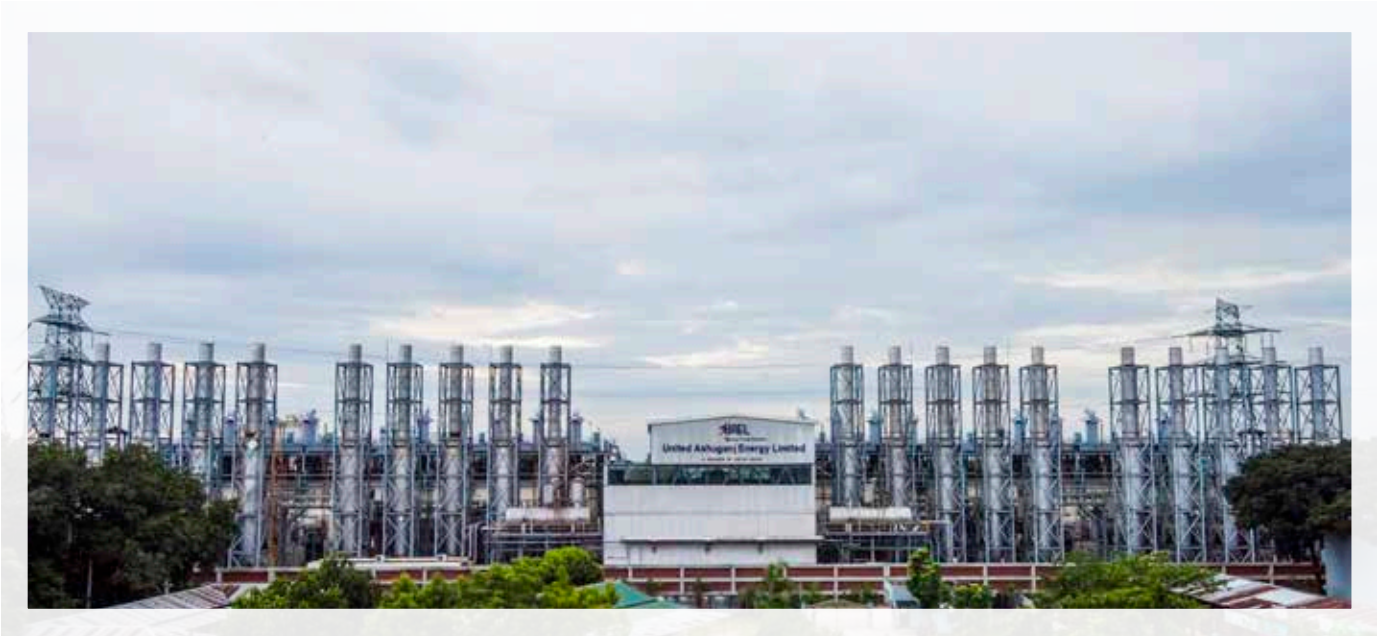


LARGEST
GAS FIRED
FLEXICYCLE™
ENERGY
EFFICIENT
POWER PLANT
IN ASIA



UNITED ASHUGANJ ENERGY LTD.





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ABOUT UAEL



- CORPORATE DIRECTORY
- THE PROJECT
- THE SHAREHOLDERS



Corporate Directory

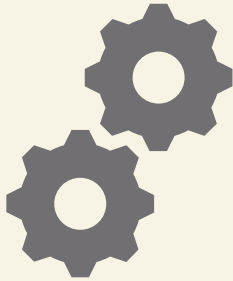
First Joint Venture Power Plant between the Government of Bangladesh and a private sector organization.

Company Name	United Ashuganj Energy Ltd.
Year of Incorporation	30 January 2013
Registration No.	C-107069
Shareholders	Ashuganj Power Station Co. Ltd. (APSCL) United Energy Ltd. (UEL)
Registered Office	Gulshan Centre Point, Plot No. 23-26, Road No. 90, Gulshan – 2, Dhaka – 1212, Bangladesh
Project Location	Ashuganj Power Station Complex, Ashuganj, Brahmanbaria – 3402, Bangladesh
Project Type	Independent Power Producer (IPP), Build, Own & Operate (BOO) basis
Legal Advisor	Tanjib-UI Alam & Associates, BSEC Bhaban, 102 Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka 1215, Bangladesh
Main Bankers	Standard Chartered Bank, Dhaka, Bangladesh Dutch-Bangla Bank Ltd., Dhaka, Bangladesh
Auditors	Messrs. Rahman Rahman Huq, Chartered Accountants, a member firm of KPMG International, 9 & 5 Mohakhali C/A, Dhaka 1212, Bangladesh
Board	Engr. Khaled Mahmood, Chairman Mr. Sheikh Faezul Amin, Director Engr. AMM Sazzadur Rahman, Director Mr. Faridur Rahman Khan, Director Mr. Mohammad Mejbahuddin, Director Mr. Sheikh Ashraf Hossain, Director Mr. Moinuddin Hasan Rashid, Managing Director Mr. Badrul Haque Khan, FCA, Company Secretary
Status	Private Limited Company
EPC Contractor	Neptune Commercial Ltd.
O&M Contractor	United Engineering & Power Services Ltd.
Authorized Capital	BDT 5,000,000,000
Paid-up Capital	BDT 3,700,439,010
E-mail	uael200mw@gmail.com; uael@united.com.bd
Company Website	http://united.com.bd/

The Project - Quick facts

**Largest natural
gas fired flexicycle™
in Asia**

Project Configuration



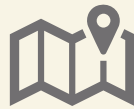
Combined Cycle,
Modular Reciprocating Engine Based

Fuel



Natural Gas

Land Area



6.48 Acres

Installed Capacity



210.7 MW

Term



15 years

Project Cost



USD 170 million

Commercial Operation Date



8 May 2017

The Shareholders

Ashuganj Power Station Company Ltd. (APSCL)

Ashuganj Power Station Company Ltd. (APSCL), a state-owned public limited company, is the largest power station in Bangladesh, boasting a total installed capacity of 1,876 MW and a power generation capacity of 1,627 MW through its 11 power generating units. Formed in 2000, the electricity generated in the power station is supplied to the national grid and it is distributed to the consumers throughout the whole country through the national grid. APSCL plays a significant role in the national economic development by generating more than 15% of total demand for electricity in the country. Water from Meghna River is used through in-take channels for steam generation and cooling of generated steam and a portion of the used water is discharged into the Meghna River through discharge channels. A large volume of water from the discharge channels are used for irrigation in the dry season. About 36,000 acres of land of Ashuganj are irrigated by this water. APSCL is relentlessly working to narrow down the increasing gap between demand and supply of electricity of the country by optimized utilization of natural resources and replacing old machines operating at de-rated capacity and low efficiency.

United Energy Ltd. (UEL)

United Energy Ltd. (UEL) owns and operates 2 natural gas fired power plants in Bangladesh having a combined installed capacity of 81 MW.

UEL - Sylhet, formerly known as Shajahanullah Power Generation Company Ltd., is a 28 MW Natural gas fired modular reciprocating engine-based power plant Kumargaon, Sylhet. The power plant houses 3 units of Rolls-Royce Norway B35:40V20AG2 engines each having a net generation capacity of 9.34 MW. The power plant was brought into operation in 2013 to cater to the increasing electricity demand of the Industrial and Commercial industries in the Sylhet area. This is the third Commercial Independent Power Plant (CIPP) under the banner of United Group, the pioneers of CIPP model-based power plants in Bangladesh. UEL - Sylhet presently supplies electricity to the utility service providers in Sylhet, namely Rural Electrification Board (REB) and Bangladesh Power Development Board (BPDB).

UEL - Ashuganj, formerly known as United Ashuganj Power Ltd., is a 53 MW Natural gas fired modular, reciprocating engine-based power plant at Ashuganj, Brahmanbaria. The power plant houses 14 units of MWM Germany TCG2032V16 engines each having a net generation capacity of 4 MW. The power plant was constructed in a record time of 120 days and was commissioned in June 2011. With an initial term of 3 years from Commercial Operations, the power plant was awarded a further 5-year renewal of the contract term upon the end of its initial contract term. UEL - Ashuganj supplies electricity to Bangladesh Power Development Board (BPDB).



- FINANCIAL HIGHLIGHTS
- OPERATIONAL HIGHLIGHTS

PERFORMANCE IN BRIEF

Performance in Brief

Financial Highlights

	2016-17	2015-16
	(12 months)	(18 months)
Operating Data (BDT in million)		
Revenue	3,905.01	4,096.07
Operating expenses	1,657.97	2,088.72
Gross profit	2,247.04	2,007.35
Other Operating Income	2.17	2.23
Administrative expense	158.89	130.85
Operating profit	2,090.33	1,878.73
Financial expenses	217.50	127.46
Total Comprehensive Income before Tax	1,717.40	1,737.17
Total Comprehensive Income after Tax	1,660.27	1,728.18
Balance Sheet Data (BDT in million)		
Paid-up Capital	3,700.44	100.00
Shareholders' Equity	340.08	3,904.52
Total Debt	9,862.13	4,739.72
Current Assets	4,744.47	1,693.44
Current Liabilities	1,184.82	4,560.86
Total Asset	16,535.52	14,153.27
Total Liabilities	10,022.55	9,300.58
Financial Ratios		
Current Ratio (Times)	4.00	0.37
Debt to Equity Ratio (Times)	1.54	1.92
Debt to Asset Ratio (Times)	0.61	0.66
Return on Asset (%)	10.82	19.99
Return on Equity (%)	29.22	43.30
Gross Margin Ratio (%)	57.54	49.01
Net Income Ratio (%)	42.52	42.19

*Note:

- I. The power plant went into commercial operations on 8 May 2015.
- II. It is pertinent to mention here that due to mandatory change in the Accounting Year, financials for the year 2015-16 pertains 18 months ending on 30 June 2016. Therefore, the comparisons between the two financial periods "are not entirely comparable" (ref: Audited Financial Statements 2016-17, Note 2C).

Operational Highlights

	2016-17	2015-16
	(12 months)	(18 months)
PRODUCTION	981,045,866 kWh	1,492,417,169 kWh
SALES	958,168,092 kWh	1,457,891,633 kWh
AUXILIARY CONSUMPTION	22,877,773 kWh	34,525,536 kWh
GAS CONSUMPTION	217,241,997 m3	333,675,978 m3

↘ NOTICE OF ANNUAL GENERAL MEETING
↘ DIRECTORS' REPORT

FROM THE BOARD



Notice of Annual General Meeting

NOTICE is hereby given that the 4th Annual General Meeting of the Shareholders of United Ashuganj Energy Ltd. will be held on Saturday, 9th June 2018 at 11 am at "Malancha", Level 12, Gulshan Centre Point, House No. 23-26, Road No. 90, Gulshan 2, Dhaka 1212 to transact the following business:

AGENDA:

1. Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 30 June 2017 together with Auditor's Report thereon;
2. Approval of Dividend for the year ended 30 June 2017 as recommended by the Board of Directors.
3. Election/Re-election of Directors
4. Re-appointment of Managing Director of the Company
5. Appointment of Auditor for the year 2017-18 and fixation of their remuneration.

By order of the Board of Directors



Badrul Haque Khan
Company Secretary

Dated: May 29, 2018

Notes:

A member invited to attend and vote the Annual General Meeting may appoint any person as a Proxy to attend and vote instead of him. The Proxy Form, duly completed and stamped, must be deposited not later than 48 hours before the meeting.

Directors' Report to the Shareholders

for the year ending 30 June 2017

The Directors of the Board of United Ashuganj Energy Ltd. (UAEL) have the pleasure in submitting the report and the audited financial statements of the Company for the fiscal year ending 30 June 2017. This has been a year of consistent performance for the Company.

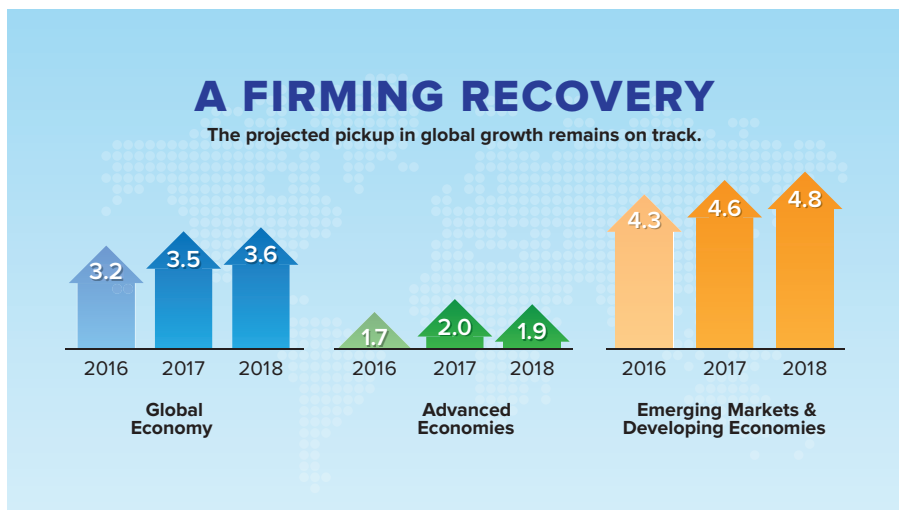
GLOBAL ECONOMY: AN OVERVIEW

The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Global growth for 2017 is now estimated at 3.7 percent, 0.1 percentage point higher than projected in the fall. Upside growth surprises were particularly pronounced in Europe and Asia but broad based, with outturns for both the advanced and the emerg-

ing market and developing economy groups exceeding the fall forecasts by 0.1 percentage point.

The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9 percent for both years (0.2 percentage point higher relative to the fall forecasts).

The aggregate growth forecast for the emerging markets and developing economies for 2018 and 2019 is unchanged, with marked differences in the outlook across regions. Emerging and developing Asia will grow at around 6.5 percent over 2018-19, broadly the same pace as in 2017. The region continues to account for over half of world growth. Growth is expect-



Source: World Economic Outlook Update, January 2018, IMF

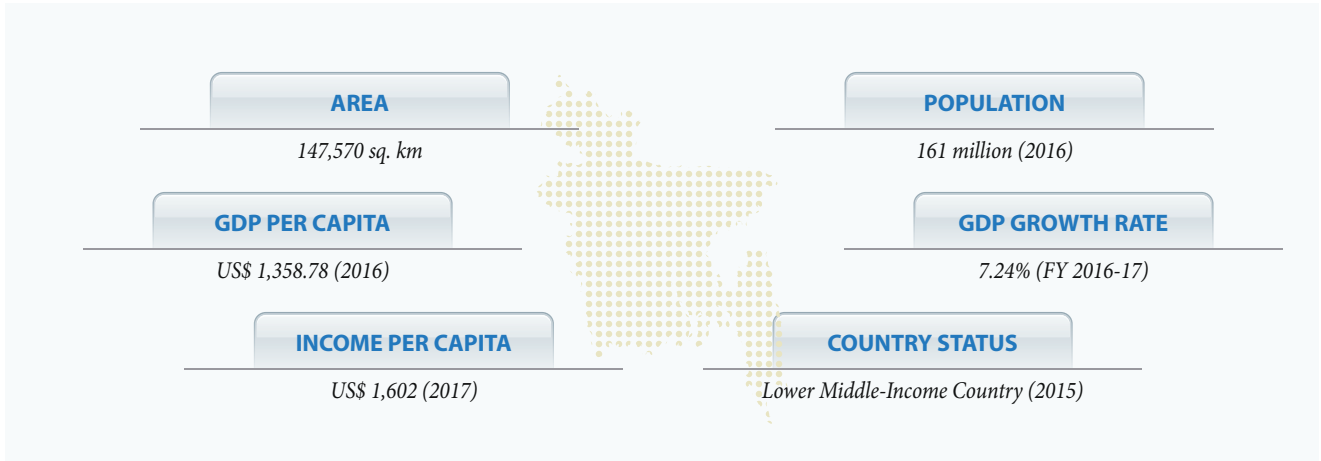
ed to moderate gradually in China.

For the two-year forecast horizon, the upward revisions to the global outlook result mainly from advanced economies, where growth is now expected to exceed 2 percent in 2018 and 2019. This forecast reflects the expectation that favorable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports. The expected global macroeconomic effects account for around one-half of the cumulative upward revision to the global growth forecast for 2018 and 2019, with a range of uncertainty around this baseline projection.

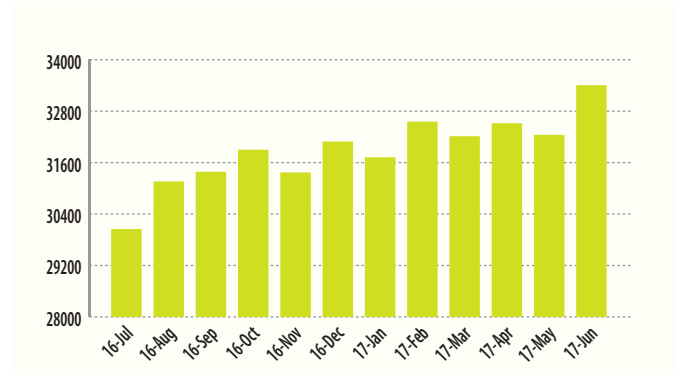
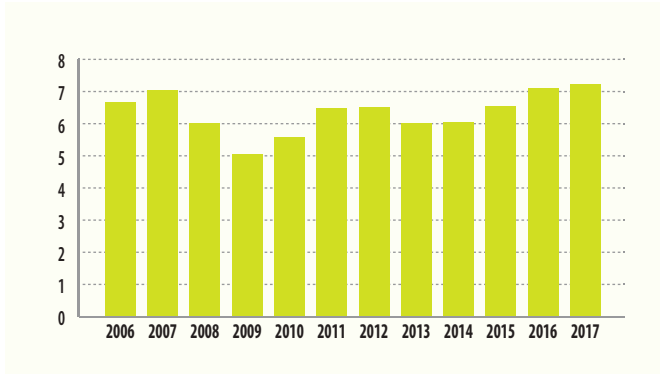
Directors' Report

ECONOMIC ENVIRONMENT OF BANGLADESH

Country Overview



Macroeconomic Indicators: A Story of Resilience and Growth



Source: Trading Economics

Electricity Generation Capacity

130%

Increase, 2008-9 to 2016-17

Foreign Exchange Reserve

USD 33.4 billion

Historical Largest

Economic Outlook

Stable

Moody and S&P

Goldman Sachs has enlisted Bangladesh in the top 11 emerging economies	PWC has identified Bangladesh among three countries to grow consistently over 5% in the next 35 years and to become the 23rd largest economy in the world by 2050	HSBC marked Bangladesh as one of the 26 fastest moving economies heading to 2050
--	---	--

Growing Economy

Acknowledging the fact that Bangladesh is yet to fully reap the rewards of its demographic dividend, with 65.579% (2015) of the population as Working Population, the prospect shared by Goldman Sachs, PwC and HSBC seems well placed (validated by ADB Outlook 2016 for Bangladesh).

Investment Climate

Global Outlook on Bangladesh



World Bank

“Growth in the medium-term is projected to remain robust, Macroeconomic stability is expected to be maintained & External risks are nontrivial”

(Bangladesh Development Update May 2017)

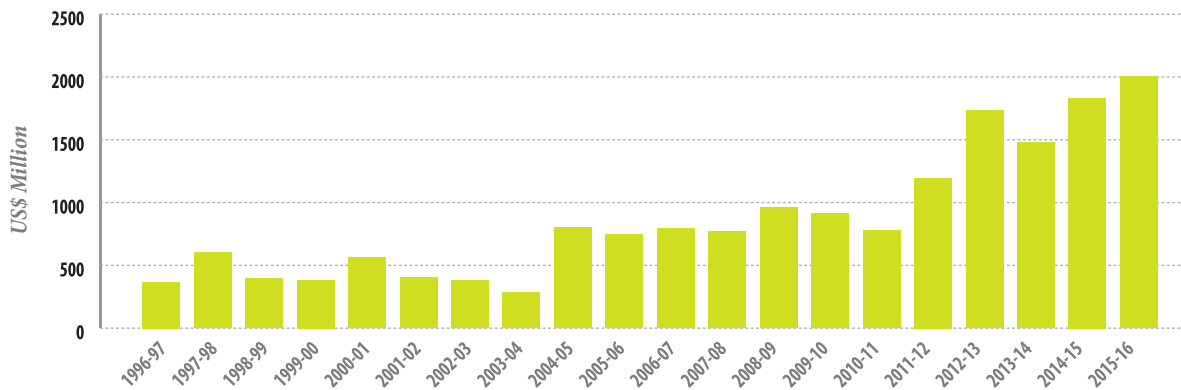


JETRO

“Bangladesh in 13th position of Top 20 Investment Destinations’ List of Japan, 66.7% of Japanese investors in Bangladesh forecast increase in Operating Profit in FY2017 (highest % in Top 20 destinations)”

(<http://www.prothom-alo.com/economy/article/1285661> 12.08.2017)

FDI Inflow



Source: FDI in Bangladesh, Survey Report, Bangladesh Bank

FDI is at its historical highest in Bangladesh, having exceeded USD 2 billion in 2015-16. The positive trends observed in FDI are in the form of Equity Investment and Reinvested Earnings. The leading sectors attracting FDIs, as of 2016, are Power, Gas & Petroleum (21.5%), Manufacturing (41.2%), Trade & Commerce (16.0%) and Transport, Storage & Communication (13.7%). Competitive Cost Base, Legal Security for Investment and Investor Friendly Attitude of Regulators have encouraged the private investors to be more active in Bangladesh. This notable growth in FDI inflow is an indicator of growing economy and healthy investment.

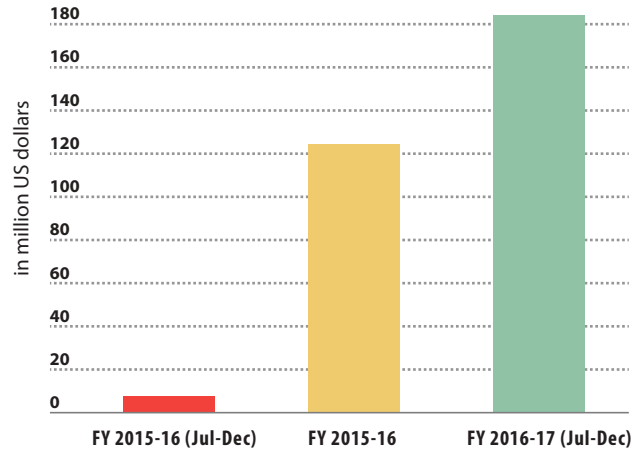
Bangladesh Capital Market

The Bangladesh capital market is flooded with foreign funds as investments grew 26 times in six months. According to Bangladesh Bank figures, net foreign portfolio investments worth USD 184 million came in the first six months of the ongoing FY 2016-17, com-

Directors' Report

pared to only USD 7 million during the same period in the previous fiscal year. The reasons for increase in Portfolio Investment can be attributed to a rapid economic growth of the country coupled with a stable exchange rate and strong balance of the country's payment position.

FOREIGN PORTFOLIO INVESTMENT ON THE RISE



POWER SECTOR SCENARIO IN BANGLADESH

Bangladesh has made significant progress in developing its power sector, primarily through increasing the power generation capacity and by increasing the population's access to electricity. This progress has been achieved through a strategy that combined public and private sector investment, engaging in power trade with India and improving sector efficiency by sharply transmission and distribution losses. It may be particularly mentioned that the recent years have seen the policy and institutional support being geared up to help leverage private investments alongside public investments in energy and power sector. The financing strategy emphasized both public funding as well as financing based on public-private-partnership (PPP).

Country/Region	Overall Infrastructure Score	Electricity
Bangladesh	2.8	2.5
India	3.6	3.4
China	4.7	5.2
Cambodia	3.1	3.0
Myanmar	2.1	2.8
Pakistan	2.7	2.1
Sri Lanka	4.0	4.8
Thailand	4.6	5.1

Source: World Economic Forum, the Global Competitiveness Report 2014-2015, cited in 7th 5 year Plan, Bangladesh

The Global Competitive Index (GCI) published by WEF shows that Bangladesh made progress in improving its overall infrastructure performance, the progress being largely contributed by the marked development in power sector.

Year	Overall Infrastructure Score	Electricity
2014 - 15	2.8	2.5
2009 - 10	2.4	1.8

Source: World Economic Forum, the Global Competitiveness Reports 2009-10 and 2014-2015, cited in 7th 5 year Plan, Bangladesh

A Success Story

From the beginning of 2009 to December 2017, the total installed capacity has increased from 4,942 MW to 16,046 MW (including captive power). This is a massive increase in installed capacity within a period of less than a decade. The population's access to electricity increased from 47% to 80%, per capita electricity generation also increased from 220 kWh to 433 kWh. Transmission and distribution losses have reduced from 18.2% to 12.19%. These numbers suggest an impressive performance in electricity production, distribution and generation during the years.

The Journey Forward

The latest version of the Power System Master Plan, PSMP 2016 aims to create a well-balanced power generation environment that maximizes the respective advantages of different types of power generation methods, including nuclear power, thermal power, hydropower generation and power imports from neighboring countries, from the comprehensive perspective of stable supply, or energy security, environmental performance and economic security

Bangladesh power sector is heavily reliant on gas. In 2010, about 84% of power installed capacity was gas based while about 8% was fuel oil based. The rapidly depleting gas reserves have caused the fuel mix to be reconsidered, the percentage contribution of gas as fuel has been brought down to 63% while the contribution of liquid fuel in power generation has been increased to about 28% (HSFO and HSD).

A major switch in fuel use is expected to happen starting with FY 2019, when a massive increase in power generation is expected based on imported coal. Three coal fired power plant projects are currently under implementation stages: a 1,320 MW power plant at Payra, a 1,200 MW power plant at Matarbari and a 1,320 MW power plant at Rampal.

Bangladesh has plans for importing 4,000 MMCFD LNG in phases. Initiatives has been taken to construct a Floating Storage and Re-gasification Unit (FSRU) - based LNG terminal with a capacity of 500 MMCFD at Maheshkhali, Cox's Bazar for LNG storage. Construction of 2 land-based LNG terminals at Maheshkhali and Payra are also under planning stages. LNG is perhaps the most feasible consideration during this changing paradigm of fuel mix changeover. Bangladesh over the years of being reliant on gas, developed an extensive gas transmission and distribution network all over the country.

A major transformation can be expected in the fuel mix for power generation, away from domestic gas and imported liquid fuel to imported coal and LNG in the upcoming years.

The PSMP 2016 has also laid out the assumption that the first 1,200 MW unit of the Nuclear Power Plant at Roopoor will start operation by 2024 followed by the second 1,200 MW unit by 2025. The plant will be built on modern Russian VVIR 1200 technology under strict surveillance of IAEA.

Significant progress has been made in importing power from neighboring countries. Bangladesh is now importing about 660 MW from India through the 400 kV transmission line and HVDC substation with a process underway to bring in another 1000 MW. Building on this cross-border power trade experience with India, Bangladesh further plans on exploring hydro-power import opportunities with Nepal and Bhutan. The hydro-power potential is also considerable through India's North-eastern state of Tripura.

Government is continuing on its efforts to increase the proportion of renewable energy-based power generation in its fuel mix. Scalable power generation through renewable energy is especially important to meet the demand in areas where grid supply is not immediately possible. Bangladesh boasts having the fastest growing Solar Home System (SHS) in the world with about 4 million SHSs already installed having about 18 million beneficiaries (about 11% of the country's total population).

Achieving this massive expansion in power generation will require substantial investments amounting to an estimated US\$ 24 billion for power generation alone (excluding additional power import). Finding these resources from the national budget will not be possible. Hence, further reliance on IPPs will be necessary. So far, the IPP model has proved itself to be one of the best implementation structure for power plant projects.

The government has also taken initiatives to further reduce the transmission and distribution losses. Proper coordination of investment and maintenance of transmission and distribution system is essential to ensure that the benefits of generation investments reach the people. Up to 2020 about 8,000 km of new transmission lines and 120,000 km distribution lines will need to be constructed.

Directors' Report

Required projects have been taken by the concerned utilities.

To continue on its journey of economic growth and thus achieving the developed nation status by 2041, Bangladesh will need to develop the requisite infrastructure to feed the electricity load demand. Bangladesh government has taken aggressive measures to mitigate this demand - supply. The country's recent achievements in economic growth and success at maintaining that growth bears testimony to these efforts.

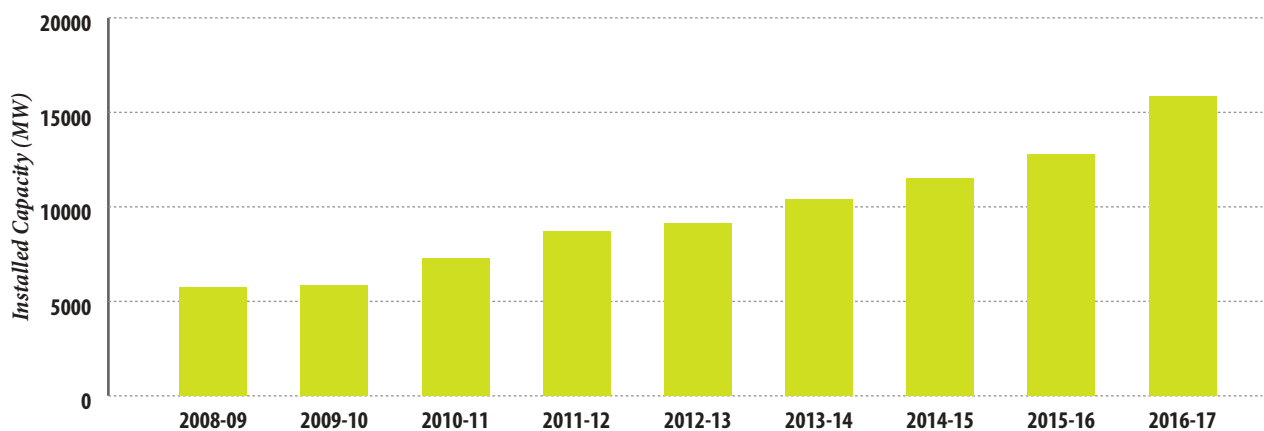
Key Statistics

Table 1: Power Sector Snapshot

Particulars	Unit	Beginning of 2009	Present Status	% Progress
Installed Generation Capacity (including captive generation)	MW	4,942	16,046 (as of December 2017)	
Maximum Generation	MW	4,130 (on 18 September 2009)	10,958 (on 28 May 2018)	165%
Access to Electricity (including renewable)	%	47	80	70%
Per Capita Electricity Generation	kWh	220	433	97%
Number of Consumers	lacs	108	264	144%
Total Length of Transmission Line	ckt. km.	7,991	10,436	31%
Total Length of Distribution Line	Thousand km.	260.4	410	57%
Total System Loss (T&D)	%	18.2	12.19	(33%)

Source: Bangladesh Power Development Board

Chart 1: Year-wise Increase in Generation



Source: Bangladesh Power Development Board

Table 2: Public-Private Mix

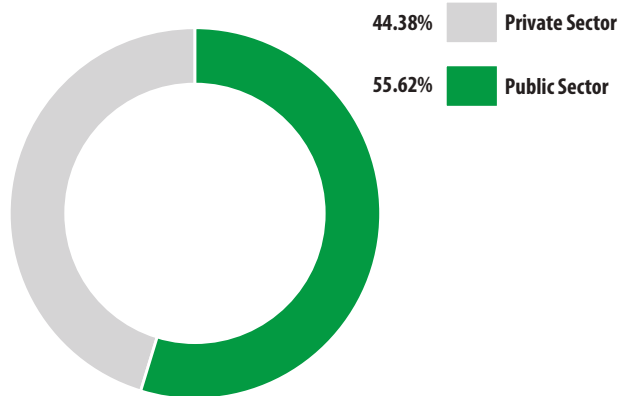
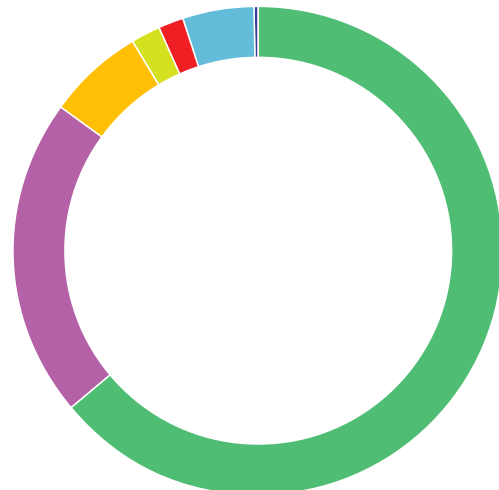
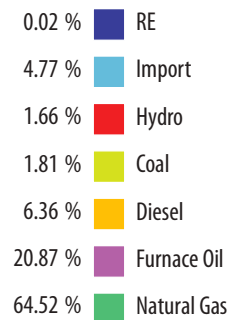
YEAR	2018	2019	2020	2021	TOTAL
Public Sector (MW)	1,289	1,987	2,236	1,200	6,712
Private Sector (MW)	1,404	1,402	1,224	2,658	6,688
Power Import (MW)	500			400	900
Total (MW)	3,193	3,389	3,460	4,258	14,300

Source: Bangladesh Power Development Board

Table 3: Sector-wise Generation

	Installed Capacity (MW)	%
Public Sector		
BPDB	4,627	33.42%
APSCCL	1,508	10.89%
EGCB	622	4.49%
NWPGCL	718	5.19%
RPCL	77	0.56%
BPDB-RPCL JV	149	1.08%
Sub-total	7,701	55.62%
Private Sector		
IPPs	3,245	23.44%
SIPPs (BPDB)	99	0.72%
SIPPs (REB)	251	1.81%
15 year Rental	169	1.22%
3/5 year Rental	1,721	12.43%
Power Import	660	4.77%
Sub-total	6,145	44.38%
Sub-total (private only)	5,485	39.61%
Grand Total	13,846	100.00%

Source: Bangladesh Power Development Board

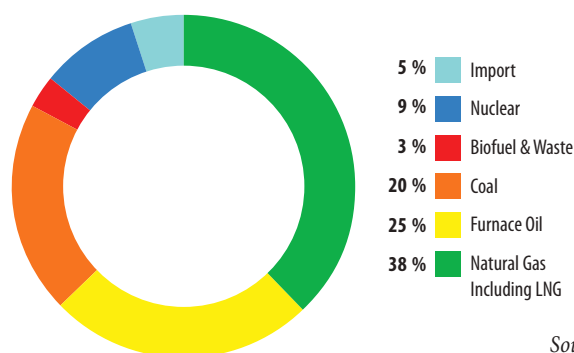
**Chart 2: Fuel Mix Proportion – December 2017**

Source: Bangladesh Power Development Board

Directors' Report

Chart 3: Power Development Plan (MW)

Fuel Mix Proportion - Forecasted 2041



Source: Bangladesh Power Development Board

OPERATING PERFORMANCE OF UAEL

United Ashuganj Energy Ltd. is a 200 MW natural gas fired, reciprocating engine based, combined cycle modular power plant located inside Ashuganj Power Station Complex at Ashuganj, Brahmanbari. The project, in addition to introducing the Flexicycle™ concept in Bangladesh, is also the first joint venture project between the Government of Bangladesh and a private sector entity. In its second year of operation this first of its kind power plant in Bangladesh has been successful in attaining positive growth in revenue and net profit in the second year of its operation as has been reported in this section.

During the reporting period of 2016-17, the company supplied 958.71 million kWh of electricity to the national grid. During this period the company has earned a revenue of BDT 3,905.01 million.

Financial Result & UAEL's Performance

Key financial results and performance of UAEL is summarized below:

Particulars	(amount in million BDT)	
	2016-17 (12 months)	2015-16 (18 months)
Revenue	3,905.01	4,096.07
Cost of Sales	(1,657.97)	(2,088.72)
Gross Profit	2,247.04	2,007.35
Other Income (net)	2.17	2.23
General and Administrative Expense	(158.89)	(130.85)
Operating Profit	2,090.33	1,878.73
Financing Expense	(217.50)	(127.46)
Net Profit	1,660.27	1,728.18

It is pertinent to mention here that due to mandatory change in the Accounting Year, financials for the year 2015-16 pertains 18 months ending on 30 June 2016. Therefore, the comparisons between the two financial periods "are not entirely comparable" (ref: Audited Financial Statements 2016-17, Note 2C).

The total revenue generated out of sale of electricity exclusively to BPDB stood at BDT 3,905.01 million at the end of the reporting period. The revenue includes monthly revenue, supplemental revenue and true-up revenue. The cost of sales for the year was BDT 1,657.97 million, representing about 42.46% of the revenue. For the previous reporting period the cost of sales represented about 50.99% of the revenue. Operational expenses for the year increased slightly from the previous reporting due to scheduled overhauling of the engines, while the cost of fuel decreased, improving the Gross Profit by 12% from the previous reporting period.

Operating profit for the year showed a growth of 11.26% from the previous reporting period despite an increase in general and administrative expense. The Finance Income saw a notable increase due to interest from inter-company loans. The Company has started on its loan repayment to the foreign lenders, hence the increase in financial expense.

Annual Results & Allocations

The Net Profit of BDT 1,660.27 million for the year ending 30 June 2017 is recommended for appropriation as follows:

Particulars	Amount (in Million Taka)
Retained Earnings as on 30.06.16	848.18
Net Profit after Income Tax	1,660.27
Profit available for appropriations	2,508.45
Appropriations	
Proposed Cash Dividend for 2016-17	2,402.69
Total Appropriation for the year	2,402.69
Transfer to Retained Earnings	105.76
	1,660.27

Extraordinary Gain or Loss

No extra-ordinary gain or loss has been recognized in the financial statements.

Related Party Transaction

The related party transactions carried out by the company on a commercial basis have been disclosed in notes 26 to the financial statements

Dividend

The Board of Directors of United Ashuganj Energy Ltd. (UAEL) in its 27th meeting held on 28 May 2018 has recommended cash dividend @ 60% per share of Taka 10 each aggregating to Taka 2,402,693,406 for the year ending 30 June 2017.

Board of Directors

The present Board of UAEL comprises of 7 (Seven) nominated Directors: 3 (three) from Ashuganj Power Station Company Ltd. and 4 (four) from United Energy Ltd. The Chairman of the Board is elected from the nominated Directors of Ashuganj Power Station Company Ltd. while the Managing Director is selected from the nominated Directors of United Energy Ltd. The list of the Directors has been provided in the Report.

In the 26th meeting of the Board of Directors held on 28 March 2018, the Company has been reconstituted. Dr. Ahmad Kaikus resigned from the position of Chairman of the Board and has been replaced as Chairman by Engr. Khaled Mahmood who has been serving as Director of the Board earlier.

Mr. Sheikh Faezul Amin, Joint Secretary, Power Division, Ministry of Power, Energy & Mineral Resources was inducted as Director effective 28 March 2018.

Directors' Report

Mr. Md. Ebadat Hossain Bhuiyan, Director, resigned in the same meeting and he was replaced by Mr. Mohammad Mehbahuddin, Chief Executive Officer (CEO), UECL – Power Division, being a nominee of UEL.

Board of Directors' Meeting & Attendance

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

5 Board Meetings took place during the reporting period 2016-17. The attendances of the Directors are as follows:

Name	Designation	Attendance
Dr. Ahmad Kaikaus	Chairman	5
Mr. Khaled Mahmood	Director	5
Engr. AMM Sazzadur Rahman	Director	5
Mr. Faridur Rahman Khan	Director	5
Mr. Moinuddin Hasan Rashid	Managing Director	4
Mr. Md. Ebadat Hossain Bhuiyan, FCA	Director	5
Mr. Sheikh Ashraf Hossain	Director	5

Various Board Committees

UAEL has 2 (two) sub-committees. The committee was formed of the following members during the reporting period.

Audit & Finance Sub-Committee	Recruitment & Procurement Sub-Committee
1. Mr. Khaled Mahmood – Chairman	1. Dr. Ahmad Kaikaus – Chairman
2. Mr. Faridur Rahman Khan - Member	2. Engr. AMM Sazzadur Rahman – Member
3. Mr. Sheikh Ashraf Hossain - Member	3. Mr. Moinuddin Hasan Rashid – Member
	4. Mr. Md. Ebadat Hossain Bhuiyan, FCA - Member

Due to a change in the formation of the Board, at the 26th Meeting of the Board of Directors held on 28 March 2018, the sub-committees have been reformed with the members as follows:

Audit & Finance Sub-Committee	Recruitment & Procurement Sub-Committee
1. Mr. Sheikh Faezul Amin – Chairman	1. Mr. Khaled Mahmood – Chairman
2. Mr. Faridur Rahman Khan - Member	2. Engr. AMM Sazzadur Rahman – Member
3. Mr. Sheikh Ashraf Hossain - Member	3. Mr. Mohammad Mejbahuddin – Member
	4. Mr. Moinuddin Hasan Rashid - Member

Audit and Finance Sub-Committee:

The Finance and Audit Sub-Committee is formed with members having wide experience in the field of finance and accounting with a view to oversee the Company's financial aspects as well as the adequacy and accuracy of its internal control system. The said committee is comprised of three member headed by the Committee Head with two other members.

Recruitment and Procurement Sub-Committee:

The Recruitment and Procurement Sub-Committee is formed with members having sound experience in technical, procurement and equipment related issues that will help ensure the quality and efficiency of the Company's Procurement System and are well acquainted in the field of Human Resource Management. The said committee comprises of four members headed by the Committee Head with three other members.

Corporate & 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 Institute of Cost and Management Accountants of Bangladesh (ICMAB) and Bangladesh Financial Reporting Standards (BFRS). This has been 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 judgments 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 not continue business.

Proper accounting records have been maintained 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.

Progress in Debt Financing

As per Bid document the total project cost is USD 170 million or BDT 14,280 million (considering the Bid exchange rate of USD 1 = BDT 84) with a debt-equity ratio of 70:30. According to Clause C of the Share Purchase Agreement, the Sponsor Company, United Enterprises & Co. Ltd. is responsible for arranging the debt financing. Till June 2017, USD 121.714066 Million has been received from IPFF Lenders and International Lenders under two tranches. The first tranche amounting to USD 58.5 million was received as IPFF Loan proceeds with Dhaka Bank Limited acting as the lead arranger for IPFF Lenders. Till date this is the largest loan sanctioned by World Bank through the IPFF facility in Bangladesh. In the second tranche, USD 63.214066 Million has been raised from International Lenders with full drawdown completed in January 2017. The International Lenders composed of a consortium including International Finance Corporation (IFC), Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) and Finnish Export Credit (ECA, Finnvera) with Standard Chartered Bank (SCB) as the lead arranger of the syndication.

Particulars	Amount in USD
IPFF	
Opening Balance as on 1st July 2016	60,113,452
Interest accrued during the year	1,952,388
Sub Total outstanding as on 30 June 2017 (A)	62,065,840
International Loan	
Opening Balance as on 1st July 2016	-
Loan received during the year	61,780,900
Repayment during the year	(2,541,274)
Sub Total outstanding as on 30 June 2017 (B)	59,239,626
Total outstanding as on 30 June 2017 (A) + (B)	121,305,466

Share Money Deposit and Issuance of Shares

As per the Share Purchase Agreement, United Enterprises & Co. Ltd. (UECL) is entitled to pay USD 36.21 million and Ashuganj Power Station Company Ltd. (APSCL) is entitled to pay USD 14.79 million as equity contribution in the Company. Till December 2015 UECL deposited USD 36.21 million while APSCL adjusted USD 3.62 million as land lease rent. As APSCL was unable to fully contribute their entitled equity, the Board of UAEL requested UECL to pay APSCL's balance amount of equity. Accordingly, UECL, as of 30 June 2016, have already paid the balance amount of APSCL's equity portion amounting to USD 11.17 million equivalent to BDT 87.46 crore. However, on 17 January 2017 the share money deposit of UECL amounting to BDT 3,600,439,010 had been transferred to paid up capital

Directors' Report

making the total paid up capital BDT 3,700,439,010 for the year ended 30 June 2017. Apart from this, the application for transferring APSCCL's share money deposit to paid up capital was submitted to Bangladesh Securities & Exchange Commission (BSEC) for their approval.

BSEC has accorded approval for issuance of 3,040,500 shares of BDT 10 each totaling to BDT 304,050,000 in favor of APSCCL. Accordingly, allotment of shares has been made.

Transfer of UECL's shareholding to United Energy Ltd. (UEL)

In the 25th meeting of the Board of Directors, it was resolved to transfer entire shareholding of United Enterprises & Co. Ltd. (UECL), the Sponsor of United Ashuganj Energy Ltd. (UAEL) to United Energy Ltd. (UEL) as part of the overall business synergy of United Group.

Accordingly, after obtaining necessary clearances from the Ministry of Power, Energy & Mineral Resources and the foreign / local lenders, in total 370,040,901 shares of UECL has been transferred in favor of UEL.

Therefore, the present shareholding structure of UAEL is:

	No. of Shares	% Shareholding
Ashuganj Power Station Company Ltd.	30,408,000	7.58%
United Energy Ltd.	370,040,901	92.42%
Total	400,448,901	100.00%

Good Corporate Governance

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 UAEL comprises of 7 Members where 3 members represent Ashuganj Power Station Company Ltd. (APSCCL) and 4 members represent United Energy Ltd (UEL). Each of the Board members are seasoned professionals having decades of experience in the power sector equipped with academic and professional qualification in the field of business and 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. To ensure close monitoring and prompt actions Finance and Audit Sub-Committee and a Recruitment and Procurement Sub-Committee were formed. These committees meet at intervals and the proceedings are recorded and reported to the Board to assist the Board in making their decisions.

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 the 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, the company adopted the going concern basis while preparing the financial statement.

Appointment of Auditor

Messrs. Rahman Rahman Huq, Chartered Accountants, a member firm of KPMG International, having their offices at 9 & 5 Mohakhali C/A, Dhaka 1212, Bangladesh retires at the 4th Annual General Meeting as Auditors of the Company. The retiring auditors of the Company are eligible for re-appointment and therefore offer themselves offer themselves for reappointment for the financial year 2017-2018 as Statutory Auditors of United Ashuganj Energy Ltd.

Operation & Maintenance Service Provider

The overall Operation and Maintenance (O&M) of the plant has been outsourced to United Engineering & Power Services Ltd. (UEPSL), a sister concern of United Group, as per decision of the Board and as per Agreement signed with them. UEPSL was formed in 2011 and is currently performing operation and maintenance of 4 (four) plants under the banner of United Group in addition to United Ashuganj Energy Ltd. (UAEL). UEPSL has O&M experience of 434 MW with an average plant availability of over 98%. The management team is led by ex-officials from Wärtsilä with over 25 years of experience in the marine industry and handling Wärtsilä engines. They each have 96,000 hours of major maintenance experience of 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 will secure a steady flow of revenue from the plant.

UEPSL has complete responsibility of carrying out all services required to ensure smooth operation of the plant. UEPSL is being 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 UAEL's plant will be reimbursed.

In the reporting period, UEPSL has successfully completed 16,000 hours maintenance of 5 engines out of the 20. This the first major overhaul of the engines at UAEL. The engines have, since then, performing well.

Business Risk & Uncertainties

United Ashuganj Energy Limited (UAEL), a 200 MW Modular, Combined Cycle Power Plant located in Ashuganj, Brahmanbaria is a Public-Private Partnership Project Between United Enterprises & Co. Ltd. (UECL) and Ashuganj Power Station Company Ltd. (APSCL). UAEL is an Independent Power Producer and is therefore completely structured project with Security Package consisting of the following Agreements:

Name of the Agreement	Guaranteeing Party	Signing Date
Power Purchase Agreement	Bangladesh Power Development Board	27 October 2013
Implementation Agreement	Government of Bangladesh	27 October 2013
Land Lease Agreement	Ashuganj Power Station Co. Ltd	27 October 2013
Share Purchase Agreement	Ashuganj Power Station Co. Ltd.	27 October 2013
Gas Supply Agreement	Bakhrabad Gas Distribution Co. Ltd	19 February 2014

Financial Flexible Risk

Upon taking debt financing, the financial flexibility of the Company has reduced to some extent. The management of the company, however, believes that it will be able to serve its debt obligations regularly by using efficient realization (one-month cycle) of its revenue from sale of electricity to Bangladesh Power Development Board (BPDB), a state-owned organization. Moreover, the Company maintains short-term line of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. In the above backdrop, the Company is less likely to face any financial flexibility risk.

Fuel Supply and Fuel Price Escalation Risk

Natural gas will be used as the fuel for the power generation. Bakhrabad Gas Distribution Co. Ltd. (BGDCL) has been supplying gas to the company under the Gas Supply Agreement and the risk of price fluctuation is mitigated by the fuel tariff structure which is based on fuel cost as pass through item. As such company does not foresee any supply line failure risk of fuel.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from

Directors' Report

the Company's receivables from its customers. The Company's sales are made to Bangladesh Power Development Board (BPDB) under the conditions of a long term Power Purchase Agreement (PPA). The provision of the PPA guarantees 100% monthly capacity payment to UAEL substantially minimizing the risk of non-utilization of capacity of the plant. The payment of tariff by BPDB within the specific time is secured under the provision of the Agreement for which Letter of Credit has been issued by BPDB with two months minimum guaranteed payment.

Operating and Maintenance Risk

The management of the Company is responsible to operate and maintain the power plants with its own experts under the supervision of main engine providers Wärtsilä. The operation & maintenance of the plant has been outsourced to United Engineering & Power Services Ltd. (UEPSL) that has a management team comprised of ex-officials from Wärtsilä with over 25 years of experience in the marine industry and handling Wärtsilä engines. They each have 96000 hours of major maintenance experience of Wärtsilä engines. The teams possess sound technological knowledge to keep UAEL plant's out of any technology related risk.

Insurance Coverage

Insurance coverage for United Ashuganj Energy Ltd. (UAEL) for the period 6 August 2017 – 6 August 2018 has been acquired through Green Delta Insurance Co. Ltd, where Tysers (based in London) acted as the broker. The policy includes comprehensive coverage for Operational All Risk, Business Interruption, Public Liability and Terrorism including Strikes, Riots & Civil Commotion (SRCC). The Re-insurance panel includes renowned and top-rated entities (with minimum S&P rating of A- and above) like Chubb Insurance (DIFC) Limited, First Capital Insurance Limited, Korean Reinsurance Company, General Insurance Corporation of India, Samsung Fire & Marine Insurance, Malaysian Reinsurance Berhad, Hannover Ruck SE Malaysian Branch, Allianz Global Corporate & Specialty SE, Singapore Branch and African Reinsurance Corporation.

Human Resource Management

Efficient manpower is a pre-requisite for an organization's development. Success of this Organization depends on qualified and skilled manpower for the right post. UAEL 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 such that it permits its employees to work earnestly investing their full potential.

UAEL has an enriched Employee Service Rules with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. Accordingly, the personnel department awards yearly increment and other remuneration such as promotions depending on the annual performance evaluation of its employees.

Accolades

UAEL continues to uphold its winning streak by being the Best Private Sector IPP at the National Energy & Power Week 2016. Previously, in 2015, UAEL was previously awarded as the Combined Cycle Power Plant of the year at the Asian Power Awards. We hope that in the years to come UAEL will continue to bring in more accolades and acclaims through its efficient operation.

Future Outlook

Electricity is the driving force of a nation's economic development. All development activities are directly or indirectly dependent on a reliable steady flow of electricity. To match pace with the ever-growing demand of the country, the government of Bangladesh has undertaken several projects to increasing the generation capacity of the country. UAEL is one such successful venture of the government. In the future, UAEL is ready to expand its generation by another 200 MW in the same premises.

Acknowledgement

The Board of Directors would like to extend its foremost regards and appreciation to the valued Shareholders of the Company: United Energy Ltd. (UEL) and Ashuganj Power Station Company Ltd. (APSCL), their O&M Contractors, United Engineering & Power Services Ltd. (UEPSL) and other Stakeholders of the company for their persistent support and guidance to the company that led to achieve

such achievement. The Board also recognizes the attainment made during the year was possible because of the cooperation, positive support and guidelines that it 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, Bakhrabad Gas Distribution Company Ltd. and local administration and people. Accordingly, the Board offers its utmost and sincere gratitude to them.

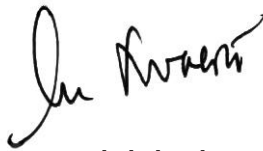
We would also like to convey our heart-felt gratitude to the OEMs and the financial institutions and banks for their cooperation during the second operational year.

We also extend our warmest greetings and felicitations to the management and employees of United Enterprises & Co. Ltd. for being the essential part of UAEL 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 Ashuganj Energy Ltd. further forward as a leading player in the power sector of the country.

With Best Wishes.

On behalf of the Board of Directors of United Ashuganj Energy Ltd.



Engr. Khaled Mahmood
Chairman

- 3RD ANNUAL GENERAL MEETING
- VALUE ADDED STATEMENT

EVENTS



3rd Annual General Meeting

The 3rd Annual General Meeting of the Shareholders of United Ashuganj Energy Ltd. (UAEL) was held on Tuesday, 15 November 2016 at 7.00 PM at Radisson Blu Water Garden Hotel, Dhaka. Dr. Ahmad Kaikaus, Chairman of the Board of Directors of UAEL presided over the meeting with Mr. Khaled Mahmood, Director & Shareholder, Engr. AMM Sazzadur Rahman, Director & Shareholder, Mr. Faridur Rahman Khan, Director & Sponsor Shareholder, Mr. Moinuddin Hasan Rashid, Managing Director & Sponsor Shareholder, Sheikh Ashraf Hossain, Director, Mr. Md. Ebadat Hossain Bhuiyan, FCA, Director and Mr. Md. Mahfuzul Haque, FCMA, Company Secretary and other senior officials of the Company attended the meeting.

After recitation of verse from the Holy Quran the Chairman welcomed the shareholders to the Annual General Meeting. The Meeting started with the Chairman's address followed by comments of the Shareholders on Directors' Report and Audited Financial Statements for the period of 18 months ending 30 June 2016. The Shareholders expressed their keen interest and deep satisfaction about the performance of the Company.

In due course of the meeting the Chairman extended his thanks to Mr. Hasan Mahmood Raja for his visionary, bold and pragmatic leadership that led the Project Sponsor, United Enterprises to the heights it has attained till date. He further thanked Mr. Abul Kalam Azad, Managing Director of Neptune Commercial Ltd., the EPC Contractor of the project for commissioning the plant much ahead of time.

The Shareholders approved the Audited Financial Statements and Rahman Rahman Huq, Chartered Accountant and an affiliated member of world renowned audit practitioner, KPMG was appointed as Auditors of the Company up to 4th Annual General Meeting. The meeting ended with a vote of thanks to and from the Chair.

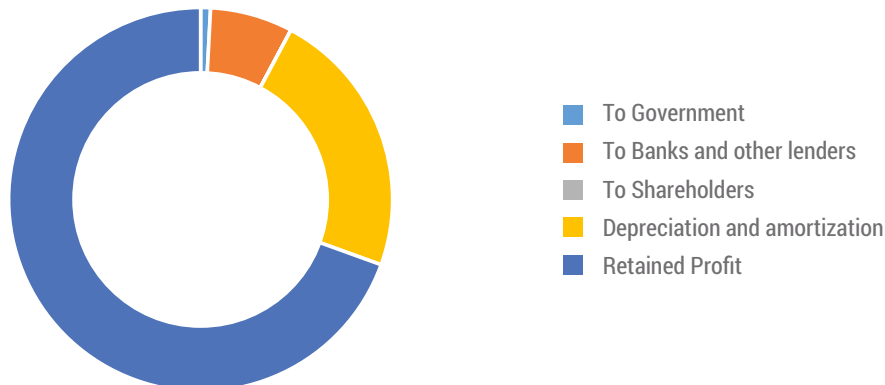


Value Added Statement

A Value-Added Statement (VAS) is regarded as part of social responsibility accounting. A Value-Added Statement shows the wealth or value created and is attributed to all stakeholders rather than just the shareholders. The Value-Added Statement (VAS) reports on the income earned by a large group of stakeholders, all the providers of capital plus employees and the government.

Particulars	2016-17 (12 months) Taka	2015-16 (18 months) Taka
Value added:		
Revenue	3,905.01	4,096.07
Other income including interest income	162.33	25.69
Cost of Sales, Excluding Depreciation	(997.80)	(1,343.61)
Other operating expenses	(157.21)	(130.85)
Total value added	2,912.33	2,647.30
Distribution of added value:		
To Government	24.15	8.99
To Banks and other lenders	202.97	165.02
To Shareholders	-	880.00
Sub-total	227.12	1,054.01
Retained for reinvestment & future growth:		
Depreciation and amortization	661.86	745.12
Retained profit	2,023.35	848.17
Sub-total	2,685.21	1,593.29
Total	2,912.33	2,647.30

Value Added Statement 2016-17



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED ASHUGANJ ENERGY LTD.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other matter

The financial statements of the Company for the period ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 5 September 2016.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.



Dhaka, 28 MAR 2018



UNITED ASHUGANJ ENERGY LTD.
STATEMENT OF FINANCIAL POSITION

<i>In Taka</i>	Note	30 June 2017	30 June 2016
Assets			
Property, plant and equipment	5	11,551,162,479	12,199,772,507
Prepaid lease rent - non-current portion	6	239,885,333	260,157,333
Non-current assets		11,791,047,812	12,459,929,840
Inventories	7	351,340,891	137,586,392
Trade receivables	8	610,503,974	675,026,630
Advances, deposits and prepayments	9	191,243,368	48,249,901
Intercompany receivables	10	3,040,526,027	100,197,260
Cash and cash equivalents	11	550,859,663	732,282,848
Current assets		4,744,473,923	1,693,343,031
Total assets		16,535,521,735	14,153,272,871
Equity			
Share capital	12	3,700,439,010	100,000,000
Share money deposit	13	304,080,007	3,904,519,017
Retained earnings		2,508,448,328	848,176,009
Total equity		6,512,967,345	4,852,695,026
Liabilities			
Borrowings - non-current portion	14	8,837,734,738	4,739,721,275
Non-current liabilities		8,837,734,738	4,739,721,275
Borrowings - current portion	14	1,024,399,759	-
Trade and other payables	15	61,689,230	77,959,592
Accrued expenses	16	16,248,537	80,022,221
Inter-company payable	17	18,011,545	4,394,459,440
Current tax liability	18	64,470,581	8,415,317
Current liabilities		1,184,819,652	4,560,856,570
Total liabilities		10,022,554,390	9,300,577,845
Total equity and liabilities		16,535,521,735	14,153,272,871

The annexed notes 1 to 33 are an integral part of these financial statements.



Managing Director

As per our report of same date.

Dhaka, **28 MAR 2018**



Director



Company Secretary



Auditor

Rahman Rahman Huq
Chartered Accountants

UNITED ASHUGANJ ENERGY LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Taka	Note	For the year/period ended	
		1 July 2016 to 30 June 2017	1 January 2015 to 30 June 2016
Revenue	19	3,905,010,994	4,096,073,754
Cost of sales	20	(1,657,966,113)	(2,088,720,999)
Gross profit		2,247,044,881	2,007,352,755
Other operating income	21	2,173,750	2,229,300
General and administrative expenses	22	(158,893,327)	(130,853,545)
Operating profit		2,090,325,304	1,878,728,510
Finance income	23	160,157,325	23,460,045
Finance cost	24	(217,503,875)	(127,458,734)
Foreign exchange gain/(loss)	25	(315,577,065)	(37,562,541)
Profit before income tax		1,717,401,689	1,737,167,280
Income tax expense	18.1	(57,129,370)	(8,991,271)
Net profit for the year/period		1,660,272,319	1,728,176,009
Other comprehensive income		-	-
Total comprehensive income		1,660,272,319	1,728,176,009

The annexed notes 1 to 33 are an integral part of these financial statements.



Managing Director

As per our report of same date.

Dhaka, **28 MAR 2018**



Director



Company Secretary



Auditor

Rahman Rahman Huq
Chartered Accountants

UNITED ASHUGANJ ENERGY LTD.
STATEMENT OF CASH FLOWS

<i>In Taka</i>	Note	30 June 2017	30 June 2016
Cash flows from operating activities			
Profit		1,660,272,319	1,728,176,009
Adjustments for:			-
- Depreciation	5	661,859,852	747,074,903
- Rent expense	20	43,922,666	-
- Unrealised foreign exchange loss	25	237,699,610	37,562,541
- Unrealised foreign exchange gain	25	(2,123,806)	-
- Finance cost	24	217,503,875	127,458,734
- Preliminary expenses write-off		-	3,073,105
- Pre-operating expenses write off		-	59,583,989
- Proceeds from sales of scrap	21	(2,173,750)	(2,229,300)
- Finance income	23	(160,157,325)	(23,460,045)
- Income tax expense	18.1	57,129,370	8,991,271
		2,713,932,811	2,686,231,207
Changes in:			
- Inventories	7	(213,754,499)	(137,586,392)
- Trade receivables	8	64,522,656	(675,026,630)
- Advances, deposits and prepayments	9	(166,644,134)	2,778,485,765
- Inter-company payable	17	(9,016,010)	16,352,771
- Trade and other payables	15	(16,270,362)	77,959,592
- Accrued expense	16	(63,773,684)	79,647,221
- Inter-company receivables	10	(2,800,000,000)	(100,197,260)
Cash (used in)/generated from operating activities		(491,003,222)	4,725,866,274
Income tax paid	18.2	(1,074,106)	(575,954)
Interest paid	24	(60,112,454)	-
Net cash (used in)/generated from operating activities		(552,189,782)	4,725,290,320
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(4,380,681,710)	(8,547,821,840)
Pre-operating expenses		-	(44,492,908)
Proceeds from sales of scrap	21	2,173,750	2,229,300
Interest income	23	19,828,558	23,460,045
Net cash used in investing activities		(4,358,679,402)	(8,566,625,403)
Cash flows from financing activities			
Issuance of share capital		-	874,611,000
Proceeds from long term loan		4,930,294,986	4,574,170,000
Repayment of loan		(202,972,793)	-
Dividend paid		-	(880,000,000)
Net cash generated from financing activities		4,727,322,193	4,569,311,000
Net (decrease)/increase in cash and cash equivalents		(183,546,991)	727,975,917
Cash and cash equivalents at 1 July		732,282,848	4,306,931
Effect of movements in exchange rates on cash held	25	2,123,806	-
Cash and cash equivalents at 30 June	11	550,859,663	732,282,848



UNITED ASHUGANJ ENERGY LTD.

STATEMENT OF CHANGES IN EQUITY

In Taka	For the period/year ended 30 June 2016			
	Share capital	Share money deposits	Accumulated profit	Total equity
Balance at 1 January 2015	100,000,000	3,029,908,017	-	3,129,908,017
Addition during the period	-	874,611,000	-	874,611,000
Dividend paid during the period	-	-	(880,000,000)	(880,000,000)
Total comprehensive income for the period	-	-	1,728,176,009	1,728,176,009
Balance at 30 June 2016	100,000,000	3,904,519,017	848,176,009	4,852,695,026
In Taka	For the period/year ended 30 June 2017			
	Share capital	Share money deposits	Accumulated profit	Total equity
Balance at 1 July 2016	100,000,000	3,904,519,017	848,176,009	4,852,695,026
Addition during the year	3,600,439,010	(3,600,439,010)	-	-
Total comprehensive income for the year	-	-	1,660,272,319	1,660,272,319
Balance at 30 June 2017	3,700,439,010	304,080,007	2,508,448,328	6,512,967,345

The annexed notes 1 to 33 are an integral part of these financial statements.



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
1. Reporting entity
A. *Company profile*

United Ashuganj Energy Limited (UAEL, hereinafter referred to as “the Company”) was incorporated in Bangladesh as a Private Company Limited by shares under Companies Act (Act XVIII) 1994 on 30th January 2013 in order to produce and supply electricity by shares under registration no: C-107069/13 dated 13th January 2013 with its corporate office at Gulshan Center Point, Road No. 90-91, and House No.23-26, Gulshan-2, Dhaka-1212, Bangladesh. The authorized share capital of the Company is Tk. 5,000,000,000 (Five hundred crore) only divided into 500,000,000 (Fifty Crore) ordinary shares of Tk. 10 (Tk. ten) each.

B. *Nature of the business*

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

2. Basis of accounting
A. *Statement of compliance*

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and as per the requirements of the Companies Act 1994.

The title and format of financial statements follow the requirements of BFRS which are to some extent different from the requirement of Companies Act 1994; however, such differences are not material and in the view of management, BFRS format gives a better presentation to its intended users.

Details of the Company’s accounting policies including changes during the year are included in notes 32 and 33.

BAS - 01 Presentation of financial statements
 BAS - 02 Inventories
 BAS - 07 Statement of cash flows
 BAS - 08 Accounting policies, changes in accounting estimates and errors
 BAS - 10 Events after the reporting period
 BAS - 12 Income taxes
 BAS - 16 Property, plant and equipment
 BAS - 18 Revenue
 BAS - 21 The effects of changes in foreign exchange rates
 BAS - 23 Borrowing cost
 BAS - 24 Related party disclosure
 BAS - 32 Financial instruments
 BAS - 36 Impairment of assets
 BAS - 37 Provisions, contingent liabilities and contingent assets

B. *Date of authorisation*

The financial statements were authorised for issue by the Board of Directors on

28 MAR 2018
C. *Reporting period*

The reporting period of the Company covers one year from 1 January to 31 December and subsequently the Company changed the reporting period as per the Government rule that is 1 July to 30 June as a result last audited financial statements cover eighteen months from 1 January 2015 to 30 June 2016. These financial statements cover one year from 1 July 2016 to 30 June 2017. As a result, the comparative figures stated in the financial statements and the related notes are not entirely comparable.

3. Functional and presentation currency

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



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

4. Use of estimates and judgements

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

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

A. Assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

Note	5	Depreciation
Note	7	Inventory
Note	8	Trade receivables
Note	18.1	Provision for income tax
Note	33	Contingent liabilities

5. Property, plant and equipment

In Taka	Land development cost	Plant and machinery	Building and civil construction	Motor vehicle	Furniture and fixture	Office equipment	Capital work in progress	Total
Cost								
Balance at 1 January 2015	-	-	-	-	5,512	-	31,588,172	31,593,684
Additions	140,815,174	12,185,239,691	605,045,773	6,950,000	3,802,044	4,078,221	910,995	12,946,841,898
Disposals/transfers	-	-	-	-	-	-	(31,588,172)	(31,588,172)
Balance at 30 June 2016	140,815,174	12,185,239,691	605,045,773	6,950,000	3,807,556	4,078,221	910,995	12,946,847,410
Balance at 1 July 2016	140,815,174	12,185,239,691	605,045,773	6,950,000	3,807,556	4,078,221	910,995	12,946,847,410
Additions	-	8,057,530	6,071,934	-	31,356	-	52,071	14,212,891
Disposals/transfers	-	-	-	-	-	-	(963,066)	(963,066)
Balance at 30 June 2017	140,815,174	12,193,297,221	611,117,707	6,950,000	3,838,912	4,078,221	-	12,960,097,235
Accumulated depreciation								
Balance at 1 January 2015	-	-	-	-	-	-	-	-
Depreciation for the period	-	709,821,030	35,294,337	810,833	435,014	713,689	-	747,074,903
Adjustment for disposal/transfers	-	-	-	-	-	-	-	-
Balance at 30 June 2016	-	709,821,030	35,294,337	810,833	435,014	713,689	-	747,074,903
Balance at 1 July 2016	-	709,821,030	35,294,337	810,833	435,014	713,689	-	747,074,903
Depreciation for the year	20,339,970	609,527,154	30,302,888	695,000	383,107	611,733	-	661,859,853
Adjustment for disposal/transfers	-	-	-	-	-	-	-	-
Balance at 30 June 2017	20,339,970	1,319,348,184	65,597,225	1,505,833	818,121	1,325,422	-	1,408,934,756
Carrying amounts								
At 30 June 2016	140,815,174	11,475,418,661	569,751,436	6,139,167	3,372,542	3,364,532	910,995	12,199,772,507
At 30 June 2017	120,475,204	10,873,949,037	545,520,482	5,444,167	3,020,791	2,752,799	-	11,551,162,479



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
a) Allocation of depreciation

In Taka	Note	2017	2016
Cost of sales	20	660,170,012	745,115,367
General and administrative expenses	22	1,689,840	1,959,536
		661,859,853	747,074,903

b) Basis of allocation

- Depreciation on land development cost, plant and machinery and building and civil construction charged to cost of sales.
- Depreciation on motor vehicle, furniture and fixtures and office equipment charged to the general and administrative expenses.

6 Prepaid lease rent

In Taka	Note	2017	2016
Prepaid lease rent - non current		239,885,333	260,157,333
Prepaid lease rent for land lease - current	9	20,272,000	43,922,667
		260,157,333	304,080,000

7 Inventories

In Taka	Note	2017	2016
Spare parts	7.1	291,521,185	126,260,901
Fuel and lubricants	7.2	35,216,124	8,684,778
Chemical	7.3	612,030	552,079
Goods in transit	7.4	23,991,552	2,088,634
		351,340,891	137,586,392

7.1 Spare parts

In Taka	2017	2016
Opening balance	126,260,901	-
Purchase during the year/period	248,957,191	171,272,441
Issued during the year/period	(83,696,907)	(45,011,540)
Closing balance	291,521,185	126,260,901

7.2 Fuel and lubricants

In Taka	2017	2016
Opening balance	8,684,778	-
Purchase during the year/period	61,513,663	77,148,363
Issued during the year/period	(34,982,317)	(68,463,585)
Closing balance	35,216,124	8,684,778

7.3 Chemical

In Taka	2017	2016
Opening balance	552,079	-
Purchase during the year/period	1,787,714	1,589,002
Issued during the year/period	(1,727,763)	(1,036,923)
Closing balance	612,030	552,079



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

7.4 Goods in transit

In Taka	2017	2016
LC # 168917011799	8,079,079	-
LC # 168917011640	6,875,960	-
LC # 141117010077	5,990,816	-
LC # 141117010054	1,387,802	-
LC # 141117150039	407,902	-
LC # TT-16891750904	332,047	-
LC # TT-170750011	321,645	-
LC # TT-168917150585	208,046	-
LC # TT-168917150731	178,331	-
LC # CTCF171070002	118,267	-
LC # 141117010080	91,657	-
LC # 168916011231	-	1,327,499
LC # 168916150956	-	738,553
LC # 168916012156	-	9,499
LC # 168916012100	-	7,299
LC # 168916012251	-	5,784
	23,991,552	2,088,634

8 Trade receivables

In Taka	2017	2016
Bangladesh Power Development Board (BPDB)	610,503,974	675,026,630
	610,503,974	675,026,630

9 Advances, deposits and prepayments

In Taka	2017	2016
Advances		
Shohel Sikder	100,000	450,000
United Engineering & Power Services Ltd.	50,000	-
Saiful Islam	-	50,000
Faruq and Associates	-	100,000
Ruhani International	-	574,130
Mr. Rahat	-	250,000
	150,000	1,424,130
Deposits		
Security deposit to BPDB	205,000	205,000
	205,000	205,000
Prepayments		
Prepaid Finnvera premium	165,318,297	-
Prepaid rent for land lease	20,272,000	43,922,667
Prepaid Insurance premium	3,531,878	-
Bank guarantee commission	1,766,193	2,698,104
	190,888,368	46,620,771
	191,243,368	48,249,901

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



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
10 Intercompany receivables

In Taka	2017	2016
United Enterprises & Co. Ltd.	2,900,000,000	100,000,000
Interest Receivable from United Enterprises & Co. Ltd.	140,526,027	197,260
	3,040,526,027	100,197,260

On the board meeting held on 9 June 2016, the Board of directors of the Company decided to invest surplus fund in their inter-company as loan with interest rate 8% rather than investing in the bank.

11 Cash and cash equivalents

In Taka	2017	2016
Cash in hand	-	-
Cash at bank		
Dhaka Bank Limited	430,969,366	15,468,823
The City Bank Limited	115,114,015	-
Dutch Bangla Bank Limited	3,959,823	115,995,915
Standard Chartered Bank	816,459	818,110
	550,859,663	132,282,848
Fixed deposits		
IDLC Finance Limited	-	250,000,000
LankaBangla Finance Limited	-	200,000,000
Southeast Bank Limited	-	150,000,000
	-	600,000,000
	550,859,663	732,282,848

Fixed deposits are considered as a part of cash and cash equivalents being a liquid investment with three month maturity period.

12 Share capital

In Taka	2017	2016
Authorised		
500,000,000 ordinary shares of Tk 10 each	5,000,000,000	5,000,000,000
	5,000,000,000	5,000,000,000
Issued, subscribed and paid up		
370,043,901 (2016: 10,000,000) ordinary shares of Tk 10 each fully paid up	3,700,439,010	100,000,000
	3,700,439,010	100,000,000

During the year the Company increased its share capital by issuing 360,043,901 ordinary shares of Taka 10 each.

Particulars of shareholding:

Name of shareholder	2017		2016	
	No. of share	Value (Tk)	No. of share	Value (Tk)
United Enterprises & Co. Ltd.	370,040,901	3,700,409,010	9,997,000	99,970,000
Ashuganj Power Station Company Ltd.	3,000	30,000	3,000	30,000
	370,043,901	3,700,439,010	10,000,000	100,000,000

12.1 Percentage of shareholdings

	2017	2016
United Enterprises & Co. Ltd.	99.999%	99.970%
Ashuganj Power Station Company Ltd.	0.0008%	0.0300%
	100%	100%



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

13 Share money deposit

In Taka	2017	2016
United Enterprises & Co Ltd	7	3,600,439,017
Ashuganj Power Station Company Ltd. (APSCL)	304,080,000	304,080,000
	304,080,007	3,904,519,017

On 17 April 2017, the Company applied to Bangladesh Securities and Exchange Commission (BSEC) to increase its paid-up capital by raising of further BDT 304,050,000 through issuance of 30,405,000 ordinary shares of Taka 10 each, which is yet to be approved by BSEC.

14 Borrowings

In Taka		2017	2016
Investment Promotion and Financing Facility (IPFF) loan	14.1	5,045,952,866	4,739,721,275
Syndicated International loan	14.2	4,816,181,631	-
		9,862,134,497	4,739,721,275

Non-current liabilities

In Taka		2017	2016
Investment Promotion and Financing Facility (IPFF) loan		4,614,942,545	4,739,721,275
Syndicated International loan		4,222,792,193	-
		8,837,734,738	4,739,721,275

Current liabilities

In Taka		2017	2016
Investment Promotion and Financing Facility (IPFF) loan		431,010,321	-
Syndicated International loan		593,389,438	-
		1,024,399,759	-

14.1 Investment Promotion and Financing Facility (IPFF) loan

Lender : Dhaka Bank Limited, Trust Bank Limited and Mutual Trust Bank Limited

The Company is enjoying long term loan facility from Dhaka Bank Limited, Trust Bank Limited and Mutual Trust Bank Limited the following terms and conditions:

Limit : USD 58,500,000

Purpose : Procurement of capital machineries, civil construction and local procurement.

Interest : 6 months USD libor + 0.3% (IPFF margin) + 1.75% (PFI's margin)

Tenure : Financed for 12 years.

Repayment : 40 equal quarterly instalments throughout the financing period.

Security : The loan is secured by:

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



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
14.2 Syndicated International loan

- Lenders:
1. DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH (The German Investment and Development Company (DEG))
 2. Standard Chartered Bank (SCB)
 3. International Finance Corporation (IFC)

	DEG	SCB	IFC
Limit :	USD 20,500,000	USD 20,780,900	USD 20,500,000
Tenor :	10 years	7 years	10 years
Interest :	3 month USD LIBOR + a margin of 4.00%	3 month USD LIBOR + 0.90% per annum	3 month USD LIBOR + a margin of 4.00%
Repayment:	37 equal quarterly instalment	29 equal quarterly instalment	37 equal quarterly instalment

Security: The loan is secured by:

- (a) Stand By Letter of Credit No. 130BG0000317 Dated 12 January 2017 Amounting to USD 5,000,000 addressed to The City Bank Limited, Jibon Bima Tower, 4th Floor, 10, Dilkusha Commercial Area Dhaka, Bangladesh with SWIFT Code: CIBLBDDH issued by the City Bank Limited in lieu of funding the Debt Service Reserve Account with the Debt Service Amount is in place.
- (b) Stand By Letter of Credit No. 130BG0000417 Dated 12 January 2017 Amounting to USD 1,500,000 addressed to The City Bank Limited, Jibon Bima Tower, 4th Floor, 10, Dilkusha Commercial Area Dhaka, Bangladesh with SWIFT Code: CIBLBDDH issued by the City Bank Limited in lieu of funding the Hedging Reserve Account with the Hedging Reserve Amount is in place.

15 Trade and other payables

In Taka	Note	2017	2016
Trade payables	15.1	59,845,877	75,631,003
Other payables	15.2	1,843,353	2,328,589
		61,689,230	77,959,592

15.1 Trade payables

In Taka	2017	2016
Gas bill payable to Bakhrabad Gas Distribution Company Ltd. (BGDCL)	59,601,736	75,291,054
Payable against spare parts - LC	244,141	339,949
	59,845,877	75,631,003

15.2 Other payables

In Taka	2017	2016
Tax payable on Gas bill	1,843,353	2,328,589
	1,843,353	2,328,589

16 Accrued expenses

In Taka	2017	2016
Gas bill	15,199,214	77,078,112
Tax payable on gas bill	470,079	2,383,859
Audit fees	500,000	324,000
VAT payable	75,000	81,000
Tax payable on security service bill	4,244	-
Payable against professional service	-	155,250
	16,248,537	80,022,221



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

17 Inter-company payable

In Taka	2017	2016
Payable to UEPSL	17,024,545	19,824,805
Management fees payable to UEPSL	987,000	1,974,000
Payable against EPC work	-	4,367,431,885
United Enterprises & Co. Ltd.	-	5,228,750
	18,011,545	4,394,459,440

18 Current tax liability

In Taka	Note	2017	2016
Provision for taxation	18.1	66,120,641	8,991,271
Advance income tax	18.2	(1,650,060)	(575,954)
		64,470,581	8,415,317

18.1 Provision for taxation

In Taka	2017	2016
Opening balance	8,991,271	-
Provision for the year/period	56,815,876	8,991,271
Prior year adjustment	313,494	-
Adjustment of provision on completion of assessment	-	-
Closing balance	66,120,641	8,991,271

18.2 Advance income tax

In Taka	2017	2016
Opening balance	575,954	-
Paid during the year/period	1,074,106	575,954
Adjustment of advance tax on completion of assessment	-	-
Closing balance	1,650,060	575,954

19 Revenue

In Taka	2017	2016
Sale of electricity	3,905,010,994	4,096,073,754
	3,905,010,994	4,096,073,754

Revenue includes twelve months revenue for the sale of electricity exclusively to Bangladesh Power Development Board (BPDB) for the period July 2016 to June 2017. As per Power Purchase Agreement, BPDB is the sole and exclusive buyer of electricity of United Ashuganj Energy Ltd.

20 Cost of sales

In Taka	Note	2017	2016
Fuel and energy - gas		686,552,873	1,092,303,056
Depreciation	5	660,170,012	745,115,367
Operation and maintenance expenses	20.1	114,636,138	106,018,528
Spare parts consumption		83,696,907	45,011,540
Insurance premium		32,277,436	30,772,000
Lube oil consumption		34,982,317	68,463,585
Chemical consumption		1,727,763	1,036,923
Amortisation of prepaid rent		43,922,667	-
		1,657,966,113	2,088,720,999



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
20.1 Operation and maintenance expenses

In Taka	2017	2016
Operational expenses	102,792,138	89,325,528
Management fees - UEPSL	11,844,000	13,818,000
Mobilization fees - UEPSL	-	2,875,000
	114,636,138	106,018,528

The Company signed an agreement for all its operation, maintenance and management (O&M) services with United Engineering and Power Service Ltd. (UEPSL). Management and mobilisation fees are related to the service received from UEPSL according to the agreement. UEPSL is primarily bearing the expenses regarding operation, maintenance and management (O&M) services and received reimbursement after raising the bill to the Company.

21 Other operating income

In Taka	2017	2016
Used lube oil sale	1,707,700	530,500
Empty drum sale	408,500	1,138,100
Miscellaneous income	35,000	49,000
Scrap sale	22,550	211,700
Received from Wartsila	-	300,000
	2,173,750	2,229,300



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

22 General and administrative expenses

In Taka	Note	2017	2016
Structuring and arrangement fee		47,580,000	-
Commitment fee		42,733,135	-
Lawyers fee		27,487,971	517,500
Upfront fee		15,703,839	12,320,313
Agency and services fee		7,344,500	-
Bank guarantee commission		2,822,411	4,168,840
Syndication fee - Dhaka Bank limited		2,725,469	13,153,125
RJSC fees		2,307,820	2,500
AGM expenses		2,217,901	1,780,144
Depreciation	5	1,689,840	1,959,536
Licence fee	22.2	1,664,077	5,792,312
Board meeting fee		812,500	1,128,970
Capital raising fee		765,088	10,000
Consultancy fee	22.1	639,422	12,213,117
Advisory fee		594,750	-
Audit fee		500,000	350,000
Bank charges		256,772	225,739
Registration fee		200,000	-
Handling fee		177,980	-
Environmental expenses		167,440	265,120
Non judicial stamp		100,000	-
Entertainment expenses		91,358	338,400
Certification services fee		80,500	-
VAT on audit fee		75,000	55,000
Subscription Fee		71,756	-
Courier bill		35,580	-
Miscellaneous expenses		26,518	356,530
DCCI membership renewal fee		21,700	33,700
Write-off of pre-operating expenses		-	59,583,989
Write-off of preliminary expenses		-	3,073,105
Inaugural program by prime minister		-	981,196
Share transfer fee		-	36,986
Financial closure ceremony		-	1,302,802
Mobile bill		-	25,550
Advertisements		-	212,000
Process agent fee		-	380,071
Appraisal fee		-	9,462,000
IPFF loan creation fee		-	1,125,000
		158,893,327	130,853,545

22.1 Consultancy fee

In Taka	2017	2016
Mott Macdonald Pvt. Ltd	639,422	2,595,458
AECOM India Pvt. Ltd	-	3,253,017
International Finance Corporation	-	5,461,380
Ernst & Young LLP	-	162,262
DEG Koln	-	585,750
Hoda Vasi Chowdhury & Co.	-	155,250
	639,422	12,213,117



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
22.2 Licence fee

In Taka	2017	2016
Floating jetty renewal fee	733,789	379,062
BERC licence	485,358	5,000,000
Boiler licence fee	180,000	180,000
Trade licence renewal fee	173,930	193,750
IRC and ERC expenses	91,000	37,000
Factory licence fee	-	2,500
	1,664,077	5,792,312

23 Finance income

In Taka	2017	2016
Interest of inter-company loan	140,328,767	197,260
Fixed deposit receipt accounts	10,975,000	14,536,714
Short term deposit account	8,853,558	8,726,071
	160,157,325	23,460,045

24 Finance cost

In Taka	2017	2016
Interest on IPFF loan	157,391,421	127,458,734
Interest on international loan	49,649,270	-
Finnvera premium	10,463,184	-
	217,503,875	127,458,734

25 Foreign exchange (gain)/loss

In Taka	2017	2016
Foreign exchange gain on USD account- unrealised	(2,123,806)	-
Foreign exchange loss- unrealised	237,699,611	37,562,541
Foreign exchange loss- realised	80,001,260	-
	315,577,065	37,562,541

26 Related party transactions

During the year, the company carried out a number of transactions with related parties. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: Related party disclosure.

In Taka	Nature of relationship	Nature of transactions	Balance as at 30 June 2016 Dr/(cr)	Transaction during the year		Balance as at 30 June 2017 Dr/(cr)
				Dr/	(Cr)	
United Enterprises & Co. Ltd.	Parent	Inter-Company Loan	100,000,000	2,800,000,000	-	2,900,000,000
		Interest receivable	197,260	140,328,767	-	140,526,027
		Working capital loan	(5,228,750)	5,228,750	-	-
United Engineering & Power Services Ltd.	Subsidiary of parent company	Operation & Maintenance cost	(21,798,805)	123,177,763	(119,390,503)	(18,011,545)
Neptune Commercial Limited	Subsidiary of parent company	EPC work	(4,367,431,885)	4,367,431,885	-	-
			(4,294,262,180)			3,022,514,482



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

27 Financial instruments - Fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In Taka	Carrying amount									Fair value			
	Note	Held-for-trading	Designated at fair value	Fair value-hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Fair value			
										Level 1	Level 2	Level 3	Total
30 June 2017													
Financial assets not measured at fair value													
Trade receivables	8	-	-	-	-	610,503,974	-	-	610,503,974	-	-	-	-
Inter-company receivables	10	-	-	-	-	3,040,526,027	-	-	3,040,526,027	-	-	-	-
Cash and cash equivalents	11	-	-	-	-	550,859,663	-	-	550,859,663	-	-	-	-
		-	-	-	-	4,201,889,664	-	-	4,201,889,664	-	-	-	-
Financial liabilities not measured at fair value													
Borrowings	14	-	-	-	-	-	9,862,134,497	9,862,134,497	-	-	-	-	
Trade and other payables	15	-	-	-	-	-	61,689,230	61,689,230	-	-	-	-	
Inter-company payables	17	-	-	-	-	-	18,011,545	18,011,545	-	-	-	-	
		-	-	-	-	-	9,941,835,272	9,941,835,272	-	-	-	-	
30 June 2016													
Financial assets not measured at fair value													
Trade receivables	8	-	-	-	-	675,026,630	-	-	675,026,630	-	-	-	-
Inter-company receivables	10	-	-	-	-	100,197,260	-	-	100,197,260	-	-	-	-
Cash and cash equivalents	11	-	-	-	-	732,282,848	-	-	732,282,848	-	-	-	-
		-	-	-	-	1,507,506,738	-	-	1,507,506,738	-	-	-	-
Financial liabilities not measured at fair value													
Borrowings	14	-	-	-	-	-	4,739,721,275	4,739,721,275	-	-	-	-	
Trade and other payables	15	-	-	-	-	-	77,959,592	77,959,592	-	-	-	-	
Inter-company payables	17	-	-	-	-	-	4,394,459,440	4,394,459,440	-	-	-	-	
		-	-	-	-	-	9,212,140,307	9,212,140,307	-	-	-	-	

28 Financial risk management

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

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

A Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from buyers and dealers.

Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.



UNITED ASHUGANJ ENERGY LTD.
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i. Exposure to credit risk

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

In Taka	Note	2017	2016
Trade receivables	8	610,503,974	675,026,630
Intercompany receivables	10	3,040,526,027	100,197,260
Cash and cash equivalents (excluding cash in hand)	11	550,859,663	732,282,848
		4,201,889,664	1,507,506,738

ii. Ageing of trade receivable (gross)

In Taka	2017	2016
Not past due	286,329,664	675,026,630
Invoiced 0-30 days	324,174,310	-
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-365 days	-	-
Invoiced 365+ days	-	-
	610,503,974	675,026,630

B Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

30 June 2017

In Taka	Contractual cash flows			
	Carrying amount	Total	6 months or less	Over 6 months
Borrowings	9,862,134,497	9,862,134,497	510,130,193	9,352,004,304
Trade and other payables	61,689,230	61,689,230	61,689,230	-
Intercompany payables	18,011,545	18,011,545	18,011,545	-
	9,941,835,272	9,941,835,272	589,830,968	9,352,004,304

30 June 2016

In Taka	Contractual cash flows			
	Carrying amount	Total	6 months or less	Over 6 months
Borrowings	4,739,721,275	4,739,721,275	-	4,739,721,275
Trade and other payables	77,959,592	77,959,592	77,959,592	-
Intercompany payables	4,394,459,440	4,394,459,440	4,394,459,440	-
	9,212,140,307	9,212,140,307	4,472,419,032	4,739,721,275

C Market risk

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



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

i. Currency risk

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

Exposure to currency risk

The Company's exposure to foreign currency risk arising from foreign currency denominated assets and liabilities at balance sheet date denominated in USD dollar (USD) was as follows:

In USD	Note	2017	2016
Cash and cash equivalents	11	1,415,918	15,459,106
Borrowings	14	(121,305,467)	(60,610,246)
Net exposure		(121,305,467)	(45,151,140)

The following significant exchange rates have been applied:

In Taka	Average rate		Year-end spot rate	
	2017	2016	2017	2016
USD	79.13	78.26	81.30	78.20

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 2% change in foreign currency exchange rates in 2017 and 2016 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in Taka	Profit/(loss)		Equity, net of tax increase/(decrease)	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2017				
USD (2% movement)	(197,242,690)	197,242,690	(197,242,690)	197,242,690
30 June 2016				
USD (2% movement)	(70,616,384)	70,616,384	(70,616,384)	70,616,384

ii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as at balance sheet date is as follows:

In Taka	Note	Nominal Amount	
		2017	2016
Fixed rate instruments			
<i>Financial assets</i>			
Intercompany receivable	10	2,900,000,000	100,000,000
Fixed deposit	11	-	600,000,000
<i>Financial liabilities</i>			
Borrowings	14	9,862,134,497	4,739,721,275
		12,762,134,497	5,439,721,275



UNITED ASHUGANJ ENERGY LTD.
NOTES TO THE FINANCIAL STATEMENTS
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29 Commitments

The following letter of credits were outstanding as at 30 June 2017 against which the Company is committed to purchase spare parts.

Nature of the goods	L/C issue			L/C value	
	L/C no.	date	Currency	EURO	USD
Spare parts	LC # 141117010080	17.04.2017	EURO	326,068	-
Spare parts	LC # 168917011799	22.05.2017	EURO	87,331	-
Spare parts	LC # 168917011640	08.05.2017	EURO	71,735	-
Spare parts	LC # 141117010054	14.03.2017	USD	-	16,900
Spare parts	LC # TT-168917150731	15.05.2017	USD	-	2,170
Spare parts	LC # TT-16891750904	21.06.2017	USD	-	4,068
Spare parts	LC # TT-168917150585	18.04.2017	USD	-	2,261
Spare parts	LC # CTCF171070002	17.04.2017	USD	-	1,400
			Total	485,134	26,799

30 Contingent liabilities

Contingent liability represents amounts in relation to issue of bank guarantee as listed below:

Nature of the contingent liability	Expiry date	Currency	2017	2016
Operation security deposit	7-Jun-30	BDT	380,000,000	380,000,000
Bank guarantee	13-Jun-21	BDT	287,472,356	287,472,356

Operation security deposit

Operations security deposit in the form of bank guarantee (Guarantee No: 997103LG150217) in favor of Bangladesh Power Development Board has been issued by Dutch Bangla Bank Limited on account of United Ashuganj Energy Limited dated 08 June 2015.

Bank Guarantee

A bank guarantee (Guarantee No: DBL/FEX/GOTN/126/2016) in favor of Bakhrabad Gas Distribution Company Limited has been issued by Dhaka Bank Limited on account of United Ashuganj Energy Limited dated 14 June 2016.

31 Other disclosures
A. Number of employees

The Company does not have any employee of itself. However, the Company has an agreement with United Engineering Power Service Limited (UEPSL). Under this agreement the employees have been outsourced for operation and maintenance of the company.

B. Comparatives and rearrangement

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

Previously, the Company erroneously recognised an asset used under operating lease as an asset held under finance lease in Property, plant and equipment (PPE). The asset in question has been reclassified from PPE to prepaid lease rent. Prior year rental expense of BDT 23.6 million has been charged to this year profit and loss account. The financial statement have not been restated in this regard as the amount was not material.

C. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the financial statement is necessary to adjust in order to reflect true and fair view. There are no such event that indicate that financial statement for the year ended 30 June 2017 is needed to be adjusted.

D. Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the management continue to



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NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017

adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

32 Basis of measurement

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

33 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented except for inventories in these financial statements. In the last three months of the existing period, the Company has applied weighted average method to determine the cost of inventories to be charged in the profit and loss account whilst previously the Company applied the First in First Out (FIFO) method. The financial statements have not been restated in this regard as the impact of this policy change is not material.

33.1 *Property, Plant and Equipment*

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation

- i) No depreciation is charged on land and capital work in progress.
- ii) Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on straight line method.
- iii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets. The rates of depreciation vary according to the estimated useful lives of the items of all property, plant and equipment.

Considering the estimated useful life of the assets, the rate of depreciation stand as follows:

Name of the Assets	Rate of Depreciation
Plant & Machinery	5%
Building and Civil Construction	5%
Motor Vehicle	10%
Furniture & Fixture	10%
Office Equipment	15%

Land development cost is charged over the project period of 15 years.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of profit or loss and other comprehensive income.

33.2 *Preliminary expenses*

Preliminary expenses represents the expenses incurred relating to company formation, feasibility study and legal expenses and it is fully amortized as the company had gone into commercial operation as on 8 May 2015.



UNITED ASHUGANJ ENERGY LTD.

NOTES TO THE FINANCIAL STATEMENTS

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33.3 Pre Operating Expenses

These represents expenses incurred before commencement of commercial operation of the company and it is fully amortized as the company has gone into commercial operation as on 08 May, 2015.

33.4 Inventories

Inventories consisting mainly of raw materials, packing materials, finished products, spare parts and goods in transit are valued at lower of cost and net realisable 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. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using weighted average cost method.

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

33.5 Capital Work in Progress

Capital work in progress consists of acquisition costs of plant, machinery, capital components of other equipment, related installation costs and directly attributable costs incurred until date the asset placed in service. In case of purchase of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

No depreciation is charged on capital work in progress.

33.6 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. Non-derivative financial instruments of the company comprise cash and cash equivalents trade and other receivables, deposits, bank overdraft, short term loan, trade and other payables.

33.6.1 Financial assets

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

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

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

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

a) Financial assets at fair value through profit or loss;

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. A financial asset is designated as fair value through profit or loss if the Company manages such investments and make purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes there in, which takes into account any dividend income, are recognised in the profit or loss.

As at the reporting date the Company had no investment in this category of financial assets.

b) Held-to-maturity financial assets

If the Company has positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity financial assets. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable



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transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

c) *Loans and receivables*

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

Loans and receivables at the reporting date comprise cash and cash equivalents and trade and other receivables and inter-company receivable.

i) Cash and cash equivalent

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

ii) Trade receivables

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

d) *Available-for-sale financial assets*

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

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

As at the reporting date the Company had no investment under this category of financial assets.

33.6.2 Financial liabilities

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

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

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

a) *Trade and other payables*

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

b) *Loans and borrowings*

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

33.6.3 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial



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assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-Financial Assets

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

33.6.4 Measurement of fair values

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

- a) Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 : inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- c) Level 3 : inputs for the asset or liabilities that are not based on observable market data.

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

33.7 Revenue recognition

Revenue is recognised in the statement of comprehensive income upon supply of electricity, quantum of which is determined by survey of meter reading. 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:

- a. The amount of revenue can be measured reliably
- b. The flow of economic benefits to the entity is probable
- c. When the service is performed in accordance with the terms of contractual arrangement

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.

33.8 Provisions

A provision is recognised in the statement of financial position when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

33.9 Contingencies

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

a) Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

b) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

However the company has no contingent asset at the reporting date.



UNITED ASHUGANJ ENERGY LTD.

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33.10 Foreign currency transaction

Foreign currency transactions are translated into Taka at the rates ruling on the dates of transactions.

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

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

33.11 Income tax

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

a) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. No provision is required for income tax on the Company's business operating 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: 354-Law/Income Tax/2013-Income Tax ordinance (#36) 1984 dated 18 November 2013. However, provision has been made on other operating income of the Company @ 35% (Note-18.1).

b) 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.

33.12 Employee benefit schemes

Workers profit participation fund (WPPF)

The government of Bangladesh has made an amendment to the Labour Law 2006 in July 2013. As per amended section-232 (chha) of the Act, any undertaking carrying on business to earn profit is liable to make provision for WPPF at 5% of the net profit and also need to be distributed within 9 months of the statement of financial position/balance sheet date. Operation and maintenance activities of UAEL are managed by 126 employees of United Engineering and Power Services Limited under an O&M Contract. Therefore, the provision of WPPF is not applicable for the company.

33.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

33.14 Statement of cash flows

Statement of cash flows has been prepared in accordance with the BAS 7: Statement of cash flows under the indirect method.





UNITED ASHUGANJ ENERGY LTD.



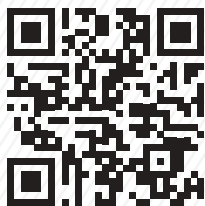
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REGISTERED OFFICE
UNITED ASHUGANJ ENERGY LTD.
Gulshan Center Point
Plot No. 23-26, Road No. 90, Gulshan - 2
Dhaka – 1212, Bangladesh