

**United Power Generation &  
Distribution Company Ltd.**

Un-audited Consolidated financial statements  
as at and for the 1st Quarter ended 30 September 2019

**United Power Generation & Distribution Company Ltd.**  
**Un-audited Consolidated statement of financial position**

<i>In Taka</i>	<i>Note</i>	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
<b>Assets</b>					
Property, plant and equipment	5	19,918,026,101	8,186,288,249	20,242,083,450	8,272,063,545
Capital Work In Progress (CWIP)	6	1,351,083,660			
Investment in subsidiary	8	-	3,297,000	-	297,000
Prepaid lease rent	7	199,341,333	-	199,341,333	
<b>Non-current assets</b>		<b>21,468,451,094</b>	<b>8,189,585,249</b>	<b>20,441,424,783</b>	<b>8,272,360,545</b>
<b>Current assets</b>					
Inventories	9	1,511,902,226	639,365,853	1,096,323,223	493,397,340
Trade and other receivables	10	2,764,219,734	1,303,081,063	2,769,811,250	1,188,525,256
Receivable from related party	11	10,966,033,867	7,768,240,299	14,060,279,622	6,536,945,438
Advances, deposits and prepayments	12	303,882,752	71,356,564	238,254,531	72,495,919
Investment in marketable securities	13	126,872,487	126,872,487	126,872,487	126,872,487
Cash and cash equivalents	14	1,354,181,569	1,029,700,098	3,299,042,119	1,009,871,492
<b>Current assets</b>		<b>17,027,092,635</b>	<b>10,938,616,364</b>	<b>21,590,583,232</b>	<b>9,428,107,932</b>
<b>Total assets</b>		<b>38,495,543,729</b>	<b>19,128,201,613</b>	<b>42,032,008,015</b>	<b>17,700,468,477</b>
<b>Equity</b>					
Share capital	15	4,790,870,000	4,790,870,000	4,790,870,000	4,790,870,000
Share premium	16	2,046,000,000	2,046,000,000	2,046,000,000	2,046,000,000
Revaluation reserve	17	57,963,277	-	58,131,275	-
Retained earnings	18	24,319,298,740	11,909,109,397	22,704,577,678	10,664,437,759
<b>Equity attributable to the owners of the Company</b>		<b>31,214,132,017</b>	<b>18,745,979,397</b>	<b>29,599,578,953</b>	<b>17,501,307,759</b>
Non-controlling interests	19	434,002,123	-	488,158,794	-
<b>Total equity</b>		<b>31,648,134,140</b>	<b>18,745,979,397</b>	<b>30,087,737,747</b>	<b>17,501,307,759</b>
<b>Liabilities</b>					
Borrowings	20	3,908,131,854	-	7,061,776,681	-
Security money received	21	700,000	700,000	700,000	700,000
<b>Non-current liabilities</b>		<b>3,908,831,854</b>	<b>700,000</b>	<b>7,062,476,681</b>	<b>700,000</b>
<b>Current liabilities</b>					
Trade and other payables	22	1,814,801,807	333,523,910	298,470,517	149,552,121
Accrued expenses	23	26,107,775	19,992,471	66,930,430	22,867,066
Borrowings	20	340,569,514	-	1,071,451,367	-
Payable to related party	24	572,844,263	28,005,835	3,260,790,726	26,041,531
Provision for income tax	25	184,254,376	-	184,150,547	-
<b>Current liabilities</b>		<b>2,938,577,735</b>	<b>381,522,216</b>	<b>4,881,793,587</b>	<b>198,460,718</b>
<b>Total liabilities</b>		<b>6,847,409,589</b>	<b>382,222,216</b>	<b>11,944,270,268</b>	<b>199,160,718</b>
<b>Total equity and liabilities</b>		<b>38,495,543,729</b>	<b>19,128,201,613</b>	<b>42,032,008,015</b>	<b>17,700,468,477</b>

The annexed notes 1 to 51 form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairman

**United Power Generation & Distribution Company Ltd.**  
**Un-audited Consolidated statement of profit or loss and other comprehensive income**

In Taka	Note	For the 1st quarter ended			
		July 2019 to September 2019		July 2018 to September 2018	
		Consolidated	Separate	Consolidated	Separate
Revenue	26	2,765,041,135	1,681,207,898	2,922,089,031	1,687,478,716
Cost of sales	27	(1,127,240,324)	(598,283,581)	(1,127,284,232)	(623,727,188)
<b>Gross profit</b>		<b>1,637,800,811</b>	<b>1,082,924,317</b>	<b>1,794,804,799</b>	<b>1,063,751,528</b>
General and administrative expenses	28	(15,218,882)	(13,171,672)	(19,126,870)	(10,136,141)
Other income	29	3,655,580	3,637,310	7,548,903	6,497,768
<b>Operating profit</b>		<b>1,626,237,509</b>	<b>1,073,389,955</b>	<b>1,783,226,832</b>	<b>1,060,113,155</b>
Finance income	30	171,560,067	171,281,683	131,289,808	130,380,730
Foreign exchange gain/(loss)	31	(16,053,602)	-	(1,241,171)	-
Finance expense	32	(134,060,552)	-	(98,927,635)	-
<b>Profit before tax</b>		<b>1,647,683,422</b>	<b>1,244,671,638</b>	<b>1,814,347,834</b>	<b>1,190,493,885</b>
Income tax expense	25	(103,829)	-	(36,692)	-
<b>Profit</b>		<b>1,647,579,593</b>	<b>1,244,671,638</b>	<b>1,814,311,142</b>	<b>1,190,493,885</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>1,647,579,593</b>	<b>1,244,671,638</b>	<b>1,814,311,142</b>	<b>1,190,493,885</b>

**Total comprehensive income attributable to:**

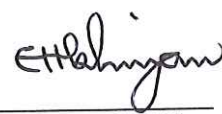
Owners of the Company		1,614,553,064		1,775,686,665	-
Non-controlling interests	19	33,026,529		38,624,477	-
<b>Total comprehensive income</b>		<b>1,647,579,593</b>	<b>-</b>	<b>1,814,311,142</b>	<b>-</b>

Earnings per share (Basic)	33.1	3.37	2.60	3.71	2.48
Earnings per share (Restated)	33.2	3.06	2.36	3.37	2.26

The annexed notes 1 to 51 form an integral part of these financial statements.

  
 Company Secretary

  
 Managing Director

  
 Chief Financial Officer

  
 Director

  
 Chairman



**United Power Generation & Distribution Company Ltd.**  
**Un-audited 1st quarter Consolidated statement of changes in equity**

In Taka	Attributable to the owners of the Company					Minority Interest	Total
	Share capital	Share premium	Retained earnings	Revaluation reserve			
<b>Balance at 1 July 2019</b>	<b>4,790,870,000</b>	<b>2,046,000,000</b>	<b>22,704,577,678</b>	<b>58,131,275</b>		<b>488,158,794</b>	<b>30,087,737,747</b>
Profit for the period	-	-	1,614,553,064	-		33,026,529	1,647,579,593
Share capital addition during the period	-	-	-	-		1,000,000	1,000,000
Depreciation on revalued assets	-	-	167,998	(167,998)		-	-
Dividend paid to subsidiary	-	-	-	-		(88,183,200)	(88,183,200)
<b>Balance at 30 September 2019</b>	<b>4,790,870,000</b>	<b>2,046,000,000</b>	<b>24,319,298,740</b>	<b>57,963,277</b>		<b>434,002,123</b>	<b>31,648,134,140</b>


  

In Taka	Attributable to the owners of the Company					Minority Interest	Total
	Share capital	Share premium	Retained earnings	Revaluation reserve			
<b>Restated balance at 1 July 2018</b>	<b>3,992,391,670</b>	<b>2,046,000,000</b>	<b>20,174,102,182</b>	<b>58,803,268</b>		<b>401,910,337</b>	<b>26,673,207,457</b>
Profit for the period	-	-	1,775,686,665	-		38,624,477	1,814,311,143
Depreciation on revalued assets	-	-	167,998	(167,998)		-	-
Dividend paid to subsidiary	-	-	-	-		(56,254,800)	(56,254,800)
Merger reserve	-	-	(297,000)	-		-	(297,000)
Adjustment of gain on disposal from sale of su	-	-	(782,885,496)	-		(7,907,934)	(790,793,430)
<b>Balance at 30 September 2018</b>	<b>3,992,391,670</b>	<b>2,046,000,000</b>	<b>21,166,774,349</b>	<b>58,635,270</b>		<b>376,372,080</b>	<b>27,640,173,369</b>

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 Company Secretary

  
 Chief Financial Officer

  
 Director

  
 Managing Director

  
 Chairman



**United Power Generation & Distribution Company Ltd.**  
**Un-audited Statement of changes in equity**

<i>In Taka</i>	For the 1st Quarter ended 30 September 2019			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2019	4,790,870,000	2,046,000,000	10,664,437,759	17,501,307,759
Profit for the period	-	-	1,244,671,638	1,244,671,638
Other comprehensive income	-	-	-	-
<b>Balance at 30 September 2019</b>	<b>4,790,870,000</b>	<b>2,046,000,000</b>	<b>11,909,109,397</b>	<b>18,745,979,397</b>

<i>In Taka</i>	For the 1st Quarter ended 30 September 2018			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2018	3,992,391,670	2,046,000,000	10,252,390,068	16,290,781,738
Profit for the period	-	-	1,190,493,885	1,190,493,885
<b>Balance at 30 September 2018</b>	<b>3,992,391,670</b>	<b>2,046,000,000</b>	<b>11,442,883,953</b>	<b>17,481,275,623</b>

*The annexed notes 1 to 51 form an integral part of these financial statements.*

  
 Company Secretary

  
 Chief Financial Officer

  
 Director

  
 Managing Director

  
 Chairman

**United Power Generation & Distribution Company Ltd.**  
**Un-audited 1st Quarter Consolidated statement of cash flows**

<i>In Taka</i>	For the 1st quarter ended			
	July 19 to September 2019		July 18 to September 2018	
	Consolidated	Separate	Consolidated	Separate
<b>Cash flows from operating activities</b>				
Cash received from customers	2,769,745,380	1,565,515,764	2,316,609,938	1,445,105,829
Cash received from other sources	5,070,291	4,773,637	10,682,992	8,333,400
Cash paid to suppliers and others	(728,799,136)	(485,550,788)	(800,937,996)	(481,268,568)
Tax paid	(1,799,481)	-	(1,130,558)	(48,000)
Financial charges paid	(134,060,552)	-	(98,927,635)	-
<b>Net cash generated from operating activities</b>	<b>1,910,156,502</b>	<b>1,084,738,613</b>	<b>1,426,296,742</b>	<b>972,122,661</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(186,796,952)	(4,850,404)	(14,620,990)	(14,423,322)
Cash received/(paid) for related party loan	209,517,340	(1,060,013,178)	254,461,259	291,499,999
<b>Net cash generated from/(used in) investing activities</b>	<b>22,720,388</b>	<b>(1,064,863,582)</b>	<b>239,840,269</b>	<b>277,076,677</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(46,425)	(46,425)	(120,012)	(120,012)
Long term loan paid	(3,900,829,339)	-	(260,909,447)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(3,900,875,763)</b>	<b>(46,425)</b>	<b>(261,029,459)</b>	<b>(120,012)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,967,998,873)</b>	<b>19,828,606</b>	<b>1,405,107,552</b>	<b>1,249,079,326</b>
Opening cash and cash equivalents	3,322,180,442	1,009,871,492	2,297,488,160	127,888,1647
<b>Cash and cash equivalents as at 30 September</b>	<b>1,354,181,569</b>	<b>1,029,700,098</b>	<b>3,702,595,711</b>	<b>2,527,960,973</b>

*The annexed notes 1 to 51 form an integral part of these financial statements.*

  
 Company Secretary

  
 Chief Financial Officer

  
 Director

  
 Managing Director

  
 Chairman

## Notes to the un-audited consolidated financial statements

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### 1 Reporting entity

#### 1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as "the Company"), a public limited company, was incorporated in Bangladesh on 15 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, 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 on 22 December 2010.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chattogram Stock Exchange Limited (CSE).

#### 1.2 Investment in subsidiaries

The un-audited consolidated financial statements of the Group as at and for the period ended 30 September 2019 comprise the un-audited financial statements of the Company and those of its subsidiaries (together referred to as "the Group").

##### Subsidiaries

Subsidiaries are the entities controlled by the Company. The Company controls an entity when it has power over the entity and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary companies are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The following are the subsidiaries controlled by the Company:

##### 1.2.1 United Energy Ltd.

United Energy Ltd. (UEL), (formerly Shajahanullah Power Generation Company Limited) is a public limited company incorporated in Bangladesh. The authorised capital of UEL is Tk. 100,000,000 divided into 10,000,000 ordinary shares of Tk. 10 each. UEL developed a power plant of 28 MW capacity at Sylhet in order to produce and supply electricity. The plant came into commercial operational on 21 October 2013.

UEL also acquired a power plant of 53 MW capacity through amalgamation with United Ashuganj Power Limited (UAPL) from 1 July 2016 in order to produce and supply electricity.

On 22 June 2019, the Contract for Supply of Electricity on Rental Basis between Bangladesh Power Development Board (BPDB) and United Energy Ltd relating to its 53 MW plant expired. Prior to the expiry, on 4 August 2018 the Company filed an application with BPDB for a 5 year extension of the contract.

Negotiations for extension of the contract with BPDB are under process and management believes that BPDB will agree to the extension. No electricity is being demanded from the plant by BPDB in the meantime. Necessary market disclosures in this regard were given by the Company on 23 June 2019.

##### 1.2.2 United Ashuganj Energy Ltd.

United Ashuganj Energy Ltd. (UAEL) was incorporated in Bangladesh as a private company limited by shares under Companies Act (Act XVIII) 1994 on 30 January 2013. The authorised share capital of UAEL is Tk. 5,000,000,000 only divided into 500,000,000 ordinary shares of Tk. 10 each.

The principal activity of UAEL is power generation and sale of such power to Bangladesh Power Development Board (BPDB). UAEL is a gas fired power plant with a capacity of 195 MW (net) located at Ashuganj, Brahmanbaria which started its commercial operation on 8 May 2015.

##### 1.2.3 Leviathan Global BD Ltd.

Leviathan Global BD Ltd. (LGBDL) is a public limited company, was incorporated in Bangladesh on 23 May 2018 under the Companies Act (#18) 1994 under registration no. C-145026/2018. The authorised share capital of LGBDL is Tk. 1,000,000,000 only divided into 100,000,000 ordinary shares of Tk. 10 each.

Leviathan Global BD Ltd. is a 50 MW IPP gas-fired power plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL respectively. The plant is located at Karnaphuli Export Processing Zone (KEPZ) in Chattogram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

Details of holding structure in subsidiaries are described in Note 49A.



### 1.3 Expiry of Contract for Supply of Electricity on Rental Basis

On 22 June 2019, the Contract for Supply of Electricity on Rental Basis between Bangladesh Power Development Board (BPDB) and United Energy Ltd relating to its 53 MW plant expired. Prior to the expiry, on 4 August 2018 the Company filed an application with BPDB for a 5 year extension of the contract.

Negotiations for extension of the contract with BPDB are under process and management believes that BPDB will agree to the extension. No electricity is being demanded from the plant by BPDB in the meantime. Necessary market disclosures in this regard were given by the Company on 23 June 2019.

### 1.4 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 86 MW capacity and Chattogram Export Processing Zone (CEPZ) with 72 MW capacity and to sell electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also supplying electricity to Dhaka PBS-1 of Bangladesh Rural Electrification Board (BREB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other private sector companies.

### 1.5 Power plant

The natural gas fired power plants of Dhaka EPZ and Chattogram EPZ consist of Wartsila, Rolls Royce and MTU engine generators with 30 years expected useful life, which forms the major part of the power generation companies.

DEPZ power plant came into commercial operation on 26 December 2008 with a capacity of 41 MW at DEPZ premises. In 2013, the Company increased its capacity from 41 MW to 86 MW and installed 2 heat recovery boilers to produce 8 ton/h of steam for sale to other customers. At DEPZ, there are four gas fired engines with a capacity of 8.73 MW each, five gas fired engines with a capacity of 9.34 MW each and two gas fired engines with a capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with a capacity of 44 MW at CEPZ premises. In 2013, the Company increased its capacity from 44 MW to 72 MW and installed 3 heat recovery boilers to produce 12 ton/h of steam for sale to other customers. At CEPZ, there are five gas fired engines with a capacity of 8.73 MW each and three gas fired engines with a capacity of 9.34 MW each.

The principal activity of the Group is to generate and supply electricity. Operational details of the Group are as follows:

Name of entity	Location	Plant capacity (MW)	Operation starting date	End of contract year
United Power Generation & Distribution Company	DEPZ	86	26 December 2008	2038
	CEPZ	72	12 August 2009	2039
United Energy Ltd	Ashuganj	53	22 June 2011	Expired. Negotiation in progress
	Sylhet	28	21 October 2013	8 May 2043
United Ashuganj Energy Ltd	Ashuganj	195	8 May 2015	7 May 2030
Leviathan Global BD Ltd.	KEPZ	50	-	19 August 2048

## 2 Basis of accounting

### 2.1 Statement of compliance

The un-audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Details of the Group's accounting policies are included in Note 49.

### 2.2 Date of authorisation

The un-audited consolidated financial statements were authorised for issue by the Board of Directors on 13 November 2019.

### 2.3 Reporting period

The current financial period of the Group covers 1st quarter from 1 July 2019 to 30 September 2019.

### 3 Functional and presentation currency

These un-audited consolidated financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and presentation currency of the Group. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

### 4 Use of estimates and judgments

In preparing these un-audited consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

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

#### 4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5 and 49B	Property, plant and equipment
Note 9 and 49C	Inventories
Note 10 and 49D	Trade and other receivables
Note 25 and 49J	Provision for income tax
Note 40, 42, and 49H	Contingent assets and Contingent liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liabilities that are not based on observable market data

The Group, on regular basis, reviews the inputs and valuation judgements used in measurement of fair value and recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

#### 4.2 Changes in significant accounting policies

The Group has applied IFRS 15: *Revenue from Contracts with Customers* and IFRS 9: *Financial Instruments* from 1 July 2018.

##### IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It replaces IAS 18: *Revenue*, IAS 11: *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement. However, adoption of IFRS 15 does not have any significant impact in recognition of revenue for the Group.

##### IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. However, adoption of IFRS 9 does not have any significant impact on the financial statements of the Group.

Other new standards that are also effective from 1 January 2018 do not have a material impact on these financial statements either.



**Notes to the un-audited consolidated financial statements (Continued)**

**5 Property, plant and equipment**

See accounting policy in Note 49B

**Reconciliation of carrying amount**

<i>In Taka</i>	Plant and machinery	Gas line	Building and civil construction	Land and development	Office equipment	Furniture and fixture	Motor vehicle	Total
<b>Cost</b>								
Restated balance at 1 July 2018	26,581,232,847	480,308,057	750,790,250	279,952,125	15,767,833	11,332,831	93,288,715	28,212,672,657
Additions	87,403,720	1,997,455	239,820	-	365,344	726,571	2,230,000	92,962,910
Disposals/transfers	(7,419,563)	-	-	-	-	-	-	(7,419,563)
Balance at 30 June 2019	26,661,217,004	482,305,512	751,030,070	279,952,125	16,133,177	12,059,402	95,518,715	28,298,216,004
<b>Balance at 1 July 2019</b>	26,661,217,004	482,305,512	751,030,070	279,952,125	16,133,177	12,059,402	95,518,715	28,298,216,004
Additions	4,699,308	-	-	-	151,096	-	-	4,850,404
Disposals/transfers	-	-	-	-	-	-	-	-
Balance at 30 September 2019	26,665,916,312	482,305,512	751,030,070	279,952,125	16,284,273	12,059,402	95,518,715	28,303,066,408
<b>Accumulated depreciation</b>								
Balance at 1 July 2018	6,303,285,266	107,255,311	184,956,756	108,239,599	11,805,067	4,805,308	22,849,593	6,743,196,899
Depreciation for the year	1,235,795,512	14,796,757	40,607,337	9,387,678	1,855,077	1,169,711	9,344,171	1,312,956,244
Adjustment for disposal/transfers	(20,589)	-	-	-	-	-	-	(20,589)
Balance at 30 June 2019	7,539,060,188	122,052,068	225,564,093	117,627,277	13,660,144	5,975,019	32,193,764	8,056,132,554
<b>Balance at 1 July 2019</b>	7,539,060,188	122,052,068	225,564,093	117,627,277	13,660,144	5,975,019	32,193,764	8,056,132,554
Depreciation for the period	309,411,363	3,705,016	10,153,665	2,346,918	601,338	301,485	2,387,969	328,907,753
Adjustment for disposal/transfers	-	-	-	-	-	-	-	-
Balance at 30 September 2019	7,848,471,551	125,757,084	235,717,758	119,974,195	14,261,482	6,276,503	34,581,733	8,385,040,307
<b>Carrying amounts</b>								
Balance at 30 June 2019	19,122,156,815	360,253,444	525,465,977	162,324,847	2,473,033	6,084,383	63,324,951	20,242,083,450
Balance at 30 September 2019	18,817,444,760	356,548,428	515,312,312	159,977,929	2,022,791	5,782,899	60,936,982	19,918,026,101
<b>Allocation of depreciation</b>								
<i>In Taka</i>					Note		30 september 2019	30 september 2018
Cost of sales					27		326,816,174	287,613,096
General and administrative expenses					28		2,091,579	1,690,306
							328,907,753	289,303,402



## Notes to the un-audited financial statements (Continued)

### 5.1 Property, plant and equipment See accounting policy in Note 49B (Separate)

#### Reconciliation of carrying amount

<i>In Taka</i>	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
<b>Cost</b>						
Balance at 1 July 2018	10,344,267,136	350,878,647	11,160,409	2,622,563	60,263,836	10,769,192,591
Additions	84,285,220	1,997,455	123,950	456,657	2,230,000	89,093,282
Disposals/transfers	(7,419,563)	-	-	-	-	(7,419,563)
<b>Balance at 30 June 2019</b>	<b>10,421,132,793</b>	<b>352,876,102</b>	<b>11,284,359</b>	<b>3,079,219</b>	<b>62,493,836</b>	<b>10,850,866,310</b>
Balance at 1 July 2019	10,421,132,793	352,876,102	11,284,359	3,079,219	62,493,836	10,850,866,310
Additions	4,699,308		151,096			4,850,404
Disposals/transfers						-
<b>Balance at 30 September 2019</b>	<b>10,425,832,101</b>	<b>352,876,102</b>	<b>11,435,455</b>	<b>3,079,219</b>	<b>62,493,836</b>	<b>10,855,716,714</b>
<b>Accumulated depreciation</b>						
Balance at 1 July 2018	2,148,668,989	44,633,872	9,809,407	1,240,472	14,603,692	2,218,956,432
Depreciation during the period	345,345,751	7,034,218	1,168,387	276,882	6,041,683	359,866,921
Adjustment for disposals/transfers	(20,589)	-	-	-	-	(20,589)
<b>Balance at 30 June 2019</b>	<b>2,493,994,151</b>	<b>51,668,090</b>	<b>10,977,794</b>	<b>1,517,354</b>	<b>20,645,375</b>	<b>2,578,802,764</b>
Balance at 1 July 2019	2,493,994,151	51,668,090	10,977,794	1,517,354	20,645,375	2,578,802,764
Depreciation during the period	86,795,052	1,764,381	426,941	76,981	1,562,346	90,625,700
Adjustment for disposals/transfers						-
<b>Balance at 30 September 2019</b>	<b>2,580,789,203</b>	<b>53,432,471</b>	<b>11,404,735</b>	<b>1,594,335</b>	<b>22,207,721</b>	<b>2,669,428,464</b>
<b>Carrying amounts</b>						
At 30 June 2019	7,927,138,642	301,208,012	306,565	1,561,865	41,848,461	8,272,063,545
<b>At 30 September 2019</b>	<b>7,845,042,898</b>	<b>299,443,631</b>	<b>30,720</b>	<b>1,484,885</b>	<b>40,286,115</b>	<b>8,186,288,249</b>
<b>a) Allocation of depreciation</b>						
<i>In Taka</i>				Note	30-Sep-19	30-Sep-18
Cost of sales				22.1	89,719,443	89,048,961
General and administrative expenses				24	906,257	899,484
					<b>90,625,700</b>	<b>89,948,445</b>

### b) Basis of allocation 99% of total depreciation cost charged to cost of sales. Remaining 1% of total depreciation cost charged to the general and administrative expenses.

## Notes to the un-audited consolidated financial statements (Continued)

### 6 Capital Work In Progress (CWIP)

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Capital Machinery	1,313,795,168			
Gas Line	5,000,000			
Building and Civil construction	32,198,884			
Furniture and Fixture	89,607			
	1,351,083,660	-	-	-

### 7 Prepaid lease rent

See accounting policy in Note 49Q

<i>In Taka</i>	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Prepaid lease rent - non current		199,341,333		199,341,333	
Prepaid lease rent - current	12.3	15,204,001		20,272,000	
		214,545,334	-	219,613,333	-

A land lease agreement was signed between Ashuganj Power Station Company Ltd. (APSCCL) and United Ashuganj Energy Ltd. on 27 October 2013. The area of land is 6.48 acres and the value of the lease is Tk. 304,080,000. The lease rent is to be amortised over the period of the Power Purchase Agreement.

### 8 Investment in subsidiary

	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
United Energy Ltd	-	297,000		297,000
Leviathan Global BD Ltd.	-	3,000,000		
	-	3,297,000	-	297,000

On 13 November 2018, the Board of Directors of the Company resolved to acquire 99% ordinary shares of United Energy Ltd (UEL) at face value. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants, a 53 MW plant at Ashuganj and a 28 MW plant at Sylhet, respectively.

UEL also holds 92.41% ordinary shares of United Ashuganj Energy Ltd (UAEL), a power generation company established under Public Private Partnership (PPP). It operates a 195 MW plant located at Ashuganj, Brahmanbaria.

On 22 June 2019, the Board of Directors of UPGDCL resolved to acquire 75% shares (300,000 shares at face value of Tk. 10 each) of Leviathan Global BD Ltd. (LGBDL) from United Enterprises & Co. Ltd. (UECL). A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2019.

### 9 Inventories

See accounting policy in Note 49C

<i>In Taka</i>	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Spare parts	9.1	1,093,274,216	532,701,804	1,022,385,629	457,117,013
Lube oil and chemicals	9.2	33,175,837	8,654,510	38,646,977	8,619,479
Materials in transit		385,452,174	98,009,539	35,290,617	27,660,848
		1,511,902,226	639,365,853	1,096,323,223	493,397,340

#### Movement in inventories

#### 9.1 Spare parts

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Opening balance	1,022,385,629	457,117,013	1,142,628,560	626,739,151
Purchase during the year	178,648,621	159,839,150	699,106,414	416,862,665
Transfer during the year	1,091,509	1,091,509	(11,530,045)	(11,530,045)
Consumption during the year	(108,851,542)	(85,345,868)	(807,819,300)	(574,954,758)
	1,093,274,216	532,701,804	1,022,385,629	457,117,013



## Notes to the un-audited consolidated financial statements (Continued)

### 9.2 Lube oil and chemicals

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Opening balance	38,646,978	8,619,479	31,245,451	3,407,644
Purchase during the year	11,184,890	10,648,659	87,061,503	45,952,488
Transfer during the year	-	-	8,601,231	8,601,231
Consumption during the year	(16,656,031)	(10,613,628)	(88,261,208)	(49,341,884)
	33,175,837	8,654,510	38,646,977	8,619,479

### 10 Trade and other receivables

See accounting policy in Note 49D

<i>In Taka</i>	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Trade receivables	10.1	2,759,413,289	1,298,596,540	2,763,864,677	1,182,904,406
Other receivables	10.2	4,806,445	4,484,523	5,946,573	5,620,850
		2,764,219,734	1,303,081,063	2,769,811,250	1,188,525,256

#### 10.1 Trade receivables

<i>In Taka</i>	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
BREB		266,713,529	244,429,985	256,175,103	240,932,313
BPDB		1,803,856,178	365,322,973	1,886,818,846	321,101,366
BEPZA		413,583,178	413,583,178	323,346,582	323,346,582
Other private customers		275,260,403	275,260,403	297,524,146	297,524,145
		2,759,413,289	1,298,596,540	2,763,864,677	1,182,904,406

#### 10.2 Other receivables

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Wartsila Bangladesh Ltd	4,478,172	4,478,172	5,171,525	5,171,525
Bergen Engine BD (Pvt.) Ltd	-	-	442,974	442,974
Precision Energy Ltd.	157,788	-	-	-
Kaltimex Energy Bangladesh (Pvt) Ltd.	164,133	-	-	-
Interest on FDR	-	-	185,012	-
Samuda Power Ltd	-	-	139,739	-
Others	6,351	6,351	7,323	6,351
	4,806,445	4,484,523	5,946,573	5,620,850

### 11 Receivable from related party

See accounting policy in Note 49D

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
United Enterprises & Co. Ltd	3,196,559,050	-	7,520,341,623	-
United Mymensingh Power Ltd	7,761,286,907	7,760,524,142	6,530,346,076	6,529,242,459
United Jamalpur Power Ltd	133,889	68,114	133,889	68,114
United Anowara Power Ltd	7,676,630	7,270,651	9,080,642	7,257,473
United Lube Oil Ltd	377,392	377,392	377,392	377,392
	10,966,033,867	7,768,240,299	14,060,279,622	6,536,945,438



## Notes to the un-audited consolidated financial statements (Continued)

### 12 Advances, deposits and prepayments

See accounting policy in Note 49D

<i>In Taka</i>	<i>Note</i>	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Advances	12.1	94,331,588	38,430,807	56,811,414	39,570,162
Deposits	12.2	52,373,124	24,911,344	25,192,701	24,911,344
Prepayments	12.3	157,178,040	8,014,413	156,250,416	8,014,413
		<b>303,882,752</b>	<b>71,356,564</b>	<b>238,254,531</b>	<b>72,495,919</b>

#### 12.1 Advances

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Advance against salary and allowances	500,000	500,000	500,000	500,000
Advance income tax	19,231,933	808,161	16,677,644	808,161
Advance against LC charges	-	-	769,832	720,760
Advance against expenses	74,599,655	37,122,646	38,863,938	37,541,241
	<b>94,331,588</b>	<b>38,430,807</b>	<b>56,811,414</b>	<b>39,570,162</b>

#### 12.2 Deposits

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Karnaphuli Gas Distribution Company Limited	44,293,183	17,448,825	17,448,825	17,448,825
Karnaphuli Export Processing Zone (KEPZ)	336,064	-	-	-
Bank guarantee margin	5,850,000	5,850,000	5,850,000	5,850,000
BEPZA	1,112,519	1,112,519	1,112,519	1,112,519
Balance in BO account	76,358	-	76,357	-
Central Depository Bangladesh Limited	500,000	500,000	500,000	500,000
BPDB	205,000	-	205,000	-
	<b>52,373,124</b>	<b>24,911,344</b>	<b>25,192,701</b>	<b>24,911,344</b>

#### 12.3 Prepayments

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Finnvera premium	108,817,098	-	115,095,009	-
Land lease rent	15,204,001	-	20,272,000	-
Insurance premium	31,138,575	7,530,667	18,468,590	7,530,667
Bank guarantee commission	1,272,391	-	1,737,871	-
BERC license fees	745,975	483,746	676,946	483,746
	<b>157,178,040</b>	<b>8,014,413</b>	<b>156,250,416</b>	<b>8,014,413</b>

Premium has been paid to Finnvera in order to obtain syndicated international loan. It will be charged to the statement of profit or loss throughout the financing period.

### 13 Investment in marketable securities

See accounting policy in Note

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Cash available for share purchase	12,684,697	12,684,697	12,684,697	12,684,697
Financial assets classified as fair value through pi	114,187,790	114,187,790	114,187,790	114,187,790
	<b>126,872,487</b>	<b>126,872,487</b>	<b>126,872,487</b>	<b>126,872,487</b>

## Notes to the un-audited consolidated financial statements (Continued)

### 14 Cash and cash equivalents

See accounting policy in Note 49D

<i>In Taka</i>	<i>Note</i>	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Cash in hand	14.1	219,380	140,534	140,534	140,534
Fixed deposits	14.2	-	-	55,503,502	-
Cash at bank	14.3	1,353,962,189	1,029,559,564	3,243,398,083	1,009,730,958
		1,354,181,569	1,029,700,098	3,299,042,119	1,009,871,492

#### 14.1 Cash in hand

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Cash in hand	219,380	140,534	140,534	140,534
	219,380	140,534	140,534	140,534

#### 14.2 Fixed deposits

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Dhaka Bank Limited	-	-	55,503,502	-
	-	-	55,503,502	-

#### 14.3 Cash at bank

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Dhaka Bank Limited	1,272,969,326	966,847,517	2,611,539,043	438,333,721
Dutch Bangla Bank Limited	36,694,683	35,582,158	570,352,584	519,238,745
Shahjalal Islami Bank Limited	928,860	928,860	928,860	928,860
Eastern Bank Limited	1,074,992	79,187	79,187	79,187
Jamuna Bank Limited	1,030,880	224,509	6,616,493	224,509
Trust Bank Limited	985,369	224,593	985,369	224,593
Brac Bank Limited	13,134,457	13,134,457	13,116,290	13,116,290
Brac Bank Limited - Dividend distribution accou	1,400,986	1,400,986	1,400,987	1,400,987
The City Bank Limited - Dividend distribution ac	5,912,819	5,912,819	5,959,588	5,959,588
Dhaka Bank Limited - Dividend distribution acco	1,045,838	1,045,838	1,045,838	1,045,838
The Hongkong and Shanghai Banking Corpora	8,652,232	4,178,640	29,178,640	29,178,640
Standard Chartered Bank	1,364,709	-	1,364,709	-
The City Bank Limited	8,246,450	-	309,909	-
Pubali Bank Limited	520,586	-	520,586	-
	1,353,962,189	1,029,559,564	3,243,398,083	1,009,730,958

### 15 Share capital

See accounting policy in Note 49N

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
<b>Authorised</b>				
800,000,000 ordinary shares of Tk. 10 each	8,000,000,000	8,000,000,000	8,000,000,000	8,000,000,000
200,000,000 redeemable preference shares of	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
<b>Ordinary shares issued, subscribed and paid up</b>				
Opening balance	4,790,870,000	4,790,870,000	3,992,391,670	3,992,391,670
Bonus shares issued	-	-	798,478,330	798,478,330
<b>Closing balance</b>	4,790,870,000	4,790,870,000	4,790,870,000	4,790,870,000

#### 15.1 Particulars of shareholding

<i>In Taka</i>	<i>No. of shares</i>	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
		Value (Tk)	Value (Tk)	Value (Tk)	Value (Tk)
United Mymensingh Power Ltd	431,170,994	4,311,709,940	4,311,709,940	4,311,709,940	4,311,709,940
Investment Corporation of Bang	13,060,794	130,607,940	130,607,940	130,867,480	130,867,480
General investors	34,855,212	348,552,120	348,552,120	348,292,580	348,292,580
	479,087,000	4,790,870,000	4,790,870,000	4,790,870,000	4,790,870,000



## Notes to the un-audited consolidated financial statements (Continued)

### 15.2 Percentage of shareholdings

Name of shareholders	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
United Mymensingh Power Ltd	90.00%	90.00%	90.00%	90.00%
Investment Corporation of Bangladesh	2.73%	2.73%	2.73%	2.73%
General investors	7.28%	7.28%	7.27%	7.27%
	100%	100%	100%	100%

### 16 Share premium

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Share premium	2,046,000,000	2,046,000,000	2,046,000,000	2,046,000,000
	2,046,000,000	2,046,000,000	2,046,000,000	2,046,000,000

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

### 17 Revaluation reserve

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Revaluation reserve	57,963,277		58,131,275	
	57,963,277	-	58,131,275	-

### 18 Retained earnings

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Opening balance	22,704,577,678	10,664,437,759	20,174,102,182	10,252,390,068
Net profit during the period	1,614,553,064	1,244,671,638	7,704,616,834	4,803,678,525
	24,319,130,742	11,909,109,397	27,878,719,016	15,056,068,593
Cash dividend for the year 2017-18	-		(3,593,152,504)	(3,593,152,504)
Stock dividend for the year 2017-18			(798,478,330)	(798,478,330)
Depreciation on revalued assets	167,998		671,992	
Merger reserve			(297,000)	
Adjustment of gain on disposal from sale of			(782,885,496)	
	24,319,298,740	11,909,109,397	22,704,577,678	10,664,437,759

### 19 Non-controlling interests

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Opening balance	488,158,794		401,910,337	
Addition during the period:				
Share capital	1,000,000			
Dividend from subsidiary company	(88,183,200)		(56,254,800)	
Profit during the period	33,026,529		150,411,191	
Adjustment of gain on disposal from sale of subsidiary under common control			(7,907,934)	
	434,002,123		488,158,794	-

### 20 Borrowings

See accounting policy in Note 49D

#### Non-current liabilities

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Investment Promotion and Financing Facility (IF)	3,908,131,854		3,908,131,854	
Syndicated International Loan	-		3,153,644,827	
	3,908,131,854	-	7,061,776,681	-

#### Current liabilities

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Investment Promotion and Financing Facility (IF)	340,569,514		455,070,825	
Syndicated International Loan	-		616,380,542	
	340,569,514	-	1,071,451,367	-



## Notes to the un-audited consolidated financial statements (Continued)

### 20.1 Terms and repayment schedule

The following loans were obtained by UAEL under Investment Promotion and Financing Facility (IPFF) and Syndicated International Loan (SIL) facility for procurement of capital machineries, civil construction and local procurement related to power plant assets.

Nature of loan	Lender	Limit	Interest	Tenure	Year of maturity	Repayment terms
IPFF loan	Dhaka Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Trust Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Mutual Trust Bank Limited	USD 14,620,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
SIL loan	International Finance Corporation	USD 20,500,000	3 month USD LIBOR + 4% margin	10 years	2026	37 equal quarterly instalments
SIL loan	DEG	USD 20,500,000	3 month USD LIBOR + 4% margin	10 years	2026	37 equal quarterly instalments
SIL loan	Standard Chartered Bank	USD 20,780,900	3 month USD LIBOR + 0.9% per annum	7 years	2024	29 equal quarterly instalments

#### The IPFF loan is secured by:

- Registered hypothecation (first charge) on machinery, plant, equipment, furniture and all other assets, both present and future, of the borrower along with notarised IGPA to sell the same
- Registered hypothecation (first charge) over all floating assets, both present and future, of the borrower along with notarised IGPA to sell the same
- Sponsors' undertaking to inject necessary equity funds to finance any cost overrun of the project
- Personal guarantees by the personal guarantors
- Corporate guarantees by the corporate guarantors

#### The Syndicated International Loan is secured by:

- Standby letter of credit no. 130BG0000317 dated 12 January 2017 amounting to USD 5,000,000 issued by the City Bank Limited in lieu of funding the Debt Service Reserve Account with the Debt Service amount in place.
- Standby letter of credit no. 130BG0000417 dated 12 January 2017 amounting to USD 3,500,000 issued by the City Bank Limited in lieu of funding the Hedging Reserve Account with the Hedging Reserve amount in place.
- Standby letter of credit no. 130BG0001418 dated 4 April 2018 amounting to USD 3,000,000 issued by the City Bank Limited in lieu of funding the Major Maintenance Account with the Major Maintenance amount in place.
- Corporate guarantee by the corporate guarantors.

## Notes to the un-audited consolidated financial statements (Continued)

### 21 Security money received

See accounting policy in Note 49D

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Lilac Fashion Wear Ltd	700,000	700,000	700,000	700,000
	700,000	700,000	700,000	700,000

Security deposit received comprises of an amount equal to two months minimum charge received from Lilac Fashion Wear Ltd.

### 22 Trade and other payables

See accounting policy in Note 49D

In Taka	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Trade payables	22.1	492,387,980	295,767,676	215,635,613	127,390,004
Other payables	22.2	1,322,413,827	37,756,234	82,834,904	22,162,117
		1,814,801,807	333,523,910	298,470,517	149,552,121

#### 22.1 Trade payables

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Gas bill	492,387,980	295,767,676	215,635,613	127,390,004
	492,387,980	295,767,676	215,635,613	127,390,004

#### 22.2 Other payables

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Dividend payable	144,438,000		56,254,800	-
Share application money	6,452,280	6,452,280	6,452,280	6,452,280
Unclaimed dividend	7,302,536	7,302,536	7,348,961	7,348,961
Service charge on gas bill	24,001,418	24,001,418	7,375,825	7,375,825
Other operating expenses	-		985,051	985,051
TDS payable	5,460,289		1,947,289	
Payable to Wartsila Bangladesh Ltd	521,761		521,761	
Bergen Engine Bangladesh Ltd	691,705		691,705	
CC Engineering Ltd	1,050,000		1,050,000	
Liabilities for Imported Materials-HSBC	1,132,357,500			
Payable against C&F bill	138,338		207,232	
	1,322,413,827	37,756,234	82,834,904	22,162,117

### 23 Accrued expenses

See accounting policy in Note 49D

In Taka	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Interest expense payable	-		27,427,983	
Provision for expenses	2,410,259		10,967,221	
Service charge on gas bill	-		3,337,015	3,337,015
VAT payable	8,870,200	8,592,565	13,647,904	13,647,904
Other operating expenses	4,170,984	4,170,984	3,115,234	3,115,234
Directors' remuneration	1,000,000	1,000,000	1,000,000	1,000,000
Audit fees	50,000		2,120,000	800,000
Utility bill	1,048,238	1,048,238	650,253	650,253
Security expenses	397,016	270,356	359,880	234,220
Medical expenses	50,685	50,685	50,280	50,280
Welfare fund	16,895	16,895	16,760	16,760
Environmental expenses	15,400	15,400	15,400	15,400
Agency fee payable	3,250,750	-	4,222,500	
Office rent	3,217,500	3,217,500		
Bergen Engines Bangladesh Pvt.Ltd.	1,501,705	1,501,705		
TDS	108,143	108,143		
	26,107,775	19,992,471	66,930,430	22,867,066



## Notes to the un-audited consolidated financial statements (Continued)

### 24 Payable to related party

See accounting policy in Note 49D

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
United Engineering & Power Services Ltd	24,948,420	11,104,023	27,008,153	12,211,723
United Ashuganj Energy Ltd	-	11,833,667	-	10,438,917
United Energy Ltd	-	1,985,612	-	3,390,891
United Enterprises & Co. Ltd	547,813,309	3,000,000	-	-
United Mymensingh Power Ltd	-	-	3,233,782,573	-
Summit Power Ltd	82,534	82,534	-	-
	572,844,263	28,005,835	3,260,790,726	26,041,531

### 25 Provision for income tax

See accounting policy in Note 49J

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Opening balance	184,150,547	-	161,228,317	-
Provision during the year	103,829	-	26,040,669	-
Paid during the period	-	-	(3,118,439)	-
	184,254,376	-	184,150,547	-

No provision is required for income tax on UPGDCL's profit as it has received exemption from all such taxes from the Government of Bangladesh for 15 years from commencement.

No provision is required for income tax on the business income of United Energy Ltd. (UEL) and United Ashuganj Energy Ltd. (UAEL) as the companies have received exemption from income from power generation under the private sector power generation policy for a period of 15 years from the start of their commercial operation, vide SRO ref: 211-Law/Income Tax/2013-Income Tax ordinance (#36) 1984 dated 1 July 2013. Such exemption of UEL (Sylhet power plant) and UAEL (Ashuganj 195 MW power plant) will expire on 2028 and 2030 respectively. The Ashuganj 53 MW power plant being rental power plant is liable for TDS at 4% which is borne by the BPDB. However provision has been made on the non-business income of UEL and UAEL.

### 26 Revenue

See accounting policy in Note 49F

<i>In Taka</i>	Note	July 2019 to September 2019		July 2018 to September 2018	
		Consolidated	Separate	Consolidated	Separate
Electricity supply	26.1	2,758,028,061	1,674,194,824	2,913,089,695	1,678,479,380
Steam supply	26.2	7,013,074	7,013,074	8,999,336	8,999,336
		2,765,041,135	1,681,207,898	2,922,089,031	1,687,478,716

#### 26.1 Electricity supply

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
BPDB	1,210,581,176	181,102,547	1,238,705,472	143,002,765
BEPZA	1,053,784,168	1,053,784,168	1,088,125,942	1,088,125,942
BREB	201,289,886	146,935,277	230,652,631	91,745,022
Other private customers	292,372,832	292,372,832	355,605,651	355,605,651
	2,758,028,061	1,674,194,824	2,913,089,695	1,678,479,380

#### 26.2 Steam supply

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Gunze United Ltd	5,224,060	5,224,060	7,033,289	7,033,289
Global Labels (Bangladesh) Ltd	1,101,144	1,101,144	1,031,204	1,031,204
Croydon-Kowloon Designs Ltd	530,578	530,578	-	-
Talisman Ltd	157,292	157,292	-	-
Regency Garments Limited	-	-	934,844	934,844
	7,013,074	7,013,074	8,999,336	8,999,336



## Notes to the un-audited consolidated financial statements (Continued)

### 27 Cost of sales

In Taka	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Fuel and energy	573,041,636	353,530,882	417,058,605	246,812,251
Spare parts and lube oil	125,186,623	95,959,496	275,316,925	204,517,968
Depreciation	326,816,174	89,719,443	287,613,096	89,048,961
Minimum load charge	7,854,180	7,854,180	28,916,748	28,916,748
Direct overhead	37,327,209	29,107,352	71,810,863	27,829,287
Repair and maintenance	26,069,312	7,898,102	19,401,328	17,650,438
Entertainment	2,438,352	1,860,248	3,449,174	2,813,184
Utility bill	3,365,245	3,308,782	2,548,182	2,150,922
Security expense	1,921,888	980,108	1,334,239	794,889
Carrying charge	205,320	179,820	958,305	287,305
Land lease rent	586,670	586,670	581,462	581,462
Advertisement expense	154,422	154,422	695,750	695,750
Travelling and conveyance	204,016	161,693	385,040	344,042
Labour and wages	139,935	106,985	271,265	235,815
Vehicle running and maintenance	375,626	375,626	548,779	544,715
Environmental expenses	117,539	76,983	175,238	83,698
Printing and stationery	139,035	117,719	71,379	44,809
Site office expense	966,151	966,151	216,847	199,805
Telephone, mobile and internet	90,150	72,750	128,158	66,350
BERC license and others	52,015	52,015	133,400	28,400
Worker welfare fund	50,820	50,820	50,250	50,250
Postage and courier	17,215	4,820	14,175	9,335
Automation and IP expense	6,708	6,708	20,804	20,804
Distribution expense	5,151,806	5,151,806	-	-
Insurance premium	9,859,504	-	10,483,275	-
Amortisation of lease rent	5,067,999	-	5,068,000	-
Gardening and beautification	7,974	-	14,945	-
Computer maintenance	26,800	-	18,000	-
	1,127,240,324	598,283,581	1,127,284,232	623,727,188

- 27.1 The Group signed agreements for all its operation, maintenance and management (O&M) services with United Engineering and Power Service Ltd (UEPSL). It provides all technical support related to operation and management of the power plants. UEPSL raises invoice for actual cost and a service charge per month.

### 28 General and administrative expenses

In Taka	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Directors' remuneration	3,000,000	3,000,000	6,000,000	3,000,000
Office maintenance	2,872,500	2,872,500	-	-
Advertisement	5,331,915	5,331,915	1,097,323	1,097,323
Depreciation	2,091,579	906,257	1,690,306	899,484
AGM expenses	-	-	115,000	115,000
Vehicle running expenses	-	-	78,203	78,203
Bank charge and commission	392,087	55,338	1,273,599	650,850
Office rent	690,000	345,000	3,645,000	3,000,000
Office expenses	42,274	31,724	1,627,500	-
Board meeting fees	300,000	300,000	375,000	375,000
Consultancy fees	-	-	329,000	34,500
Entertainment	142,729	120,901	81,844	79,144
Traveling and conveyance	184,845	139,169	76,529	40,400
Postage, telephone and telex	19,013	17,928	28,821	28,257
Printing and stationery	8,615	4,840	17,365	15,929
Trade license and others	19,325	11,100	401,179	10,800
Overseas travelling	-	-	211,250	211,250
RJSC expenses	89,000	-	-	-
Legal expense	35,000	35,000	1,500,000	-
Donation	-	-	500,000	500,000
Subscription fees	-	-	78,950	-
	15,218,882	13,171,672	19,126,870	10,136,141

## Notes to the un-audited consolidated financial statements (Continued)

### 29 Other income

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Unrealised gain/(loss) from marketable securities	-	-	565,368	565,368
Sale of used lube oil and drums	3,093,870	3,093,870	1,209,660	169,400
Scrap sale	561,710	543,440	5,767,875	5,757,000
Dividend income	-	-	6,000	6,000
	<b>3,655,580</b>	<b>3,637,310</b>	<b>7,548,903</b>	<b>6,497,768</b>

### 30 Finance income

See accounting policy in Note 49M

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Interest on related party loan	171,281,683	171,281,683	130,380,730	130,380,730
Interest on FDR	278,384	-	909,078	-
	<b>171,560,067</b>	<b>171,281,683</b>	<b>131,289,808</b>	<b>130,380,730</b>

### 31 Foreign exchange gain/(loss)

See accounting policy in Note 49I

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Foreign exchange loss - unrealised	-	-	(224)	-
Foreign exchange loss - realised	(16,053,602)	-	(1,240,947)	-
	<b>(16,053,602)</b>	<b>-</b>	<b>(1,241,171)</b>	<b>-</b>

### 32 Finance expense

See accounting policy in Note 49M

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Interest on Long term loan	134,060,552	-	98,927,635	-
	<b>134,060,552</b>	<b>-</b>	<b>98,927,635</b>	<b>-</b>

### 33 Earnings per share

See accounting policy in Note 49O

#### 33.1 Basic earnings per share

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Profit attributable to the ordinary shareholders	1,614,553,065	1,244,671,638	1,775,686,665	1,190,493,885
Weighted average number of shares outstanding	479,087,000	479,087,000	479,087,000	479,087,000
<b>Earnings per share</b>	<b>3.37</b>	<b>2.60</b>	<b>3.71</b>	<b>2.48</b>

#### 33.2 Re-stated earnings per share

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Profit attributable to the ordinary shareholders	1,614,553,065	1,244,671,638	1,775,686,665	1,190,493,885
Weighted average number of shares outstanding (i)	526,995,700	526,995,700	526,995,700	526,995,700
<b>Re-stated Earnings per share</b>	<b>3.06</b>	<b>2.36</b>	<b>3.37</b>	<b>2.26</b>

#### 33.3 Weighted average number of shares outstanding

	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Ordinary shares outstanding at beginning of the year	479,087,000	479,087,000	399,239,167	399,239,167
Bonus shares issued in 2017-18	-	-	79,847,833	79,847,833
Bonus shares issued in 2018-19	47,908,700	47,908,700	47,908,700	47,908,700
<b>Total weighted average number of share outsta</b>	<b>526,995,700</b>	<b>526,995,700</b>	<b>526,995,700</b>	<b>526,995,700</b>

According to paragraph 64 of IAS 33: *Earnings per share*, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the period ended 30 September 2018 has been restated to reflect the bonus shares issued in 2019 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2019.



## Notes to the un-audited consolidated financial statements (Continued)

### 34 Net asset value per share (Basic)

	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Net assets	31,648,134,141	18,745,979,397	30,087,737,747	17,501,307,759
Weighted average number of shares outstanding	479,087,000	479,087,000	479,087,000	479,087,000
Net asset value per share	66.06	39.13	62.80	36.53

### 34.1 Net asset value per share (Re-stated)

	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Net assets	34.2	31,648,134,141	18,745,979,397	30,087,737,747	17,501,307,759
Weighted average number of sh	33.3	526,995,700	526,995,700	526,995,700	526,995,700
Net asset value per share		60.05	35.57	57.09	33.21

### 34.2 Net assets

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Total assets	38,495,543,730	19,128,201,613	42,032,008,015	17,700,468,477
Total liabilities	6,847,409,589	382,222,216	11,944,270,268	199,160,718
Net assets	31,648,134,141	18,745,979,397	30,087,737,747	17,501,307,759

### 35 Net operating cash flow per share (Basic)

	Note	July 2019 to September 2019		July 2018 to September 2018	
		Consolidated	Separate	Consolidated	Separate
Net cash generated from operating activities		1,910,156,502	1,084,738,613	1,426,296,742	972,122,661
Weighted average number of sh	15.1	479,087,000	479,087,000	479,087,000	479,087,000
Net operating cashflow per share		3.99	2.26	2.98	2.03

### 35.1 Re-stated Net operating cash flow per share

	Note	July 2019 to September 2019		July 2018 to September 2018	
		Consolidated	Separate	Consolidated	Separate
Net cash generated from operating activities		1,910,156,502	1,084,738,613	1,426,296,742	972,122,661
Weighted average number of sh	33.3	526,995,700	526,995,700	526,995,700	526,995,700
Restated Net operating cashflow per share		3.62	2.06	2.71	1.84

### 36 Reconciliation of net profit with cash flow from operating activities

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Profit for the period	1,647,579,593	1,244,671,638	1,814,311,145	1,190,493,885
Adjustment for:				
Depreciation	328,907,753	90,625,700	289,303,401	89,948,445
Amortisation of lease rent	5,067,999		5,068,000	
Unrealised gain/(loss) from marketable securities	-		(565,368)	(565,368)
Foreign exchange loss - realised	16,302,659		1,240,947	
Interest on related party loan	(171,281,683)	(171,281,683)	(130,380,730)	(130,380,730)
Changes in:				
Inventories	(165,602,876)	(145,968,513)	(6,764,722)	25,964,433
Trade and other receivables	5,591,515	(114,555,807)	(602,688,490)	(239,971,887)
Advances, deposits and prepayments	(6,169,159)	1,139,355	3,839,954	3,077,568
Receivable from related party	363,292		(389,604)	
Advance income tax	(1,799,481)		(1,130,555)	(48,000)
Trade and other payables	228,590,502	184,018,214	44,166,458	18,976,618
Accrued expenses	24,372,527	(2,874,595)	(19,986,121)	14,463,698
Provision for income tax	103,828		36,693	
Payable to related party	(1,869,968)	(1,035,696)	30,235,733	163,999
Net cash generated from operating activities	1,910,156,502	1,084,738,613	1,426,296,742	972,122,661



## Notes to the un-audited consolidated financial statements (Continued)

### 37 Related party transactions

During the period, the Group carried out a number of transactions with related parties. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: *Related party disclosures*.

#### A Transactions with key management personnel

##### i. Loans to directors

During the period, no loan was given to the directors of the Group.

##### ii. Key management personnel compensation comprised the following:

<i>In Taka</i>	July 2019 to September 2019		July 2018 to September 2018	
	Consolidated	Separate	Consolidated	Separate
Directors' remuneration	3,000,000	3,000,000	6,000,000	3,000,000
Board meeting fees	300,000	300,000	375,000	375,000
	<b>3,300,000</b>	<b>3,300,000</b>	<b>6,375,000</b>	<b>3,375,000</b>

The Group's key management personnel includes the directors. Compensation includes directors' remuneration and meeting attendance fees.

#### B Other related party transactions

	Transaction value during the period ended		Balance outstanding as at	
	1 July 2019 to 30 Sept. 2019	1 July 2018 to 30 June 2019	30 Sept. 2019	30 June 2019
<b>United Power Generation &amp; Distribution Company Ltd.</b>				
<b><i>Sale of goods and services:</i></b>				
Gunze United Limited	5,224,060	22,643,385	6,964,529	4,826,023
<b><i>Purchase of services:</i></b>				
United Engineering & Power Services Ltd	29,107,352	106,204,604	8,763,223	9,870,923
<b><i>Loans</i></b>				
<b>United Enterprises &amp; Co. Ltd</b>			-	-
Loan disbursed during the period	-	-		
Loan repaid during the period	-	4,759,627,601		
<b>United Mymensingh Power Ltd</b>			7,759,956,239	6,528,674,556
Loan disbursed during the period	1,231,281,683	9,049,674,556		
Loan repaid during the period		2,521,000,000		
<b><i>Transfer of inventory (spare parts):</i></b>				
United Mymensingh Power Ltd	567,903	567,903	567,903	567,903
United Anowara Power Ltd	7,270,651	7,257,473	7,270,651	7,257,473
United Lube Oil Ltd	377,392	377,392	377,392	377,392
United Jamalpur Power Ltd	68,114	68,114	68,114	68,114
United Ashuganj Energy Ltd	11,833,667	10,438,917	11,833,667	10,438,917
United Energy Ltd	1,779,307	3,390,891	1,779,307	3,390,891
Summit Power Ltd	82,534	-	82,534	-
United Engineering & Power Services Ltd.	2,340,800	2,340,800	2,340,800	2,340,800

# Notes to the un-audited consolidated financial statements (Continued)

	Transaction value during the period ended 30 September		Balance outstanding as at 30 September	
	30 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
<b>United Energy Ltd</b>				
<i>Purchase of services:</i>				
United Engineering & Power Service Ltd	8,219,857	36,630,197	2,523,633	2,641,394
<i>Loan:</i>				
United Mymensingh Power Ltd			-	3,233,782,573
Loan disbursed	3,233,782,573	64,649,744,929		
Loan repaid		67,883,527,502		
United Enterprises & Co. Ltd			3,196,559,050	7,520,341,623
Loan disbursed	360,000,000	9,539,278,243		
Loan repaid	4,683,782,573	3,871,849,120		
United Power Generation & Distribution Company Ltd. (Inv.)			1,985,612.00	-
Loan disbursed	2,002,917			
Loan repaid	17,305			
United Ashuganj Energy Ltd			3,049,821,156	-
Loan disbursed	3,049,821,156			
Loan repaid	-			
United Ashuganj Energy Ltd (Inv.)			907,545.00	-
Loan disbursed	1,113,850			
Loan repaid	206,305			
United Engineering & Power Service Ltd			-	-
Loan disbursed	-			
Loan repaid	-	1,770,800		
Neptune Commercial Ltd			-	-
Loan disbursed	-	-		
Loan repaid	-	540,000,000		
United Enterprises & Co. Ltd			-	-
Loan disbursed		59,593,466,686		
Loan repaid		603,500,000		

	Transaction value during the period ended 30 September		Balance outstanding as at 30 September	
	30 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
<b>United Ashuganj Energy Ltd</b>				
<i>Purchase of services:</i>				
United Engineering & Power Service Ltd	17,951,150	113,527,934	3,061,141,920	696,730,702
<i>Loan:</i>				
United Enterprises & Co. Ltd			-	-
Loan disbursed	-	-		
Loan repaid	-	407,461,260		
<i>Inventory:</i>				
United Jamalpur Power Ltd.	-	65,775	65,775	65,775
United Mymensingh Power Ltd	340,852	1,103,617	762,765	1,103,617
United Anowara Power Ltd	-	1,823,169	1,823,169	1,823,169

	Transaction value during the period ended 30 September		Balance outstanding as at 30 September	
	30 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
<b>Leviathan Global BD Ltd</b>				
<i>Loan:</i>				
United Enterprises & Co. Ltd			544,813,309	366,570,309
Loan disbursed	178,243,000	366,570,309		
Loan repaid	-	-		

## Notes to the un-audited consolidated financial statements (Continued)

### 38 Financial risk management

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

- A Credit risk
- B Liquidity risk
- C Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Group'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 Group. The Board is assisted in its oversight role by the 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.

#### A Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

#### i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

In Taka	Note	30 September 2019		30 June 2019	
		Consolidated	Separate	Consolidated	Separate
Trade and other receivables	10	2,759,413,289		2,763,864,677	
Receivable from related party	11	10,966,033,867		14,060,279,622	
Investment in marketable securities	13	126,872,487		126,872,487	
Cash and cash equivalents (excluding)	14	1,353,962,189		3,298,901,585	
		15,206,281,832	-	20,249,918,371	-

#### B Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

Typically, the Group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow 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.

#### Exposure to liquidity rate risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

#### 30 September 2019

30 September 2019

		Contractual cash flows			
		Carrying amount		6 months or less	
In Taka	Note		Total		Over 6 months
<b>Non-derivative financial liabilities</b>					
Borrowings	20	4,248,701,368	4,248,701,368	532,885,129	3,715,816,239
Trade and other payables	22	1,814,801,807	1,814,801,807	1,814,801,807	-
Accrued expenses	23	26,107,775	26,107,775	26,107,775	-
Payable to related party	24	572,844,263	572,844,263	572,844,263	-
		6,662,455,213	6,662,455,213	2,946,638,974	3,715,816,239
<b>Derivative financial liabilities</b>					
		-	-	-	-
		6,662,455,213	6,662,455,213	2,946,638,974	3,715,816,239



## Notes to the un-audited consolidated financial statements (Continued)

30 June 2019

30 June 2019

		Contractual cash flows			
		Carrying amount		6 months or less	
In Taka	Note		Total		Over 6 months
<b>Non-derivative financial liabilities</b>					
Borrowings	20	8,133,228,048	8,133,228,048	527,833,181	7,605,394,867
Trade and other payables	22	298,470,517	298,470,517	298,470,517	-
Accrued expenses	23	66,930,430	66,930,430	66,930,430	-
Payable to related party	24	3,260,790,726	3,260,790,726	3,260,790,726	-
		11,759,419,721	11,759,419,721	4,154,024,854	7,605,394,867
<b>Derivative financial liabilities</b>					
		-	-	-	-
		11,759,419,721	11,759,419,721	4,154,024,854	7,605,394,867

### C Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group'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 optimising the return.

#### i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

#### ii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings and deposits.

#### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as at statement of financial position date is as follows:

		Nominal Amount			
		30 September 2019		30 June 2019	
In Taka	Note	Consolidated	Separate	Consolidated	Separate
<b>Fixed rate instruments</b>					
<i>Financial assets</i>					
Receivable from related party	11	10,966,033,867		14,060,279,622	
Fixed deposits	14	-		55,503,502	
<i>Financial liabilities</i>					
Payable to related party	24	(572,844,263)		(3,260,790,726)	
<b>Variable rate instruments</b>					
<i>Financial liabilities</i>					
Borrowings	20	(4,248,701,368)		(8,133,228,048)	
		6,144,488,236	-	2,721,764,350	

### 39 Operational risk

Operational risk constitutes the ability of the Group'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 timely and appropriate 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 the Group. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks of the Group are covered under the separate insurance agreements between Pragati Insurance Company Limited and UPGDCL, UEL and UAEL to compensate for all the potential damages caused in such situations.

## Notes to the un-audited consolidated financial statements (Continued)

### 40 Contingent assets

The Company has raised a claim against BEPZA for losses suffered as a result of BEPZA failing to timely provide vacant possession of required land and gas connection and a consequent 234 day delay in the Company commencing commercial operation.

In March 2015 an Arbitration Tribunal (consisting of three arbitrators, one appointed by the Company, other appointed by BEPZA and the chairman of the Tribunal) has been appointed by the both arbitrator. The Tribunal ordered that BEPZA compensate the Company for the following amounts.

<i>In Taka</i>	30 September 2019		30 June 2019	
	Consolidated	Separate	Consolidated	Separate
Service charge deducted by BEPZA ordered to return	18,733,918		18,733,918	
Loss of warranty	17,424,510		17,424,510	
<b>Total</b>	<b>36,158,428</b>	<b>-</b>	<b>36,158,428</b>	<b>-</b>

In April 2015, BEPZA filed an appeal against the Arbitral award by the Tribunal in the court of district judge, Dhaka. Multiple hearings took place during this year with no significant developments to date.

### 41 Commitments

The Group had the following outstanding letters of credit (LC) as at 30 September 2019 against which it is committed to purchase spare parts.

	30 September 2019		30 June 2019
	Currency	Invoice value	Invoice value
UPGDCL	USD	2,248,078	1,183,874
	EUR	1,103,269	1,516,991
UEL	USD	501,219	210,668
	EUR	5,220	60,020
UAEL	USD	111,332	82,936
	EUR	37,750	36,121
LGDBL	USD	32,000	1,692,700
	EUR	-	8,500

### 42 Contingent liabilities

#### 42.1 Contingent liabilities relating to bank guarantees amounted to:

##### United Power Generation & Distribution Company Ltd

<i>In Taka</i>	Expiry date	30 September 2019	30 June 2019
Beneficiary			
Titas Gas Transmission & Distribution Company Limited	11 Nov. 2023	78,790,400	78,790,400
Titas Gas Transmission & Distribution Company Limited	11 Dec. 2022	6,628,382	6,628,382
Karnaphuli Gas Distribution Company Limited	23 January 2023	34,897,650	34,897,650
Karnaphuli Gas Distribution Company Limited	20 June 2023	8,647,617	8,647,617
Karnaphuli Gas Distribution Company Limited	2 March 2024	71,724,353	71,724,353
		<b>200,688,402</b>	<b>200,688,402</b>

##### United Energy Ltd

<i>In Taka</i>	Expiry date	30 September 2019	30 June 2019
Beneficiary			
Jalalabad Gas Transmission and Distribution Systems Limited	12 October 2022	48,396,019	48,396,019
		<b>48,396,019</b>	<b>48,396,019</b>



## Notes to the un-audited consolidated financial statements (Continued)

### United Ashugani Energy Ltd

In Taka

Beneficiary	Expiry date	30 September 2019	30 June 2019
Bangladesh Power Development Board	7 June 2020	380,000,000	380,000,000
Bakhrabad Gas Distribution Company Limited	13 June 2021	287,472,356	287,472,356
		667,472,356	667,472,356

### Leviathan Global BD Ltd

In Taka

Beneficiary	Expiry date	30 September 2019	30 June 2019
Karnaphuli Gas Distribution Company Limited	10-Sep-23	53,688,716	53,688,716
		53,688,716	53,688,716

42.2 In line with the provisions of its gas supply agreements, the Company has historically been charged for gas consumption at the rate set for Independent Power Producers (IPPs). However, on 2 January 2018, the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources resolved in a meeting that gas based power plants will be charged for gas consumption in the following manner:

- Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.
- Gas consumed for generating power supplied to private customers will be charged at the rate set for captive power producers.

Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to BDT 1,087,826,071 (for the period January 2018 to June 2019) and BDT 491,063,484 (for the period May 2018 to June 2019).

The Company has filed two separate writ petitions, dated 23 May 2019 and 1 July 2019, with the Honorable High Court Division of the Supreme Court of Bangladesh against the above decision. The Honorable High Court issued a stay order of 4 months, dated 26 May 2019 and 4 July 2019, respectively, on the operation of this decision.

## 43 Bank facilities

The Group enjoys the following credit facilities from the following financial institutions:

### 30 September 2019

#### United Power Generation & Distribution Company Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	350,000,000	300,000,000	300,000,000	200,690,000
Jamuna Bank Limited	1,000,000,000	250,000,000	50,000,000	300,000,000
Total	1,450,000,000	550,000,000	350,000,000	500,690,000

#### United Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Pubali Bank Limited	600,000,000	-	1,500,000,000	1,000,000,000
Jamuna Bank Limited	1,000,000,000	250,000,000	-	300,000,000
Total	1,700,000,000	250,000,000	1,500,000,000	1,300,000,000



**Notes to the un-audited consolidated financial statements (Continued)**

**United Ashuganj Energy Ltd**

Name of the bank	Letter of credit - limit	Loan against		Overdraft limit	Bank guarantee facilities - limit
		Trust Receipt - limit			
Dutch Bangla Bank Limited	100,000,000	-		-	380,000,000
Dhaka Bank Limited	500,000,000	-		-	287,472,356
<b>Total</b>	<b>600,000,000</b>	<b>-</b>		<b>-</b>	<b>667,472,356</b>

**Leviathan Global BD Ltd**

Name of the bank	Letter of credit - limit	Loan against		Overdraft limit	Bank guarantee facilities - limit
		Trust Receipt - limit			
HSBC	\$15,000,000	-		-	-
	\$15,000,000	-		-	-

**44 Expenditure in equivalent foreign currency**

<i>In Taka</i>	30 September 2019	30 June 2019
Foreign travel for business purpose	-	211,250
	-	211,250

## Notes to the un-audited consolidated financial statements (Continued)

### 45 Other disclosures

#### 45.1 Capacity and production

##### United Power Generation & Distribution Company Ltd

Location of plant	Installed capacity (MWH)	30 September 2019		30 September 2018	
		Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Dhaka EPZ	172,000	133,306	78%	129,828	75%
Chattogram EPZ	144,000	130,480	91%	123,902	86%
Total	316,000	263,786		253,730	

##### United Energy Ltd

Location of plant	Installed capacity (MWH)	30 September 2019		30 September 2018	
		Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Sylhet	56,000	50,493	90%	45,156	81%
Ashuganj	106,000	-	0%	22,101	21%
Total	162,000	50,493		265,388	

##### United Ashuganj Energy Ltd

Location of plant	Installed capacity (MWH)	30 September 2019		30 September 2018	
		Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Ashuganj	390,000	137,361	35%	170,858	44%

#### 45.2 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 211 personnel for UPGDCL, 127 personnel for UAEL and 84 personnel for UEL, provided by United Engineering and Power Services Ltd under separate O&M contracts.

### 46 Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

The Board of Directors in its 90th meeting held on 1 August 2019 have recommended cash dividend @ 130% per share of Taka 10 each aggregating to Taka 6,228,131,000 and stock dividend @ 10% i.e. 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each involving Taka 479,087,000 for the year ended 30 June 2019. The dividend was approved by the shareholders in the 12th Annual General Meeting held on 5th November 2019.

In accordance with IAS 10: *Events after the Reporting Period*, the proposed final dividend is not recognised in the statement of financial position.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

### 47 Going concern

The Group has adequate resources to continue in operation for the foreseeable future. For this reason, the management continues to adopt going concern basis in preparing the financial statements. The current resources of the Group provide sufficient fund to meet the present requirements of its existing business.



## Notes to the un-audited consolidated financial statements (Continued)

### 48 Basis of measurement

The un-audited consolidated financial statements have been prepared on historical cost basis except inventories which is measured at lower of cost and net realisable value on each reporting date.

### 49 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 4.2).

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- A Basis of consolidated financial statements
- B Property, plant and equipment
- C Inventories
- D Financial instruments
- E Impairment
- F Revenue
- G Provisions
- H Contingencies
- I Foreign currency
- J Income tax
- K Employee benefits
- L Statement of cash flows
- M Finance income and finance expenses
- N Share capital
- O Earnings per share
- P Dividends
- Q Leases

#### A Basis of consolidated financial statements

UPGDCL is a listed company which was historically 90% owned by UEL. In October 2018, UEL sold its entire holding of UPGDCL shares to United Mymensingh Power Ltd (UMPL) which is in turn 90% owned by United Enterprise & Co. Ltd (UECL) and 10% shares are held by group of individuals (common sponsors of UECL). The shareholders of UECL are a group of individuals. All these individuals are representing in UPGDCL Board as Nominee Director and hence this group of individuals has the ultimate control of UPGDCL.

UPGDCL on 13 November 2018 has acquired 99% shares of United Energy Limited (UEL). UEL is the parent entity of United Ashuganj Energy Ltd (UAEL) owning 92.41% shares. Accordingly, both UEL and UAEL are controlled entities of UPGDCL. It is also pertinent to note that, on 13 November 2018 the same group of individuals referred above as those having ultimate control of UPGDCL also owned 99% of UEL.

Therefore, as at 13 November 2018 both the Acquirer (UPGDCL) as well as the Acquiree (UEL including UAEL) were owned and controlled by the same group of individuals who has the ultimate collective power to govern financial and operating policies of both UPGDCL and UEL. There has been no changes in this ultimate ownership and hence this collective power is not transitory. Accordingly, the acquisition of UEL by UPGDCL has been considered as 'Business Combination Under Common Control' (BCUCC) as referred in IFRS 3: *Business Combinations* paragraph 2 and Appendix B (Application Guidance).

UPGDCL also acquired 75% shares of Leviathan Global BD Ltd. (LGBDL) in a circular resolution dated 22 June 2019 subsequently approved in its 90th board meeting held on 1st August 2019. The acquisition with effect on 1st July 2019. LGBDL is a 50 MW IPP Gas fired Power Plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL, respectively. The plant is located at Karnaphuli EPZ (KEPZ) in Chattogram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

## Notes to the un-audited consolidated financial statements (Continued)

IFRS 10: *Consolidated Financial Statements* requires preparation and presentation of consolidated financial statements when an entity controls one or more other entities unless it falls within the scope of exceptions. According to criteria for determining control as specified in paragraph 7 of IFRS 10, UPGDCL is considered as the parent entity that controls UEL directly and UAEL indirectly through UEL. UPGDCL directly manages the activities/operations of those entities through common corporate management and thus it has power over these two entities, has both exposure and rights to variable returns from the investee companies (i.e. UEL and UAEL). Therefore, as per IFRS 10, UPGDCL needs to prepare and present its consolidated financial statements after combining those of UEL and UAEL.

However, the matter of business combination and method of consolidation for entities under common control are excluded from existing IFRSs and the International Accounting Standards Board (IASB) is working on BCUCC as a separate agenda and is expected to publish a discussion paper on how companies should account for combinations of businesses under common control.

Since there is no specific IFRS guidance available on BCUCC to apply to UPGDCL's acquisition/consolidation of UEL, management has followed paragraph 10 of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* which requires use of judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users and reliable in that the financial statements:

- a) represent faithfully the financial position, financial performance and cash flows of the entity;
- b) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
- c) are neutral, ie free from bias;
- d) are prudent; and
- e) are complete in all material respects.

As per paragraph 12 of IAS 8, management has also considered the most recent pronouncements of other standard-setting bodies available to deal with BCUCC that can be applied in case of UPGDCL's acquisition of UEL.

Based on these guidelines of IAS 8, paragraphs 10 to 12, management has conducted a detailed review of global practices adopted for BCUCC and observed that the widely used method to apply for such type of business combination is commonly known as 'book value accounting' or 'predecessor value method'. Management's selection of this method is supported by relevant publications and guidelines by major accounting firms of the world as well as related guidelines issued by other accounting bodies such as, Hong Kong Accounting Guideline 5 on Merger Accounting for Common Control Combinations issued by Hong Kong Institute of Certified Public Accountants, Indian Accounting Standard (Ind AS) 103 Appendix C issued by the Accounting Standards Board of India.

The principles of book value accounting or predecessor value method are as follows:

- (a) The assets and liabilities of the combining entities (both acquirer and acquiree) are reflected at their carrying amounts;
- (b) No adjustments are made to reflect fair values, or recognise any new assets or liabilities and hence no new goodwill arises;
- (c) Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve;
- (d) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination;
- (e) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.
- (f) The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.



## Notes to the un-audited consolidated financial statements (Continued)

In line with the above principles, the Company's consolidated financial statements combining UEL's results have been prepared with retrospective effect from 1 July 2017 as if the group structure as at 30 June 2019 has always been in place.

### *i) Subsidiaries*

Subsidiaries are entities controlled by the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Name of subsidiaries	% of controlling interest	% of non- controlling interest
United Energy Ltd	99	1
United Ashuganj Energy Ltd	91.49	8.51
Leviathan Global BD Ltd.	75	25

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

### *ii) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees (that means in any company wherein UPGDCL has made investments, if any) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. However, on 30 June 2019, there are no such investments.

## **B Property, plant and equipment**

### **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.

### **Subsequent costs**

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 Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

## Notes to the un-audited consolidated financial statements (Continued)

### Depreciation

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

ii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. 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.

Considering the estimated useful life of the assets, the rates of depreciation are as follows:

	%
Plant and machinery	3.33 - 8.33
Gas line	2 - 8.33
Building and civil construction	3.33 - 8.33
Office equipment	10 - 15
Furniture and fixture	10
Motor vehicle	10

### Retirements 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 and other comprehensive income.

## C Inventories

Inventories consisting mainly of spare parts, lube oil and chemicals are valued at lower of cost and net realisable value. Net realisable 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. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using weighted average cost method.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## D 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.

### i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



## Notes to the un-audited consolidated financial statements (Continued)

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### ii. Classification and subsequent measurement

#### Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## Notes to the un-audited consolidated financial statements (Continued)

### Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

#### (a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

#### (b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

### iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Group becomes a party to the contractual provisions of the liability.

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

Financial liabilities include trade and other payables, related party payables, borrowings, accrued expenses etc.

#### (a) Trade and other payables

The Group recognises trade and related party payables 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.



## Notes to the un-audited consolidated financial statements (Continued)

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### **(b) Loans and borrowings**

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

### **(c) Accrued expenses**

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

## **E Impairment**

### **Financial assets**

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

### **Non financial assets**

An asset is impaired when its carrying amount exceeds its recoverable amount. The Group assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in the statement of comprehensive income.

## **F Revenue**

Revenue is recognised, upon supply of electricity, quantum of which is determined by survey of meter reading. It excludes value added tax and other government levies, on the basis of net units of energy generated and transmitted to the authorised customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenue is valued using rates in effect when service is provided to customers.

## **G Provisions**

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **H 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.

### **(i) 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.

### **(ii) 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 must 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.

## Notes to the un-audited consolidated financial statements (Continued)

### I Foreign currency

Foreign currency transactions are translated into BDT/Taka at the exchange rates prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date.

Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

### J Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Power generation companies in the Group are given tax exemptions for certain years beginning with the month of Commercial Date of Operation ("COD"). The summary of tax exemptions for the power plants operated in the Group are as below:

Entity	Plant	Tax provision status	Period	Expiry
UPGDCL	86 MW plant at DEPZ	Tax exemption on all income	15 years	2023
	72 MW plant at CEPZ	Tax exemption on all income	15 years	2024
UEL	53 MW plant at Ashuganj	Tax exemption on business income	8 years	2019
	28 MW plant at Sylhet	Tax exemption on business income	15 years	2028
UAEL	195 MW plant at Ashuganj	Tax exemption on business income	15 years	2030

#### (ii) Deferred tax

There are varied practices of calculating tax depreciation by power companies in Bangladesh. Amongst these practices there is a precedence of tax assessments being completed for several years for a power company whereby the tax authorities have taken the accounting depreciation charge to be the tax depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value of property, plant and equipment. On the basis of the said precedence, the Group has not considered any deferred tax relating to property, plant and equipment in the preparation of these financial statements.

### K Employee benefits

#### 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 it also needs to be distributed within 9 months of the statement of financial position date. Operation and maintenance (O&M) activities of the Group are managed by employees of United Engineering and Power Services Limited under an O&M contract. Therefore, the provision of WPPF is not applicable for the Group.



## Notes to the un-audited consolidated financial statements (Continued)

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### **L Statement of cash flows**

Statement of cash flows has been prepared in accordance with the IAS 7: *Statement of cash flows* under the direct method.

### **M Finance income and finance expenses**

Finance income comprises interest on financial deposits with banks and loans made to related parties. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. The Group's finance cost includes interest expense which is recognised at amortised cost.

### **N Share capital**

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

### **O Earnings per share**

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

### **P Dividends**

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the annual general meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

### **Q Leases**

#### **(i) Determining whether an arrangement contains a lease**

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

#### **(ii) Leased assets**

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

#### **(iii) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Notes to the un-audited consolidated financial statements (Continued)

### 50 Name of auditors of the Group companies

Name of subsidiary	Status	Name of auditors
United Energy Ltd	Subsidiary	Hoda Vasi Chowdhury & Co
United Ashuganj Energy Ltd	Subsidiary	Rahman Rahman Huq
Leviathan Global BD Ltd.	Subsidiary	

### 51 Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Group for annual periods beginning on or after 1 January 2018.

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

#### (i) IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17: *Leases*, IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: *Operating Leases – Incentives* and SIC-27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15: *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. Based on initial assessment, the impact of adoption of IFRS 16 is not expected to be material.