



annual
report
& accounts
2013

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.



TABLE OF CONTENTS

CORPORATE DIRECTORY	02
CORPORATE ETHOS	03
COMPANY INFORMATION	04
NOTICE OF THE 7TH ANNUAL GENERAL MEETING	08
THE BOARD	09
DIRECTORS' PROFILE	10
MANAGEMENT TEAM	14
FINANCIAL REVIEW 2013	15
ROADSHOW FOR INDICATIVE PRICE DISCOVERY FOR IPO	16
MESSAGE FROM THE CHAIRMAN	18
DIRECTORS' REPORT	20
ANNEXURE 1: FINANCIAL HIGHLIGHT OF LAST 5 YEARS	32
ANNEXURE 2: SHAREHOLDING INFORMATION	34
VALUE ADDED STATEMENT	35
AUDITORS REPORT & FINANCIALS	37



Corporate Directory

REGISTERED NAME	United Power Generation & Distribution Company Ltd.
REGISTERED OFFICE	United Centre, House # NW(J)-6, Road # 51, Gulshan - 2, Dhaka - 1212, Bangladesh
POWER PLANTS	United Power Generation & Distribution Company Ltd. (UPGDCL) – 88 MW Plot no. 280, Extension Area, Dhaka Export Processing Zone, Ganakbari, Savar, Dhaka Tel : +88-02-7788460 Fax : +88-02-7788461 United Power Generation & Distribution Company Ltd. (UPGDCL) – 72 MW Plot No 6 & 7, Sector 2/A, Chittagong Export Processing Zone, South Haliashahar, Chittagong Tel : +88-031-740449 Fax : +88-031-740450
AUDITORS	Hoda Vasi Chowdhury & Co., Chartered Accountants BTMC Bhaban (Level # 7 & 8), Karwan Bazar C/A, Dhaka
LEGAL ADVISOR	Tanjib-ul Alam and Associates, Barristers, Advocates and Legal Consultants BSEC Bhaban (Level - 11), 102, Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka - 1215
COMPLIANCE OFFICER	Md. Mustafizur Rahman, Company Secretary
LEAD BANKERS	Dhaka Bank Limited, Foreign Ex. Branch; Dutch Bangla Bank Ltd, Banani Branch Jamuna Bank Ltd., Gulshan Branch Trust Bank Ltd., Kawran Bazar Branch
YEAR OF INCORPORATION	15 January 2007
LINE OF BUSINESS	Power Generation & Distribution
AUTHORIZED CAPITAL	BDT 10,000,000,000.00
PAID-UP CAPITAL	As of 31 December 2013: BDT 2,969,497,260.00

CORPORATE ETHOS

Vision

To replicate being the multi utility service provider and the independent power generation & distribution entity in true sense of the terms across all EPZs of Bangladesh.

Mission

Energy is Life
To be the institution that generates the lifeblood of the nation's economy by introducing a paradigm shift in operational efficiency.

Objective

Provide uninterrupted and quality power to the export oriented industries housed within the EPZs of Bangladesh allowing the industries to concentrate only on their core business and contribute to the nation's growth.

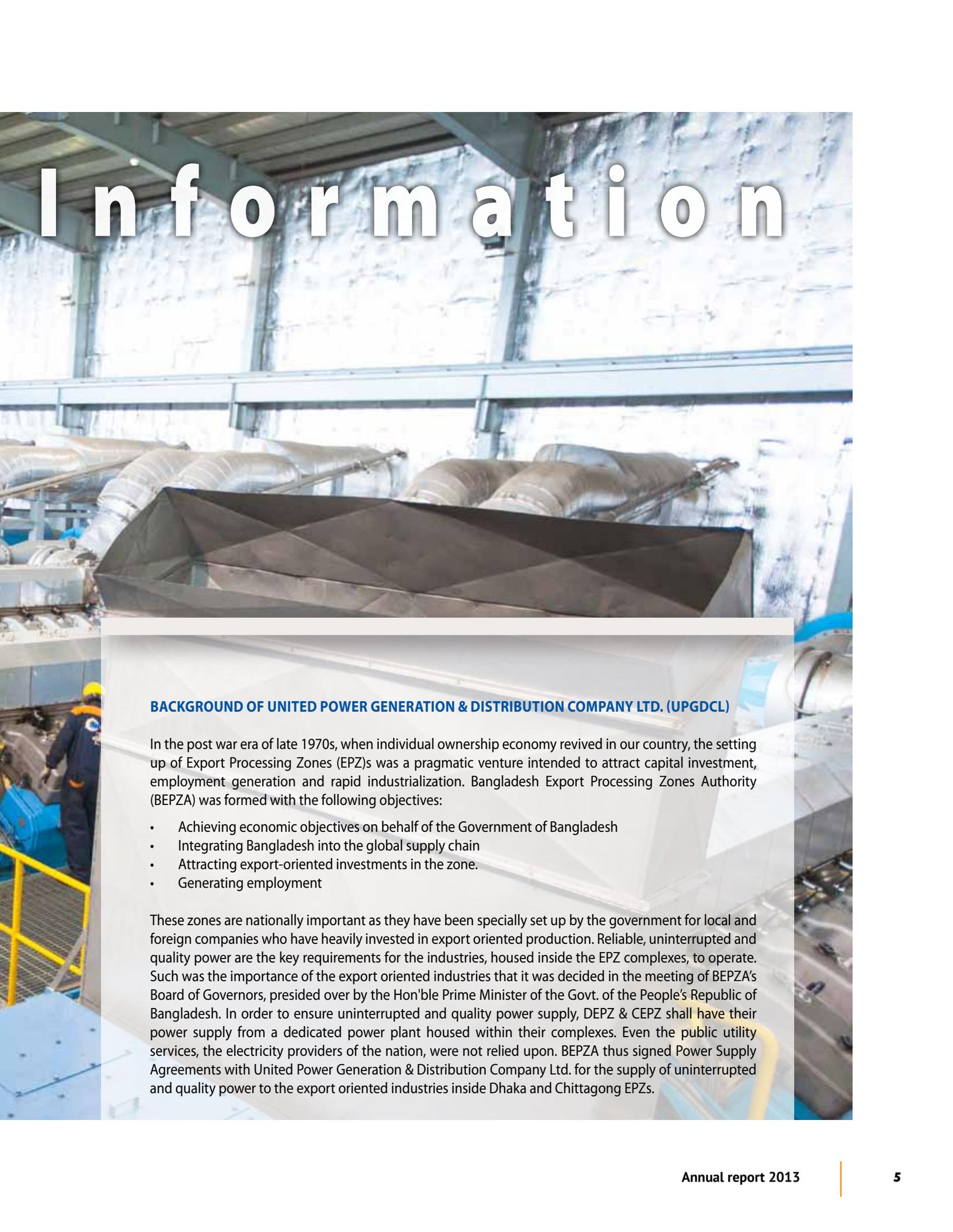
Core Values

- Innovative Thinking to introduce pioneering ideas, operational efficiency & flexibility;
- Upholding Commitment to all its stakeholders, dedicated to achieve mutual benefits;
- Ethical Business Practices in all endeavors, united in all its ventures;

С о м п а н ы



Information



BACKGROUND OF UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD. (UPGDCL)

In the post war era of late 1970s, when individual ownership economy revived in our country, the setting up of Export Processing Zones (EPZ)s was a pragmatic venture intended to attract capital investment, employment generation and rapid industrialization. Bangladesh Export Processing Zones Authority (BEPZA) was formed with the following objectives:

- Achieving economic objectives on behalf of the Government of Bangladesh
- Integrating Bangladesh into the global supply chain
- Attracting export-oriented investments in the zone.
- Generating employment

These zones are nationally important as they have been specially set up by the government for local and foreign companies who have heavily invested in export oriented production. Reliable, uninterrupted and quality power are the key requirements for the industries, housed inside the EPZ complexes, to operate. Such was the importance of the export oriented industries that it was decided in the meeting of BEPZA's Board of Governors, presided over by the Hon'ble Prime Minister of the Govt. of the People's Republic of Bangladesh. In order to ensure uninterrupted and quality power supply, DEPZ & CEPZ shall have their power supply from a dedicated power plant housed within their complexes. Even the public utility services, the electricity providers of the nation, were not relied upon. BEPZA thus signed Power Supply Agreements with United Power Generation & Distribution Company Ltd. for the supply of uninterrupted and quality power to the export oriented industries inside Dhaka and Chittagong EPZs.



Formation of UPGDCL

United Power Generation & Distribution Company Ltd. (UPGDCL) is the country's first Commercially Independent Power Producer established under the Policy Guidelines for the Enhancement of Private Participation in the Power Sector. UPGDCL was incorporated on 15 January 2007 as a private limited company. On 22 December 2010 the Company was converted to a public limited company. UPGDCL started its journey with a 35 MW natural gas fired, modular power plant, with subsequent addition of another 6 MW unit, inside Dhaka Export Processing Zone (DEPZ) on December 2008. August 2009 saw the commissioning of a 44 MW natural gas fired, modular power plant inside Chittagong Export Processing Zone (CEPZ). Since then, UPGDCL's power plants have been supplying quality, reliable power to DEPZ and CEPZ. Over a period of 5 years the total installed capacity of UPGDCL was increased from 85 MW to 160 MW, at the behest of BEPZA.

UPGDCL in Dhaka Export Processing Zone

UPGDCL's Power Plant inside Dhaka Export Processing

Zone is situated over an area of 6,125.13 sq. meters, leased to the Project Company for 30 years under a Land Lease Agreement between UPGDCL and BEPZA, entered on 6 May 2007. The power plant was established to supply power to the industries inside Dhaka EPZ under a Power Supply Agreement dated 6 May 2007 between BEPZA and UPGDCL. At present the plant has four (4) Wärtsilä Finland 20V345G engines each having capacity of 8.73 MW, five (5) Rolls-Royce Norway B35:40V20AG2 engines each having capacity of 9.34 MW and three (3) MTU Germany AOE20V4000L62 engines each having a capacity of 1.96 MW resulting in a combined output of 88 MW. The plant also have 2 Exhaust Gas Boilers supplied by Khan SPP having a steam production capacity of 4 ton per hours (TPH) per boiler, fitted to two of the plant's Rolls-Royce engines. The total steam production capacity of Dhaka EPZ is 8 TPH. Power generated at 11 kV is being distributed by UPGDCL's own distribution lines. Natural Gas is the fuel for the engines supplied by Titas Gas Transmission & Distribution Co. Ltd. under a Gas Supply Agreement signed on 16 November 2008 for a term of 15 years, renewable every 5 years thereafter.

UPGDCL in Chittagong Export Processing Zone

UPGDCL's Power Plant inside Chittagong Export Processing Zone is situated over an area of 6033.80 sq. meters, leased to the Project Company for 30 years under a Land Lease Agreement between UPGDCL and BEPZA, entered on 16 May 2007. The power plant was established to supply power to the industries inside Chittagong EPZ under a Power Supply Agreement dated 16 May 2007 between BEPZA and UPGDCL. At present the plant has five (5) Wärtsilä Finland 20V34SG engines, each having capacity of 8.73 MW, and three (3) Rolls-Royce Norway B35:40V20AG2 engines, each having capacity of 9.34 MW, resulting in a combined output of 72 MW. The plant also have 3 Exhaust Gas Boilers supplied by Khan SPP having a steam production capacity of 4 tons per hour (TPH) per boiler, fitted to the plant's Rolls-Royce engines. The total steam production capacity of Chittagong EPZ is 12 TPH. Natural Gas is the fuel for the engines initially supplied by Bakhrabad Gas Distribution Co. Ltd. under a Gas Supply Agreement signed on 9 July 2009, currently supplied by Karnaphuli Gas Distribution Co. Ltd. under a Gas Supply Agreement effective from 15 May 2013 for the term of the Power Supply Agreement signed between BEPZA and UPGDCL.



Operation & Maintenance (O&M) of UPGDCL's plants

The overall Operation and Maintenance (O&M) of the plants have been outsourced to United Engineering & Power Services Ltd. (UEPSL), a concern of United Group, under a long term O&M Agreement.

UEPSL has O&M experience of over 240 MW with an average plant availability of over 95%. The management team is led by ex-officials from Wärtsilä with over 25 years of experience in the marine industry and handling Wärtsilä engines. Engaging UEPSL for providing O&M services has benefitted the plant not only in terms of availability but also in terms of efficient operation, greater output and has secured a steady flow of revenue from the plant.

UEPSL has the full responsibility of carrying out all services required to ensure smooth operation of the plant. The operational process has been developed and managed by the expert team. For any technical issue, the equipment manufacturer extends their support as and when required. UEPSL is paid a management fee for their services rendered and any other actual cost, including manpower salary and emoluments, incurred by them while providing O&M services to UPGDCL's plant is reimbursed.



	UPGDCL –DEPZ	UPGDCL –CEPZ
Location	Dhaka Export Processing Zone (DEPZ), Ganakbari, Savar, Dhaka	Chittagong Export Processing Zone (CEPZ), South Haliahahar, Chittagong
Capacity	88 MW Natural Gas Fired Modular Power Plant	72 MW Natural Gas Fired Modular Power Plant
Generating Plant	4 X Wärtsilä Finland 20V34SG sets	5 X Wärtsilä Finland 20V34SG sets
	5 X Rolls-Royce Norway B35:40V20AG2 sets	3 X Rolls-Royce Norway B35:40V20AG2 sets
	3 x MTU Germany AOE20V4000L62 sets	
Steam Production Capacity	8 Tons Per Hour	12 Tons Per Hour
Exhaust Gas Boiler	2 x Khan SPP Smoke Tube EGB	3 x Khan SPP Smoke Tube EGB
Fuel:	Natural Gas	Natural Gas
Project Cost:	BDT 5623.22 Million	BDT 4429.34 Million

NOTICE

OF THE 7th ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting of the Shareholders of United Power Generation and Distribution Company Ltd. will be held on Wednesday, the 24th day of June, 2015, at Golf Garden, Army Golf Club, Airport Road, Dhaka at 11.00 A.M to transact the following businesses:

Agenda:

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended December 31, 2013 together with the Auditors' Report thereon.
2. To declare dividend for the year 2013 as recommended by the Board of Directors.
3. To elect Directors of the Company retiring in terms of relevant Article of the Company's Articles of Association.
4. To ratify the appointment of Hoda Vasi Chowdhury & Co. as Auditors for the year 2014 and their remuneration.

By order of the Board



(Md. Mahfuzul Haque, FCMA)
Company Secretary

Dhaka, 24 May 2015

Notes

1. Members whose names appeared on the Members/Depository Register as on "Record Date" i.e. 20 May 2015 are eligible to attend the Annual General Meeting (AGM) and receive dividend.
2. A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead.
3. The "Proxy Form", duly filled and stamped at Tk. 20 must be deposited at the Company's Share Office located at 'United Centre', House # NW (J)-6, Road # 51, Gulshan - 2, Dhaka - 1212, Bangladesh not later than 48 hours before commencement of the AGM.
4. Members/Proxies are requested to record their entry in the AGM well in time on June 24, 2015. The registration counter will open at 9:00 am on the AGM date.
5. In case of non-receipt of Annual Report 2013 of the Company sent through courier, Members may collect the same from the Company's Share Office within June 23, 2015. No additional Annual Report will be distributed at AGM venue. Soft copy of the Annual Report is available in Investor Relations section of the Company's website: www.unitedpowerbd.com

Special Note:

No benefit or gift in cash or kind shall be given to the Shareholders for attending the 7th Annual General Meeting as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

THE BOARD

CHAIRMAN

Gen. Md. Abdul Mubeen, SBP, ndc, psc (Retd.)

DIRECTORS

Hasan Mahmood Raja
Ahmed Ismail Hossain
Khandaker Moinul Ahsan Shamim
Abul Kalam Azad
Faridur Rahman Khan
Akhter Mahmud Rana

MANAGING DIRECTOR

Moinuddin Hasan Rashid

COMPANY SECRETARY

Mustafizur Rahman



DIRECTORS' PROFILE



GENERAL MD. ABDUL MUBEEN, SBP, ndc, psc (Retd.)
Chairman

General Mubeen graduated from Bangladesh Military Academy in 1976 and in the next 36 years of his commendable and distinguished career service, he took several courses and underwent trainings, which include but are not limited to NATO Weapon Conversion Course, Infantry Weapon Course, Senior Command Course, Defense Services Command and Staff Course, National Defense Course etc. In the vast expanse of his career he served in numerous challenging and demanding appointments. He rose to the highest position in service by becoming the Chief of Army Staff as a four star General. In his 36 years of active service, he received the highest military award and 16 operational, service and UN honors, medals and decorations for his distinguished service. He has attended numerous conferences, seminars and exercises' at home and abroad and chaired and been in the panel of a number of seminars and conferences. Some of his significant ex-officio assignments include being Chairman of Trust Bank Limited, Chairman Sena Hotel Development Ltd. and President Bangladesh Olympic Association.

HASAN MAHMOOD RAJA
Director

Mr. Hasan Mahmood Raja completed his Bachelor of Commerce and thereafter got passionately involved in business. He is one of the Founding Directors of the country's one of the leading business houses - 'United Group'. Dominant position of United Group in the Country's Power and Real Estate sectors and creating unique establishments like United Hospital, United International University and United Maritime Academy are few of his landmark entrepreneurship. At present, he is the Chairman of United Enterprises & Co. Ltd as well the Chairman and Managing Director of more than 20 Concerns of the Group, notably Khulna Power Company Limited, Neptune Land Development Ltd, United City twin Towers Developers Ltd, United Hospital, United Maritime Academy Ltd etc. In addition to this he is also the Chairman of the Board of Trustees of United International University.



AHMED ISMAIL HOSSAIN

Director

Mr. Ahmed Ismail Hossain is one of the Founding Directors of the country's one of the leading business houses - United Group. He completed his Honors and Masters in International Relations from University of Dhaka. Mr. Ismail undertook the responsibility as the Managing Director of United Enterprises & Co. Ltd., the parent Company of United Group for many years, demonstrated his entrepreneurial skills, and used his experience to establish many corporate bodies of the Group notably in textile and pharmaceutical sectors. He is the Vice-Chairman of United Hospital Limited and Managing Director of Comilla Spinning Mill Ltd., performing diverse responsibilities of the Group as and when required. He is a Director of Khulna Power Company Ltd and many other concerns under the banner of United Group.



KHANDAKER MOINUL AHSAN SHAMIM

Director

Mr. Khadaker Moinul Ahsan Shamim is one of the Founding Directors of United Group. After completion of his Bachelor of Commerce degree, he got involved in business together with a few like-minded friends. With his diligence and exceptional entrepreneurial skills, he played important roles in establishing firm footing and quick expansion of business of the Group. At present, he is the Managing Director of United Polymers Ltd. and one of the Directors of all the corporate entities of United Group, notably United Enterprises & Co. Ltd., United Power Generation and Distribution Company Ltd., United Hospital Limited, Khulna Power Company Ltd., etc. Besides this, he is also a member, Board of Trustees of United International University.

MR. ABUL KALAM AZAD
Director

Mr. Abul Kalam Azad, upon completion of his Bachelor of Science degree, joined United Group as one of the Directors. Presently, he is the Vice-Chairman of United Group. Under his leadership United Group is developing “United City”, the largest mini township in the country - at Satarkul and the largest international standard commercial complex with two international hotels and resorts adjacent to Hazrat Shahjalal International Airport, Dhaka. He is also the Managing Director of United Land Port Teknaf Ltd., one of the pioneering ‘Build Operate and Transfer’ (BOT) project of the Government, Neptune Land Development Ltd., United City Twin Towers Developers Ltd., Neptune Commercial Ltd. etc. Besides being a member of the Board of Trustees of United International University, he is also the Director of Khulna Power Company Ltd and many other Concerns of the Group.



MR. FARIDUR RAHMAN KHAN
Director

Mr. Faridur Rahman Khan, upon completion of his Bachelor in Science degree, engaged himself in business and now is one of the Directors of United Group. He started his career in shipping and went on to lead one of the most reputed construction companies of the country, Neptune Commercial Limited. Under his dynamic leadership the country saw the construction of its first Independent Power Plant, Khulna Power Company Limited and the first Commercial IPP, UPGDCL. At present he is the Managing Director of United Hospital Ltd., one of the country's finest Healthcare facilities and one of the Directors of United Ashuganj Power Ltd (UAPL), United Ashuganj Energy Ltd (UAEL), Khulna Power Company Ltd (KPCL) and several other concerns of United Group. He is also a member of the Board of Trustees of United International University.



MR. AKHTER MAHMUD RANA

Director

Mr. Akhter Mahmud Rana is one of the first generation Directors of United Group. In the yearly years of the Group's journey Mr. Rana played an instrumental role in the implementation and commissioning of sub-substation of Radio Bangladesh, a milestone the Group achieved. Throughout the past decades his attachment to the Group has flourished diversification, particularly in the textile industry. Of his many outstanding works, the revival of Comilla Spinning Mills Ltd. as a profitable venture from a bankrupt one and establishment of United Rotospin Ltd. stands as his most daring endeavors. United Elevator World is yet another one of his successful business projects. He is one of the Directors of all the corporate entities under United Group, notable United Enterprises & Co. Ltd., United Power Generation & Distribution Company Ltd., United Hospital Ltd. Khulna Power Company Ltd. etc.

MOINUDDIN HASAN RASHID

Managing Director & Director

Mr. Moinuddin Hasan Rashid, upon completion of his Bachelor in Science degree in Electrical and Electronic Engineering from University College London, UK, joined United Group in 2007 as a second generation Director. On October 2011 he was appointed as Managing Director of United Power Generation and Distribution Co. Ltd. In 2011 he oversaw commissioning of 208 MW Power Generation under three projects - KPCL II, KJAPCL and UPACL (in a record time of 120 days). He also established United Maritime Academy in 2010, one of the finest academic institutions in Bangladesh, and oversaw the development of United Land Port Teknaf Ltd, Bangladesh's only land port with Myanmar. Mr. Moinuddin Hasan Rashid supervised Power Plant expansion projects of UPGD DEPZ, UPGD CEPZ by 75 MW in 2013, oversaw commissioning of Shajahanullah Power Generation Co Ltd., 28 MW Power Plant and was appointed the Managing Director of the country's first joint venture project with the government, United Ashuganj Energy Ltd., in 2013.



Management Team



Moinuddin Hasan Rashid



Syed Abdul Mayeed



Rear Admiral Bazlur Rahman (Retd.)



Md. Amir Khashru



Mr. Chandra Shekhar Barua



Mohammad Ismail



Md. Ebadat Hossain Bhuiyan, FCA



Mr. Md. Mustafizur Rahman

Name	Designation	Date of Joining	Educational Qualification	Previous Work Experience
Moinuddin Hasan Rashid	Managing Director	10-Jan-08	B.Sc. in EEE	United Group
Syed Abdul Mayeed	Advisor	27-Dec-04	M.Sc. Engineering (EEE)	Bangladesh Power Development Board
Rear Admiral Bazlur Rahman (Retd.)	Chief Executive Officer	19-Mar-13	MCD, ndc, psc, BN (Retd.), AFNI	Bangladesh Navy, Ministry of Shipping
Md. Amir Khashru	Project Director	1-Jul-07	B.Sc. Engineering (Mech.)	Power Grid Company of Bangladesh
Mr. Chandra Shekhar Barua	Chief Operating Officer (Maintenance)	1-Mar-05	B.Sc. in EEE	United Group, Rural Electrification Board
Mohammad Ismail	Chief Operating Officer (Operation)	1-Sep-12	Class one Marine Engineer (UK).	Western Marine Shipyard Limited
Md. Ebadat Hossain Bhuiyan, FCA	Chief Financial Officer	25-Apr-10	MBA (D.U.), FCA	Abul Khair Group, M&J Group
Mr. Md. Mustafizur Rahman	Company Secretary	1-Mar-13	Hons. & Masters in English and B.B.A.	United Group

FINANCIAL REVIEW

– 2013

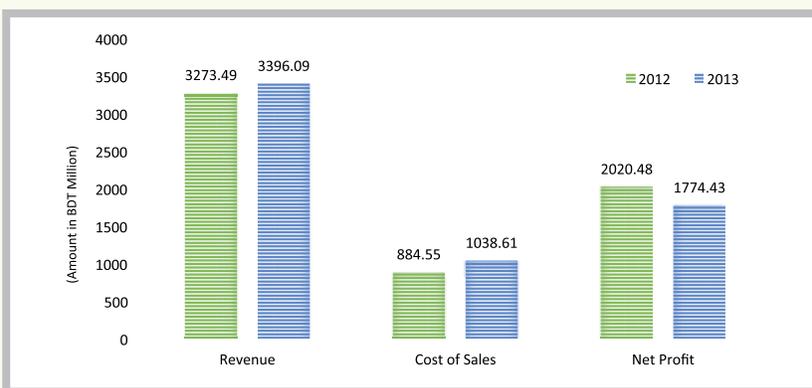
United Power Generation and Distribution Company Ltd. managed to maintain its profitability despite various macroeconomic challenges the economy underwent in 2013. Macroeconomic factors like Inflation, multiple price hikes of fuel etc. caused operating expenses to go up. The year 2013 also saw expansion of both the projects of UPGDCL.

REVENUE

Increased by 3.75% from that in 2012 due to increase in generation

COST OF SALES

Increased by 17.42% from that in 2012 due to increase in natural gas consumption for incremental generation, spare parts consumption, operation and maintenance expenses comprising of a major maintenance at CEPZ plant.



NET PROFIT

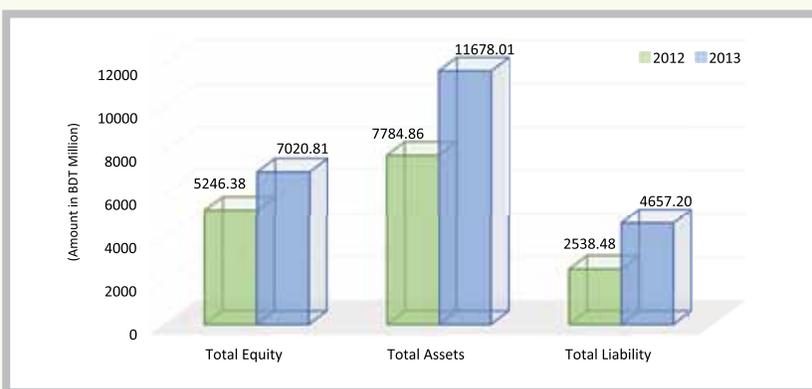
Decreased by 12.18% from that in 2012 due to write-off accounts receivable amounting to Taka 179.27 Million.

TOTAL EQUITY

Increased by 33.82% from that in 2012 due to increase in Retained Earnings and Share Capital of the Company increased as 50% Stock Dividend was declared for the year 2012

TOTAL LIABILITY

Increased significantly by 83.45% as compared to 2012 mainly due to issuance of Redeemable Preference Shares for financing the expansion of both the plants.



TOTAL ASSETS

Increased by 50.01% as compared to 2012 mainly due to addition of Fixed Asset amounting to Taka 6102 Million due to capacity expansion of both the plants.

ROADSHOW FOR INDICATIVE PRICE DISCOVERY FOR IPO





MESSAGE FROM THE CHAIRMAN

Esteemed Shareholders and Respected Colleagues on the Board of United Power Generation and Distribution Company Ltd. It is my privilege to welcome you all to United Power Generation and Distribution Company Ltd. (UPGDCL)'s 7th Annual General Meeting, this being the first Annual General Meeting since its listing.

Dear shareholders, your company was listed at a time when listing was rare and pricing was very conservative. Yet your Company passed all the difficult tests of the regulators and now you are the new owners. In the pre, during and post listing process the sponsor company have shown extra ordinary appreciation to new owners by not declaring any dividend and keeping all the income intact, so that it can be shared with the new owners. At the end of 2013 on a paid-up capital of Taka 2,969,497,260 there is a retained earnings of Taka 4,051,308,485 indicating that the company has consistently done well, in all areas of performance.

In January 2007, United Power Generation and Distribution Company Limited. (Formerly known as Malancha Holdings Ltd) was born out of the necessity for providing uninterrupted, quality power supply to the industries housed within the Export Processing Zones (EPZ) of Bangladesh. Initially operating a 35 MW, with subsequent addition of another 6 MW unit in Dhaka Export Processing Zone (DEPZ) and a 44 MW unit in Chittagong Export Processing Zone (CEPZ), this Company allows its clients to concentrate only on their core business rather than worrying about their energy requirements. Since UPGDCL's power plants came into operation, both EPZs have experienced exceptional growth in investment, export earnings and employment. To cater to the ever increasing demand, the Company undertook the process to expand its generation in both power plants up to 100 MW each.

During the year 2013, the Company implemented

two expansion projects, one at DEPZ, to increase its production capacity from 41 MW to 88 MW, and another at CEPZ, to increase its production capacity from 44 MW to 72 MW. In doing so, UPGDCL has increased its production capacity from a total of 85 MW to 160 MW through these expansion projects by December 2013.

It may be mentioned here that Bangladesh Export Processing Zones Authority (BEPZA), in consultation with IFC & KOIKA, is working to develop its different EPZs in to Low Carbon Green Zone and improve efficiency through Symbiosis among different industries located inside EPZs. UPGDCL with a view to be associated with the program has undertaken a scheme to install Exhaust Gas Boiler (EGB) to use exhaust heat from the engines to produce steam and commercially supply to the neighboring industries inside DEPZ and CEPZ. This setup will further improve the power plant efficiency and reduced environmental emissions significantly as the exhaust of the engines, instead of being released to the atmosphere will be recycled and reused to produce steam.

I am very proud to say that your competent Board of Directors has taken the Company public with a dream to expand the company to deliver the much needed uninterrupted electricity to power the industrialization of our country. As a result this will provide shareholders with satisfactory and reasonable sustainable profit. Towards that end the Board feels we must expand in the EPZs of Bangladesh. We have started this process and considering the expertise in operation, maintenance and finance, I am optimistic of UPGDCL's bright future.

On behalf of the Board of Directors, I would like to express my thanks to the Honorable Prime Minister, Honorable Energy Advisor, Honorable State Minister, Ministry of Power, Energy and Mineral Resources, Senior Secretary of PMO, BEPZA, Bangladesh Securities and Exchange Commission, Stock Exchanges, Registrar of Joint Stock Companies, Bangladesh Power Development Board,

Rural Electrification Board, Petrobangla, Department of Environment, Bangladesh Bank, World Bank (IPFF), Dhaka Bank Ltd., Dutch Bangla Bank Ltd., United Engineering & Power Services Ltd., Shareholders, Preference Shareholders, Investors, Customers, Issue Manager and all other companies which participated in the IPO process for their unwavering support, encouragement, valuable help and assistance.

I would like to express my sincere thanks to my fellow Directors for their continuous support and contribution and the Members of the management team and all employees of UPGD for their sincere and hard work.

This is the beginning of a journey that I believe will be productive, beneficial and bring constructive happiness to all.

With Best Regards,

Sincerely Yours,



General Md. Abdul Mubeen, SBP, ndc, psc (Retd.)
Chairman



DIRECTORS' REPORT

TO THE SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2013



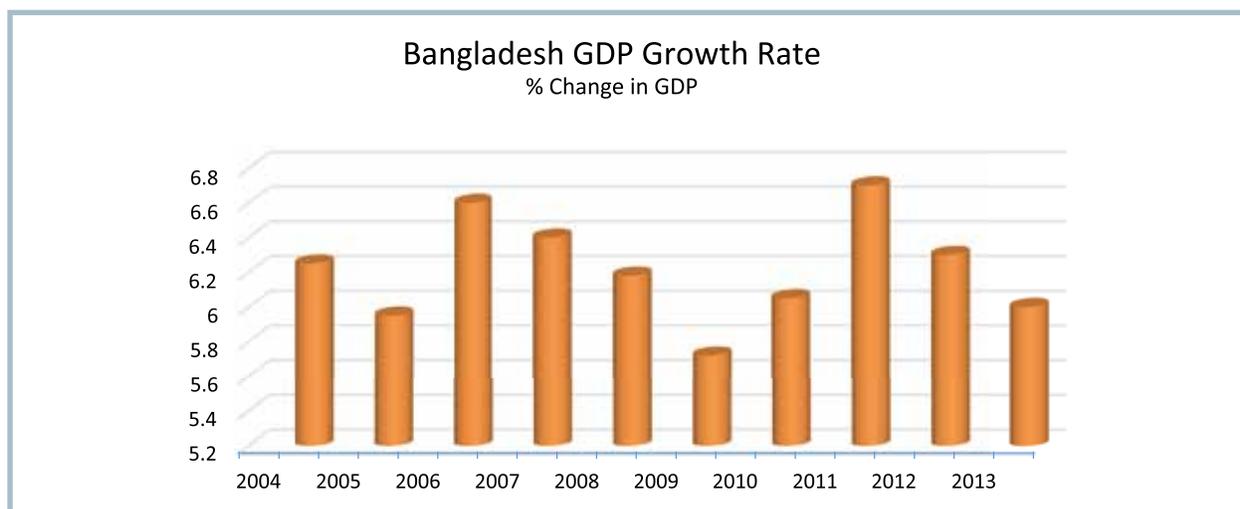


Dear Shareholders,

On behalf of the Board of Directors of United Power Generation & Distribution Company Ltd., I welcome you all to the 7th Annual General Meeting (AGM) of the Company, and have the pleasure to submit before you the Operational Activities and Audited Financial Statement of the company for the year 2013, along with the Auditor Reports thereon.

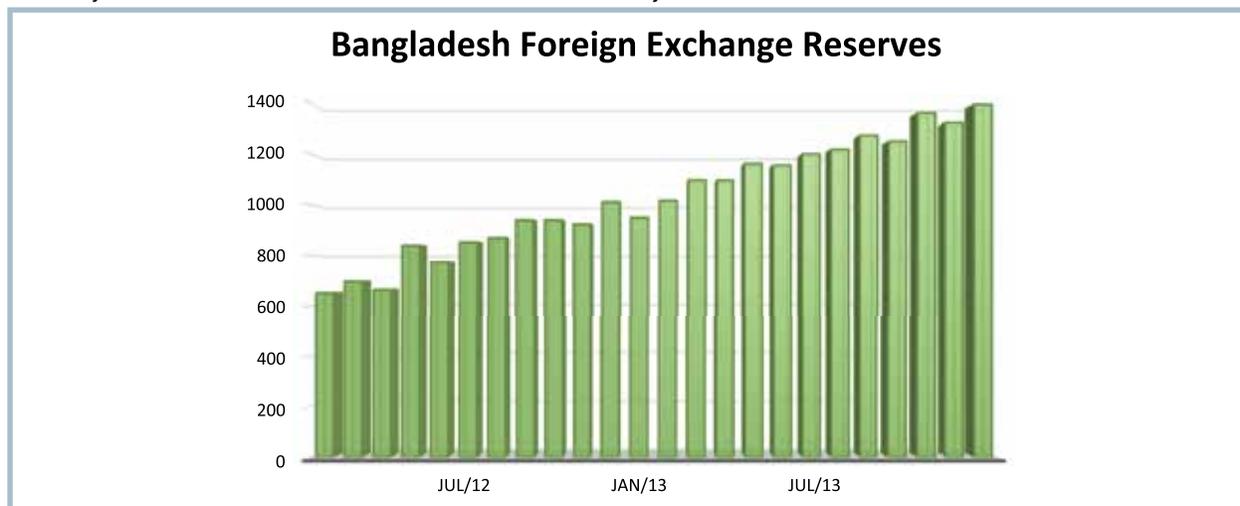
Economic Environment of Bangladesh

Despite the slow recovery of the Global Economy especially in developed countries and prevailing internal situation in Bangladesh, economy has managed to consistently exceed growth rates of five per cent since 2009. The Gross Domestic Product (GDP) in Bangladesh expended by 6.01 percent in 2013 from the previous year. Annual Growth Rate of GDP in Bangladesh averaged 5.60 percent from 1994 until 2013. Bangladesh achieved 6.7 percent growth in the year 2011, which was the highest rate achieved since 1994 and the growth performance was possible due to strong rebound in export and the expansion of the manufacturing sector.

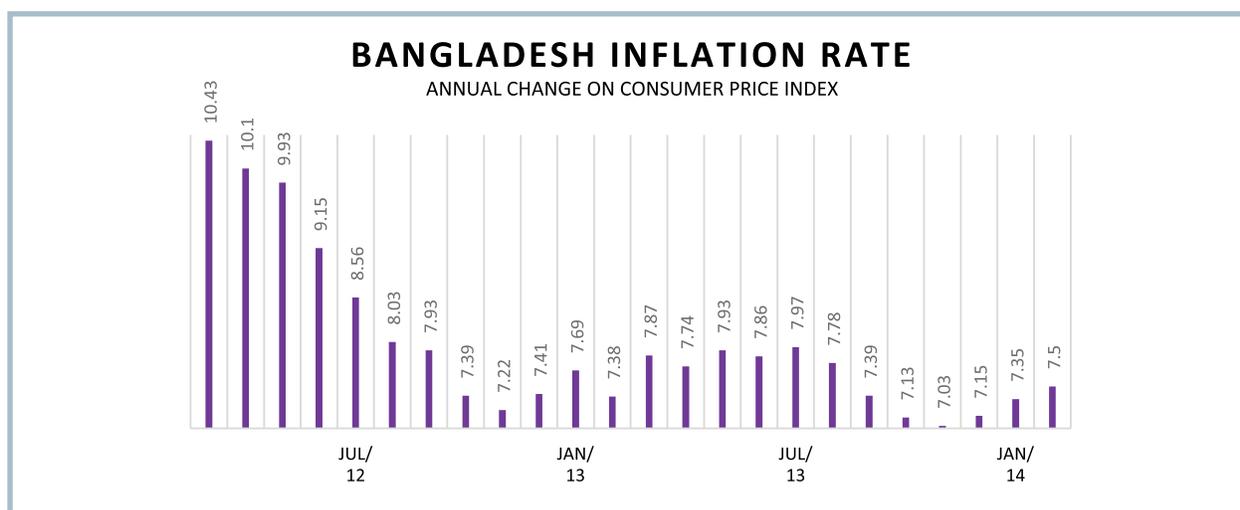


The year 2013 has been one of the most challenging years for the country's economy in recent times. However, against all odds, Bangladesh has been able to attain a GDP growth of 6.01% in the year 2013.

In longer timeframe, the economy has grown at a rate of 5-6% per year since 1996 despite poor infrastructure, insufficient power supplies, and slow implementation of economic reforms. The Consumer Price Index CPI in Bangladesh averaged 101.55 Index Points from 1993 until 2013, reaching an all-time high of 189.40 Index Points in February of 2013 and a record low of 51.99 Index Points in July of 1993.



Foreign Exchange Reserves in Bangladesh increased to BDT 1395.18 Billion in December 2013 from BDT 1323.14 Billion in November 2013. Foreign Exchange Reserves in Bangladesh averaged BDT 277.22 Billion from 1990 until 2013, reaching an all-time high of BDT 1395.18 Billion in December 2013 and a record low of BDT 13.75 Billion in May 1990.

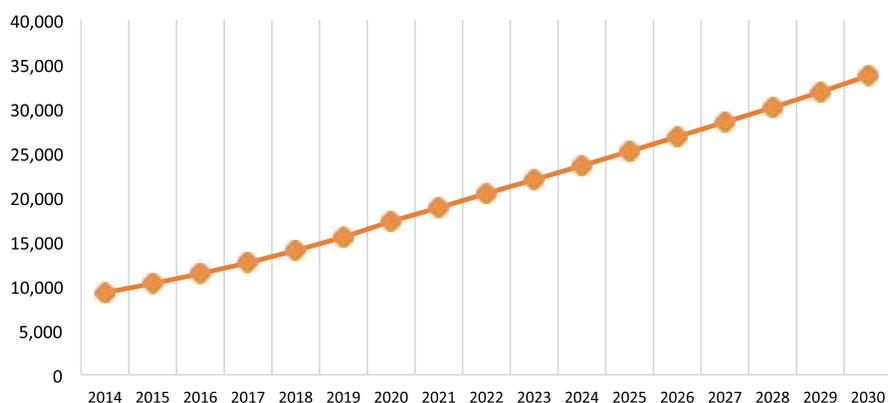


Inflation Rate in Bangladesh averaged 6.63 percent from 1994 until 2014, reaching an all-time high of 12.71 percent in December 1998 and record low of -0.02 percent in December 1996.

Energy Sector Outlook

Electricity is an indispensable tool for the development of a nation's economy. As of January 2014, Bangladesh's installed electricity generation capacity stood at 10,289 MW. About 62% of the population has access to electricity with a per capita availability of 231 kWh per annum. Obstacles in developing power sector as a whole and capacity in particular include system losses, delays in completion of new plants, low thermal efficiency, electricity thefts, instability of the distribution system and shortage of funds for proper maintenance of the plant. Overall, the country's generation plants have been striving to meet system demand over the past decade. The year-wise peak demand forecast is given below as per the Power System Master Plan – 2010 is given below:

FORECASTED ELECTRICITY PEAK DEMAND IN MW



During the year under reporting, access to electricity has been raised from 47% to 62% (including renewable energy) and per capita electricity generation improved significantly, from 220 kWh to 321 kWh. About 3.45 million people have newly been connected and distribution system losses reduced from 15.67% to 12.03%.

Till September 2013, 57 plants with a capacity of about 4,432 MW have been commissioned, 33 plants with a capacity of 6,569 MW are under construction. 19 projects with a capacity of about 3,974 MW are under tendering process and 9 plants with capacity of 3,542 MW are at initial stages.

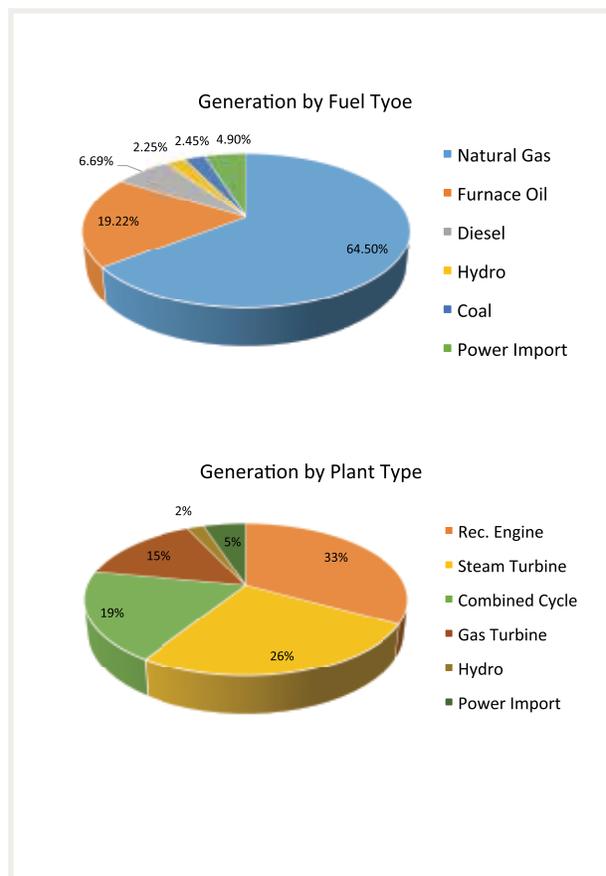
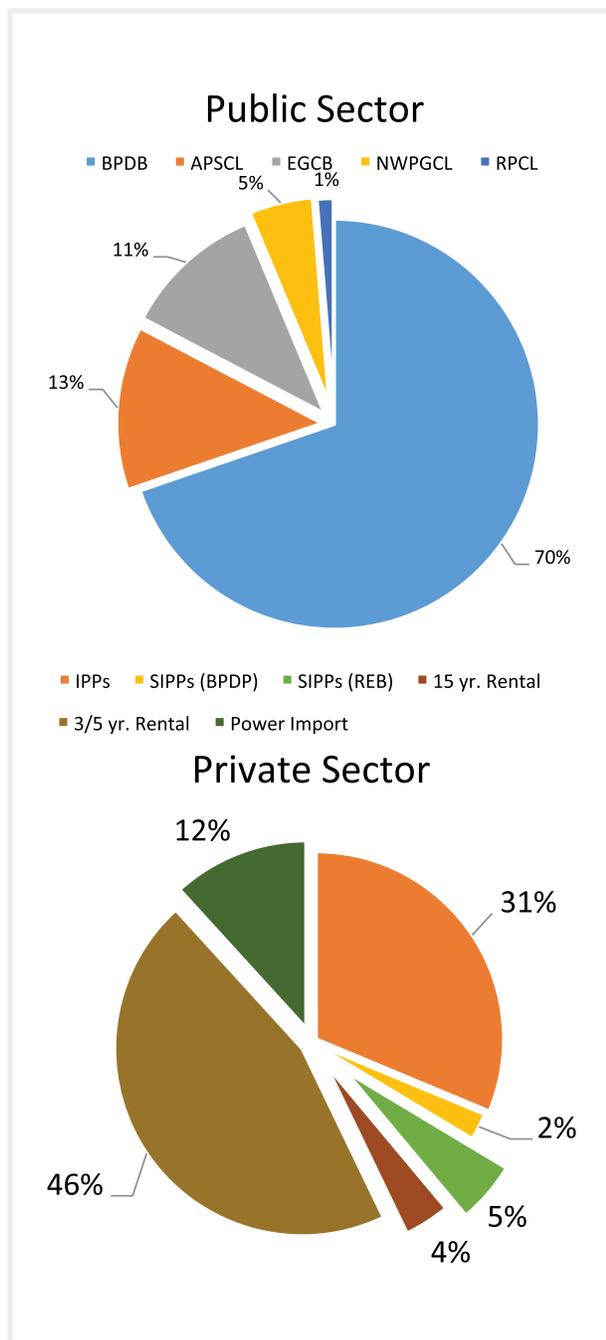
Strategic programs have been undertaken to promote use of renewable energy. Government has formulated pro investment policy to encourage private sector investment in Renewable Energy (RE) Sector. Coal fire plants with capacity of 1320 MW will be set up in Khulna. The Khulna plant will be set up in joint venture with BPDB of Bangladesh and NTPC of India. Besides, other coal fired plants will be set up in different locations of Khulna, Chittagong, Matarbari and Moheshkhali. Government is also negotiating implementation of nuclear power plants at suitable locations with Russia and Japan. Transmission and distribution system will be improved accordingly in line with generation increase.

The old plants are considered to be rehabilitated phase-wise for energy efficiency and reduction of emissions. Extensive use of ICT will be made to improve the institutional capacity of the power sector and service delivery to the customers.

As of November 2013, the total installed generation capacity stood at 10,253 MW, out of which the public sector generated 58.5% and the private sector generated 41.5%. The detail breakdown is provided in the table below. It may be mentioned here that United Group contributes to approximately 11% in its sector.

Public Sector	Installed Capacity (MW)	Private Sector	Installed Capacity (MW)
BPDB	4,186	IPPs	1,330
APSCL	777	SIPPs (BPDB)	99
EGCB	662	SIPPs (REB)	226
NWPGCL	300	15 yr. Rental	167
RPCL	77	3/5 yr. Rental	1,929
		Power Import	500
Sub Total	6,002	Sub Total	4,251

As per the generation capacity by plant type it can be seen that electricity generation using reciprocating engines is quite popular in Bangladesh as 33% of power plants use reciprocating engines technology for power generation. Conventional thermal plants employing steam turbines is also quite sought after as about 26% of total generation is



from steam turbine. Combined cycle based power plants are also major contributors of power generation as it maximizes efficiency of the plant.

Considering generation capacity by fuel type it can be seen that about 65% of power generation makes use of natural gas as the fuel. The second most popular fuel is Furnace Oil which accounts for about 19% of power generation. The power imported from India is also a significant addition to the grid contributing to almost 5% of total generation.

While the power sector in Bangladesh has witnessed many success stories in the last couple of years, the road that lies ahead is dotted with innumerable challenges that result from the gaps that exists between what is planned and what the power sector has been able to deliver. There

remains no reservations on the fact that the demand for electricity is increasing rapidly with the improvement of living standard, increase of agricultural production, progress of industries as well as overall development of the country.

The government fully acknowledges that the lone efforts of the public sector cannot eradicate the prevailing short supply of electricity in the country. To encourage private sector participation in the power sector the government has adopted several policies, namely Private Sector Power Generation Policy of Bangladesh, 1996 (revised November, 2004) and Policy Guidelines for Enhancement of Private Participation in the Power Sector, 2008. The benefits for potential investors in the power sector includes exemption from corporate income tax for different tenor with different tax rates, repatriation of equity with dividends allowed freely, exemption from income tax for foreign lenders to such companies and many more.

UPGDCL's Performance and Activities in the Year 2013

Initially privately owned, United Power Generation & Distribution Company Ltd., starting its commercial operations in December 2008, is the first Commercially Independent Power Plant in Bangladesh. Through its journey of 5 years it experienced highs and lows and several unforeseen hurdles. Over the years the Company has developed capacity, gradually from a mere 41 MW to 160 MW. In the year 2013, the Company witnessed a commendable stride as it added 47 MW capacity in its Dhaka EPZ plant and 28 MW capacity in its Chittagong EPZ plant. Apart from proliferation of unit and improvement in operating efficiency, the financial aspects of the company have been notable.

Operating Performance

During the year 2013, your company's power plants exported 624.317 million units (kWh) to its clients as compared to 598.019 million units (kWh) in 2012 representing an overall growth of 4.4% in export. The average capacity utilization of both the plants were 79%.

Name of Plant	Installed Capacity (MW)	Capacity Utilization	Energy Sold (MWh)	
			2013	2012
UPGDCL – DEPZ	88	77%	278,093	276,464
UPGDCL - CEPZ	72	81%	346,224	321,555
Total	160		624,317	598,019



Significant Deviation from Previous Year's Operating Results

The deviation from previous year's operating results is not significant.

Contribution to the Economy & the National Exchequer

Electricity is one of the main driving forces of the economy, having a diversified use and a multiplier effect. This year our power plants added a total of 624 million units to the nation's generation. Due to its location and clientele, the addition of 624 million units of electricity by UPGDCL's power plants had a telling contribution in enhancing industrial growth and creating job opportunities.

Your company has received exemption from taxes for being located inside export processing zones, which is a duty free zone and for being a project in essence of the Policy Guidelines for Enhancement of Private Participation in the Power Sector, 2008. You will be pleased to know that this year your company has contributed Taka 35.05 million to the National Exchequer.

Extraordinary Gain or Loss

There is no extra-ordinary gain or loss in the financial statements under report

Related Party Transaction

The related party transactions carried out by the Company on a commercial basis during the year have been disclosed in notes 42 of the financial statements



Significant variance between Quarterly and Annual Financial Statements

No significant variations have occurred between quarterly and final financial results of the Company during the year under report.

Remuneration of Directors

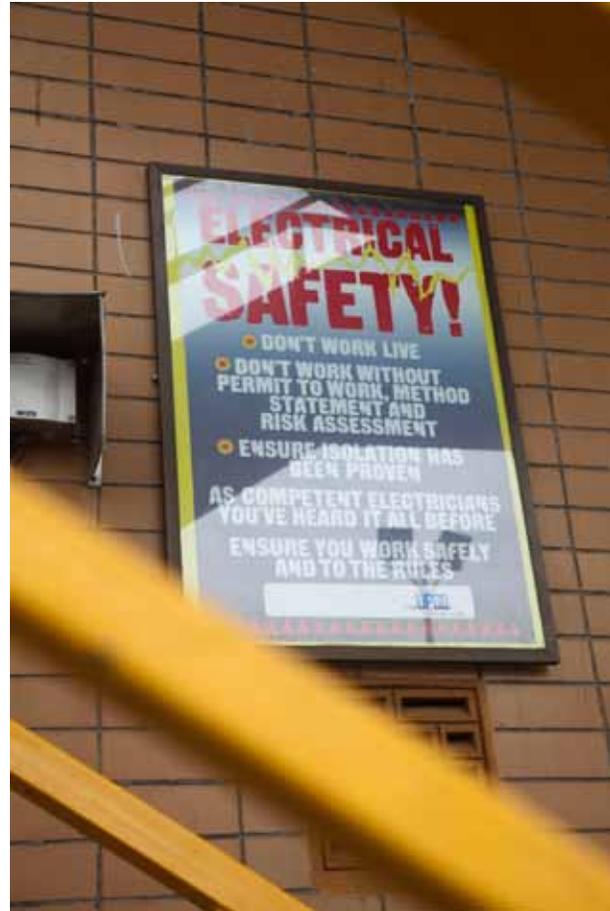
Remuneration of Chairman and Managing Director is being paid. Directors are paid attendance fee per meeting. Related fees have been disclosed in the notes to the financial statements and can be found in note 40 of the financial statements.

Corporate and Financial Reporting Framework

The law requires that the financial statement of the company should be prepared in accordance to the prescribed format given by International Financial Reporting Standard (IFRS) as adopted by ICAB and Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the company. While preparing the financial statement, the following points were considered:

1. Selection of suitable accounting policies and then applying them consistently.
2. Making judgement and estimates that are reasonable and prudent.
3. Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS)
4. Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the company will no continue in Business.

Proper accounting records have been kept so that at any given point the financial position of the company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.



The Directors are also pleased to make the following declarations in their report:

- a. The Financial statements prepared by the management of your Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of your Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- d. International Accounting Standards and International Financial Reporting Standards as applicable in Bangladesh, have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;
- e. The system of internal control is well structured and has been effectively implemented and monitored;
- f. There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;

- g. Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results & profit appropriation;
- h. Key operating and financial data has been summarized for the preceding five years and has been enclosed as Annexure 1;
- i. The number of Board meetings held during the year and attendance of each director has been disclosed;
- j. The pattern of shareholding has been reported to disclose the aggregate number of shares and has been enclosed as Annexure 2;

Financial Result and Performance of the Company

Key Financial Results compared with last year is detailed below:

Particulars	2013 (in million taka)	2012 (in million taka)
Revenue	3,396.09	3,273.49
Cost of Sales	(1,038.63)	(884.55)
Gross Profit	2,357.48	2,388.93
General and Administrative Expense	(242.52)	(57.39)
Operating Profit	2,114.96	2,331.54
Finance Income	32.25	0.225
Finance Expenses	(360.69)	(311.20)
Net Profit before Income Tax	1,786.52	2,020.56
Income Tax	(12.09)	(0.084)
Net Profit after Income Tax	1,774.43	2,020.48

Profit Appropriation

During the year 2013 the Company's net profit amounted to Tk. 1,774.43 Million as compared to Tk. 2,020.48 Million in the year 2012. The Directors of the company recommend to appropriate as follows:

Particulars	Amount (in Million Taka)
Net Profit available for appropriations	1774.43
Appropriations	
Distribution of Cash Dividend for the year 2013 @ Tk. 3.50 per share	1,154.82
Transfer to Retained Earnings	619.61
	1774.43

Dividend

The Board recommends a cash dividend of 35% (i.e. Taka 3.50 per share of Taka 10.00 each) for the year 2013, subject to approval by the shareholders at the Annual General Meeting.

Corporate Governance

Corporate Governance is the system of internal controls and procedure by which an individual company is managed. Good Corporate Governance requires a transparent, efficient and effective system of decision making. It aims for high level of transparency in the company's operation. It has always been the company's endeavor to excel through better governance. The management strictly adheres to two basic principles of corporate governance: transparency and disclosure.

The Board of UPGDCL comprises of 8 Members and each of the Board members are seasoned professionals equipped with academic and professional qualification in the field of business & administration. This gives strength for effective discharge of duties and responsibility of the Board. Board Meetings are held regularly where policy decisions are taken on the basis of open discussion and consensus, keeping the interest of all the shareholders and stakeholders of the company in mind. Since the inception of the company, the Board of Directors has been fully committed to build a strong and empowered management team

Board of Directors' Meeting and Attendance

The meetings of the Board of Directors are presided over by the Chairman. Written notices of the Board Meeting mentioning the agenda along with working papers are circulated ahead of the meeting, minutes are correctly recorded, signed by the Chairman and circulated.

Seven (7) Board Meetings took place during the year 2013. The attendance of the Directors is as follows:

Name	Designation	Attendance
General Md. Abdul Mubeen (Retd.)	Chairman	7
Mr. Hasan Mahmood Raja	Director	7
Mr. Akhter Mahmud Rana	Director	6
Mr. Ahmed Ismail Hossain	Director	6
Mr. Khandaker Moinul Ahsan Shamim	Director	7
Mr. Faridur Rahman Khan	Director	7
Mr. Abul Kalam Azad	Director	7
Mr. Moinuddin Hasan Rashid	Managing Director	7

The Directors who could not attend the meeting were granted leave of absence.

Directors' Election and Re-Appointment

As per article 23 (b) of the Articles of Association Mr. Hasan Mahmood Raja, Mr. Ahmed Ismail Hossain and Mr. Akhter Mahmud Rana shall retire in the 7th Annual General Meeting and by rotation being eligible, offer themselves for re-appointment.



Appointment of Auditor

UPGDCL was in the process of IPO under the Book Building Method during the year 2013. Hence, the Company was not in a position to hold the 7th Annual General Meeting in time. After completion of the IPO process, UPGDCL obtained permission from the Hon'ble High Court for convening the 7th AGM. As the AGM for the year 2013 could not be held, the Board of Directors appointed the existing auditor, Messrs. Hoda Vasi Chowdhury & Co. as auditor for the financial year 2014 with a remuneration of Taka 260,000 and places before the shareholders at the AGM for ratification by the shareholders.

Financial Risk Management

The Board of Directors of your Company is charged with the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk

management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers. The company's sales is made to Dhaka Export Processing Zone Authority (DEPZ), Chittagong Export Processing Zone Authority (CEPZ), Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ), and other private sector under the conditions of the long term Power Purchase Agreement (PPA). Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks. Credit risk does not arise in respect of any other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/ fund to make the expected payment within due date. Moreover, the Company/Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.

Market and Technology related Risk

The management highly believes it is unlikely that the Government will initiate any fiscal measure having adverse effect on growth of the industry. On the contrary, the government has moved towards greater natural gas exploration, reserve building and power capacity generation and distribution. So any potential risks caused by changes in existing government regulation, is improbable in the near future. It is worthwhile to mention that the company's primary off-taker, BEPZA is a statutory and independent statutory entity, which generates 10%

service fee on the electricity it's distribute to the privately owned Enterprises housed within the EPZs. Therefore, the Company is effectively a utility provider to the private sector and is not supposed to be affected by public sector regulation in general.

Exchange Rate Risk

Management of UPGDCL is aware of the risks related to currency fluctuations. Major imported machinery and equipment purchase from abroad have been settled. Currently, spare are being procured from suppliers from various countries. However, cost of these imported parts are a small component of revenues (i.e. only 3.40%) generated by the Company. Therefore, Management believes exchange rate risk is not going to hamper business of the Company.

Interest Rate Risk

The Management of the company is well aware of the volatility in the money market of our country. Management of the company believes that rising interest rates will not substantially affect the company. UPGDCL's finance cost to revenue ratio has improved sharply from 10.54% in 2011 to 9.51% in 2012 as well as the interest coverage ratio was more than 7 times during the fiscal year of 2012.

Operational Risk

Operational risk constitutes the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. The routine & proper maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of UPGD. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Green Delta Insurance Company Ltd., to compensate for all the potential damages caused in such situations.

Risk associated with Gas Supply and price

The main raw material used for generating electricity is natural gas. Any interruption of supplies of the gas to the power plants will hamper the generation of electricity, the only product of the Company.

The Company has a Gas Supply Agreement with Bakhrabad Gas system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. for the period of the Power Supply Agreement with BEPZA and Titas Gas Transmission & Distribution Company Limited for 15 years which is renewable every 5 years thereafter. So

there is no threat of interruption of supplies of the gas to the power plants that may hamper the generation of electricity. The purchase rate is set as per the tariff rate set by the Government of Bangladesh and Bangladesh Energy Regulatory Commission (BERC). As the Company has the right to sell electricity under variable tariff rate, if the Gas price increases the company would increase the tariff rate commensurately.

Going Concern

While approving the financial statement, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of your Company to continue its operations for a foreseeable future. The Directors are convinced and gave reasonable expectation that the Company has adequate resources and legal instrument to continue its operations without interruption. Therefore UPGDCL adopted the going concern basis while preparing these financial statement.

Corporate Social Responsibility

UPGDCL has travelled quite a distance since its inception in 2007. However, throughout its journey it never forgot its commitments to the society. UPGDCL has extensive plans to contribute towards several social and humanitarian causes, such as education, skill development, underprivileged children and so on. Till date, UPGDCL has constructed a mosque on the Ashulia highway, Dhaka, as part of its CSR activity. Plans are underway to construct primary schools and madrasas in the neighboring area of Dhaka and Chittagong EPZ. UPGDCL is also planning to undertake a Scholarship Program for poor and meritorious students of local schools and madrasa.

Human Resource Management:

Efficient manpower is the pre-requisite for an organization's development. Success of this organization depends on qualified and skilled manpower for the right post. UPGDCL is performing the task with due care and integrity to increase the efficiency of the plant through appropriate maintenance and operation. The aim is to maintain the place of work and surrounding condition in a manner that permits employees to work to the highest effectiveness and perform investing their full potential.

Environmental and Social Obligation

United Power Generation & Distribution Company Ltd. (UPGDCL) is committed to conduct its business in socially responsible and environmentally sustainable manner. This commitment is consistent with our corporate objectives and is essential for continued business success. We shall

- Comply with all applicable environmental and social



requirements.

- Seek to reduce energy use, harmful emissions, airborne pollutants, etc.
- Focus on conserving water to help preserve an increasingly scarce resource.
- Use resources responsibly, from purchase to use.

The company is taking steps to implement the Integrated Management System (IMS) to make it compliant to ISO 9001:2008-Quality Management System (QMS), ISO 14001:2004-Environmental Management System (EMS), BS OHSAS 18001:2007 Occupational Health and Safety Management System (OH&S) and ISO 50001:2011 – Energy Management System (EMS).

Future Plan

UPGDCL is apprehending load growth inside Dhaka and Chittagong Export Processing Zones due to an increase in the number of industries as well as capacity development of the existing industries housed inside. We are also anticipating increased load growth due to expansion of capacity of our private clients. We are hopeful that in time we will be successful to acquire more clients in the near future. Keeping all these in mind, to cater to this increasing demand, UPGDCL has plans to undertake further capacity expansion, DEPZ to 120 MW and CEPZ to 100 MW. As the plants have a modular configuration, the number of generating units shall be increased. To facilitate the dispatch of more power, the substation capacity will also be augmented respectively.

Acknowledgement

The Board of Directors would like to extend its foremost regards and appreciation to the valued Shareholders and other Stakeholders of the company for their persistent support and guidance to the company that led to its cumulative achievements. The Board also recognizes the attainment made during the year was possible because of the cooperation, positive support and guidelines that it had received from the Government of

Bangladesh, Prime Minister's Office, Ministry of Power, Energy and Mineral Resources, Power Division, Energy Division, Ministry of Finance, National Board of Revenue, Ministry of Commerce, Board of Investment, Bangladesh Power Development Board, Petrobangla, Titas Gas Transmission & Distribution Company Ltd. and Karnaphuli Gas Distribution Company Ltd. and local administration and people. Accordingly the Board offers its utmost and sincere gratitude to them.

The Board would also like to express their humble gratitude to all the shareholders, preference shareholders, stakeholders including the investors, suppliers, banks & financial institutions, insurance companies, service providers, various Government Authorities and lastly the individuals and agencies who have helped us accomplish what we are today.

We also extend our warmest greetings and felicitations to the Management and Employees of United Group for being the essential part of UPGDCL during the year. It was their unrelenting commitment, dedication and diligence throughout the year that led to the company achieving the accolades so far.

We are proud of you all and look forward to your continued support as we march ahead to take United Power Generation & Distribution Company Ltd. further forward as a leading player in the power sector of the country.

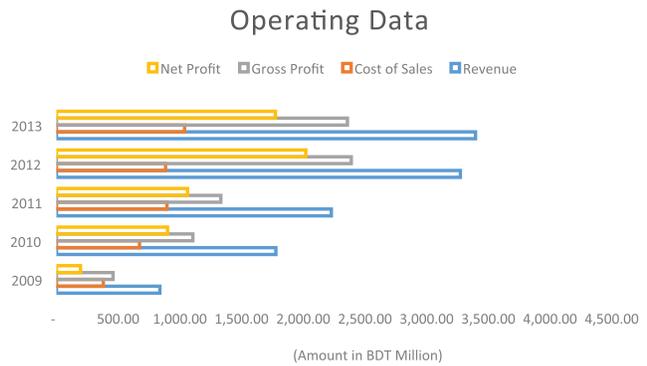
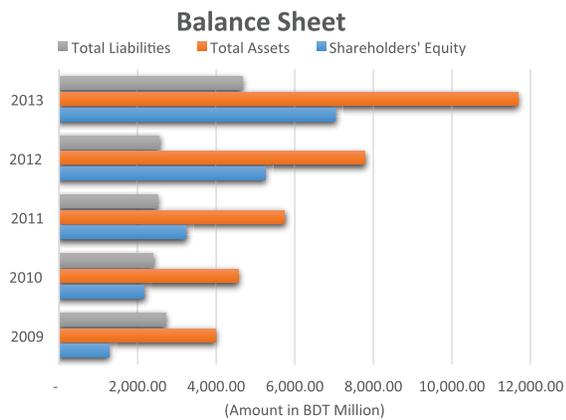
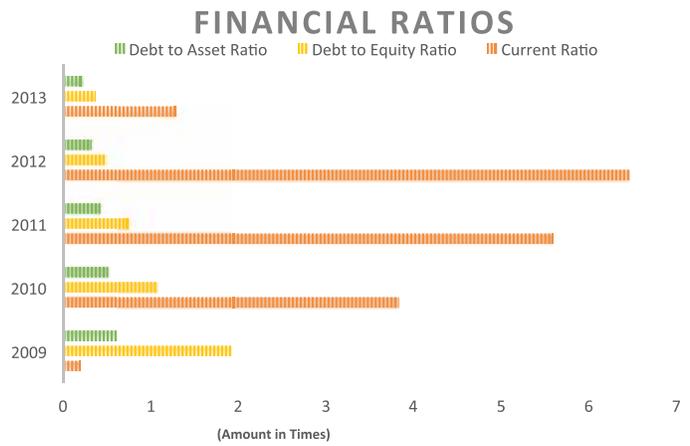
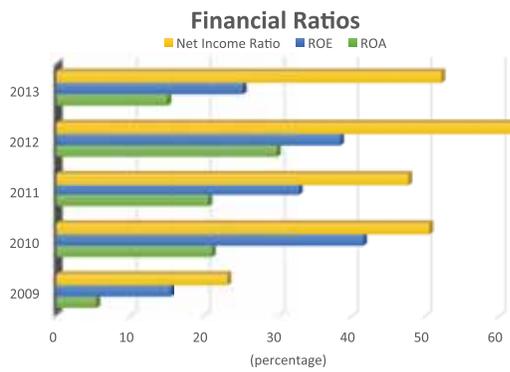
With Best Wishes,

On behalf of the Board

Moinuddin Hasan Rashid
Managing Director

FINANCIAL HIGHLIGHT OF LAST 5 YEARS

	2013	2012	2011	2010	2009
Operating Data (BDT in million)					
Revenue	3,396.09	3,273.49	2,227.63	1,778.49	838.25
Operating expenses	1,038.63	884.55	895.48	673.31	379.6
Gross profit	2,357.48	2,388.93	1,332.14	1,105.18	458.65
Administrative expense	242.52	57.39	36.37	22.41	19.65
Operating profit	2,114.96	2,331.54	1,295.77	1,082.77	437
Other non-operating income	32.25	0.225	2.06	-0.32	521.1
Financial expenses	360.69	311.2	234.79	182.15	245.02
Net profit before tax	1,786.52	2,020.56	1,063.04	900.27	194.5
Provision for income tax	12.09	0.084	0.771	-	-
Net profit after tax	1,774.43	2,020.48	1,062.26	900.27	194.5
Balance Sheet Data (BDT in million)					
Paid-up Capital	2,969.49	1,979.66	1,979.66	1,070.09	1,070.09
Shareholders' Equity	7,020.81	5,246.38	3,225.89	2,163.63	1,263.35
Total Debt	2,540.75	2,477.38	2,404.35	2,308.09	2,421.87
Current Assets	2,198.53	3,908.78	2,100.72	831.63	285.73
Current Liabilities	1,720.93	603.77	375.02	216.89	1,520.32
Total Asset	11,678.01	7,784.86	5,737.75	4,554.85	3,975.53
Total Liabilities	4,657.20	2,538.48	2,511.85	2,391.22	2,712.18
Financial Ratios					
Current Ratio (Times)	1.28	6.47	5.59	3.83	0.19
Debt to Equity Ratio (Times)	0.65	0.47	0.75	1.07	1.92
Debt to Asset Ratio (Times)	0.39	0.32	0.42	0.51	0.61
Return on Asset (%)	15	29.88	20.64	21.11	5.42
Return on Equity (%)	25.27	38.51	32.93	41.61	15.4
Gross Margin Ratio (%)	69.42	72.98	59.8	62.14	54.72
Net Income Ratio (%)	52.25	61.72	47.69	50.62	23.2
Other Data					
Earnings Per Share (Taka)	5.98	6.81	3.58	3.03	0.65
Stock Dividend (%)	Nil	50	Nil	85	Nil
Cash Dividend (%)	35	Nil	Nil	Nil	Nil
Total no of shares outstanding	296,949,726	197966484	197,966,484	107,008,910	107,008,910



Shareholding Information



Name of the Shareholders	Status	Shares held	% of Shareholding
i) Parent/Subsidiary/Associated Companies and Other Related Parties			
United Enterprises & Co. Ltd.	Sponsor Shareholder	155,339,035	52.31%
ii) Directors			
Mr. Moinuddin Hasan Rashid	Managing Director	25,489,929	8.58%
Mr. Hasan Mahmood Raja	Director	25,489,929	8.58%
Mr. Ahmed Ismail Hossain	Director	25,489,929	8.58%
Mr. Akhter Mahmud Rana	Director	25,489,929	8.58%
Mr. Khandaker Moinul Ahsan Shamim	Director	25,489,929	8.58%
Mr. Faridur Rahman Khan	Director	7,080,523	2.38%
Mr. Abul Kalam Azad	Director	7,080,523	2.38%
Total		296,949,726	100%

VALUE ADDED STATEMENT

Particulars	[Amount in BDT million]	
	2013	2012
Revenue	3,396.09	3,273.49
Other Income Including Interest	32.25	0.23
Cost of Sales, Excluding Depreciation	909.29	756.02
Other Operating Expenses	221.34	27.02
Total Value Added	2,297.71	2,490.68
Applications		
Distribution of Added Value:		
To Employees as Salaries and Allowance	11.17	7.38
To Directors as Salaries and allowances	8.7	4.32
To Government	12.09	0.08
To Banks and other lenders	360.69	311.2
To Shareholders	1,154.82	989.82
Total Distributed Value	1,547.47	1,312.80
Retained for reinvestment:		
Depreciation and Amortization	130.62	129.83
Retained Profit	619.62	1,048.05
Total	2,297.71	2,490.68

Financials



REVISED AUDITORS' REPORT

to the Shareholders of

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

Introduction

We have audited the accompanying revised financial statements of United Power Generation & Distribution Company Ltd., which comprise the revised statement of financial position as at 31 December 2013, and revised statement of comprehensive income, revised statement of changes in equity and revised statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information i.e. revised notes to the Financial Statements.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these revised financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the revised financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Emphasis of Matter

Our report issued on 15 April 2014 based on the financial statements authorised by the Board of Directors on the same date has been cancelled and subsequently issued our revised report based on the revised financial statements authorised by the Board of Directors on 04 September 2014 as explained in the notes no. 2.8 of the revised financial statements. This is not a qualified opinion but a matter of emphasis only.

We also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- the Company's revised statement of financial position (balance sheet) and revised statement of comprehensive income (profit and loss account) together with revised notes dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred and payments made were for the purposes of the Company's business.

Dhaka, 04 SEP 2014


Chartered Accountants

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note (s)	2013 Taka	2012 Taka
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	9,479,476,556	3,507,982,218
Capital work in progress	5	-	368,104,364
		9,479,476,556	3,876,086,582
Current assets			
Inventories	6	250,939,632	191,982,411
Trade receivables	7	670,397,657	840,633,875
Inter-company balances	8	1,128,541,871	2,821,114,070
Advance, deposits and prepayments	9	73,036,908	48,964,387
Cash and bank balances	10	75,613,642	6,085,258
		2,198,529,710	3,908,780,000
TOTAL ASSETS		11,678,006,266	7,784,866,582
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	11	2,969,497,260	1,979,664,840
Retained earnings	12	4,051,308,485	3,266,713,247
		7,020,805,745	5,246,378,087
LIABILITIES			
Non-current liabilities			
Redeemable Preference Share capital	13	2,000,000,000	-
Long term loan	14	1,744,273,042	1,934,715,782
		3,744,273,042	1,934,715,782
Current liabilities			
Trade payables	15	80,113,687	55,608,568
Other payables and accrual	16	24,239,960	5,411,169
Long term loan (Current portion)	14.01	796,479,149	218,083,337
Short term loan	17	-	324,585,139
Provision for taxation	18	12,094,683	84,500
		912,927,479	603,772,713
TOTAL EQUITY & LIABILITIES		11,678,006,266	7,784,866,582
Net Asset Value (NAV) per share	36	23.64	17.67

These financial statements should be read in conjunction with the annexed notes.



Company Secretary



Director



Managing Director

Dated: Dhaka, 04 SEP 2014



Chartered Accountants

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note (s)	2013	2012
		Taka	Taka
Revenue	21	3,396,097,108	3,273,488,057
Operating expenses	22	(1,038,613,966)	(884,552,090)
Gross profit		2,357,483,141	2,388,935,967
Administrative expenses	23	(242,519,472)	(57,396,889)
Operating profit		2,114,963,670	2,331,539,078
Other operating income	24	32,252,489	225,333
Financial expenses	25	(360,693,817)	(311,201,631)
Net profit before tax		1,786,522,342	2,020,562,780
Provision for taxation	18	(12,094,683)	(84,500)
Net profit after tax		1,774,427,658	2,020,478,280
Earning per share (EPS)	26	5.98	10.21
Earning per Share (Adjusted EPS)	26	-	6.81

These financial statements should be read in conjunction with the annexed notes.



Company Secretary



Director



Managing Director

Dated: Dhaka, 04 SEP 2014



Chartered Accountants

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED STATEMENT OF CASH FLOWS

For the period from 01 January 2013 to 31 December 2013

	Note (s)	2013 Taka	2012 Taka
A Cash flows from operating activities			
Cash received from customers	27	3,566,333,325	2,828,910,236
Cash received from other operating income	24	32,252,489	225,333
Cash paid to suppliers and contractors	28	(784,202,235)	(620,621,685)
Cash paid for other operating expenses	29	(406,705,359)	(193,432,716)
Payment of financial expenses	30	(360,693,817)	(329,023,446)
Income tax payment		(84,500)	(924,038)
Net cash flow from operating activities		2,046,899,903	1,685,133,685
B Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	31	(5,734,011,651)	(386,263,610)
Cash received / (paid) for inter-company loan	32	1,692,572,199	(1,403,111,944)
Net cash used in investing activities		(4,041,439,452)	(1,789,375,553)
C Cash flows from financing activities			
Long term loan received/(paid)	33	387,953,072	(211,331,135)
Short term loan received /(paid)	34	(324,585,139)	285,038,617
Cash received / (paid) for lease finance	35	-	(674,762)
Redeemable preference share	13	2,000,000,000	
Security money received / (paid)	16.2	700,000	
Net cash flow from financing activities		2,064,067,933	73,032,720
D Net changes in cash and cash equivalents (A+B+C)		69,528,384	(31,209,149)
E Opening balance		6,085,258	37,294,406
Closing balance (D+E) - Note 10		75,613,642	6,085,258

These financial statements should be read in conjunction with the annexed notes.



Company Secretary



Director



Managing Director

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2013

Particulars	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance at 1 January 2012	1,979,664,840	1,246,234,967	3,225,899,807
Net profit for the year 2012	-	2,020,478,280	2,020,478,280
Balance at 31 December 2012	1,979,664,840	3,266,713,247	5,246,378,087
Balance at 1 January 2013	1,979,664,840	3,266,713,247	5,246,378,087
Issue of Stock Dividend for the year 2012	989,832,420	(989,832,420)	-
Net profit for the year 2013	-	1,774,427,658	1,774,427,658
Balance at 31 December 2013	2,969,497,260	4,051,308,485	7,020,805,745

These financial statements should be read in conjunction with the annexed notes.



Company Secretary



Director



Managing Director

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013***1 Reporting entity****1.1 Corporate history of reporting entity**

United Power Generation & Distribution Company Ltd. (UPGD) ("the Company") formerly known as Malancha Holdings Ltd. (MHL) was incorporated in Bangladesh on 15th January 2007 as a subsidiary company of United Group in order to produce and supply electricity. The Company changed the existing name and style on 1st October 2009 as a private limited company under the Companies Act 1994 and converted into public limited company by Shares on 22 December 2010.

The Company has developed two power plants. One of them with capacity of 41 MW at Dhaka Export Processing Zone (DEPZ) premises and another with capacity of 44 MW at Chittagong Export Processing Zone (CEPZ) premises, under two agreements with Bangladesh Export Processing Zones Authority (BEPZA) signed on May 6, 2007 and May 16, 2007 respectively. Both plant DEPZ and CEPZ came into commercial operation on 26th December 2008 and 12 August 2009 respectively. The address of the company's registered office is United Center, Road No. 51, and House No. NW (J) 6, Gulshan-2, Dhaka-1212, Bangladesh. The authorized share capital of the Company is Tk. 10,000,000,000 (Taka One Thousand crore) only divided into 1,000,000,000 (One hundred crore) shares of Tk. 10 (Ten) each.

1.2 Capacity increase

The Company increased its capacity from 41 MW to 88 MW at Dhaka Export Processing Zone (DEPZ) and another project at Chittagong Export Processing Zone (CEPZ) increased capacity from 44 MW to 72 MW. The DEPZ project has installed 2 nos of Heat Recovery Boiler to produce 8 ton/h of steam & CEPZ project has installed 3 nos of Heat Recovery Boiler to produce 12 ton/h of steam to sale to other customers.

1.3 Corporate business

The principal activity of the Company is to generate electricity by two gas fired power plants, one at DEPZ with 88 MW capacity and the other at CEPZ with 72 MW capacity and to sell generated electricity to the export processing industries located inside DEPZ and EPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is supplying electricity to the national grid of Bangladesh through selling the same to Dhaka PBS-1 of Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other Private Sector Companies e.g. Oli knitting Fabrics Limited, Lilac Fashionwear Limited, Dhaka Thai Limited and Ahad Fashion Limited.

2 Basis of presenting and preparation of financial statements.**2.1 Legal compliance**

Financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Basis of presentation

Presentation of financial statements have been maintained as per Bangladesh Accounting Standards - 1.

2.3 Basis of measurements

The financial statements have been prepared under historical cost convention.

2.4 Going concern assumption

The financial statements has been prepared considering going concern assumption as per BAS-1(25). The management

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013*

did not find any significant uncertainties regarding going concern issue within the next twelve months from the end of the reporting period.

2.5 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is both functional currency and presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka.

2.6 Critical accounting estimates, assumptions and judgment

The preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The preparation of financial statements in conformity with BAS and BFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected as per BAS-8.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

Note 4	Depreciation- Property, plant & equipment
Note 6	Inventory
Note 15	Trade payable

2.7 Reporting Period

These financial statements cover the period from 1 January 2013 to 31 December 2013.

2.8 Authorization for issue

The financial statements have been authorised for issue by the Board of Directors on 15 April 2014, has been cancelled and withdrawn and subsequently revised financial statements have been authorised for issue by the board of Directors on 04 September 2014.

3 Summary of significant accounting policies**3.1 Property, plant and equipment****a) Recognition and Measurement**

Property, plant and equipment (PPE) are stated according to BAS 16 (Property, Plant and Equipment) at historical cost or revaluation less cumulative depreciation. The cost of asset includes expenses directly attributable to bringing the asset to the location and condition necessary for use.

The cost of an asset is measured at the cash price equivalent at the date of acquisition.

b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013*c) Depreciation

Depreciation on the assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of addition of fixed assets, depreciation is not charged in the year of addition. Full year's depreciation is charged in the year of disposal. Residual value is estimated to be zero for all assets.

Category of assets	Rate of depreciation
Plant and machinery	3.33%
Gas line (50 years)	2%
Equipment	15%
Furniture and fixtures	10%
Transport and vehicles	10%

Depreciation is charged at the rate of 2% on gas pipeline because although the gas pipeline suppose to be built by BEPZA but as per their letter dated 24 September 2007 vide reference BEPZA/GM (M)/ DEPZ /E/416/299, they have requested the company to build Gas pipe line at its own cost and accordingly the Company has constructed the Gas pipe line and charged depreciation on gas pipe line to amortize the cost over the years. The company made the gas pipeline and considered as assets of the company as per the recognition criteria of para-8 of BAS-16.

3.2 Inventories

Inventories consisting of spare parts, fuel and lubricant are valued in accordance with BAS 2 (Inventories) at the lower of cost or net realizable value. Net realizable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale. Inventories are measured at cost. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. When inventories are used, the carrying amount of those inventories is recognized in the period in which the related revenue is recognized.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Accounting policies relating to different types of financial instruments are described below.

3.3.1 Financial assets

a) Trade receivables

Trade receivable are carried at original invoice amount.

b) Inter-company balances

These asset include inter-company (loan) receivables which are stated at cost. The Board of Directors and shareholders of related companies are same as United Power Generation & Distribution Company Ltd.

c) Cash and cash equivalent

Cash and cash equivalent comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less which were held and available for use by the Company without any restriction.

3.3.2 Financial liabilities

It includes borrowings & trade and other payables.

a) Borrowings

Borrowings are classified into both current and non-current liabilities. Moreover in compliance with the requirements of BAS 23 (Borrowing Costs), interest and other costs incurred by the Company in connection

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013*

with the borrowing of funds are recognized as an expense in the period in which they are incurred.

b) Trade and other payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company.

3.4 Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for employee benefits and similar other liabilities are determined in accordance with BAS 19. All remaining provisions are recognized by making the best estimate of the amounts in accordance with BAS 37 (Provisions, Contingent Liabilities and Contingent assets).

3.5 Impairment

3.5.1 Financial assets

Trade receivable is assessed at each date of statement of financial position to determine whether there is objective evidence that it is impaired. Trade receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3.5.2 Non-financial assets

At each reporting date, indicators of impairment are reviewed. For this review, the Company is considered as a single cash generating unit and both tangible and intangible assets are reviewed. If any indication exists, the assets' recoverable amount will need to be estimated. As at 31 December 2013, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

3.6 Revenue recognition

United Power Generation and Distribution Company is a power generation company operating its owned electric generating plants. It produces gas generated electricity for sale to DEPZ, CEPZ, KEPZ, REB, BPDB and other Private Sector. UPGD has primarily started its power plant in Dhaka EPZ and Chittagong EPZ. The Company's revenues are derived from electric power generation and distribution services and include energy supplied and billed to the customers.

As per BAS-18 Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue measured at the fair value of the consideration received or receivable. The following specific recognition criteria must be met before revenue is recognized:

- 1) Entity has transferred significant risks and rewards of ownership of the electric power to the buyer;
- 2) The amount of revenue can be measured reliably;
- 3) The costs incurred and the costs to complete for the transaction can be measured reliably

Revenue is recognized, excluding Value Added Tax and other Government levies, on the basis of net units of energy generated and transmitted to the authorized customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenues are valued using rates in effect when services are provided to customers. Accrued billed revenues are presented in current assets as trade receivables and the corresponding cost is included in operating expenses.

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013***3.7 Statement of cash flows**

Statement of cash flows is prepared principally in accordance with BAS 7 (Cash Flow Statement) shows how the Company's cash and cash equivalents changed during the period through inflows and outflows and the cash flows from operating activities have been presented under direct method.

Net cash inflows from operating activities arrived after adjusting cash received from customers and other income with operating expenses paid and interest paid to suppliers during the period.

Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment, and

Net cash inflow from financing activities mainly due to loan paid to related companies, repayment of bank loan and short term loan received from bank.

3.8 Leases**a) Finance lease**

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. 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 periodic rate of interest on the remaining balance of the liability.

b) Operating lease

All leases other than those which meet the definition of finance lease are treated as operating lease and are not recognized in the statement of financial position.

3.9 Foreign currency transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS 21 (The Effects of Changes in Foreign Exchange Rates).

3.10 Employee benefits

The Company maintains defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

3.10.1 Defined contribution plan (provident fund)

The Company operates contributory provident fund for all its permanent employees, which is defined contribution plan. The provident fund is funded by contribution from both employees and the Company @ 7.5% of the basic pay. The contributory provident fund for all permanent employees is unrecognized.

3.11 Income tax

Income tax has made for other operating income only and no provision is required for income tax on the company's business profits as the Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation, vide SRO ref: 188-Law/Income Tax/2009—Income Tax ordinance, 1984 (XXXVI of 1984) dated 01 July 2009.

3.12 Deferred tax

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

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013***3.13 Earnings per share**

The calculation of the Basic earnings per share is made in accordance with BAS 33 (Earnings Per Share), dividing the profit for the period by weighted average number of ordinary shares outstanding during the period. Moreover, EPS of the period ending 31 December 2013 has been calculated based on the annual income of the year 2013.

Basic earnings per share

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Diluted earnings per share

As there is no prospective dilutive securities, diluted earning per share has been calculated based on the total existing number of shares as prescribed in the rule 8(B), 20(e) of Securities and Exchange Commission (Public Issue) Rules, 2006.

Weighted average number of shares outstanding during the year

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

3.14 Consolidation

The financial statements comprised consolidated accounts of Dhaka EPZ project & Chittagong EPZ project.

3.15 Contingent liabilities and assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with BAS 37, they are disclosed in the notes to the financial statements.

3.16 Application of Bangladesh Accounting Standards (BASs) for preparation of Financial Statement

The Financial statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following BASs are applicable for the financial statements for the period under review:

BAS-1	Preparation of financial statements
BAS-2	Inventories
BAS-7	Statement of cash flows
BAS-8	Accounting Policies Changes in Accounting Estimator and Errors
BAS-16	Property, plant and equipment.
BAS-17	Leases
BAS-18	Revenue
BAS-23	Borrowing costs
BAS-24	Related party disclosure
BAS-32	Financial instruments presentation
BAS-33	Earnings per share (EPS)
BAS-37	Provisions, contingent liabilities and contingent assets.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

4 Property, plant and equipment, note 3.01

Particulars	Plant and machinery	Gas line	Equipment	Furniture and fixtures	Transport and vehicles	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Cost						
At 01 January 2012	3,773,712,445	148,705,152	4,078,954	545,683	5,236,836	3,932,279,070
Addition during the period	16,485,236	-	1,529,900	144,110	-	18,159,246
Disposal during the period	-	-	-	-	-	-
31 December 2012	3,790,197,681	148,705,152	5,608,854	689,793	5,236,836	3,950,438,316
Depreciation						
01 January 2012	295,588,794	15,530,826	533,479	52,859	921,318	312,627,276
Depreciation charged during the period, note 4.03	125,664,624	2,974,103	611,843	54,568	523,684	129,828,822
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2012	421,253,418	18,504,929	1,145,322	107,427	1,445,002	442,456,098
Net book value at 31 December 2012	3,368,944,263	130,200,223	4,463,532	582,366	3,791,834	3,507,982,218
Cost						
At 01 January 2013	3,790,197,681	148,705,152	5,608,854	689,793	5,236,836	3,950,438,316
Addition during the period	6,039,070,907	56,876,815	3,758,258	480,035	1,930,000	6,102,116,015
Disposal during the period	-	-	-	-	-	-
31 December 2013	9,829,268,588	205,581,967	9,367,112	1,169,828	7,166,836	10,052,554,331
Depreciation						
01 January 2013	421,253,418	18,504,929	1,145,322	107,427	1,445,002	442,456,098
Depreciation charged during the period, note 4.03	126,213,583	2,974,103	841,328	68,979	523,684	130,621,677
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2013	547,467,001	21,479,032	1,986,650	176,406	1,968,685	573,077,775
Net book value at 31 December 2013	9,281,801,587	184,102,935	7,380,462	993,422	5,198,151	9,479,476,556
Rate of Depreciation	3.33%	2%	15%	10%	10%	

4.01 Power planta) Plant description

The natural gas fired power plants of UPGD consist of Wärtsilä, Rolls Royce and MTU engine generators with 30 years expected useful life, which form the major part of the power generation companies. This gas fired generating set consists of auxiliaries, exhaust gas silencer and electrical, mechanical & civil construction and erection. Each power plant has fourteen (14) integrated systems named fuel, lubrication oil, compressed air, cooling, charge air, exhaust, water treatment, fire protection, emission control, automation, electrical, station service, DC and high voltage systems. At DEPZ there are four (4) gas fired engines with the capacity of 8.73 MW each, five (5) gas fired engines with capacity of 9.34 MW each and three (3) gas fired engines with the capacity of 2 MW each for the generation of electricity. At CEPZ there are five (5) gas fired engines with the capacity of 8.73 MW each and three (3) gas fired engines of capacity 9.34 MW. The total output of these stationary power plants at DPEZ and CEPZ is 88 MW & 72 MW respectively.

b) Environmental impact

The environmental impact of a gas power plant is low; it is both efficient and environmentally sound. These gas power

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

plants have the highest simple-cycle efficiency in the market. Natural gas has the lowest CO₂ emissions compared to other fossil fuels. The SO₂ and PM emissions are relatively low for power plants running on natural gas. The NO_x emissions are also lower than with fuel oil-fired diesel/HFU engines. The engine cooling arrangement using closed-circuit radiator cooling reduces plant process water consumption to almost zero, minimizing the effect on local water resources. Effective sound-proofing allows the plant to be operated even in densely populated areas.

4.02 Gas Line

According to Power Supply Agreement, dated 6th and 16th May 2007 with Bangladesh Export Processing Zone Authority (BEPZA); BEPZA, at their own cost, shall provide necessary gas connection of required quantity and specification from the nearest District Regulatory Station (DRS) of Titas Gas Transmission and Distribution Company Limited and Bakhrabad Gas system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. BEPZA shall maintain such gas connection until the expire of a period of thirty (30) years unless extended or earlier termination. Although both parties agreed upon this condition but due to lack of initiative by concerned authority (BEPZA), UPGD has established this gas line back on 17 November 2008 at its own cost. For DEPZ plant the initial contract was for 6.91 (Million Cubic Feet Per Day) MMCFD. Subsequently additional allocation 9 MMCFD gas given by Titas Gas Transmission & Distribution Company Ltd. for further capacity enhance. Thus total contract load 15.91MMCFD. For CEPZ plant the initial contract was for 10.68 MMCFD. An additional allocation was given for another 4 MMCFD by Karnaphuli Gas Distribution Company Ltd. for further capacity enhance. Thus total contract load 14.68 MMCFD.

Gas line is valued at construction cost less depreciation and impairment loss. Cost includes Electric Resistance Welded (ERW) carbon steel pipe, tape for gas line, Regulating & Metering System (RMS), Town Border Station (TBS), line accessories, and construction and commissioning expenditures. Cost are only included in the asset's carrying amount when it is probable that economic benefits associated with this item will flow to the company and the cost can be measured reliably. All other repair and maintenance expenses are charged to the income statement during the period in which they are incurred.

	2013	2012
	Taka	Taka

4.03 Allocation of depreciation expenses, note 4

Operating expenses	129,315,460	128,530,534
Administrative expenses	1,306,217	1,298,288
	130,621,677	129,828,822

5 Capital work in progress, note 1.2

	Balance as at 01 January	Addition during the year	Transfer to PPE during this year	Closing balance
	Taka	Taka	Taka	Taka
As at 31 December 2012				
Plant and machinery	-	368,104,364	-	368,104,364
	-	368,104,364	-	368,104,364
As at 31 December 2013				
Plant and Machinery (note 5.1)	368,104,364	5,663,351,284	6,031,455,648	-
Gas Line (note 5.1)	-	56,876,815	56,876,815	-
	368,104,364	5,720,228,099	6,088,332,463	-

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

5.1 Plant and Machinery (note 5)

Power Plant	6,031,455,648	368,104,364
Gas Line	56,876,815	-

Cost of power plant and machineries includes main engine, auxiliaries, sub-station equipments, 11 Kv Switch gear, Steel Structure, Transformer, Boiler, ventilation fan, control pannel, 33 kv disconnector, Nutral grounding register, LT switch gear, pannels, cable, overhead crane, gratings, pipe module, water reserver, exhaust gas silenser, 11kv line, valve, feder, steam line and Engineering, procurement, construction (EPC) cost.

6 Inventories, note 3.2

Spare parts, note 6.01	218,754,767	185,062,362
Fuel and lubricants, note 6.01	32,184,865	6,920,049
	250,939,632	191,982,411

Inventories comprises spare parts and fuel & lubricants which are used for maintenance and operational purpose of power plants machineries.

6.01 Movement of inventories, note 6

	Spare parts	Fuel and lubricants
Balance as at 01 January 2012	205,372,601	5,791,752
Purchase during the year 2012	73,066,269	38,360,130
Issued during the year 2012	(93,376,508)	(37,231,833)
Balance as at 31 December 2012	185,062,362	6,920,049
Balance as at 01 January 2013	185,062,362	6,920,049
Purchase during the year 2013	194,778,278	75,689,049
Issued during the year 2013	(161,085,873)	(50,424,233)
Balance as at 31 December 2013	218,754,767	32,184,865

The inventory was not in accordance with the inventory required by UPGDCL due to its nature of business. The Company has agreements with BEPZA for distribution of quality and uninterrupted power supply. A mere spare part of any kind may have a huge importance for the Company as it may cause casual discontinuity in power supply. Furthermore, inventory items were costly and most of the spare parts were stored with specification to the machineries keeping in mind that the spare parts can be used at time of unavailability. Further, these spare parts have to import from overseas suppliers with a standard lead time.

6.02 Number of inventories (as at 31 December 2013)

	Spare parts				Fuel and lubricants			
	Quantity (Nos)		Amount (Taka)		Quantity (Ltr)		Amount (Taka)	
	2013	2012	2013	2012	2013	2012	2013	2012
DEPZ	1,915	4,927	155,419,826	142,789,621	68,234	11,325	37,617,289	3,347,496
CEPZ	2,186	2,098	39,358,452	42,272,741	86,219	14,060	38,071,760	3,572,553
Total	4,101	7,025	194,778,278	185,062,362	154,453	25,385	75,689,048	6,920,049

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

7 Trade receivables

Dhaka Export Processing Zone (DEPZ)	83,879,684	103,501,208
Rural Electrification Board (REB)	229,920,504	242,089,340
Oli Knitting Fabrics Ltd.	3,141,996	3,448,200
Chittagong Export Processing Zone (CEPZ)	115,708,676	102,354,624
Bangladesh Power Development Board (BPDB)	208,101,982	378,750,680
Karnaphuli Export Processing Zone (KEPZ)	26,220,218	10,489,824
Lilac Fashion	2,397,231	-
Dhaka Thai Ltd	949,323	-
Ahad Fashion Ltd.	78,042	-
	670,397,657	840,633,875

Trade receivables were stated at their nominal value and considered good but unsecured. Trade receivables were accrued in the ordinary course of business.

7.01 Ageing of trade receivables

The ageing of gross trade receivables as at 31 December was:

Invoiced 0-30 days	361,506,623	281,351,573
Invoiced 31-60 days	1,339,408	50,808,608
Invoiced 61-90 days	850,601	65,972,401
Invoiced 91-180 days	614,463	112,499,275
Invoiced 181-365 days	3,171,626	197,039,467
Invoiced over 365 days	302,914,935	132,962,551
	670,397,656	840,633,875

The Company did not charge any interest for the time being on the receivables to BPDB and REB considering the strategic reasons but the Company is actively considering applying the clause to charge interest on the receivables. Upon realization of the principal amount, the Company shall pursue collection of interest separately.

8 Inter-company balances, note 3.3.1.b

United Enterprises & Co. Ltd.	1,128,541,871	2,569,378,523
United Ashuganj Power Ltd.	-	49,138,000
Neptune Commercial Ltd.	-	4,719,107
Neptune Properties	-	100,000,000
United Engineering & Power Services Ltd.	-	1,785,175
United Hospital Ltd.	-	4,493,265
Neptune Land Development Ltd.	-	20,000,000
Shahjanullah Power Company Ltd.	-	71,600,000
	1,128,541,871	2,821,114,070

As decided in the meeting of the Board of Directors dated 01 January 2010, the company may provide interest free loan not exceeding Taka 300 crore to its parent company and its sister concern and any amount exceeding that limit will be interest bearing at 180 days treasury bill rate. Moreover out of Tk. 2,821,114,070, approximately 90% will be realized from the inter companies/ sister concerns by

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

June 2013, to comply with the section 103 of the Companies Act, 1994; and interest will be charged on the remaining balances of the inter company accounts from July 2013. Accordingly the company realized an amount of Tk. 278,99,50,425.00 up to 30 June 2013.

As per decision in the meeting of the Board of Directors, dated, 1 January 2010, interest has been charged on the remaining balance of inter company loan from 1 July 2013 at stated in note-24.

	2013	2012
	Taka	Taka

8.01 Ageing of inter- company balances

The ageing of inter- company balances as at 31 December was:

Invoiced 0-30 days	329,380,881	141,733,197
Invoiced 31-60 days	130,733,700	79,944,174
Invoiced 61-90 days	130,000,000	119,942,195
Invoiced 91-180 days	193,900,000	611,088,631
Invoiced 181-365 days	122,349,964	451,100,710
Invoiced over 365 days	222,177,326	1,417,305,163
	1,128,541,871	2,821,114,070

Management of the Company believes that all the amount due to inter company/ sister concerns are good as the shareholder of all the sister concerns & the parent company are same and will be recovered very soon.

9 Advance, deposits and prepayments

Advance paid to suppliers, employees and others (Note 9.1)	34,768,125	25,995,875
Security and other deposits (Note 9.2)	32,319,116	18,400,179
Prepaid expenses (Note 9.3)	5,949,667	4,568,333
	73,036,908	48,964,387

9.1 The break-up of advances against supplier, employees and others are as follows, note 9

Sl	Particulars	Purpose of Advances	31.12.13	31.12.12
1	Mr. Garib Newaz Khan	Advance against Expense	54,846	347,950
2	Mr. Joinal Abedin	Advance against Expense	-	135,919
3	Md. Abdus Salim	Advance against Expense	13,810	16,150
4	Mr. Anisur Rahan	Advance against Expense	22,975	2,896
5	Adv. To Driver For Fuel	Advance against Expense	20,500	18,500
6	CEPZ Petty Cash	Advance against Petty cash	70,368	70,368
7	Mr. Nehal	Advance against Expense	545,000	45,000
8	Mr. Mirza Sajedul Rabbi	Advance against Expense	-	369,159
9	Ruhani Internation Ltd	Advance against Expense	-	2,500,000
10	Depz Petty Cash	Advance against Petty cash	32,859	31,894
11	Mr. Anisuzzaman Forzi	Advance against Expense	25,071	25,375
12	House rent DEPZ	Advance against House rent	4,090	54,072
13	Zamzam Engineering Ltd.	Advance against Expense	1,551,420	1,551,420
14	Mr. Sharful Anam	Advance against Expense	5,621	5,621
15	Mr. Rahmat ali	Advance against Expense	-	435,131
16	Mr. Tarekul Islam	Advance against Expense	-	60,000
17	Mr. Ziaur Rahman	Advance against Expense	100	100
18	Maayyas Secutronics Ltd.	Advance against Expense	-	80,000
19	M/S .S.S. Supplies Ltd.	Advance against Expense	4,800,000	440,000

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

Sl	Particulars	Purpose of Advances	31.12.13	31.12.12
20	Mr. Ahsanul Haque	Advance against Expense	26,000	56,000
21	Usha Engineering Ltd.	Advance against Expense	-	500,000
22	Mr. Shamim Mia	Advance against Expense	67,820	72,000
23	Mr. Rafique-ul Islam	Advance against Expense	30,000	30,000
24	Weber Power Solution	Advance against Expense	65,000	65,000
25	Mr. Engineer Anower Hossain	Advance against Expense	16,000	10,000
26	Apon Enterprise Ltd.	Advance against Expense	-	2,250,000
27	MKH Traders	Advance against Expense	-	1,000,000
28	Equity Ready mix Concrete Ltd.	Advance against Expense	-	2,913,250
29	Mayer Doa Enterprise Ltd.	Advance against Expense	-	1,500,000
30	EMEC Engergy Ltd.	Advance against Expense	-	1,000,000
31	Mr. Masum ali	Advance against Expense	20,000	20,000
32	AEG Engineer Ltd.	Advance against Expense	-	1,000,000
33	Mr. Shamim Hossain	Advance against Expense	125,260	695,000
34	Mr. Salauddin	Advance against Expense	-	2,470,000
35	MS. Masuda Rowshohn	Advance against Expense	-	20,000
36	M/S Sufia Metal Works Ltd.	Advance against Expense	500,000	500,000
37	M/S Adex Corporation Ltd.	Advance against Expense	-	766,479
38	M/S Technology	Advance against Expense	4,000,000	1,500,000
39	Mr. Farhadur Rahman	Advance against Expense	30,000	20,000
40	Siddiquia Motors Ltd.	Advance against Expense	-	300,000
41	Arif Enterprise	Advance against Expense	9,000	9,000
42	Steel Building Ltd.	Advance against Expense	1,150,000	740,000
43	Energypac Power Generation	Advance against Expense	944,567	-
44	M/S Haroon Engenring Ltd	Advance against Expense	101,300	-
45	House rent CEPZ	Advance against Expense	9,433	-
46	M/S Hoque Techno Associates	Advance against Expense	6,000,000	-
47	M/S Saimon Transport	Advance against Expense	520,800	-
48	Mr Utpal Bhattachajee	Advance against Expense	120,000	-
49	M/S Bilal Contractor	Advance against Expense	1,772,100	-
50	Mr Mizan	Advance against Expense	11,000	-
51	Mr Adib	Advance against Expense	273,670	-
52	M/S Grasshopper Corp	Advance against Expense	92,500	-
53	ICB Capital Management Ltd	Advance against Expense	575,000	-
54	Mr Abdul Barek	Advance against Expense	169,700	-
55	M/S Ask Consultants	Advance against Expense	450,000	-
56	M/S Green Development Consulting	Advance against Expense	350,000	-
57	Mr. Mohosin	Advance against Expense	34,900	-
58	M/S Real Tech Engineering	Advance against Expense	500,000	-
59	Mr. Iftekharul Haque	Advance against Expense	73,200	-
60	M/S ABB Ltd	Advance against Expense	456,885	-
61	Mr Tissa	Advance against Expense	937,011	-
62	M/S Transpool International	Advance against Expense	2,130,000	-
63	Mr Prosanto	Advance against Expense	1,500	-
64	M/S Lanka Bangla	Advance against Expense	3,450,000	-
65	M/S IXON Engineering	Advance against Expense	100,000	-
	Sub-total		32,259,306	23,626,284
66	Land Lease Rent	Advance against Land lease rent	1,112,519	903,291
67	Against Salary		1,396,300	1466300
	Sub-total		2,508,819	2,369,591
	Grand Total		34,768,125	25,995,875

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka
9.01.1 Ageing of advances against supplier, employees and others		
The ageing of supplier, employees and others balances as at 31 December was:		
Invoiced 0-30 days	-	14,655,719
Invoiced 31-60 days	103,208	5,702,420
Invoiced 61-90 days	28,715,364	1,804,000
Invoiced 91-180 days	2,952,720	433,846
Invoiced 181-365 days	676,741	862,869
Invoiced over 365 days (note-9.01.1.1)	2,320,091	2,537,021
	34,768,124	25,995,875

9.01.1.1 Records revealed that the company has paid advance to its various stakeholders/parties as part its normal business process: The breakup is as follows:

Particulars	Balance as at 31.12.13	Purpose
Land Lease Rent	903,291	Land lease rent has been paid as initial deposit which will remain until the project life.
Advance against salary	1,396,300	Personal loan given to employees against salary.
Advance against expenses	20,500	For fuel purchase
Total	2,320,091	

9.02 Security and other deposits, note 9

LC Margin	26,469,116	4,671,139
Bank guarantee margin	5,850,000	13,729,040
	32,319,116	18,400,179

9.03 Prepaid expenses, note 9

Insurance premium	4,974,667	3,943,333
BERC license fees	975,000	625,000
	5,949,667	4,568,333

Prepaid expenses represents advance payments against insurance premium to Green Delta Insurance Company Ltd for CEPZ and Pragati Insurance Ltd for DEPZ and Bangladesh Energy Regulatory Commission (BERC) for license fees.

The Company is required to renew BERC license every year before expiry. BERC license have been renewed for DEPZ and CEPZ w.e.f. from 23 October 2013 to 22 October 2014 and 29 June 2013 to 28 June 2014 respectively with a fee of BDT 10,00,000.00 each. Considering the periodicity, the license renewal fees allocated over the years i.e. 9 months for DEPZ and 6 months for CEPZ as prepaid against BERC License fee.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

10 Cash and bank balances, note 3.3.1 (c)

	2013	2012
	Taka	Taka
Cash in hand	217,215	207,572
Cash at bank on current account with:		
Dhaka Bank Ltd. - Local Office (A/C # 201-100-17838)	290,095	-
Dhaka Bank Ltd. - F EX. Branch (A/C # 203-100-9944)	382,570	500,053
Dhaka Bank- F EX.Br (A/C # 203-175-472)	68,388,432	-
Standard Chartered Bank (A/C # 01-3768643-01)	94,855	104,855
One Bank Limited (A/C # 18160931019)	19,445	20,910
Mercantile Bank Limited (A/C # 12911100001164)	47,941	47,941
Dutch-Bangla Bank Ltd.-Gulshan Branch (A/C # 116-110-5711)	2,711	3,286
AB Bank Ltd.- Gulshan Branch (A/C # 4019-758319-000)	5,642	6,792
Standard Bank Ltd. - Principal Branch (A/C # 10233011202)	15,559	15,559
Bank -Al - Falah (A/C # 0702-03700096)	18,744	18,744
The City Bank Ltd. - Gulshan Branch (A/C # 1305510011036610)	22,135	22,135
Prime Bank Limited - Banani Branch (A/C # 13211050007791)	1,477	1,477
Dutch Bangla Bank Ltd. -Banani Branch (A/C # 103-110-15683)	3,644,987	4,660,724
Shahjalal Islami Bank Ltd. - Main Branch (A/C #11100012562)	19,355	19,355
National Bank Ltd. - Gulshan Branch (A/C # 006733009033)	6,260	6,260
Eastern Bank Ltd. - Gulshan branch (A/C # 104-106-13236)	48,842	40,527
Shahjalal Islami Bank Ltd. - Gulshan Branch (A/C # 11100008208)	126,687	85,747
Brac Bank-GB (A/C # 1526202342122001)	140,479	148,088
Jamuna Bank - Gulshan Branch (A/C # 00100210015079)	234,060	170,234
Trust Bank Ltd-Karwan bazar branch (A/C # 0030-0210004176)	420,749	5,000
Eastern Bank Ltd.-Escrow (A/C # 104-122-0202799)	1,465,402	-
	75,396,427	5,877,686
	75,613,642	6,085,258

11 Share capital

As per the disclosure requirements laid down in schedule under the rule 12(2) of the Securities and Exchange Rules 1987, the followings are the part and parcel of share capital:

11.01 Authorized share capital

1,000,000,000 ordinary shares of Tk. 10 each

10,000,000,000

10,000,000,000

10,000,000,000

10,000,000,000

11.02 Issued, subscribed and paid-up capital (note 11.03)

296,949,726 ordinary shares of Tk. 10 each

2,969,497,260

1,979,664,840

2,969,497,260

1,979,664,840

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka
11.03 Movement of share capital		
Balance as at 01 January (Face value of each share is Tk.10 each)	1,979,664,840	1,979,664,840
Issuance of stock dividend during the year	-	-
Balance as at 31 December	1,979,664,840	1,979,664,840
Issuance of stock dividend during the year in the ratio of 01 bonus share for every 02 ordinary shares (Face value of each share is Tk.10 each)	989,832,420	-
Balance as at 31 December	2,969,497,260	1,979,664,840

11.04 Position of shareholding

	Percentage of holding		Value of shares (Tk.)	
	2013	2012	2013	2012
Name of Shareholders:				
Hasan Mahmood Raja	8.58%	8.61%	254,899,290	169,932,860
Ahmed Ismail Hossain	8.58%	8.61%	254,899,290	169,932,860
Akhter Mahmud Rana	8.58%	8.61%	254,899,290	169,932,860
Khandaker Moinul Ahsan Shamim	8.58%	8.61%	254,899,290	169,932,860
Faridur Rahman Khan	2.38%	2.39%	70,805,230	47,203,490
Abul Kalam Azad	2.38%	2.39%	70,805,230	47,203,490
Moinuddin Hasan Rashid	8.58%	8.61%	254,899,290	169,932,860
United Enterprises & Co. Ltd	52.31%	52.31%	1,553,390,350	1,035,593,560
	100%	100%	2,969,497,260	1,979,664,840

11.05 Classification of shareholders' by holding

	No of shareholders		No of shares	
	2013	2012	2013	2012
5,001 to 20,000 shares		-	-	-
20,001 to 50,000 shares		-	-	-
50,001 to 1,000,000 shares		-	-	-
1,000,001 to 10,000,000 shares	2	2	14,161,046	9,440,698
over 10,000,000 shares	6	6	282,788,680	188,525,786
	8	8	296,949,726	197,966,484

11.06 Option on un-issued shares

There is no option of un-issued share capital

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

12 Retained earnings

Opening balance	3,266,713,247	1,246,234,967
Net profit for the year	1,774,427,658	2,020,478,280
	5,041,140,905	3,266,713,247
Less: Stock Dividend paid for the year 2012 (note 11.03)	989,832,420	-
Accumulated profit transferred to Statement of Financial Position	4,051,308,485	3,266,713,247

13 Redeemable Preference Share capital**Authorized, Issued, subscribed and paid-up capital**

200,000,000 Redeemable Preference Shares of Tk. 10 each issued and fully paid up	2,000,000,000	-
The composition of Preference Share capital is as follow:		

Name of the shareholders	2,013		2012	
	No. of Shares	Face Value	No. of Shares	Face Value
Eastern Bank Ltd.	51,000,000	510,000,000	-	-
Pubali bank Ltd.	50,000,000	500,000,000	-	-
Delta Brac Housing Finance Ltd.	9,000,000	90,000,000	-	-
Trust Bank Ltd.	20,000,000	200,000,000	-	-
The City Bank Ltd.	30,000,000	300,000,000	-	-
Jamuna Bank Ltd.	20,000,000	200,000,000	-	-
Standard bank Ltd.	20,000,000	200,000,000	-	-
	200,000,000	2,000,000,000	-	-

Name of the Instrument is Redeemable cumulative preference share and other features of the instruments are as follows :

- Number of shares to be issued 200,000,000.00
- Issue size in currency is BDT 2,000,000,000.00
- Face value is BDT 10.00
- Issue price is BDT 10.00
- Purpose of issue is to expansion of power plants in DEPZ & CEPZ
- Security of the instrument is put option on expansion assets.
- Tenure is 5 years.
- Divident rate is 11.00% p.a
- Frequency of dividend payment is quterly payable in arrears commencing from 1st quarter of 1st year
- Frequency of Capital Redemption is yearly payable in arrears in equal installments commencing from 4 th quarter of 1st year
- Participation fee is 0.80% (upfront).

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

14 Long term loan

Dhaka Bank Limited	775,016,167	895,494,452
Dutch-Bangla Bank Ltd.	919,403,833	1,039,221,330
Trust Bank Ltd	49,853,042	-
	1,744,273,042	1,934,715,782

14.01 Long term loan (Current portion)

Dhaka Bank Limited	121,495,845	105,895,871
Dutch-Bangla Bank Ltd.	122,726,155	112,187,466
Trust Bank Ltd.	552,257,149	-
	796,479,149	218,083,337

a) Dhaka Bank Limited

This is a syndicated loan arranged by Dhaka Bank Ltd. Total facility amount is Taka 115.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 92.00 crore and the remaining Taka 23.00 crore was syndicated non IPFF term loan.

- Interest rate:
For IPFF loan: 364 days Bangladesh Bank Treasury bill rate plus 0.50%(IPFF margin) plus 2.50%(PFI's margin).
For Non-IPFF Syndicated Loan: 15.50% p.a.
- Tenor: For IPFF Door -to-Door 120 months (10 years) from the date of disbursement.
- Repayment: For IPFF- 34 equal quarterly installments and for non-IPFF- 21 equal installments.
- Purpose: To pay off the Syndicated Term Loan arranged by SCB and IDLC.
- Security:
Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

b) Dutch-Bangla Bank Ltd.

This is arranged by Dutch-Bangla Bank Ltd. Total facility amount is Taka 135.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 108.00 crore and the remaining Taka 27.00 crore was non IPFF term loan.

- Interest rate:
For IPFF loan: 360 days Bangladesh Bank Treasury bill rate plus 0.50% (IPFF margin) plus 2.10% (PFI's margin).
For Non-IPFF Syndicated Loan: 15.50% p.a.
- Tenor: For IPFF Door - to - Door 120 months (10 years) from the date of 1st disbursement.
- Repayment: 28 equal quarterly installments.
- Purpose: To implement the CEPZ power project.
- Security:
Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture, fixture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

c) Trust Bank Ltd

This is a term loan amounting BDT 700 million for Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.

- Interest rate:
Interest to be charged at quarterly rests @ 15 % p.a.
- Tenor: 2 years from the date of first disbursement.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

- c) Repayment : 16 numbers of equal installments starting from the following month of completion of moratorium.
 d) Purpose : For Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.
 e) Security
 The company will provide corporate guarantee of United Enterprise & Company Ltd / United Ashugonj Power Company Ltd supported by its board resolution in conformity with memorandum and articles of association and also undated/post dated cheque covering the credit facilities.

	2013	2012
	Taka	Taka

15 Trade payables

Trade payables, note 15.01	80,113,687	55,608,568
	80,113,687	55,608,568

Trade payables consists of gas bills payable to Titas Gas Transmission & Distribution Company Limited for DEPZ power plant and Bakhrabad Gas Systems Limited, the former name of Karnaphuli Gas System Ltd. for CEPZ power plant.

15.01 Trade payables, note 15

Gas bill - Titas Gas Transmission & Distribution Company Ltd.	22,596,914	17,191,155
Gas bill - Karnaphuli Gas Distribution Company Ltd.	57,516,773	38,417,413
	80,113,687	55,608,568

16 Other payables and accrual

Other payables (note 16.01)	23,539,960	5,411,169
Security money received (note 16.02)	700,000	-
	24,239,960	5,411,169

16.01 Other payables (note 16)

Mobile bill	15,000	14,163
Salary and allowances	490,625	-
Utility bill	30,528	31,105
Security expenses	253,439	-
Service charge on gas bill	5,751,677	3,841,741
Medical expenses	13,720	14,175
Audit fees	276,000	253,000
TDS payable	41,000	199,000
Internet expenses	-	24,000
Welfare fund	15,553	-
Operation & Maintenance expense	6,273,123	-
Payable to REB	9,115,215	-
VAT deduction at source payable	1,170,710	557,939
Payable to provident fund	93,370	476,046
	23,539,960	5,411,169

United Power Generation & Distribution Company Limited has entered into a management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support. Therefore, the no. of employees of UPGDCL has been reduced for the event as mentioned in Note # 38 Under Note # 16.01, payable to provident fund reduced from 2011 to 2012 due to provident fund balance has been transferred & hence reduced the balance. In 2013 balance payable to provident fund reduced due to resignation of permanent employee (note-40.02).

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka
16.02 Security Money Received (note 16)		
Lilac Fashionwear Ltd.	700,000	-
	700,000	-

This amount received as security deposit received from Lilac Fashion Wear Ltd. in an amount equal to 2 months MMC (Monthly Minimum Charge).

17 Short term loan

Bank overdraft-Dhaka Bank Ltd.	-	74,585,139
Eastern Bank Ltd	-	250,000,000
	-	324,585,139

a) Dhaka Bank Limited

Overdraft facilities was provided to the Company to meet up working capital requirement for the Business of Power Generation and other construction and trading.

Limit : Taka 300 Million

Interest rate : 15.50% p.a.

Security : Personal guarantee of all the Directors of the company

b) Eastern Bank Limited

The Company has received one time credit facility in the form of Demand Loan to finance the EPC (Erection Procurement and Commissioning) cost against expansion of both DEPZ & CEPZ projects.

Limit : Taka 250 Million

Interest rate : 15.50% p.a.

Tenor : 270 days from the date of creation (including moratorium period of 180 days)

Security : i. An undated cheque;
ii. Personal guarantee of all the Directors of the company;
iii. Corporate guarantee of United Enterprise & Co. Limited and Neptune Land Development Limited;
iv. Standard charge document, as per Bank's format

18 Provision for taxation (3.11)	12,094,683	84,500
	12,094,683	84,500

19 Contingent assets

The company has raised a claim to BEPZA amounting to Taka 388,521,161 due to losses caused to it by the claimant's obligation to provide vacant possession of land and gas connection which resulted in delayed commercial operation date. Break up of the figures are as follows :

Loss of profit	200,288,084	200,288,084
Loss of interest and charges	156,473,346	156,473,346
Loss of overhead expenses	14,335,221	14,335,221
Loss of warranty	17,424,510	17,424,510
	388,521,161	388,521,161

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

20 Contingent liabilities and commitments

i) Contingent liabilities		
Bank Guarantees issued by Shahjalal Islami Bank Ltd. with 5% margin in favor of Bangladesh Export Processing Zone (BEPZA).	117,000,000	117,000,000
Bank Guarantees issued by One Bank Ltd. with 10% margin in favor of TITAS Gas Transmission and Distribution Company Limited.	-	78,790,400
Bank Guarantees issued by Trust Bank Ltd. with Nil margin in favor of TITAS Gas Transmission and Distribution Company Limited.	78,790,400	-
ii) Financial Commitments		
Confirmed irrevocable letters of credit	220,438,107	87,815,200
	416,228,507	283,605,600

21 Revenue, note 3.6

Sale of electricity (note 21.1)	3,396,097,108	3,273,488,057
	3,396,097,108	3,273,488,057

21.1 Sale of electricity (note 21)

Name of the customers

Dhaka Export Processing Zone (DEPZ)	1,261,237,385	1,100,824,551
Rural Electrification Board (REB)	295,898,351	452,632,775
Oli Knitting Fabrics Ltd.	25,547,750	18,398,990
Chittagong Export Processing Zone (CEPZ)	1,276,876,346	1,062,951,049
Bangladesh Power Development Board (BPDB)	358,203,255	578,378,919
Karnaphuli Export Processing Zone (KEPZ)	162,126,359	60,301,773
Dhaka Thai Ltd	10,540,559	-
Lilac Fashion	5,527,146	-
Ahad Fashion	139,957	-
	3,396,097,108	3,273,488,057

In 2013 electricity sale of the company increased by tk. 122,609,051/- as compared to the period 2012 due to the increasing production. Net sales increased by 3.75% during the period under review. During the year the Company produced electricity totally 624,317,017 kwh (DEPZ project produced 278,093,102 kwh & CEPZ project produced 346,223,915 kwh).

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

22 Operating expenses

Personnel costs		
Salary, wages and bonus (note 38.1)	-	-
Welfare and other benefits (note 38.1)	-	-
	-	-
Fuel and energy	538,240,027	498,213,666
Operation and maintenance expenses, note 22.1	273,125,771	182,275,859
Depreciation expenses, note 4.03	129,315,460	128,530,534
Minimum load charge (note-22.2)	82,929,653	60,947,201
Liquidity damage charge (note-22.3)	1,311,481	270,010
Land lease rent	1,050,388	2,907,626
Traveling and conveyance	319,750	623,698
Entertainment	909,935	1,401,391
Telephone, mobile, internet & dish line bill	158,343	661,910
Printing and stationery	125,743	238,767
Newspaper, postage and courier	14,193	53,020
Vehicle running and maintenance	110,190	226,056
Rent, rates and taxes	412,266	703,924
Utility bill	184,736	158,681
Insurance premium	7,600,666	4,372,334
Fire fighting expenses	5,820	134,500
Medical expenses	136,816	428,811
Beautification and gardening expenses	-	6,915
License and other fees	1,272,000	1,027,500
Environmental expenses (note-22.4)	169,000	305,000
Site office expenses	174,414	641,884
Security expenses	1,047,314	422,803
	1,038,613,966	884,552,090

22.1 Operation and maintenance expenses

Operational expenses (note 38.1)	39,494,390	19,348,152
Stores and spares consumed	211,510,106	130,608,341
Repair and maintenance	22,121,275	32,319,366
	273,125,771	182,275,859

22.2 Minimum load charge: Minimum bill has to pay whether the Company consumed Electricity or not. The Company has kept 20 MW load from Dhaka PBS-1 as standby to serve BEPZA in case of any shortfall.

22.3 Liquidated damage charge: The Company is liable to pay liquidity damage for failure to supply electricity for more than one hour at the rate the company sells electricity to BEPZA.

22.4 Environmental expenses: In order to comply with the regulations of Department of Environment (DoE), the Company needs to-

- 1) Test and monitor air emissions & sound level and submit report to DoE quarterly.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

- 2) Every year the company need to obtained environment clearance certificate from DoE.

	2013	2012
	Taka	Taka

23 Administrative expenses

Personnel costs		
Salary, wages and bonus	11,165,013	7,375,994
Welfare and benefits	904,497	1,068,468
	12,069,510	8,444,462
Depreciation expense, note 4.03	1,306,217	1,298,288
Amortization of pre-operational expenses	-	17,380,575
Directors' remuneration (note 40.1)	8,698,839	4,320,000
Rent, rates and taxes	-	152,495
Traveling and conveyance	2,937,956	2,101,053
Postage, telephone and telex	79,277	318,235
Entertainment	1,449,407	616,987
Printing and stationery	1,304,033	1,197,758
Newspaper bill	7,656	20,942
Computer maintenance	-	15,100
Audit fee	448,500	253,000
Advertisement	1,264,423	10,000
Medical expenses		2,177,654
Vehicle running expenses	778,258	1,209,374
Office rent	13,080,000	12,720,000
Office expenses	80,914	79,963
Consultancy fees (note-23.1)	18,595,500	4,530,038
Capital Increasing Fees	682,966	-
Overseas Travelling	373,410	-
Other administrative expenses	93,957	550,965
Write off of Accounts receivable(note-23.2)	179,268,649	-
	242,519,472	57,396,889

23.1 Consultancy fees includes issuance of redeemable preference share raising fees to NDB capital Ltd. (note-13)

23.2 The Directors in its Boarb meeting dated 26 December 2013 decided to write off of accounts receivables amounting to Tk. 17,92,68,649 against energy bill.

24 Other operating income

Burn lube oil/use drum sales	3,531,880	225,333
Scrap Sale	756,157	-
Interest income	452,619	-
Interest on Inter Company Loan	27,511,833	
	32,252,489	225,333

Other operating income derived from interest on inter company loan, interest income from bank, sale of scrap, used drums and burned lube oil which is directly related with the normal course of business activities. Interest on inter company loan has been charged as per 180 days T-bill rate as on 31 december 2013 which is 7.98% (note-8)

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

25 Financial expenses

Interest on lease finance:		
United Leasing Company Limited	-	23,819
National Bank Limited	-	12,789
Syndication loan agency fees	2,196,250	-
Interest on long term loan:		
Dhaka Bank Limited	140,538,206	147,340,766
Dutch Bangla Bank Limited	157,148,632	157,191,198
Trust Bank Ltd.	23,389,533	
Interest on overdraft:		
Dhaka Bank Limited	11,672,099	6,213,538
Preference share arrangement fees	20,931,380	
Bank charge and commission	4,817,717	419,521
	360,693,817	311,201,631

26 Earnings per share (Basic earnings per share - BAS 33)

Basic EPS		
Net profit from core business	1,754,269,853	2,020,788,113
Weighted average number of shares outstanding during the period	296,949,726	197,966,484
Basic EPS on Core business	5.91	10.21
Extra ordinary income (Other operating income)	20,157,806	140,833
Weighted average number of shares outstanding during the period	296,949,726	197,966,484
Basic EPS on extra ordinary business	0.068	0.0007
Earning per Share (EPS)	5.98	10.21
Earning Per Share (Adjusted EPS)	-	6.81

*Since the stock/bonus issue is an issue without consideration, the issue has been treated as if it occurred at the beginning of 2013, the earliest period reported for the purposes of EPS calculation.

26.1 Diluted earning per share

No diluted earnings per share is required to be calculated for the years presented as there was no scope for dilution during these years.

27 Cash received from customers

Gross cash received from customers arrived after adjusting trade receivables with revenue for the period.

Net Sales	3,396,097,108	3,273,488,057
Add: Opening balance of trade receivables	840,633,875	396,056,054
Less: Closing balance of trade receivables	(670,397,657)	(840,633,875)
	3,566,333,325	2,828,910,236

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka

28 Cash paid to suppliers & contractors

Cash paid to various suppliers arrived after adjusting cost of gas consumption and cost of spare parts consumed with trade payable.

Cost of purchase (spare parts and gas bill)	749,750,133	628,822,007
Changes in inventories	58,957,221	(19,181,942)
Add: Opening balance of trade payables	55,608,568	66,590,189
Less: Closing balance of trade payables	(80,113,687)	(55,608,568)
	784,202,235	620,621,685

29 Cash paid for other operating expenses

Cash paid for other operating expenses arrived after adjusting non-cash items and other payables for revenue expenses.

Total expense	1,281,133,438	941,796,484
Fuel and energy	(538,240,027)	(498,213,666)
Stores and spares consumed	(211,510,106)	(130,608,341)
	531,383,305	312,974,477
Changes in advance deposits and prepayments	24,072,521	10,758,018
Depreciation	(130,621,677)	(129,828,822)
Amortization of pre-operational expenses	-	(17,380,575)
Add: Opening balance of other payables	5,411,169	22,320,787
Less: Closing balance of other payables	(23,539,960)	(5,411,169)
	406,705,359	193,432,716

Cash paid for other operating expenses has been rearranged due to income tax provision which was previously adjusted with 'Income tax payment' under 'Cash flows from operating activities' in statement of cash flows.

30 Payment of financial expenses

The interest paid has been shown separately in accordance with BAS 7 (Cash Flow Statements). This amount is calculated by adjusting the interest expenses for accruals and deferrals from the balance sheet.

Interest expense	360,693,817	311,201,631
Add: Opening balance of interest payable (other payable)	-	17,821,815
Less: Closing balance of interest payable (other payable)	-	-
	360,693,817	329,023,446

31 Payment for acquisition of property, plant and equipment.

Investment related to outflows of cash and cash equivalents for tangible fixed assets.

Total addition of property, plant and equipment	6,102,116,015	18,159,246
Less: Disposal of property, plant and equipment	-	-
Add: Work in progress	(368,104,364)	368,104,364
Add: Opening balance of capex liability	-	-
	5,734,011,651	386,263,610

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	2013	2012
	Taka	Taka
32 Cash received / (paid) for inter-company loan		
During the period under review the Company has received Inter-company loan amounting to Taka 1,692,188,108/- (2012: the Company has given Inter-company loan amounting to Taka 1,403,111,944/-).		
Opening balance of Inter-company balances	2,821,114,070	1,418,002,126
Less: Closing Balance of Inter-company balances	(1,128,541,871)	(2,821,114,070)
	1,692,572,199	(1,403,111,944)
33 Long term loan received		
During the period under review the Company received long term loan amounting to Taka 388,949,309/- (2012: the Company paid long term loan amounting to Taka 211,331,135/-).		
Opening balance of long term loan	2,152,799,119	2,364,130,254
Less: Closing balance of long term loan	(2,540,752,191)	(2,152,799,119)
	(387,953,072)	211,331,135
34 Short term loan paid		
During the period under review the Company paid short term loan amounting to Taka 324,585,139/- (2012: the Company received short term loan amounting to Taka 285,038,617/-).		
Opening balance of short term loan	324,585,139	39,546,522
Less: Closing balance of short term loan	-	(324,585,139)
	324,585,139	(285,038,617)
35 Cash paid for lease finance		
In the year 2012: the Company paid lease finance amounting to Taka 674,762/-		
Opening balance of lease finance	-	674,762
Less: Closing balance of lease finance	-	-
	-	674,762
36 Net Asset Value (NAV) per share		
Total Shareholders' equity	7,020,805,745	5,246,378,087
Total No. of shares outstanding	296,949,726	296,949,726
	23.64	17.67
37 Bank facilities		
The Company has got the following loan facilities from the followings financial institutions:		

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

Name of the bank (s)	Term loan -Limit (million)	Short Term Loan Limit (million)	Letter of credit-limit (million)	LTR - limit (million)	Overdraft Limit (million)	Bank Guarantee Facilities - limit (million)
Dutch-Bangla Bank Ltd.	1,350	-	50	30	-	80
Dhaka Bank Ltd.	1,150	-	350	300	300	50
Trust bank Ltd.	700	-	250	237	-	79
Jamuna Bank Ltd.	-	-	250	200	50	300
Total	3,200	-	900	767	350	209

38 Number of employees

Salary Range	2013			2012	
	Officers & staffs		Worker	Total employees	Total employees
	Head office	factory			
Below Tk. 3,000	-	-	-	-	-
Above Tk. 3,000	9	-	-	9	7
Total		-	-	9	7

Employee remuneration includes all types of benefits paid and provided both in cash and in kind other than the re-imbursement of expenses incurred for the Company's business.

38.1 The Company has entered into an management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support.

	2013	2012
	Taka	Taka

39 Expenditure in equivalent foreign currency

Foreign travel for Company's business purpose	373,410	1,018,017
	373,410	1,018,017

40 Disclosure of managerial remuneration

40.01 The total amount of remuneration paid to the director of the Company in the accounting year is as follows:

Name	Designation	2013	2012
		Taka	Taka
General Md Abdul Mubeen (Retd.)	Chairman	2,250,000	-
Moinuddin Hasan Rashid	Managing Director	6,448,839	4,320,000
		8,698,839	4,320,000

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

40.02 The total amount of remuneration paid to the top five executives of the Company in the accounting year is as follows:

Name	Designation	2013	2012
		Taka	Taka
General Md Abdul Mubeen (Retd.)	Chairman	2,250,000	-
Moinuddin Hasan Rashid	Managing Director	6,448,839	4,320,000
Syed Abdul Mayeed	Adviser	2,658,065	2,625,000
Rear Admiral Bazlur Rahman	Chief Operating Officer	1,800,000	
Sheikh Asraf Hossain	Chief Operating Officer	-	1,200,000
Md. Amir Khasru	Project Director	1,960,000	1,680,000
Md. Mojibul Islam Patoary	Manager (Finance and Accounts)		540,000
		15,116,904	10,365,000

40.03 Aggregate amount of remuneration paid to all Directors and Officers during the accounting year is as follows:

Particulars	Nature of payment	2013	2012
		Taka	Taka
1. Directors	Board meeting fees	-	-
2. Directors	Remuneration	8,698,839	4,320,000
3. Officers & executives	Salary, bonus & other allowances	10,440,437	10,686,383
		19,139,276	15,006,383

41 Financial risk management:

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

- * Credit risk
- * Liquidity risk
- * Market risk

41.01 Risk management framework

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 analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

41.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers. The company's sales is made to Dhaka Export Processing Zone Authority (DEPZ), Chittagong Export Processing Zone Authority (CEPZ), Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ), and other private sector under the conditions of the long term Power Purchase Agreement (PPA).

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

The Company held cash and cash equivalents of Taka at 31 December 2013 is 75,613,642 (2012: Taka 6,085,258), which represents its maximum credit exposure on these assets.

The Company's Inter-company balances is compose of loan to its parent and sister concern, where majority is avail by its parent company;

Moreover, the shareholder of all the sister concerns & the parent company are same. Thus management believes that there is no major credit risk associated with it.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

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

	2013	2012
	Taka	Taka
Trade receivables	670,397,657	840,633,875
Security & other deposits	32,319,116	18,400,179
Cash and bank balances	75,613,642	6,085,258
Inter-company balances	1,128,541,871	2,821,114,070
	1,906,872,286	3,686,233,381

41.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial bank (Note:17) to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with bank is negotiated accordingly.

41.04 Market risk

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

41.05 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Local loans and borrowings are however not affected by fluctuations in interest rates as the rate is below from market rate. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

41.06 Capital management

Capital management refers to implement policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital and retained earnings. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

41.07 Operational risk:

Operational risk constitutes the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation.

The routine & proper maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of UPGD. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Green Delta Insurance Company Ltd., to compensate for all the potential damages caused in such situations.

41.08 Risk associated with supply of raw material (Natural gas):

The main raw material used for generating electricity is natural gas. Any interruption of supplies of the gas to the power plants will hamper the generation of electricity, the only product of the Company.

The Company has a Gas Supply Agreement with Bakhrabad Gas Systems Limited and Titas Gas Transmission & Distribution Company Limited for 15 years which is renewable every 5 years thereafter. So there is no threat of interruption of supplies of the gas to the power plants that may hamper the generation of electricity, the only product of the company. Furthermore, new gas are being explored and discovered in many areas of the country such as Narayanganj, Narshindi, and Bay of Bengal. The Government of Bangladesh plans to add these discoveries to the national grid. Therefore, management does not expect gas supply interruption in the future.

42 Related party transactions

During the period under review the company carried out a number of transactions with related parties in the normal courses of business and on an arms' length basis. The name of the related parties and the nature of relationship have been set out in accordance with the provision of BSA 24: Related Party Disclosers

	2013	2012
	Taka	Taka
42.1 Transactions with key management personnel		
Employee benefits (Provident fund)	15,116,904	10,365,000
Employee benefits (Short term)	60,231	270,468
	15,177,135	10,635,468

Key management personnel includes managing director, directors, managers.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

REVISED NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

42.2 Other related party transactions

As at and for the year ended 31 December 2013

SL No	Name of the related parties	Relationship	Nature of transaction	Opening Balance as on 01 January 2013	Transaction during the year		Closing Balance as on 31 December 2013
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	2,569,378,523	1,799,533,577	3,240,370,229	1,128,541,871
2	United Ashuganj Power Ltd.	Sister concern	Loan	49,138,000	-	49,138,000	-
3	United Hospital Ltd.	Sister concern	Loan	4,493,256	-	4,493,256	-
4	United Engineering & Power Services Ltd.	Sister concern	O & M, EPC	1,785,175	2,926,737,639	2,928,522,814	-
5	Shahjanullah power Company Ltd.	Sister concern	Loan	71,600,000	-	71,600,000	-
6	Neptune Properties	Sister concern	Loan	100,000,000	-	100,000,000	-
7	Neptune Land Development Ltd.	Sister concern	Loan	20,000,000	-	20,000,000	-
8	Neptune Commercial Ltd.	Sister concern	Loan	4,719,107	-	4,719,107	-
9	Gulshan Properties Ltd	Sister concern	Office Rent	-	13,080,000	13,080,000	-

As at and for the year ended 31 December 2012

SL No	Name of the related parties	Relationship	Nature of transaction	Opening Balance as on 01 January 2012	Transaction during the year		Closing Balance as on 31 December 2012
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	1,378,954,791	1,587,000,710	396,576,978	2,569,378,523
2	United Ashuganj Power Ltd.	Sister concern	Loan	29,138,000	50,000,000	30,000,000	49,138,000
3	United Hospital Ltd.	Sister concern	Loan	4,493,256	-	-	4,493,256
4	United Engineering & Power Services Ltd.	Sister concern	Loan	696,963	19,936,183	18,847,971	1,785,175
5	United Engineering & Power Services Ltd.	Sister concern	Operating & Maintenance	-	19,328,252	19,328,252	-
6	Shahjanullah power Company Ltd.	Sister concern	Loan	-	71,600,000	-	71,600,000
7	Neptune Properties	Sister concern	Loan	-	100,000,000	-	100,000,000
8	Neptune Land Development Ltd.	Sister concern	Loan	-	50,000,000	30,000,000	20,000,000
9	Neptune Commercial Ltd.	Sister concern	Loan	4,719,107	-	-	4,719,107
10	Gulshan Properties Ltd	Sister concern	Office Rent	-	12,720,000	12,720,000	-

43 Capacity and Production

43.01 Own Manufacture

Name of Plant	Installed capacity (kwh)	Actual Production (kwh)		Capacity utilization (%)	
		2013	2012	2013	2012
DEPZ	359,333,333	278,093,102	276,463,636	77%	84%
CEPZ	426,720,000	346,223,915	321,555,370	81%	91%
Total	786,053,333	624,317,017	598,019,006	79%	88%

REVISED NOTES TO THE FINANCIAL STATEMENTS*As at and for the year ended 31 December 2013*

Capacity of production during the year is as under:

The production capacity of the company increased in the last of the year which was gone for operation from 1 December 2013 for DEPZ power plant and the middle of the year which was gone for operation from 1 July 2013 for CEPZ power plant.

The weighted average production is 79% of the installed capacity as details below:

	DEPZ	CEPZ
	(kwh)	(kwh)
1) Capacity 41 MW from January 13 to December 13 for 12 months(existing plant)	328,000,000	-
Capacity 47 MW from December 13 to December 13 for 1 month(expansion plant)	31,333,333	-
1) Capacity 44 MW from January 13 to December 13 for 12 months (existing plant)	-	352,000,000
Capacity 18.68 MW from July 13 to December 13 for 6 month (expansion plant)	-	74,720,000
	359,333,333	426,720,000

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

44 General

44.01 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the period under audit.

44.02 Figures appearing in these financial statements have been rounded-off to the nearest Taka.



Company Secretary



Director



Managing Director





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