KPMG

Rahman Rahman Huq
Chartered Accountants

Khulna Power Company Ltd.

Auditor's report and financial statements
as at and for the period ended 30 June 2017

AMAR STOCK

KPMG

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2
Fax +880 (2) 988 6449
E-mail dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report to the shareholders of Khulna Power Company Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Khulna Power Company Ltd. ("the Company") which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Khulna Power Company Ltd. as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

Chittagong office address :
78 Agrabad C/A (13th Floor)
Chittagong, Bangladesh

Tel +880 (31) 710704, 710996
Fax +880 (31) 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

Emphasis of Matters

We draw users' attention to the following note to the financial statements:

Note 6.2: Receivables include Tk. 376,704,805 which is due from BPDB in connection with excess fuel consumption and differences in power factors. In this note, management explains why it believes these amounts are fully recoverable.

Our opinion is not qualified with regard to the above matter.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 29 OCT 2017

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Khulna Power Company Ltd.
Statement of financial position

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Assets				
Property, plant and equipment	*4*	**7,735,498,100**	8,066,468,690	8,237,323,824
Non-current assets		**7,735,498,100**	8,066,468,690	8,237,323,824
Inventories	*5*	**1,173,104,874**	1,412,512,087	543,805,930
Trade and other receivables	*6*	**3,020,402,695**	2,571,838,589	1,931,003,788
Current tax assets	*7*	**309,678,615**	283,192,099	236,217,194
Advances, deposits and prepayments	*8*	**39,776,580**	37,518,410	63,507,719
Cash and cash equivalents	*9*	**1,790,755,001**	1,706,533,141	1,666,502,987
Current assets		**6,333,717,765**	6,011,594,326	4,441,037,618
Total assets		**14,069,215,865**	14,078,063,016	12,678,361,442
Equity				
Share capital	*10*	**3,612,847,090**	3,612,847,090	3,612,847,090
Capital redemption reserve	*11*	**325,647,810**	325,647,810	325,647,810
Retained earnings		**5,525,547,340**	4,959,773,972	5,262,136,974
Total equity		**9,464,042,240**	8,898,268,872	9,200,631,874
Liabilities				
Deferred tax liability	*12*	**263,915,897**	221,073,673	195,114,318
Employee benefits	*13*	**20,462,175**	25,246,834	25,349,708
Asset retirement obligation (ARO)	*14*	**30,170,359**	30,170,359	28,541,584
Non-current liabilities		**314,548,431**	276,490,866	249,005,610
Loans and borrowings	*15*	**2,989,634,178**	3,353,470,736	2,516,093,630
Trade and other payables	*16*	**840,463,859**	1,038,673,326	381,564,095
Unclaimed dividend	*17*	**31,527,157**	112,659,216	23,566,233
Provision for income tax	*18*	**429,000,000**	398,500,000	307,500,000
Current liabilities		**4,290,625,194**	4,903,303,278	3,228,723,958
Total liabilities		**4,605,173,625**	5,179,794,144	3,477,729,568
Total equity and liabilities		**14,069,215,865**	14,078,063,016	12,678,361,442

The notes on pages 7 to 37 are an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our report of same date.

Auditor

Dhaka, 29 OCT 2017

Rahman Rahman Huq
Chartered Accountants

Khulna Power Company Ltd.
Statement of profit or loss and other comprehensive income

In Taka	Note	For the year ended 30 June 2017	For the eighteen-month period ended 30 June 2016	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
Revenue	19	**10,034,160,075**	16,767,902,262	4,614,656,432	12,153,245,830
Cost of sales	20	**(7,784,511,206)**	(12,308,944,446)	(3,248,347,623)	(9,060,596,823)
Gross profit		**2,249,648,869**	4,458,957,816	1,366,308,809	3,092,649,007
Other income	21	**6,407,342**	25,539,444	1,235,709	24,303,735
General and administrative expenses	22	**(107,638,353)**	(444,621,549)	(110,397,711)	(334,223,838)
Operating profit		**2,148,417,858**	4,039,875,711	1,257,146,807	2,782,728,904
Foreign exchange gain/(loss)	23	**(49,204,217)**	49,279,548	1,159,854	48,119,694
Finance income	24	**86,970,802**	129,166,287	49,956,598	79,209,689
Finance costs	25	**(134,550,232)**	(183,098,007)	(48,528,070)	(134,569,937)
Profit before tax		**2,051,634,211**	4,035,223,539	1,259,735,189	2,775,488,350
Income tax expense	26	**(221,364,362)**	(487,073,673)	(116,959,355)	(370,114,318)
Profit for the year/period		**1,830,269,849**	3,548,149,866	1,142,775,834	2,405,374,032
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		**1,830,269,849**	3,548,149,866	1,142,775,834	2,405,374,032
Earnings per share	27	5.07	9.82	3.16	6.66

The notes on pages 7 to 37 are an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our report of same date.

Dhaka, 29 OCT 2017

Auditor

Rahman Rahman Huq
Chartered Accountants

Khulna Power Company Ltd.
Statement of changes in equity

In Taka	Share capital	Capital redemption reserve	Retained earnings	Total
	For the year ended 30 June 2017			
Balance at 1 July 2016	3,612,847,090	325,647,810	4,959,773,972	8,898,268,872
Total comprehensive income for the year				
Profit for the year	-	-	1,830,269,849	1,830,269,849
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,830,269,849	1,830,269,849
Transaction with owners of the Company				
Contributions and distributions				
Dividend	-	-	(1,264,496,482)	(1,264,496,482)
Total contributions and distributions	-	-	(1,264,496,482)	(1,264,496,482)
Total transaction with owners of the	-	-	(1,264,496,482)	(1,264,496,482)
Balance at 30 June 2017	3,612,847,090	325,647,810	5,525,547,340	9,464,042,240

In Taka	Share capital	Capital redemption reserve	Retained earnings	Total
	For the six-month period ended 30 June 2016			
Balance at 1 January 2016	3,612,847,090	325,647,810	5,262,136,974	9,200,631,874
Total comprehensive income for the period				
Profit for the period	-	-	1,142,775,834	1,142,775,834
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,142,775,834	1,142,775,834
Transaction with owners of the Company				
Contributions and distributions				
Dividend	-	-	(1,445,138,836)	(1,445,138,836)
Total contributions and distributions	-	-	(1,445,138,836)	(1,445,138,836)
Total transaction with owners of the	-	-	(1,445,138,836)	(1,445,138,836)
Balance at 30 June 2016	3,612,847,090	325,647,810	4,959,773,972	8,898,268,872

In Taka	Share capital	Capital redemption reserve	Retained earnings	Total
	For the year ended 31 December 2015			
Balance at 1 January 2015	3,612,847,090	325,647,810	4,301,901,778	8,240,396,678
Total comprehensive income for the year				
Profit for the year	-	-	2,405,374,032	2,405,374,032
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,405,374,032	2,405,374,032
Transaction with owners of the Company				
Contributions and distributions				
Dividend	-	-	(1,445,138,836)	(1,445,138,836)
Total contributions and distributions	-	-	(1,445,138,836)	(1,445,138,836)
Total transaction with owners of the	-	-	(1,445,138,836)	(1,445,138,836)
Balance at 31 December 2015	3,612,847,090	325,647,810	5,262,136,974	9,200,631,874

The notes on pages 7 to 37 are an integral part of these financial statements.

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Khulna Power Company Ltd.
Statement of cash flows

In Taka	For the year ended 30 June 2017	For the eighteen-month period ended 30 June 2016	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
Cash flows from operating activities				
Cash received from customer (BPDB)	**9,326,091,076**	17,356,029,645	4,047,980,417	13,308,049,228
Cash paid to suppliers	**(7,732,160,520)**	(12,122,675,683)	(3,395,614,365)	(8,727,061,318)
Received from other sources	**16,081,784**	2,810,361	388,312	2,422,049
Interest and other financial charges paid	**(166,122,482)**	(169,956,195)	(41,416,635)	(128,539,560)
Income tax paid	**(26,486,517)**	(143,846,758)	(46,974,905)	(96,871,853)
Net cash from operating activities	**1,417,403,342**	4,922,361,370	564,362,824	4,357,998,546
Cash flows from investing activities				
Payment for property, plant and equipment	**(6,497,645)**	(316,112,313)	(653,245)	(315,459,068)
Proceeds from disposal of fixed assets	**1,780,000**	85,974,919	19,722,311	66,252,608
Interest received	**71,136,203**	147,762,775	56,604,664	91,158,111
Net cash from/(used in) investing activities	**66,418,558**	(82,374,619)	75,673,730	(158,048,349)
Cash flows from financing activities				
Repayment of term loan	**(363,836,559)**	(353,903,797)	(10,391,586)	(343,512,211)
Working capital/short term loan received	**11,233,928,609**	15,338,318,427	4,578,259,813	10,760,058,614
Repayment of working capital/short term loan	**(10,924,063,549)**	(16,792,789,543)	(3,730,491,121)	(13,062,298,422)
Consideration payment	**-**	(73,898,400)	-	(73,898,400)
Dividend paid to ordinary shareholders	**(1,345,628,540)**	(2,799,312,293)	(1,437,383,506)	(1,361,928,787)
Net cash from/(used in) financing activities	**(1,399,600,039)**	(4,681,585,606)	(600,006,400)	(4,081,579,206)
Net increase/(decrease) in cash and cash equivalents	**84,221,860**	158,401,145	40,030,154	118,370,991
Opening cash and cash equivalents	**1,706,533,141**	1,548,131,996	1,666,502,987	1,548,131,996
Closing cash and cash equivalents	**1,790,755,001**	1,706,533,141	1,706,533,141	1,666,502,987

The notes on pages 7 to 37 are an integral part of these financial statements.



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1 Reporting entity

1.1 Company profile

Khulna Power Company Ltd. ("the Company") was incorporated in Bangladesh on 15 October 1997 as a private limited company under the Companies Act 1994 and has subsequently been converted into public limited company on 19 July 2009. The plant came into operation on 13 October 1998 for 15 years and after successful completion of that tenor the Company was awarded extension for another 5 years starting from 12 October 2013. The address of the company's registered office is Landmark, 3rd floor, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212, Bangladesh.

On 18 April 2010, the Company listed its shares with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The authorised capital of the company is Tk 7,000,000,000 divided into 500,000,000 ordinary shares of Tk 10 each and 2,000,000 redeemable preference shares of Tk 1,000 each. Out of 2,000,000 redeemable preference shares, 1,100,000 were issued and fully paid up. These were redeemed on 14 May 2014. In 2010, the company took majority interest in two companies named Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III). Both companies were amalgamated with Khulna Power Company Ltd. with effect from 30 September 2014 pursuant to a Scheme of Amalgamation approved by the Honourable High Court Division of Bangladesh Supreme Court on 22 March 2015.

1.2 Nature of business

The principal activity of the Company is to generate electricity, to sell such generated electricity to BPDB and to acquire fuel required for such electricity generation from home and abroad. For this purpose, the Company has set up a nominally rated 110 MW (KPCL-I) liquid fuel-fired, convertible to dual fuel-fired (liquid gas), barge mounted power plant in Khulna, Bangladesh. Since inception the Company has been supplying electricity to the national grid of Bangladesh through selling the same to Bangladesh Power Development Board (BPDB) under Power Purchase Agreement (PPA) between the Company and BPDB.

The Company has two other units, KPCL-II and KPCL-III, which were awarded two separate contracts by Bangladesh Power Development Board (BPDB) to supply electricity under the Contract for Supply of Electricity on Rental Basis. KPCL-II and KPCL-III have set up the nominally rated 115 MW and 40 MW liquid fuel-fired, rental power plant respectively in Khulna and Jessore, Bangladesh for generation of electricity. The principal activity of the units is to supply electric power and energy to BPDB on rental basis for a period of five years (extended for further five years as explained in note 1.4). KPCL-II commenced commercial operation from 1 June 2011 and KPCL-III from 29 May 2011.

1.3 Amalgamation of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd.

On 22 March 2015, the Honourable High Court Division of the Supreme Court of Bangladesh issued an order giving effect to a Scheme of Amalgamation under Company Matter No. 322 of 2014. The High Court ordered that under the amalgamation scheme, the entire undertaking of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. (the transferor companies) as going concerns will be transferred to and vested in the Khulna Power Company Ltd. (the transferee company) with an effective date of 30 September 2014.

Accordingly both subsidiaries, Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III), have been merged with Khulna Power Company Ltd. with the sanction of the Honourable High Court Division of the Supreme Court of Bangladesh in terms of an application submitted by both the transferor and transferee companies as per Section 228 read with Section 229 of the Companies Act, 1994. Though the Scheme of Amalgamation became effective from 2 April 2015, the day of the certified copy of the court order was submitted to the Registrar of Joint Stock Companies (RJSC), Dhaka, Bangladesh, and both Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. ceased to exist since then, for financial reporting purposes the recording of all transactions on an amalgamated basis is effective from 30 September 2014.

1.4 Extension of Contract for Supply of Electricity on Rental Basis for KPCL-II and KPCL-III

After successful completion of 5 years of Contract for Supply of Electricity on Rental Basis, KPCL-II and KPCL-III were awarded extension for further 5 years starting from 1 June 2016 and 29 May 2016 respectively which were signed on 27 December 2016.

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2 Basis of accounting

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The titles and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management BFRS titles and format give better presentation to the shareholders.

Detail of the Company's accounting policies are included in Note 35.

2.2 Authorisation for issue

These financial statements were authorised by the Board of Directors on 29 OCT 2017 for publication.

2.3 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk), which is the Company's functional currency. All amounts have been rounded to the nearest integer, unless otherwise indicated.

2.4 Reporting period

These financial statements cover a twelve-month period from 1 July 2016 to 30 June 2017. But the comparative figures stated in the financial statements cover eighteen-month period from 1 January 2015 to 30 June 2016 and the related notes are not entirely comparable.

3 Use of estimates and judgments

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2017 is included in the following notes:

Note 4	Property, plant and equipment
Note 5	Inventories
Note 13	Employee benefits
Note 14	Asset retirement obligations (ARO)
Note 18	Provision for income tax
Note 31	Contingencies and commitments

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4 Property, plant and equipment

See accounting policies in Notes 35(C)

Reconciliation of carrying amount

In Taka	Land	Power plant	Motor vehicles	Building and construction	Furniture and fixtures	Office equipment	Office renovation	Total
Cost								
Balance at 1 January 2015	-	11,779,405,579	23,246,161	10,215,381	1,370,668	5,549,120	1,756,040	11,821,542,949
Additions	35,674,749	307,328,781	3,213,000	-	60,700	3,014,041	-	349,291,271
Adjustments/disposal	-	(268,767,830)	-	-	-	-	-	(268,767,830)
Balance at 31 December 2015	35,674,749	11,817,966,530	26,459,161	10,215,381	1,431,368	8,563,161	1,756,040	11,902,066,390
Balance at 1 January 2016	35,674,749	11,817,966,530	26,459,161	10,215,381	1,431,368	8,563,161	1,756,040	11,902,066,390
Additions	-	647,660	-	-	4,900	685	-	653,245
Adjustments/disposal	-	-	-	-	-	-	-	-
Balance at 30 June 2016	35,674,749	11,818,614,190	26,459,161	10,215,381	1,436,268	8,563,846	1,756,040	11,902,719,635
Balance at 1 July 2016	**35,674,749**	**11,818,614,190**	**26,459,161**	**10,215,381**	**1,436,268**	**8,563,846**	**1,756,040**	**11,902,719,635**
Additions	-	195,586	5,653,703	-	73,566	574,790	-	6,497,645
Adjustments/disposal	-	-	(2,271,000)	-	-	-	-	(2,271,000)
Balance at 30 June 2017	**35,674,749**	**11,818,809,776**	**29,841,864**	**10,215,381**	**1,509,834**	**9,138,636**	**1,756,040**	**11,906,946,280**
Accumulated depreciation								
Balance at 1 January 2015	-	3,356,744,641	11,312,523	9,507,289	1,082,485	3,650,982	1,404,836	3,383,702,756
Depreciation for the year	-	339,404,037	4,781,122	78,678	148,507	1,359,059	351,191	346,122,594
Adjustment for disposal	-	(65,082,784)	-	-	-	-	-	(65,082,784)
Balance at 31 December 2015	-	3,631,065,894	16,093,645	9,585,967	1,230,992	5,010,041	1,756,027	3,664,742,566
Balance at 1 January 2016	-	3,631,065,894	16,093,645	9,585,967	1,230,992	5,010,041	1,756,027	3,664,742,566
Depreciation for the year	-	168,474,004	2,390,565	39,335	40,747	563,728	-	171,508,379
Adjustment for disposal	-	-	-	-	-	-	-	-
Balance at 30 June 2016	-	3,799,539,898	18,484,210	9,625,302	1,271,739	5,573,769	1,756,027	3,836,250,945
Balance at 1 July 2016	**-**	**3,799,539,898**	**18,484,210**	**9,625,302**	**1,271,739**	**5,573,769**	**1,756,027**	**3,836,250,945**
Depreciation for the year	-	329,613,778	5,626,802	78,678	82,866	1,214,486	-	336,616,610
Adjustment for disposal	-	-	(1,419,375)	-	-	-	-	(1,419,375)
Balance at 30 June 2017	**-**	**4,129,153,676**	**22,691,637**	**9,703,980**	**1,354,605**	**6,788,255**	**1,756,027**	**4,171,448,180**
Carrying amounts								
At 31 December 2015	35,674,749	8,186,900,636	10,365,516	629,414	200,376	3,553,120	13	8,237,323,824
At 30 June 2016	35,674,749	8,019,074,292	7,974,951	590,079	164,529	2,990,077	13	8,066,468,690
At 30 June 2017	**35,674,749**	**7,689,656,100**	**7,150,227**	**511,401**	**155,229**	**2,350,381**	**13**	**7,735,498,100**

4.1 Allocation of depreciation

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Cost of sales	*20*	329,613,778	168,474,004	339,404,037
General and administrative expenses	22	7,002,832	3,034,375	6,718,557
		336,616,610	171,508,379	346,122,594

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5 Inventories

See accounting policies in Notes 35(B)

In taka	30 June 2017	30 June 2016	31 December 2015
Heavy fuel oil (HFO)	641,677,624	570,756,621	130,739,861
Light fuel oil (LFO)	4,335,244	3,744,590	3,969,259
Lube oil	10,126,470	25,741,227	47,329,327
Chemical	684,438	604,262	300,311
Spare parts for plant maintenance	371,745,017	323,594,522	348,186,642
	1,028,568,793	924,441,222	530,525,400
Material-in-transit (HFO)	1,133,615	424,553,275	297,850
Material-in-transit (Spare parts)	143,402,466	63,517,590	12,982,680
	1,173,104,874	1,412,512,087	543,805,930

5.1 Movement in inventories

	Heavy fuel oil (HFO)		Light fuel oil (LFO)		Lube oil		Chemicals	Spare parts
In taka	Quantity (MT)	Amount	Quantity (Ltr)	Amount	Quantity (Ltr)	Amount	Amount	Amount
Balance at 1 January 2015	12,812	632,855,748	46,913	3,087,348	89,618	27,629,170	27,500	378,833,602
Addition during the year	253,134	7,388,580,140	234,000	15,415,531	923,547	277,366,738	2,095,820	250,718,107
Consumption during the year	(259,892)	(7,890,696,027)	(220,599)	(14,533,620)	(821,413)	(257,666,581)	(1,823,009)	(281,365,067)
Balance at 31 December 2015	6,054	130,739,861	60,314	3,969,259	191,752	47,329,327	300,311	348,186,642
Balance at 1 January 2016	6,054	130,739,861	60,314	3,969,259	191,752	47,329,327	300,311	348,186,642
Addition during the period	166,408	3,128,161,579	108,000	6,999,497	508,648	141,640,092	1,024,454	105,416,174
Consumption/loss/loan during the period	(147,402)	(2,688,144,819)	(109,903)	(7,224,166)	(597,113)	(163,228,192)	(720,503)	(130,008,294)
Balance at 30 June 2016	25,060	570,756,621	58,411	3,744,590	103,288	25,741,227	604,262	323,594,522
Balance at 1 July 2016	25,060	570,756,621	58,411	3,744,590	103,288	25,741,227	604,262	323,594,522
Addition during the period	245,891	6,691,744,145	252,000	15,834,116	1,189,484	318,513,587	2,113,952	400,713,121
Consumption/loss/loan during the period	(248,576)	(6,620,823,142)	(241,558)	(15,243,462)	(1,212,937)	(334,128,344)	(2,033,776)	(352,562,626)
Balance at 30 June 2017	22,375	641,677,624	68,853	4,335,244	79,835	10,126,470	684,438	371,745,017

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6 Trade and other receivables

See accounting policies in Note 35(H)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Trade receivables	*6.1*	**2,967,729,543**	2,259,660,544	1,746,157,159
Other receivables	*6.3*	**52,673,152**	312,178,045	184,846,629
		3,020,402,695	2,571,838,589	1,931,003,788

6.1 Trade receivables

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Capacity payment/Other monthly tariff		**211,864,224**	205,053,678	205,093,713
Fuel tariff		**-**	-	53,172,630
Rental payment		**411,743,420**	426,752,138	450,116,834
Energy payment (fuel payment)		**1,854,491,004**	1,202,826,241	684,992,015
Energy payment (variable operation & maintenance payment)	*6.2*	**489,630,894**	425,028,487	352,781,967
		2,967,729,543	2,259,660,544	1,746,157,159

6.2 In accordance with the Contract with KPCL-II and KPCL-III, Bangladesh Petroleum Corporation (BPC) had been the liquid fuel oil supplier and BPDB was liable to pay for the fuel. However, since the start of operation of the plants, the quality and quantity of the supplied fuel were not as per given specification in the contract. For this reason, the actual fuel consumption was higher per unit of electricity generation. On account of the actual fuel consumption, BPDB started deduction from some of the monthly invoices of these units which amounted to Tk 93,559,760 for KPCL-II and Tk 145,522,232 for KPCL-III (both the amounts are included under Energy payment- variable operation and maintenance payment) for the year 2012 and 2013. On continuous objections raised to BPDB by these units, BPDB had formed a committee to justify the quality and quantity of supplied fuel. The decision on this issue is under process with the Power Division of Bangladesh Government as of the reporting date.

Trade receivables also includes Tk 137,622,813 due to differences in power factors. Power factor is used to derive revenue amount. BPDB uses the actual monthly power factor as per Power Purchase agreement when determining the amount payable to KPCL whereas the KPCL use a fixed factor (0.85). This creates a difference between the monthly bill and KPCL treated those as receivables.

Management is in discussions with BPDB with a view to resolving these issues and strongly feels that total amount of these Tk 376,704,805 is recoverable.

6.3 Other receivables

In Taka	30 June 2017	30 June 2016	31 December 2015
BPDB (agreed charges paid to BIWTA)	**22,537,448**	19,176,498	15,045,348
FDR interest due from bank	**16,105,344**	270,744	6,918,810
Income tax authority (corporate tax deposition at the time of appeal)	**4,018,887**	4,018,887	4,018,887
BPDB on account of AIT for spare parts	**-**	8,615,180	8,615,180
Pragati Insurance Ltd for claim -Engine & Generator set	**-**	73,106,459	93,292,785
Wartsila -as compensation for broken Generator set	**6,418,629**	50,590,787	50,126,772
Summit Oil & Shipping Co. Ltd. - Fuel oil loan	**-**	152,854,396	-
BRAC Bank Limited for excess adjustment of fuel oil L/C payment	**-**	-	3,959,548
Lease rent adjustable/receivable - BPDB	**-**	117,552	146,940
DEG (on account of CSR program)	**1,511,067**	1,620,292	867,432
Neptune Commercial Ltd.	**1,402,500**	1,402,500	1,402,500
Others	**679,278**	404,750	452,427
	52,673,152	312,178,045	184,846,629

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7 Current tax assets

See accounting policies in Note 35(G)

In Taka	30 June 2017	30 June 2016	31 December 2015
Opening balance	**283,192,099**	236,217,194	139,345,340
Paid during the year	**162,895,991**	46,974,905	96,871,854
Adjustment of advance tax on completion of assessment	**(136,409,475)**	-	-
Closing balance	**309,678,615**	283,192,099	236,217,194

8 Advances, deposits and prepayments

See accounting policies in Note 35(H)

In Taka	30 June 2017	30 June 2016	31 December 2015
Advances			
Padma Oil and Jamuna Oil for HFO supply	**634,530**	634,530	634,530
Advance to SPS Enterprise	**525,000**	-	-
Advance Value Added Tax (VAT)	**-**	-	36,492,891
BIWTA for fuel oil landing charges	**1,016,750**	1,016,750	3,969,350
Advance to Khulna Power Operations & Services Ltd. (KPOSL)	**2,720,166**	1,684,595	-
Paribartan, Khulna - CSR program	**-**	-	951,050
Loan to employees	**372,642**	425,967	811,773
Others	**153,037**	179,698	402,772
	5,422,125	3,941,540	43,262,366
Deposits			
Bangladesh Telephone & Telegraph Board	**16,000**	16,000	16,000
Grameenphone Ltd.	**89,006**	89,006	89,006
Central Depository Bangladesh Ltd. (CDBL)	**500,000**	500,000	500,000
Security deposit for office rent	**258,880**	258,880	258,880
Security deposit for C & F license	**250,000**	250,000	250,000
Margin on bank guarantee for leasehold land -DBBL	**13,662,500**	13,662,500	13,662,500
Leasehold land for KPCL-II- BPDB	**183,675**	183,675	183,675
Others	**20,500**	23,500	37,500
	14,980,561	14,983,561	14,997,561
Prepayments			
General insurance premium (fire, fidelity, health, motor, etc.)	**2,236,749**	1,956,452	453,571
Leasehold land - BPDB	**2,965,525**	2,700,064	551,025
Insurance premium - Plant	**14,072,750**	13,936,793	3,703,271
Commission on OSD for KPCL-I - BRAC Bank Limited	**-**	-	539,925
Commission on OSD - DBBL/Prime Bank Limited	**98,869**	-	-
	19,373,894	18,593,309	5,247,792
	39,776,580	37,518,410	63,507,719

9 Cash and cash equivalents

See accounting policies in Note 35(H)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Cash in hand		**142,207**	55,804	134,286
Cash at bank	*9.1*	**1,790,612,794**	1,706,477,337	1,666,368,701
		1,790,755,001	1,706,533,141	1,666,502,987

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9.1 Cash at bank

In Taka	30 June 2017	30 June 2016	31 December 2015
Current account:			
Citibank, NA (operating a/c # 129039 -Taka)	722,960	20,039,884	25,697,116
Citibank, NA (operating a/c # 129032 -US Dollar)	1,093,025	2,201,852	2,193,705
BRAC Bank Ltd. (A/c # 1501200976943001)	-	62,479,975	-
Pubali Bank Ltd. (A/c # 3555901037145)	-	17,668	17,898
Standard Bank Ltd. (A/c # 233011318)	-	37,179	37,754
Standard Chartered Bank (A/c # 01-5547202-01)	2,784,097	12,796,711	14,378,983
BRAC Bank Ltd. (A/c # 1501200976943002)	165,307,578	576,273,898	130,243,592
Jamuna Bank Limited (A/c # 0010-0210016685)	-	1,275	-
Bank Alfalah Limited (A/c # 01701501)	188,558	285,453	27,577
Bank Alfalah Limited (A/c # 03700154)	126,891	1,819,638	359,636
Exim Bank Limited (A/c # 6113100048474)	607,490	3,339,858	2,051,827
Standard Chartered Bank (A/c # 01-1110754-01)	191,801	197,531	343,979
Trust Bank Ltd. (A/c # 300210002865)	463,986	465,636	466,211
BRAC Bank Ltd. (A/c # 1501201870861002)	32	645,845	542,819
Bank Alfalah Ltd. (A/c # 03700161)	-	121,112	935,374
Prime Bank Ltd. (A/c # 13211030031363)	329	789,653	790,728
BRAC Bank Ltd. (A/c # 1501201870861001 -US Dollar)	1,557	-	164,149,721
BRAC Bank Ltd. (A/c # 1501201831046001)	-	-	367,320
Dutch-Bangla Bank Ltd. (A/c # 103110000019467)	2,884	4,494	5,069
Standard Chartered Bank (A/c # 01-114572701)	37,028	370,967	227,011
Trust Bank Ltd. (A/c # 300210002767)	164,257	166,195	166,770
Standard Chartered Bank (A/c # 01-1145727-02 -US Dollar)	-	-	1,668,268
	171,692,473	687,054,824	344,671,358
Special notice deposit (SND) account:			
BRAC Bank Ltd. (A/c # 1501100976943001)	40,559	40,340	40,308
BRAC Bank Ltd. (A/c # 1501101870861001)	-	642,290	639,381
Dutch Bangla Bank Ltd. (A/c # 103120000001348)	241,891	240,877	238,474
Dutch Bangla Bank Ltd. (A/c # 103120000001381)	796	2,392	2,988
Standard Chartered Bank (A/c # 02111075401)	91,589	91,594	92,003
Standard Chartered Bank (A/c # 02114572701)	653	581,525	768,333
Prime Bank GulshanBr.(A/c#11831010045534)	317,526	-	-
Trust Bank Ltd. (A/c # 0018-0320000191)	153,963	166,151	-
Exim Bank Limited (A/c # 02813100365687)	-	199,815	200,389
BRAC Bank Ltd. -Dividend'09 distribution a/c	786,445	780,501	777,809
BRAC Bank Ltd. -Dividend'12 distribution a/c	3,032,340	3,008,149	3,000,792
BRAC Bank Ltd. -Dividend'13 distribution a/c	7,991,142	7,970,946	7,977,924
Bank Alfalah Ltd. -Dividend'14 distribution a/c	7,933,946	7,804,855	7,958,942
Bank Alfalah Ltd. -Interim dividend for the period ended 30 June 2016	4,506,381	-	-
Bank Alfalah Ltd. -Final dividend for the period ended 30 Jun'16 distribution a/c	4,323,090	89,736,828	-
	29,420,321	111,266,263	21,697,343
Fixed deposit account (FDR)*:			
Trust Bank Ltd.	-	-	400,000,000
Janata Bank Ltd.	-	-	200,000,000
EXIM Bank Ltd.	1,489,500,000	908,156,250	700,000,000
Shahajalal Islami Bank	100,000,000	-	-
	1,589,500,000	908,156,250	1,300,000,000
	1,790,612,794	1,706,477,337	1,666,368,701

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10 Share capital

See accounting policies in 35(I)

In Taka	30 June 2017	30 June 2016	31 December 2015
Authorised			
500,000,000 ordinary shares of Tk 10 each	**5,000,000,000**	5,000,000,000	5,000,000,000
2,000,000 redeemable preference shares of Tk 1,000 each	**2,000,000,000**	2,000,000,000	2,000,000,000
	7,000,000,000	7,000,000,000	7,000,000,000
Issued, subscribed and paid up			
208,593,000 ordinary shares of Tk 10 each	**2,085,930,000**	2,085,930,000	2,085,930,000
31,288,950 ordinary shares of Tk 10 each issued as bonus shares in 2010	**312,889,500**	312,889,500	312,889,500
47,976,390 ordinary shares of Tk 10 each issued as bonus shares in 2011	**479,763,900**	479,763,900	479,763,900
17,991,150 ordinary shares of Tk 10 each issued as bonus shares in 2012	**179,911,500**	179,911,500	179,911,500
38,231,186 ordinary shares of Tk 10 each issued as bonus shares in 2013	**382,311,860**	382,311,860	382,311,860
17,204,033 ordinary shares of Tk 10 each issued as bonus shares in 2014	**172,040,330**	172,040,330	172,040,330
361,284,709 ordinary shares of Tk 10 each issued	**3,612,847,090**	3,612,847,090	3,612,847,090

Particulars of shareholding:

	30 June 2017		30 June 2016		31 December 2015	
Name of shareholders	**No. of share**	**Value (Tk)**	**No. of share**	**Value (Tk)**	**No. of share**	**Value (Tk)**
Shajahanullah Power Generation Co. Ltd.	**127,469,456**	**1,274,694,560**	-	-	-	-
United Enterprises & Company Ltd.	**-**	**-**	127,469,456	1,274,694,560	127,469,456	1,274,694,560
Summit Corporation Limited	**63,734,727**	**637,347,270**	63,734,727	637,347,270	63,734,727	637,347,270
Summit Power Limited	**63,734,728**	**637,347,280**	63,734,728	637,347,280	63,734,728	637,347,280
Other sponsors	**85,554**	**855,540**	85,554	855,540	85,554	855,540
General investors	**106,260,244**	**1,062,602,440**	106,260,244	1,062,602,440	106,260,244	1,062,602,440
	361,284,709	**3,612,847,090**	361,284,709	3,612,847,090	361,284,709	3,612,847,090

10.1 Percentage of shareholdings

In Taka	30 June 2017	30 June 2016	31 December 2015
Shajahanullah Power Generation Co. Ltd.	**35.2823%**	-	-
United Enterprises & Company Ltd.	**-**	35.2823%	35.2823%
Summit Corporation Limited	**17.6411%**	17.6411%	17.6411%
Summit Power Limited	**17.6411%**	17.6411%	17.6411%
Other sponsors	**0.0237%**	0.0237%	0.0237%
General investors	**29.4118%**	29.4118%	29.4118%
	100%	100%	100%

10.2 Classification of shareholders by holding:

Range of holding in numbers of shares	No. of holders			% of holders			No. of Shares			% of holdings		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Less than 5,000 shares	**22155**	24,514	26767	**91.4287%**	92.6840%	93.0120%	**15,261,196**	14,881,348	15,858,325	**4.2241%**	4.1190%	4.3894%
5,000 to 10,000 shares	**1151**	901	1041	**4.7499%**	3.4066%	3.6173%	**7,933,671**	5,880,186	7,326,281	**2.1960%**	1.6276%	2.0278%
10,001 to 25,000 shares	**526**	617	517	**2.1707%**	2.3328%	1.7965%	**8,341,379**	9,033,369	8,373,940	**2.3088%**	2.5003%	2.3178%
25,001 to 50,000 shares	**177**	187	207	**0.7304%**	0.7070%	0.7193%	**6,322,754**	6,537,356	7,430,588	**1.7501%**	1.8095%	2.0567%
50,001 to 100,000 shares	**92**	114	135	**0.3797%**	0.4310%	0.4691%	**6,721,097**	8,363,671	9,770,754	**1.8603%**	2.3150%	2.7044%
100,001 to 250,000 shares	**72**	64	65	**0.2971%**	0.2420%	0.2259%	**11,491,706**	10,417,891	10,425,860	**3.1808%**	2.8836%	2.8858%
250,001 to 500,000 shares	**33**	24	21	**0.1362%**	0.0907%	0.0730%	**10,766,344**	9,062,408	7,573,461	**2.9800%**	2.5084%	2.0963%
500,001 to 2,500,000 shares	**18**	20	17	**0.0743%**	0.0756%	0.0591%	**15,079,924**	16,222,499	13,757,960	**4.1740%**	4.4902%	3.8081%
2,500,001 to 5,000,000 shares	**4**	4	3	**0.0165%**	0.0151%	0.0104%	**12,860,243**	14,956,188	9,149,885	**3.5596%**	4.1397%	2.5326%
Over 5,000,000 shares	**4**	4	5	**0.0165%**	0.0151%	0.0174%	**266,506,395**	265,929,793	271,617,655	**73.7663%**	73.6067%	75.1811%
	24,232	26,449	28,778	**100%**	100%	100%	**361,284,709**	361,284,709	361,284,709	**100%**	100%	100%

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11 Capital redemption reserve

See accounting policies in 35(P)

In Taka	30 June 2017	30 June 2016	31 December 2015
Capital redemption reserve	**325,647,810**	325,647,810	325,647,810
	325,647,810	325,647,810	325,647,810

12 Deferred tax liabilities

See accounting policies in Note 35(G)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Balance at beginning of the year/period		**221,073,673**	195,114,318	-
Deferred tax expense	*12.1*	**42,842,224**	25,959,355	195,114,318
		263,915,897	221,073,673	195,114,318

At 30 June 2017

In Taka	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	**2,364,907,749**	**1,289,433,763**	**1,075,473,986**
Gratuity provision	**19,810,400**	-	**(19,810,400)**
Taxable temporary difference	**2,384,718,149**	**1,289,433,763**	**1,055,663,586**
Applicable tax rate			**25%**
Deferred tax liabilities			**263,915,897**

At 30 June 2016

In Taka	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	2,508,244,267	1,604,763,749	903,480,518
Gratuity provision	19,185,827	-	(19,185,827)
Taxable temporary difference	2,527,430,094	1,604,763,749	884,294,691
Applicable tax rate			25%
Deferred tax liabilities			221,073,673

At 31 December 2015

In Taka	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	*2,580,454,443*	1,782,431,697	798,022,746
Gratuity provision	17,565,475	-	(17,565,475)
Taxable temporary difference	2,598,019,918	1,782,431,697	780,457,271
Applicable tax rate			25%
Deferred tax liabilities			195,114,318

The Company has been enjoying tax exemption from its inception to 12 October 2013 as an IPP (Independent Power Producer). In the absence of specific legislation in connection with companies in such situation with regard to tax depreciation, the Company has taken its tax written down value as at 12 October 2013 to be the same as accounting written down value on that date. Deferred tax is calculated considering temporary differences of KPCL-I only.

12.1 Deferred tax expense

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Deferred tax liabilities at the beginning of the year/period		**221,073,673**	195,114,318	-
Deferred tax liabilities at the end of the year/period	*12*	**263,915,897**	221,073,673	195,114,318
Deferred tax expense recognised		**42,842,224**	25,959,355	195,114,318

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13 Employee benefits

See accounting policies in Note 35(K)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Staff gratuity	*13.1*	**15,037,426**	20,173,858	20,285,478
Earned leave encashment	*13.2*	**5,424,749**	5,072,976	5,064,230
		20,462,175	25,246,834	25,349,708

13.1 Staff gratuity

In Taka	30 June 2017	30 June 2016	31 December 2015
Opening balance	**20,173,858**	20,285,478	12,888,302
Add: Provision made during the year/period	**3,098,782**	1,688,380	7,397,176
	23,272,640	21,973,858	20,285,478
Less: Paid during the yea/period	**(8,235,214)**	(1,800,000)	-
Closing balance	**15,037,426**	20,173,858	20,285,478

13.2 Earned leave encashment

In Taka	30 June 2017	30 June 2016	31 December 2015
Opening balance	**5,072,976**	5,064,230	3,906,533
Add: Provision made during the year/period	**757,455**	581,473	1,157,697
	5,830,431	5,645,703	5,064,230
Less: Paid during the year/period	**(405,682)**	(572,727)	-
Closing balance	**5,424,749**	5,072,976	5,064,230

14 Asset retirement obligations (ARO)

See accounting policies in Notes 35(J)

In Taka	30 June 2017	30 June 2016	31 December 2015
Opening balance	**30,170,359**	28,541,584	24,818,776
Provision made during the year/period	**-**	1,628,775	3,722,808
Closing balance	**30,170,359**	30,170,359	28,541,584

15 Loans and borrowings

In Taka	30 June 2017	30 June 2016	31 December 2015
Working capital/Short term loan			
Bank Alfalah Limited	**-**	888,679,935	690,000,000
Standard Chartered Bank	**2,064,941,286**	1,101,268,028	1,652,435,273
BRAC Bank Limited	**-**	148,304,785	163,271,715
Citibank, NA	**924,692,892**	1,215,217,988	-
	2,989,634,178	3,353,470,736	2,505,706,988
Standard Chartered Bank Mauritius Ltd. (current portion)	**-**	-	10,386,642
	2,989,634,178	3,353,470,736	2,516,093,630

*KPCL-III has enjoyed long term loan facility from Standard Chartered Bank Mauritius Ltd. under the following terms and conditions:

Limit	USD 19,500,000
Purpose	Import of capital machinery
Interest	3 month LIBOR (2% caps and 1% floors) + 4% margin
Tenor	56 months (effective from 20 June 2011)
Repayment	18 equal quarterly instalments
Security	i) Floating charge over the book debts, receivables, plant, machinery, equipment and current assets of the borrower by way of hypothecation supported by an irrevocable general power of attorney. ii) Fixed charge over the machinery and equipment of the borrower by way of hypothecation supported by an irrevocable general power of attorney.

Various loan related arrangement fees and financial charges have been amortised proportionately during the tenor of the loan. Last instalment has been paid in the month of January 2016.

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16 Trade and other payables

See accounting policies in Note 35(H)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Trade payable	*16.1*	**775,735,210**	963,208,744	163,028,433
Payable for expenses and others	*16.2*	**45,489,566**	54,823,608	203,377,348
Payable for interest on loan	*16.3*	**19,239,083**	20,640,974	15,158,314
		840,463,859	1,038,673,326	381,564,095

16.1 Trade payable

In Taka	30 June 2017	30 June 2016	31 December 2015
Spare Parts-Wartsila Switzerland Ltd	**134,053,892**	-	-
Fuel cost - Summit Asia Pacific PTE. Ltd	-	860,204,674	-
Fuel cost - United Energy Trading PTE Ltd	**517,843,490**	-	-
Fuel carrying - Summit Oil & Shipping Co. Ltd./USCOL	**64,414,784**	75,965,730	153,829,975
Fuel carrying - United Shipping & Logistic Services Ltd.	**17,209,165**	19,381,332	1,938,220
Fuel storage - South Eastern Tank Terminal Ltd.	**6,420,375**	7,657,008	7,260,238
Summit Oil & Shipping Co. Ltd. - Fuel oil loan	**35,793,503**	-	-
	775,735,210	963,208,744	163,028,433

16.2 Payable for expenses and others

In Taka	30 June 2017	30 June 2016	31 December 2015
Withholding tax/VAT - O&M fees, professional fees and others	**1,267,724**	6,974,921	165,438,487
Electricity, gas and water	**158,808**	255,000	210,000
Auditor's fee	**675,000**	750,000	625,000
Legal and other professional fees	-	36,000	26,000
Lease rent payable - BPDB	**836,865**	607,929	468,246
Telephone, fax and e-mail	**57,597**	57,597	59,517
Employee expenses	**11,143,541**	14,064,963	13,817,235
Falcon Securities Ltd - plant manned security	**532,820**	25,694	553,588
Employees' provident fund	**266,884**	9,674,896	7,823,257
MJL Bd. Ltd.	-	1,527,987	-
Satcom IT Ltd.	-	180,000	-
Payable for other operating expenses	**24,952,506**	20,277,506	13,947,178
Others	**5,597,821**	391,115	408,840
	45,489,566	54,823,608	203,377,348

16.3 Payable for interest on loan

In Taka	30 June 2017	30 June 2016	31 December 2015
Standard Chartered Bank	**10,525,581**	3,755,194	10,776,216
Bank Alfalah Limited	-	4,906,025	1,009,306
Citibank, NA	**8,713,503**	5,408,589	-
BRAC Bank Limited	-	6,571,166	3,372,792
	19,239,083	20,640,974	15,158,314

17 Unclaimed dividend

See accounting policies in Notes 35(R)

In taka	30 June 2017	30 June 2016	31 December 2015
Final cash dividend for the year 2009	**8,399,445**	8,399,445	8,399,445
Final cash dividend for the year 2012	**2,233,662**	2,234,778	2,239,210
Final cash dividend for the year 2013	**6,369,053**	6,419,293	6,462,075
Final cash dividend for the year 2014	**6,137,016**	6,220,171	6,465,503
Interim cash dividend for the period ended 30 June 2016	**4,683,183**	89,385,529	-
Final cash dividend for the period ended 30 June 2016	**3,704,798**	-	-
	31,527,157	112,659,216	23,566,233

The above amount represents cash dividend for the years 2009, 2012, 2013, 2014 and 2015-2016 that has remained unclaimed by the shareholders, which is deposited in dedicated bank accounts and is payable on demand.

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18 Provision for income tax

See accounting policies in Note 35(G)

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Opening balance		**398,500,000**	307,500,000	132,500,000
Provision for the year/period	*26*	**163,000,000**	91,000,000	175,000,000
		561,500,000	398,500,000	307,500,000
Adjustment made for completion of assessment		**(132,500,000)**	-	-
Closing balance		**429,000,000**	398,500,000	307,500,000

Provision for income tax consists of the following:

Income year 2016-2017	**163,000,000**	-	-
Income year 2015-2016	**266,000,000**	266,000,000	175,000,000
Income year 2014-2015	-	132,500,000	132,500,000
Balance at end of the year/period	**429,000,000**	398,500,000	307,500,000

18.1 KPCL-I was allowed tax exemption for a period of 15 years with effect from commencement of commercial production, vide SRO no. 114-Law/99 dated 26 May 1999 and amended time to time issued by Government of Bangladesh, under private sector power generation policy. This expired on 12 October 2013. Though after successful completion of the tenor the Company (KPCL-I) has been granted an extension for a further five-year term, no tax exemption facility has been given. Therefore due income tax provision for the accounting year/period has been made in the accounts on the net profit of this unit (KPCL-I).

18.2 However, no provision is made for income tax for other two units (KPCL-II and KPCL-III), amalgamated with KPCL-I, as Bangladesh Power Development Board (BPDB) is responsible for payment of income taxes, other taxes, VAT, duties, levies and all other charges imposed inside Bangladesh on any payments made by BPDB to the Company from the start of its commercial operation.

19 Revenue

See accounting policies in Note 35(A)

In Taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Capacity payment	**1,214,199,236**	1,787,573,286	598,245,212	1,189,328,074
Rental payment	**1,931,437,950**	3,562,674,383	1,163,665,335	2,399,009,048
Energy payment - fuel payment	**6,440,046,805**	10,685,724,912	2,585,408,318	8,100,316,594
Energy payment - variable O & M payment	**448,476,084**	731,929,681	267,337,567	464,592,114
	10,034,160,075	16,767,902,262	4,614,656,432	12,153,245,830

20 Cost of sales

In Taka	*Note*	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Consumption of heavy fuel oil (HFO) and related expenses	*20.1*	**6,745,462,291**	10,773,962,393	2,741,907,020	8,032,055,373
Consumption of light fuel oil (LFO)		**11,868,520**	21,789,777	7,243,748	14,546,029
Consumption of lube oil		**211,494,265**	392,204,128	134,537,547	257,666,581
Consumption of spare parts	*20.1*	**343,478,243**	406,040,119	130,008,294	276,031,825
Employee expenses for plant		**6,249,297**	145,721,476	48,400,603	97,320,873
Other operation and maintenance costs		**129,996,469**	52,186,264	14,930,217	37,256,047
Manned security services at plant site		**6,348,342**	9,162,248	2,846,190	6,316,058
Depreciation of power plant		**329,613,778**	507,878,041	168,474,004	339,404,037
		7,784,511,206	12,308,944,446	3,248,347,623	9,060,596,823

20.1 The above expenses arise after considering various heavy fuel oil (HFO)and spare parts related expenses and adjustments which are not relevant with HFO and spare parts inventory. Hence, the actual consumption shown in inventory (note no. 5.1) will not directly match with the above mentioned expenses.

21 Other income

In Taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Sale proceeds of sludge, used lube oil and empty lube oil drums	**5,478,967**	8,544,783	1,235,709	7,309,074
Wartsila's O & M fee payable written-back	-	11,007,542	-	11,007,542
Gain from disposal of assets	**928,375**	5,987,119	-	5,987,119
	6,407,342	25,539,444	1,235,709	24,303,735

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22 General and administrative expenses

In Taka	Note	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Salary and allowances		**27,274,635**	38,070,268	12,309,019	25,761,249
Employer's contribution to P.F.		**1,059,143**	1,505,750	513,900	991,850
Gratuity provision		**2,424,573**	4,168,953	920,723	3,248,230
Earned leave provision		**757,455**	1,739,170	581,473	1,157,697
Leave fare assistance		**494,866**	884,438	243,683	640,755
Office rent and maintenance		**5,828,313**	8,469,510	3,008,933	5,460,577
Telephone, fax and e-mail		**418,498**	690,365	180,363	510,002
Advertisement, publicity, press and seminar		**1,981,135**	1,922,360	569,300	1,353,060
Entertainment expenses		**1,321,520**	110,626	49,193	61,433
Bank charges and commission		**612,749**	1,256,786	517,997	738,789
Printing, postage and stationeries		**268,034**	993,739	125,520	868,219
Travel and conveyance		**645,633**	1,006,585	238,001	768,584
Vehicle fuel and maintenance		**86,009**	192,508	56,604	135,904
Newspapers, books and periodicals		**18,742**	36,135	12,830	23,305
Business promotion, subscription, gift and donation		**8,160,644**	16,479,935	7,628,224	8,851,711
Uniform and liveries		**204,780**	46,090	25,200	20,890
Insurance premium		**21,378,011**	34,314,709	10,886,211	23,428,498
Lease rent - BPDB	28	**6,932,292**	9,264,967	3,199,752	6,065,215
Directors' fees and board meeting expenses		**1,994,341**	1,099,932	482,970	616,962
Auditor's fee		**675,000**	750,000	125,000	625,000
Legal, tax and other professional fees		**1,724,485**	3,225,816	1,443,216	1,782,600
Survey, testing and inspection fees		**2,383,786**	1,213,469	153,600	1,059,869
Company matters & share related expenses		**2,403,490**	211,130	630	210,500
Performance bond/bank guarantee charges		**3,041,812**	8,586,321	2,672,916	5,913,405
Environmental compliance expenses		**804,236**	803,596	-	803,596
Computer consumable and maintenance		**658,815**	953,081	311,350	641,731
General Meeting (AGM/EGM) expenses		**1,906,037**	3,486,308	188,100	3,298,208
Depreciation - Other property, plant and equipment		**7,002,832**	9,752,932	3,034,375	6,718,557
Bad debt expenses		**-**	179,906,386	53,172,630	126,733,756
Amalgamation expenses		**-**	6,863,064	300,000	6,563,064
VAT expenses		**-**	4,400,000	-	4,400,000
Liquidated damage expenses		**-**	80,579,805	-	80,579,805
Other operating expenses		**4,675,000**	20,277,506	6,330,328	13,947,178
River intake dredging		**-**	1,092,080	1,092,080	-
Miscellaneous and incidental expenses		**501,488**	267,229	23,590	243,639
		107,638,353	444,621,549	110,397,711	334,223,838

23 Foreign exchange gain/(loss)

See accounting policies in Note 35(F)

Foreign exchange gain/(loss) arises on translating foreign currency denominated monetary assets and liabilities at the exchange rates prevailing on the reporting date. Exchange gain/(loss) arose from foreign currency denominated monetary transactions, assets and liabilities:

In taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Accounts receivable - BPDB	**28,653,126**	(5,810,722)	(4,652,482)	(1,158,240)
O & M fee payable to Wartsila Bangladesh Ltd.	**-**	-	-	-
Service charges/Handling commission payable to fuel suppliers	**-**	12,778,922	-	12,778,922
US Dollar accounts	**4,714,082**	(30,988,279)	(9,502,536)	(21,485,743)
Term loan and interest on term loan -SCB Mauritius	**-**	2,509,020	8	2,509,012
Term loan and interest on term loan -DEG-FMO	**(835,822)**	-	-	-
Working capital loan and interest for acceptance of HFO L/Cs	**(76,631,674)**	56,416,798	13,927,355	42,489,443
Accounts payable	**(5,353,745)**	14,231,928	1,387,509	12,844,419
Others	**249,816**	141,881	-	141,881
	(49,204,217)	49,279,548	1,159,854	48,119,694

24 Finance income

See accounting policies in Note 35(E)

In Taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Interest on FDR and SND	**86,970,802**	129,166,287	49,956,598	79,209,689
	86,970,802	129,166,287	49,956,598	79,209,689

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25 Finance costs

See accounting policies in Note 35(E)

In Taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Interest on:				
Term loan- SCB Mauritius	-	5,175,691	43,370	5,132,321
Working capital/Short term loans	**134,550,232**	172,570,733	46,855,925	125,714,808
Other financial charges	-	5,351,583	1,628,775	3,722,808
	134,550,232	183,098,007	48,528,070	134,569,937

26 Income tax expense

See accounting policies in Note 35(G)

In Taka	*Note*	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Current tax	*18*	**163,000,000**	266,000,000	91,000,000	175,000,000
Adjustment made for completion of assessment		**15,522,138**	-	-	-
Deferred tax expense	*12.1*	**42,842,224**	221,073,673	25,959,355	195,114,318
		221,364,362	487,073,673	116,959,355	370,114,318

27 Earnings per share (EPS)

See accounting policies in Note 35(Q)

27.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS 33: Earnings Per Share. The composition of EPS is given below:

In Taka	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Profit attributable to the ordinary shareholders (basic)	**1,830,269,849**	3,548,149,866	1,142,775,834	2,405,374,032
No of shares outstanding	**361,284,709**	361,284,709	361,284,709	361,284,709
Earnings per share (EPS)	**5.07**	9.82	3.16	6.66

27.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year/period as there was no scope for dilution during the year/period.

28 Operating leases

See accounting policies in Note 35(N)

KPCL-I & KPCL-II are obligated under non-cancellable lease for use of land leased out by Bangladesh Power Development Board that are renewable on a periodic basis, at the option of both lessor and lessee. Initially, two separate indenture of lease were made between BPDB (the lessor) and KPCL-I (the lessee) and KPCL-II (the lessee) for 17 years and 5 years effective from 5 February 1998 and 16 August 2010 respectively. BPDB has taken possession of land from Padma Oil Company Ltd. (POCL) pursuant to lease agreement between POCL and BPDB. Both of the indenture of lease has been extended for another 5 years effective from 1 January 2015 for KPCL-I and 16 August 2016 for KPCL-II as the Power Purchase Agreement between BPDB and KPCL-I.

The future minimum lease payments in respect of operating leases as at:

In taka	30 June 2017	30 June 2016	31 December 2015
Not later than one year	**6,592,280**	6,190,853	6,061,360
Later than one year but not later than five years	**15,818,714**	17,533,948	20,694,121
	22,410,994	23,724,801	26,755,481

Rental expenses under non-cancellable operating leases aggregated Tk. 6,932,292 for the year ended 30 June 2017 and Tk. 3,199,752 for the six month period ended 30 June 2016.

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29 Related parties

a) Transactions with key management personnel

Key management personnel compensation comprised the following.

In Taka	Transaction values for the year/period ended			Balance outstanding as at		
	30 June 2017	30 June 2016	31 December 2015	30 June 2017	30 June 2016	31 December 2015
Transactions						
Fees to directors	**1,325,000**	350,000	390,000	-	-	-
Salaries and benefits	**16,465,502**	8,463,631	16,935,657	-	-	-
Bonus	**3,578,000**	1,240,000	3,837,001	-	-	-

b) Other related party transactions

Name of related party	Transaction values for the year/period ended			Balance outstanding as at		
In Taka	30 June 2017	30 June 2016	31 December 2015	30 June 2017	30 June 2016	31 December 2015
Purchase of goods and services						
United Summit Coastal Oil Ltd.	-	-	90,298,116	**(7,447,003)**	(7,447,003)	(7,447,003)
Neptune Commercial Ltd.	-	-	-	**1,402,500**	1,402,000	1,402,000
United Energy Trading Pte Ltd.	**(3,575,258,870)**	-	11,734,978	**(517,843,490)**	-	-
United Shipping & Logistic Services Ltd.	**(285,324,233)**	(11,886,781)	14,533,885	**(17,209,165)**	(13,825,001)	(1,938,220)
Summit Asia Pacific Pte Ltd.	**(2,237,523,315)**	(860,415,069)	14,910,462	-	(860,415,061)	8
Summit Oil & Shipping Co. Ltd.	**(135,025,043)**	67,785,426	(97,233,555)	**(28,677,080)**	(73,885,513)	(141,670,939)
Khulna Power Operations & Services Ltd.	**(93,342,530)**	1,684,595	-	**2,720,166**	1,684,595	-

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30 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's receivables arise from a Government entity, viz, Bangladesh Power Development Board (BPDB) to whom the Company's sales are made under the conditions of the power purchase agreement and contract for supply of electricity on rental basis. Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks.

a) Exposure to credit risk

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

In Taka	*Note*	30 June 2017	30 June 2016	31 December 2015
Trade and other receivables	6	**3,020,402,695**	2,571,838,589	1,931,003,788
Advances, deposits and prepayments	8	**39,776,580**	37,518,410	63,507,719
		3,060,179,275	2,609,356,999	1,994,511,507

b) Ageing of trade receivables and other receivables

In Taka	30 June 2017	30 June 2016	31 December 2015
Neither past due nor impaired	**2,436,689,285**	938,331,364	585,752,983
Past due 1-30 days	**9,825,264**	804,995,196	639,580,968
Past due 31-60 days	**3,697,232**	110,670,097	119,679,924
Past due 61-90 days	**3,553,097**	29,137,710	9,141,336
Past due 91-120 days	**4,256,419**	5,542,551	4,513,510
Past due above 120 days	**562,381,398**	370,983,626	387,488,438
	3,020,402,695	2,259,660,544	1,746,157,159

c) Impairment losses

There were no impairment losses to be recognised for such instrument for the year.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities 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 have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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Exposure to liquidity risk

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

30 June 2017

		Contractual cash flows					
In Taka	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Contingent consideration	557,150,000	557,150,000	-	322,400,000	-	234,750,000	-
Loans and borrowings	2,989,634,178	2,989,634,178	298,963,418	2,690,670,760	-	-	-
Trade and other payables	840,463,859	840,463,859	-	840,463,859	-	-	-
Unclaimed dividend	31,527,157	31,527,157	31,527,157	-	-	-	-
Provision for income tax	429,000,000	429,000,000	-	429,000,000	-	-	-
Employee benefits	20,462,175	20,462,175	-	-	-	20,462,175	-
Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
	4,898,407,728	4,898,407,728	330,490,575	4,282,534,619	-	285,382,534	-

30 June 2016

		Contractual cash flows					
In Taka	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Contingent consideration	887,915,884	887,915,884	-	887,915,884	-	-	-
Loans and borrowings	3,353,470,736	3,353,470,736	335,347,074	3,018,123,662	-	-	-
Trade and other payables	1,038,673,326	1,038,673,326	-	1,038,673,326	-	-	-
Unclaimed dividend	112,659,216	112,659,216	112,659,216	-	-	-	-
Provision for income tax	398,500,000	398,500,000	-	398,500,000	-	-	-
Employee benefits	25,246,834	25,246,834	-	-	-	25,246,834	-
Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
	5,846,636,355	5,846,636,355	448,006,290	5,343,212,872	-	55,417,193	-

31 December 2015

		Contractual cash flows					
In Taka	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Contingent consideration	1,492,452,649	1,492,452,649	-	1,492,452,649	-	-	-
Loans and borrowings	2,516,093,630	2,516,093,630	251,609,363	2,264,484,267	-	-	-
Trade and other payables	381,564,095	381,564,095	-	381,564,095	-	-	-
Unclaimed dividend	23,566,233	-	23,566,233	-	-	-	-
Provision for income tax	307,500,000	307,500,000	-	307,500,000	-	-	-
Employee benefits	25,349,708	25,349,708	-	-	-	25,349,708	-
Asset retirement obligation (ARO)	28,541,584	28,541,584	-	-	-	28,541,584	-
	4,775,067,899	4,751,501,666	275,175,596	4,446,001,011	-	53,891,292	-

30.3 Market risk

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

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a) **Currency risk**

The Company is exposed to currency risk on revenue and certain expenses such as procurement of heavy fuel oil, spare parts and purchase of capital items. Majority of the Company's foreign currency transactions are denominated in United States Dollar (USD) and Euro (EUR) and related to revenue and procurement of heavy fuel oil and spare parts. The Company maintains few USD bank account where receipts from Bangladesh Power Development Board (BPDB) are deposited.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	30 June 2017		30 June 2016		31 December 2015	
	USD	EUR	USD	EUR	USD	EUR
Trade and other receivables	**12,015,172**	**71,448**	13,459,494	571,448	13,457,489	571,448
Cash at bank	**13,465**	**-**	27,999	-	2,129,696	-
Loans and borrowings	**31,979,754**	**-**	(26,164,063)	(1,675,175)	(21,077,624)	(1,861,306)
Trade and other payables	**6,370,322**	**1,430,624**	(11,140,120)	-	(179,351)	-
Net exposure	**50,378,713**	**1,502,072**	(23,816,690)	(1,103,728)	(5,669,790)	(1,289,858)

The following exchange rates were applied during the year:

	Year/Period end spot rate		
	30 June 2017	30 June 2016	31 December 2015
United States Dollar (USD)	**81.29**	78.64	78.89
Euro (EUR)	**93.70**	88.53	87.72

Source: BRAC Bank TT OD rate

Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against Taka at 30 June and 31 December would have effected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown in the following page. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

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Effects in Taka	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2017				
USD (3 percent movement)	122,858,567	(122,858,567)	122,858,567	(122,858,567)
EUR (3 percent movement)	4,222,464	(4,222,464)	4,222,464	(4,222,464)
	127,081,030	(127,081,030)	127,081,030	(127,081,030)
30 June 2016				
USD (3 percent movement)	(56,188,334)	56,188,334	(56,188,334)	56,188,334
EUR (3 percent movement)	(2,931,420)	2,931,420	(2,931,420)	2,931,420
	(59,119,753)	59,119,753	(59,119,753)	59,119,753
31 December 2015				
USD (3 percent movement)	(13,418,693)	13,418,693	(13,418,693)	13,418,693
EUR (3 percent movement)	(3,394,348)	3,394,348	(3,394,348)	3,394,348
	(16,813,040)	16,813,040	(16,813,040)	16,813,040

b) **Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.65% to 1.90%.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	Nominal amount		
	30 June 2017	30 June 2016	31 December 2015
Fixed rate instruments			
Financial liabilities	-	-	-
	-	-	-
Variable rate instruments			
Loans and borrowings	2,989,634,178	3,353,470,736	2,516,093,630
	2,989,634,178	3,353,470,736	2,516,093,630

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c) Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2017		Carrying amount								Fair value			
In Taka	*Note*	Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial assets not measured at fair value													
Trade and other receivables	*6*	-	-	-	-	3,020,402,695	-	-	3,020,402,695	-	-	-	-
Current tax assets	*7*	-	-	-	-	309,678,615	-	-	309,678,615	-	-	-	-
Advances, deposits and prepayments	*8*	-	-	-	-	39,776,580	-	-	39,776,580	-	-	-	-
Cash and cash equivalents	*9*	-	-	-	-	1,790,755,001	-	-	1,790,755,001	-	-	-	-
		-	-	-	-	5,160,612,891	-	-	5,160,612,891				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial liabilities not measured at fair value													
Loans and borrowings	*15*	-	-	-	-	-	-	2,989,634,178	2,989,634,178	-	-	-	-
Trade and other payables	*16*	-	-	-	-	-	-	840,463,859	840,463,859	-	-	-	-
Unclaimed dividend	*17*	-	-	-	-	-	-	31,527,157	31,527,157	-	-	-	-
Provision for income tax	*18*	-	-	-	-	-	-	429,000,000	429,000,000	-	-	-	-
		-	-	-	-	-	-	4,290,625,194	4,290,625,194				

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30 June 2016		Carrying amount							Fair value			
In Taka	*Note*	Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial assets not measured at fair value													
Trade and other receivables	*6*	-	-	-	-	2,571,838,589	-	-	2,571,838,589	-	-	-	-
Current tax assets	*7*	-	-	-	-	283,192,099	-	-	283,192,099	-	-	-	-
Advances, deposits and prepayments	*8*	-	-	-	-	37,518,410	-	-	37,518,410	-	-	-	-
Cash and cash equivalents	*9*	-	-	-	-	1,706,533,141	-	-	1,706,533,141	-	-	-	-
		-	-	-	-	4,599,082,239	-	-	4,599,082,239				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial liabilities not measured at fair value													
Loans and borrowings	*15*	-	-	-	-	-	-	3,353,470,736	3,353,470,736	-	-	-	-
Trade and other payables	*16*	-	-	-	-	-	-	1,038,673,326	1,038,673,326	-	-	-	-
Unclaimed dividend	*17*	-	-	-	-	-	-	112,659,216	112,659,216	-	-	-	-
Provision for income tax	*18*	-	-	-	-	-	-	398,500,000	398,500,000	-	-	-	-
		-	-	-	-	-	-	4,903,303,278	4,903,303,278				

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31 December 2015		Carrying amount								Fair value			
In Taka	*Note*	Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial assets not measured at fair value													
Trade and other receivables	*6*	-	-	-	-	1,931,003,788	-	-	1,931,003,788	-	-	-	-
Current tax assets	*7*	-	-	-	-	236,217,194	-	-	236,217,194	-	-	-	-
Advances, deposits and prepayments	*8*	-	-	-	-	63,507,719	-	-	63,507,719	-	-	-	-
Cash and cash equivalents	*9*	-	-	-	-	1,666,502,987	-	-	1,666,502,987	-	-	-	-
		-	-	-	-	3,897,231,688	-	-	3,897,231,688				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial liabilities not measured at fair value													
Loans and borrowings	*15*	-	-	-	-	-	-	2,516,093,630	2,516,093,630	-	-	-	-
Trade and other payables	*16*	-	-	-	-	-	-	381,564,095	381,564,095	-	-	-	-
Unclaimed dividend	*17*	-	-	-	-	-	-	23,566,233	23,566,233	-	-	-	-
Provision for income tax	*18*	-	-	-	-	-	-	307,500,000	307,500,000	-	-	-	-
		-	-	-	-	-	-	3,228,723,958	3,228,723,958				

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31 Contingencies and commitments

Contingent liabilities relating to bank guarantees and performance bonds amounted to:

Name of the party	Expiry date	30 June 2017	30 June 2016
BPDB (for KPCL-I)	30-Jun-19	234,750,000	234,750,000
BPDB (for KPCL-II)	23-Jul-17	239,200,000	288,063,500
BPDB (for KPCL-III)	23-Jul-17	83,200,000	91,852,384
		557,150,000	614,665,884

The Company received assessment orders for the assessment years 1999-2000, 2006-2007, 2007-2008 and 2008-2009 where tax authority has claimed Tk 11,544,504. The Company has appealed against these and is confident of satisfactory resolution. Hence, no provision has been made for these claims.

The following letters of credit were outstanding as at 30 June 2017 against which the Company is committed to purchase spare parts:

30 June 2017

Nature of the goods	L/C no.	L/C issue date	Currency	L/C value
Exhaust valve, big end bearing	308517010840	16-Apr-17	EUR	13,778
Exhaust gasket kit, valve	308517010872	19-Apr-17	EUR	9,439
Bearing,Shim,Filter, Nozzle	308517011423	20-Jun-17	EUR	66,233
			Total	89,449

30 June 2016

Nature of the goods	L/C no.	L/C issue date	Currency	L/C value
Exhaust valve, big end bearing	308516011297	22-May-16	EUR	292,775
Exhaust gasket kit, valve	308516011475	9-Jun-16	EUR	65,161
			Total	357,936

32 Capacity

Name of plants	Licensed capacity (MW)	Installed capacity (MW)	Plant factor (% on licensed capacity)	Energy generated (MW)	Energy sold (MW)
KPCL-I:					
July 2016 to June 2017	110	114	Average 42.83	423,710	415,334
January to June 2016	110	114	Average 53.96	263,366	259,021
January to December 2015	110	114	Average 46.35	454,203	446,618
January to December 2014	110	114	Average 37.26	366,321	359,910
KPCL-II:					
July 2016 to June 2017	115	119	Average 51.23	529,706	516,777
January to June 2016	115	119	Average 62.26	318,835	312,490
January to December 2015	115	119	Average 58.81	604,045	592,645
October to December 2014	115	119	Average 33.67	87,011	85,453
KPCL-III:					
July 2016 to June 2017	40	44	Average 55.39	200,566	195,752
January to June 2016	40	44	Average 55.74	99,437	97,259
January to December 2015	40	44	Average 43.70	156,720	153,163
October to December 2014	40	44	Average 39.00	35,262	34,476

33 Particulars of employees

During the year ended 30 June 2017 there were 14 permanent employees (30 June 2016:111) who received salary of Tk 36,000 or above per year. All permanent employees of plant have been outsourced from Khulna Power Operations & Services Ltd. (KPOSL) effective on 1 July 2016.

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34 Basis of measurement

The financial statements have been prepared on historical cost basis except for asset retirement obligations (ARO) which are measured at present value of expected future expenditure.

35 Significant accounting policies

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

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

A Revenue
B Inventories
C Property, plant and equipment
D Capital work in progress
E Finance income and finance cost
F Foreign currency transaction
G Income tax
H Financial instruments
I Share capital
J Provisions
K Employee benefits
L Workers' profit participation fund (WPPF)
M Impairment
N Leases
O Contingencies
P Capital Redemption Reserve
Q Earnings per share (EPS)
R Dividends
S Statement of cash flows

A Revenue

Revenue is recognised in the statement of profit or loss and other comprehensive income upon supply of electricity to BPDB, quantum of which is determined by survey of meter reading as per Power Purchase Agreement/Contract for Supply of Electricity on Rental Basis with BPDB for the Company.

B Inventories

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

C Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labour and any other cost directly attributable to bringing the assets to a working condition for their intended use. The costs of obligations for dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with BAS 37: Provisions, Contingent Liabilities and Contingent Assets.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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iii. Depreciation

Depreciation on power plant has been charged considering 30 years of useful life and residual value at 15% of original cost, on straight line basis on the ground that the management intends to continue with operation after completion of Power Purchase Agreement (PPA) and Contract for Supply of Electricity on Rental Basis. Addition during the period is depreciated for full period irrespective of date of capitalisation, while no depreciation is charged in the period of disposal. For initial year of the project, depreciation has been charged from the date of commercial operation in respect of power plant.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	In Years
Power plant	30
Motor vehicles	4
Building and construction	10
Furniture and fixtures	5
Office equipment	5
Office renovation	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

v. Capitalisation of borrowing cost

Finance cost that is directly attributable to the construction of power plant is included in the cost of the asset in compliance with BAS 23: *Borrowing Costs*. Capitalisation of borrowing costs ceases upon receipt of COD certificate from BPDB which confirms that the plant is ready for intended use.

D Capital work in progress

Property, plant and equipment that is in the process of construction/acquisition/import is accounted for as capital work in progress until construction/acquisition/import is completed and measured at cost. Capital work in progress consists of legal costs incurred for the purchase of land for set-up of factory and warehouse.

E Finance income and finance cost

The Company's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income is recognised on accrual basis.

Interest expenses comprise interest expense on loans, overdraft, finance lease and bank charges and other finance related costs. All borrowing costs are recognised in the statement of profit or loss and other comprehensive income using effective interest method except to the extent of amounts that are capitalised during construction period of the project in accordance with BAS 23: Borrowing cost.

F Foreign currency transaction

Transactions in foreign currencies are translated to BDT/Taka at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into BDT/Taka at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into BDT/Taka at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss or statement of comprehensive income.

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G Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit and loss except to the extent that relates to an item recognised directly in equity or in other comprehensive income (OCI).

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

As per the enacted tax law, applicable tax rate for the Company is currently 25% (listed company) in respect of income.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognised for:

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.

b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and

c) Taxable temporary differences arising on the initial recognition of good will.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

H Financial instruments

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.

The Company classifies non-derivative financial liabilities into other financial liabilities category.

i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Financial assets and financial liabilities are offset and the net amount 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.

ii. Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially recognised 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 debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

iii. Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

I Share capital

Ordinary shares

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.

J Provisions

Provisions are recognised at the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

i. Asset retirement obligations (ARO)

Asset retirement obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of project's site based on the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as and when it occurs.

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K Employee benefits

i. Defined contribution plans (provident fund)

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company maintains a provident fund (CPF) for all local employees, recognised by the National Board of Revenue, Bangladesh. This is a defined contribution scheme as per BAS 19: Employee Benefits. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

ii. Defined benefit plans (gratuity)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company operates an unfunded gratuity scheme, which is a defined benefit scheme, a provision in respect of which is made periodically covering all permanent employees by applying period of employment to latest basic salary. No valuation was done to quantify actuarial liabilities as per Bangladesh Accounting Standard 19: Employee Benefits.

iii. Defined earned leave encashment policy

The Company has also a policy of earned leave encashment for head office employees. Under this policy, an employee is allowed twenty one days earned leave for each completed twelve months of continuous service with a maximum accumulation of one hundred and five days.

L 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/balance sheet date.

Provision of the Chapter-XV of the Labour Act 2006, as amended by Bangladesh Labour Amendment Act 2013 is not wholly applicable to Khulna Power Company Ltd and its units (hereinafter referred to as KPCL/the Company) because KPCL does not have any employee who may fall under the category of "Beneficiary" as per the special definitions stipulated in Section-233(1-i) of the Act. All persons working in the Company, by virtue of the nature of work they do and by designation, are part of the 'Management Authority' who are expressly excluded from the scope of the special definition of the term 'Beneficiary' in the Act, rather they come under the purview of the term 'Owner' as stipulated in the special definition in Section-233(1-ee) of the Act.

This position is supported by external legal opinion obtained by the Company. Accounting treatment adopted by the Company in this matter reflects Company's position.

M Impairment

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

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Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

N Leases

i. Determining whether an arrangement contains a lease

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

At inception or on reassessment of an arrangement that contains a lease, the Company 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 Company 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 Company's incremental borrowing rate.

ii. Leased assets

Assets held by the Company under leases that transfer to the Company 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 Company's statement of financial position.

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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.

O Contingencies

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

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.

P Capital Redemption Reserve

The redeemable cumulative class 'A' preference shares have been redeemed out of profits and the face value of the shares redeemed have been transferred to the capital redemption reserve account accordingly.

Q Earnings per share (EPS)

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

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the affects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2017.

R 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.

S Statement of cash flows

Statement of cash flows have been prepared in accordance with the Bangladesh Accounting Standard 7: "Statement of cash flows" under direct method.

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36 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted the following new standards and amendments to standards during the year 2015. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 14 Regulatory Deferral Accounts	BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not perform any activity that is subject to rate regulation.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of BAS 41 Agriculture.	None. The Company does not have any bearer plants.

37 Comparatives and rearrangement

Comparative information has been disclosed in respect of 2016 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/restated/ reclassified whenever considered necessary to conform to current year's presentation.

38 Subsequent events

The Board of Directors of the Company recommended 55% (Tk 5.5 per share) cash dividend amounting to Tk1,987,065,900 for the year ended 30 June 2017 at the board meeting held on 29 October 2017. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

39 Going concern

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

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