,000	10,000,000,000
10.02 Issued, subscribed and paid-up capital		
296,949,726 ordinary shares of Tk. 10 each	2,969,497,260	2,969,497,260
	2,969,497,260	2,969,497,260

10.03 Shareholding position was as follows:

Name of Shareholders:	Percentage of holding		Value of shares (Tk.)	
	2014	2013	2014	2013
			2014	2013
Hasan Mahmood Raja	8.58%	8.58%	254,899,290	254,899,290
Ahmed Ismail Hossain	8.58%	8.58%	254,899,290	254,899,290
Akhter Mahmud Rana	8.58%	8.58%	254,899,290	254,899,290
Khandaker Moinul Ahsan Shamim	8.58%	8.58%	254,899,290	254,899,290
Faridur Rahman Khan	2.38%	2.38%	70,805,230	70,805,230
Abul Kalam Azad	2.38%	2.38%	70,805,230	70,805,230
Moinuddin Hasan Rashid	8.58%	8.58%	254,899,290	254,899,290
United Enterprises & Co. Ltd	52.31%	52.31%	1,553,390,350	1,553,390,350
	100%	100%	2,969,497,260	2,969,497,260

10.04 Classification of shareholders' by holding

	No of shareholders		No of shares	
	2014	2013	2014	2013
5,001 to 20,000 shares	-	-	-	-
20,001 to 50,000 shares	-	-	-	-
50,001 to 1,000,000 shares	-	-	-	-
1,000,001 to 10,000,000 shares	2	2	14,161,046	14,161,046
over 10,000,000 shares	6	6	282,788,680	282,788,680
	8	8	296,949,726	296,949,726

11 Redeemable Preference Share capital

Opening Balance as at 1 January	2,000,000,000	-
Issued during the year	-	2,000,000,000
Repayment during the year	(808,000,000)	-
Balance as at 31 December	1,192,000,000	2,000,000,000
11.1 Non-current portion	-	1,192,000,000
Current portion	1,192,000,000	808,000,000
	1,192,000,000	2,000,000,000

As per declaration to prospectus by UPGDCL, part of IPO proceeds will be utilize for full redemption of redeemable cumulative preference share in the year 2015. Hence full portion of redeemable preference share shown as current liability.

Shareholding position of redeemable preference shares :

Name of the shareholders	2014		2013	
	No. of Shares	Face Value	No. of Shares	Face Value
Eastern Bank Ltd.	-	-	51,000,000	510,000,000
Pubali bank Ltd.	40,000,000	400,000,000	50,000,000	500,000,000
Delta Brac Housing Finance Ltd.	7,200,000	72,000,000	9,000,000	90,000,000
Trust Bank Ltd.	16,000,000	160,000,000	20,000,000	200,000,000
The City Bank Ltd.	24,000,000	240,000,000	30,000,000	300,000,000
Jamuna Bank Ltd.	16,000,000	160,000,000	20,000,000	200,000,000
Standard bank Ltd.	16,000,000	160,000,000	20,000,000	200,000,000
	119,200,000	1,192,000,000	200,000,000	2,000,000,000

Name of the Instrument is Redeemable cumulative preference share and other features of the instruments are as follows :

- Number of shares to be issued 200,000,000
- Issue size in currency is BDT 2,000,000,000
- Face value is BDT 10
- Issue price is BDT 10
- Purpose of issue is to expansion of power plants in DEPZ & CEPZ
- Security of the instrument is put option on expansion assets.
- Tenure is 5 years.
- Dividend rate is 11% p.a
- Frequency of dividend payment is quarterly payable in arrears commencing from 1st quarter of 1st year
- Frequency of Capital Redemption is yearly payable in arrears in equal installments commencing from 4 the quarter of 1st year
- Participation fee is 0.80% (upfront).

	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
12 Long term loan - Non current portion		
Dhaka Bank Limited	-	775,016,167
Dutch-Bangla Bank Ltd.	448,949,104	919,403,833
Trust Bank Ltd	-	49,853,042
	448,949,104	1,744,273,042

12.01 Long term loan (Current portion)

Dhaka Bank Limited	660,425,548	121,495,845
Dutch-Bangla Bank Ltd.	315,723,502	122,726,155
Trust Bank Ltd.	-	552,257,149
	976,149,050	796,479,149

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 non IPFF term loan.

- a) Interest rate:
For IPFF loan: 364 days Bangladesh Bank Treasury bill rate plus 0.30% (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 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 108 crore and the remaining Taka 27 crore was non IPFF term loan.

- a) Interest rate:
For IPFF loan: 360 days Bangladesh Bank Treasury bill rate plus 0.30% (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 1st disbursement.
- c) Repayment: 28 equal quarterly installments.
- d) Purpose: To implement the CEPZ 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.

c) Trust Bank Ltd

This a term loan amounting BDT 700 million for Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.

- a) Interest rate: Interest to be charged at quarterly rests @ 15 % p.a.
- b) Tenor : 2 years from the date of first disbursement.
- c) Repayment : 16 numbers of equal installments starting from the following month of completion of moratorium.
- d) Purpose : For Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.
- e) Security : The company will provide corporate guarantee of United Enterprise & Company Ltd / United Ashugonj Power Company Ltd supported by its board resolution in conformity with memorandum and articles of association and also undated/post dated cheque covering the credit facilities.

	2014	2013
	Taka	Taka
13 Trade payables		
Gas bill for DEPZ - Titas Gas Transmission & Distribution Company Ltd.	34,496,017	22,596,914
Gas bill for CEPZ - Karnaphuli Gas Distribution Company Ltd.	65,574,503	57,516,773
	100,070,520	80,113,687
14 Other payables and accrual		
Other payables		
Directors Remuneration	1,250,000	-
Utility bill	127,500	30,528
Security expenses	195,790	253,439
Service charge on gas bill	6,557,450	5,751,677
Medical expenses	13,755	13,720
Audit fees	299,000	276,000
TDS payable	390,000	41,000
Welfare fund	15,593	15,553
Operation & Maintenance expense	2,802,697	6,273,123
VAT payable	1,734,283	1,170,710
Salary and allowances	-	490,625
Mobile bill	-	15,000
Payable to REB	-	9,115,215
Payable to provident fund	-	93,370
C&F Bill	642,367	-
	14,028,435	23,539,960
Security Money Received (Note 14.02)		
Lilac Fashion wear Ltd.	700,000	700,000
Delco Building Systems	56,904	-
	756,904	700,000
	14,785,339	24,239,960
14.01 United Power Generation & Distribution Company Limited has entered into a management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support. Therefore, no. of employees of UPGDCL has been nill for the event as mentioned in Note # 31.		
14.02 Security deposit received comprises of an amount equal to 2 months MMC (Monthly Minimum Charge) received from Lilac Fashion Wear Ltd and earnest money deduct from Delco Building Systems.		
15 Provision for taxation		
Opening Balance as at 1 January	12,094,683	-
Prior year adjustment for short provision of Income tax provision	141,132	-
Addition during the year	45,820,721	12,094,683
Paid during the year	(12,235,815)	-
	45,820,721	12,094,683

	2014	2013
	Taka	Taka
16 Revenue		
From power supply (Note-16.1)	4,460,918,254	3,396,097,108
From steam supply (Note-16.2)	2,404,914	-
	4,463,323,168	3,396,097,108
16.1 From power supply	4,460,918,254	3,396,097,108
Dhaka Export Processing Zone (DEPZ)	1,207,666,336	1,261,237,385
Rural Electrification Board (REB)	769,359,245	295,898,351
Oli Knitting Fabrics Ltd.	30,291,644	25,547,750
Chittagong Export Processing Zone (CEPZ)	1,469,548,089	1,276,876,346
Bangladesh Power Development Board (BPDB)	553,423,237	358,203,255
Karnaphuli Export Processing Zone (KEPZ)	312,038,690	162,126,359
Dhaka Thai Ltd	25,916,229	10,540,559
Lilac Fashion	4,469,124	5,527,146
Ahad Fashion	814,602	139,957
Atomic Energy Research Establishment (AERE)	5,097,100	-
Rahimafrooz Accumulators Limited	12,184,942	-
GMS Composit Knitting Ind. Ltd.	33,559,403	-
Square Textile Limited	36,388,211	-
Rahimafrooz Batteries Limited	161,401	-
16.2 From steam supply	2,404,914	-
Gunze United Limited	2,404,914	-
<p>In 2014 electricity sale of the company increased by tk. 1,067,226,060/- as compared to the period 2013 due to the increasing production. Net sales increased by 31.43% during the period under review. During the year the Company produced electricity totally 879,796,945 kwh (DEPZ project produced 434,542,144 kwh & CEPZ project produced 445,254,801 kwh).</p>		
17 Cost of sales		
Fuel and energy	733,200,397	538,240,027
Operation and maintenance expenses (Note 17.1)	437,087,623	273,125,771
Depreciation expenses (Note 4.01)	330,328,366	129,315,460
Minimum load charge	49,203,621	82,929,653
Liquidity damage charge	544,767	1,311,481
Land lease rent	2,140,315	1,050,388
Traveling and conveyance	2,061,237	319,750
Entertainment	3,631,867	909,935
Telephone, mobile, internet & dish line bill	461,235	158,343
Printing and stationery	610,607	125,743
Newspaper, postage and courier	74,831	14,193
Vehicle running and maintenance	735,219	110,190
Rent, rates and taxes	2,042,099	412,266
Utility bill	942,398	184,736
Insurance premium	10,573,334	7,600,666
Fire fighting expenses	349,428	5,820
Medical expenses	340,755	136,817
Beautification and gardening expenses	17,768	-
License and other fees	1,652,145	1,272,000
Environmental expenses	744,000	169,000
Site office expenses	389,244	174,414
Security expenses	2,861,490	1,047,314
Discount on sales	2,652,442	-
	1,582,645,188	1,038,613,967
17.1 Operation and maintenance expenses		
Operational expenses	73,258,348	39,494,390
Stores and spares consumed	294,615,456	211,510,106
Repair and maintenance	69,213,819	22,121,275
	437,087,623	273,125,771

	2014	2013
	Taka	Taka
18 General and administrative expenses		
Personnel costs		
Salary and bonus	2,333,982	11,165,013
Welfare and benefits	1,581,313	904,497
	3,915,295	12,069,510
Depreciation on property, plant & equipment, (Note 4.01)	3,336,650	1,306,217
Directors' remuneration	11,829,036	8,698,839
Trade licence renewal fees	4,255	-
Traveling and conveyance	2,266,689	2,937,956
Postage, telephone and telex	130,449	79,277
Entertainment	954,737	1,449,407
Printing and stationery	1,438,114	1,304,033
Newspaper bill	15,764	7,656
Computer maintenance	5,730	-
Auditor's fee (Note-18.1)	833,750	448,500
Advertisement	1,130,000	1,264,423
Medical expenses	149,533	-
Vehicle running expenses	4,548,043	778,258
Office rent	13,080,000	13,080,000
Office expenses	43,100	80,914
Consultancy fees	-	18,595,500
Capital Increasing Fees	-	682,966
Overseas Travelling	701,484	373,410
Legal fees	1,607,500	-
Other administrative expenses	27,500	93,957
Loss on disposal of fixed assets	13,229,843	-
Fine, Fees and others	400,000	-
Write off of Accounts receivable	-	179,268,649
	59,647,472	242,519,472
18.1 The break up of auditor's fee are as below:		
Statutory audit	299,000	276,000
Credit rating & various certification for IPO	534,750	172,500
	833,750	448,500
19 Other operating income		
Burn lube oil/use drum sales	3,751,400	3,531,880
Scrap Sale	499,048	756,157
Interest income	10,907,666	452,619
Interest on Inter Company Loan	115,758,231	27,511,833
	130,916,345	32,252,489
20 Financial expenses		
Syndication loan agency fees	-	2,196,250
Interest on long term loan:		
Dhaka Bank Limited	95,022,220	140,538,206
Dutch Bangla Bank Limited	101,923,338	157,148,632
Trust Bank Ltd.	53,667,076	23,389,533
Interest on overdraft:		
Dhaka Bank Limited	3,731,938	11,672,099
Preference share Dividend:		
Eastern Bank Ltd.	21,671,507	-
Pubali bank Ltd.	55,000,000	-
Delta Brac Housing Finance Ltd.	9,900,000	-
Trust Bank Ltd.	22,000,000	-
The City Bank Ltd.	33,000,000	-
Jamuna Bank Ltd.	22,000,000	-
Standard bank Ltd.	22,000,000	-
Preference share agency fees	1,370,800	20,931,380
Bank charge and commission	211,217	4,817,717
	441,498,097	360,693,817

	2014	2013
	Taka	Taka
21 Earnings per share		
Basic EPS		
Net profit from core business	2,379,532,410	1,754,269,852
Weighted average number of shares outstanding during the period	296,949,726	296,949,726
Basic EPS on Core business	8.01	5.91
Extra ordinary income (Other operating income- net of Tax)	85,095,624	20,157,806
Weighted average number of shares outstanding during the period	296,949,726	296,949,726
Basic EPS on extra ordinary business	0.287	0.068
Earning per Share (EPS)	8.30	5.98

*Since the stock/bonus issue is an issue without consideration, the issue has been treated as if it occurred at the beginning of 2013, the earliest period reported for the purposes of EPS calculation.

21.1 Diluted earning per share

No diluted earnings per share is required to be calculated for the years presented as there was no scope for dilution during these years.

22 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the company. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

23 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), and other private sector under the conditions of the long term Power Purchase Agreement (PPA). Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks. Credit risk does not arise in respect of any other receivables.

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

23.1 Exposure to credit risk

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

	2014	2013
	Taka	Taka
Trade receivables	851,807,451	670,397,657
Inter-company receivables	1,562,043,136	1,128,541,871
Advances, deposits and prepayments	75,827,208	73,036,908
Cash and cash equivalents	266,872,319	75,613,642
	2,756,550,114	1,947,590,078

23.2 Aging of trade receivables

Past due 1-30 days	419,309,045	361,506,623
Past due 31-60 days	53,647,908	1,339,408
Past due 61-90 days	65,128,516	850,601
Past due 91-180 days	4,861,212	614,463
Past due 180-365 days	-	3,171,627
Past due above 365 days	308,860,770	302,914,935
	851,807,451	670,397,657

24 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 banks 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 banks are negotiated accordingly.

In extreme stressed condition, the company may get support from the group in the form of inter-company loan.

The following are the contractual maturities of financial liabilities:

	Contractual cash flows					
	<u>Carrying</u>		<u>6 months</u>	<u>6 - 12</u>	<u>1 - 2</u>	<u>More than</u>
	<u>amount</u>	<u>Total</u>	<u>or less</u>	<u>months</u>	<u>years</u>	<u>2 years</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
2014						
Non-derivative financial liabilities:						
Redeemable preference shares	1,192,000,000	1,192,000,000	1,192,000,000	-	-	-
Term loan	1,425,098,154	1,425,098,154	910,000,584	66,148,466	203,628,638	245,320,466
Trade payable	100,070,520	100,070,520	100,070,520	-	-	-
Other payables and accrual	14,785,339	14,785,339	14,785,339	-	-	-
Provision for taxation	45,820,721	45,820,721	45,820,721	-	-	-
	2,777,774,734	2,777,774,734	2,262,677,164	66,148,466	203,628,638	245,320,466
2013						
Non-derivative financial liabilities:						
Redeemable preference shares	2,000,000,000	2,000,000,000	-	-	-	-
Term loan	2,540,752,191	3,512,250,000	-	-	-	-
Trade payable	80,113,687	80,113,687	-	-	-	-
Other payables and accrual	24,239,960	24,239,960	-	-	-	-
Provision for taxation	12,094,683	12,094,683	-	-	-	-
	4,657,200,521	5,628,698,330	-	-	-	-
	4,657,200,521	5,628,698,330	-	-	-	-

25 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.

25.1 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 significantly 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.

26 Capital risk management

Capital risk 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.

27 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.

28 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 system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. 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.

29 Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

As at 31 December 2014

Carrying amount								
Note(s)	Held for trading	Designated at fair value	Fair value hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets measured at fair value								
Financial assets not measured at fair value								
Trade receivables	6	-	-	-	851,807,451	-	-	851,807,451
Inter company receivables	7	-	-	-	1,562,043,136	-	-	1,562,043,136
Advances, deposits and prepayments	8	-	-	-	75,827,208	-	-	75,827,208
Cash and cash equivalents	9	-	-	-	266,681,533	-	-	266,681,533
		-	-	-	2,756,359,328	-	-	2,756,359,328
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Trade payables	13	-	-	-	-	-	100,070,520	100,070,520
Other payables and accrual	14	-	-	-	-	-	14,785,339	14,785,339
Redeemable preference shares	11	-	-	-	-	-	1,192,000,000	1,192,000,000
Long term loan	12	-	-	-	-	-	1,425,098,153	1,425,098,153
Provision for taxation	15	-	-	-	-	-	45,820,721	45,820,721
		-	-	-	-	-	2,777,774,734	2,777,774,734

As at 31 December 2013

Carrying amount								
Note(s)	Held for trading	Designated at fair value	Fair value hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets measured at fair value								
Financial assets not measured at fair value								
Trade receivables	6	-	-	-	670,397,657	-	-	670,397,657
Inter company receivables	7	-	-	-	1,128,541,871	-	-	1,128,541,871
Advance, deposits and prepayments	8	-	-	-	73,036,908	-	-	73,036,908
Cash and cash equivalents	9	-	-	-	75,396,427	-	-	75,396,427
		-	-	-	1,947,372,863	-	-	1,947,372,863
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Trade payables	13	-	-	-	-	-	80,113,687	80,113,687
Other payables and accrual	14	-	-	-	-	-	24,239,960	24,239,960
Redeemable preference shares	11	-	-	-	-	-	2,000,000,000	2,000,000,000
Long term loan	12	-	-	-	-	-	2,540,752,191	2,540,752,191
Provision for taxation	15	-	-	-	-	-	12,094,683	12,094,683
		-	-	-	-	-	4,657,200,521	4,657,200,521

30 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	1,350	-	50	30	-	80
Dhaka Bank Ltd.	1,150	-	350	300	300	50
Trust bank Ltd.	700	-	250	237	-	79
Jamuna Bank Ltd.	-	-	250	200	50	300
Total	3,200	-	900	767	350	509

31 Number of employees

<u>Salary Range</u>	2014			2013
	Officers & staffs		Worker	Total employees
	Head office	factory		
Below Tk. 3,000	-	-	-	-
Above Tk. 3,000	-	-	-	9
Total	-	-	-	9

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

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
32 Expenditure in equivalent foreign currency		
Foreign travel for Company's business purpose	701,484	373,410
	701,484	373,410

33 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. Break up of the figures are as follows :

<u>Particulars</u>	<u>2014</u>	<u>2013</u>
Loss of profit	200,288,084	200,288,084
Loss of interest and charges	156,473,346	156,473,346
Loss of overhead expenses	14,335,221	14,335,221
Loss of warranty	17,424,510	17,424,510
	388,521,161	388,521,161

34 Contingent liabilities and commitments

i) Contingent liabilities	117,000,000	117,000,000
Bank Guarantees issued by Shahjalal Islami Bank Ltd. with 5% margin in favor of Bangladesh Export Processing Zone (BEPZA).		
Bank Guarantees issued by Trust Bank Ltd. with Nil 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	53,996,728	220,438,107
	249,787,128	416,228,507

35 Transactions with key management personnel

	2014	2013
	Taka	Taka
Employee benefits	13,848,600	15,177,135
	13,848,600	15,177,135

36 Related party transactions and balance

During the year, the company carried out a number of transactions with related parties. In accordance with the provisions of BAS-24 *Related Party Disclosures*, these are detailed below:

Name of party	Nature of relationship	Nature of transactions	Transactions during the year 2014		Figures in Taka	
			Addition	Adjustment	2014	2013
					Dr./ (Cr.)	Dr./ (Cr.)
United Enterprises & Co Ltd.	Parent Company	Loan	1,652,758,231	1,219,256,965	#####	1,128,541,871
United Engineering & Power Services Ltd.	Sister concern	Operations & Maintenance	70,400,521	73,203,218	(2,802,697)	-
Gulshan Properties Ltd	Sister concern	Office Rent	13,080,000	13,080,000	-	-

37 Capacity and Production

37.1 Own Manufacture

Name of the Plant	Installed capacity (kwh)	Actual Production (kwh)		Capacity utilization (%)	
		2014	2013	2014	2013
Dhaka EPZ plant	688,000,000	434,542,144	278,093,102	63%	77%
Chittagong EPZ plant	576,000,000	445,254,801	346,223,915	77%	81%
Total	1,264,000,000	879,796,945	624,317,017	70%	79%

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

38 Events after reporting date

38.1 Listed with DEC and CSE

On 09 December 2014, the Company got consent from Bangladesh Securities and Exchange Commission (BSEC) vide their consent letter ref: BSEC/CI/BB-01/2013-823 for raising of capital through Initial Public Offer (IPO) & accordingly on 19 **March 2015** the company listed with Dhaka Stock Exchange Limited and **8 March 2015** with Chittagong Stock Exchange Limited and has offered of 33,000,000 ordinary shares of Tk. 10/- each at an issue price of Tk. 72/- each including a premium of Tk. 62/- per share totaling Tk. 237,60,00,000/-.

38.2 Proposal of dividend

The Board of Directors of United Power Generation & Distribution Company Limited. at its 65th meeting held on 29 April 2015 recommended a cash dividend of Tk 3.50 per ordinary share i.e. a total of Tk 1,154,824,041 for the year 2013 and also recommended a cash dividend of Tk 3.00 per ordinary share i.e. a total of Tk 989,849,178 for 329,949,726 ordinary shares and 1 bonus share for every 10 shares held for the year ended December 31, 2014. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.


Managing Director


Director


Company Secretary