

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


Un-audited Consolidated financial statements
as at and for the period ended 31 March 2020

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

| | | 31 March 2020 | | 30 June 2019 | |
|---|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>In Taka</i> | <i>Note</i> | Consolidated | Separate | Consolidated | Separate |
| Assets | | | | | |
| Property, plant and equipment | 5 | 19,275,278,412 | 8,018,389,175 | 20,242,083,450 | 8,272,063,545 |
| Capital Work In Progress (CWIP) | 6 | 1,361,406,237 | | | |
| Investment in subsidiary | 8 | - | 3,297,000 | - | 297,000 |
| Prepaid lease rent | 7 | 199,341,333 | - | 199,341,333 | |
| Non-current assets | | 20,836,025,982 | 8,021,686,175 | 20,441,424,783 | 8,272,360,545 |
| | | | | | |
| Inventories | 9 | 1,608,323,433 | 664,179,933 | 1,096,323,223 | 493,397,340 |
| Trade and other receivables | 10 | 2,288,270,805 | 1,224,724,725 | 2,769,811,250 | 1,188,525,256 |
| Receivable from related party | 11 | 9,685,128,715 | 4,785,465,843 | 14,060,279,622 | 6,536,945,438 |
| Advances, deposits and prepayments | 12 | 187,887,422 | 87,286,707 | 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 | 174,303,899 | 83,338,021 | 3,299,042,119 | 1,009,871,492 |
| Current assets | | 14,070,786,761 | 6,971,867,716 | 21,590,583,232 | 9,428,107,932 |
| Total assets | | 34,906,812,743 | 14,993,553,891 | 42,032,008,015 | 17,700,468,477 |
| | | | | | |
| Equity | | | | | |
| Share capital | 15 | 5,269,957,000 | 5,269,957,000 | 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 | 57,627,281 | - | 58,131,275 | - |
| Retained earnings | 18 | 20,711,326,491 | 7,444,381,815 | 22,704,577,678 | 10,664,437,759 |
| Equity attributable to the owners of the Company | | 28,084,910,772 | 14,760,338,815 | 29,599,578,953 | 17,501,307,759 |
| Non-controlling interests | 19 | 512,199,249 | | 488,158,794 | - |
| Total equity | | 28,597,110,021 | 14,760,338,815 | 30,087,737,747 | 17,501,307,759 |
| | | | | | |
| Liabilities | | | | | |
| Borrowings | 20 | 3,908,131,854 | - | 7,061,776,681 | - |
| Security money received | 21 | 700,000 | 700,000 | 700,000 | 700,000 |
| Non-current liabilities | | 3,908,831,854 | 700,000 | 7,062,476,681 | 700,000 |
| | | | | | |
| Trade and other payables | 22 | 1,431,879,660 | 159,206,871 | 298,470,517 | 149,552,121 |
| Accrued expenses | 23 | 46,653,803 | 40,521,595 | 66,930,430 | 22,867,066 |
| Borrowings | 20 | 105,501,854 | - | 1,071,451,367 | - |
| Payable to related party | 24 | 629,036,172 | 32,786,611 | 3,260,790,726 | 26,041,531 |
| Provision for income tax | 25 | 187,799,379 | - | 184,150,547 | - |
| Current liabilities | | 2,400,870,868 | 232,515,076 | 4,881,793,587 | 198,460,718 |
| Total liabilities | | 6,309,702,722 | 233,215,076 | 11,944,270,268 | 199,160,718 |
| Total equity and liabilities | | 34,906,812,743 | 14,993,553,891 | 42,032,008,015 | 17,700,468,477 |

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


 Company Secretary & CFO


 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 nine month ended | | For the 3rd quarter ended | | | |
|--|------|--------------------------|----------------------|---------------------------|----------------------|------------------------|----------------------|
| | | July 2019 to March 2020 | | January 20 to March 20 | | January 19 to March 19 | |
| | | Consolidated | Separate | Consolidated | Separate | Consolidated | Separate |
| Revenue | 26 | 8,024,370,148 | 4,900,635,566 | 2,593,471,767 | 1,587,617,655 | 2,679,140,052 | 1,547,215,926 |
| Cost of sales | 27 | (3,268,595,286) | (1,800,760,743) | (1,029,320,982) | (552,139,383) | (915,652,043) | (467,597,798) |
| Gross profit | | 4,755,774,862 | 3,099,874,823 | 1,564,150,785 | 1,035,478,272 | 1,763,488,009 | 1,079,618,129 |
| General and administrative expenses | 28 | (54,776,577) | (44,907,726) | (18,011,277) | (15,778,530) | (24,233,280) | (17,646,188) |
| Other income | 29 | 29,969,488 | 29,940,508 | 3,885,705 | 3,885,705 | 791,437,310 | 229,600 |
| Operating profit | | 4,730,967,773 | 3,084,907,605 | 1,550,025,213 | 1,023,585,447 | 2,530,692,039 | 1,062,201,541 |
| Finance income | 30 | 416,687,233 | 402,254,451 | 76,956,179 | 76,955,115 | 133,487,847 | 124,607,016 |
| Foreign exchange gain/(loss) | 31 | (19,109,393) | - | (1,266,244) | - | (4,957,914) | - |
| Finance expense | 32 | (298,797,522) | - | (42,385,634) | - | (125,916,610) | - |
| Profit before tax | | 4,829,748,091 | 3,487,162,056 | 1,583,329,514 | 1,100,540,562 | 2,533,305,362 | 1,186,808,557 |
| Income tax expense | | (5,061,616) | - | (2,903) | - | (3,253,289) | - |
| Profit | | 4,824,686,475 | 3,487,162,056 | 1,583,326,611 | 1,100,540,562 | 2,530,052,073 | 1,186,808,557 |
| Other comprehensive income | | - | - | - | - | - | - |
| Total comprehensive income | | 4,824,686,475 | 3,487,162,056 | 1,583,326,611 | 1,100,540,562 | 2,530,052,073 | 1,186,808,557 |
| Total comprehensive income attributable to: | | | | | | | |
| Owners of the Company | | 4,713,462,819 | - | - | - | - | - |
| Non-controlling interests | 19 | 111,223,655 | 6,171,772,992 | 1,542,338,695 | - | 2,488,056,234 | - |
| Total comprehensive income | | 4,824,686,474 | 120,579,084 | 40,987,916 | - | 41,995,839 | - |
| | | | 6,292,352,076 | 1,583,326,611 | - | 2,530,052,073 | - |
| Earnings per share (Basic) | 33 | 8.94 | 11.71 | 2.93 | 2.09 | 4.72 | 2.25 |

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


 Company Secretary & CFO


 Director


 Managing Director


 Chairman

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

| In Taka | For the nine month ended 31 March 2020 | | | | |
|---------------------------------------|---|----------------------|-----------------------|---------------------|-----------------------|
| | Attributable to the owners of the Company | | | | |
| | Share capital | Share premium | Retained earnings | Revaluation reserve | Minority Interest |
| Balance at 1 July 2019 | 4,790,870,000 | 2,046,000,000 | 22,704,577,678 | 58,131,275 | 488,158,794 |
| Profit for the period | - | - | 4,713,462,819 | - | 111,223,655 |
| Addition during the period | - | - | - | - | 1,000,000 |
| Bonus dividend paid during the period | 479,087,000 | - | (479,087,000) | - | - |
| Cash dividend for the year 2018-19 | - | - | (6,228,131,000) | - | - |
| Depreciation on revalued assets | - | - | 503,994 | (503,994) | - |
| Dividend paid to subsidiary | - | - | - | - | (88,183,200) |
| Balance at 31 March 2020 | 5,269,957,000 | 2,046,000,000 | 20,711,326,491 | 57,627,281 | 512,199,249 |
| | | | | | 28,597,110,021 |

| In Taka | For the nine month ended 31 March 2019 | | | | |
|---|---|----------------------|-----------------------|---------------------|-----------------------|
| | Attributable to the owners of the Company | | | | |
| | Share capital | Share premium | Retained earnings | Revaluation reserve | Minority Interest |
| Restated balance at 1 July 2018 | 3,992,391,670 | 2,046,000,000 | 20,174,102,182 | 58,803,268 | 401,910,337 |
| Profit for the period | - | - | 6,171,772,992 | - | 120,579,084 |
| Bonus dividend paid during the period | 798,478,330 | - | (798,478,330) | - | - |
| Depreciation on revalued assets | - | - | 335,996 | (335,996) | - |
| Dividend paid to subsidiary | - | - | - | - | (56,254,800) |
| Merger reserve | - | - | (297,000) | - | (297,000) |
| Adjustment of gain on disposal from sale of subsidiary under common control | - | - | (782,885,496) | - | (7,907,934) |
| Balance at 31 March 2019 | 4,790,870,000 | 2,046,000,000 | 24,764,550,344 | 58,467,272 | 458,326,687 |
| | | | | | 32,118,214,303 |

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

Company Secretary & CFO

Director

3

Managing Director

Chairman

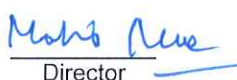
United Power Generation & Distribution Company Ltd.
Un-audited Statement of changes in equity

| <i>In Taka</i> | For the nine month ended 31 March 2020 | | | |
|--|--|---------------|-------------------|-----------------|
| | 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 |
| Total comprehensive income | | | | |
| Profit for the period | - | - | 3,487,162,055 | 3,487,162,055 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 3,487,162,055 | 3,487,162,055 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Issue of bonus shares | 479,087,000 | - | (479,087,000) | - |
| Cash dividend | - | - | (6,228,131,000) | (6,228,131,000) |
| Total transactions with owners of the Company | 479,087,000 | - | (6,707,218,000) | (6,228,131,000) |
| Balance at 31 March 2020 | 5,269,957,000 | 2,046,000,000 | 7,444,381,814 | 14,760,338,815 |

| <i>In Taka</i> | For the nine month ended 31 March 2019 | | | |
|--|--|---------------|-------------------|-----------------|
| | 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 |
| Total comprehensive income | | | | |
| Profit for the period | - | - | 3,732,034,829 | 3,732,034,829 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 3,732,034,829 | 3,732,034,829 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Issue of bonus shares | 798,478,330 | - | (798,478,330) | - |
| Cash dividend | - | - | (3,593,152,503) | (3,593,152,503) |
| Total transactions with owners of the Company | 798,478,330 | - | (4,391,630,833) | (3,593,152,503) |
| Balance at 31 March 2019 | 4,790,870,000 | 2,046,000,000 | 9,592,794,064 | 16,429,664,064 |

The annexed notes 1 to 42 form an integral part of these financial statements.


 Company Secretary and CFO


 Director


 Managing Director


 Chairman

United Power Generation & Distribution Company Ltd.
Un-audited consolidated statement of cash flows

| <i>In Taka</i> | For the nine month ended | | | |
|---|--------------------------|------------------------|------------------------|------------------------|
| | July 19 to March 2020 | | July 18 to March 2019 | |
| | Consolidated | Separate | Consolidated | Separate |
| Cash flows from operating activities | | | | |
| Cash received from customers | 8,505,701,314 | 4,863,411,852 | 7,409,858,129 | 4,698,870,788 |
| Cash received from other sources | 44,394,726 | 29,747,952 | 44,977,389 | 21,065,796 |
| Cash paid to suppliers and others | (2,403,801,641) | (1,729,899,455) | (2,063,840,769) | (1,224,619,149) |
| Tax paid | (4,051,136) | - | (4,865,519) | (48,000) |
| Financial charges paid | (298,916,147) | - | (345,228,597) | - |
| Net cash generated from operating activities | 5,843,327,116 | 3,163,260,349 | 5,040,900,634 | 3,495,269,435 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | (286,893,375) | (47,819,888) | (40,742,607) | (39,827,653) |
| Investment in subsidiary company | (3,000,000) | (3,000,000) | (297,000) | (297,000) |
| Sale proceeds of subsidiary company | - | - | 41,849,744,928 | - |
| Cash received/(paid) for related party loan | 1,816,344,823 | 2,145,290,386 | (46,235,275,338) | (678,491,669) |
| Insurance claim received on disposal of fixed assets | 41,503,257 | 41,503,257 | - | - |
| Investment in marketable securities | - | - | (37,700,000) | (37,700,000) |
| Net cash generated from/(used in) investing activities | 1,567,954,705 | 2,135,973,755 | (4,464,270,016) | (756,316,321) |
| Cash flows from financing activities | | | | |
| Dividend paid | (6,420,205,575) | (6,225,767,575) | (357,867,392) | (3,591,649,965) |
| Long term loan paid | (4,138,952,789) | - | (792,433,121) | - |
| Net cash generated from/(used in) financing activities | (10,559,158,364) | (6,225,767,575) | (1,150,300,513) | (3,591,649,965) |
| Net increase in cash and cash equivalents | (3,147,876,543) | (926,533,471) | (573,669,895) | (852,696,851) |
| Opening cash and cash equivalents | 3,322,180,442 | 1,009,871,492 | 2,297,488,160 | 1,278,881,647 |
| Cash and cash equivalents as at 31 March | 174,303,899 | 83,338,021 | 1,723,818,265 | 426,184,795 |

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



 Company Secretary & CFO



 Director



 Managing Director



 Chairman

Notes to the un-audited consolidated financial statements

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 31 March 2020 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 Ltd. | 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 09 June 2020.

2.3 Reporting period

The current financial period of the Group covers half year from 1 July 2019 to 31 March 2020.

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

| In Taka Cost | Building and civil | | | | | | Motor vehicle | Total |
|-------------------------------------|---------------------|-------------|--------------|----------------------|------------------|-----------------------|---------------|----------------|
| | Plant and machinery | Gas line | construction | Land and development | Office equipment | Furniture and fixture | | |
| 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 |
| Balance at 1 July 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 |
| Additions | 47,968,306 | 1,410,533 | - | - | 151,096 | 23,703 | - | 49,553,638 |
| Disposals/transfers | (48,140,896) | - | - | - | - | - | - | (48,140,896) |
| Balance at 31 March 2020 | 26,661,044,413 | 483,716,045 | 751,030,070 | 279,952,125 | 16,284,273 | 12,083,105 | 95,518,715 | 28,299,628,746 |
| Accumulated depreciation | | | | | | | | |
| 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 period | 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 |
| Balance at 1 July 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 |
| Depreciation for the period | 928,877,987 | 11,117,397 | 30,460,995 | 7,040,754 | 794,647 | 825,107 | 5,398,994 | 984,515,880 |
| Adjustment for disposal/transfers | (16,298,100) | - | - | - | - | - | - | (16,298,100) |
| Balance at 31 March 2020 | 8,451,640,075 | 133,169,465 | 256,025,089 | 124,668,031 | 14,454,791 | 6,800,126 | 37,592,758 | 9,024,350,334 |
| Carrying amounts | | | | | | | | |
| 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 31 March 2020 | 18,209,404,338 | 350,546,580 | 495,004,981 | 155,284,093 | 1,829,482 | 5,282,979 | 57,925,957 | 19,275,278,412 |
| Allocation of depreciation | | | | | | | | |
| In Taka | | | | | | Note | 31 March 2020 | 31 March 2019 |
| Cost of sales | | | | | | 27 | 978,263,218 | 978,773,085 |
| General and administrative expenses | | | | | | 28 | 6,252,662 | 6,241,967 |
| | | | | | | | 984,515,880 | 985,015,051 |

Notes to the financial statements (Continued)

5 Property, plant and equipment

Reconciliation of carrying amount

| <i>In Taka</i> | Plant and machinery | Gas line | Office equipment | Furniture and fixture | Motor vehicle | Total |
|------------------------------------|-----------------------|--------------------|-------------------|-----------------------|-------------------|-----------------------|
| Cost | | | | | | |
| 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) |
| Balance at 30 June 2019 | 10,421,132,793 | 352,876,102 | 11,284,359 | 3,079,219 | 62,493,836 | 10,850,866,310 |
| 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 | 46,234,556 | 1,410,533 | 151,096 | 23,703 | - | 47,819,888 |
| Disposals/transfers | (48,140,896) | - | - | - | - | (48,140,896) |
| Balance at 31 March 2020 | 10,419,226,453 | 354,286,635 | 11,435,455 | 3,102,922 | 62,493,836 | 10,850,545,301 |
| Accumulated depreciation | | | | | | |
| 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) |
| Balance at 30 June 2019 | 2,493,994,151 | 51,668,090 | 10,977,794 | 1,517,354 | 20,645,375 | 2,578,802,764 |
| 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 | 261,010,794 | 5,295,492 | 271,456 | 151,595 | 2,922,125 | 269,651,462 |
| Adjustment for disposals/transfers | (16,298,100) | - | - | - | - | (16,298,100) |
| Balance at 31 March 2020 | 2,738,706,845 | 56,963,582 | 11,249,250 | 1,668,949 | 23,567,500 | 2,832,156,127 |
| Carrying amounts | | | | | | |
| At 30 June 2019 | 7,927,138,642 | 301,208,012 | 306,565 | 1,561,865 | 41,848,461 | 8,272,063,545 |
| At 31 March 2020 | 7,680,519,608 | 297,323,053 | 186,205 | 1,433,973 | 38,926,336 | 8,018,389,175 |

a) Allocation of depreciation

| <i>In Taka</i> | Note | 31-Mar-20 | 31-Mar-19 |
|-------------------------------------|------|--------------------|--------------------|
| Cost of sales | 22.1 | 266,954,948 | 267,598,773 |
| General and administrative expenses | 24 | 2,696,515 | 2,703,018 |
| | | 269,651,462 | 270,301,791 |

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> | 31 March 2020 | | 30 June 2019 | |
|---------------------------------|---------------|----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Capital Machinery | 1,318,038,449 | | | |
| Gas Line | 5,000,000 | | | |
| Distribution Line | 1,480,276 | | | |
| Building and Civil construction | 36,814,505 | | | |
| Furniture and Fixture | 73,007 | | | |
| | 1,361,406,237 | - | - | - |

7 Prepaid lease rent

See accounting policy in Note 49Q

| <i>In Taka</i> | <i>Note</i> | 31 March 2020 | | 30 June 2019 | |
|----------------------------------|-------------|---------------|----------|--------------|----------|
| | | Consolidated | Separate | Consolidated | Separate |
| Prepaid lease rent - non current | | 199,341,333 | | 199,341,333 | |
| Prepaid lease rent - current | 12.3 | 5,068,003 | | 20,272,000 | |
| | | 204,409,336 | - | 219,613,333 | - |

A land lease agreement was signed between Ashuganj Power Station Company Ltd. (APSCL) 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

| | 31 March 2020 | | 30 June 2019 | |
|--------------------------|---------------|-----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| United Energy Ltd | - | 297,000 | | 297,000 |
| Leviathon 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 with effect from 1 July 2018. 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> | <i>Note</i> | 31 March 2020 | | 30 June 2019 | |
|--------------------------|-------------|---------------|-------------|---------------|-------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Spare parts | 9.1 | 1,090,638,060 | 522,363,565 | 1,022,385,629 | 457,117,013 |
| Lube oil and chemicals | 9.2 | 38,986,114 | 6,844,863 | 38,646,977 | 8,619,479 |
| Project Civil Work-Local | | 1,430,841 | | | |
| Materials in transit | | 477,268,418 | 134,971,505 | 35,290,617 | 27,660,848 |
| | | 1,608,323,433 | 664,179,933 | 1,096,323,223 | 493,397,340 |

9.1 Spare parts

| <i>In Taka</i> | 31 March 2020 | | 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 period | 436,322,814 | 362,167,101 | 699,106,414 | 416,862,665 |
| Transfer during the period | 6,646,447 | 6,646,447 | (11,530,045) | (11,530,045) |
| Consumption during the period | (374,716,830) | (303,566,997) | (807,819,300) | (574,954,758) |
| | 1,090,638,060 | 522,363,565 | 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> | 31 March 2020 | | 30 June 2019 | |
|-------------------------------|---------------|--------------|--------------|--------------|
| | Consolidated | Separate | Consolidated | Separate |
| Opening balance | 38,646,978 | 8,619,479 | 31,245,451 | 3,407,644 |
| Purchase during the period | 48,596,330 | 30,836,776 | 87,061,503 | 45,952,488 |
| Transfer during the period | - | - | 8,601,231 | 8,601,231 |
| Consumption during the period | (48,257,194) | (32,611,392) | (88,261,208) | (49,341,884) |
| | 38,986,114 | 6,844,863 | 38,646,977 | 8,619,479 |

10 Trade and other receivables

See accounting policy in Note 49D

| <i>In Taka</i> | <i>Note</i> | 31 March 2020 | | 30 June 2019 | |
|-------------------|-------------|---------------|---------------|---------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Trade receivables | 10.1 | 2,282,619,407 | 1,220,128,120 | 2,763,864,677 | 1,182,904,406 |
| Other receivables | 10.2 | 5,651,398 | 4,596,605 | 5,946,573 | 5,620,850 |
| | | 2,288,270,805 | 1,224,724,725 | 2,769,811,250 | 1,188,525,256 |

10.1 Trade receivables

| <i>In Taka</i> | <i>Note</i> | 31 March 2020 | | 30 June 2019 | |
|-------------------------|-------------|---------------|---------------|---------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| BREB | | 269,254,680 | 252,034,875 | 256,175,103 | 240,932,313 |
| BPDB | | 1,349,172,834 | 305,458,120 | 1,886,818,846 | 321,101,366 |
| BEPZA | | 334,940,645 | 334,940,645 | 323,346,582 | 323,346,582 |
| Other private customers | | 329,251,247 | 327,694,480 | 297,524,146 | 297,524,145 |
| | | 2,282,619,407 | 1,220,128,120 | 2,763,864,677 | 1,182,904,406 |

10.2 Other receivables

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|---------------------------------------|---------------|-----------|--------------|-----------|
| | Consolidated | Separate | Consolidated | Separate |
| Wartsila Bangladesh Ltd | 5,292,414 | 4,401,754 | 5,171,525 | 5,171,525 |
| Bergen Engine BD (Pvt.) Ltd | - | - | 442,974 | 442,974 |
| Kaltimex Energy Bangladesh (Pvt) Ltd. | 164,133 | | | |
| Interest on FDR | - | | 185,012 | |
| Samuda Power Ltd | - | | 139,739 | |
| Others | 194,851 | 194,851 | 7,323 | 6,351 |
| | 5,651,398 | 4,596,605 | 5,946,573 | 5,620,850 |

11 Receivable from related party

See accounting policy in Note 49D

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|------------------------------|---------------|---------------|----------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| United Enterprises & Co. Ltd | 4,901,159,050 | | 7,520,341,623 | |
| United Energy Ltd | - | 2,696,436 | | |
| United Mymensingh Power Ltd | 4,775,781,753 | 4,775,053,250 | 6,530,346,076 | 6,529,242,459 |
| United Jamalpur Power Ltd | 133,889 | 68,114 | 133,889 | 68,114 |
| United Anowara Power Ltd | 7,676,631 | 7,270,651 | 9,080,642 | 7,257,473 |
| United Lube Oil Ltd | 377,392 | 377,392 | 377,392 | 377,392 |
| | 9,685,128,715 | 4,785,465,843 | 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> | 31 March 2020 | | 30 June 2019 | |
|----------------|-------------|---------------|------------|--------------|------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Advances | 12.1 | 97,338,744 | 37,880,951 | 56,811,414 | 39,570,162 |
| Deposits | 12.2 | 52,039,436 | 24,911,344 | 25,192,701 | 24,911,344 |
| Prepayments | 12.3 | 38,509,242 | 24,494,412 | 156,250,416 | 8,014,413 |
| | | 187,887,422 | 87,286,707 | 238,254,531 | 72,495,919 |

12.1 Advances

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|---------------------------------------|---------------|------------|--------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Advance against salary and allowances | 500,000 | 500,000 | 500,000 | 500,000 |
| Advance income tax | 19,966,086 | 808,161 | 16,677,644 | 808,161 |
| Advance against LC charges | - | - | 769,832 | 720,760 |
| Advance against expenses | 76,872,658 | 36,572,790 | 38,863,938 | 37,541,241 |
| | 97,338,744 | 37,880,951 | 56,811,414 | 39,570,162 |

12.2 Deposits

| <i>In Taka</i> | 31 March 2020 | | 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) | 2,376 | - | - | - |
| 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 | - |
| | 52,039,436 | 24,911,344 | 25,192,701 | 24,911,344 |

12.3 Prepayments

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|---------------------------|---------------|------------|--------------|-----------|
| | Consolidated | Separate | Consolidated | Separate |
| Finnvera premium | - | - | 115,095,009 | - |
| Land lease rent | 5,068,003 | - | 20,272,000 | - |
| Insurance premium | 32,353,834 | 24,010,667 | 18,468,590 | 7,530,667 |
| Bank guarantee commission | 341,431 | - | 1,737,871 | - |
| BERC license fees | 745,974 | 483,745 | 676,946 | 483,746 |
| | 38,509,242 | 24,494,412 | 156,250,416 | 8,014,413 |

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 49D

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|---|---------------|-------------|--------------|-------------|
| | Consolidated | Separate | Consolidated | Separate |
| Cash available for share purchase | 85,658 | 85,658 | 12,684,697 | 12,684,697 |
| Financial assets classified as fair value through | 126,786,829 | 126,786,829 | 114,187,790 | 114,187,790 |
| | 126,872,487 | 126,872,487 | 126,872,487 | 126,872,487 |

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> | 31 March 2020 | | 30 June 2019 | |
|----------------|-------------|---------------|------------|---------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Cash in hand | 14.1 | 226,051 | 140,534 | 140,534 | 140,534 |
| Fixed deposits | 14.2 | - | - | 55,503,502 | - |
| Cash at bank | 14.3 | 174,077,848 | 83,197,487 | 3,243,398,083 | 1,009,730,958 |
| | | 174,303,899 | 83,338,021 | 3,299,042,119 | 1,009,871,492 |

14.1 Cash in hand

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|----------------|---------------|----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Cash in hand | 226,051 | 140,534 | 140,534 | 140,534 |
| | 226,051 | 140,534 | 140,534 | 140,534 |

14.2 Fixed deposits

| <i>In Taka</i> | 31 March 2020 | | 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> | 31 March 2020 | | 30 June 2019 | |
|--|---------------|------------|---------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| Dhaka Bank Limited | 129,483,990 | 54,193,409 | 2,611,539,043 | 438,333,721 |
| Dutch Bangla Bank Limited | 3,170,086 | 3,029,968 | 570,352,584 | 519,238,745 |
| Shahjalal Islami Bank Limited | 32,969 | 32,969 | 928,860 | 928,860 |
| Eastern Bank Limited | 1,074,093 | 79,363 | 79,187 | 79,187 |
| Jamuna Bank Limited | 949,615 | 21,664 | 6,616,493 | 224,509 |
| Trust Bank Limited | 224,098 | 224,098 | 985,369 | 224,593 |
| Brac Bank Limited | 13,308,537 | 13,308,537 | 13,116,290 | 13,116,290 |
| Brac Bank Limited - Dividend distribution account | 1,398,487 | 1,398,487 | 1,400,987 | 1,400,987 |
| The City Bank Limited - Dividend distribution accc | 8,905,963 | 8,905,963 | 5,959,588 | 5,959,588 |
| Dhaka Bank Limited - Dividend distribution accou | 1,056,998 | 1,056,998 | 1,045,838 | 1,045,838 |
| The Hongkong and Shanghai Banking Corporatio | 5,387,378 | 946,032 | 29,178,640 | 29,178,640 |
| Standard Chartered Bank | 813,159 | - | 1,364,709 | - |
| The City Bank Limited | 8,272,475 | - | 309,909 | - |
| Pubali Bank Limited | - | - | 520,586 | - |
| | 174,077,848 | 83,197,487 | 3,243,398,083 | 1,009,730,958 |

15 Share capital

See accounting policy in Note 49N

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Consolidated | Separate | Consolidated | Separate |
| Authorised | | | | |
| 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 Tk. 10 each | 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 |
| Ordinary shares issued, subscribed and paid up | | | | |
| Opening balance | 4,790,870,000 | 4,790,870,000 | 3,992,391,670 | 3,992,391,670 |
| Bonus shares issued | 479,087,000 | 479,087,000 | 798,478,330 | 798,478,330 |
| Closing balance | 5,269,957,000 | 5,269,957,000 | 4,790,870,000 | 4,790,870,000 |

15.1 Particulars of shareholding

| <i>In Taka</i> | No. of shares | 31 March 2020 | | 30 June 2019 | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| | | Value (Tk) | Value (Tk) | Value (Tk) | Value (Tk) |
| United Mymensingh Power Ltd | 474,288,093 | 4,742,880,930 | 4,742,880,930 | 4,311,709,940 | 4,311,709,940 |
| Investment Corporation of Bangladesh | 14,366,872 | 143,668,720 | 143,668,720 | 130,867,480 | 130,867,480 |
| General investors | 38,340,735 | 383,407,350 | 383,407,350 | 348,292,580 | 348,292,580 |
| | 526,995,700 | 5,269,957,000 | 5,269,957,000 | 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 | 31 March 2020 | | 30 June 2019 | |
|--------------------------------------|---------------|----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| United Mymensingh Power Ltd | 90.00% | 90.00% | 81.82% | 81.82% |
| Investment Corporation of Bangladesh | 2.73% | 2.73% | 2.73% | 2.48% |
| General investors | 7.28% | 7.28% | 7.27% | 6.61% |
| | 100% | 100% | 100% | 100% |

16 Share premium

| In Taka | 31 March 2020 | | 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 | 31 March 2020 | | 30 June 2019 | |
|---------------------|---------------|----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Revaluation reserve | 57,627,281 | | 58,131,275 | |
| | 57,627,281 | - | 58,131,275 | - |

18 Retained earnings

| In Taka | 31 March 2020 | | 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 | 4,713,462,819 | 3,487,162,056 | 7,704,616,834 | 4,803,678,525 |
| | 27,418,040,497 | 14,151,599,815 | 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) |
| Issue of bonus shares | (479,087,000) | (479,087,000) | | |
| Cash dividend for the year 2018-19 | (6,228,131,000) | (6,228,131,000) | | |
| Depreciation on revalued assets | 503,994 | | 671,992 | |
| Merger reserve | | | (297,000) | - |
| Adjustment of gain on disposal from sale of subsidiary under common control | | | (782,885,496) | |
| | 20,711,326,491 | 7,444,381,815 | 22,704,577,678 | 10,664,437,759 |

19 Non-controlling interests

| In Taka | 31 March 2020 | | 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 | 111,223,655 | | 150,411,191 | |
| Adjustment of gain on disposal from sale of subsidiary under common control | | | (7,907,934) | |
| | 512,199,249 | | 488,158,794 | - |

20 Borrowings

See accounting policy in Note 49D

Non-current liabilities

| In Taka | 31 March 2020 | | 30 June 2019 | |
|---|---------------|----------|---------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Investment Promotion and Financing Facility (IPFF) loan | 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 | 31 March 2020 | | 30 June 2019 | |
|---|---------------|----------|---------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Investment Promotion and Financing Facility (IPFF) loan | 105,501,854 | | 455,070,825 | |
| Syndicated International Loan | - | | 616,380,542 | |
| | 105,501,854 | - | 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) 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 |

The IPFF loan is secured by:

- Registered hypothecation (first charge) on machinery, plant, equipment, furniture, fixture 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

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

21 Security money received

See accounting policy in Note 49D

| <i>In Taka</i> | 31 March 2020 | | 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

| <i>In Taka</i> | Note | 31 March 2020 | | 30 June 2019 | |
|----------------|------|---------------|-------------|--------------|-------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Trade payables | 22.1 | 277,711,034 | 143,042,205 | 215,635,613 | 127,390,004 |
| Other payables | 22.2 | 1,154,168,626 | 16,164,666 | 82,834,904 | 22,162,117 |
| | | 1,431,879,660 | 159,206,871 | 298,470,517 | 149,552,121 |

22.1 Trade payables

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|----------------|---------------|-------------|--------------|-------------|
| | Consolidated | Separate | Consolidated | Separate |
| Gas bill | 277,711,034 | 143,042,205 | 215,635,613 | 127,390,004 |
| | 277,711,034 | 143,042,205 | 215,635,613 | 127,390,004 |

22.2 Other payables

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|------------------------------------|---------------|------------|--------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Dividend payable | - | - | 56,254,800 | - |
| Share application money | 6,452,280 | 6,452,280 | 6,452,280 | 6,452,280 |
| Unclaimed dividend | 9,712,386 | 9,712,386 | 7,348,961 | 7,348,961 |
| Service charge on gas bill | - | - | 7,375,825 | 7,375,825 |
| Other operating expenses | 1,756,000 | - | 985,051 | 985,051 |
| TDS payable | 3,113,122 | - | 1,947,289 | - |
| Payable to Wartsila Bangladesh Ltd | - | - | 521,761 | - |
| Bergen Engine Bangladesh Ltd | 691,704 | - | 691,705 | - |
| CC Engineering Ltd | - | - | 1,050,000 | - |
| Liabilities for Imported Materials | 1,132,357,500 | - | - | - |
| Payable against C&F bill | 85,634 | - | 207,232 | - |
| | 1,154,168,626 | 16,164,666 | 82,834,904 | 22,162,117 |

23 Accrued expenses

See accounting policy in Note 49D

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|------------------------------------|---------------|------------|--------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Interest expense payable | - | - | 27,427,983 | - |
| Provision for expenses | 2,318,884 | - | 10,967,221 | - |
| Service charge on gas bill | 23,921,491 | 23,921,491 | 3,337,015 | 3,337,015 |
| VAT payable | 9,048,648 | 8,492,974 | 13,647,904 | 13,647,904 |
| Other operating expenses | 4,397,997 | 4,397,997 | 3,115,234 | 3,115,234 |
| Directors' remuneration | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Audit fees | - | - | 2,120,000 | 800,000 |
| Utility bill | 1,048,238 | 1,048,238 | 650,253 | 650,253 |
| Security expenses | 277,256 | 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 | - |
| Bergen Engines Bangladesh Pvt.Ltd. | 810,000 | 810,000 | - | - |
| TDS | 415,025 | 415,025 | - | - |
| Summit Power Ltd | 82,534 | 82,534 | - | - |
| | 46,653,803 | 40,521,595 | 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> | 31 March 2020 | | 30 June 2019 | |
|---|---------------|------------|---------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| United Engineering & Power Services Ltd | 32,773,029 | 11,434,983 | 27,008,153 | 12,211,723 |
| United Ashuganj Energy Ltd | (0) | 21,145,322 | | 10,438,917 |
| United Energy Ltd | - | 206,306 | | 3,390,891 |
| United Enterprises & Co. Ltd | 596,263,143 | | - | |
| United Mymensingh Power Ltd | - | | 3,233,782,573 | |
| | 629,036,172 | 32,786,611 | 3,260,790,726 | 26,041,531 |

25 Provision for income tax

See accounting policy in Note 49J

| <i>In Taka</i> | 31 March 2020 | | 30 June 2019 | |
|------------------------|---------------|----------|--------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Opening balance | 184,150,547 | | 161,228,317 | |
| Provision | 5,061,616 | | 26,040,669 | |
| Paid during the period | (1,412,784) | | (3,118,439) | |
| | 187,799,379 | - | 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. (UAE) 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 UAE (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 UAE.

26 Revenue

See accounting policy in Note 49F

| <i>In Taka</i> | Note | July 2019 to March 2020 | | July 2018 to March 2019 | |
|--------------------|------|-------------------------|---------------|-------------------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Electricity supply | 26.1 | 8,000,445,099 | 4,876,710,517 | 8,444,431,883 | 4,875,641,831 |
| Steam supply | 26.2 | 23,925,049 | 23,925,049 | 23,575,602 | 23,575,602 |
| | | 8,024,370,148 | 4,900,635,566 | 8,468,007,485 | 4,899,217,433 |

26.1 Electricity supply

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|-------------------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| BPDB | 3,468,282,670 | 507,134,238 | 3,858,749,616 | 420,763,784 |
| BEPZA | 3,131,529,608 | 3,131,529,608 | 3,150,083,787 | 3,150,083,787 |
| BREB | 631,783,030 | 473,333,491 | 534,088,966 | 403,284,745 |
| Other private customers | 768,849,791 | 764,713,180 | 901,509,515 | 901,509,515 |
| | 8,000,445,099 | 4,876,710,517 | 8,444,431,883 | 4,875,641,831 |

26.2 Steam supply

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|--------------------------------|-------------------------|------------|-------------------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Gunze United Ltd | 17,799,830 | 17,799,830 | 17,817,364 | 17,817,364 |
| Global Labels (Bangladesh) Ltd | 2,523,677 | 2,523,677 | 3,648,490 | 3,648,490 |
| Croydon-Kowloon Designs Ltd | 3,063,373 | 3,063,373 | 362,377 | 362,377 |
| Talisman Ltd | 538,169 | 538,169 | 39,410 | 39,410 |
| Regency Garments Limited | - | - | 1,707,962 | 1,707,962 |
| | 23,925,049 | 23,925,049 | 23,575,602 | 23,575,602 |

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

27 Cost of sales

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|---------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| Fuel and energy | 1,584,353,029 | 1,041,424,856 | 1,074,204,719 | 723,771,826 |
| Spare parts and lube oil | 409,862,212 | 336,178,388 | 649,799,749 | 347,420,722 |
| Depreciation | 978,263,218 | 266,954,948 | 978,773,085 | 267,598,773 |
| Minimum load charge | 19,200,416 | 19,200,416 | 52,277,244 | 52,277,244 |
| Direct overhead | 96,236,420 | 76,459,910 | 77,890,648 | 77,890,648 |
| Repair and maintenance | 107,138,130 | 34,075,828 | 55,047,949 | 40,369,319 |
| Entertainment | 7,521,209 | 5,761,956 | 9,262,554 | 7,011,937 |
| Utility bill | 8,108,997 | 7,785,310 | 6,208,312 | 6,094,179 |
| Security expense | 5,453,895 | 2,971,586 | 4,151,087 | 2,146,552 |
| Carrying charge | 1,566,558 | 1,414,658 | 1,729,175 | 706,445 |
| Land lease rent | 1,780,825 | 1,780,825 | 1,746,302 | 1,746,302 |
| Advertisement expense | 1,091,672 | 154,422 | 715,750 | 715,750 |
| Travelling and conveyance | 767,426 | 628,301 | 932,758 | 705,840 |
| Labour and wages | 515,100 | 427,150 | 673,844 | 561,894 |
| Vehicle running and maintenance | 1,154,506 | 1,111,519 | 1,060,563 | 1,060,563 |
| Environmental expenses | 754,423 | 422,463 | 513,901 | 337,201 |
| Printing and stationery | 475,199 | 382,433 | 364,516 | 224,661 |
| Site office expense | 2,287,778 | 2,211,013 | 1,399,728 | 1,235,721 |
| Telephone, mobile and internet | 384,580 | 227,797 | 378,886 | 218,156 |
| BERC license and others | 176,319 | 108,865 | 237,261 | 56,000 |
| Worker welfare fund | 152,625 | 152,625 | 150,975 | 150,975 |
| Postage and courier | 49,410 | 20,955 | 76,375 | 46,670 |
| Automation and IP expense | 62,981 | 62,981 | 67,284 | 67,284 |
| Insurance premium | 25,124,246 | - | 32,933,772 | - |
| Amortisation of lease rent | 15,203,997 | - | 15,204,006 | - |
| Gardening and beautification | 883,316 | 841,539 | 933,606 | 837,741 |
| Computer maintenance | 26,800 | - | - | - |
| | 3,268,595,286 | 1,800,760,743 | 2,966,734,049 | 1,533,252,403 |

- 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

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|------------------------------|-------------------------|------------|-------------------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Directors' remuneration | 11,949,375 | 11,949,375 | 20,289,375 | 11,949,375 |
| Office maintenance | 8,167,500 | 8,167,500 | 8,512,500 | 8,167,500 |
| Advertisement | 9,404,194 | 9,404,194 | 4,442,306 | 4,442,306 |
| Depreciation | 6,252,662 | 2,696,515 | 6,241,967 | 2,703,018 |
| AGM expenses | 2,746,571 | 2,746,571 | 2,521,774 | 2,521,774 |
| Vehicle running expenses | 301,611 | 301,611 | 343,091 | 309,171 |
| Bank charge and commission | 912,685 | 344,731 | 2,623,885 | 1,630,029 |
| Office rent | 2,070,000 | 1,035,000 | 2,070,000 | 1,035,000 |
| Board meeting fees | 2,821,876 | 1,308,000 | 1,570,419 | 1,325,000 |
| Consultancy fees | 793,750 | 563,750 | 381,500 | 34,500 |
| Entertainment | 345,082 | 243,792 | 195,389 | 190,539 |
| Traveling and conveyance | 426,487 | 333,226 | 374,449 | 208,501 |
| Postage, telephone and telex | 51,627 | 46,142 | 69,816 | 58,351 |
| Printing and stationery | 31,811 | 26,266 | 67,050 | 52,549 |
| Trade license and others | 135,004 | 24,929 | 539,029 | 15,800 |
| Overseas travelling | - | - | 211,250 | 211,250 |
| RJSC expenses | 149,430 | 90,390 | 249,270 | 105,630 |
| CDBL and listing fee | 4,910,661 | 4,910,661 | 10,665,789 | 8,054,510 |
| Legal expense | 2,325,590 | - | 1,500,000 | - |
| Income tax expenses | 930,661 | 665,073 | - | - |
| Share transfer fees | - | - | 16,853,694 | - |
| Donation | 50,000 | 50,000 | - | - |
| Subscription fees | - | - | 78,949 | - |
| | 54,776,577 | 44,907,726 | 79,801,501 | 43,014,803 |

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

29 Other income

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|---|-------------------------|------------|-------------------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Realised gain from marketable securities | 491,741 | 491,741 | | |
| Unrealised gain/(loss) from marketable securities | - | | 3,358,664 | 3,333,509 |
| Sale of used lube oil and drums | 14,959,838 | 14,959,838 | 1,750,600 | 1,750,600 |
| Scrap sale | 4,571,048 | 4,542,068 | 8,845,367 | 5,914,110 |
| Dividend income | 286,400 | 286,400 | 163,600 | 163,600 |
| Gain on Disposal of fixed assets | 9,660,461 | 9,660,461 | | |
| Gain on disposal of subsidiary | - | | 790,793,430 | |
| | 29,969,488 | 29,940,508 | 804,911,661 | 11,161,819 |

30 Finance income

See accounting policy in Note 49M

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|---|-------------------------|-------------|-------------------------|-------------|
| | Consolidated | Separate | Consolidated | Separate |
| Interest on related party loan | 393,810,791 | 393,810,791 | 387,086,297 | 387,086,297 |
| Interest on short term deposits | 14,154,398 | | 19,017,855 | |
| Interest income on bank balance and fixed depos | 8,722,044 | 8,443,660 | 27,834,950 | 10,836,486 |
| | 416,687,233 | 402,254,451 | 433,939,102 | 397,922,783 |

31 Foreign exchange gain/(loss)

See accounting policy in Note 49I

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|------------------------------------|-------------------------|----------|-------------------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Foreign exchange loss - unrealised | - | | 666,183 | |
| Foreign exchange loss - realised | (19,109,393) | | (9,669,082) | |
| | (19,109,393) | - | (9,002,899) | - |

32 Finance expense

See accounting policy in Note 49M

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|----------------------------|-------------------------|----------|-------------------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Interest on Long term loan | 298,797,522 | | 345,228,597 | |
| | 298,797,522 | - | 345,228,597 | - |

33 Earnings per share

See accounting policy in Note 49O

33.1 Basic earnings per share

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| Profit attributable to the ordinary shareholders | 4,713,462,819 | 3,487,162,056 | 6,171,772,992 | 3,732,034,829 |
| Weighted average number of shares outstanding | 526,995,700 | 526,995,700 | 526,995,700 | 526,995,700 |
| Earnings per share | 8.94 | 6.62 | 11.71 | 7.08 |

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 31 December 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

| | 31 December 2019 | | 30 June 2019 | |
|---|------------------|----------------|----------------|----------------|
| | Consolidated | Separate | Consolidated | Separate |
| Net assets | 28,597,110,021 | 14,760,338,815 | 30,087,737,747 | 17,501,307,759 |
| Weighted average number of shares outstanding | 526,995,700 | 526,995,700 | 526,995,700 | 526,995,700 |
| Net asset value per share | 54.26 | 28.01 | 57.09 | 33.21 |

34.1 Net assets

| <i>In Taka</i> | 31 December 2019 | | 30 June 2019 | |
|-------------------|------------------|----------------|----------------|----------------|
| | Consolidated | Separate | Consolidated | Separate |
| Total assets | 34,906,812,743 | 14,993,553,891 | 42,032,008,015 | 17,700,468,477 |
| Total liabilities | 6,309,702,722 | 233,215,076 | 11,944,270,268 | 199,160,718 |
| Net assets | 28,597,110,021 | 14,760,338,815 | 30,087,737,747 | 17,501,307,759 |

35 Net operating cash flow per share (Basic)

| | <i>Note</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|--|-------------|-------------------------|---------------|-------------------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Net cash generated from operating activities | | 5,843,327,116 | 3,163,260,349 | 5,040,900,634 | 3,495,269,435 |
| Weighted average number of sh | 15.1 | 526,995,700 | 526,995,700 | 526,995,700 | 526,995,700 |
| Net operating cashflow per share | | 11.09 | 6.00 | 9.57 | 6.63 |

36 Reconciliation of net profit with cash flow from operating activities

| <i>In Taka</i> | July 2019 to March 2020 | | July 2018 to March 2019 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | Separate | Consolidated | Separate |
| Profit for the period | 4,824,686,475 | 3,487,162,056 | 8,563,021,873 | 3,732,034,829 |
| Adjustment for: | | | | |
| Depreciation | 984,515,880 | 269,651,462 | 985,015,051 | 270,301,791 |
| Amortisation of lease rent | 15,203,997 | | 15,204,006 | |
| Unrealised gain/(loss) from marketable securities | - | | (3,333,509) | (3,333,509) |
| Realised gain from marketable securities | - | | 9,669,082 | |
| Gain on Disposal of fixed assets | (9,660,461) | (9,660,461) | | |
| Foreign exchange loss - realised | 19,358,450 | | | |
| Interest on related party loan | (393,810,791) | (393,810,791) | (387,086,297) | (387,086,297) |
| Dividend Income from Subsidiaries Company | | | (3,233,782,573) | |
| Changes in: | | | | |
| Inventories | (219,100,141) | (170,782,593) | 15,779,316 | 49,789,098 |
| Trade and other receivables | 481,540,445 | (36,199,469) | (881,939,729) | (197,945,645) |
| Advances, deposits and prepayments | 103,089,850 | (14,790,788) | (6,104,297) | (481,814) |
| Receivable from related party | (8,974,060) | | | |
| Advance income tax | (2,641,255) | | (4,865,519) | (48,000) |
| Trade and other payables | (12,698,420) | 7,291,325 | (25,378,369) | 17,511,670 |
| Accrued expenses | 44,902,246 | 17,654,529 | (15,983,107) | 14,363,313 |
| Payable to related party | 13,266,070 | 6,745,080 | (2,679,384) | 163,999 |
| Provision for income tax | 3,648,832 | | 13,364,090 | |
| Net cash generated from operating activities | 5,843,327,116 | 3,163,260,349 | 5,040,900,634 | 3,495,269,435 |

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 March 2020 | | July 2018 to March 2019 | |
|-------------------------|-------------------------|------------|-------------------------|------------|
| | Consolidated | Separate | Consolidated | Separate |
| Directors' remuneration | 11,949,375 | 11,949,375 | 20,289,375 | 11,949,375 |
| Board meeting fees | 2,821,876 | 1,308,000 | 1,570,419 | 1,325,000 |
| | 14,771,251 | 13,257,375 | 21,859,794 | 13,274,375 |

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

B Other related party transactions

| | Transaction value | | Balance outstanding as at | |
|--|-------------------------|---------------|---------------------------|--------------|
| | July 2019 to March 2020 | 30 June 2019 | 31 March 2020 | 30 June 2019 |
| United Power Generation & Distribution Company Ltd. | | | | |
| <i>Sale of goods and services:</i> | | | | |
| Gunze United Limited | 17,799,830 | 17,817,364 | 5,490,099 | 4,826,023 |
| <i>Purchase of services:</i> | | | | |
| United Engineering & Power Services Ltd | 76,459,910 | 77,890,648 | - | 9,870,923 |
| <i>Loans</i> | | | | |
| United Enterprises & Co. Ltd | | | | |
| Loan disbursed during the period | - | 7,651,679,924 | - | - |
| Loan repaid during the period | - | 7,578,508,332 | - | - |
| United Mymensingh Power Ltd | | | | |
| Loan disbursed during the period | 3,623,281,683 | 7,793,033,975 | - | - |
| Loan repaid during the period | 5,600,000,000 | 2,041,000,000 | - | - |
| <i>Transfer of inventory (spare parts):</i> | | | | |
| United Mymensingh Power Ltd | - | - | 567,903 | 567,903 |
| United Anowara Power Ltd | 13,178 | - | 7,270,651 | 7,257,473 |
| United Lube Oil Ltd | - | - | 377,392 | 377,392 |
| United Jamalpur Power Ltd | - | - | 68,114 | 68,114 |
| United Ashuganj Energy Ltd | 10,706,405 | - | 21,145,322 | 10,438,917 |
| United Energy Ltd | 3,184,586 | - | 206,305 | 3,390,891 |
| Summit Power Ltd | - | - | 82,534 | 82,534 |
| United Engineering & Power Services Ltd. | 776,740 | - | 11,434,983 | 12,211,723 |

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

| | Transaction value | | Balance outstanding as at | |
|--|----------------------------|----------------|---------------------------|---------------|
| | July 2019 to March 2020 | 30 June 2019 | 31 March 2020 | 30 June 2019 |
| United Energy Ltd | | | | |
| <i>Purchase of services:</i> | | | | |
| United Engineering & Power Service Ltd | 19,776,510 | 36,630,197 | 2,662,020 | 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 | | | 4,901,159,050 | 7,520,341,623 |
| Loan disbursed | 2,404,600,000 | 9,539,278,243 | | |
| Loan repaid | 5,023,782,573 | 3,871,849,120 | | |
| United Ashuganj Energy Ltd | | | 1,707,694,279 | 684,575,666 |
| Loan disbursed | 2,525,245,490 | | | |
| Loan repaid | 1,502,126,877 | | | |
| 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 | | |
| <i>Inventory:</i> | | | | |
| United Power generation & Distribution Company Ltd | 2,490,131 | | 2,490,131 | |
| United Ashuganj Energy Ltd. | 967,501 | | 967,501 | |

| | Transaction value | | Balance outstanding as at | |
|--|----------------------------|--------------|---------------------------|--------------|
| | July 2019 to March 2020 | 30 June 2019 | 31 March 2020 | 30 June 2019 |
| United Ashuganj Energy Ltd | | | | |
| <i>Purchase of services:</i> | | | | |
| United Engineering & Power Service Ltd | 70,596,497 | 113,527,934 | 2,558,688,836 | 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 | 375,113 | 1,103,617 | 728,504 | 1,103,617 |
| United Anowara Power Ltd | 1,417,190 | 1,823,169 | 405,979 | 1,823,169 |

| | Transaction value | | Balance outstanding as at | |
|--------------------------------|----------------------------|--------------|---------------------------|--------------|
| | July 2019 to March 2020 | 30 June 2019 | 31 March 2020 | 30 June 2019 |
| Leviathan Global BD Ltd | | | | |
| <i>Loan:</i> | | | | |
| United Enterprises & Co. Ltd | | | 596,263,143 | 366,570,309 |
| Loan disbursed | 229,692,834 | 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 | 31 March 2020 | | 30 June 2019 | |
|---------------------------------------|------|----------------|---------------|----------------|---------------|
| | | Consolidated | Separate | Consolidated | Separate |
| Trade and other receivables | 10 | 2,282,619,407 | 1,220,128,120 | 2,763,864,677 | 1,182,904,406 |
| Receivable from related party | 11 | 9,685,128,715 | 4,785,465,843 | 14,060,279,622 | 6,536,945,438 |
| Investment in marketable securities | 13 | 126,872,487 | 126,872,487 | 126,872,487 | 126,872,487 |
| Cash and cash equivalents (excluding) | 14 | 174,077,848 | 83,197,487 | 3,298,901,585 | 1,009,730,958 |
| | | 12,268,698,457 | 6,215,663,937 | 20,249,918,371 | 8,856,453,289 |

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.

31 March 2020

31 March 2020

| | | Contractual cash flows | | | |
|--------------------------------------|------|------------------------|---------------|------------------|---------------|
| In Taka | Note | Carrying amount | Total | 6 months or less | Over 6 months |
| Non-derivative financial liabilities | | | | | |
| Borrowings | 20 | 4,013,633,708 | 4,013,633,708 | 119,565,746 | 3,894,067,962 |
| Trade and other payables | 22 | 1,431,879,660 | 1,431,879,660 | 1,431,879,660 | - |
| Accrued expenses | 23 | 46,653,803 | 46,653,803 | 46,653,803 | - |
| Payable to related party | 24 | 629,036,172 | 629,036,172 | 629,036,172 | - |
| | | 6,121,203,343 | 6,121,203,343 | 2,227,135,380 | 3,894,067,962 |
| Derivative financial liabilities | | | | | |
| | | - | - | - | - |
| | | 6,121,203,343 | 6,121,203,343 | 2,227,135,380 | 3,894,067,962 |

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

30 June 2019

30 June 2019

| | | Contractual cash flows | | | |
|---|-------------|------------------------|----------------|------------------|---------------|
| <i>In Taka</i> | <i>Note</i> | Carrying amount | Total | 6 months or less | Over 6 months |
| Non-derivative financial liabilities | | | | | |
| 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 |
| Derivative financial liabilities | | | | | |
| | | - | - | - | - |
| | | 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 | | | |
|----------------------------------|-------------|-----------------|----------|-----------------|----------|
| | | 31 March 2020 | | 30 June 2019 | |
| <i>In Taka</i> | <i>Note</i> | Consolidated | Separate | Consolidated | Separate |
| Fixed rate instruments | | | | | |
| <i>Financial assets</i> | | | | | |
| Receivable from related party | 11 | 9,685,128,715 | | 14,060,279,622 | |
| Fixed deposits | 14 | - | | 55,503,502 | |
| <i>Financial liabilities</i> | | | | | |
| Payable to related party | 24 | (629,036,172) | | (3,260,790,726) | |
| Variable rate instruments | | | | | |
| <i>Financial liabilities</i> | | | | | |
| Borrowings | 20 | (4,013,633,708) | | (8,133,228,048) | |
| | | 5,042,458,835 | - | 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> | 31 March 2020 | | 30 June 2019 | |
|---|-------------------|----------|-------------------|----------|
| | Consolidated | Separate | Consolidated | Separate |
| Service charge deducted by BEPZA ordered to return to the Company | 18,733,918 | | 18,733,918 | |
| Loss of warranty | 17,424,510 | | 17,424,510 | |
| Total | 36,158,428 | - | 36,158,428 | - |

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 31 March 2020 against which it is committed to purchase spare parts.

| | 31 March 2020 | | 30 June 2019 |
|--------|---------------|---------------|---------------|
| | Currency | Invoice value | Invoice value |
| UPGDCL | USD | 1,064,843 | 1,183,874 |
| | EUR | 268,850 | 1,516,991 |
| UEL | USD | 218,293 | 210,668 |
| | EUR | 17,523 | 60,020 |
| UAEL | USD | 40,957 | 82,936 |
| | EUR | 7,821 | 36,121 |
| LGDBL | USD | - | 1,692,700 |
| | EUR | 11,334,750 | 8,500 |

42 Contingent liabilities

42.1 Contingent liabilities relating to bank guarantees amounted to:

United Power Generation & Distribution Company Ltd

In Taka

| Beneficiary | Expiry date | 31 March 2020 | 30 June 2019 |
|---|--------------|--------------------|--------------------|
| Titas Gas Transmission & Distribution Com. Ltd. | 11 Nov. 2023 | 78,790,400 | 78,790,400 |
| Titas Gas Transmission & Distribution Com. Ltd. | 11 Dec. 2022 | 6,628,382 | 6,628,382 |
| Karnaphuli Gas Distribution Company Limited | 23 Jan. 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 |
| Chattogram Customs House | 17 Dec. 2019 | 20,421,244 | - |
| | | 221,109,646 | 200,688,402 |

United Energy Ltd

In Taka

| Beneficiary | Expiry date | 31 March 2020 | 30 June 2019 |
|---|-----------------|-------------------|-------------------|
| Jalalabad Gas Transmission and Distribution Systems Limited | 12 October 2022 | 48,396,019 | 48,396,019 |
| | | 48,396,019 | 48,396,019 |

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

United Ashuganj Energy Ltd

In Taka

| Beneficiary | Expiry date | 31 March 2020 | 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 | 31 March 2020 | 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:

31 March 2020

United Power Generation & Distribution Company Ltd

| Name of the bank | Letter of credit - limit | Loan against | | Bank guarantee facilities - limit |
|---------------------------|--------------------------|-----------------------|-----------------|-----------------------------------|
| | | Trust Receipt - limit | Overdraft limit | |
| Dutch Bangla Bank Limited | 100,000,000 | - | - | - |
| Dhaka Bank Limited | 350,000,000 | 300,000,000 | 300,000,000 | 221,109,646 |
| 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 | 521,109,646 |

United Energy Ltd

| Name of the bank | Letter of credit - limit | Loan against | | Bank guarantee facilities - limit |
|---------------------------|--------------------------|-----------------------|-----------------|-----------------------------------|
| | | Trust Receipt - limit | Overdraft limit | |
| Dhaka Bank Limited | 50,000,000 | - | - | 133,160,000 |
| 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 | 1,750,000,000 | 250,000,000 | 1,500,000,000 | 1,433,160,000 |

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 |
| Total | 600,000,000 | - | | - | 667,472,356 |

Leviathan Global BD Ltd

| Name of the bank | Letter of credit - limit | Loan against | | Overdraft limit | Bank guarantee facilities - limit |
|--------------------|-----------------------------|--------------------------|--|--------------------|--------------------------------------|
| | | Trust Receipt - limit | | | |
| Dhaka Bank Limited | 670,000,000 | - | | - | - |
| HSBC | 1,275,000,000 | - | | - | - |
| | 1,945,000,000 | - | | - | - |

44 Expenditure in equivalent foreign currency

| <i>In Taka</i> | 31 March 2020 | 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) | July 19 to March 20 | | July 18 to March 19 | |
|-------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Actual production (MWH) | Capacity utilisation (%) | Actual production (MWH) | Capacity utilisation (%) |
| Dhaka EPZ | 516,000 | 390,476 | 76% | 405,463 | 79% |
| Chattogram EPZ | 432,000 | 381,536 | 88% | 368,540 | 85% |
| Total | 948,000 | 772,012 | | 774,003 | |

United Energy Ltd

| Location of plant | Installed capacity (MWH) | July 19 to March 20 | | July 18 to March 19 | |
|-------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Actual production (MWH) | Capacity utilisation (%) | Actual production (MWH) | Capacity utilisation (%) |
| Sylhet | 168,000 | 150,588 | 90% | 138,932 | 83% |
| Ashuganj | 318,000 | - | 0% | 61,384 | 19% |
| Total | 486,000 | 150,588 | | 200,316 | |

United Ashuganj Energy Ltd

| Location of plant | Installed capacity (MWH) | July 19 to March 20 | | July 18 to March 19 | |
|-------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Actual production (MWH) | Capacity utilisation (%) | Actual production (MWH) | Capacity utilisation (%) |
| Ashuganj | 1,170,000 | 288,507 | 25% | 249,471 | 21% |

45.2 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 211 personnel for UPGDCL, 113 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.

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 31 December 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.

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.

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

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.

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)

(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)

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 | ARTISAN |

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.