

# DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2009

*Dear Shareholders,*

The Board of Directors of Summit Alliance Port Limited (SAPL) welcomes you all to the 06th Annual General Meeting of the company. We are pleased to submit before you the operational activities and audited financial statements of the company for the year that ended on December 31, 2009.

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 for handling of both Import and Export Cargo. Global economic melt down coupled with intense competition that arose due to influx of a few more off-docks, affected the overall performance of the industry for the year and your Company also had its consequential effect on its revenue earning for the year reflecting a negative growth of around 14% over that of 2008. However, taking the revenue of its subsidiary, Ocean Containers Limited, the consolidated revenue for the year under report stood at Tk.600.4 million that reflects growth of 105% over 2008. Also it should be mentioned that even with the influx of new entrants your company has successfully managed not only to retain volume of business but has been able to increase total annual throughput in order to mitigate as much as possible the downward pressure on revenue.

## Financial Results

Consolidated net profit of the Company after Tax amounted to Tk.354.4 million for the year under report as compared to Tk. 109.8 million of the year 2008. Profit for the year includes Tk.159.7 million on account of capital gain on disposal of a part of its investment in Ocean Containers Limited (OCL) to raise fund for uninterrupted continuation of development works of expansion/new projects of the Company.

Directors of the Company would like to report the company's financial results for the year ended 31st December 2009 with the recommendations for appropriation as follows:

Appropriation of Profit	Figure in thousand taka	
	2009 (Consolidated)	2008
Net Profit after Tax for the year	354,352	175,189
Un-appropriated Profit brought forward including Tax Holiday Reserve as on 31st December	83,036	57,847
<b>Balance available for appropriation</b>	<b>437,388</b>	<b>233,036</b>
<b>Pre-acquisition Ocean Container's Profit (up to 24-05-09) transferred to Capital Reserve</b>	35,009	
Dividend proposed for the year		
Stock Dividend: 10% (2008: 20%)		
Cash Dividend: 20% (2008: 10%)	87,902	100,000
	175,803	50,000
<b>Total Appropriation</b>	<b>298,714</b>	<b>150,000</b>
<b>Transferred to Balance Sheet:</b>		
1. Retained Earning	14,996	2,485
2. Tax Holiday Reserve	123,678	80,551

## Dividend

Your Board recommends 10% Stock Dividend and 20% Cash Dividend, subject to approval by the shareholders at the 11th Annual General Meeting and SEC's approval for the Stock Dividend.



## Directors

- Directors' meeting & attendance

During the year ended December 31, 2009, the Board of Directors held 15 (Fifteen) meetings. Name of the Directors and the number of meetings attended by each are given below:

Name of Directors	Attended	
Mr. Muhammed Aziz Khan	14	Inducted in the Board meeting of 16-01-09 and elected Chairman in the same meeting
Mrs. Anjuman Aziz Khan	11	Resigned as Chairperson in the Board Meeting dated 16-01-09, but retained her position as Director
Mr. Syed Ali Jowher Rizvi	15	
Dr. Syed Ali Gowher Rizvi	03	Resigned on 23-08-09 due to appointment as Adviser to Honorable Prime Minister of Bangladesh
Mrs. Sobera Ahmed Rizvi	13	
Mr. Md. Latif Khan	15	
Ms. Ayesha Aziz Khan	11	
Ms. Adeeba Aziz Khan	11	
Mr. Faisal Karim Khan	11	
Mr. Syed Yasser Haider Rizvi	11	
Mr. Syed Nasser Haider Rizvi	13	

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. Sobera Ahmed Rizvi,

Ms. Ayesha Aziz Khan and Syed Nasser Haider Rizvi shall retire in the 06th Annual General Meeting by rotation and being eligible, offer them 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 2010. Your Board recommended the re-appointment of Basu Banerjee Nath & Co as auditor of the Company for the year 2010 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 Off-Dock company in the private sector that has gone public on 16th October 2008. The company commenced its commercial operation in February 2007 and your Board has been continuously striving to expand facilities and improve performance standard to accommodate the increased demand that arose from the confidence and trust our valued customers reposed on our high standard services. In order to accommodate the growing business volume of Kuehne + Nagel Ltd., we have built an additional dedicated Warehouse of 42,000 sft areas with minimum monthly commitment of 1,500 TEUs Export Cargo with other related services.

The company has also signed a long-term contract with APL Bangladesh Ltd. to provide the necessary warehouse and empty container storage space to cater to their entire Bangladesh volume. The contract was signed on 6th June 2009 with construction work of the new 120,000 sft warehouse already underway. This new facility will be the exclusive off-dock used by APL & APL Logistics for their entire consolidation from Chittagong.

## 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



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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 closed 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 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 promise bound to perform its obligation. We 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/CMRRC/2006-158/ Admin/02-08 dated February 20, 2006 the Corporate Governance Compliance Report is shown in Annexure -1.

## Corporate and Financial Reporting Framework

- a. The Financial Statement prepared by the management of the Company present fairly its State of Affairs, the result of its Operations, Cash Flows and Changes in Equity.

- b. Proper Books of Accounts have been maintained.
- c. Appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements and that the Accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been followed in preparation of the Financial Statements.
- e. The Company maintains a sound Internal Control System which gives reasonable assurance against any material misstatement of loss. The internal control system is regularly reviewed by the Company's Internal Audit Team.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. Significant deviations from the last year's operating results of the Company, if any have been highlighted under the headings Appropriation of Profit, Financial Performance and Summery Balance Sheet herein before and the reasons are stated in the Chairman's Statement and Directors' Report.

**Key Operating & Financial Data**

The summarized key data for last two years (Year 2007 being first year of Operation) is set out in Annexure-3.

**Shareholding Information**

The shareholding information as at 31st December 2008 with other related information are set out in Annexure-2

**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 in 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, Clients, 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 06th Annual General Meeting.

On behalf of the Board of Directors,



Syed Ali Jowher Rizvi  
Managing Director

