

# DIRECTORS REPORT TO THE SHAREHOLDERS

For the year ended December 31, 2008

**Dear Shareholders,**

The Board of Directors of Summit Alliance Port Limited (SAPL) welcomes you all to the 05th Annual General Meeting of the company and the first of its kind as a publicly listed entity. We are pleased to submit before you the operational activities and audited financial statements of the company for the year that ended on 31st December 2008.

The Directors' Report is prepared in compliance with section 184 of the Companies Act 1994 and Securities & Exchange Commission's notification no- SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006

## **Business Activities**

The principal activity of the Company is to provide Off-Dock services as Inland Container Depot with facility for Empty Container Storage and Container Freight Station having facilities for handling of both Import and Export Cargo. In the year 2008, the 2nd year of the start of commercial operation, the Company earned total revenue of Tk.292.2 million from its major three segments representing 31% growth over 2007.

## **Financial Results**

During the year 2008, the company's net profit after Tax amounted to Tk.175.2 million as compared to Tk. 137.8 million in the year 2007. The Company is in the process of continuous expansion of its capacity through purchase of land, building of facilities and procurement of handling Equipment for which substantial investment is required. Therefore availability of adequate fund at the disposal of the Company is an essential pre-requisite for uninterrupted progress of the projects. Keeping this in view, the Directors would like to report the company's financial results for the year ended 31st December 2008 with the recommendations for appropriation as follows:

## Appropriation of Profit

Figure in thousand taka

	2008	2007
Net Profit for the year (after Tax)	175,189	137,847
Profit brought forward (including Tax Holiday Reserve)	57,847	-
Balance available for Appropriation	233,036	137,847
Appropriations:		
Stock Dividend: 20% (2007: 40%)	100,000	80,000
Cash Dividend: 10% (2007: Nil)	50,000	-
Total Dividend proposed	150,000	80,000
Balance Carried Over	83,036	57,847

## Dividend

Your Board recommends 20% Stock Dividend (one share for every five shares) and 10% Cash Dividend, subject to approval by the shareholders at the 05th Annual General Meeting and SEC's approval for the Stock Dividend.

## Directors Meeting & Attendance

During the year ended 31st December 2008, the Board of Directors held 11 (Eleven) meetings. Name of the Directors and the number of meetings attended by each are given below:

Name of the Director	Attended	
Mr. Muhammed Aziz Khan	01	Retired in the AGM held on 28-02-08 and subsequently inducted on 16-01-09 in terms of Article- 41.
Mr. Syed Ali Jowher Rizvi	11	
Mrs. Anjuman Aziz Khan	04	
Dr. Syed Ali Gowher Rizvi	01	
Mrs. Sobera Ahmed Rizvi	11	
Mr. Md. Latif Khan	10	
Ms. Ayesha Aziz Khan	08	
Ms. Adeeba Aziz Khan	04	Inducted in AGM held on 28-02-08.
Mr. Faisal Karim Khan	08	
Mr. Syed Yasser Haider Rizvi	11	
Mr. Syed Nasser Haider Rizvi	11	
Mr. M Farid Khan	00	
Mr. Syed Fazlul Haque	08	Appointed alternate Director on 09-02-08 to represent Mrs. Anjuman Aziz Khan during her absence.
Captain Asif Mahmood	02	Appointed alternate Director on 09-02-08 to Represent Dr. Syed Ali Gowher Rizvi

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

## **Directors' Election & re-appointment**

As per Article 42 of the Articles of Association Mrs. Anjuman Aziz Khan, Mr. Syed Ali Jowher Rizvi, Mr. Md Latif Khan and Mr. Syed Yasser Haider Rizvi shall retire in the 05th Annual General Meeting by rotation and being eligible, offer themselves for re-election. Besides, Mr. Muhammed Aziz Khan who was appointed on 16-01-09 in terms of Article 41, shall also retire in this AGM and being eligible, offer himself for re-election.

## **Auditors**

The present auditors, Messrs Basu Banerjee Nath & Co, Chartered Accountants retire and being eligible, offered themselves for re-appointment for the year 2009. Your Board recommended the re-appointment of Basu Banerjee Nath & Co as auditor of the Company for the year 2009 and Board's recommendation will be placed at the forthcoming Annual General Meeting for approval.

## **Business Expansion**

Established in December 2003, your company is the first and the only Off-Dock company in the private sector that has gone public. The company commenced its commercial operation in February 2007 and we are in continuous process of expanding the facilities to accommodate the increased demand that arose from the confidence and trust our valued customers reposed on our high standard services. During the year under review the Company finalized a five year contract with Kuehne + Nagel Limited, one of the largest freight forwarders in the world. In order to accommodate their growing business volume we have built a dedicated Warehouse of 52,000 sft area with minimum monthly commitment of 1,000 TEUs Export Cargo with other related services.

The company has also agreed in principle with APL Bangladesh Ltd. to provide the necessary warehouse and empty container storage space to cater to their entire Bangladesh volume. The contract is expected to be signed in April 2009 with construction work of new 100,000 sft warehouse to commence subsequently.

## **Business Risk & uncertainties**

Off-Dock operation is highly dependant on the efficiency of handling exports and imports by Chittagong port that generate from International trade of the Country. Therefore any disruption in Chittagong Port operation will have adverse impact on the trade volume of the Country and have consequential effect on the business of the Company. However given the importance of Chittagong Port as the gateway for over 90% of the country's containerized export and import cargo we do not foresee the Government allowing such a situation arising. Besides the dependency on Chittagong Port, the project is close to the Bay of Bengal and thereby risking the possibility of being affected by sea driven natural calamities. However the recently constructed protection embankment by the Bangladesh Water Development Board has reduced this risk greatly. Furthermore, the same embankment has been earmarked to be part of the Asian Super Highway which should lead to further strengthening of the structure and thereby minimizing any potential risk from sea driven calamities. Finally, all Off-Dock Companies are dependent on obtaining and renewing permission / clearance from Chittagong Custom House (NBR), Chittagong Port Authority and various other relevant Government Agencies. Delay at any stage can have consequential effect in smooth continuation of the operation.

## **Going concern**

While approving the financial statements, Directors have made appropriate enquires and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operations for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resources to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing these financial statements

## **Corporate Governance**

Corporate Governance is the system through which companies are directed, guided and controlled by the Board, keeping in view its accountability to the shareholders. Your company strives to maintain full compliance with the laws, rules and regulations that govern the business and to uphold the highest standards.

Since corporate governance is not a static process, we always continue to improve our practices. A separate chapter on corporate governance has been reported before.

## **Corporate Social Responsibility**

As part of the ongoing commitment to the society and environment in which the Company conducts its business, SAPL remains committed to perform its obligation.

With its policy of promoting employment generating activities, the company is extremely proud to be associated with the significant economic and social development that has taken place in the locality since the commencement of SAPL's business operations.

On the Environmental issue, the Company gives high priority in protecting the environment and our humble efforts in this regard include extensive number of sapling plantation in the Company's Depots and other places.

We remain committed to these causes and shall continue our drive to further promote social and environmental improvements whenever opportunity arises.

## **Human Resources Management**

Your company recognizes that People are the most important resource and key to the success of any organization. To develop and equip the employees with key skills, the company places great emphasis on the development of its people and hence we strive to send our people to various courses and workshop as well as we also arrange in house workshops for updating knowledge on the respective functional areas.

## **Status of Compliance**

In accordance with the requirement stipulated in condition No-5.00 of the Securities & Exchange Commission's notification no-SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006 the Corporate Governance Compliance Report is shown in Annexure -1.

## **Key Operating & Financial Data**

The summarized key data for last two years (Year 2007 being first year of Operation) is set out in Annexure-2.

## Shareholding Information

The shareholding information as at 31st December 2008 with other related information is set out in **Annexure-3**

## Acknowledgement

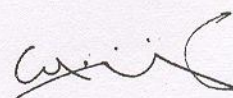
Your Directors would like to put on record its deep appreciation of the efforts made by the employees of the Company. Their commitment and passion, both individually and through teamwork have helped achieve SAPL that it is today. The Board also recognizes and appreciates the critical support provided by the families of the employees which enables them to focus on their work in SAPL.

The trust and confidence that our valued customers, bestow on SAPL is our main driving force. We accept this trust in all humility and shall continue to strive to live up to the expectations. Board expresses its heartfelt thanks and gratitude to all the stakeholders including Investors, Suppliers, Banks & Financial Institutions, Insurance Companies, Service Providers, the Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, The Central Depository Bangladesh Limited, various Government Authorities, Individuals and agencies who have helped us achieve what we are today.

We look forward to seeing you at our 05th Annual General Meeting.

On behalf of the Board of Directors,

Syed Ali Jowher Rizvi  
Managing Director



Syed Ali Jowher Rizvi  
Managing Director