United Power Generation & Distribution Company Ltd.

Un-audited consolidated half yearly financial statements
as at and for the period ended 31 December 2018

AMAR STOCK

United Power Generation and Distribution Company Limited
Consolidated Statement of Financial Position (Un-audited)
As at 31 December 2018

In Taka	Notes	31 December 2018		30 June 2018	
		Consolidated	Separate	Consolidated	Separate
Non Current Assets					
Property, Plant & Equipment, net	5	20,848,128,643	8,404,544,650	-	8,550,236,159
Prepaid Lease rent		219,613,333	-	-	-
		21,067,741,976	**8,404,544,650**	-	**8,550,236,159**
Investment					
Investment in Subsidiary	6	3,700,706,010	297,000	-	-
Investment in Marketable Securities	7	84,841,168	84,841,168		81,507,659
		3,785,547,178	**85,138,168**	-	**81,507,659**
Total Non Current Assets		**24,853,289,154**	**8,489,682,818**	-	**8,631,743,818**
Current Assets					
Inventories	8	1,335,760,495	707,127,927	-	718,082,928
Accounts receivables	9	2,665,961,951	1,171,605,197	-	950,161,525
Receivables from related party	10	55,048,426,744	4,260,592,564	-	4,759,627,601
Advance, deposits & prepayments	11	258,910,345	77,451,940	-	86,691,838
Cash & Cash Equivalents	12	2,237,437,155	684,543,516	-	1,278,881,647
Current Assets		**61,546,496,690**	**6,901,321,145**	-	**7,793,445,539**
Total Assets		**86,399,785,844**	**15,391,003,963**	-	**16,425,189,357**
Equity					
Shareholders' equity					
Share Capital	13	4,790,870,000	4,790,870,000	-	3,992,391,670
Share Premium	14	2,046,000,000	2,046,000,000	-	2,046,000,000
Revaluation reserve			-	-	-
Capital reserve	15	13,555,423,490	-	-	-
Retained earnings	16	12,804,724,009	8,405,985,507	-	10,252,390,068
Equity attributable to the equity holders		**33,197,017,499**	**15,242,855,507**	-	**16,290,781,738**
Non controlling interest	17	523,274,241	-	-	
		33,720,291,739	**15,242,855,507**	-	**16,290,781,738**
Liabilities					
Long term loan	18	8,057,524,776	-	-	-
Security Money Received	19	700,000	700,000	-	700,000
Non current liabilities		**8,058,224,776**	**700,000**	-	**700,000**
Trade and other payable	20	247,764,813	122,864,344	-	114,627,170
Accrued expenses	21	22,689,481	17,430,609	-	12,090,945
Long Term Loan- Current Portion	22	526,789,854	-	-	-
Payable to related party	23	43,652,875,260	7,153,503	-	6,989,504
Provission for taxation	24	171,149,920	-	-	-
Current liabilities		**44,621,269,329**	**147,448,456**	-	**133,707,619**
Total Liability		**52,679,494,105**	**148,148,456**	-	**134,407,619**
Total Liability and Equity		**86,399,785,844**	**15,391,003,963**	-	**16,425,189,357**
Net Asset Value (NAV) per share: Tk.	33	70.38	31.82	-	34.00

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

United Power Generation and Distribution Company Limited
Consolidated Statement of Profit and Loss and other Comprehensive Income (Un-audited)
For the 2nd Quarter ended 31 Decemebr 2018

In Taka	Notes	July 18 to December 18		July 17 to December 17		October 18 to December 18		October 17 to December 17	
		Consolidated	Separate	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate
Revenue	25	5,788,867,434	3,352,001,507	-	2,918,588,678	2,866,778,402	1,664,522,791	-	1,469,426,218
Cost of sales	26	(2,051,082,006)	(1,065,654,606)	-	(893,690,922)	(923,797,774)	(441,927,417)	-	(451,584,660)
Gross profit		**3,737,785,428**	**2,286,346,901**	**-**	**2,024,897,757**	**1,942,980,628**	**1,222,595,374**	**-**	**1,017,841,558**
General & administrative expenses	27	(55,568,221)	(25,368,615)	-	(20,712,851)	(36,441,352)	(15,232,474)	-	(11,720,186)
Other operating income	28	13,474,351	10,932,219	-	14,090,238	5,925,448	4,434,451	-	1,701,677
Operating profit		**3,695,691,558**	**2,271,910,505**	**-**	**2,018,275,144**	**1,912,464,725**	**1,211,797,350**	**-**	**1,007,823,049**
Finance income	29	300,451,255	273,315,766	-	190,875,659	169,161,447	142,935,036	-	131,128,177
Foreign exchange gain/(loss)	30	(4,044,985)	-	-	-	(2,803,814)	-	-	-
Finance cost	31	(219,311,987)	-	-	(631,163)	(120,384,352)	-	-	(631,163)
Net profit before Tax		**3,772,785,841**	**2,545,226,272**	**-**	**2,208,519,640**	**1,958,438,006**	**1,354,732,387**	**-**	**1,138,320,062**
Provision for tax for the period	24	(10,485,838)	-		-	(10,449,146)	-		
Net profit after tax		**3,762,300,003**	**2,545,226,272**	**-**	**2,208,519,640**	**1,947,988,860**	**1,354,732,387**	**-**	**1,138,320,062**
Total Comprehensive Income atribuatable to:									
Owners of the Company		3,683,716,758	-	-	-	1,908,030,092			
Non-controlling Interest	17	78,583,245	-	-	-	39,958,768			
Total Comprehensive Income		**3,762,300,003**	-	**-**	**-**	**1,947,988,860**	**-**	**-**	**-**
Earnings per share: Tk.	32.1	7.69	5.31	-	4.61	3.98	2.83	-	2.38

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

United Power Generation and Distribution Company Limited
Consolidated Statement of Changes In Owners Equity (Un-audited)
For the 2nd Quarter ended 31 Decemebr 2018

In Taka	Attributable to owners of the company				Minority Interest	Total
	Share capital	Share premium	Capital Reserve	Retained earnings		
Balance as at 1 July 2017	3,629,446,980	2,046,000,000	-	9,285,474,486	-	14,960,921,466
Net profit for the period	-	-	-	2,208,519,640	-	2,208,519,640
Balance as at 31 December 2017	**3,629,446,980**	**2,046,000,000**	**-**	**11,493,994,126**	**-**	**17,169,441,106**
Balance as at 1 July 2018	3,992,391,670	2,046,000,000	-	10,252,390,068	-	16,290,781,738
Net profit for the period	-	-	-	3,683,716,758	78,583,245	3,762,300,003
Dividend from subsidiary company				3,201,444,747	32,337,826	3,233,782,573
Capital Reserve			13,555,423,490			13,555,423,490
Cash dividend paid during the period	-	-	-	(3,593,152,503)	-	(3,593,152,503)
Dep. on revaluation reserve				335,996		335,996
Revaluation reserve				58,467,272		58,467,272
Bonus issued during the period	798,478,330	-	-	(798,478,330)	-	-
Equity capital of non-controlling interest	-	-	-	-	412,353,170	412,353,170
Balance as at 31 December 2018	**4,790,870,000**	**2,046,000,000**	**13,555,423,490**	**12,804,724,009**	**523,274,241**	**33,720,291,739**

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

United Power Generation & Distribution Company Ltd.

Statement of changes in equity (Un-audited)
For the 2nd Quarter ended 31 December 2018

In Taka	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2018	**3,992,391,670**	**2,046,000,000**	**10,252,390,068**	**16,290,781,738**
Profit for the period	-	-	2,545,226,271	2,545,226,271
Cash dividend for the year 2017-18			(3,593,152,503)	(3,593,152,503)
Stock dividend for the year 2017-18	798,478,330	-	(798,478,330)	-
Balance at 31 December 2018	**4,790,870,000**	**2,046,000,000**	**8,405,985,507**	**15,242,855,507**
Balance at 1 July 2017	**3,629,446,980**	**2,046,000,000**	**9,285,474,486**	**14,960,921,466**
Profit for the period	-	-	2,208,519,640	2,208,519,640
Balance at 31 December 2017	**3,629,446,980**	**2,046,000,000**	**11,493,994,126**	**17,169,441,106**

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

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United Power Generation and Distribution Company Limited
Consolidated Statement of Cash Flows (Un-audited)
For the 2nd Quarter ended 31 Decemebr 2018

	July 2018 to December 2018		July 2017 to December 2017	
In Taka	Consolidated	Separate	Consolidated	Separate
Cash flows from operating activities				
Cash received from customers	5,369,040,485	3,128,156,836	-	2,854,625,469
Cash received from other sources	42,264,241	20,842,182	-	76,450,152
Cash paid to suppliers and others	(1,525,480,161)	(881,110,966)	-	(963,148,198)
Tax paid	(4,516,463)	(48,000)	-	-
Financial expenses paid	(219,311,987)		-	-
Net cash flow from operating activities	3,661,996,115	2,267,840,052	-	1,967,927,424
Cash flows from investing activities				
Acquisition of property, plant and equipment	(35,094,476)	(34,278,318)	-	(93,366,383)
Investment in subsidiary company	(297,000)	(297,000)		-
Sale proceeds of Subsidiary Company	11,909,744,929	-		-
Cash received/(paid) for related party loan	(14,715,275,338)	761,508,332	-	(873,000,000)
Dividend receive	3,233,782,573			-
Investment in marketable securities	-		-	159,168,000
Net cash used in investing activities	392,860,688	726,933,013	-	(807,198,383)
Cash flows from financing activities				
Dividend paid	(3,589,111,197)	(3,589,111,197)	-	(897,908)
Long term loan paid	(525,796,612)	-	-	-
Net cash flow/used in financing activities	(4,114,907,809)	(3,589,111,197)	-	(897,908)
Net increase/(decrease) in cash & cash equivalent	(60,051,005)	(594,338,131)		1,159,831,133
Cash and cash equivalent as on 01 July	2,297,488,160	1,278,881,647	-	1,438,794,615
Cash and cash equivalent as at 31 December	2,237,437,155	684,543,516	-	2,598,625,749
Net Operating Cash Flows per Share: Tk.	7.64	4.73	-	4.11

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

United Power Generation & Distribution Company Ltd.

Statement of cash flows (Un-audited)
For the 2nd Quarter ended 31 December 2018

In Taka	July 2018 to December 2018	July 2017 to December 2017
Cash flows from operating activities		
Cash received from customers	3,128,156,836	2,854,625,469
Cash received from other income	20,842,182	76,450,152
Cash paid to suppliers and others	(881,110,966)	(963,148,198)
Tax paid	(48,000)	-
Net cash generated from operating activities	**2,267,840,052**	**1,967,927,424**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(34,278,318)	(93,366,383)
Investment in subsidiary company	(297,000)	-
Cash paid for related party loan	761,508,332	(873,000,000)
Investment in marketable securities	-	159,168,000
Net cash used in investing activities	**726,933,013**	**(807,198,383)**
Cash flows from financing activities		
Dividend paid	(3,589,111,197)	(897,908)
Net cash used in financing activities	(3,589,111,197)	(897,908)
Net (decrease)/increase in cash and cash equivalents	**(594,338,131)**	**1,159,831,133**
Cash and cash equivalents at 1 July	1,278,881,647	1,438,794,615
Cash and cash equivalents at 31 December	**684,543,516**	**2,598,625,749**
Net Operating Cash Flows per Share:Tk.	**4.73**	**4.11**

Company Secretary | Chief Financial Officer | Director | Managing Director | Chairman

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 Chittagong Stock Exchange Limited (CSE).

1.2 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 Chittagong 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.

1.3 Power plant

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

DEPZ power plant came into commercial operation on 26th December 2008 with 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 capacity of 8.73 MW each, five gas fired engines with capacity of 9.34 MW each and two gas fired engines with capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with 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 capacity of 8.73 MW each and three gas fired engines with capacity of 9.34 MW each.

United Energy Limited (UEL), a subsidiary company of UPGDCL has two gas fired power plants located at Kumargaon, Sylhet and B. Baria, Ashuganj respectively. At sylhet power plant, there are three (3) gas fired engines with capacity of 9.34 MW each i.e. total 28 MW capacity which statrted its commercial operation on 21 October 2013. The natural gas fired power plants at Ashuganj consist of fourteen (14) MWM gas fired engine generators with the capacity of 3.968 MW each i.e total 53 MW capacity which went into commercial operation from 22 June 2011.

United Ashuganj Energy Limited (UAEL), a subsidiary company of UEL, is a gas fired power plant with capacity of 195 MW (Net) located at B. Baria Ashuganj which started its commercial operation on 8th May 2015. The principal activity of the company is power generation and sell of power to Bangladesh Power Development Board (BPDB).

2 Basis of accounting

2.1 Basis of preparation

These unaudited consolidated financial statements have been prepared in line with United Power Generation & Distribution Company Ltd.'s accounting policies in compliance with the International Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of International Financial Reporting Standard 10 "Consolidated Financial Statements".

The unaudited consolidated financial statements have been prepared under the historical cost convention, except for the following:

i) derivative -financial instruments, measured at fair value; and
ii) financial instruments at fair value through profi-t and loss, measured at fair value.

2.2 Principles of consolidation:

The accounts of the subsidiary of the Company have been fully consolidated as the Company directly controls more than 50% of the voting shares of the entity.

The Company has made following investments in its subsidiaries which have been eliminated during consolidation:

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

2.3 Scope of consolidation

The name of subsidiary company and proportion of ownership interest are as follows:

Name of subsidiary	Date of Acquisition	% of ownership interest
United Energy Limited	1 July 2018	99%

2.4 Date of authorisation

The (Un-audited) consolidated half yearly financial statements were authorised for issue by the Board of Directors on 31 January 2019.

2.5 Reporting period

The current financial period of the Company covers 1 July 2018 to 31 December 2018.

3 Functional and presentation currency

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

4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of Company'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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

Note 5 and 43A	Property, plant and equipment
Note 8 and 43B	Inventories
Note 9 and 43C	Trade and other receivables
Note 24 and 43I	Provision for taxation

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible.

5 **Property, Plant and Equipment**
Consolidated

In Taka	Plant & Machineries	Gas Line	Building & Civil Construction	Land and Development	Office equipment	Furniture &Fixtures	Motor Vehicles	Total
Cost								
As on 1 July 2017								-
UPGD	10,223,870,377	225,054,911	-	-	11,075,336	2,622,563	42,923,836	10,505,547,023
UEL	16,235,132,225	129,429,410	746,189,550	279,952,125	4,440,378	8,673,068	32,979,880	17,436,796,636
	26,459,002,602	**354,484,321**	**746,189,550**	**279,952,125**	**15,515,714**	**11,295,631**	**75,903,716**	**27,942,343,659**
Addition during the period:								-
UPGD	120,396,759	125,823,736	-	-	85,073	-	17,340,000	263,645,569
UEL	1,833,486	-	4,600,699	-	167,046	37,200	45,000	6,683,431
	122,230,245	**125,823,736**	**4,600,699**	**-**	**252,119**	**37,200**	**17,385,000**	**270,329,000**
Disposal during the period								-
UPGD								-
UEL								-
	-	-	-	-	-	-	-	-
As at 30 June 2018	26,581,232,847	480,308,057	750,790,249	279,952,125	15,767,833	11,332,831	93,288,716	28,212,672,658
As on 1 July 2018	26,581,232,847	480,308,057	750,790,249	279,952,125	15,767,833	11,332,831	93,288,716	28,212,672,658
Addition during the period:								-
UPGD	31,855,460	-	-		35,870	158,988	2,230,000	34,278,318
UEL	598,500				76,510	141,148		816,158
	32,453,960	-	-	-	**112,380**	**298,136**	**2,230,000**	**35,094,476**
Disposal during the period								-
UPGD								-
UEL								-
	-	-	-	-	-	-	-	-
As at 31 December 2018	26,613,686,807	480,308,057	750,790,249	279,952,125	15,880,213	11,630,967	95,518,716	28,247,767,134
Depreciation								
As on 1 July 2017								-
UPGD	1,805,658,726	39,699,730	-	-	8,138,178	980,194	9,554,622	1,864,031,450
UEL	3,264,331,987	54,858,900	144,398,486	98,851,921	1,340,050	2,701,567	4,944,163	3,571,427,074
	5,069,990,713	**94,558,630**	**144,398,486**	**98,851,921**	**9,478,228**	**3,681,761**	**14,498,785**	**5,435,458,524**
Charged during the period								-
UPGD	343,010,263	4,934,142	-	-	1,671,229	260,278	5,049,070	354,924,982
UEL	890,284,290	7,762,539	40,558,266	9,387,678	655,609	863,272	3,301,738	952,813,392
	1,233,294,553	**12,696,681**	**40,558,266**	**9,387,678**	**2,326,838**	**1,123,550**	**8,350,808**	**1,307,738,374**
Adjustment During the period								-
UPGD								-
UEL								-
	-	-	-	-	-	-	-	-
As at 30 June 2018	6,303,285,266	107,255,311	184,956,752	108,239,599	11,805,066	4,805,311	22,849,593	6,743,196,898
As on 1 July 2018	6,303,285,266	107,255,311	184,956,752	108,239,599	11,805,066	4,805,311	22,849,593	6,743,196,898
Charged during the period								-
UPGD	172,399,860	3,508,786	-	-	837,927	135,728	3,087,525	179,969,827
UEL	445,164,639	3,881,270	20,303,336	4,693,839	336,042	441,395	1,651,244	476,471,765
	617,564,499	**7,390,056**	**20,303,336**	**4,693,839**	**1,173,970**	**577,123**	**4,738,769**	**656,441,592**
Adj./Disposal During the period								-
UPGD	-	-	-	-	-	-	-	-
UEL	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
As at 31 December 2018	6,920,849,766	114,645,367	205,260,088	112,933,438	12,979,035	5,382,434	27,588,362	7,399,638,490
Net Book Value as at 31 Dec.18	**19,692,837,041**	**365,662,690**	**545,530,161**	**167,018,687**	**2,901,178**	**6,248,533**	**67,930,354**	**20,848,128,643**

5 Property, plant and equipment (Separate)

See accounting policy in Note 43A

Reconciliation of carrying amount

In Taka	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
Cost						
Balance at 1 July 2017	10,223,870,377	225,054,911	11,075,336	2,622,563	42,923,836	10,505,547,023
Additions	120,396,759	125,823,736	85,073	-	17,340,000	263,645,569
Disposals/transfers	-	-	-	-	-	-
Balance at 30 June 2018	**10,344,267,136**	**350,878,647**	**11,160,409**	**2,622,563**	**60,263,836**	**10,769,192,592**
Balance at 1 July 2018	10,344,267,136	350,878,647	11,160,409	2,622,563	60,263,836	10,769,192,592
Additions	31,855,460		35,870	156,988	2,230,000	34,278,318
Disposals/transfers	-	-	-	-	-	-
Balance at 31 December 2018	**10,376,122,596**	**350,878,647**	**11,196,279**	**2,779,551**	**62,493,836**	**10,803,470,909**
Accumulated depreciation						
Balance at 1 July 2017	1,805,658,726	39,699,730	8,138,178	980,194	9,554,622	1,864,031,450
Depreciation for the period	343,010,263	4,934,142	1,671,229	260,278	5,049,070	354,924,982
Adjustment for disposal/transfers	-	-	-	-	-	-
Balance at 30 June 2018	**2,148,668,989**	**44,633,872**	**9,809,407**	**1,240,472**	**14,603,692**	**2,218,956,432**
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 for the period	172,399,860	3,508,786	837,927	135,728	3,087,525	179,969,827
Adjustment for disposal/transfers	-	-	-	-	-	-
Balance at 31 December 2018	**2,321,068,849**	**48,142,659**	**10,647,334**	**1,376,200**	**17,691,217**	**2,398,926,259**
Carrying amounts						
At 30 June 2018	8,195,598,147	306,244,775	1,351,002	1,382,091	45,660,144	8,550,236,159
At 31 December 2018	8,055,053,747	302,735,988	548,945	1,403,351	44,802,619	8,404,544,650

a) Allocation of depreciation

In Taka	*Note*	1 July 2018 to 31 December	1 July 2017 to 31 December 2017
Cost of sales	*26*	178,170,129	87,302,413
General and administrative expenses	*27*	1,799,698	881,843
		179,969,827	88,184,256

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.

In Taka

	% of holding		Number of Shares		Value per share	Value of investment		Value of investment
						31 December 2018		30 June 2018
	31.12.18	30.06.18	31.12.18	30.06.18		Consolidated	Separate	Separate
6 Investment in Subsidiary								
United Energy Ltd	99.00%	-	29700	-	10.00	297,000	297,000	-
United Ashugang Energy Ltd	92.41%	-	370040901	-	10.00	3,700,409,010	-	-
				-		**3,700,706,010**	**297,000**	-

During the period the company purchased 99% ordinary shares outstanding as on 30 June 2018 equivalent to 29,700 shares at face value per share of United Energy Limited (UEL).

United Energy Limited (UEL), a subsidiary company of United Power Generation and Distribution Company Limited (UPGDCL) purchased 92.41% ordinary shares equivalent to 370,040,901 shares @ Tk. 10/- per share of United Ashuganj Energy Ltd (UAEL) which was held by sponsor shareholders of UAEL.

AMARSTOCK

7 Investment in marketable securities

See accounting policy in Note 43C(i)

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Cash available for share purchase	22,653	22,653	-	22,653
Financial assets classified as fair value through P/L	84,818,515	84,818,515	-	81,485,006
	84,841,168	**84,841,168**		**81,507,659**

8 Inventories

See accounting policy in Note 43B

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Spare Parts	1,226,860,269	676,126,087	-	626,739,151
Material in transit	55,661,286	11,717,190	-	87,936,133
Lube oil and chemicals	53,238,939	19,284,650	-	3,407,644
	1,335,760,495	**707,127,927**	-	**718,082,928**

8.1 Spare parts

In Taka				
Opening balance	1,142,628,560	626,739,151	-	505,976,580
Purchase during the period	405,901,958	288,005,970	-	496,882,801
Issued during the period	(321,670,248)	(238,619,033)	-	(376,120,230)
	1,226,860,269	**676,126,087**	-	626,739,151

8.2 Lube oil and Chemical

In Taka				
Opening balance	31,245,451	3,407,644	-	10,965,310
Purchase during the year	71,456,786	39,236,261	-	25,844,824
Issued during the year	(49,463,299)	(23,359,256)	-	(33,402,490)
	53,238,939	**19,284,650**	-	3,407,644

9 Accounts Receivables

See accounting policy in Note 43C(i)

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Trade receivables	2,656,734,004	1,171,605,197	-	947,760,525
Other receivable	9,227,947	-	-	2,401,000
	2,665,961,951	**1,171,605,197**	-	**950,161,525**

9.1 Trade receivables

In Taka				
BREB	308,291,778	294,501,411	-	227,827,395
BPDB	1,740,900,749	269,562,309	-	209,493,349
BEPZA	347,357,765	347,357,765	-	284,808,480
Other private customers	260,183,713	260,183,713	-	225,631,301
	2,656,734,004	**1,171,605,197**	-	**947,760,525**

9.2 Other Receivables:

In Taka				
Interest on FDR receivable	9,227,947	-	-	2,401,000
Total:	**9,227,947**	-	-	**2,401,000**

10 Receivables from related party

See accounting policy in Note 43C(i)

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
United Enterprises & Co. Ltd.	1,926,084,092	73,171,592	-	4,759,627,601
United Mymensing Power Ltd.	53,120,571,852	4,187,420,972	-	
United Engineering and Power Services Ltd. (UEPSL)	1,770,800	-	-	
	55,048,426,744	**4,260,592,564**	-	**4,759,627,601**

11 Advance, Deposits & Prepayments

See accounting policy in Note 43C(i)	31 December 2018 Consolidated	31 December 2018 Separate	30 June 2018 Consolidated	30 June 2018 Separate
In Taka				
Advance	55,914,580	41,453,764	-	56,145,661
Deposits	25,116,344	24,911,344	-	24,911,344
Prepayments	177,879,422	11,086,833	-	5,634,833
	258,910,345	**77,451,940**	-	**86,691,838**

11.1 Advance

In Taka				
Advance against salary & allowances	500,000	500,000	-	500,000
Advance Income Tax	13,347,832	808,161	-	760,161
Advance against expenses	41,968,403	40,145,603	-	54,885,500
Advance against share purchase	98,345	-	-	
	55,914,580	**41,453,764**	-	**56,145,661**

11.2 Deposits:

In Taka				
Bank guarantee margin	5,850,000	5,850,000	-	5,850,000
BEPZA	1,112,519	1,112,519	-	1,112,519
Central Depository Bangladesh Limited (CDBL)	500,000	500,000	-	500,000
Karnaphuli Gas Distribution Company Limited	17,448,825	17,448,825	-	17,448,825
Bangladesh Power Development Board	205,000	-	-	
	25,116,344	**24,911,344**	-	**24,911,344**

11.3 Prepayments:

In Taka				
Insurance premium-DEPZ	3,813,333	3,813,333	-	3,813,333
Insurance premium-CEPZ	6,656,000	6,656,000	-	1,664,000
Insurance premium	27,991,615	-	-	-
Bank Guarantee Commission	820,941	-	-	-
Prepaid Land lease rent	10,136,002	-	-	-
BERC license fees-DEPZ	710,700	517,500	-	57,500
BERC license fees-CEPZ	100,000	100,000	-	100,000
Prepaid Finnvera Premium	127,650,831	-	-	-
	177,879,422	**11,086,833**	-	**5,634,833**

12 Cash & Cash equivalents

See accounting policy in Note 43C(i)	31 December 2018 Consolidated	31 December 2018 Separate	30 June 2018 Consolidated	30 June 2018 Separate
In Taka				
Cash in hand	173,903	138,546	-	132,157
FDR	453,116,074	-	-	
Cash at Bank	1,784,147,178	684,404,970	-	1,278,749,490
	2,237,437,155	**684,543,516**	-	**1,278,881,647**

12.1 Cash in hand:

In Taka				
Cash in hand	173,903	138,546	-	132,157
	173,903	**138,546**	-	**132,157**

12.2 Fixed Deposits Reeceipts (FDR)

In Taka				
Dhaka Bank Limited	453,116,074	-	-	-
	453,116,074	-	-	-

12.3 Cash at Bank:

In Taka				
Dhaka Bank- F EX.Br	1,097,160,495	3,429,344	-	17,860,987
Standard Chartered Bank	1,366,816	-	-	-
Dutch Bangla Bank Ltd.-Banani Branch	9,338,845	8,116,022	-	103,328,368
The City Bank Limited	407,200	-	-	-
Shahjalal Islami Bank Ltd.-Main Branch	13,030	13,030	-	13,030
Eastern Bank Ltd.-Gulshan branch	79,030	79,030	-	39,737
Shahjalal Bank Ltd.-Gulshan Branch	916,405	916,405	-	917,480
Jamuna Bank-Gulshan Br.	3,715,632	2,695,720	-	18,942,788
Trust bank Ltd.-Kawran bazar br.	1,698,082	225,168	-	769,898
Eastern Bank Ltd.-Escrow	-	-	-	41,589
Brac Bank.-GB-IPO A/C#14001	12,945,885	12,945,885	-	12,805,671
Dhaka Bank-SND. F EX.Br	638,221,351	638,221,351	-	1,117,237,947
DBBL-SND	-	-	-	1,259
Brac Bank Limited-Dividend Distribution Account 201:	1,400,987	1,400,987	-	1,404,039
The City Bank Limited-Dividend Distribution Account :	8,419,152	8,419,152	-	4,109,624
Dhaka Bank Limited-Dividend Distribution Account 20	1,112,148	1,112,148	-	1,277,074
HSBC, SND A/C	6,830,729	6,830,729	-	-
Pubali bank Ltd.	521,391	-	-	-
	1,784,147,178	**684,404,970**	-	**1,278,749,490**

13 Share Capital:

See accounting policy in Note 43M

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Authorised				
800,000,000 ordinary shares of Tk. 10 each	8,000,000,000	8,000,000,000	-	8,000,000,000
200,000,000 redeemable preference shares of Tk. 10	2,000,000,000	2,000,000,000	-	2,000,000,000
500,000,000 ordinary shares of Tk. 10 each			-	
	10,000,000,000	**10,000,000,000**	-	**10,000,000,000**
Issued, subscribed and paid up				
Opening balance	3,992,391,670	3,992,391,670	-	3,629,446,980
Bonus shares issued	798,478,330	798,478,330	-	362,944,690
Closing balance	**4,790,870,000**	**4,790,870,000**	-	**3,992,391,670**
Name of shareholders				
In Taka				
United Energy Ltd	4,311,709,940	4,311,709,940	-	3,593,091,620
Investment Corporation of Bangladesh	96,466,590	96,466,590	-	81,362,830
General Investors	382,693,470	382,693,470	-	317,937,220
	4,790,870,000	**4,790,870,000**	-	**3,992,391,670**

14 Share premium

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
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**

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

15 Capital reserve

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Capital reserve	13,555,423,490	-		
	13,555,423,490	-	-	-

16 Retained Earnings:

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Opening balance	10,252,390,068	10,252,390,068	-	9,285,474,486
Dep. on revaluation reserve	335,996		-	-
Dividend from subsidiary company	3,201,444,747			
Net profit/Loss for the period	3,683,716,758	2,545,226,272	-	1,070,199,577
	17,137,887,569	**12,797,616,340**	-	**10,355,674,063**
Cash dividend for the year 2017-18	(3,593,152,503)	(3,593,152,503)	-	
Stock dividend for the year 2017-18	(798,478,330)	(798,478,330)	-	
Revaluation reserve	58,467,272			
	12,804,724,009	**8,405,985,507**	-	**10,355,674,063**

17 Non controlling Interest

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Share Capital	304,083,007	-	-	-
Dep. on revaluation reserve	3,394			
Dividend from subsidiary company-UPGD	32,337,826			
Dividend from subsidiary company-UAEL	(56,254,800)			
Revaluation reserve	590,579	-	-	
Retained earnings	163,930,991		-	
Profit During the year	78,583,245		-	
	523,274,241	-	-	-

18 Long term Loan

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Investment Promotion and Financing Facility	4,320,980,983		-	
Sundicated International Term Loan	3,736,543,793		-	
	8,057,524,776	-	-	-

19 Security Money Received

See accounting policy in Note 43C(ii)

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Lilac Fashion Wear Ltd	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.

20 Trade and other payable

	31 December 2018		30 June 2018	
See accounting policy in Note 43C(ii)	Consolidated	Separate	Consolidated	Separate
In Taka				
Trade Payables	161,045,872	103,243,415	-	98,859,737
Other Payables	86,718,941	19,620,929	-	15,767,433
	247,764,813	**122,864,344**	-	**114,627,170**

20.1 Trade Payables:

In Taka				
Gas Bill	161,045,872	103,243,415	-	98,859,737
	161,045,872	**103,243,415**	-	**98,859,737**

20.2 Other Payables

In Taka				
Share application money payable	6,452,280	6,452,280	-	6,481,080
Unclaimed dividend	9,931,378	9,931,378	-	5,890,072
Service charge on gas bill	2,875,825	2,875,825	-	3,297,008
Office rent	-		-	-
Other operating expenses	361,445	361,445	-	99,273
Payable to UEPSL	9,887,734		-	
TDS payable	857,542		-	
Dividend payable	56,254,800		-	
Payable against C & F bill	97,936		-	
	86,718,941	**19,620,929**	-	**15,767,433**

21 Accrued expenses

See accounting policy in Note 43C(ii)

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Service charge on gas bill	3,600,000	3,600,000	-	3,000,000
VAT payable	8,195,094	8,051,751	-	3,450,016
Other operating expenses	3,615,606	3,615,606	-	1,888,353
Directors' remuneration	2,000,000	1,000,000	-	1,400,000
C&F bill	-	-	-	734,717
Audit fees	603,750	-	-	747,500
Utility bill	650,253	650,253	-	564,450
Security expenses	338,320	234,220	-	233,653
Medical expenses	50,280	50,280	-	50,235
Welfare fund	16,760	16,760	-	16,745
Tax deducted at source	314,967	196,339	-	876
Environmental expenses	15,400	15,400	-	4,400
Office rent	200,000		-	-
Dividend payable	-		-	-
Provision for expenses	822,801		-	
Provision for O & M expenses	2,266,250		-	
Other liabilities	-		-	
	22,689,481	**17,430,609**	-	**12,090,945**

22 Long Term Loan-Current Portion

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Investment Promotion and Financing Facility	221,336,619	-	-	-
Sundicated International Term Loan	305,453,235	-	-	-
	526,789,854	-	-	-

23 Payable to related party

See accounting policy in Note 43C(ii)

	31 December 2018		30 June 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
United Engineering and Power Services Ltd	7,153,503	7,153,503	-	6,989,504
United Enterprises & Co Ltd.	43,105,721,757		-	
Neptune commercial Ltd.	540,000,000	-	-	
	43,652,875,260	**7,153,503**	-	**6,989,504**

24 Provision for Income Tax

See accounting policy in Note 43C(ii)

	31 December 2018		30 September 2018	
In Taka	Consolidated	Separate	Consolidated	Separate
Balance as on 01 July 2017	161,228,317	-	-	1,720,313
Provission during the period	10,485,838		-	(1,720,313)
Paid during the period	(564,235)			
	171,149,920	-	-	-

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

25 Revenue

See accounting policy in Note 43E	July 2018 to December 2018		July 2017 to December 2017	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Electricity supply	5,771,783,588	3,334,917,661	-	2,906,474,763
Steam supply	17,083,845	17,083,845	-	12,113,915
	5,788,867,434	**3,352,001,507**	**-**	**2,918,588,678**

25.1 Electricity supply

In Taka				
BEPZA	235,430,324	235,430,324	-	1,979,348,948
REB	374,790,868	282,626,478	-	132,701,250
PDB	4,503,243,553	2,158,542,016	-	204,401,872
Other private customers	658,318,844	658,318,844	-	590,022,693
	5,771,783,588	**3,334,917,661**	**-**	**2,906,474,763**

25.2 Steam supply

In Taka				
Gunze United Ltd.	13,080,430	13,080,430	-	9,907,113
Global Labels (Bangladesh) Ltd.	2,295,454	2,295,454	-	2,206,802
Regency Garments Limited	1,707,962	1,707,962	-	-
	17,083,845	**17,083,845**	**-**	**12,113,915**

26 Cost of sales

In Taka	July 2018 to December 2018		July 2017 to December 2017	
	Consolidated	Separate	Consolidated	Separate
Fuel and energy	759,124,819	476,991,680	-	415,642,849
Spare parts and Lube oil	371,133,546	261,978,289	-	149,409,804
Depreciation	652,282,632	178,170,129	-	174,616,965
Minimum load charge	46,340,774	46,340,774	-	86,687,352
Direct overhead	130,011,886	51,497,187	-	40,300,809
Repair & Maintenance	37,918,447	33,524,421	-	16,817,462
Entertainment	6,907,952	5,308,720	-	3,171,987
Utility bill	4,469,022	4,374,839	-	2,049,651
Security expense	3,006,990	1,465,970	-	1,177,817
Carrying charge	1,350,135	508,305	-	875,850
Land lease rent	1,163,453	1,163,453	-	1,143,721
Advertisement expense	715,750	715,750	-	
Travelling and conveyance	725,142	597,809	-	360,131
Labour and wages	445,859	373,409	-	304,380
Vehicle running and maintenance	798,302	777,667	-	430,718
Environmental expenses	430,440	295,221	-	
Printing and stationery	206,447	126,186	-	84,835
Site office expense	1,134,301	1,055,789	-	187,949
Telephone, mobile and internet	266,314	155,606	-	133,823
BERC license and others	237,261	56,000	-	20,615
Worker welfare fund	100,570	100,570	-	98,273
Postage and courier	49,245	35,615	-	25,541
Automation and IP expense and others	41,217	41,217	-	41,240
Insurance Premium	22,022,256		-	
Amortisation of prepaid rent	10,136,004		-	
Computer Maintenance	18,000		-	
Gardening and beautification	45,242		-	109,150
	2,051,082,006	**1,065,654,606**	**-**	**893,690,922**

26.1 The Company signed an agreement 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.

27 General & Administrative Expenses

	July 2018 to December 2018		July 2017 to December 2017	
In Taka	Consolidated	Separate	Consolidated	Separate
Directors' remuneration	12,000,000	6,000,000	-	8,550,000
Advertisement	2,749,007	2,749,007	-	1,350,882
Depreciation	4,158,960	1,799,698	-	1,763,808
AGM expenses	2,521,774	2,521,774	-	250,000
Vehicle running expenses	304,551	304,551	-	159,885
Bank charge and commission	1,959,987	1,221,151	-	
Office rent	7,515,000	6,135,000	-	6,000,000
Board meeting fees	1,095,419	850,000	-	1,300,000
Consultancy fees	329,000	34,500	-	
Entertainment	145,529	141,994	-	270,982
Gifts and complements	-	-	-	
Traveling and conveyance	249,203	148,396	-	190,546
Postage, telephone and telex	37,961	34,662	-	22,667
Printing and stationery	44,540	37,494	-	59,577
Trade license and others	539,029	15,800	-	46,754
Overseas travelling	211,250	211,250	-	
Office expenses	-		-	
RJSC expenses	216,660	105,630		
CDBL and listing fee	3,057,708	3,057,708		690,000
Legal Legal Expense	1,500,000		-	47,750
Share Transfer fees	16,853,694			
Subscription fees	78,949		-	10,000
	55,568,221	**25,368,615**	**-**	**20,712,851**

28 Other Income

	July 2018 to December 2018		July 2017 to December 2017	
	Consolidated	Separate	Consolidated	Separate
In Taka				
Realised gain from marketable securities	-		-	
Sale of used lube oil and drums	4,231,857	1,700,600	-	2,484,977
Scrap sale	5,908,985	5,898,110	-	4,093,300
Un-realised gain from marketable securities	3,333,509	3,333,509	-	7,511,961
	13,474,351	**10,932,219**	-	**14,090,238**

29 Financial income

	July 2018 to December 2018		July 2017 to December 2017	
See accounting policy in Note 43L	Consolidated	Separate	Consolidated	Separate
In Taka				
Interest on related party loan	262,473,294	262,473,294	-	120,802,207
Interest on Short term deposit accounts	16,998,464			
Interest on FDR	20,979,496	10,842,472	-	70,073,452
	300,451,255	**273,315,766**	-	**190,875,659**

30 Foreign Exchange Gain/loss

	July 2018 to December 2018		July 2017 to December 2017	
In Taka	Consolidated	Separate	Consolidated	Separate
Unrealised Foreign Exchange Gain/(Loss)	582,781		-	
Realised Foreign Exchange Gain/(Loss)	(4,627,766)		-	
	(4,044,985)	-	-	-

31 Finance cost

	July 2018 to December 2018		July 2017 to December 2017	
In Taka	Consolidated	Separate	Consolidated	Separate
Finance expenses on long term loan	219,311,987		-	
	219,311,987	-	-	-

32 Earnings per share

See accounting policy in Note 43N

32.1 Basic earnings per share

The calculation of basic earnings per share is based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

		31 December 2018		31 December 2017	
In Taka	*Note*	Consolidated	Separate	Consolidated	Separate
Profit attributable to the ordinary shareholders		3,683,716,758	2,545,226,272	-	2,208,519,640
Number of shares outstanding		479,087,000	479,087,000	-	479,087,000
Earnings per share		**7.69**	**5.31**	**-**	**4.61**

33 Net asset value per share

		31 December 2018		30 June 2018	
	Note	Consolidated	Separate	Consolidated	Separate
Net assets	*33.1*	33,720,291,739	15,242,855,507	-	16,290,781,739
Weighted average number of shares outstanding		479,087,000	479,087,000	-	479,087,000
Net asset value per share		**70.38**	**31.82**	**-**	**34.00**

33.1 Net assets

	31 December 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
Total assets	86,399,785,844	15,391,003,963	-	16,425,189,357
Total liabilities	52,679,494,105	148,148,456	-	134,407,619
Net assets	**33,720,291,739**	**15,242,855,507**	**-**	**16,290,781,739**

34 Net operating cash flow per share

	31 December 2018		31 December 2017	
	Consolidated	Separate	Consolidated	Separate
Net cash generated from operating activities	3,661,996,115	2,267,840,052	-	1,967,927,424
Weighted average number of shares outstanding	479,087,000	479,087,000	-	479,087,000
Net operating cashflow per share	**7.64**	**4.73**		**4.11**

35 Reconciliation of net profit with cashflow from operating activities

In Taka	1 July 2018 to 31 December	1 July 2017 to 31 December 2017
Profit for the period	**2,545,226,271**	**2,208,519,640**
Adjustment for:		
Depreciation	179,969,827	176,380,772
Un-realised gain from marketable securities	(3,333,509)	(7,511,961)
Interest on related party loan	(262,473,294)	(121,003,784)
Changes in:		
Inventories	10,955,001	(201,724,771)
Trade and other receivables	(221,443,672)	(63,963,209)
Advances, deposits and prepayments	9,287,897	(26,265,921)
Advance income tax	(48,000)	-
Trade and other payables	4,195,867	192,691
Accrued expenses	5,339,664	3,804,415
Payable to related parties	163,999	(500,449)
Net cash generated from operating activities	**2,267,840,052**	**1,967,927,424**

36 Related party transactions

During the period, the Company 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 *BAS 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 Company.

ii. Key management personnel compensation comprised the following:

	July 2018 to December 2018		July 2017 to December 2017	
	Consolidated	Separate	Consolidated	Separate
Directors' remuneration	12,000,000	6,000,000	-	3,800,000
Board meeting fees	1,095,419	850,000	-	450,000
	13,095,419	**6,850,000**		4,250,000

The Company's key management personnel includes the Company's directors. Compensation includes directors remunaration, festival bonus and meeting attendance fees.

B Other related party transactions (Separate)

	Transaction value during the period ended		Balance outstanding as at	
	31 Dec. 18	31 Dec. 17	31 Dec. 18	30 June 18
Sale of goods and services				
Gunze United Limited	13,080,430	9,907,113	6,047,143	5,687,309
Purchase of services				
United Engineering and Power Services Ltd.	51,497,187	40,287,009	7,153,503	6,989,504
Others				
United Enterprises & Co. Ltd.			73,171,592	4,759,627,601
Loan disbursed during the period	2,892,052,322	8,723,000,000		
Loan repaid during the period	7,578,508,332	7,850,000,000		
United Mymensing Power Limited.			4,187,420,972	-
Loan disbursed during the period	6,228,420,972	-		
Loan repaid during the period	2,041,000,000	-		

37 Financial risk management

The Company 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 has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from buyers.

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.

B Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash 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.

C Market risk

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

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rate. The Company 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 Company's interest-bearing financial instruments as at balance sheet date is as follows:

				Nominal Amount
		31 December 2018		30 June 2018
In Taka	*Note*	Consolidated	Separate	Separate
Fixed rate instruments				
Financial assets				
Receivable from related party	*10*	55,048,426,744	4,260,592,564	4,759,627,601
Variable rate instruments				
Financial liabilities				
Long term loan	*18*	8,057,524,776	-	-
Payable to related party	*23*	43,652,875,260	7,153,503	6,989,504
		106,758,826,780	**4,260,592,564**	4,759,627,601

38 Operational Risk

Operational risk constitutes the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. The 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 Company. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Pragati Insurance company Limited to compensate for all the potential damages caused in such situations.

39 Comparatives and rearrangement

Previous period figures have been rearranged, wherever considered necessary to conform to the current period's presentation.

40 Events after the reporting period

Events after the reporting period that provide additional information about the Company'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.

41 Going concern

The Company 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 Company provide sufficient fund to meet the present requirements of its existing business.

42 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.

43 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless stated otherwise.

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

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

A 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 Company 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) No depreciation is charged on land and capital work in progress.

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

iii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets.

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

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

	%
Plant and machinery	3.33%
Gas line	2%
Office equipment	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.

B **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.

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

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

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed and determinable payments that are not quoted in the active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

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

Other receivables include accrued interest on fixed deposits and dividend income which are recognised at the amount that would be received at the contractual interest rate and declared dividend rate.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(ii) Financial liabilities
The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities include trade and other payables, borrowings and inter-company payable.

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

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

D 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 Company assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the company 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.

E Revenue

Revenue is recognised in the statement of comprehensive income upon supply of electricity and steam, quantum of which is determined by survey of meter reading. As per *BAS-18 Revenue* is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue measured at the fair value of the consideration received or receivable.

Revenue is recognised, excluding 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. Revenues are valued using rates in effect when services are provided to customers.

F Provisions

A provision is recognised in the statement of financial position when the company 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.

G 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.

H 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.

I 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. No provision is required for income tax on the Company's profits as the Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation, vide SRO ref: 188-Law/Income Tax/2009-Income Tax ordinance (#36) 1984 dated 01 July 2009. Such exemption for Dhaka EPZ power plant will expire in 2023 and for Chittagong EPZ power plant in 2024.

(ii) Deferred tax

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

J 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 Company are managed by 184 employees of United Engineering and Power Services Limited under an O&M contract. Therefore, the provision of WPPF is not applicable for the Company.

K Statement of cash flows

Statement of cash flows (Un-audited) has been prepared in accordance with the *BAS 7: Statement of cash flows* under the direct method.

L Finance income

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.

M 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 BAS 12.

N Earnings per share

The Company 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 Company by the weighted average number of ordinary shares outstanding during the period.

O 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.