

# **Hoda Vasi Chowdhury & Co**

## **Chartered Accountants**

**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 30 June 2016 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period of eighteen months from 01 January 2015 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

### **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 (#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 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.

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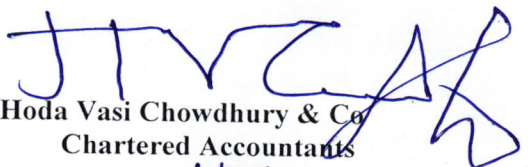
**Opinion**

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 30 June 2016 and of the results of its operations and cash flows for the period of eighteen months from 01 January 2015 to 30 June 2016 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, statement of profit or loss and other comprehensive income, statement of cash flows and statement changes in equity 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, **09 OCT 2016**

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants  
HVC



**United Power Generation & Distribution Company Limited**  
**Statement of Financial Position**  
**As at 30 June 2016**


	<u>Note(s)</u>	<b>30-Jun-16</b> <b>Taka</b>	<b>31-Dec-14</b> <b>Taka</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment-net	4	8,929,915,762	9,254,961,271
		<b>8,929,915,762</b>	<b>9,254,961,271</b>
<b>Current assets</b>			
Inventories	5	506,065,100	251,555,997
Account receivables	6	867,737,116	851,807,451
Inter company receivables	7	2,002,238,953	1,562,043,136
Advances, deposits and prepayments	8	77,654,123	75,827,208
Cash and cash equivalents	9	609,628,757	266,872,319
		<b>4,063,324,049</b>	<b>3,008,106,111</b>
<b>Total Assets</b>		<b>12,993,239,811</b>	<b>12,263,067,382</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; Reserve</b>			
Share capital	10	3,629,446,980	2,969,497,260
Share Premium	11	2,046,000,000	-
Retained earnings	12	6,743,761,237	6,515,795,387
		<b>12,419,208,217</b>	<b>9,485,292,647</b>
<b>Non-current liabilities</b>			
Long term loan-non current portion	13	-	448,949,104
		-	<b>448,949,104</b>
<b>Current liabilities</b>			
Long term loan-current portion	13	-	976,149,050
Redeemable preference shares	14	-	1,192,000,000
Intercompany loan payable	15	460,000,000	-
Account payables	16	92,045,455	100,070,520
Other payables	17	21,986,139	14,785,339
Provision for taxation	18	-	45,820,721
<b>Total liabilities</b>		<b>574,031,594</b>	<b>2,328,825,631</b>
<b>Total equity and liabilities</b>		<b>12,993,239,811</b>	<b>12,263,067,382</b>

1. Auditors' Report - Page 1 & 2
2. The accompanying notes 1 to 44 form an integral part of these financial statements.

  
**Company Secretary**

  
**Chief Financial Officer**

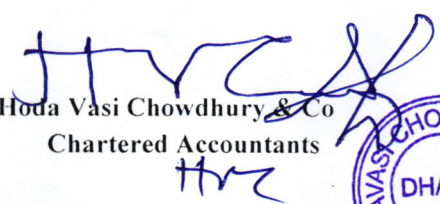
  
**Director**

  
**Managing Director**

  
**Chairman**

As per our report of same date

Dhaka, **09 OCT 2016**


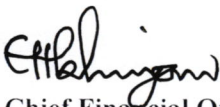



  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**



**United Power Generation & Distribution Company Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the period 1 January 2015 to 30 June 2016**

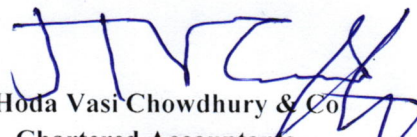

	<u>Note(s)</u>	<b>1 January 2015 to 30 June 2016 (18Months) Taka</b>	<b>1 July 2013 to 31 December 2014 (18Months) Taka</b>
<b>Revenue</b>	19	7,901,369,522	6,254,163,171
Cost of sales	20	(2,445,262,861)	(2,215,940,513)
<b>Gross profit</b>		<b>5,456,106,661</b>	<b>4,038,222,658</b>
Other operating income	21	410,719,403	161,839,153
General and administrative expenses	22	(140,831,041)	(101,730,905)
<b>Operating profit</b>		<b>5,725,995,024</b>	<b>4,098,330,905</b>
Finance cost	23	(165,669,372)	(643,120,809)
<b>Net profit before income tax</b>		<b>5,560,325,652</b>	<b>3,455,210,096</b>
Income tax expenses	24	45,820,721	(57,416,774)
<b>Net profit for the period</b>		<b>5,606,146,373</b>	<b>3,397,793,321</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>5,606,146,373</b>	<b>3,397,793,321</b>
 <b>Earning per share (EPS)</b>	25	 <b>15.57</b>	 <b>10.30</b>

1. Auditors' Report - Page 1 & 2
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 **Company Secretary**
 **Chief Financial Officer**
 **Director**
 **Managing Director**
 **Chairman**

As per our report of same date

Dhaka, **09 OCT 2016**

  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**  


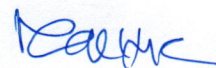


**United Power Generation & Distribution Company Limited**  
**Statement of Changes in Equity**  
**For the period 1 January 2015 to 30 June 2016**

Particulars	Share Capital Taka	Share Premium Taka	Retained Earnings Taka	Total Taka
<b>Balance at 1 July 2013</b>	1,979,664,840	-	4,107,975,618	6,087,640,458
Issued for the year 2013	989,832,420	-	-	989,832,420
Net profit for the period	-	-	3,397,793,321	3,397,793,321
Dividend for the year 2013	-	-	(989,832,420)	(989,832,420)
Prior year adjustment for short provision of Income tax	-	-	(141,132)	(141,132)
<b>Balance at 31 December 2014</b>	<b>2,969,497,260</b>	<b>-</b>	<b>6,515,795,387</b>	<b>9,485,292,647</b>
<b>Balance at 1 January 2015</b>	2,969,497,260	-	6,515,795,387	9,485,292,647
Issue of ordinary Share	330,000,000	-	-	330,000,000
Issue of bonus shares to shareholder	329,949,720	-	(329,949,720)	-
Cash dividends	-	-	(2,144,673,219)	(2,144,673,219)
Interim Dividend	-	-	(2,903,557,584)	(2,903,557,584)
Share premium on ordinary share	-	2,046,000,000	-	2,046,000,000
Net profit for the period	-	-	5,606,146,373	5,606,146,373
<b>Balance at 30 June 2016</b>	<b>3,629,446,980</b>	<b>2,046,000,000</b>	<b>6,743,761,237</b>	<b>12,419,208,217</b>


Note(s)                      10                      11                      12


1. Auditors' Report - Page 1 & 2
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Company Secretary

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairman



**United Power Generation & Distribution Company Limited**  
**Statement of Cash Flows**  
**For the period 1 January 2015 to 30 June 2016**

	1 January 2015 to 30 June 2016 Taka	1 July 2013 to 31 December 2014 Taka
<b>A Cash flows from operating activities</b>		
Cash received from customers	7,885,439,856.60	6,017,883,539
Cash received from other operating income	410,719,403	161,839,153
Cash paid to suppliers and contractors	(1,846,991,552)	(1,544,740,740)
Cash paid for other operating expenses	(487,960,919)	(345,798,145)
Payment of finance cost	(165,669,372)	(643,120,809)
<b>Net cash flows from/ (used) in operating activities</b>	<b>5,795,537,416</b>	<b>3,646,062,996</b>
<b>B Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment	(183,256,205)	(2,110,478,145)
Proceeds from sale of property, plant and equipment	-	17,772,179
<b>Net cash flows from/(used) in investing activities</b>	<b>(183,256,205)</b>	<b>(2,092,705,966)</b>
<b>C Cash flows from financing activities</b>		
Long term loan received/(paid)	(1,425,098,154)	(823,868,970)
Redemption of cumulative preference shares	(1,192,000,000)	1,192,000,000
Share Capital received	330,000,000	-
Share premium received	2,046,000,000	-
Short term loan received/(paid)	-	(465,770,215)
Cash received / (paid) for inter-company loan	19,804,183	(1,210,619,462)
Dividend Payment	(5,048,230,803)	-
<b>Net cash flows from/ (used) in financing activities</b>	<b>(5,269,524,774)</b>	<b>(1,308,258,647)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>342,756,438</b>	<b>245,098,384</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>266,872,319</b>	<b>21,773,935</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>609,628,757</b>	<b>266,872,319</b>

1. Auditors' Report - Page 1 & 2

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Company Secretary

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairman





**United Power Generation & Distribution Company Limited**  
**Notes to the financial statements**  
**As at and for the period from 1 January 2015 to 30 June 2016**

**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 15th January 2007 under the Companies Act (#18) 1994 under registration no: C-65291(2783)/07 with its corporate office at Gulshan Center Point, Road No. 90-91, and House No.23-26, 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 by share on 22 December 2010. 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 gas fired power plants, at Dhaka EPZ with 86 MW, Chittagong EPZ with 72 MW capacity and to sell generated electricity to the export processing industries located inside Dhaka EPZ and EPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also 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 Amalgamation**

The Honorable High Court Division of the Supreme Court of Bangladesh by Judgment and order dated 2nd March 2016 sanctioned the Scheme of Amalgamation under Company Matter No. 236 of 2015. Under the amalgamation scheme, the entire undertaking of United Ashuganj Power Limited (UAPL) and Shajahanullah Power Generation Company Limited (SPGCL), (the transferor companies) will be dissolved as going concern and all assets and liabilities transferred to and vested in the United Power Generation and Distribution Company Limited (UPGDCL), (the transferee company) with effect from appointed date of 01 November 2015. Subsequently Bangladesh Securities and Exchange Commission (BSEC) filed a petition to the Honourable Supreme Court Appellate Division against the amalgamation. Considering the overall issues the shareholders of SPGCL and UAPL by their respective special resolution subject to permission Honourable Supreme Court Appellate Division in the civil petition for leave to appeal No 1572 of 2016 revoked, cancelled and set aside the special resolution passed in the EGM of the Scheme of Amalgamation. The Board of Directors of the companies have and accordingly withdrawn the application of amalgamation and applied to the Honourable Supreme Court Appellate Division recorded the facts of revocation, cancellation of special resolution on amalgamation by SPGCL and UAPL and subsequently as per the order of the court dated: 4 August 2016. Therefore disposed the civil petition appeal no. 1572 of 2016. The company have prepared the financial statements of the company without considering the amalgamation.

**1.4 Capacity of the power plant**

**Dhaka EPZ Power Plant:**

Dhaka Export Processing Zone (DEPZ) with capacity of 41 MW at Dhaka Export Processing Zone (DEPZ) premises. In 2013, the Company increased its capacity from 41 MW to 88 MW at Dhaka Export Processing Zone (DEPZ) and The DEPZ project has installed 2 no's of Heat Recovery Boiler to produce 8 ton/h of steam, Under the agreements with Bangladesh Export Processing Zones Authority (BEPZA) signed on May 6, 2007. The plant DEPZ came into commercial operation on 26th December 2008.



### **Chittagong EPZ Power Plant:**

Chittagong Export Processing Zone (CEPZ) with the capacity of 44 MW at Chittagong Export Processing Zone (CEPZ). In 2013, the Company increased its capacity from 44 MW to 72 MW at Chittagong Export Processing Zone (CEPZ) premises. and the CEPZ project has installed 3 no's of Heat Recovery Boiler to produce 12 ton/h of steam to sale to other customers Under the agreements with Bangladesh Export Processing Zones Authority (BEPZA) signed on May 16, 2007. The plant at CEPZ came into commercial operation on 12 August 2009.

## **2. Basis of preparation of the financial statements**

### **2.1 Statement of compliance**

These 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.

The following Bangladesh Accounting Standards (BAS) applied for the preparation of the financial statements for the period under review:

<b>BAS - 01</b>	Presentation of financial statements
<b>BAS - 02</b>	Inventories
<b>BAS - 07</b>	Statement of Cash Flows
<b>BAS - 08</b>	Accounting Policies, Changes in Accounting estimates and Errors
<b>BAS - 10</b>	Events after the reporting period
<b>BAS - 16</b>	Property, Plant and Equipment
<b>BAS - 18</b>	Revenue
<b>BAS - 21</b>	The effects of changes in foreign exchange rates
<b>BAS - 23</b>	Borrowing cost
<b>BAS - 24</b>	Related Party Disclosure
<b>BAS - 33</b>	Earnings Per Share
<b>BAS - 36</b>	Impairment of Assets
<b>BAS - 37</b>	Provisions, Contingent Liabilities and Contingent assets.
<b>BFRS - 7</b>	Financial Instruments : Disclosures
<b>BFRS - 9</b>	Financial Instruments

### **2.2 Other Regulatory compliances**

The Income Tax Ordinance (#36) 1984  
The Income Tax Rules 1984  
The Value Added Tax Act (#22) 1991  
The Value Added Tax Rules 1991

### **2.3 Components of Financial Statements**

Being the general purpose of financial statements, the presentation of these Financial Statements are in accordance with the guidelines provided by the **Bangladesh Accounting Standard (BAS) 1 "Presentation of Financial Statements"**, the complete set of Financial Statements includes the following components.

- # Statement of Financial Position
- # Statement of Profit or Loss and Other Comprehensive Income
- # Statement of Changes in Equity
- # Statements of Cash Flows
- # Accounting policies and explanatory notes

### **2.4 Preparation and presentation of Financial Statements**

The management of the Company is responsible for the preparation and fair presentation of Financial Statements of United Power Generation & Distribution Company Ltd. for the period ended 30 June 2016.

### **2.5 Authorization for issue**

These financial statements have been authorised for issue by the Board of Directors of the Company on 19 September 2016.





## 2.6 Reporting period

Previously the company follows the income year for 12 months January to December of each year and accordingly the Financial statements are prepared and consistently followed. Now, in compliance with current law of the Income Tax Ordinance (#36) 1984, the financial statements need to be prepared for a period of 12 months commencing from 01 July each year onwards 2016, which shall be considered income year for the Company. For compliance with current law, Company prepared the financial statements for eighteen months ending to 30 June 2016. The Company has received the necessary permission from RJSC in this regard.

## 2.7 Functional and presentational currency

The financial statements are presented in Bangladesh Taka (BDT/Tk.), which is the Company's functional currency.

## 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 Basis of Measurement

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting as well as historical cost.

### 3.2 Use of estimates and judgments

The preparation of financial statements in conformity with BAS and BFRS requires management to make judgments, 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 period ended 30 June 2016 is included in the following notes:

Notes-4	Depreciation
Notes-5	Inventory
Notes-6	Account receivables
Notes-16	Account payables
Notes-17	Other payables

### 3.3 Going concern

As per BAS-1, a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.



### 3.4 Foreign currency

Foreign currency transactions are translated into Bangladeshi taka at the rates ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on that day. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

### 3.5 Property, plant and equipment

#### 3.5.1 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.

#### 3.5.2 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 profit or loss and other comprehensive income as incurred.

#### 3.5.3 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 in the statement of profit or loss comprehensive income.

#### 3.5.4 Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipment 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 rate of depreciation of property, plant and equipment are as follows:

Name of the assets	Depreciation rates (%)
Plant and machinery	3.33%
Gas line	2%
Office equipment	15%
Furniture and fixtures	10%
Transport and vehicles	10%

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

### 3.6 Inventories

Inventories primarily include maintenance spare parts, lube oil, and fuel 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. Cost is calculated on First In First Out (FIFO) basis 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 are recognised in the period in which the related revenue is recognised.





### 3.7 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.

#### 3.7.1 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) Account receivables

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

##### (b) Advance, Deposits and Prepayments

Advance are initially measured at cost. After initial recognition advances are carried at cost less deduction or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statements of Profit or Loss and other Comprehensive Income.

##### (c) 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.

#### 3.7.2 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 account payables, Other payables and accrual, redeemable preference share and other current liabilities.

##### (a) Account and other payables

Other payables consist of unpaid bills payable to different parties for gas and lubricant consumption. The Company recognises a trade payable 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 economic benefits.

##### (b) Borrowings

Borrowings are classified into both current and non-current liabilities. 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) 11% Redeemable preference shares**

The Company issued 11% redeemable preference shares during the year 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.

**3.8 Impairment**

**3.8.1 Financial assets**

Account receivables is assessed at each date of statement of financial position to determine whether there is objective evidence that it is impaired. Account 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.

**3.8.2 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 30 June 2016, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

**3.9 Revenue recognition**

Revenue is recognised in the statement of profit or loss and other comprehensive income upon supply of electricity, quantum of which is determined by survey of meter reading jointly by the Company. 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 cost incurred to date and the cost 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.

**3.10 Finance cost**

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

**3.11 Employee benefit schemes**

**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 are managed by 191 employees of United Engineering and Power Services Limited under an O&M Contract. Therefore the provision of WPPF is not applicable for the company.

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 period and as such no provision for workers profit participation fund (WPPF) has been made in the accounts of this Company for the period ended 30 June 2016.





### 3.12 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.

### 3.13 Current tax

No provision is required for income tax on the company's 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. Such exemption of Dhaka EPZ Power Plant will expire on 2023 and Chittagong EPZ Power Plant on 2024. So tax provision is not required to be maintained by the Company.

### 3.14 Deferred Tax

As there is considerable time remaining before expiry of tax exempt period, management feels it is not possible to make a reasonable estimate of deferred tax assets/liabilities at this stage.

### 3.15 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.

### 3.16 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.

The company has contingent liability during this year which has been disclosed in Notes-38.

### 3.17 Contingent asset

Contingent asset is a probable 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. The Company has contingent asset that has been disclosed in notes-37.

### 3.18 Statements of cash flows

Cash Flow Statements has been prepared under direct method as per BAS-7 Statements of Cash Flows.

### 3.19 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 for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### b) Weighted average number of shares outstanding during the year

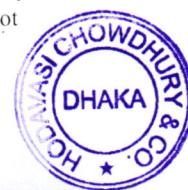
This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number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

#### c) Diluted earnings per share

Diluted EPS is determined by 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 period.

### 3.20 Comparative Information:

The financial statements have been prepared for a period of eighteen months ended 30 June 2016 whereas the comparative figures have been presented for twelve months ended 31 December 2014, therefore the comparative figures are not completely comparable.





Property, Plant and Equipment-net 30 June 2016

SL No	Particulars	COST			Rate of Depreciation %	DEPRECIATION				WDV as at 30 June, 2016
		Balance as at 1st January, 2015	Addition during the period	Adjustment/ Disposal during the period		Balance as at 1st January, 2015	Charges during the period	Adjustment/ Disposal during the period	Balance as at 30 June 2016	
1	Plant and Machinery	9,907,951,148	175,713,630	-	3.33	870,017,606	496,794,030	-	1,366,811,636	8,716,853,142
2	Gas Line	225,054,911	-	-	2	25,590,671	6,751,647	-	32,342,318	192,712,593
3	Office Equipment	10,522,677	65,875	-	15	3,391,717	2,372,542,95	-	5,764,260	4,824,292
4	Furniture & Fixture	1,954,451	448,700	-	10	293,389	313,568	-	606,957	1,796,194
5	Motor Vehicle	11,456,836	7,028,000	-	10	2,685,370	2,069,925,40	-	4,755,295	13,729,541
	<b>Total -2016 (Tk.)</b>	<b>10,156,940,023</b>	<b>183,256,205</b>	<b>-</b>		<b>901,978,753</b>	<b>508,301,713</b>	<b>-</b>	<b>1,410,280,466</b>	<b>8,929,915,762</b>

Property, Plant and Equipment-net 31 December 2014

SL No	Particulars	COST			Rate of Depreciation %	DEPRECIATION				WDV as at 31 December, 2014
		Balance as at 1st January, 2014	Addition during the year	Adjustment/ Disposal during the year		Balance as at 1st January, 2014	Charges during the year	Adjustment/ Disposal during the year	Balance as at 31 December 2014	
1	Plant and Machinery	9,829,268,588	114,448,621	35,766,061	3.33	547,467,001	327,314,644	4,764,039	870,017,606	9,037,933,542
2	Gas Line	205,581,967	19,472,944	-	2	21,479,032	4,111,639	-	25,590,671	199,464,240
3	Office Equipment	9,367,112	1,155,565	-	15	1,986,650	1,405,067	-	3,391,717	7,130,960
4	Furniture & Fixture	1,169,828	784,623	-	10	176,406	116,983	-	293,389	1,661,062
5	Motor Vehicle	7,166,836	4,290,000	-	10	1,968,686	716,684	-	2,685,370	8,771,466
	<b>Total -2014 (Tk.)</b>	<b>10,052,554,331</b>	<b>140,151,753</b>	<b>35,766,061</b>		<b>573,077,775</b>	<b>333,665,017</b>	<b>4,764,039</b>	<b>901,978,753</b>	<b>9,254,961,271</b>

Property, Plant and Equipment-net 31 December 2013

SL No	Particulars	COST			Rate of Depreciation %	DEPRECIATION				WDV as at 31 December, 2013
		Balance as at 1st July, 2013	Addition during the year	Adjustment/ Disposal during the year		Balance as at 1st July, 2013	Charges during the year	Adjustment/ Disposal during the year	Balance as at 31 December 2013	
1	Plant and Machinery	3,793,833,146	6,035,435,441	-	3.33	484,360,210	63,106,791	-	547,467,001	9,281,801,586
2	Gas Line	148,705,152	56,876,815	-	2	19,991,980	1,487,051	-	21,479,031	184,102,936
3	Office Equipment	7,158,854	2,208,258	-	15	1,565,986	420,664	-	1,986,650	7,380,462
4	Furniture & Fixture	978,023	191,805	-	10	141,916	34,490	-	176,406	993,422
5	Motor Vehicle	5,236,836	1,930,000	-	10	1,706,843	261,842	-	1,968,685	5,198,151
	<b>Total -2014 (Tk.)</b>	<b>3,955,912,011</b>	<b>6,096,642,319</b>	<b>-</b>		<b>507,766,936</b>	<b>65,310,838</b>	<b>-</b>	<b>573,077,774</b>	<b>9,479,476,556</b>

Allocation of Depreciation Expenses

Operating Expenses ( Notes- 20)  
Administrative Expenses ( Notes- 22)

1 January 2015 to 31 June 2016	1 July 2013 to 31 December 2014
503,218,696	394,986,096
5,083,018	3,989,759
<b>508,301,714</b>	<b>398,975,855</b>





#### **4.1 Power plant**

##### **4.1.1 Plant description**

###### **4.1.1.1 Dhaka EPZ and Chittagong EPZ Power Plant**

The natural gas fired power plants of Dhaka EPZ power plant 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.

##### **4.1.2 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 CO<sub>2</sub> emissions compared to other fossil fuels. The SO<sub>2</sub> and PM emissions are relatively low for power plants running on natural gas. The NO<sub>x</sub> 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.

##### **4.1.3 Gas Line**

###### **Dhaka EPZ and Chittagong EPZ power plant:**

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 enhancement. Thus total contract load is 15.91 MMCFD. 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 enhancement. Thus total contract load is 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.



	Note(s)	As at 30 June 2016 Taka	As at 31 December 2014 Taka
<b>5 Inventories</b>			
Spare parts	5.1	494,164,198	245,304,781
Fuel and lubricants	5.2	11,900,902	6,251,216
		<b>506,065,100</b>	<b>251,555,997</b>

Inventories comprises spare parts and fuel & lubricants which are used for maintenance and operational purpose of power plants machineries. Inventories are valued at the lower of cost and net realizable value.

<b>5.1 Spare parts</b>			
Opening balance		245,304,781	218,754,767
Purchase during the year		573,025,018	250,947,315
Issued during the year		(324,165,601)	(224,397,301)
	5.3	<b>494,164,198</b>	<b>245,304,781</b>
<b>5.2 Fuel and lubricants</b>			
Opening balance		6,251,216	32,184,865
Purchase during the year		71,350,259	44,284,506
Issued during the year		(65,700,573)	(70,218,155)
	5.3	<b>11,900,902</b>	<b>6,251,216</b>

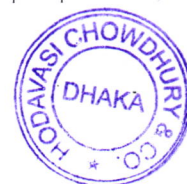
**5.3 Break-up of Inventories**

	Spare parts				Fuel and lubricants			
	Quantity (Nos)		Amount (Taka)		Quantity (Litre)		Amount (Taka)	
	2016	2014	2016	2014	2016	2014	2016	2014
DEPZ	24,982	11,408	278,545,427	134,199,535	17,498	15,026	2,792,326	3,632,226
CEPZ	21,316	7,993	215,618,772	111,105,246	25,333	10,016	9,108,575	2,618,990
<b>Total</b>	<b>46,298</b>	<b>19,401</b>	<b>494,164,198</b>	<b>245,304,781</b>	<b>42,831</b>	<b>25,042</b>	<b>11,900,902</b>	<b>6,251,216</b>

**6 Account Receivables**

Bangladesh Power Development Board (BPDB)	209,329,447	293,453,039
Rural Electrification Board (REB)	205,161,098	262,949,572
Chittagong Export Processing Zone (CEPZ)	145,036,652	135,640,893
Dhaka Export Processing Zone (DEPZ)	128,637,299	94,102,143
Karnaphuli Export Processing Zone (KEPZ)	36,505,442	32,107,248
Oli Knitting Fabrics Ltd.	7,838,463	5,573,758
Lilac Fashion	3,104,610	2,377,460
Dhaka Thai Ltd	4,462,136	3,041,900
Ahad Fashion Ltd.	931,744	164,623
Atomic Energy Research Establishment (AERE)	839,494	509,089
Rahimafrooz Accumulators Limited	4,430,238	2,008,129
GMS Composite Knitting Ind. Ltd.	17,382,846	8,220,794
Square Textile Limited	16,895,250	9,335,898
Gunze United Limited	2,395,701	1,630,234
Rahimafrooz Batteries Limited (Unit-2)	2,735,250	169,471
Zam Zam Engineering Limited	403,200	523,200
Mega Yarn	52,144,969	-
Fountain Garments Ltd.	1,333,570	-
Matin Spinning mills Ltd.	20,370,409	-
Mashihata Sweaters Ltd.	6,883,337	-
Plastoccats Ltd.	915,961	-
	<b>867,737,116</b>	<b>851,807,451</b>

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.





	Note(s)	As at 30 June 2016 Taka	As at 31 December 2014 Taka
<b>7 Inter company receivable</b>			
United Enterprises & Co. Ltd.		2,002,238,953	1,562,043,136
		<b>2,002,238,953</b>	<b>1,562,043,136</b>
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-21).			
<b>8 Advances, deposits and prepayments</b>			
Advances	8.1	62,369,024	64,179,208
Security and other deposits	8.2	9,499,433	6,159,667
Prepayments	8.3	5,785,666	5,488,333
		<b>77,654,123</b>	<b>75,827,208</b>
<b>8.1 Advances</b>			
Advance against Expense		59,334,024	61,381,689
Against Land Lease Rent		1,612,519	1,112,519
Against Salary		500,000	500,000
Advance income tax		922,481	1,185,000
		<b>62,369,024</b>	<b>64,179,208</b>
<b>8.2 Security and other deposits</b>			
LC Margin		3,649,433	309,667
Bank guarantee margin		5,850,000	5,850,000
		<b>9,499,433</b>	<b>6,159,667</b>
<b>8.3 Prepayments</b>			
Insurance premium		5,477,333	5,113,333
BERC license fees		308,333	375,000
		<b>5,785,666</b>	<b>5,488,333</b>
<b>9 Cash and cash equivalents</b>			
Cash in hand		224,926	190,786
Cash at bank	9.1	375,842,144	161,736,533
Fixed Deposits Receipts (FDR)	9.2	233,561,687	104,945,000
		<b>609,628,757</b>	<b>266,872,319</b>
<b>9.1 Cash at bank</b>			
Dhaka Bank Ltd.		33,104,824	125,924,438
Standard Chartered Bank		91,935	93,931
One Bank Limited		16,450	18,295
Mercantile Bank Limited		43,181	47,941
Dutch-Bangla Bank Ltd.		3,598,305	25,930,456
The City Bank Ltd.		18,324	22,135
Shahjalal Islami Bank Ltd.		933,810	2,359,871
National Bank Ltd.		2,693	6,260
Eastern Bank Ltd.		42,762	44,757
Brac Bank		142,720	141,738
Jamuna Bank		178,575	5,639,580
Trust Bank Ltd		176,137	188,937
Eastern Bank Ltd.-Escrow		1,135,866	1,318,194
BRAC Bank.-GB-IPO A/C		336,356,562	-
		<b>375,842,144</b>	<b>161,736,533</b>
<b>9.2 Fixed Deposits Receipts (FDR):</b>			
Lanka Bangla Finance Limited		233,561,687	94,511,250
Dhaka Bank Limited		-	10,433,750
		<b>233,561,687</b>	<b>104,945,000</b>



Note(s)

As at 30 June 2016 Taka	As at 31 December 2014 Taka
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## 10 Share capital

### 10.1 Authorized share capital

1000,000,000 ordinary shares of Tk. 10 each  
200,000,000 redeemable preference shares of Tk. 10 each

10,000,000,000	8,000,000,000
-	2,000,000,000
<b>10,000,000,000</b>	<b>10,000,000,000</b>

### 10.2 Issued, subscribed and paid-up capital

296,949,726 ordinary shares of Tk. 10 each  
33,000,000 ordinary shares issued through IPO of Tk. 10 each  
32,994,972 bonus shares of Tk. 10 each

2,969,497,260	2,969,497,260
330,000,000	-
329,949,720	-
<b>3,629,446,980</b>	<b>2,969,497,260</b>

### 10.3 Shareholding position is as follows:

SL No.	Name of the Shareholder	No. of Shares	No. of Shares	Percentage of share holding		2016	2014
		2016	2014	2016	2014	Taka	Taka
1	Hasan Mahmood Raja	28,038,921	25,489,929	7.73%	8.58%	280,389,210	254,899,290
2	Ahmed Ismail Hossain	28,038,921	25,489,929	7.73%	8.58%	280,389,210	254,899,290
3	Akhter Mahmud Rana	28,038,921	25,489,929	7.73%	8.58%	280,389,210	254,899,290
4	Khandaker Moinul Ahsan	28,038,921	25,489,929	7.73%	8.58%	280,389,210	254,899,290
5	Faridur Rahman Khan	7,788,575	7,080,523	2.15%	2.38%	77,885,750	70,805,230
6	Abul Kalam Azad	7,788,575	7,080,523	2.15%	2.38%	77,885,750	70,805,230
7	Moinuddin Hasan Rashid	28,038,921	25,489,929	7.73%	8.58%	280,389,210	254,899,290
8	United Enterprises & Co. L	170,872,938	155,339,035	47.08%	52.31%	1,708,729,380	1,553,390,350
9	General Investors	36,300,005	-	10.00%	0.00%	363,000,050	-
<b>Total</b>		<b>362,944,698</b>	<b>296,949,726</b>	<b>100%</b>	<b>100%</b>	<b>3,629,446,980</b>	<b>2,969,497,260</b>

### 10.4 Classification of shareholders' by holding

Range of the shares	No of shareholders		No of shares	
	2016	2014	2016	2014
01 to 5000 shares	20,622	-	10,823,735	-
5,001 to 20,000 shares	760	-	7,617,731	-
20,001 to 50,000 shares	157	-	4,822,117	-
50,001 to 1,000,000 shares	91	-	12,032,792	-
1,000,001 to 10,000,000 shares	3	2	16,580,780	14,161,046
over 10,000,000 shares	6	6	311,067,543	282,788,680
<b>Total</b>	<b>21,639</b>	<b>8</b>	<b>362,944,698</b>	<b>296,949,726</b>

### 11 Share Premium

2,046,000,000	-
<b>2,046,000,000</b>	<b>-</b>

This represents premium of Tk. 62 per share of 33,000,000 ordinary shares of Tk. 10 each.

### 12 Retained earnings

Opening balance  
Profit during the period  
Dividends  
Prior year adjustment for short provision of Income tax

6,515,795,387	4,107,975,618
5,606,146,373	3,397,793,321
(5,378,180,523)	(989,832,420)
-	(141,132)
<b>6,743,761,237</b>	<b>6,515,795,387</b>

### 13 Long term loan

Non current portion  
Current portion

13.1	-	448,949,104
13.2	-	976,149,050
	<b>-</b>	<b>1,425,098,154</b>

### 13.1 Non current portion

Dutch-Bangla Bank Ltd.

-	448,949,104
<b>-</b>	<b>448,949,104</b>





### 13.2 Current portion

Dhaka Bank Limited  
Dutch-Bangla Bank Ltd.

Note(s)

As at 30 June 2016 Taka	As at 31 December 2014 Taka
-	660,425,548
-	315,723,502
-	<b>976,149,050</b>

The company repaid all the outstanding long term loans on 30 March 2016.

#### 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.

- 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.
- Tenure: For IPFF Door -to-Door 120 months (10 years) from the date of disbursement.
- Repayment: For IPFF- 34 equal quarterly instalments and for non-IPFF- 21 equal instalments.
- Purpose: To pay off the Syndicated Term Loan arranged by SCB and IDLC.
- Security: Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture and equipment on first ranking pair 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.

- 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.
- Tenure: For IPFF Door - to - Door 120 months (10 years) from the date of 1st disbursement.
- Repayment: 28 equal quarterly instalments.
- Purpose: To implement the CEPZ power project.
- Security: Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture, fixture and equipment on first ranking pair passu basis creating present and future charge with the RJSC.

### 14 Redeemable Preference Share capital @ 11%

Opening Balance  
Issued during the year  
Repayment during the year  
Balance as at 31 December

-	2,000,000,000
-	-
-	(808,000,000)
-	<b>1,192,000,000</b>

14.1 Non-current portion  
Current portion

-	-
-	1,192,000,000
-	<b>1,192,000,000</b>

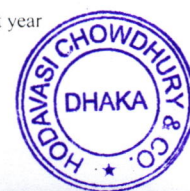
As per declaration to prospectus by UPGDCL, IPO proceeds were utilized for full redemption of redeemable cumulative preference shares in the year 2015.

Shareholding position of 11% redeemable preference shares :

Name of the shareholders	2016		2014	
	No. of Shares	Face Value	No. of Shares	Face Value
Eastern Bank Ltd.	-	-	-	-
Pubali bank Ltd.	-	-	40,000,000	400,000,000
Delta Brac Housing Finance Ltd.	-	-	7,200,000	72,000,000
Trust Bank Ltd.	-	-	16,000,000	160,000,000
The City Bank Ltd.	-	-	24,000,000	240,000,000
Jamuna Bank Ltd.	-	-	16,000,000	160,000,000
Standard bank Ltd.	-	-	16,000,000	160,000,000
<b>Total</b>	-	-	<b>119,200,000</b>	<b>1,192,000,000</b>

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 make 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 instalments commencing from 4th quarter of 1st year
- Participation fee is 0.80% (upfront).



Note(s)	As at 30 June 2016 Taka	As at 31 December 2014 Taka
<b>15 Inter company Loan Payable</b>		
United Ashuganj Power Limited	385,000,000	-
Shajahanullah Power Generation Company Limited	75,000,000	-
	<b>460,000,000</b>	-
<b>16 Account payables</b>		
Gas bill for DEPZ - Titas Gas Transmission & Distribution Company Ltd.	32,500,000	34,496,017
Gas bill for CEPZ - Karnaphuli Gas Distribution Company Ltd.	59,545,455	65,574,503
	<b>92,045,455</b>	<b>100,070,520</b>
<b>17 Other payables</b>		
Operation & Maintenance expense	600,000	2,802,697
Service charge on gas bill	5,954,544	6,557,450
VAT payable	10,332,911	1,734,283
Provision for Expenses	1,880,003	-
Directors Remuneration	1,250,000	1,250,000
Audit fees	243,750	299,000
Security expenses	-	195,790
Security Money Received	700,000	756,904
TDS payable	517,403	390,000
C&F Bill	380,000	642,367
Utility bill	87,528	127,500
Medical expenses	24,000	13,755
Welfare fund	16,000	15,593
	<b>21,986,139</b>	<b>14,785,339</b>
<b>17.1 Security Money Received</b>		
Lilac Fashion wear Ltd.	700,000	700,000
Delco Building Systems	-	56,904
	<b>700,000</b>	<b>756,904</b>
<b>17.2</b>		
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 during the year is "nil".		
<b>17.3</b>		
Security deposit received comprises of an amount equal to 2 months MMC (Monthly Minimum Charge) received from Lilac Fashion Wear Ltd.		
<b>18 Provision for taxation</b>		
Opening balance	45,820,721	12,094,683
Adjustment during the year	(45,820,721)	141,132
Addition during the year	-	45,820,721
Paid during the year	-	(12,235,815)
	<b>-</b>	<b>45,820,721</b>
<b>18.1</b>		
The provision for income tax had been made shortfall in 2013 Tk. 141,132, subsequently provision had been made in 2014 by prior year adjustment.		
<b>18.2</b>		
No provision is required for income tax on the company's 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. Such exemption of Dhaka EPZ Power Plant will expire on 2023 and Chittagong EPZ Power Plant on 2024. So tax provision is not required to be maintained by the Company. For that last year provision for income tax Tk. 45,820,721 has been prospectively recognized in the statement of profit or loss and other comprehensive income as per BAS 8, para-34 & 36.		





	<u>Note(s)</u>	1 January 2015 to 30 June 2016 (18Months) Taka	1 July 2013 to 31 December 2014 (18Months) Taka
<b>19 Revenue</b>			
From power supply	19.1	7,887,591,158	6,251,758,257
From steam supply	19.2	13,778,364	2,404,914
		<b>7,901,369,522</b>	<b>6,254,163,171</b>

**19.1 From power supply**

Chittagong Export Processing Zone (CEPZ)	2,472,839,756	2,135,396,388
Dhaka Export Processing Zone (DEPZ)	2,108,226,324	1,791,827,731
Rural Electrification Board (REB)	1,076,846,183	944,759,388
Bangladesh Power Development Board (BPDB)	746,293,258	796,116,819
Karnaphuli Export Processing Zone (KEPZ)	592,258,109	409,930,170
GMS Composite Knitting Ind. Ltd.	212,731,718	33,559,403
Square Textile Limited	207,985,456	36,388,211
Mega Yarn	132,087,759	-
Dhaka Thai Ltd	68,112,346	34,430,234
Rahimafrooz Accumulators Limited	56,829,893	12,184,942
Oli Knitting Fabrics Ltd.	41,927,535	43,882,863
Rahimafrooz Batteries Limited	25,834,876	161,401
Matin Spinning mills Ltd.	95,443,614	-
Atomic Energy Research Establishment (AERE)	13,842,694	5,097,100
Fountain Garments limited	16,486,800	-
Lilac Fashion	6,754,474	7,069,047
Ahad Fashion	5,662,460	954,559
Plastocats limited	872,344	-
Mashihata Sweaters ltd	6,555,559	-
	<b>7,887,591,158</b>	<b>6,251,758,257</b>

**19.2 From steam supply**

Gunze United Limited	13,778,364	2,404,914
	<b>13,778,364</b>	<b>2,404,914</b>

- a) Revenue includes 18 months from 1 January 2015 to 30 June 2016 for Dhaka EPZ power plant and Chittagong EPZ power Plant. During the period revenue increased of the company by Tk. 1,647,206,351/- as compared to the previous (18 months) due to the increasing production capacity and tariff enhancement. During the period the Company generated electricity totally 1,436,331,568 kwh (DEPZ power plant generated 749,354,680 kwh, CEPZ power plant generated 686,976,888 kwh)
- b) Out of total revenue of Dhaka EPZ power plant's contribution is Tk. 4,089,978,398/-, Chittagong EPZ power plant is Tk. 3,811,391,128/-.
- c) Moreover, of the total revenue of Dhaka EPZ power plant, Tk. 2,235,220,752/- comes from the expanded project. The expanded unit of Dhaka EPZ power plant came into operation in the year 2014.
- d) Similarly of the total revenue of Chittagong EPZ power plant, Tk. 1,482,207,660/- comes from the expanded unit. The expanded unit of Chittagong EPZ power plant came into operation in the year 2014.

**20 Cost of sales**

Fuel and energy	1,194,591,210	1,041,485,515
Operation and maintenance expenses	620,665,220	637,880,733
Depreciation expenses	503,218,696	394,986,096
Minimum load charge	88,959,769	94,634,261
Insurance premium	16,068,000	18,174,000
Security expenses	4,989,701	3,908,804
Entertainment	5,313,292	4,519,289
Traveling and conveyance	2,346,574	2,380,987
Land lease rent	3,208,363	2,660,394



	<u>Note(s)</u>	1 January 2015 to 30 June 2016 (18Months)	1 July 2013 to 31 December 2014 (18Months)
		Taka	Taka
Utility bill		1,343,327	1,127,134
License and other fees		1,196,133	2,924,145
Environmental expenses		401,370	744,000
Telephone, mobile, internet & dish line bill		702,300	619,578
Vehicle running and maintenance		461,219	845,409
Site office expenses		471,697	442,858
Fire fighting expenses		360,490	355,248
Printing and stationery		382,529	736,350
Beautification and gardening expenses		191,602	17,768
Newspaper, postage and courier		104,721	89,024
Computer maintenance		61,500	-
Liquidity damage charge		-	1,824,542
Rent, rates and taxes		-	2,454,365
Medical expenses		225,148	477,571
Discount on sales		-	2,652,442
		<b>2,445,262,861</b>	<b>2,215,940,513</b>
<b>20.1 Operation and maintenance expenses</b>			
Operational expenses		101,933,137	112,429,268
Stores and spares consumed		389,866,174	442,662,334
Repair and maintenance		128,865,909	82,789,131
		<b>620,665,220</b>	<b>1,074,968,356</b>
<b>21 Other operating income</b>			
Investment income	21.10	338,518,183	154,630,349
Interest income on IPO fund		67,173,464	-
Burn lube oil/use drum sales		4,512,136	6,695,280
Scrap Sale		515,620	513,524
		<b>410,719,403</b>	<b>161,839,153</b>
<b>21.1 Investment income</b>			
Interest income		124,322,366	11,360,285
Interest on Inter Company Loan		214,195,817	143,270,064
		<b>338,518,183</b>	<b>154,630,349</b>
<b>22 General and administrative expenses</b>			
<b>Personnel costs</b>			
Salary and bonus		-	9,084,480
Welfare and benefits		-	2,373,914
		-	<b>11,458,394</b>
IPO Expenses		33,014,114	-
Directors' remuneration		29,437,502	14,941,457
Office maintenance		16,245,000	-
Consultancy fees		10,157,500	15,145,500
CDBL & listing Fee		8,677,837	-
Advertisement		7,626,588	1,230,000
AGM Expenses		4,133,712	-
Underwriter Commission		4,098,600	-
BSEC Consent fee		3,564,000	-
Depreciation on property, plant & equipment	4	5,083,018	3,989,759
Vehicle running expenses		2,965,111	5,326,301
EGM Expenses		1,887,386	-





	<u>Note(s)</u>	<b>1 January 2015 to 30 June 2016 (18Months)</b>	<b>1 July 2013 to 31 December 2014 (18Months)</b>
		<b>Taka</b>	<b>Taka</b>
Office rent		1,962,000	19,620,000
Entertainment		1,773,704	1,260,691
Auditor's fee	22.1	1,562,063	1,282,250
Printing and stationery		1,307,204	1,866,307
Tax expense		1,185,000	-
Bidding fees		1,000,000	-
Traveling and conveyance		1,184,895	2,683,470
Bank charge and commission		883,254	4,776,834
Postage, telephone and telex		669,912	194,726
Gift and complements		944,164	95,000
Office expenses		365,750	124,014
Board meeting fees		437,500	-
Legal fees		379,000	2,121,675
Trade licence & Others		228,785	4,255
RJSC		38,900	717,366
Newspaper bill		10,342	23,420
Medical expenses		8,200	151,020
Computer maintenance		-	5,730
Overseas Travelling		-	1,055,394
Other administrative expenses		-	27,500
Loss on disposal of fixed assets		-	13,229,843
Fine, Membership Fees and others		-	400,000
		<b>140,831,041</b>	<b>101,730,905</b>
<b>22.1 The break up of auditor's fee are as below:</b>			
Statutory audit		568,750	575,000
Certification fees of use of proceed of IPO		40,250	172,500
Professional Fee		953,063	-
Custom, Credit rating & various certification for IPO		-	534,750
		<b>1,562,063</b>	<b>1,282,250</b>
<b>23 Finance cost</b>			
Interest on long term loan	23.1	107,735,118	418,861,523
Interest on overdraft	23.2	1,528,369	14,189,350
Preference share Dividend	23.3	56,399,561	185,571,507
Preference share Settlement fees		6,324	-
Preference share agency fees		-	3,902,180
Preference share participation fees		-	18,400,000
Term Loan agency fees		-	2,196,250
		<b>165,669,372</b>	<b>643,120,809</b>
<b>23.1 Interest on long term loan</b>			
Dhaka Bank Limited		43,075,357	163,444,735
Dutch Bangla Bank Limited		64,659,761	178,360,178
Trust Bank Ltd.		-	77,056,609
		<b>107,735,118</b>	<b>418,861,523</b>
<b>23.2 Interest on overdraft</b>			
Dhaka Bank Limited		1,528,369	14,189,350
		<b>1,528,369</b>	<b>14,189,350</b>



**23.3 Preference share Dividend**

Eastern Bank Ltd.  
Pubali bank Ltd.  
Delta Brac Housing Finance Ltd.  
Trust Bank Ltd.  
The City Bank Ltd.  
Jamuna Bank Ltd.  
Standard bank Ltd.

Note(s)

1 January 2015 to 30 June 2016 (18Months)	1 July 2013 to 31 December 2014 (18Months)
Taka	Taka
-	21,671,507
18,926,028	55,000,000
3,406,685	9,900,000
7,570,410	22,000,000
11,355,618	33,000,000
7,570,410	22,000,000
7,570,410	22,000,000
<b>56,399,561</b>	<b>185,571,507</b>

**24 Income tax expenses**

45,820,721	(57,416,774)
<b>45,820,721</b>	<b>(57,416,774)</b>

No provision is required for income tax on the company's 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. Such exemption of Dhaka EPZ Power Plant will expire on 2023, Chittagong EPZ Power Plant on 2024. So tax provision is not required to be maintained by the Company. For that last year provision for income tax has been prospectively recognized in the statement of profit or loss and other comprehensive income as per IAS 8, para-34 & 36 which has now been reversed.

**25 Earnings per share**

**Basic EPS**

Net profit for the period  
Weighted average number of shares outstanding during the period

5,606,146,373	3,397,793,321
359,988,575	296,949,726
<b>15.57</b>	<b>11.44</b>

**Restated Earning Per Share**

Net profit for the period  
Weighted average number of shares outstanding during the period

5,606,146,373	3,397,793,321
359,988,575	329,944,699
<b>15.57</b>	<b>10.30</b>

**Weighted average number of shares outstanding during the period**

No. of Share outstanding at the beginning of the year  
No. of Share allotted through IPO on 19.02.2015

30-Jun-16	Restated 31-Dec-14
296,949,726	296,949,726
30,043,876	-
326,993,602	296,949,726

No. of Share allotted through stock dividend on 24.06.2015

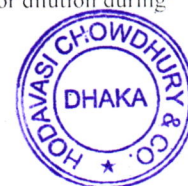
32,994,973	32,994,973
<b>359,988,575</b>	<b>329,944,699</b>

**Total Weighted average no. of share outstanding after dilution**

Since the stock/bonus issue is an issue without consideration, the issue has been treated as if the event had occurred at the beginning of the earliest period presented and adjusted retrospectively as per BAS 33 para 64.

**26 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 the period.





Note(s)

1 January 2015 to 30 June 2016 (18Months)	1 July 2013 to 31 December 2014 (18Months)
Taka	Taka

**27 Financial risk management**

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

- Credit 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.

**28 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.

**28.1 Exposure to credit risk**

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at

Account receivables	867,737,116	851,807,451
Inter-company receivables	2,002,238,953	1,562,043,136
Advances, deposits and prepayments	77,654,123	75,827,208
Cash and cash equivalents	609,628,757	266,872,319
	<b>3,557,258,949</b>	<b>2,756,550,114</b>



## 29 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. 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 amount</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>	<u>6 months or less</u> <u>Taka</u>	<u>6 - 12 months</u> <u>Taka</u>	<u>1 - 2 years</u> <u>Taka</u>	<u>More than 2 years</u> <u>Taka</u>
<b>30 June 2016</b>						
<b>Non-derivative financial liabilities:</b>						
Trade payable	92,045,455	92,045,455	92,045,455	-	-	-
Other payables and accrual	21,986,139	21,986,139	21,986,139	-	-	-
	<b>114,031,594</b>	<b>114,031,594</b>	<b>114,031,594</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2014</b>						
<b>Non-derivative financial liabilities:</b>						
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	-	-	-
	<b>2,777,774,735</b>	<b>2,777,774,735</b>	<b>2,262,677,165</b>	<b>66,148,466</b>	<b>203,628,638</b>	<b>245,320,466</b>
	<b>2,777,774,735</b>	<b>2,777,774,735</b>	<b>2,262,677,165</b>	<b>66,148,466</b>	<b>203,628,638</b>	<b>245,320,466</b>

## 30 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.

### 30.1 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.

## 31 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.





### 32 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., Pioneer Insurance Company Limited and Pragati Insurance company Limited to compensate for all the potential damages caused in such situations.

### 33 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 Titas Gas Transmission & Distribution Company Limited for Dhaka EPZ power plant, Bakhrabad Gas system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. for Chittagong EPZ power plant 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.



### 34 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 30 June 2016

	Carrying amount							
	Note(s)	Held for trading	Designated at fair value	Fair value hedging	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Account receivables	6	-	-	-	-	867,737,116	-	-
Inter company receivables	7	-	-	-	-	2,002,238,953	-	-
Advances, deposits and prepayment	8	-	-	-	-	77,654,123	-	-
Cash at bank	9	-	-	-	-	609,628,757	-	-
		-	-	-	-	3,557,258,949	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Account payables	16	-	-	-	-	-	-	92,045,455
Account payables and accrual	17	-	-	-	-	-	-	21,986,139
Long term loan	13	-	-	-	-	-	-	-
		-	-	-	-	-	-	114,031,594

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
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Account receivables	6	-	-	-	-	851,807,451	-	-
Inter company receivables	7	-	-	-	-	1,562,043,136	-	-
Advance, deposits and prepayment	8	-	-	-	-	75,827,208	-	-
Cash at bank	9	-	-	-	-	266,872,319	-	-
		-	-	-	-	2,756,550,114	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Account payables	16	-	-	-	-	-	-	100,070,520
Account payables	17	-	-	-	-	-	-	14,785,339
Redeemable preference shares	14	-	-	-	-	-	-	1,192,000,000
Long term loan	13	-	-	-	-	-	-	1,425,098,154
Provision for taxation	18	-	-	-	-	-	-	57,416,774
		-	-	-	-	-	-	2,789,370,788





### 35 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.	1,350	-	50	30	-	80
Dhaka Bank Ltd.	1,150	-	350	300	300	50
Jamuna Bank Ltd.	-	-	250	200	50	300
<b>Total</b>	<b>2,500</b>	<b>-</b>	<b>650</b>	<b>530</b>	<b>350</b>	<b>430</b>

### 36 Expenditure in equivalent foreign currency

Foreign travel for Company's business purpose

30-Jun-16

Taka

31-Dec-14

Taka

1,000,000	-
<b>1,000,000</b>	<b>-</b>

### 37 Contingent assets

The company has raised a claim against BEPZA for losses incurred to it (UPGD) as BEPZA provided vacant possession of land and gas connection in delayed which in turn delayed commercial operation (by 234 days) and the following amount is ordered by **Excerpt of the Award of Arbitration BEPZA vs UPGD** to pay to UPGD. The order is made, declared and signed by three arbitrators (one has been appointed by UPGD, one has been BEPZA and another by Government) dated 1st March 2015.

Particulars	30-Jun-16	31-Dec-14
Service charge deducted by BEPZA ordered to return to UPGD	18,733,918	-
Loss of warranty	17,424,510	17,424,510
Loss of profit	-	200,288,084
Loss of interest and charges	-	156,473,346
Loss of overhead expenses	-	14,335,221
	<b>36,158,428</b>	<b>371,096,651</b>

### 38 Contingent liabilities and commitments

#### i) Contingent liabilities

a) Bank Guarantees issued by Shahjalal Islami Bank Ltd. with 5% margin in favour of Bangladesh Export Processing Zone (BEPZA).

b) Bank Guarantees issued by Trust Bank Ltd. with Nil margin in favour of Titas Gas Transmission and Distribution Company

#### ii) Financial Commitments

Confirmed irrevocable letters of credits

117,000,000	117,000,000
78,790,400	78,790,400
77,024,851	53,996,728
<b>272,815,251</b>	<b>249,787,128</b>



39 Transactions with key management personnel  
Employee benefits

30-Jun-16 Taka	31-Dec-14 Taka
18,106,251	13,848,600
<b>18,106,251</b>	<b>13,848,600</b>

40 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 period			Figures in Taka	
			Opening balance as on 01.01.2015	Addition	Adjustment	30-Jun-16 Dr./(Cr.)	31-Dec-14 Dr./(Cr.)
United Enterprises & Co Ltd.	Parent Company	Loan	1,562,043,136	2,435,195,817	1,995,000,000	2,002,238,953	1,562,043,136
Gunze United Limited	Sister concern	Power sales	1,630,234	9,277,136	9,813,684	1,093,686	-
United Engineering & Power Services Ltd.	Sister concern	Operations & Maintenance	(2,802,697)	67,868,304	65,065,607	-	(2,802,697)

41 Capacity and Production

41.1 Own Manufacture

Name of the Plant	Installed capacity (kwh)	Actual Production (kwh)		Capacity utilization (%)	
		30-Jun-16	31-Dec-14	30-Jun-16	31-Dec-14
Dhaka EPZ power plant	1,032,000,000	749,354,680	578,349,324	73%	69%
Chittagong EPZ power plant	864,000,000	686,976,888	645,574,988	80%	86%
<b>Total</b>	<b>1,896,000,000</b>	<b>1,436,331,568</b>	<b>1,223,924,312</b>		

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

42 Interim Dividend:

The Board of Directors of United Power Generation and Distribution Company Limited (UPGDCL) in its meeting held on 27th April 2016 approved 80% cash dividend (BDT Tk. 8 per share of Tk. 10 each) as interim dividend which has already been paid.

43 Events after reporting date

43.1 Proposal of dividend

The Board of Directors of United Power Generation and Distribution Company Limited (UPGDCL) in its 74th meeting held on 19 September 2016 has approved the financial statements of the company for the period of **18 months ended 30 June 2016**. The Board of Directors also recommended final cash dividend @ 45% (BDT 4.50 per share of Tk. 10 each) for the shareholders for the period of 18 months. With this payment of final dividend the total dividend for the 18 months period is BDT 12.50 per share of Tk.10 each.

The proposed final dividend is not recognized at the statement of financial position in accordance with BAS 10: Events after the Reporting Period.

44 General


i) Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation as per BAS-1: Presentation of Financial Statements

ii) All financial information presented in Taka (BDT/Tk). has been rounded off to the nearest Taka (BDT/Tk).

  
Company Secretary

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairman

