

Power Grid Company of Bangladesh Ltd.

Auditor's Report along with Audited Financial Statements For the year ended 30 June 2012



ACNABIN

Chartered Accountants

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Auditor's Report to the shareholders of Power Grid Company of Bangladesh Ltd.

We have audited the accompanying financial statements of Power Grid Company of Bangladesh Ltd. (PGCBL) which comprise the balance sheet as at 30 June 2012 and profit and loss account, 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 disclosed in Notes 1–31 to the financial statements.

Management's Responsibility for the Financial Statements

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

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

Basis for Qualified Opinion

1. Exchange rate fluctuation loss amounting to Tk. 954,864,739 relating to the outstanding principal amount of loan as on 30 June 2012 of the completed projects that are now in operation has been capitalized and included in Property, plant and equipment as addition instead of recognizing such loss in Profit and Loss Account. Para-28 of BAS-21 requires that the said exchange rate fluctuation loss shall be recognized in Profit and Loss account, and accordingly the Company had been consistently charging such exchange rate fluctuation loss (gain) in Profit and Loss account in the years upto 30 June 2010. The Company however changed the policy of recognizing exchange rate fluctuation relating to outstanding principal amount of

loan from the year 2010-2011 which is a non-compliance of the above provision of BAS-21. Had the said exchange rate fluctuation loss been charged to Profit and Loss account of the current year, the finance expenses would have been increased by Tk. 954,864,739 and depreciation expense, contribution to WPPF, net profit after tax, carrying value of fixed assets and shareholders equity would have been reduced by Tk. 16,710,133, Tk. 44,674,029, Tk.893,480,577, Tk. 938,154,606 and Tk.893,480,577 respectively in the current year. Moreover, because of the change of policy in the last year, the retained earnings at the beginning of the year 2011-2012 have been increased by an amount of Tk. 2,727,122,176 with a consequential related decreases in the depreciation expenses, contribution to WPPF, carrying value of fixed assets and shareholder's equity.

2. The carrying amount of property, plant and equipment as reported in the Balance Sheet is Tk. 41,849,896,138. The Company does not maintain proper register for property, plant and equipment. Valuation of plant and machinery transferred from Bangladesh Power Development Board (BPDB, previously PDB) and Dhaka Power Development Company (DPDC, previously DESA) was not done properly. The Company did not conduct any physical verification of its property, plant and equipment as at 30 June 2012 or any time during the period under audit. We had no other practical alternative auditing procedure that we could apply to authenticate the physical existence as well as the value thereof as on 30 June 2012. Bangladesh Accounting Standard (BAS) 36 requires impairment test of property, plant and equipment and necessary disclosure in this regard. The Company has no laid down policy and procedure in regard to impairment test, and no such test was carried out. However, the company have recently hired the services of a firm of Chartered Accountants for the valuation which is in progress now.
3. As disclosed in Note#6 to the financial statements, the Company has reported an amount of Tk. 1,471,182,090 as inventories. Movement of inventories is not properly recorded in the accounts maintained at the cost centres we visited. As a result, physical existence of inventory could not be verified. We had no other practical alternative auditing procedure that we could apply to authenticate the physical existence as well as the value thereof as on 30 June 2012. However, the Company have recently hired the services of a firm of Chartered Accountants for the valuation which is in progress now.
4. As disclosed in Note# 14 to the financial statements, the Company operates an unfunded gratuity scheme and makes provision as per Company policy. But no actuarial valuation has been done as per BAS 19.
5. As disclosed in Note# 19 to the financial statements, liabilities for other finance include inter alia an amount of Tk. 3,765,000 owed to BPDB, and as disclosed in Note#19.4, liabilities for other finance include account current with corporations and other offices amounting to Tk. 104,032,421 comprising inter alia debit balances of Tk. 106,454,988 and Tk. 2,422,567 on account of BPDB and Project-1 respectively as on 30 June 2012. As disclosed in Note# 12.3, Note# 12.4(A) and Note# 16 PGCBBL owes to BPDB Tk. 8,003,670, Tk. 9,481,643,070 and Tk.881,647,500 respectively. No balance confirmation has been received from BPDB with respect to above. We could not apply any other practical alternative auditing procedures to confirm the balances with BPDB. The management could not explain satisfactorily as to why the Company has a balance with project-1 instead of Zero.

6. As disclosed in Note# 7 to the financial statements, the Company has reported an amount of Tk. 1,180,881,283 as receivable from transmission/wheeling and optical fiber charge. It includes inter alia receivables from DPDC, DESCO and WZPDCL Tk. 280,986,023, 155,861,978 and Tk. 87,893,886 respectively. Receivable from DPDC includes Tk. 134,418,862 being carried forward from June 2008 due to less amount received against wheeling charge bills over the years and receivable from DESA Tk. 15,700,698 due to less amount received against wheeling charge bills from DPDC subsequent to June 2008 which in our opinion the Company is very unlikely to receive. Receivable from DESCO includes inter alia Tk. 3,106,230 being carried forward from 2007 which in our opinion the Company is very unlikely to receive. And receivable from WZPDCL includes inter alia Tk. 659,458 being carried forward from the year 2007 which in our opinion the Company is very unlikely to receive.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, financial statements give a true and fair view of the financial position of Power Grid Company of Bangladesh Ltd. as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We also report that:

- (a) we have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka
08 November 2012



ACNABIN
Chartered Accounts

Power Grid Company of Bangladesh Ltd.
Balance Sheet
as at 30 June 2012

	Notes	30.06.2012 Taka	30.06.2011 Taka
Assets			
Property, plant and equipment	4	41,849,896,138	35,676,781,529
Capital work-in-progress	5	32,560,541,870	23,549,981,251
Total non-current assets		74,410,438,008	59,226,762,780
Inventories	6	1,471,182,090	1,339,656,762
Accounts and other receivables	7	1,577,598,855	1,379,078,119
Advances, deposits and prepayments	8	4,037,096,904	3,981,843,413
Cash and cash equivalents	9	7,659,387,878	8,576,389,284
Total current assets		14,745,265,727	15,276,967,578
Total assets		89,155,703,735	74,503,730,358
Equity			
Share capital	10	4,190,118,100	4,190,118,100
Deposit for shares	11	11,820,001,386	9,738,181,386
Retained earnings		6,121,379,532	5,853,349,465
Total equity attributable to equity holders		22,131,499,017	19,781,648,951
Liabilities			
Term loan-interest bearing	12	54,002,075,071	44,660,367,822
Grant from SIDA	13	120,725,019	125,638,246
Deferred liability-gratuity	14	587,934,431	513,935,448
Deferred tax liabilities	15	2,953,736,108	2,119,972,683
Total non-current liabilities		57,664,470,629	47,419,914,199
Term loan-interest bearing	16	1,991,313,004	1,808,318,493
Interest Payable	17	5,779,427,703	4,272,927,362
Liabilities for expenses	18	205,605,143	320,974,260
Liabilities for other finance	19	1,342,973,239	863,756,589
Provision for taxation	20	40,415,000	36,190,504
Total current liabilities		9,359,734,089	7,302,167,208
Total liabilities		67,024,204,718	54,722,081,407
Total equity and liabilities		89,155,703,735	74,503,730,358

These financial statements should be read in conjunction with the annexed notes 1 to 31.



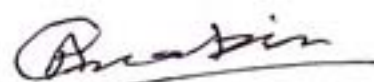
Company Secretary



Managing Director



Director



ACNABIN
Chartered Accountants

Dated, Dhaka

Power Grid Company of Bangladesh Ltd.
Profit and Loss Account
for the year ended 30 June 2012

	Notes	2011-2012 Taka	2010-2011 Taka
Revenue	21	7,142,208,076	6,255,121,287
Transmission expenses	22	(4,320,538,770)	(4,574,983,949)
Gross profit		2,821,669,306	1,680,137,338
Administrative expenses	23	(219,919,063)	(210,594,022)
Results from operating activities		2,601,750,242	1,469,543,316
Finance income	24	825,634,836	931,493,210
Other income	25	115,157,155	55,399,525
Finance expenses	26	(1,629,264,693)	(1,606,262,249)
Profit before contribution to WPPF		1,913,277,541	850,173,802
Contribution to WPPF		(91,108,454)	(40,484,467)
Profit before income tax		1,822,169,086	809,689,335
Income tax expense	27	(638,625,905)	114,912,210
Current Tax		40,415,000	36,185,504
Deferred Tax		598,210,905	(151,097,714)
Profit after tax carried forward		1,183,543,181	924,601,544
Basic Earnings Per Share (per value Tk.10)	28	2.82	2.21

These financial statements should be read in conjunction with the annexed notes 1 to 31.



Company Secretary



Managing Director



Director

Dated, Dhaka



ACNABIN
Chartered Accountants

Power Grid Company of Bangladesh Ltd.
Statement of Changes in Equity
for the year ended 30 June 2012

Particulars	Share capital Taka	Deposit for shares Taka	Retained earnings Taka	Total Taka
Balance as at 30 June 2010	3,643,581,000	8,288,522,908	5,529,505,619	17,461,609,527
Prior year adjustment on account of : Reversal of understated Income of prior years	-	-	3,876,817	3,876,817
Restated Balance as at 30 June 2010	3,643,581,000	8,288,522,908	5,533,382,436	17,465,486,344
Profit for the year	-	-	924,601,544	924,601,544
Reversal of overstated expenses of prior years	-	-	57,594	57,594
Reversal of understated tax provision of prior years	-	-	306,203,090	306,203,090
Net investment received during the year	-	1,449,658,479	-	1,449,658,479
Final dividend of 2010 (10% Cash)	-	-	(364,358,100)	(364,358,100)
Final dividend of 2010 (15% Stock)	546,537,100	-	(546,537,100)	-
Balance as at 30 June 2011	4,190,118,100	9,738,181,387	5,853,349,465	19,781,648,951
Profit for the year	-	-	1,183,543,181	1,183,543,181
Reversal of overstated expenses of prior years	-	-	161,475	161,475
Reversal of understated tax provision of prior years	-	-	(287,156,874)	(287,156,874)
Net investment received during the year	-	2,081,820,000	-	2,081,820,000
Final dividend of 2011 (15% Cash)	-	-	(628,517,715)	(628,517,715)
Balance as at 30 June 2012	4,190,118,100	11,820,001,387	6,121,379,532	22,131,499,017

[Signature]

Company Secretary

Dated, Dhaka

[Signature]

Managing Director

[Signature]

Director

Power Grid Company of Bangladesh Ltd.
Statement of Cash Flows
for the year ended 30 June 2012

Particulars	2011-2012 Taka	2010-2011 Taka
A. Cash flows from operating activities		
Cash receipts from customers	6,916,887,690	6,235,045,362
Cash paid to suppliers, contractors, employees, etc.	(1,599,722,093)	(4,204,803,283)
Cash generated from operating activities	5,317,165,597	2,030,242,079
Interest paid	(1,068,669,637)	(325,186,273)
Income taxes paid	(40,415,000)	(36,185,504)
Net cash from operating activities	4,208,080,960	1,668,870,302
B. Cash flows from investing activities		
Interest received	852,434,486	925,014,085
Cash receipts from others	115,157,155	55,399,525
Addition to property, plant and equipments and capital work-in-progress	(17,070,678,051)	(11,322,145,296)
Net cash used in investing activities	(16,103,086,410)	(10,341,731,686)
C. Cash flows from financing activities		
Share capital and deposit for share	2,081,819,999	1,751,005,935
Long term loan	9,524,701,760	5,249,911,404
Dividend paid	(628,517,715)	(364,358,100)
Net cash from financing activities	10,978,004,044	6,636,559,239
D. Net increase in cash and cash equivalents (A+B+C)	(917,001,406)	(2,036,302,145)
E. Opening cash and cash equivalents	8,576,389,284	10,612,691,429
F. Closing cash and cash equivalents (D+E)	7,659,387,878	8,576,389,284



Company Secretary



Managing Director



Director

Dated, Dhaka

**Notes to the Financial Statements
for the year ended 30 June 2012**

1. Reporting entity

1.1 Company profile

Power Grid Company of Bangladesh Limited (the Company) is a listed Company. The Company was incorporated on 21 November 1996 having registration no. C-31820 (941)/96 under the Companies Act 1994 as a private Company limited by share, which was subsequently converted to a public limited Company on 5 March 2000. The Company is listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1.2 Nature and scope of business

The Company's principal activities are planning, promoting, developing, operating and maintaining of an integrated and efficient power transmission system/network through out Bangladesh. As the sole power transmission Company in Bangladesh, the Company is responsible in all aspects, regarding transmission lines, sub-stations, load dispatch Centres, communication facilities etc. The scope of work of the Company also includes co-ordination of integrated operations of regional, national and international grid systems. It also provides consultancy services in power systems and execution turnkey jobs for other organisations.

1.3 Registered office

The registered office of the Company is located at Red Crescent Concord Tower, 17 Mohakhali C/A, 6th Floor, Dhaka 1212.

1.4 Corporate head office

Corporate head office of the Company is located at Institute of Engineers Bangladesh (IEB) Bhaban (New), 3rd and 4th floors, Ramna, Dhaka-1000.

2. Basis of preparation

2.1 Statement of compliance

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

Foreign currency exchange difference of Tk 93,36,64,111.00 arising on foreign currency denominated loans and borrowings taken by the Company has been capitalised and included in the carrying amount of capital work-in-progress as required under the provision of Section 185, read with, Part-1, Schedule XI of the Companies Act 1994 because the loans were used in the projects that were accounted for in capital work in progress. The difference arising from capitalisation of foreign exchange loss/(gain) has been recognised in accordance with the requirements of the Companies Act 1994.

2.2 Presentation of Financial Statements

The presentation of these financial statements are in accordance with the guidelines provided by BAS 1: Presentation of financial statements.

Previous year's figures have been rearranged wherever necessary to conform to current year's presentation as in Note# 12 and Note# 12.4 to the financial statements.

2.3 Basis of Measurement

These financial statements have been measured under historical cost convention.

2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk) which is both functional and presentational currency.

2.5 Level of precision

The figures of financial statements presented in Taka which have been rounded off to the nearest integer.

2.6 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

To be precise, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

	<u>Note Ref.</u>
Depreciation and amortisation	4
Deferred liability for gratuity and earned leave	14
Deferred tax liabilities	15
Foreign currency denominated loans and borrowings	12-13 and 16-17

2.7 Going concern

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

2.8 Reporting period

The financial statements of the Company covers one year from 1 July 2011 to 30 June 2012 and followed consistently.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Bangladesh Accounting Standards 21: The Effect of changes in Foreign Exchange Rates requires balances resulting from transactions denominated in a foreign currency to be converted into Taka at the rate prevailing on the date of transaction. All monetary assets and liabilities at balance sheet date, denominated in foreign currencies, are to be retranslated at the exchange rates prevailing on balance sheet date.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Items of property, plant and equipment excluding land are measured at cost less accumulated depreciation in compliance with the requirement of BAS 16: Property, Plant and Equipment. 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 assets to the location and condition necessary for it to be capable of operating in the intended manner. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3.2.2 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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss account as incurred.

3.2.3 Depreciation

No depreciation is charged on land and capital work in progress

Depreciation on other items of property, plant and equipment is provided on a straight line basis over the estimated useful lives of each item. For addition to property, plant and equipment, depreciation is charged from the month of capitalisation up to the month immediately preceding the month of disposal. However, the depreciation for the current year as well as last year has been charged for 6 (six) months on the addition of fixed assets due to lack of some relevant information. The amount is not material.

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

Building	5%
Plant and machinery (substations and transmission lines)	3.50%
Motor vehicle	20%
Office equipment	10%
Signboard	25%
Furniture and fixture	10%

3.2.4 Capital work-in-progress

Capital work in progress consists of all costs related to projects including civil construction, land development, consultancy, interest, exchange loss/(gain), line in progress, import duties and non refundable taxes and VAT. Property, plant and equipment that is being under construction/ acquisition is also accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

3.2.5 Retirement and disposal

An item of property, plant and equipment is derecognised on disposal or when no further economic benefits are expected from its use, whichever comes earlier. Gains or losses arising from the retirement or disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the same, and are recognised the net with 'other income' in the profit and loss account.

3.3 Inventories

Inventories consisting of spare parts at Grid Maintenance Divisions (GMDs) are valued at lower of cost and net realisable value in accordance with provision of BAS 2: Inventories. Cost of inventories include expenditure incurred in acquiring the inventories and other cost incurred in bringing them to their existing location and condition.

Cost of inventories is determined by using the weighted average cost formula. Net realisable value is based on estimated selling price less estimated costs necessary to make the sale.

3.4 Financial instrument

Non derivative financial instruments comprises of cash and cash equivalents, accounts and other receivables, loans and borrowings and other payable.

3.4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank including fixed deposits having maturity of three months to one year which are available for use by Company without any restriction.

3.4.2 Accounts and other receivable

Accounts and other receivable are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectibility of any amount so recognised.

3.5 Share capital

Paid up capital represents total amount of issued share capital against which per van amount has been settled in entity. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors. The ordinary shareholders are entitled to any residual proceeds of liquidation after settlement of due to all other parties.

3.6 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of an amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settled the present obligation at the balance sheet date.

3.7 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case

it is recognised in equity in accordance with the requirement of BAS 12: Income Tax.

3.7.1 Current tax

Current tax the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The effective rate of tax is 24.75% considering 10% tax rebate for declaring dividend of more than 20% of the paid up capital. Provision for tax has been made on the basis of Finance Act 2011.

3.7.2 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on income tax the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 Revenue recognition

Revenue comprises transmission/wheeling charge and rental income which are recognised in the profit and loss account after meeting the recognition criteria in accordance with the requirement of BAS 18: Revenue. Revenues are measured at fair value of the consideration received or receivable, net off sale related taxes (VAT).

Transmission charge is recognised when monthly invoices are raised against Bangladesh Power Development Board (BPDB), Dhaka Power Distribution Company (DPDC), Palli Bidyut Samitis (PBSs), West Zone Power Distribution Co. Ltd (WZPDC) and Dhaka Electric Supply Company Ltd. (DESCO). Amount of invoices is determined by survey of meter reading at cut off time.

Rental income from Optical Fiber Cable Network is recognised when monthly invoices are raised against Grameen Phone Ltd, Bangladesh Telecommunication Company Limited (BTCL) and Robi Axiata Ltd. Quantum of invoices is determined in accordance with the agreement.

3.9 Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised on accrual basis.

Finance expense comprises interest expense on loans and foreign exchange loss/(gain) on translation of foreign currency. All finance expenses are recognised in the profit and loss account.

3.10 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year and split ordinary shares in accordance with the requirement of BAS 33: EPS.

**3.11 Events after the balance sheet date**

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

3.12 Statement of cash flows

The statement of cash flows has been prepared in accordance with requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been prepared using the direct method as prescribed by Securities and Exchange Rules 1987 and as the benchmark treatment of IAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.13 Borrowing cost

Borrowing cost relating to projects already in commercial operations are charged as expenses for the year in accordance with requirements of BAS 23: Borrowing Costs. In respect of projects that have not yet commenced commercial operation, borrowing costs are adjusted with capital work-in-progress.

3.14 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees in accordance with the requirements of BAS 19: Employees Benefits. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

3.14.1 Defined contribution plan (provident fund)

Defined contribution plan is a post-employment benefit plan. The recognised Employees' Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.14.2 Group insurance

The Company has also a group insurance scheme for its permanent employees, premium for which is being charged to profit and loss account annually as per the insurance policy.

3.14.3 Defined benefit plan (gratuity)

The Company also maintains an unfunded gratuity scheme for permanent employees, provision for which has been made in profit and loss account. Employees are entitled to gratuity benefits after completion of minimum 3 years service in the Company but provision has been made for persons who have not completed 3 years. The gratuity is calculated on the last basic salary and is payable at the rate of two months' basic salary for every completed year of service.

3.15 Workers Profit Participation Fund (WPPF)

The Company makes a regular allocation of 5% on net profit before tax to this fund and payment is made to the eligible workers as per provision of the Company's profit under Labour Law 2006 Chapter-15.

**3.16 Proposed dividend**

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the para 125 of IAS 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as "liability" in accordance with the requirements of the Para 12 & 13 of IAS 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

3.17 Comparative information

Relevant comparative information has been presented in the financial statements. Previous year's figures have been rearranged/reclassified and restated wherever possible and considered necessary to conform to current year's presentation.



4. Property, plant and equipment

Particulars	Cost					Depreciation					Figures in Taka written down values			
	Balance as at 01 July 2011	Prior Years Adjustment	Restated Balance as at 01 July 2011	Addition during the year	Disposals/Adjustment for the year	Balance as at 30 June 2012	Ratio %	Balance as at 01 July 2011	Prior Year Adjustment	Restated Balance as at 01 July 2011	Charged for this year	Balance as at 30 June 2012	As at 30 June 2013	As at 30 June 2011
Land and land development	627,434,250	-	627,434,250	-	-	627,434,250	-	-	-	-	-	-	627,434,250	627,434,250
Building	48,347,273	-	48,347,273	7,122,717	-	55,469,990	5	18,134,671	-	18,134,671	2,315,362	12,658,033	43,715,057	38,932,602
Plant and machinery (Exhaustion and maintenance level)	74,374,983,968	-	74,374,983,968	10,385,181,806	1,990,932,042	83,164,333,732	2.5	20,512,112,013	-	20,512,112,013	2,870,217,314	42,170,562,187	40,991,671,574	34,862,871,955
Motor vehicle	214,368,809	-	214,368,809	33,096,900	-	247,465,709	20	135,251,796	-	135,251,796	29,013,806	164,203,592	169,195,117	79,117,023
Office equipment	83,715,990	-	83,715,990	12,946,382	-	96,662,372	10	35,400,035	-	35,400,035	7,995,837	43,355,892	53,395,440	48,203,895
Office equipment	6,663,866	-	6,663,866	2,608,445	-	9,272,311	25	5,294,115	-	5,294,115	552,626	3,843,740	3,428,591	1,372,771
Signboard	31,048,888	-	31,048,888	7,493,180	-	38,542,068	10	12,345,653	-	12,345,653	3,075,105	15,455,965	13,111,108	18,293,833
Furniture and fixtures	79,387,907,034	-	79,387,907,034	30,485,439,431	1,990,932,042	111,261,004,412		39,710,725,499	-	39,710,725,499	21,798,870	42,412,106,174	41,649,896,138	35,679,781,529
Total	79,387,907,034	-	79,387,907,034	30,485,439,431	1,990,932,042	111,261,004,412		39,710,725,499	-	39,710,725,499	21,798,870	42,412,106,174	41,649,896,138	35,679,781,529

Plant and machinery includes substations and transmission lines amounting to Tk. 42,963,962,000 that have been transferred from PSC through several vendors' agreements of which the 1st agreement was made on 12-10-99 and the last agreement (19th agreement) till date was made on 1-5-2013. Final vendors' agreement, however, is expected to be signed in next accounting year.

5. Capital work-in-progress

Balance as at 1 July
Cost incurred during the year
Adjustment/transfer to assets
Balance as at 30 June

30.06.2012 Taka	30.06.2011 Taka
23,549,981,251	16,392,344,102
16,923,685,631	8,516,112,917
(7,913,125,012)	(1,358,475,768)
32,560,541,870	23,549,981,251

Project-wise break-up:

National Load Dispatch Centre	-	3,996,151,233
Ishwardi-Baghabari-Sirajgonj Bogra Transmission Line (Note-19.5)	5,064,429,714	4,779,226,655
Three Transmission Line (Natore-Rajshahi 132 KV T/L)	-	702,347,625
Transmission Line Facility	5,764,371,852	4,635,615,613
Meghnaghat -Aminbazar 400 Kv Transmission Line	2,847,773,801	690,599,798
Aminbazar Old Airport 230 Kv Transmission Line	4,627,349,433	2,616,064,133
Siddirgonj-Manikgonj 230 Kv Transmission Line	1,015,584,604	321,912,973
Aminbazar-Saver 132 Kv Transmission Line	979,691,758	945,491,758
Shahibazar Ashuganj 132 Kv Transmission Line	158,988,750	158,988,750
i) Extension of 132 Kv Sub-station at Ashuganj, Shajibazar, Fenchuganj and Sylhet (50 Mw Rental	191,416,016	
ii) Meghnaghat -Aminbazar 400 Kv RPP, Associated T/L extension Transmission Line	460,190,136	
	651,606,152	579,410,191
Transmission Efficiency Improvement	888,528,235	52,066,283
Sylhet Shahibazar Brahmanbaria 400 Kv TL	36,340,322	36,340,322
Exchange Rate Fluctuation loss	1,105,353,820	528,747,656
Inventory in transit	25,804,327	25,804,327
HVDC Bangladesh- India Interconnector	1,236,765,583	467,103,254
Three Transmission Line (Magura-Jhenaidah-Chuadanga-Panchagar)	-	2,529,534,030
Barisal-Bhola-Borhanuddin TLP	7,841,103	1,995,595
Bibiyana- Kaliakoir 400 kv Fenchuganj bibiyana 230 kv TLP	4,166,559,145	226,596,150
Bibiyana- Comilla (North) 230 kv TLP	2,766,851,584	255,984,905
Haripur Combined Cycle 360 MW	1,211,769,523	-
Kulaura Sherpur Transmission Line Project	1,744,603	-
Mymensingh Tangail Bhaluka and Jamalpur Sherpur	198,502	-
National Power Transmission Network Development	2,989,060	-
	32,560,541,870	23,549,981,251

6. Inventories

1,471,182,090	1,339,656,762
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These represent the closing inventory of electrical goods as at 30 June 2012. The electrical goods include spare parts which were received from Bangladesh Power Development Board (BPDB) along with the substations and transmission lines.

7. Accounts and other receivables

Receivable from transmission/wheeling and optical fiber charge	1,180,881,283	1,045,206,073
Repair and maintenance charge receivable from DESA & T/L sales (Tangail and Sirajgonj PBS)	194,422,569	104,777,393
Interest receivable	202,295,003	229,094,653
	1,577,598,855	1,379,078,119

The age-wise analysis of receivables against transmission/wheeling and optical fiber charge of Tk.1,180,881,283 was as under:

Particulars	> 6 Months Taka	< 6 Months Taka	Total Taka
DPDC	-	280,986,023	280,986,023
RPC	5,439,000	-	5,439,000
DESCO	-	155,861,978	155,861,978
PBS	-	630,397,763	630,397,763
WZPDCL	-	87,893,886	87,893,886
BPDB	-	-	-
Grameenphone Ltd. for optical fiber	-	6,949,189	6,949,189
BTCL for optical fiber	-	2,795,000	2,795,000
Robi Axiata for optical fiber	-	10,558,444	10,558,444
	5,439,000	1,175,442,283	1,180,881,283

30.06.2012 Taka	30.06.2011 Taka
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The accounts receivable from BPDB has been fully adjusted against the debt service liability payable to BPDB by PGCB out of loan transferred with the assets. All the receivables have been considered as good. Therefore no provision for bad debt had been made in the accounts.

8. Advances, deposits and prepayments

Advances (Notes-8.1)	4,036,000,285	3,980,895,962
Deposits (Notes-8.2)	1,096,619	947,450
	4,037,096,904	3,981,843,413

8.1 Advances

Advance against Purchase	11,500	11,700
Advance against Legal expense (Doza & Haroon)	411,343	365,000
Advance against TA/DA	302,252	126,311
Advance against Contractors/suppliers	236,874	236,874
Advance of Branch offices and GMDs	11,632,614	535,299
Advance tax (Note 8.1.1)	1,810,163,826	1,335,600,581
Advance against expenses	2,345,460	1,727,586
Advance against house rent	8,819,310	218,996
Recoverable From Employees of GMD Aricha	73,493	73,493
Advances given by Projects (Note-8.3)	2,201,972,475	2,627,093,083
Suspense account (Defalcation at GM-Project)	31,138	31,138
Loan to IBSB 230 KV T/L Project	-	14,875,901
	4,036,000,285	3,980,895,962

8.1.1 Advance tax represents income tax deducted at source on import of raw materials, interest on fixed deposit and short term accounts and advance payment of tax deducted by customer (Note - 28).

8.2 Deposits

Grid maintenance divisions (GMDs)	225,090	225,090
CDBL	500,000	500,000
Others	371,529	222,360
	1,096,619	947,450

8.3 Advances include amounting to Tk.2,088,405,386.61 given by BD-India Interconnector Project and other 10 (ten) Projects .

9. Cash and Cash Equivalents

Cash in hand	510,881	442,376
Balances with banks as:		
Current deposit accounts	495,941,773	520,248,811
Short term deposit accounts	2,222,935,223	1,405,698,097
Fixed deposit accounts	4,940,000,000	6,650,000,000
	7,658,876,996	8,575,946,908
	7,659,387,878	8,576,389,284

10. Share capital
Authorized share capital

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

10,000,000,000 **10,000,000,000**

Paid up share capital

419,011,810 ordinary shares of Tk. 10 each

4,190,118,100 **4,190,118,100**

The break-up of the paid up share capital is as follows:

116,536,000 Shares of Tk. 10 each fully called and paid up in cash	1,165,360,000	1,165,360,000
247,822,100 Shares of Tk. 10 each paid up other than cash	2,478,221,000	2,478,221,000
546,537,100 Shares of Tk. 10 each as 15% Bonus Shares	546,537,100	546,537,100
	4,190,118,100	4,190,118,100

Percentage of shareholdings:

Particulars	30.06.2012		30.06.2011	
	No. of shares	%	No. of shares	%
Sponsors	319,496,680	76.25	31,949,668	76.25
Institutions (financial & others)	82,108,950	19.60	7,938,843	18.95
Individual	17,406,180	4.15	2,012,670	4.80
Total	419,011,810	100.00	41,901,181	100.00

Classification of shareholders by holding:

Share holding range	Number of shareholders as at		% of shareholdings as at	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Less than 500 shares	2,371	6,583	35.85	88.14
500 to 5,000 shares	3,526	714	53.31	9.56
5,001 to 10,000 shares	289	61	4.37	0.82
10,001 to 20,000 shares	172	48	2.60	0.64
20,001 to 30,000 shares	48	17	0.73	0.23
30,001 to 40,000 shares	29	8	0.44	0.11
40,001 to 50,000 shares	19	10	0.29	0.13
50,001 to 100,000 shares	59	13	0.89	0.17
100,001 to 1,000,000 shares	86	12	1.30	0.16
Over 1,000,000 shares	15	3	0.23	0.04
Total	6,614	7,469	100.00	100.00

11. Deposit for shares

This represents the amount of investment received from the Government of the People's Republic of Bangladesh as part of GoB equity against the development projects.

	30.06.2012 Taka	30.06.2011 Taka
Balance as at 1 July	9,738,181,386	8,288,522,908
Add: Received during the year from the GoB as part of equity in respect of development projects	2,160,165,000	1,473,540,000
	11,898,346,386	9,762,062,908
Less: Refunded to GoB the surplus fund released by GoB	78,345,000	23,881,522
Balance as at 30 June	11,820,001,386	9,738,181,386

The amount related to Deposit for shares will be settled as per the statutory regulation and decision of the Govt.

12. Term loan- interest bearing

The break-up of term loan- interest bearing are as follows:

	Notes		
ADB loan *	12.1	22,249,844,578	17,264,730,145
GoB loan	12.2	6,773,983,110	5,620,957,412
Bangladesh Power Development Board	12.3	8,003,670	8,003,670
Assigned loan *	12.4	13,326,320,170	14,464,772,449
Suppliers credit	12.5	439,121,544	601,069,987
Exchange rate fluctuation loss/(gain)*		-	-
SIDA loan *	12.6	294,232,883	310,579,155
KFW loan *	12.7	2,786,792,481	2,335,590,050
Danida loan *	12.8	1,273,300,150	1,381,938,344
DPBS-1 loan	12.9	684,000,000	684,000,000
NDF loan *	12.10	940,471,136	1,019,906,829
JBIC loan BD 52 & 55 *	12.11	4,468,220,122	2,548,464,738
IDA Loan No 4508 *	12.12	671,862,011	193,205,076
EDCF Loan *	12.13	2,077,236,219	35,468,458
		55,993,388,075	46,468,686,315
Less: Transferred to Term loan-interest bearing (Note-16) i.e. Current portion of long term loan		1,991,313,004	1,808,318,493
Balance as at 30 June		54,002,075,071	44,660,367,822

12.1 ADB loan

Balance as at 1 July	17,264,730,145	13,071,628,818
Current Portion of Debt	-	-
Received during the year	3,635,955,259	2,774,987,373
	20,900,685,404	15,846,616,191
Exchange rate fluctuation loss/(gain)	1,742,885,761	1,777,261,677
Repaid during the year	(393,726,587)	(359,147,722)
Balance as at 30 June	22,249,844,578	17,264,730,145

*Previous year's figures have been rearranged to conform to the current year's presentation.

Loan details are as follows:

		30.06.2012 Taka	30.06.2011 Taka
Mymensingh power station and transmission Line	1505	124,571,087	124,571,087
Rampura Sub-Station	1505	359,391,144	453,916,158
Sub-station-Extension -Mirpur	1505	67,153,961	67,153,961
Emergency Restoration System	1505	49,299,719	49,299,719
National Load Dispatch Centre	1505	16,739,594	16,739,594
Haripur-Rampura Transmission Line	1505	538,596,794	538,596,794
Exchange rate fluctuation loss/(gain)	1505	799,828,416	705,379,859
Total ADB 1505		1,955,580,715	1,955,657,172
Hasnabad-Aminbazar-Tongi Transmission Line	1731	239,106,378	309,995,548
Sub-station Aminbazar	1731	408,315,660	408,315,660
Sub-station Extension Tongi, Hasnabad & Kalyanpur	1731	522,249,289	522,249,289
Rampura-Gulshan Underground Transmission Line	1731	137,072,901	137,072,901
Rampura Haripur Aminbazar -CCC	1731	682,250,482	682,250,482
GIS sub-station - CNEEC	1731	365,739,955	365,739,955
Exchange rate fluctuation loss/(gain)	1731	654,181,209	366,688,526
Total ADB 1731		3,008,915,874	2,792,312,361
Khulna -Ishwardi Transmission Line- L & T	1885	158,919,195	153,840,477
Khulna Ishwardi Transmission Line-(TATA Power)	1885	1,424,686,823	1,467,318,635
Ashuganj-Sirajganj Transmission Line -(LG & Sejon)	1885	1,657,756,322	1,657,756,322
Ashuganj-Sirajganj ABB Ltd.	1885	186,232,208	294,702,122
Ishwardi-Baghabari-Sirajganj-Bogra-BHEL	1885	779,228,281	779,228,281
Gallamari 132/33 KV GIS S/S Cons. & 132 KV TL Cons.	1885	477,789,256	477,789,256
Shunt Compensation Phase-1	1885	309,818,788	309,818,788
Exchange rate fluctuation loss/(gain)	1885	983,584,029	391,237,740
Total ADB 1885		5,978,014,903	5,531,691,622
National Load Dispatch Centre	2039	2,537,470,259	2,614,680,936
Exchange rate fluctuation loss/(gain)	2039	448,663,463	162,656,483
Total ADB 2039		2,986,133,722	2,777,337,419
Meghnaghat - Aminbazar 400 KV TL	2332	1,613,302,465	389,962,765
Aminbazar Old Airport 230 KT TL	2332	3,081,604,925	1,951,712,601
3 Transmission Line NCC	2332	1,034,521,006	1,034,521,006
3 Transmission Line-HG Power	2332	753,634,898	680,236,132
Exchange rate fluctuation loss/(gain)	2332	629,939,585	151,299,068
Total ADB 2332		7,113,002,879	4,207,731,573
Bangladesh India Grid Interconnector	2661	1,204,245,751	-
Exchange rate fluctuation loss/(gain)		3,950,735	-
Total ADB 2661		1,208,196,486	-
Total ADB Loan		22,249,844,578	17,264,730,145
Add: Current portion of Long Term Loan		-	-
		22,249,844,578	17,264,730,145

The above loans are repayable within 16 years to 25 years with 5 years grace period.

12.2 GoB loan

Balance as at 1 July	5,620,957,412	4,864,956,229
Current Portion of Debt	-	-
Received during the year	1,440,110,000	982,360,000
	7,061,067,412	5,847,316,229
Refunded during the year	(287,084,302)	(226,358,817)
Balance as at 30 June	6,773,983,110	5,620,957,412

Loan details are as follow:

a) Comilla-Meghnaghat-Rampura & Meghnaghat-Haripur-203 KV Transmission Line	247,725,160	301,543,550
b) Hasnabad-Aminbazar-Tongi Transmission Line	275,316,004	305,906,670
c) Kahirpur-Tangail-Sirajganj Transmission Line	73,729,720	80,141,000
d) Ishwardi-Baghabari-Sirajganj-Bogra Transmission Line(Note-12.2.1)	612,804,828	612,804,828
e) Khulna-Ishwardi-Bogra-Barapukuria Transmission Line	1,113,261,068	1,198,896,534
f) Ashuganj- Jamuna Bridge-Sirajganj (Inter Connector Line)	390,793,000	424,775,000
g) Construction and Extension of Sub-Station & Transmission Line	919,741,683	859,741,683
h) NLDC Project-National Load Dispatch Centre	463,913,496	488,329,996
i) Three Transmission Line	525,247,450	525,247,450
j) Aminbazar-Old Airport 230 Kv Associated Substation	513,416,527	269,416,527
k) Shunt compensation at Grid Substation	83,701,607	83,701,607
l) Meghnaghat-Aminbazar 400 Kv Transmission Line	336,977,030	160,977,030
m) Transmission Efficiency improvement	74,190,036	14,790,036
n) Siddiroonj Maniknagar 230 Kv T/L Cons. Project	123,405,501	44,925,501
o) BD - India Grid Interconnection project	325,760,000	173,760,000
p) Bibiana Comilla (North) 230KV TLP	496,000,000	76,000,000
q) Haripur 360mw Combined Cycle Power Plant	108,000,000	-
r) Bibiana Kaliakoir & Fenchugonj Bibiana 230kv T/L Project	90,000,000	-
	6,773,983,110	5,620,957,412
Add: Current portion of Long Term Loan	-	-
	6,773,983,110	5,620,957,412

12.2.1 The above loans are repayable within 15 years with 5 years grace period.



	30.06.2012 Taka	30.06.2011 Taka
12.3 Bangladesh Power Development Board (IDA Cr.2016 BD)	8,003,670	8,003,670
The above loan was received from Bangladesh Power Development Board for purchase of capital assets such as cars, computers, etc. This is payable within 20 years with 5 years grace period.		
12.4 Assigned loan		
The break-up of the above loan is as follows:		
A. Assigned loan from BPDB		
Balance as at 1 July	10,620,095,349	10,227,128,965
Add: Current portion of the debt	-	-
Add: Exchange rate fluctuation loss/(gain)	14,729,954	1,389,315,097
Addition/adjustment during the year	(1,153,182,233)	(996,348,713)
Balance as at 30 June (A)	9,481,643,070	10,620,095,349
B. Assigned loan from DESA		
Balance as at 1 July	3,844,677,100	3,844,677,100
Addition/adjustment during the year	-	-
Balance as at 30 June (B)	3,844,677,100	3,844,677,100
Balance as at 30 June Grand total (A+B)	13,326,320,170	14,464,772,449

*Previous year figures have been rearranged to conform to the current year's presentation.

Above loans have been taken over from BPDB and DESA along with the fixed assets at written down value in different phases, the break-up of which is given below:

1. Assigned loan from BPDB:

1st Phase—Comilla (North) and Haripur 230 KV Sub-station and Haripur-Ghorashal 230 KV 45 KM. Transmission Line.

2nd Phase—Hasnabad and Tongi 230/132 KV. Sub-station and Hasnabad-Haripur 230 KV 16.5 KM Transmission Line.

3rd Phase – Grid Maintenance Division viz Dhaka (North) Dhaka (South), Dhaka (East), Aricha, Comilla and Mymensingh Telecommunication Division, Siddhirgonj, System Protection and Metering Division, Dhaka Grid Circle office, Dhaka.

4th Phase - 230 KV and 132 KV Transmission Line, Sub-station of Chittagong and Sylhet Division.

5th Phase – 230 KV, 132 KV, and 66 KV Transmission Line and Grid Sub-station of western part of the Country.

2. Assigned loan from DESA:

1st Phase – Bhulta, Joydevpur and Manikgonj 132/33 KV. Sub-station & related Transmission Line.

2nd Phase – Kallianpur and Mirpur 132/33 KV. Sub-station & related Transmission Line.

During the year, the company provided for interest @4% p.a. on all the assigned loans. It is noted that the subsidiary loan agreements of the above Loans with the Government are still with BPOB and DESA. So, the repayments are made through BPDB and DESA.

30.06.2012 Taka	30.06.2011 Taka
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12.5 Suppliers credit

This represents the credit received from the following two contractors for construction of transmission line projects:

Name of contractor	Name of the transmission line		
a) Tata Power Ltd. India	Ishwardi -Baghabari		
Balance as at 1 July		192,209,399	296,984,135
Received During the year		-	-
Paid During the Year		(57,303,756)	(104,774,736)
Balance as at 30 June		134,905,643	192,209,399
b) China Nation Wire & Cable	Bogra -Barapukuria		
Balance as at 1 July		408,860,587	504,082,292
Received During the year		-	-
Paid During the Year		(104,644,687)	(95,221,705)
Balance as at 30 June		304,215,900	408,860,587
Total (a+b)		439,121,544	601,069,987

12.6 SIDA loan(ABB)

SIDA (Swedish International Development Co-Operation Agency) loan is recorded as and when disbursement request is sent to SIDA's designated bank through Economic Relations Division (ERD) for making payment directly to the contractors/suppliers account as per SIDA Loan agreement and disbursement procedure.

Balance as at 1 July	310,579,155	326,925,427
Received During the year	-	-
Paid During the Year	(16,346,272)	(16,346,272)
Balance as at 30 June	294,232,883	310,579,155

12.7 KFW loan

KFW (Kreditanstalt Fur Wiederaufbau) loan is recorded as and when disbursement request is sent to KFW for making payment directly to the contractor/suppliers account as per KFW Loan agreement and disbursement procedure.

	Name of the transmission line		
KFW loan	WZP, IBSB & TEI Project		
Balance as at 1 July		2,335,590,050	2,110,739,012
Received During the year		570,339,500	80,600,615
Paid During the Year		(33,497,910)	(33,497,910)
Exchange rate fluctuation loss/(gain)		(85,639,159)	177,748,334
Balance as at 30 June		2,786,792,481	2,335,590,050

12.8 Danida loan

Danida (Danish International Development Agency) loan is recorded as and when disbursement request is sent to Danida's designated bank through Economic Relations Division (ERD) for making payment directly to the contractor/suppliers account as per Danida Loan agreement and disbursement procedure.

	Name of the transmission line		
Danida Loan	Joydevpur-Kabirpur-Tangail		
Balance as at 1 July		1,381,938,344	1,225,827,339
Received During the year		-	-
Paid During the Year		(62,862,940)	(62,862,940)
Exchange rate fluctuation loss/(gain)		(45,775,254)	218,973,945
Balance as at 30 June		1,273,300,150	1,381,938,344

12.09 DPBS-1 loan

This loan was received from Dhaka Palli Bidyut Shamity-1 for purchasing land, development of land and construction of 2X75 MVA 132/33 Kv Sub-Station. The loan amount is maximum Tk.76 crore. The repayment of principal and interest @ 5% will be made in 10 years from the date of commercial tenderization at semi annual equal installment.

684,000,000	684,000,000
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12.10 NDF loan no-363

NDF (Nordic Development Fund) loan is recorded as and when disbursement request is sent to NDF for making payment directly to the contractors/suppliers account as per NDF Loan agreement and disbursement procedure.

	30.06.2012 Taka	30.06.2011 Taka
Balance as at 1 July	1,019,906,829	912,811,994
Received During the year	-	-
Paid During the Year	(45,640,600)	(45,640,600)
Exchange rate fluctuation loss/(gain)	(33,795,093)	152,735,435
Balance as at 30 June	940,471,136	1,019,906,829

12.11 JBIC loan BD 52 & 55

JBIC (Japan Bank for International Cooperation) loan is recorded as and when disbursement request is sent to JBIC for making payment directly to the contractors/suppliers account as per JBIC Loan agreement and disbursement procedure.

	Name of the transmission line		
JBIC Loan no-52 & 55	Transmission Line Facility & Haripur 360 MW Combined Cycle		
Balance as at 1 July		2,548,464,738	1,332,168,650
Received During the year		1,658,958,771	1,001,028,631
Paid During the Year		-	-
Exchange rate fluctuation loss/(gain)		260,796,613	215,267,456
Balance as at 30 June		4,468,220,122	2,548,464,738

12.12 IDA loan - 4508

	Name of the transmission line		
IDA loan - 4508	Siddirganj - Maniknagar		
Balance as at 1 July		193,205,076	20,019,310
Received During the year		447,710,655	164,732,514
Paid During the Year		-	-
Exchange rate fluctuation loss/(gain)		30,946,280	8,453,252
Balance as at 30 June		671,862,011	193,205,076

12.13 EDCF Loan

	Name of the transmission line		
EDCF Loan	Bibiyana - Kaliakoir - Fenchugonj		
Balance as at 1 July		35,468,458	-
Received During the year		1,953,749,140	35,468,458
Paid During the Year		-	-
Exchange rate fluctuation loss/(gain)		88,018,621	-
Balance as at 30 June		2,077,236,219	35,468,458

13. Grant from SIDA

Balance as at 1 July	125,638,246	130,551,473
Current year amortization	(4,913,227)	(4,913,227)
Balance as at 30 June	120,725,019	125,638,246

14. Deferred Liability- gratuity

Balance as at 1 July	513,935,448	328,218,950
Add: Provision made during the year	96,640,828	200,909,394
	610,576,276	529,128,344
Less: Paid during the year	22,641,845	15,192,896
Balance as at 30 June	587,934,431	513,935,448

15. Deferred tax liabilities

Deferred tax liabilities recognized in accordance with the provisions of BAS 12: *Income taxes*, is arrived as follows:

	30.06.2012 Taka	30.06.2011 Taka
Balance as at 1 July	2,119,972,683	2,271,070,397
Prior Year Adjustment	235,552,520	-
Addition/(Reversal) during the year	598,210,905	(151,097,714)
Balance as at 30 June	2,953,736,108	2,119,972,683

16. Term loan - interest bearing

ADB loan no. 1505, 1731, 1885 & 2039	511,697,303	359,147,722
Govt. loan	277,672,036	253,255,536
BPDB assigned loan	881,647,500	881,647,500
Other (Note 16.1)	320,296,165	314,267,734
	1,991,313,004	1,808,318,493

16.1 Other Loan

Danida	62,862,940	62,862,940
KFW	33,497,910	33,497,910
NDF	45,640,600	45,640,600
SIDA	16,346,272	16,346,272
CCC	57,303,756	100,511,800
Tata	104,644,687	55,408,212
	320,296,165	314,267,734

17. Interest Payable

This represents the interest payable for the period.

The movement of the above amount is given below:

Balance as at 1 July	4,272,927,362	2,851,851,386
Interest charged during the year	2,575,169,978	2,406,462,027
	6,848,097,340	5,258,313,413
Payment made during the year	(1,068,669,637)	(985,386,051)
Balance as at 30 June	5,779,427,703	4,272,927,362

18. Liabilities for expenses

Salaries	125,967	993,608
Bonus Payable	-	-
Gas charge	270,422	214,172
Audit fee (Including last year Audit Fee)	700,000	600,000
Sundry expenses	204,508,754	319,166,480
	205,605,143	320,974,260

19. Liabilities for other finance

	30.06.2012 Taka	30.06.2011 Taka
Deposit work –Sylhet –Sunamgonj	2,061,403	3,848,054
Deposit work – GMD Comilla	1,309,732	-
PGCB WPPF Trust (Note-19.1)	231,782,685	141,055,456
Revenue sharing payable BTRC	21,238,980	14,852,313
Tax/VAT withheld from contractor/suppliers	9,286,342	30,801,269
Unclaimed dividend (Note-19.2)	25,313,567	20,499,380
PGCB Employees Provident Fund	(156)	63,219
Contractors earnest/security/retention money	572,985,829	354,319,436
Tax withheld from employees	2,738,880	2,809,953
Revenue stamp	115,636	167,636
PM Relief Fund	(28,164)	(28,164)
Bangladesh Power Development Board	3,765,000	3,765,000
PGCB union subscription	105,210	50,580
Performance guarantee (Note-19.3)	10,076,841	10,076,841
Account current with corporation (Note-19.4)	104,032,421	115,286,586
Advance receipt of PF Contribution -Lien	14,256	14,256
WPPF Trust A/c	36,429	36,429
Deposit work- Halishahor – Dhaka (North-West)	699,345	699,345
Deposit work-RAJUK	200,000,000	-
Advance Rent Receipt - UGC	152,000,000	160,000,000
Provision for Bad Debt	5,439,000	5,439,000
	1,342,973,239	863,756,589

19.1 Workers' profit participation fund

Balance as at 1 July	141,055,456	101,355,256
Provision made during the year	91,108,454	40,484,467
Transfer to WPPF trust A/c	(381,225)	(784,265)
Balance as at 30 June	231,782,685	141,055,456

19.2 Unclaimed dividend

Year ended 30 June 2006	566,292	566,292
Year ended 30 June 2007	2,881,040	2,885,540
Year ended 30 June 2008	5,357,564	5,374,574
Year ended 30 June 2009	6,892,733	6,976,568
Year ended 30 June 2010	3,311,342	4,696,406
Year ended 30 June 2011	6,304,596	-
	25,313,567	20,499,380

19.3 Performance guarantee

CNEEC	76,841	76,841
BTTB	10,000,000	10,000,000
	10,076,841	10,076,841

19.4 Account Current with Corporation & Other Office

BPDB	106,454,988	112,990,367
Project-1	(2,422,567)	(2,422,567)
Project-2	-	4,727,427
TSS	-	(8,641)
IBSB Project (Note-19.4.1)	(637,536,768)	(637,536,768)
WPPF	-	-
	(533,504,347)	(522,250,182)
Provision for cash defalcation of IBSB project	637,536,768	637,536,768
	104,032,421	115,286,586

30.06.2012 Taka	30.06.2011 Taka
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19.5 Cash defalcation

The Ishwardi - Bagabari - Sirajgonj - Bogra 230 Kv Transmission Line Project was completed on 30.06. 2010. As a result a Project Completion Report (PCR) is to be prepared and total expenditure booked so far in work- in-progress and current years Account Current balance has to be transferred to Fixed Assets. Two investigation committee was formed, one by the management and another by the Board of Directors. The management committee submitted the report and ascertained the defalcation amount of Tk. 637,536,768. Last year Provision was made for cash defalcation for the said amount,

20. Provision for taxation

Balance as at 01 July	36,190,504	306,208,090
Add: Addition during the year	40,415,000	36,185,504
	<u>76,605,504</u>	<u>342,393,594</u>
Prior Year adjustment		(306,203,090)
Less: Paid during the year	(36,190,504)	-
	<u>40,415,000</u>	<u>36,190,504</u>

21. Revenue

Transmission/wheeling charge
Optical Fiber charge

2011-2012 Taka	2010-2011 Taka
7,020,861,398	6,155,642,208
121,346,678	99,479,079
7,142,208,076	6,255,121,287

22. Transmission expenses

Salary and other employee benefits
Travelling and conveyance
Functions, games and entertainment
Rent, rates and taxes
Postage, telephone and fax
Recruitment and training
CPF contribution
Gratuity
Electricity and power
Office Expenses
Fuel and lubricant
Security expense
Insurance
Bank charges and commission
Consultancy
Repair and maintenance
C & F, carrying and handling
Miscellaneous expenses
Depreciation (Note: 4)
Bad Debt
Provision for cash defalcation of IBSB

889,347,035	849,508,755
26,794,792	23,384,221
428,934	265,839
13,426,652	13,507,214
4,321,070	4,471,361
3,771,504	1,469,352
37,736,826	42,495,199
80,211,887	166,754,797
96,358,373	58,832,970
4,240,724	3,788,133
19,036,573	14,894,068
79,515,819	73,009,107
384,546	319,322
2,506,218	2,236,947
749,492	54,275
158,008,476	87,540,489
160,719	411,913
294,087	332,603
2,903,245,042	2,588,731,615
-	5,439,000
-	637,536,768
4,320,538,770	4,574,983,949

23. Administrative expenses

Salary and other employee benefits (Note-23.1)
Travelling and conveyance
Functions, games and entertainment
Rent, rates and taxes
Postage, telephone and fax
Recruitment and training
CPF contribution
Gratuity
Electricity and power
Office Expenses
Fuel and lubricant
Security expense
Insurance
Bank charges and commission
Consultancy
Repair and maintenance
C & F, carrying and handling
Miscellaneous expenses
Depreciation (Note: 4)
Advertisement and publicity
Audit fee
Legal expenses
Fees and renewals
Directors' honorarium and support service allowance
AGM Expenses

109,919,296	104,995,464
1,058,422	923,701
4,518,402	2,800,357
16,496,798	16,595,781
2,065,377	2,137,213
4,185,256	1,630,547
3,232,478	3,640,073
16,428,941	34,154,597
1,626,550	993,113
7,698,250	6,876,656
5,968,777	4,669,925
1,079,984	991,610
1,393,289	1,156,970
48,540	43,325
3,442,298	249,275
5,105,466	2,828,498
6,679	17,118
66,535	75,249
9,904,709	8,831,715
10,990,718	5,335,445
415,000	313,000
1,007,038	542,500
7,200,074	6,142,380
2,883,045	2,204,070
3,177,140	2,445,439
219,919,063	210,594,022

	2011-2012 Taka	2010-2011 Taka
23.1 Salary and other benefits to managing director and 3 (Three) full time directors		
Basic pay	2,182,677	4,402,945
Accommodation allowance	917,145	1,015,233
CPF contribution	98,268	300,839
Bonus	446,400	1,090,600
	<u>3,644,490</u>	<u>6,809,617</u>
24. Finance income		
Interest Income	825,634,836	931,493,210
	<u>825,634,836</u>	<u>931,493,210</u>
25. Other income		
Rental income	5,546,768	5,518,641
Miscellaneous sales	10,151,916	29,436,544
Grant Income (note # 13)	4,913,227	4,913,227
Miscellaneous income	94,545,245	15,531,113
	<u>115,157,155</u>	<u>55,399,525</u>
26. Finance expenses		
On Loan, 5th Phase Assets transferred from BPDB	356,495,153	397,108,657
On Loan, 1st Phase Assets transferred from DESA	70,790,364	70,790,364
On Loan, 2nd Phase Assets transferred from DESA	82,996,720	82,996,720
On Loan no 1505, Mymensingh Power Station Associated Trans. Line	9,965,687	9,965,687
IDA Credit (Loan No.2016) transferred from BPDB	612,281	612,281
Meghnaqhat-Comilla Line, NLDC (Govt. Loan)	14,378,715	17,082,465
Rampura sub-station (ADB Loan No. 1505)	34,350,478	41,948,537
Sub-station extension Mirpur (ADB Loan No. 1505)	5,372,317	5,372,317
Emergency Restoration system (ADB Loan No. 1505)	3,943,978	3,943,978
National Load Dispatch Centre (ADB Loan: 1505)	1,339,168	1,339,168
Meghnaqhat Comilla Line, Haripur Rampura Line Sub-station (General)	43,087,743	43,087,743
Hasnabad-Aminbazar-Tongi Line Project (Govt. Loan)	14,898,323	16,435,150
Hasnabad-Aminbazar-Tongi Line Project (ADB Loan: 1731)	16,037,744	19,955,240
Substation -Aminbazar - Savar (ADB Loan : 1731)	22,457,361	22,457,361
Substation Extension -Tongi -Hasnabad-& Kallyanpur (ADB Loan : 1731)	28,723,711	28,723,711
Khulna-Ishwardi-Bogra-Boropukuria TL (Local : GOB)	58,833,437	63,135,628
Khulna-Ishwardi-Bogra-Boropukuria 230 Kv TL (ADB Loan: 1885) TATA Power	80,683,306	83,050,018
Substation Extension (Ishwardi 230/132 & Khulna Central 132/33 Kv) L & T(ADB Loan : 1885)	8,600,128	8,461,226
Khulna - Bheramera - Ishwardi -Boropukuria TL & Substation (Nippon Koei)	-	1,147,147
Bogra 230/132 Kv Substation (ABB GmBh) (Loan No : Kfw)	88,234,828	92,273,745
Khulna South 230/132 Kv Substation (NDF Loan)	47,042,863	49,565,066
Boropukuria Substation (ABB Power) SIDA Loan	16,848,495	17,751,827
Ashuganj-BangaBandu Bridge -Sirajganj (Inter Connector) (Local : GOB)	20,797,727	22,504,929
Ashuganj-Sirajganj 230 Kv TL (LG & Sejong) (ADB Loan: 1885)	91,176,598	91,176,598
Shunt Compensation Project GOB Loan	4,185,080	-
Shunt Compensation Project ADB Loan 1885	17,040,033	-
Switchyard at Sirajganj & extension of 230 Kv Substation (ABB India) (ADB Loan : 1885)	14,660,105	20,654,397
NLDC Project GOB Loan	24,406,493	-
NLDC Project ADB Loan 2039	129,662,456	-
Kabirpur Tanqail Sirajganj Project (Local Loan: GoB)	3,923,844	4,245,936
Joydebpur-Kabirpur-Tanqail (Danida Loan)	57,332,376	60,490,510
Exchange loss/(gain) (Note-26.1)	-	-
Rampura Gulshan Underground Cable Line -ADB Loan 1731	7,539,010	7,539,010
Gulshan 132 KV GIS S/S Line -ADB Loan 1731	20,115,698	20,115,698
Upgradation of 230/132KV Rampura -Haripur-Aminbazar S/S(ADB Loan 1731)	37,523,776	37,523,776
CCC - Suppliers credit	15,529,734	17,483,102
On Exchange Rate Fluctuation Loss	179,678,962	247,324,256
	<u>1,629,264,693</u>	<u>1,606,262,249</u>

26.1 Exchange rate fluctuation loss/(gain) represents gain due to exchange rate fluctuation in respect of ADB loan utilized by the company as well as the loss/(gain) for assigned loan transferred from BPDB & DESA.

	2011-2012 Taka	2010-2011 Taka
27. Income tax expense/(Income)		
Current tax	40,415,000	36,185,504
Deferred tax	598,210,905	(151,097,714)
Deferred Tax (Income)/Expenses related to the origination and reversal of temporary differences	362,658,385	76,009,326
Adjustment to opening deferred tax liability resulting from increase/(reduction) in tax rate	235,552,520	(227,107,040)
	638,625,905	(114,912,210)
28. Earning per share (EPS)- basic		
Net profit after tax	1,183,543,181	924,601,544
Number of Ordinary shares outstanding during the year	419,011,810	419,011,810
EPS - basic	2.82	2.21

29. Related party transactions

The company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in BAS 24. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are as follows:

Name of the party	Nature of relationship	Nature of transaction	Transactions during the year Taka	Receivable/(payable) as at 30 June 2012 Taka
Bangladesh Power Development Board (BPDB)	Associate company	Transmission Charge	1,565,862,271	-
West Zone Power Distribution Company(WZPDCO)		Transmission Charge	436,696,820	87,893,886
Dhaka Power Distribution Company(DPDC-Ex DESA)		Transmission Charge	1,407,141,813	280,986,023
Dhaka Electric Supply Company(DESCO)		Transmission Charge	779,167,982	630,397,763

Transactions with related companies are priced on arm's length basis and are in the ordinary course of business.

30. Number of employees

The number of employees as at 30 June 2012 is 1952 and which was 1977 as at 30 June 2011.

31. Even after balance sheet date

The Board of Directors in its meeting held on 08 November 2012 recommended dividend @20% per shares for the year 20011-20112 which is subject to the approval at the forthcoming AGM, the break-up of the dividend is as under:

	Taka
10% Stock Dividend	419,011,810
10% Cash Dividend	419,011,810
	838,023,620

Note : Stock dividend 10% represents 41,901,181 shares.

