

# THE PENINSULA CHITTAGONG LIMITED

ANNUAL REPORT  
2016-2017



[www.peninsulactg.com](http://www.peninsulactg.com)



The Peninsula Chittagong  
*(Best Business Hotel in Town)*

## THE FOUNDER



**LATE DR. GOLAM ARSHAD**  
**FOUNDER CHAIRMAN**  
**1927-2011**

### **Dr. Golam Arshad and Salima Begum**

Founders of The Peninsula Chittagong Limited

Back in the nineties, Dr. Golam Arshad and his wife Salima Begum dreamed of converting their property into something that would give maximum benefit to society. They envisioned a facility that provided employment and assistance for people throughout our country to thrive on.

My mother, being the philanthropist she was, wanted to employ as many people as possible so that they could sustain their families as well as live comfortable lives with their hard earned-pay. My father never spoke much, but when he did, there was volumes of wisdom in his words. It was he who gave us the idea of building a hotel like none other in our hometown of Chittagong.

In August of 2001, my mother passed away in a tragic car accident enroute from Canada to New York, and my heartbroken father decided to leave North America for good and come back home to his beloved country Bangladesh. Not soon after, I followed his footsteps and moved back here with my family. Upon my return, my father disclosed his and my mother's dream of using their property for the good of society, and how he thought that the hospitality business would be the best way to do this. He asked me and my brother-in-law (Engr. Mosharraf) to help him accomplish his dream by appointing us as the main investors for the project. Almost immediately, we began working on his dream hotel.

After 27 long months of hard work and dedication, The Peninsula Chittagong Hotel was officially opened on 17th February 2006. In case any of you were wondering why the unofficial name for this building is Bulbul Center, the reason is that my father had named the establishment in memory of his late wife with whom he had envisioned this dream.

Throughout his career, my father prioritized the needs of his patients above all. It did not matter to him if the patient was wealthy or poor, he administered treatment equally, and more often than not, free of cost to those who could not afford to pay him. He regularly gave away medical samples to those who needed it, and often bought medicine for his less fortunate patients. He lived to the ripe old age of 82 before he passed away due to a relapsing throat cancer. However, he had lived life to the fullest, having experienced a number of amazing adventures throughout his lifetime. He lived through the British regime, where he often hunted and explored the jungle, and assisted the tribal inhabitants of Chittagong Hill tracks. He researched and studied new fields such as microbiology, something which was unheard of at the time. He pursued knowledge until the very end, constantly studying and keeping up with the latest scientific breakthroughs. He had started his medical studies in Kolkata, but had to shift to Chittagong Medical School just before the partition in 1942. He encouraged his children and grandchildren to further their education as much as possible, and inspired them to follow his footsteps and become doctors and engineers as well.

My mother was also well-educated, and loved a good book with a hot cup of tea. Along with handling housework, she always made time to read, embroider and knit, and she loved to socialize. She was always looking out for others, and helped people however she could. She was an excellent cook, and always made delicious meals and savory snacks for the constant stream of guests and well-wishers who came to visit us in our home, which used to be where The Peninsula is currently standing!

Statement from Managing Director (Son of Founder Chairman)



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REPORT  
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## MISSION

"Service with **Z**ero defects"

## VISION

The long range vision of "The Peninsula Chittagong Limited" is to become one of the leading establishments in the regional hotel industry. We aim to develop and operated several categories of hotel, motel and resorts across the country with a seamless quality of service and standard. We provide a comfortable, service-driven, modernized facility to ensure a comfortable stay for visiting tourists and business delegations visiting the counrty.



# Letter of Transmittal

All shareholders of The Peninsula Chittagong Limited  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited  
All other Stakeholders

## **Annual Report for the year ended June 30, 2017**

We are pleased to enclose a copy of the annual Report of The Peninsula Chittagong Limited together with the Audited Financial Statements, Report of the Board of Directors and Auditors Report thereon for the year ended June 30, 2017 for your information and records.

Your sincerely

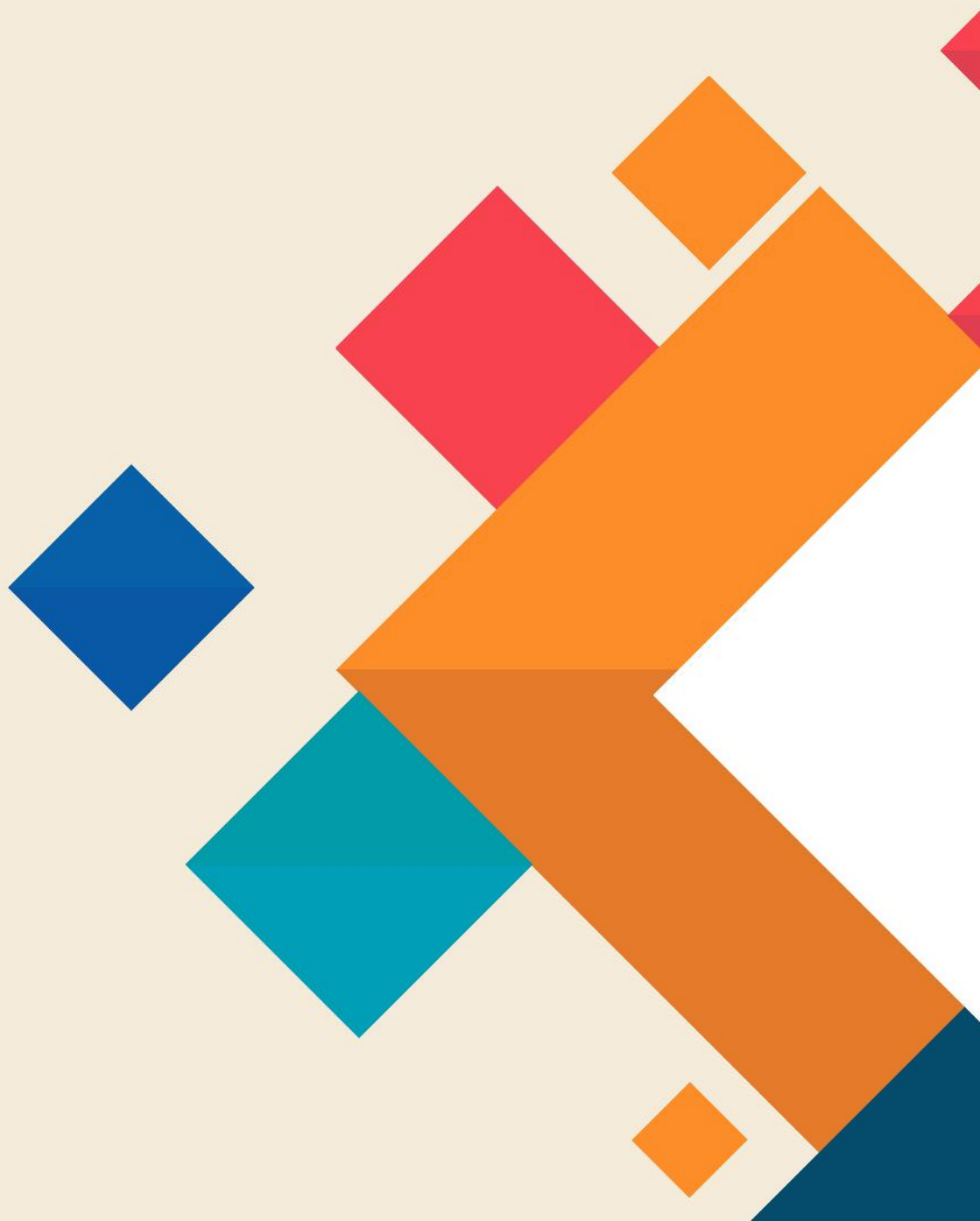


**Mohammad Nurul Azim**

Company Secretary

**N.B:** The Annual Report of 2016-2017 is also available in the website of the company at [www.peninsulactg.com](http://www.peninsulactg.com)

C o n t





# e n t s

Notice of 15th Annual General Meeting	06
Corporate Information	07
Company Profile	08
Profile of the Directors	10
Chairman's Letter to the Shareholders	14
Managing Director's Letter to the Shareholders	15
Audit Committee Report	16
Director's Reports to the shareholders of The Peninsula Chittagong Limited for the year 2016-2017	18
Certificate of Corporate Governance	21
Auditor's Report to the Shareholders	32
Statement of Financial Position	33
Statement of Profit or Loss and other Comprehensive Income	34
Statement of Changes In Equity	35
Statement of Cash Flows	36
Notes to the Financial Statements	37
Photo Gallery of 14 <sup>th</sup> AGM	65
Proxy Form and Attendance Slip	67

# Notice of 15<sup>th</sup> Annual General Meeting

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting (AGM) of **The Peninsula Chittagong Limited** will be held on **Thursday, 07 December 2017**, at 10:00 a.m at **Chittagong Club Limited**, SS Khaled Road, Lalkhan Bazar, Chittagong, Bangladesh, to transact of the following business:

## Agenda:

- Agenda-1 : To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 together with the report of the directors' and the auditors' thereon.
- Agenda-2 : To approve proposed dividend for the year ended June 30, 2017.
- Agenda-3 : To elect Directors in place of those who shall retire by rotation in accordance with the provision of articles of association of the company.
- Agenda-4 : To confirm appoint and re-appoint of the Independent Directors.
- Agenda-5 : To appoint Auditors for the year ended June 30, 2018 and to fix their remuneration.

By order of the Board of Directors

Date: 08 November 2017

Sd/-  
**(Mohammad Nurul Azim)**  
Company Secretary

## Notes:

- 01 The concerned brokerage houses & merchant bankers are requested to provide us with a statement with the details (shareholders name, BO ID number, e-TIN number, gross dividend receivable, applicable tax rate, and net dividend receivable) of their margin loan holders who hold shares of the Company as on the Record Date, along with the name of the contact person in this connection. The brokerage houses & merchant bankers are also requested to provide us with their Bank Account Name, number, routing number etc. on or before November 30, 2017.
- 02 The concerned trusty board of approved superannuation fund or pension fund or gratuity fund or recognize provided fund or workers participation fund are requested to provide us update tax rebate certificate on or before November 30, 2017.
- 03 Shareholders, whose names appear on the Members/Depository Register on the Record Date i.e. on 06th November, 2017 shall be eligible to attend the 15<sup>th</sup> AGM of the Company and to receive the Dividend.
- 04 A member eligible to attend and vote at the Annual General Meeting may appoint a proxy on his/her stead. The proxy form attached with Annual Report-2017, duly filed in, signed and stamped, must be submitted at the Corporate Office of the Company not later than 48 hours before the time fixed for the meeting.
- 05 Only Shareholders or their validly appointed proxies will be allowed to have access to the registration process to attend the meeting.
- 06 Admission into the auditorium will be allowed strictly on submission of the attendance slip sent with the Notice.
- 07 In case of non-receipt of annual report of the company sent through postal service, shareholders may collect from the company's share division. The Annual Report for the year ended on 30 June 2017 is available in the investors' information corner of the Company's website at [www.peninsulactg.com](http://www.peninsulactg.com)

শেয়ারহোল্ডারবৃন্দের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকবে না।





# Corporate Information



## Board of Directors

Mr. Mahboob-Ur- Rahman  
Mr. Mustafa Tahseen Arshad  
Mrs. Ayesha Sultana  
Mrs. Bilkis Arshad  
Professor Dr. Md. Fashiul Alam  
Mr. Kazi Sanaul Hoq



## Auditor

Hussain Farhad & Co  
Yunsoo City Centre (9th Floor)  
807, CDA Avenue  
Nasirabad, Chittagong



## Corporate Governance Compliance Auditor

Hoda Vasi Chowdhury & Co.  
Chartered Accountants  
Delwar Bhaban, 4th floor  
104 Agrabad C/A,  
Chittagong-4100  
Tel: +88 031 716305 & 723391  
Fax: +88 031 2512485  
E-mail: hvc@globalctg.net



## Company Secretary

Mr. Mohammad Nurul Azim



## Corporate Advisor

Mr. Eradath Ullah, FCA  
S. Ahmed & Co.  
Chartered Accountants  
151 S.K. Mujib Road, Agrabad C/A  
Chittagong. Tel: +88-031-721485  
Fax: +88-031-2510817  
E-mail: s.ahmed\_co@yahoo.com



## Tax Consultant

Mr. Subhash Dutta, FCMA  
Hasnu Hena, Flat # B-4, A-4 17  
Larmini street, Wari Dhaka-1203  
Bangladesh. Tel: 9576277, 9590594



## Bankers

AB Bank Limited  
Brac Bank Limited  
The City Bank Limited  
Eastern Bank Limited  
Prime Bank Limited  
Standard Chartered Bank Limited  
Standard Bank Limited  
The Premier Bank Limited  
IFIC Bank Limited  
Bank Alfalah Limited  
Mutual Trust Bank Limited  
United Commercial Bank Limited



## Registered & Share Office

The Peninsula Chittagong Limited  
Bulbul Center, 486/B O.R. Nizam Road  
CDA Avenue, Chittagong-4100  
Tel: +88-031-2850860-9  
Fax: +88-031-632506  
E-mail: ipoinfo@peninsulactg.com  
Website: www.peninsulactg.com



## Dhaka Office

The Peninsula Chittagong Limited  
8/A, Chandrashila Suvastu Tower  
69/1 Green Road, Panthapath  
Dhaka-1205, Tel: 02-9641311-13



## Company Profile

The Company has been converted to public Limited Company on November 30, 2010. At present, the authorized capital of the Company stands at Tk. 300 Crore (Three Hundred Crore) and paid-up capital stands at Tk. 118.66 Crore.



## **The Peninsula Chittagong Limited-WHERE HOSPITALITY IS CULTURE**

The Company has been incorporated as a private limited company on July 25, 2002 under the companies Act 1994 vide registration no C-46488 (2961)/2002 in the name of Voyager Bangladesh Limited. Later, it was renamed as The Peninsula Chittagong Limited on June 07, 2010 vide special resolution of the shareholders in the Extra Ordinary General meeting (EGM) and Registrar of Joint Stock Companies & Firms, Dhaka & approved the same accordingly. The company offloaded 55,000,00 shares after getting approved from Bangladesh Securities And Exchange Commission (BSEC) on 19 February 2014 through initial public offering. The company's shares were enlisted in both Dhaka and Chittagong Stock Exchanges on 04 June 2014 & 22 May 2014 respectively in accordance with letter ref. DSE/Listing/ULC/2014/5035 & CSE/Listing/TPCL-2014. The Company started its commercial operation from February 17, 2006.

The Peninsula Chittagong Limited is situated at the bustling center of Chittagong GEC circle. The hotel provides superior services combining western sophistication and Chittagonian hospitality in a scenic and convenient location. Tourists can discover this unique retreat for business or pleasure just minutes from the commercial center surrounded by famous retail shops, restaurants and corporate office.

The registered office & Business Project (4 Star Hotel premises) located at Bulbul Center, 486/B, O.R. Nizam Road, CDA Avenue, Chittagong-4100, Bangladesh and The Dhaka Office of the company is located at 8A, Chandrashila Suvastu Tower, 69/1 Green Road, Panthapath, Dhaka-1205.

The Company has been converted to Public Limited Company on November 30, 2010. At present, the authorized capital of the Company stands at Tk. 300 Crore (Three Hundred Crore) and paid-up capital stands at Tk. 118.66 Crore.

### **Nature of Business**

The Peninsula Chittagong Limited is a service oriented hotel combining business with comfort. The Company offers premier setting for conferences, meetings and corporate events. Our guests are treated in a gracious environment, where personalized service is the standard. For important events, there is a wide range of meeting rooms and venue options to choose from.



## Profile of the Directors



**MR. MAHBOOB UR RAHMAN (RUHEL)**  
Chairman

Mr. Mahboob Ur Rahman has been the Chairman of The Peninsula Chittagong Limited since 2014. He has joined the company in 2004 as the Executive Director.

Mr. Mahboob Ur Rahman is an innovative entrepreneur running four leading companies in entertainment, hospitality, construction and information technology sector in Bangladesh. Educated in the United States of America in Information Technology and trained as an Executive MBA from Helsinki School of Economics in Finland. Mr. Rahman is leading changes and creating values with innovative business ideas and technologies in Bangladesh.

Mr. Rahman is the Founder Chairman of Show Motions Limited, the first modern multiplex cinema theater in Bangladesh under the STAR Cineplex brand. Besides cinema exhibition, he has established film production and distribution business within the company. He has also founded BASE Limited, a leading ITES company providing information technology solutions, consulting services in

management and finance and technical training to enterprises and government in Bangladesh. Since 1999, in the capacity of Managing Director, Mr. Rahman has been leading GasMin Limited, one of the largest Gas Pipeline Construction firm in the country completing many large projects in Gas Pipeline, Drill Pad Development and Civil Structures. Mr. Rahman founded Sayeman Holding Limited with a vision to build, operate and own several destination resorts in Bangladesh. He is also the Managing Director of Sayeman Beach Resort Limited the most remarkable beachfront hotel in Cox's Bazar. In 2017, Mr. Rahman co founded SBG Economic Zone Limited to develop, market and operate a land area of 550 Acres of Economic Zone in Mirsarai as the capacity of Managing Director.

Mr. Rahman earned his Bachelor Degree in Interdisciplinary Studies in Information Systems and Computer Science from the University of Texas, USA and an Executive M.B.A from Helsinki School of Economics, Finland.



**MR. MUSTAFA TAHSEEN ARSHAD**  
Managing Director/CEO

Mr. Mustafa Tahseen Arshad received a Bachelor of Science in Electronic Engineering Technology from Southeastern Oklahoma State University, USA. He also specialized in Industrial Technology and Management System under direct Supervision of University of Oklahoma, USA.

Mr. Arshad ran an IT-based company in New York City and had clients like Scientific America, Bedford St. Martin Press, WH Freeman, Worth Publishers and Board man Publishing under his supervision along with famous Hollywood producer Scot Rudin and famous office and designer furniture company Knoll Ltd. His company helps them adapt 21st century technology by providing the latest online and e-commerce solutions to their systems.

Mr. Arshad attended an International Training Course called 'Natural Gas Pipeline Construction and Management' conducted by the Canadian Petroleum Institute (CPI), Canada under Canadian International

Development Agency (CIDA) Development Fund. He attended a special seminar on Waste Management in Industrial Area and Surroundings, Industrial Gas Recovery and Management. This course was organized by the Environmental Protection Agency (EPA), USA, and Occupational Safety and Health Administration (OSHA), USA.

In 2003 he decided to move back to his roots to Bangladesh after spending over two decades in USA. In his pastime, Mr. Arshad enjoys cooking, and has a great appreciation for the food industry. Having great passion for multi-ethnic cuisine, he decided to enter a new dimension by changing careers completely, and has set up this prestigious institution you see today, proving his incredible adaptability into any field. Within a few years, he has become a renown hotelier, both at home and abroad, and has a number of awards in his name.

Always striving for excellence, Mr. Arshad plays a vital role in his current project and spends a good number of hours every week with the F&B team and Executive Chef to design and implement new lines and wide varieties of International menus along cultural fusions for the hotel food outlets. His favorite hobby of cooking different styles of international fusions became very handy in his practical life. In addition to his present job responsibilities, he is currently consulting for few properties as a free-lance consultant, namely for Sayeman Heritage in Cox's Bazar.

As a challenge he engaged himself in a new line of business and became the brain behind the "Grocer" Superstore concept, a new line of grocery and life-style shopping stores in Chittagong. Currently he is fully involved with designing and planning the new "Peninsula Airport Garden" project which will be commencing by 2019, a 200+ room, 5 Star, eco-friendly & green resort-style hotel with the most modern international features and facilities near the Chittagong Hazrat Shah Amanat International Airport.

He is also working on a new concept project for residential-cum-commercial building with eco-friendly and green features. The residential part of this building will be retirement homes with full-time services including housekeeping, room-service, health-clubs, in-house medical assistance, a library and handicapped equipped toilets, elevators and access controls.





### **MRS. AYESHA SULTANA**

Executive Director

Mrs. Ayesha Sultana is the Executive Director of The Peninsula Chittagong Limited since its inception. Mrs. Sultana completed her Higher Secondary School Certificate (HSC) from Chittagong College in 1966. She is the daughter of Founder-Chairman of The Peninsula Chittagong Limited, Late Dr. Golam Arshad and mother of current Chairman, Mahboob ur Rahman.

Mrs. Ayesha Sultana holds positions and shares in several leading companies in Bangladesh. Mrs. Sultana is the Chairman of GasMin Limited, a leading Construction Company and Director of SayemanHoldings Limited and The Peninsula Holdings Limited. Mrs. Sultana is a shareholder of Republic Insurance Company Limited. Besides business Mrs. Ayesha Sultana is involved in several social works and philanthropic services in Chittagong. Mrs. Ayesha has been supporting and assisting her husband, Engr. Mosharraf Hossain M.P, Minister of Housing and Public Works throughout his political career for last 50 years. She has raised four children. Her three sons are engaged in family business and several social and cultural activities while her only daughter is a successful medical doctor in the United States of America.

Mrs. Bilkis Arshad, a graduate of Chittagong College, is the Director of The Peninsula Chittagong Limited. She is an Ex- Director of VOYAGER COMPUTER & COMMUNICATION NY, an IT Company based in Long Island, NY from 1993 to 2001. She manages total inventory, ordering required equipment for various jobs, managing shipments, warranties and related issues.

She also acted in place of the Managing Director during his longtime absence from the country in 2008-09. She assists in managing the F&B ideas, as well as all events taking place throughout the year. She worked closely with Executive Chef on rolling out new menus and popular new lines of food to enhance the palette of the regular guests and customers.



### **MRS. BILKIS ARSHAD**

Director



### **PROFESSOR DR. MD. FASHIUL ALAM**

Independent Director

Professor Dr. Md. Fashiul Alam, born in a village of Barabakunda, Sitakunda Upazilla, Chittagong on 5th February, 1952, by profession is a teacher of management of the University of Chittagong and had been in Feni University, Feni, Bangladesh, for the period from April 16, 2013 to April 15, 2017 as its 1st Vice Chancellor. Some other important academic and administrative posts he held during his professional career are: Chairman, Dean,

Provost, Executive Editor and Editor of Academic Journals, President, Secretary General (Teacher's Association & Federation, Member of Syndicate, Finance Committee, Planning & Development Committee etc. He is going to complete 42 years of his teaching and administrative experience on 31st December 2017.

Dr. Alam obtained B.Com Hons. and M.Com Degree in Management from the University of Chittagong and stood first in order of merit in both examinations. As an Indian Government Scholar, he earned Ph.D in 1982 on Collective Bargaining from the University of Punjab, Chandigarh. He did Post Doctoral from the University of London (SOAS), UK as a Commonwealth Academic Staff Fellow in 1991-92. He was also a Senior Research Fellow (2007-08) at IoBM, Karachi, Pakistan and Visiting Scholar in 2009 at University of Texas A & M, USA.

Dr. Alam is well known as a reputed scholar, potential academia, creative researcher, efficient administrator, dedicated social worker and a man of high dignity and distinct personality. His fields of specialization cover mainly HRM, HRD, Labour- Management Relations, Entrepreneurship Development and Strategic Management. Besides holding a long experience of pursuing research in management, HRM, Industrial Relations and allied fields and conducting project work, he is an author 41 articles published in reputed and recognized national and international journal, a large number of research studies, and also earned experience of supervising M.Phil and Ph.D scholar both at home and abroad. He also holds the fortune of visiting about two dozen countries, attending and presenting papers in a good number of national and international conference, seminar, workshop etc. held in many countries of Asia, Middle East, Europe, Australia and North America.

Kazi Sanaul How, has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 10 August 2017. He started his career as a Senior Officers in ICB on 25 October 1984 and served different position in the same organization. Before his joining he acted as Managing Director at Rajshahi Krishi Unnayan Bank (RAKUB), During his service life he served different Banks and Financial Institutions. He served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that Kazi Sanaul Hoq served as general manager at BDBL and RAKUB. He also served as CEO at ICB Securities Trading Company Ltd. He completed his B. Com (Hon's) and M. Com degree in Accounting from The University of Dhaka.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that he is now serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), Linde Bangladesh Limited, Glaxo Smith Kline Bangladesh Ltd. (GSK), Renata Limited, Bangladesh Krishi Goveshona Endowment Trust (BKGET), Credit Rating Agency of Bangladesh Ltd. (CRAB), Credit Rating Information and Service Ltd. (CRISL), Standard Bank Limited, National Tea Company Limited, Apex Tannery Limited, Central Depository Bangladesh Ltd. (CDBL) and some other Directorship.



**MR. KAZI SANAU HOQ**  
Director (ICB Nominated)



# Chairman's Letter to the Shareholders

**Dear Shareholders,**

**Assalamu Aalykum**

Amidst all the development and increased economic activities in Chittagong region, we are proud to inform you that The Peninsula Chittagong has started its construction work of the Peninsula Airport Garden Hotel in Patenga after the groundbreaking ceremony on 8th October 2017. As indicated in my last year's letter to the Shareholder the anticipated development projects of Kornophuly Tunnel, Mirsarai and Anwara Economy Zones and Energy Hub at Moheshkhali has already started. This will result in a huge transformation of the Chittagong region bringing in many investors and business travellers to the area. Peninsula Chittagong Airport Garden will be completed in time in line with the other development activities of the region to cater to the growing future requirement of lodging.

I would like to thank you for investing with us so that we can sustain a strong long term growth and contribute to the economy as a whole. The groundbreaking of the construction of the new airport hotel was not only an important milestone for the company it also gives us much larger market share and a competitive edge to sustain a long-term growth in this area.

Despite the sloth growth of last year's market and increased competition The Peninsula has sustained positive financial results. Once again I would like to thank our valued and loyal customers, hard working employees, board of directors for their contributions to keep us moving forward.

In 2017, our company has reported BDT. 268.79 Million Sales compared to BDT. 300.26 Million of previous year. The revenue has mainly decreased due to competitive pricing of our room rate, which is significantly lower than last year. As our direct and non-direct expenses remained the same the profit margin for the year came to 23.19% which is BDT 62.32 Million.

2017 retained earnings of the company stood at BDT. 174,844,703 against BDT.231,185,866 in 2016. The Board of Directors of the company recommended dividend at five percent in cash for the year 2017. Dividend for previous year was ten percent cash.

We believe in long term growth strategy, as such we need to adjust our pricing to cope with the market condition so that we can sustain in the short term with a vision to grow stronger in the long term. As The Peninsula Chittagong Limited continues to provide good brand value through excellent reputation and service, I strongly believe that we will continue to differentiate our services and product to our customers. At the same time the new airport hotel under construction will be a game changer where we hope to gain larger market share through unique design, space and location of the property. The new airport hotel will cater to international air crew, business travelers, tourists as well as locals. The ambiance, architecture and amenities will be unparalleled to any other facilities in Chittagong.

We have upheld our commitment to our shareholders, customers, employees and to the community for more than a decade with ethical and legal business practices, human rights and sustainable growth. Keeping hospitality as the core value and culture we plan to provide excellent service to our customer and make positive changes to the environment and communities around us. With that in mind every day we strive to give better and improved services to our guests visiting us from all over the world.

On behalf of the Board of Directors



**Mahboob ur Rahman**

Chairman

The Peninsula Chittagong Limited





# Managing Director's Letter to the Shareholders

## Respected Shareholders, Ladies and Gentlemen

**Assalamu Aalykum.**

It is a great pleasure for me to facilitate, on behalf of the Board of Directors, the Annual Report 2016-2017, containing the Directors' Report and Financial Statements as required under the Companies Act 1994 and Regulations of Bangladesh Securities and Exchange Commission, for your consideration and approval thereof at this 15th Annual General Meeting of The Peninsula Chittagong Limited.

We are happy to declare that the Financial Year 2016-2017 was yet another outstanding year for The Peninsula Chittagong Ltd. despite all the political turmoil. The incident of the Holy Artisan Bakery in Dhaka shook the industry badly and many other hospitality businesses were shut down for good. We were fortunate to remain active despite having low occupancy at the time. We do not believe in the concept of customers in the hospitality business: for us, everyone is a guest. Our managers and employees are constantly dealing with our guests to ensure the best services are provided such that guests feel maximum comfort during their stay. Staying true to our motto, "Where Hospitality is Our Culture", we have gained the loyalty of our guests, such that they come back time and time again. Over the years, The Peninsula has grown tremendously, fine tuning their departments through leadership training such that each and every employee has the skills to provide the best services possible. Many guests have said that this hotel is like their second home, where they can relax after a long day of work. This is a huge achievement for us, and we have many regulars who come back for our excellent service and delicious cuisine. There is a variety to choose from, ranging from Bengali to international delicacies, which the guests appreciate immensely. This combination of food and comfort kept us going these past 15 years.

Recent China-Bangladesh infrastructure and business development will be a major keystone for Bangladesh. The amount of investment that is already signed and promised by China is the first of its kind for Bangladesh. These investments will escalate the growth of the country into high gear. We need to go forward to meet the demands of the development process be ready to meet this challenge.

You will be pleased to know that our next project is already in the pipeline and we are looking for ways to complete the project earlier than we have planned. We have already selected the land for the Airport Garden and have already begun construction. We are also planning to open another airport hotel in Dhaka International Airport and followed by one in Khulna in the near future.

Mirsarai EPZ is another large under-going project, initially starting with 1600 Acres of land and plans to expand to 70,000 Acres in the future. The four lane express-ways from Chittagong to Mirsarai EPZ will connect these two zones in less 45 min. The Peninsula Chittagong-Airport Garden Hotel will take advantage of the guests who will be working in both Chittagong and Mirsarai EPZ. These guests will stay in the city and drive directly to Mirsarai through the express-way to reach the zones. The Karnafuli Tunnel will also bring the Korean EPZ and the new China EPZ closure to the hotel. To meet the 50 Billion dollar ready-made garment exporting target by 2020, the current Chittagong port will be inadequate and it will be difficult to expand this port any further. Chittagong is introducing new deep-sea ports which will be starting from Kattuli to Sitakundu, a 9.5 km long route which will soon be the largest sea port in Bangladesh. This port will also have the largest container yard facilities built along the length of the port for easier access of all the shipments and cargoes from all the EPZ in the region as well as the whole country, greatly reducing handling time and shipment charges. China-Bangladesh recently signed for infrastructure development MOU and have already confirmed the Karnafuli Tunnel and Express-way projects. Chittagong Port expansion will be under Chinese funding for these projects.

Biman, our national airlines, are planning to introduce flights from Chittagong-Muscat, Chittagong-Jeddah and Chittagong-Doha by the end of this year or early next year. Similar direct flights will be added for more destinations in the future. Three budget airlines are already flying to Chittagong and more will be added, for instance, Emirates, Qatar and Saudi Arabian Airlines have already done their ground work to fly directly to Chittagong. All these activities will further add to the already healthy recurring revenue streams that The Peninsula Chittagong Limited enjoying today and in future as well.

Our Turnover Tk. 26.88 Crore, Gross Profit Tk. 6.59 Crore, Profit from Operation Tk. 1.38 Crore, Net Profit before Tax Tk. 8.68 Crore, Net Profit after Tax Tk. 6.23 Crore, EPS 0.53 due to effective Cost Control measures and good governance of Management and HOD's.

**Mr. Mustafa Tahseen Arshad**  
Managing Director/CEO  
The Peninsula Chittagong Limited



# Audit Committee Report

The Board of Directors of 'The Peninsula Chittagong Limited' has constituted an Audit Committee as per Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended at the Compliance Report enclosed with the Directors' Report. The Committee consists of Professor Dr. Md. Fashiul Alam, Mr. Mahboob-Ur-Rahman, Mrs. Bilkis Arshad, Mr. Mohammad Nurul Azim. Professor Dr. Md. Fashiul Alam is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Nurul Azim, Company Secretary, is also the Secretary of the Audit Committee. The Audit Committee is appointed by the main Board. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

## Purpose of Audit Committee

The role of the Audit Committee is to scrutinize and monitor the authenticity of the financial statements of the Company and review and, where appropriate, make recommendations to the main Board as per Terms of Reference given by the Board. The Audit Committee review on business risks, internal controls and compliances.

The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, Standard Operating Procedure (SOP) and principles defined by the Company.
- Exercise its oversight of Internal Audit. Review the effectiveness of Internal Audit function including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and material weaknesses and monitor implementation of Audit action plans.
- Oversee hiring and performance of external auditors.
- Other matters as per Terms of Reference of the Audit Committee.

## Authority

The Audit Committee is authorized by the Board to review any activity within the business as per its Terms of Reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any request made by the Committee.

The Committee is also authorized to refer any matter to the Board.

## Meeting Attendance

The Audit Committee met four times during the year 2017. The details of attendance of each member at the Audit Committee meetings during 2016-2017 are as follows:

Composition No. of Meeting of Audit Committee	Attended
Professor Dr. Md. Fashiul Alam (Independent director), Chairman	4
Mr. Mahboob-Ur-Rahman, Member	4
Mrs. Bilkis Arshad, Member	2
Mr. Mohammad Nurul Azim Member Secretary	4

The Audit Committee Meeting is attended by Chief Financial Officer, Head of Internal Audit as permanent invitees and all the above Members of the Audit Committee appointed by the Board. From time to time, the Managing Director also joins the Meeting.

## Summary of Activities 2016-2017

In 2017, the Audit Committee reviewed its Terms of Reference in line with requirements of BSEC notification on Corporate Governance. The Committee carried out its duties in accordance with the Terms of Reference of the Audit Committee.

### 1. Internal Control and Business Risk management

The Board has established a process designed to provide reasonable assurance by the Management regarding the achievement of objectives relating to effectiveness and efficiency of operations, reliability of the information and reporting, compliance with applicable laws, regulation and policy, procedures and safeguarding company assets. The internal control system of the company has been working through five components.

To further strengthen the controls, the company has introduced and consistently complying the following



international standards and guidelines -

- Laws and regulations relating to business and internal policies / guidelines have been complied with.
- Financial Statements for the year ended 30 June 2017 contained full disclosures and these are prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh.
- Appropriate Management Information Systems (MIS) are in place and in effect.
- Existing risk management procedures are effective to capture and mitigate risk.
- Adequate internal control systems are put in place to detect, correct and prevent fraud and errors on timely manner.
- The Committee considered the recommendations made by the statutory and internal auditors of the Company in their respective reports.

Business Risk Management is an ongoing process in The Peninsula Chittagong Limited where strategic business units identify the risk, recognize risk factors, review and evaluate risks to the achievement of business objectives.

The Managing Director has to satisfy the Board adequacy on assigned Business Risk Management and Internal Control Process. Internal Audit is dedicated in a pivotal role into Risk Management Process. As such, Risk Management and Internal Audit department conducts yearly review focusing on to the risk indicators, where a detailed risk map is prepared.

Audit Committee and Managing Director review this risk map periodically.

## 2. Internal Audit

Audit activities play an essential and useful role in the conduct of successful operations. These activities serve to examine and evaluate financial, administrative and operational activities of the company, supplying management personnel at all levels with information to assist in their control of the assets and operations and their attainment of objectives for which they are responsible.

The internal audit activity is established to provide independent, objective assurance and consulting services designed to add value and improve the company's operation. It helps the SBU's achieving its objective by bringing a systematic, disciplined approach to evaluate risk management, control and governance

process. It performs ongoing evaluations of internal controls, advises the audit committee, management and the statutory auditors of the result of their evaluations and makes recommendation to improve risk management, control and governance process. A comprehensive internal audit plan is prepared on yearly basis and Internal Audit activity is always conducted with the highest standards of business ethics, integrity and honest dealings in all areas and functions within the company and with all outside stakeholders. Internal Audit mainly concentrates on risk-based audit approach, and that allows Internal Audit to provide assurance to the Board that risk management processes are managing risk effectively, in relation to the risk appetite.

## Statutory Auditor

The Committee has satisfied itself through enquiry that the statutory auditor of the Company is independent as defined by the related Act. As per Section 210 of the Companies Act 1994, the Audit Committee of the Board recommended to appoint M/S Hussain Farhad & Co. Chartered Accountants as the auditors of the Company for the year 2017-2018 which will be placed before the shareholders at this AGM for approval. Remuneration of the auditor will also be fixed by the shareholders at this AGM.

## Financial Management

The financial management/activities of the Company are running under the supervision head of finance & Accounts of the Company. The Audit Committee has satisfied itself that the Appropriate expertise and knowledge to fulfill his role efficiently.

## Annual Financial Statements

The Committee has tabled the financial statements for approval by the Board. The Board has subsequently approved the financial statements which will be opened for discussion at the Forthcoming annual general meeting.

## Appreciation

The Audit Committee expressed their sincere thanks to the members of the Board, Management and the statutory auditors for their support in carrying out its duties and responsibilities effectively.

## Professor Dr. Md. Fashiul Alam

Chairman of The Audit Committee  
The Peninsula Chittagong Limited



# Directors' Reports

TO THE SHAREHOLDERS OF THE PENINSULA CHITTAGONG LIMITED  
FOR THE YEAR 2016-2017

## Welcoming Shareholders, Assalamu Alaikum.

It is a great pleasure and privilege on the part of the Board of Directors of The Peninsula Chittagong Limited to welcome you all to this august occasion of the 15th Annual General Meeting of the Company and to place before you the Annual Report together with the Audited Financial Statements and the Auditors' Report thereon for the year ended 30 June 2017.

### Financial results and appropriations

The Directors are pleased to report the financial results for the year 2016-2017 and recommend the following appropriations:

Particulars	Taka (2016-2017)	Taka (2015-2016)
Net Profit before Tax	86,851,807	152,125,358
Provision for Tax	(24,526,170)	(53,864,750)
<b>Net Profit after Tax</b>	<b>62,325,637</b>	<b>98,260,608</b>
Add: Un-appropriated profit brought forward	231,185,866	302,449,258
<b>Profit available for distribution</b>	<b>293,511,503</b>	<b>400,709,866</b>
Less: Appropriation of Dividend	118,666,800	169,524,000
<b>Un-appropriated profit</b>	<b>174,844,703</b>	<b>231,185,866</b>

### Segment-wise or Product wise performance

Particulars	Taka (2016-2017)	Taka (2015-2016)
Rooms	112,414,646	131,945,997
Food & Beverages	123,967,129	129,920,901
Minor Operating Departments	22,786,716	22,527,666
Space Rental	9,620,618	15,870,053
<b>Total</b>	<b>268,789,109</b>	<b>300,264,617</b>

### Discussion on Cost of Sales, Gross Profit Margin and Net Profit Margin

Particulars	Taka (2016-2017)	Taka (2015-2016)
Revenue	268,789,109	300,264,617.00
Cost of Sales	(172,253,226)	(175,215,269.00)
Gross Profit/ (Loss)	65,883,775	125,049,348.00
Operating Profit	13,841,291	69,583,683.00
Net Profit after Tax	62,325,637	98,260,608.00
<b>Gross Profit ratio</b>	<b>24.51%</b>	<b>41.65%</b>
<b>Net Operating Profit ratio</b>	<b>5.15%</b>	<b>23.17%</b>
<b>Net Profit ratio</b>	<b>23.19%</b>	<b>32.72%</b>



## Key Operating and Financial data of preceding Five years

Particulars	Taka (2016-2017)	Taka (2015-2016)	Taka (2014-2015)	Taka (2013-2014)	Taka (2012-2013)
Authorized Capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Paid Up Capital	1,186,668,000	1,186,668,000	1,130,160,000	1,130,160,000	580,160,000
Total Shareholders' Equity	3,640,884,829	3,697,225,992	3,711,981,384	3,687,869,144	1,956,796,253
Net Asset Value Per Share	30.68	31.16	32.84	54.75	33.73
Earnings per Share	0.53	0.83	1.27	2.70	2.49
Operating Cash Flow Per Share	0.74	0.56	0.17	3.00	5.41

Particulars	Taka (2016-2017)	Taka (2015-2016)	Taka (2014-2015)	Taka (2013-2014)	Taka (2012-2013)
Revenue	268,789,109	300,264,617	343,075,646	420,149,834	420,264,263
Vat Expense	(30,652,108)	-	-	-	-
Cost of Sales	(172,253,226)	(175,215,269)	(178,565,653)	(160,046,457)	(111,424,625)
<b>Gross Profit/ (Loss)</b>	<b>65,883,775</b>	<b>125,049,348</b>	<b>164,509,993</b>	<b>260,103,377</b>	<b>308,839,638</b>
Administrative Expenses	(50,912,458)	(53,970,449)	(53,446,327)	(39,927,874)	(33,185,954)
Selling & Distribution Expenses	(1,130,026)	(1,495,216)	(5,307,151)	(4,949,224)	(39,82,575)
<b>Operating Profit</b>	<b>13,841,291</b>	<b>69,583,683</b>	<b>105,756,515</b>	<b>215,226,280</b>	<b>271,671,109</b>
Financial Expenses	(16,661,887)	(20,877,291)	(19,269,900)	(23,795,089)	(27,823,778)
Other Income	92,514,147	112,567,587	132,120,137	56,936,488	8,460,178
Non-Operating Income/(loss)	1,729,404	(1,058,313)	218,606,752	248,367,679	252,307,509
Workers Profit Participation Fund (WPPF)	(4,571,148)	(8,090,308)	(10,930,338)	(12,418,384)	(12,615,376)
<b>Net Profit before Tax</b>	<b>86,851,807</b>	<b>152,125,358</b>	<b>207,676,414</b>	<b>235,949,295</b>	<b>239,692,133</b>
Provision for Tax	(24,526,170)	(53,864,750)	(63,638,667)	(53,817,411)	(95,242,241)
<b>Net Profit after Tax</b>	<b>62,325,637</b>	<b>98,260,608</b>	<b>144,037,747</b>	<b>182,131,884</b>	<b>144,449,892</b>

\*Other income includes interest income, dividend income, profit on sale of fixed assets and share of profit/(loss) of This Company.

### Issuance of shares

The Peninsula Chittagong Limited issue 55,000,000 number of shares by IPO in the year 2014. Hence, total 55,000,000 numbers of ordinary shares of Taka 10 each at a offer price taka 30/- including premium of Tk.20/- per share was increased in the paid up capital due to IPO. Total IPO proceeds of Taka 1,650,000,000. Balance IPO proceeds amounting to Taka 1,153,971,766 remain unutilized as on 30 June 2017.

### Share Capital

Authorized capital and paid up capital of the Company stood at Tk.300.00 crore and Tk. 118.66 crore respectively in 2017.

### Fixed assets additions

During the year 2016-2017 total additions to the fixed assets was Taka 2,375,120,997 and additional Taka 16,838,503.

### Reserve and surplus

Retained earnings of the Company in 2016-2017 stood at Taka 174,844,703.00 against Taka 231,185,866.00 in 2015-2016.

### Dividend

The Board of Directors of the Company is pleased to recommend dividend @10 percent in cash for the year 2015-2016. The Company paid dividend @ 5 percent in cash for the year 2016-2017 also. History of dividend payment for the last Three years is as follows:

Years	Dividend Payout (%)
2012-2013	10% Cash
2013-2014	10% Cash
2014-2015	10% Cash and 5% Stock
2015-2016	10% Cash
2016-2017	5% Cash (Proposed)



## Risks and concerns

The detail of risks and concerns of the Company is discussed in Managing Risks in this annual report.

Business risks refer to the impact that the country's industrial policy can have on the performance of a specific industry. Increased competition from foreign and domestic sources can lead to lower prices, revenues, profit margins, market share etc. which can adversely affect the business.

## Auditors

Hussain Farhad & Co., Chartered Accountants shall retire in 15<sup>th</sup> AGM, being eligible, they offered themselves for re-appointment and the Board also recommended re-appointing them for the year ended 30 June 2018. Remuneration of the auditor will be fixed by the shareholders at this Annual General Meeting.

## Basis for related party transactions

The detail list of the related parties with whom transactions have been taken place and their relationship as identified and certified by management is disclosed in related party disclosures under BAS-24 this annual report.

## Internal control

The Board has the ultimate responsibility of establishing effective systems of internal control. To ensure the internal control regarding risk management, financial control and compliance legislation, the Company follows the principle of decentralization. It has been designed to manage the risk of failure to achieve the objectives of the Company. The Company has established internal audit department and appointed Head of internal Audit to ensure internal control and compliances in place.

## Financial reporting standards

The Directors, in accordance with BSEC's notification No. SEC/CMRRCD/2006-1581134/Admin144 dated August 07, 2012 confirms the following to the best of their knowledge:

- a. The financial statements prepared by the management of Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. international Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts of the Company's ability to continue as a going Concern.
- g. The significant Deviations from the last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.

## Post balance sheet events

There is no material events occurred after the balance sheet/reporting date, non disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

## Appreciation

The Board would like to take this opportunity to thank the Government bodies, its shareholders, investors, bankers and employees for their continuous commitment, cooperation, confidence and support in achieving the Company's objectives.



**Mahboob-Ur-Rahman**

Chairman

The Peninsula Chittagong Limited



# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### Certificate on Compliance with Conditions of Corporate Governance Guidelines to the Shareholders of The Peninsula Chittagong Limited

We have been engaged by The Peninsula Chittagong Limited (the "Company") to provide with our certification whether the Company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission is its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 (the "conditions of corporate governance guidelines") for the year ended 30 June 2017.

#### The Company's Responsibilities

The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the management of the Company. Our responsibility is to provide a certificate about whether the Company is in compliance with the said conditions of Corporate Governance based on our examination.

#### Our Responsibilities

Our examination has been made for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance and make reporting of the status of the compliance on the attached statement of the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Company.

#### Conclusion

To the best of our information and according to the explanations given to us, we certify that, subject to the remarks and observation as reported in the attached compliance statement, The Peninsula Chittagong Limited has complied with the conditions of Corporate Governance as enclosed stipulated in the above mentioned BSEC's notification dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Chittagong, 15 October 2017

  
Showkat Hossain, FCA





# Annexure

## Compliance Status of BSEC Guidelines for Corporate Governance

Status of compliance by TPCL with the Corporate Governance (CG) Guidelines issued by BSEC through Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
1	2	3	4	5
<b>1</b>	<b>Board of Directors:</b>			
1.1	<b>Board's Size:</b> The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty); Provided, however, that in case of banks and non-bank financial institutions, insurance companies and statutory bodies for which separate primary regulators like Bangladesh Bank, Insurance Development and Regulatory Authority, etc. exist, the Boards of those companies shall be constituted as may be prescribed by such primary regulators in so far as those prescriptions are not inconsistent with the aforesaid condition.	✓		The TPCL Board is comprised of 6 (six) Directors
1.2	<b>Independent Directors:</b> All companies shall encourage effective representation of independent directors on their Board of Directors so that the Board, as a group, includes core competencies considered relevant in the context of each company. For this purpose, the companies shall comply with the following:-			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		There is 1 (one) Independent Directors in the TPCL Board.
1.2 (ii)	For the purpose of this clause "independent director" means a director -			
1.2 (ii) (a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		The Independent Directors has declared his compliances.
1.2 (ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		Do
1.2 (ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		Do
1.2 (ii) (d)	Who is not a member, director or officer of any stock exchange;	✓		Do
1.2 (ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		Do
1.2 (ii) (f)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	✓		Do
1.2 (ii) (g)	Who shall not be an independent director in more than 3 (three) listed companies;	✓		Do
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBF1);	✓		Do



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		Do
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		No vacancy occurred.
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		The company has laid down a detailed Code of Conduct.
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		The Independent Director (ID) is in his first term of office.
1.3	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		The qualifications and background of ID justify their abilities as such.
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		Do
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1.4	<b>Chairman of the Board and Chief Executive Officer</b> The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	<b>Directors' Report to Shareholders:</b> The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1.5 (i)	Industry outlook and possible future developments in the industry.	✓		The Directors' report complies with the guideline.
1.5 (ii)	Segment-wise or product-wise performance.	✓		Do
1.5 (iii)	Risks and concerns.	✓		Do
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		Do
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.			N/A
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		A statement of related party transaction disclosed in Notes to the Financial Statements.
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5 (xii)	<b>Proper books of account of the issuer company have been maintained.</b>	✓		
1.5 (xiii)	<b>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.</b>	✓		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	<b>The system of internal control is sound in design and has been effectively implemented and monitored.</b>	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last period's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		Dividend has been declared
1.5 (xx)	The number of Board meetings held during the period and attendance by each director shall be disclosed.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);			N/A
1.5 (xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) (c)	"Executives;Explanation: For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit."	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more votes interest in the company (name wise details).	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
1.5 (xxii) (a)	a brief resume of the director;	✓		
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
<b>2</b>	<b>CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT (HIA), AND COMPANY SECRETARY (CS):</b>			
2.1	<b>Appointment:</b> The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	<b>Requirement to Attend Board Meetings:</b> The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		In Practice.Tor is available
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		In Practice.The duties are clearly written in the TOR of the Audit Committee
<b>3.1</b>	<b>Constitution of the Audit Committee:</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		The Audit Committee has been comprised of 4 (four) members
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	"All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience.Explanation: The term "financially literate" means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if (s)he possesses professional qualification or Accounting/Finance graduate with at least 12 (twelve) years of corporate management/professional experiences."	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		The board have appointed members in due time and no vacancy occurred.



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of Audit Committee:</b> Role of audit committee shall include the following:-			
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	✓		
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors:</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	✓		
3.4.1 (ii) (a)	report on conflicts of interests;	✓		"There was no reportable case of conflict of interest for the year ended 30th June, 2017"
3.4.1 (ii) (b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		There was no such case in the period.
3.4.1 (ii) (c)	suspected infringement of laws, including securities related laws, rules and regulations;	✓		DO
3.4.1 (ii) (d)	any other matter which shall be disclosed to the Board of Directors immediately.	✓		DO



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
3.4.2	<b>Reporting to the Authorities:</b> If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		
3.5	<b>Reporting to the Shareholders and General Investors:</b> Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		The Audit Committee Report is disclosed in the annual report and signed by the Chairman of the AC.
4	<b>EXTERNAL/STATUTORY AUDITORS:</b> The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		The Statutory Auditor have declared their compliances.
4 (ii)	Financial information systems design and implementation.	✓		The Statutory Auditor have declared their compliances.
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		DO
4 (iv)	Broker-dealer services.	✓		DO
4 (v)	Actuarial services.	✓		DO
4 (vi)	Internal audit services.	✓		DO
4 (vii)	Any other service that the Audit Committee determines.	✓		DO
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		DO
4 (ix)	Audit / certification services on compliance of corporate governance as required under clause (i) of condition No.7	✓		DO
5	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		TPCL does not have any subsidiary company.
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		DO
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		DO
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A		DO
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		DO



"Condition No."	Title	Compliance status (Put Pin the appropriate column)		"Remarks (if any)"
		Complied	Not complied	
<b>6</b>	<b>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):</b> The CEO and CFO shall certify to the Board that:			
6 (i)	They have reviewed financial statements for the period and that to the best of their knowledge and belief :-	✓		CEO and CFO certified to the board during finalization of financial statements.
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		DO
6 (i) (b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		DO
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violation of the company's code of conduct.	✓		DO
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	"The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant /Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.Explanation: Chartered Accountant means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No.2 of 1973); Cost & Management Accountant means Cost & Management Accountant as defined in the Cost & Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); Chartered Secretary means Chartered Secretary as defined in the Chartered Secretaries Act, 2010 (Act No.25 of 2010)"	✓		Proper certification has been obtained from Hoda Vasi Chowdhury & Co. Chartered Accountants for the year ended 30 June 2017
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		Status of Compliance is published with the Director's Report as required.



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/172

Date of issue : 20<sup>th</sup> March 2017



## Renewed Certificate


*This is to certify that*

THE PENINSULA CHITTAGONG LIMITED

*is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.*

*This certificate remains current until 31<sup>st</sup> December 2017.*



  
Secretary-General  
(Acting)





# Financial Statement

**Chittagong Office:**

Yunso City Center (9th Floor), 807, Avenue,  
 Nasirabad, Chittagong, Bangladesh  
 + 88 031 2859281  
 ctg@hfc-bd.com  
 www.hfc.com

## AUDITORS' REPORT

To The Shareholders Of The Peninsula Chittagong Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of The Peninsula Chittagong Limited ("the Company") 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 and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations 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.

### Auditors' 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 (BSA). 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.

### Other matter

The financial statements of the company for the year ended 30 June 2016 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants and issued unmodified opinion on 23 October 2016.

### 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 (BFRS), the Companies Act 1994, and other applicable laws and regulations.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Securities and Exchange Rules 1987, 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;
- (c) the statement of financial position, and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purposes of the Company's business.

Chittagong, 9 October 2017

  
 Hussain Farhad & Co.  
 Chartered Accountants

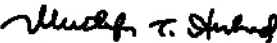


The Peninsula Chittagong Limited  
**Statement of Financial Position**  
 As At 30 June 2017

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,375,120,997	2,393,382,759
Intangible assets	5	1,974,694	2,307,127
Investments	6	6,125,000	6,125,000
<b>Total non-current assets</b>		<b>2,383,220,691</b>	<b>2,401,814,886</b>
<b>Current assets</b>			
Inventories	7	26,935,843	25,542,161
Accounts receivable	8	39,761,375	32,971,929
Interest receivable	9	12,464,049	14,722,787
Advances, deposits and prepayments	10	198,859,693	181,482,082
Short term investments	11	13,090,125	11,171,425
Cash and cash equivalents	12	1,172,035,106	1,435,317,542
<b>Total current assets</b>		<b>1,463,146,191</b>	<b>1,701,207,926</b>
<b>Total assets</b>		<b>3,846,366,882</b>	<b>4,103,022,812</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	13	1,186,668,000	1,186,668,000
Retained earnings	14	174,844,703	231,185,866
Share premium		1,050,958,284	1,050,958,284
Revaluation surplus	15	1,228,413,842	1,228,413,842
<b>Total equity</b>		<b>3,640,884,829</b>	<b>3,697,225,992</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease finance	16.01	-	583,586
Deferred tax liabilities	17	49,495,635	35,269,336
<b>Total non-current liabilities</b>		<b>49,495,635</b>	<b>35,852,922</b>
<b>Current liabilities</b>			
Accounts payable	18	34,280,963	38,689,723
Short term borrowings	19	17,575,284	234,798,784
Current portion of lease finance	16.01	583,586	561,896
Provision for income tax	20	93,348,411	83,048,540
Unclaimed dividend	21	5,627,026	4,754,647
Provision for WPPF and Welfare Fund	22	4,571,148	8,090,308
<b>Total current liabilities</b>		<b>155,986,418</b>	<b>369,943,898</b>
<b>Total liabilities</b>		<b>205,482,053</b>	<b>405,796,820</b>
<b>Total equity and liabilities</b>		<b>3,846,366,882</b>	<b>4,103,022,812</b>
<b>Net Asset Value Per Share</b>	31	<b>30.68</b>	<b>31.16</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Company Secretary

  
 \_\_\_\_\_  
 Managing Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chairman

Chittagong, 9 October 2017

As per our annexed report of same date.

  
 Hussain Farhad & Co.  
 Chartered Accountants

The Peninsula Chittagong Limited  
**Statement of Profit or Loss and Other Comprehensive Income**  
 For the year ended 30 June 2017

	Note(s)	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>Revenue</b>	23	268,789,109	300,264,617
VAT expenses	37.01	(30,652,108)	-
Cost of sales	24	(172,253,226)	(175,215,269)
<b>Gross profit</b>		<b>65,883,775</b>	<b>125,049,348</b>
Administrative expenses	25	(50,912,458)	(53,970,449)
Selling and distribution expenses	26	(1,130,026)	(1,495,216)
		13,841,291	69,583,683
Finance costs	27	(16,661,887)	(20,877,291)
Finance income	28	92,514,147	112,567,587
Non-operating income/(loss)	29	1,729,404	(1,058,313)
<b>Profit before tax and WPPF and Welfare Fund</b>		<b>91,422,955</b>	<b>160,215,666</b>
Contribution to WPPF and Welfare Fund	22	(4,571,148)	(8,090,308)
<b>Profit before tax</b>		<b>86,851,807</b>	<b>152,125,358</b>
Income tax expenses:			
Current tax	20	(10,299,871)	(38,428,961)
Deferred tax	17	(14,226,299)	(15,435,789)
		(24,526,170)	(53,864,750)
<b>Net profit after tax for the year</b>		<b>62,325,637</b>	<b>98,260,608</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>		-	-
<b>Items that are or may be reclassified to profit or loss</b>		-	-
		-	-
<b>Total comprehensive income</b>		<b>62,325,637</b>	<b>98,260,608</b>
<b>Earnings Per Share (Basic)</b>	30	<b>0.53</b>	<b>0.83</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
 Company Secretary

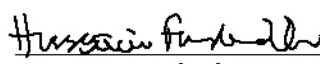
  
 Managing Director

  
 Director

  
 Chairman

Chittagong, 9 October 2017

As per our annexed report of same date.

  
**Hussain Farhad & Co.**  
 Chartered Accountants



The Peninsula Chittagong Limited  
**Statement of Changes in Equity**  
 For the year ended 30 June 2017

	Amount in Taka				
	Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
Balance as on 01 July 2015	1,130,160,000	1,050,958,284	1,228,413,842	302,449,258	3,711,981,384
Bonus share for the year ended 30 June 2015	56,508,000	-	-	(56,508,000)	-
Cash dividend for the year ended 30 June 2015	-	-	-	(113,016,000)	(113,016,000)
Net Profit for the year ended 30 June 2016	-	-	-	98,260,608	98,260,608
<b>Balance as at 30 June 2016</b>	<b>1,186,668,000</b>	<b>1,050,958,284</b>	<b>1,228,413,842</b>	<b>231,185,866</b>	<b>3,697,225,992</b>
Balance as on 01 July 2016	1,186,668,000	1,050,958,284	1,228,413,842	231,185,866	3,697,225,992
Cash dividend for the year ended 30 June 2016	-	-	-	(118,666,800)	(118,666,800)
Net Profit for the year ended 30 June 2017	-	-	-	62,325,637	62,325,637
<b>Balance as at 30 June 2017</b>	<b>1,186,668,000</b>	<b>1,050,958,284</b>	<b>1,228,413,842</b>	<b>174,844,703</b>	<b>3,640,884,829</b>

Company Secretary

Managing Director

Director

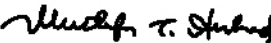
Chairman



The Peninsula Chittagong Limited  
**Statement of Cash Flows**  
 For the year ended 30 June 2017

	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
	Taka	Taka
<b>a. Cash flows from operating activities</b>		
Receipts from customers against revenue	261,999,663	306,137,833
Receipts from other sources	94,412,228	117,078,676
Cash paid to suppliers	(151,117,620)	(144,670,158)
Cash paid for administrative, selling and distribution expenses	(60,746,191)	(54,873,799)
Payment of interest-Net	(16,008,002)	(20,165,615)
Cash paid for VAT expenses	(16,905,435)	(13,746,673)
Income Tax paid	(23,942,771)	(123,513,454)
<b>Net cash (used in)/generated by operating activities</b>	<b>87,691,872</b>	<b>66,246,810</b>
<b>b. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(16,838,503)	(12,500,992)
Proceeds from sale of property, plant and equipment	1,455,000	-
(Increase)/decrease in investments	(87,820)	(57,859)
Dividend received (net of tax)	76,832	126,000
<b>Net cash (used in)/generated by investing activities</b>	<b>(15,394,491)</b>	<b>(12,432,851)</b>
<b>c. Cash flows from financing activities</b>		
Receipts /(repayments) of short term borrowings	(217,223,500)	58,067,007
Receipts /(repayments) of lease finance	(561,896)	(480,684)
Dividend paid	(117,794,421)	(111,136,933)
<b>Net cash provided by /(used in) financing activities</b>	<b>(335,579,817)</b>	<b>(53,550,610)</b>
<b>d. Net increase in cash and cash equivalents (a+b+c)</b>	<b>(263,282,436)</b>	<b>263,349</b>
<b>e. Opening cash and cash equivalents</b>	<b>1,435,317,542</b>	<b>1,435,054,193</b>
<b>f. Closing cash and cash equivalents (d+e)</b>	<b>1,172,035,106</b>	<b>1,435,317,542</b>
<b>Net operating cash flows per share</b>	<b>0.74</b>	<b>0.56</b>

  
 Company Secretary

  
 Managing Director

  
 Director

  
 Chairman



# The Peninsula Chittagong Limited

## Notes to the Financial Statement

As at and for the year ended at 30 June 2017

### 1.00 THE REPORTING ENTITY

#### 1.01 Legal form of Enterprise

The company was formed on 25 July 2002 under The Companies Act 1994 vide registration no. C-46488 in the name of Voyager Bangladesh Limited. Later, it was renamed as The Peninsula Chittagong Limited on 7 June 2010 vide special resolution of the shareholders in the Extra Ordinary General Meeting (EGM). The company converted from Private Limited Company to Public Limited Company on 30 November 2010 vide special resolution of the shareholders in the Extra Ordinary General Meeting (EGM) and obtained approval of Registrar of Joint Stock Companies & Firms accordingly. The company offloaded 55,000,000 shares after getting approval from Bangladesh Securities and Exchange Commission (BSEC) on 19 February 2014 through initial public offering. The company's shares were enlisted in both Dhaka and Chittagong Stock Exchanges on 04 June 2014 & 22 May 2014 respectively in accordance with letter ref. DSE/Listing/ULC/2014/5035 & CSE/Listing/TPCL-2014.

#### 1.02 Registered Office of the Company

The registered office of the company is located at Bulbul Center, 486/B, O.R. Nizam Road, CDA Avenue, Chittagong 4100, Bangladesh.

#### 1.03 Nature of the Business

The principal activities of the company includes carrying of business of modern hotel, restaurants, etc. In this context the company has established a hotel named "The Peninsula Chittagong Limited" which offers a range of hotel facilities including fitness centre, a luxurious oasis within the hotel with gymnasium, swimming pool, sauna, steam bath and massage treatments etc. The company started commercial operation on 17 February 2006.

### 2.00 BASIS OF PREPARATION

#### 2.01 Statement of Compliance

These Financial Statements have been prepared on going concern basis following accrual basis of accounting except for Statement of Cash Flows in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

#### 2.02 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of BAS 1 – "Presentation of Financial Statements". The financial statements comprise of:

- a) A statement of financial position as at 30 June 2017.
- b) A statement of profit or loss and other comprehensive income for the year ended 30 June 2017.
- c) A statement of changes in equity for the year ended 30 June 2017.
- d) A statement of cash flows for the year ended 30 June 2017.
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

#### 2.03 Other Regulatory Compliances

The company is also required to comply with the following major laws and regulations along with the Companies Act 1994:

- i) The Income Tax Ordinance, 1984
- ii) The Income Tax Rules, 1984
- iii) The Value Added Tax Act, 1991
- iv) The Value Added Tax Rules, 1991
- v) The Securities and Exchange Rules, 1987
- vi) The Securities and Exchange Ordinance, 1969
- vii) The Customs Act, 1969
- viii) Bangladesh Labour Law, 2006



**2.04 Authorization for Issue**

These financial statements have been authorized for issue by the Board of Directors on 08 October 2017.

**2.05 Basis of Measurement**

These financial statements have been prepared on going concern basis under the historical cost convention except for land and land development of property, plant and equipment and Investment in quoted shares which are measured at fair value.

**2.06 Functional and Presentation Currency**

These financial statements are presented in Bangladesh Taka (BDT) which is the company's functional currency. All the financial information presented in Bangladesh Taka has been rounded off to the nearest Taka except when otherwise indicated.

**2.07 Statement of Cash Flows**

Statement of cash flows has been prepared in accordance with BAS 7: Statement of Cash Flows and the cash flow from operating activities have been presented under direct method.

**2.08 Going Concern**

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

**2.09 Applicable Accounting Standards**

The following BASs and BFRSs are applicable for preparation and reporting of the Financial Statements for the year under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Statement of Cash Flows
BAS - 8	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 - 17	Leases
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 21	The Effects of Changes in Foreign Exchange Rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 33	Earnings Per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BAS - 39	Financial Instruments: Recognition and Measurement
BFRS - 7	Financial Instruments: Disclosures
BFRS - 13	Fair Value Measurement

**2.10 Standards Adopted but not Yet Effective**

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards -

- (a) BFRS - 9 Financial Instruments
- (b) BFRS - 15 Revenue from Contracts with Customers

The above standards are effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9 and BFRS 15.





## 2.11 Use of Estimates and Judgments

The preparation of the financial statements in conformity with BFRSs 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. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are 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.

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

Note: 4 Property, plant and equipment

Note: 5 Intangible assets

Note: 7 Inventories

Note: 8 Accounts receivable

Note: 17 Deferred tax liabilities

Note: 20 Provision for income tax

## 2.12 Change in Accounting Estimates

For the year ended on 30 June 2017, intangible assets has been amortised using the straight line method so as to write off the assets over their expected useful life. Amortisation on additions of assets during the period is charged from the month (date of service) of addition of the respective asset.

## 2.13 Comparative Information

Comparative information has been disclosed in respect of the year ended on 30 June 2017 in accordance with BAS - 1 "Presentation of Financial Statements", for all numeric information in the financial statements. Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

## 2.14 Reporting Period

The financial statements of the company covered the reporting period of one year commencing from 01 July 2016 to 30 June 2017 which is followed consistently.

## 3.00 SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

### 3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended on 30 June 2017 are consistent with those policies and methods adopted in preparing the Financial Statements for the year ended on 30 June 2016.

### 3.02 Property, Plant and Equipment (PPE)

Items of property, plant and equipment are stated at cost and re-valued amount less accumulated depreciation and accumulated impairment losses, if any.



**3.02.01 Recognition and Measurement**

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any cost directly attributable to the acquisition of the assets. The cost of self constructed/installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised under other income/expenses in the statement of profit or loss and other comprehensive income.

**3.02.02 Subsequent Costs**

The cost of replacing or upgrading 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, plant and equipment are recognised in profit or loss.

**3.02.03 Depreciation**

Land is held on a freehold basis and is not depreciated considering the unlimited useful life. In respect of all other property, plant and equipment, depreciation is recognised in statement of profit or loss and other comprehensive income on diminishing balance method over the estimated useful lives of property, plant and equipment. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is charged on addition from the month (date of service) of acquisition/addition upto the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. The principal annual rates/useful lives are as follows.

CATEGORY OF ASSETS	RATE OF DEPRECIATION (%)
<b>Hotel Building</b>	<b>2%</b>
<b>Plant and Machineries</b>	<b>5%</b>
<b>Equipment and Appliance</b>	<b>5% - 10%</b>
○ Office Equipment	10%
○ Electrical Equipment	10%
○ Air Conditioner	5%
○ Kitchen Equipment	5%
○ House Keeping Equipment	10%
○ Bar Equipment	10%
○ Security Equipment	10%
○ Linen	10%
○ SPA	5%
○ Wooden Floor	5%
○ Tumbler Drier	10%
<b>Motor Vehicles</b>	<b>10%</b>
<b>Furniture &amp; Fixtures</b>	<b>5%</b>
<b>Office Decoration</b>	<b>5%</b>

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.



#### **3.02.04 Revaluation of Property, Plant and Equipment**

Since inception, the company revalued its fixed assets for the 1st time in the year 2010-2011 by Syful Shamsul Alam & Co., Chartered Accountants. Reserve was created by the sum of revaluation surplus as per the provision of BAS-16.

The board of directors agreed to discard the revaluation surplus of all assets except Land & Land Development in a board meeting held on 05 August 2012 and instructed the management to consider the proper accounting policies for it.

### **3.03 Intangible Asset**

#### **3.03.01 Recognition and Measurement**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per BAS 38: "Intangible Assets" are met. The cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

#### **3.03.02 Subsequent Costs**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

#### **3.03.03 Amortisation**

The intangible assets of the company are ERP (Tally) and Hotel Management software which are amortised every month following straight line method for 10 (ten) years. The amortisation cost is charged in profit or loss.

Amortisation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

### **3.04 Capital Work-in-Progress**

Property, Plant and Equipment under construction/acquisition is accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

### **3.05 Leases**

At inception of an arrangement, the company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the entity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

#### **3.05.01 Finance Lease**

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

#### **3.05.02 Operating Lease**

Leases that are not finance lease are considered as operating leases and the leased assets are not recognised in the Company's Statement of Financial Position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

### **3.06 Inventories**

#### **Nature of inventories**

Inventories comprise of food & beverage, house keeping materials, printing & stationary, hard drinks, stores & spares etc.

#### **Valuation of the inventories**

Inventories are measured at lower of cost and net realizable value. The cost of inventories include expenditure incurred in acquiring these inventories, and other costs incurred in bringing them to their existing location and condition in accordance with BAS 2 "Inventories".



Category	Valuation
Food	Weighted average cost
Beverage	Weighted average cost
House Keeping Materials	Weighted average cost
Printing & Stationary	Weighted average cost
Store & Spares	Weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

### 3.07 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.

#### 3.07.01 Financial Assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, 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 assets are transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets.

#### At fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss. Investment in equity securities and debt securities are classified under at fair value through profit or loss.

#### Held to maturity

These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an 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 amortized cost.

Loans and receivables comprise cash and cash equivalents, loans and accounts and other receivables and deposits.

#### (a) Account receivable

Account 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, if any, due to un-collectability of any amount so recognised.

There is no fixed company policy regarding provision for impairment loss on receivables, if any receivables are not realized within the credit period. It has been dealt with on case to case basis.

#### (b) Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.



### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

#### Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognised in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

### 3.07.02 Financial Liabilities

The company initially recognises all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and accounts payable.

#### (a) Accounts payable

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 company of resources embodying economic benefits.

### 3.08 Impairment

#### 3.08.01 Financial Assets

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

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

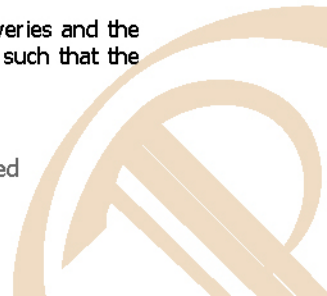
- default or delinquency by a debtor
- restructuring of an amount due to the company on terms that the company would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security, or
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

#### 3.08.02 Financial Assets Measured at Amortized Cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Collective assessment is carried out by grouping together assets with similar risks characteristics.

In assessing collective impairment, the company uses historical information on the timing of recoveries and the amount of loss incurred, and makes any adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.



An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the company considers that there is no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### 3.08.03 Available for Sale Financial Assets

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

### 3.08.04 Non Financial Assets

The carrying amounts of the company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss, other comprehensive income and equity as applicable.

### 3.09 Transactions with Related Parties

The objective of BAS 24 "Related Party Disclosure" is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

A party is related to an entity if: [BAS 24.9] directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the entity has an interest in the entity that gives it significant influence over the entity, has joint control over the entity, the party is a member of the key management personnel of the entity or its parent, the party is a close member of the family of any individual, the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual and the party is a post-employment benefit plan for the benefit of employees of the entity.

### 3.10 Share Capital

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognised as expenses as and when incurred. 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. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

### 3.11 Employee Benefit Schemes

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees.

#### 3.11.01 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The company maintains the Provident Fund for all permanent employees at which both the company and employees contribute @ 7% of basic salary. The Employees' Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in BAS-19.

Obligation for contribution to defined contribution plan is recognised as provident fund (PF) contribution expenses in profit or loss in the year during which services are rendered by employees. Advance against PF is recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



### **3.11.02 Defined Benefit Plan**

#### **Workers' Profit Participation and Welfare Funds**

The company also recognises a provision for Workers' Profit Participation and Welfare Funds @ 5% of net profit before tax in accordance with the provision of Section 234 (Kha), Chapter 15 of Bangladesh Labour Law 2006.

### **3.12 Income Tax Expenses**

Income tax expenses comprise current and deferred tax. Current tax and deferred tax are recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### **3.12.01 Current Tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

#### **3.12.02 Deferred Tax**

Deferred tax is recognised in compliance with BAS 12: Income taxes, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at 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 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 differences 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.

Deferred tax on revaluation surplus of land and land development has not been recognised in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.

### **3.13 Provisions and Contingencies**

A provision is recognised in the Statement of Financial Position when the company has a legal or contractual obligation as a result of a 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 the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognised.

### **3.14 Revenue**

Revenue arises from the provision of services where these activities give rise to economic benefits received and receivable by the company. Revenue is recognised when the services delivered/provided net of discounts and applicable duties and taxes, if any.

### **3.15 Other Operating Income**

Other operating income includes gain / (loss) on sale of non-current assets and miscellaneous receipts. Other operating income is recognised as revenue income as and when realised.

### **3.16 Finance Income and Expenses**

#### **3.16.01 Finance Income**

Interest income on Fixed Deposit Receipts (FDR) and Short Term Deposits (STD) account has recognised when received or accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

#### **3.16.02 Finance Expenses**

Interest expenses except expenses related to acquisition/construction of assets, incurred during the year are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

Interest income/expenses on amount due to/due from inter companies, if any, has been recognised periodically.



**3.17 Borrowing Costs**

Interest and other costs incurred by the company in connection with the borrowing of funds are recognised as expense in the year in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalised as per BAS 23 "Borrowing Costs". Borrowing cost incurred against loan for BMRE project has been capitalised under effective interest rate method.

**3.18 Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

**3.19 Earnings Per Share (EPS)**

The company calculates its earnings per share in accordance with Bangladesh Accounting Standard BAS-33 "Earnings per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders.

**3.19.01 Basic Earnings Per Share**

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

**3.19.02 Diluted Earnings Per Share**

Diluted earnings per share is required to be calculated for the year when scope for dilution exists.

**3.20 Measurement of Fair Values**

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Property, plant and equipment**

The fair value of land and land development of property, plant and equipment has been determined based on Net Realisable Value Method/ Market Value Method depending on the nature and corresponding circumstances.

**Equity and debt securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorised under 'Level 1' of the fair value hierarchy.

**3.21 Events After the Reporting Period**

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.





#### 4.00 Property, plant and equipment - at revalued model

	Amount in Taka							
	Land and Land Development	Hotel Building	Plant and Machinerries	Equipment and Appliance	Motor Vehicles	Furniture and Fixtures	Office Decoration	Total
<b>At revalued amount</b>								
Balance as on 01 July 2015	1,434,250,406	753,726,225	78,430,671	353,972,857	41,470,969	93,075,127	60,211,893	2,815,138,148
Additions during the year	-	884,414	898,036	7,442,724	-	3,026,195	249,623	12,500,992
Disposals/Adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>1,434,250,406</b>	<b>754,610,639</b>	<b>79,328,707</b>	<b>361,415,581</b>	<b>41,470,969</b>	<b>96,101,322</b>	<b>60,461,516</b>	<b>2,827,639,140</b>
Balance as on 01 July 2016	1,434,250,406	754,610,639	79,328,707	361,415,581	41,470,969	96,101,322	60,461,516	2,827,639,140
Additions during the year	-	206,492	2,702,252	6,730,080	6,995,549	63,530	140,600	16,838,503
Disposals/Adjustments during the year	-	-	-	-	(2,711,643)	-	-	(2,711,643)
<b>Balance as at 30 June 2017</b>	<b>1,434,250,406</b>	<b>754,817,131</b>	<b>82,030,959</b>	<b>368,145,661</b>	<b>45,754,875</b>	<b>96,164,852</b>	<b>60,602,116</b>	<b>2,841,766,000</b>
<b>Accumulated depreciation</b>								
Balance as on 01 July 2015	-	124,442,467	36,210,703	172,322,654	13,812,956	23,465,121	29,992,309	400,246,210
<b>Depreciation Rate</b>	-	<b>2%</b>	<b>5%</b>	<b>5%-100%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>	-
Charged for the year	-	12,482,007	2,080,757	11,827,145	2,642,492	3,492,515	1,485,255	34,010,171
Adjustment for disposals during the year	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>136,924,474</b>	<b>38,291,460</b>	<b>184,149,799</b>	<b>16,455,448</b>	<b>26,957,636</b>	<b>31,477,564</b>	<b>434,256,381</b>
Balance as on 01 July 2016	-	136,924,474	38,291,460	184,149,799	16,455,448	26,957,636	31,477,564	434,256,381
<b>Depreciation Rate</b>	-	<b>2%</b>	<b>5%</b>	<b>5%-100%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>	-
Charged for the year	-	12,241,849	2,058,451	11,330,914	2,723,154	3,381,087	1,419,066	33,154,521
Adjustment for disposals during the year	-	-	-	-	(765,899)	-	-	(765,899)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>149,166,323</b>	<b>40,349,911</b>	<b>195,480,713</b>	<b>18,412,703</b>	<b>30,338,723</b>	<b>32,896,630</b>	<b>466,645,003</b>
<b>Carrying amount</b>								
<b>As at 30 June 2016</b>	<b>1,434,250,406</b>	<b>617,686,165</b>	<b>41,037,247</b>	<b>177,265,782</b>	<b>25,015,521</b>	<b>69,143,686</b>	<b>28,983,952</b>	<b>2,393,382,759</b>
<b>As at 30 June 2017</b>	<b>1,434,250,406</b>	<b>605,650,808</b>	<b>41,681,048</b>	<b>172,664,948</b>	<b>27,342,172</b>	<b>65,826,129</b>	<b>27,705,486</b>	<b>2,375,120,997</b>

#### Depreciation allocated to:

Note(s)	01 July 2016 to 30 June 2017		01 July 2015 to 30 June 2016	
	Taka		Taka	
24.01	26,938,048	27,841,546		
25.00	6,216,473	6,168,625		
	<b>33,154,521</b>	<b>34,010,171</b>		

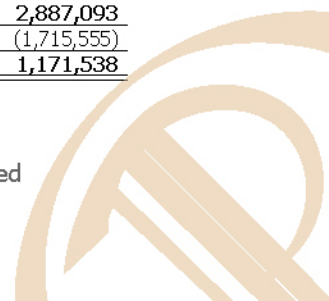


## 4.01 Property, plant and equipment - at cost model

								Amount in Taka	
	Land and Land Development	Hotel Building	Plant and Machineries	Equipment and Appliance	Motor Vehicles	Furniture and Fixtures	Office Decoration	Total	
<b>At cost</b>									
Balance as on 01 July 2015	205,836,564	753,726,225	78,430,671	353,972,857	41,470,969	93,075,127	60,211,893	1,586,724,306	
Additions during the year	-	884,414	898,036	7,442,724	-	3,026,195	249,623	12,500,992	
Disposals/Adjustments during the year	-	-	-	-	-	-	-	-	
<b>Balance as at 30 June 2016</b>	<b>205,836,564</b>	<b>754,610,639</b>	<b>79,328,707</b>	<b>361,415,581</b>	<b>41,470,969</b>	<b>96,101,322</b>	<b>60,461,516</b>	<b>1,599,225,298</b>	
Balance as on 01 July 2016	205,836,564	754,610,639	79,328,707	361,415,581	41,470,969	96,101,322	60,461,516	1,599,225,298	
Additions during the year	-	206,492	2,702,252	6,730,080	6,995,549	63,530	140,600	16,838,503	
Disposals/Adjustments during the year	-	-	-	-	(2,711,643)	-	-	(2,711,643)	
<b>Balance as at 30 June 2017</b>	<b>205,836,564</b>	<b>754,817,131</b>	<b>82,030,959</b>	<b>368,145,661</b>	<b>45,754,875</b>	<b>96,164,852</b>	<b>60,602,116</b>	<b>1,613,352,158</b>	
<b>Accumulated depreciation</b>									
Balance as on 01 July 2015	-	124,442,467	36,210,703	172,322,654	13,812,956	23,465,121	29,992,309	400,246,210	
<b>Depreciation Rate</b>									
Charged for the year	-	2%	5%	5%-10%	10%	5%	5%	-	
Adjustment for disposals during the year	-	12,482,007	2,080,757	11,827,145	2,642,492	3,492,515	1,485,255	34,010,171	
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>136,924,474</b>	<b>38,291,460</b>	<b>184,149,799</b>	<b>16,455,448</b>	<b>26,957,636</b>	<b>31,477,564</b>	<b>434,256,381</b>	
Balance as on 01 July 2016	-	136,924,474	38,291,460	184,149,799	16,455,448	26,957,636	31,477,564	434,256,381	
<b>Depreciation Rate</b>									
Charged for the year	-	2%	5%	5%-10%	10%	5%	5%	-	
Adjustment for disposals during year	-	12,241,849	2,058,451	11,330,914	2,723,154	3,381,087	1,419,066	33,154,521	
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>149,166,323</b>	<b>40,349,911</b>	<b>195,480,713</b>	<b>18,412,703</b>	<b>30,338,723</b>	<b>32,896,630</b>	<b>466,645,003</b>	
<b>Carrying amount</b>									
<b>As at 30 June 2016</b>	<b>205,836,564</b>	<b>617,686,165</b>	<b>41,037,247</b>	<b>177,265,782</b>	<b>25,015,521</b>	<b>69,143,686</b>	<b>28,983,952</b>	<b>1,164,968,917</b>	
<b>As at 30 June 2017</b>	<b>205,836,564</b>	<b>605,650,808</b>	<b>41,681,048</b>	<b>172,664,948</b>	<b>27,342,172</b>	<b>65,826,129</b>	<b>27,705,486</b>	<b>1,146,707,155</b>	



	Note(s)	30 June 2017 Taka	30 June 2016 Taka	
<b>5.00 Intangible assets</b>				
Software (ERP Tally)	5.01	39,795	49,745	
Hotel Management Software	5.01	1,934,899	2,257,382	
		<u>1,974,694</u>	<u>2,307,127</u>	
<b>5.01 Intangible assets schedule</b>				
	Software (ERP Tally)	Hotel Management Software	30 June 2017 Taka	30 June 2016 Taka
<b>Cost</b>				
Opening balance	100,000	3,471,560	3,571,560	3,571,560
Add: Addition during the year	-	-	-	-
<b>Closing balance</b>	<u>100,000</u>	<u>3,471,560</u>	<u>3,571,560</u>	<u>3,571,560</u>
<b>Accumulated amortisation</b>				
Opening balance	50,255	1,214,178	1,264,433	1,008,086
Add: Charged during the year	9,950	322,483	332,433	256,347
<b>Closing balance</b>	<u>60,205</u>	<u>1,536,661</u>	<u>1,596,866</u>	<u>1,264,433</u>
<b>Carrying amount</b>	<u>39,795</u>	<u>1,934,899</u>	<u>1,974,694</u>	<u>2,307,127</u>
			30 June 2017 Taka	30 June 2016 Taka
<b>6.00 Investments</b>				
Investments in non-tradable shares at cost	6.01	6,125,000	6,125,000	6,125,000
		<u>6,125,000</u>	<u>6,125,000</u>	<u>6,125,000</u>
<b>6.01 Investments in non-tradable shares at cost</b>				
	Quantity			
Lanka Bangla Securities Limited	52,500	3,750,000	3,750,000	3,750,000
Energy Prima Limited	25,000	2,375,000	2,375,000	2,375,000
		<u>6,125,000</u>	<u>6,125,000</u>	<u>6,125,000</u>
			30 June 2017 Taka	30 June 2016 Taka
<b>7.00 Inventories</b>				
Food	7.01	14,583,810	13,607,112	13,607,112
House keeping materials	7.02	4,555,325	2,543,800	2,543,800
Printing and stationeries	7.03	1,199,780	1,171,538	1,171,538
Beverage	7.04	4,847,937	5,861,268	5,861,268
Stores & Spares	24.03	1,748,991	2,358,443	2,358,443
		<u>26,935,843</u>	<u>25,542,161</u>	<u>25,542,161</u>
<b>7.01 Food</b>				
Opening balance		13,607,112	25,928,576	25,928,576
Add: Purchased during the year		62,002,049	52,112,683	52,112,683
<b>Available for consumption</b>		<u>75,609,161</u>	<u>78,041,259</u>	<u>78,041,259</u>
Less: Consumed during the year		(61,025,351)	(64,434,147)	(64,434,147)
<b>Closing balance</b>		<u>14,583,810</u>	<u>13,607,112</u>	<u>13,607,112</u>
<b>7.02 House keeping materials</b>				
Opening balance		2,543,800	1,934,189	1,934,189
Add: Purchased during the year		10,411,262	11,754,031	11,754,031
<b>Available for consumption</b>		<u>12,955,062</u>	<u>13,688,220</u>	<u>13,688,220</u>
Less: Consumed during the year		(8,399,737)	(11,144,420)	(11,144,420)
<b>Closing balance</b>		<u>4,555,325</u>	<u>2,543,800</u>	<u>2,543,800</u>
<b>7.03 Printing and stationeries</b>				
Opening balance		1,171,538	800,996	800,996
Add: Purchased during the year		832,881	2,086,097	2,086,097
<b>Available for consumption</b>		<u>2,004,419</u>	<u>2,887,093</u>	<u>2,887,093</u>
Less: Consumed during the year		(804,639)	(1,715,555)	(1,715,555)
<b>Closing balance</b>		<u>1,199,780</u>	<u>1,171,538</u>	<u>1,171,538</u>



	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>7.04 Beverage</b>			
Opening balance		5,861,268	1,180,806
Add: Purchased during the year		-	6,195,564
<b>Available for consumption</b>		<u>5,861,268</u>	<u>7,376,370</u>
Less: Consumed during the year		(1,013,331)	(1,515,102)
<b>Closing balance</b>		<u>4,847,937</u>	<u>5,861,268</u>
<b>8.00 Accounts receivable</b>			
Opening Balance		32,971,929	38,845,145
Add: Addition during the Year		161,908,059	184,203,398
Less: Realised during the Year		(155,118,613)	(190,076,614)
<b>Closing Balance</b>		<u>39,761,375</u>	<u>32,971,929</u>
<b>8.01 Ageing of accounts receivable</b>			
Dues within 6 Months		36,440,553	26,820,410
Dues over 6 months		3,320,822	6,151,519
		<u>39,761,375</u>	<u>32,971,929</u>
<b>8.02 Accounts receivable - Classification by security and related party:</b>			
Receivable considered good and secured		-	-
Receivable considered good without security		39,761,375	32,971,929
Receivable considered doubtful or bad		-	-
Receivable due by directors or other officers		-	-
Receivable due from companies under same management		-	-
Maximum receivable due by directors or officers at any time		-	-
		<u>39,761,375</u>	<u>32,971,929</u>
<b>9.00 Interest receivable</b>			
Interest receivable on Fixed Deposits (FDR)		12,464,049	14,722,787
		<u>12,464,049</u>	<u>14,722,787</u>
<b>10.00 Advances, deposits and prepayments</b>			
Advances	10.01	178,335,296	173,262,227
Deposits	10.02	14,997,022	6,632,508
Prepayments	10.03	5,527,375	1,587,347
		<u>198,859,693</u>	<u>181,482,082</u>
<b>10.01 Advances</b>			
Advance income tax		173,979,043	150,036,272
Advance to suppliers		1,154,168	2,874,847
The Peninsula Chittagong Airport Garden Hotel		2,376,465	-
Lankabangla securities Limited		47,267	47,905
Against VAT writ petition		-	13,746,673
Advance for Supplementary Duty		197,530	294,072
VAT current account		29,157	6,044,990
Advance against salary		551,666	217,468
		<u>178,335,296</u>	<u>173,262,227</u>
<b>10.02 Deposits</b>			
Bangladesh Telecommunications Company Limited		140,000	140,000
Karnapuli Gas Distribution Company Limited		1,069,148	1,069,148
Bangladesh Power Development Board		285,000	285,000
House rent deposit		89,000	89,000
Rainbow CNG service station		25,000	25,000
Chittagong Port Authority		5,000,000	5,000,000
Tender earnest money to Khulna Development Authority		8,266,520	-
Sha Amanat International Airport		42,354	24,360
Chittagong WASA		80,000	-
		<u>14,997,022</u>	<u>6,632,508</u>



	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>10.03 Prepayments</b>			
Prepaid insurance		611,125	1,232,347
Prepaid Expense		4,916,250	355,000
		<u>5,527,375</u>	<u>1,587,347</u>

The directors consider that all the above advances and deposits are either adjustable or recoverable in cash or in kind and for that no provision against them are required at this stage.

#### 11.00 Short term investments

Investment in Fixed Deposit Receipts (FDR)	11.01	1,456,715	1,368,895
Investment in tradable securities at fair value	11.02	11,633,410	9,802,530
		<u>13,090,125</u>	<u>11,171,425</u>

#### 11.01 Investment in Fixed Deposit Receipts (FDR)

Name of banks	Purpose	Tenure	Rate of interest	30 June 2017 Taka	30 June 2016 Taka
AB Bank Limited	Investment	12 Months	7.25%	1,456,715	1,368,895
				<u>1,456,715</u>	<u>1,368,895</u>

#### 11.02 Investment in tradable securities at fair value

Opening balance	9,802,530	11,393,017
Add/(less): Changes in fair value of tradable securities	1,830,880	(1,590,487)
<b>Closing balance</b>	<u>11,633,410</u>	<u>9,802,530</u>

#### Fair value of tradable securities

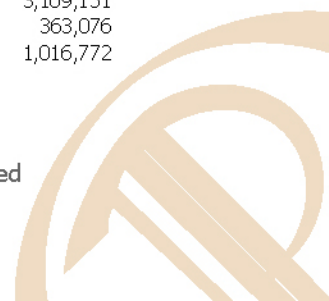
Particulars	30 June 2017			30 June 2016
	Quantity	Fair value	Increase/ (Decrease) in Fair value	Fair value
ACI Limited	16,500	8,522,250	1,122,000	7,400,250
Beximco pharma Limited	15,750	1,779,750	478,800	1,300,950
First Security Bank Limited	4,500	62,370	25,920	36,450
Unique Hotel & Resort Limited	23,200	1,269,040	204,160	1,064,880
		<u>11,633,410</u>	<u>1,830,880</u>	<u>9,802,530</u>

Management has changed its objectives for investments in tradable securities. As part of its revised objectives, some of these securities have already been sold out. Hence investments in tradable securities has been reclassified as held for trading and changes in fair value of these tradable securities has been charge to the statement of Profit or Loss and other comprehensive income.

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>12.00 Cash and cash equivalents</b>			
Cash in hand		955,738	939,210
Cash at banks	12.01	21,079,368	23,851,566
Fixed Deposit Receipts	12.02	1,150,000,000	1,410,526,766
		<u>1,172,035,106</u>	<u>1,435,317,542</u>

#### 12.01 Cash at banks

Name of the Banks	Branches	Account Type		
AB Bank Limited	CDA Avenue	CD	1,043,220	1,045,870
AB Bank Limited	CDA Avenue	SND	11,240	1,476,621
AB Bank Limited	CDA Avenue	CD	775	1,764,230
AB Bank Limited	CDA Avenue	SND	1,202,908	205,372
AB Bank Limited	CDA Avenue	CD	28,562	13,859
Bank Al-falah Limited	Agrabad	MPA	3,191,958	3,109,151
Brac Bank Limited	Kazir Dhewri	Credit Card	357,735	363,076
Brac Bank Limited	Kazir Dhewri	CD	631,630	1,016,772



Name of the Banks	Branches	Account Type	30 June 2017	30 June 2016
			Taka	Taka
Eastern Bank Limited	Agrabad	FCY	230,946	233,395
Eastern Bank Limited	Agrabad	FCY	29,267	36,635
Eastern Bank Limited	Agrabad	FCY	5,219	5,946
Eastern Bank Limited	Agrabad	HPA	12,158,144	7,996,724
Eastern Bank Limited	O.R Nizam Road	STD	434,412	-
Mutual Trust Bank Limited	CDA Avenue	SND	2,045,130	2,085,740
Prime Bank Limited	O.R Nizam Road	CD	619,621	621,271
Standard Chartered Bank Limited	Nasirabad	CD	1,911	1,089,499
Standard Bank Limited	CDA Avenue	CD	139,475	141,355
The City Bank Limited	O.R Nizam Road	CD	2,056,312	1,259,925
The City Bank Limited	O.R Nizam Road	Credit Card	495,623	247,715
The Premier Bank Limited	O.R Nizam Road	CD	(4,667,103)	1,134,822
United Commercial Bank Limited	Jubilee Road	SND	2,581	3,588
United Commercial Bank Limited	Kamal Bazar	SND	1,059,802	-
			<u>21,079,368</u>	<u>23,851,566</u>

All bank balances are reconciled with bank statements and negative balance shown in the bank book representation book overdraft.

#### 12.02 Investment in Fixed Deposits Receipts (FDR)

Name of banks	Purpose	Tenure	Rate of interest	30 June 2017	30 June 2016
				Taka	Taka
The Premier Bank Limited	Investment	3 months	7.50%	1,150,000,000	1,410,526,766
				<u>1,150,000,000</u>	<u>1,410,526,766</u>

Fixed Deposits of Taka 150,000,000 at The Premier Bank Limited, O. R. Nizam Road Branch has been kept as lien against over draft facility provided by the same bank.

#### 13.00 Share capital

##### Authorised capital:

300,000,000 Ordinary Shares of Tk. 10 each	3,000,000,000	3,000,000,000
	<u>3,000,000,000</u>	<u>3,000,000,000</u>

##### Issued, Subscribed and Paid-up capital:

250,000 Ordinary Shares of Tk.10 each issued in cash	2,500,000	2,500,000
9,000,000 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	90,000,000	90,000,000
23,125,000 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	231,250,000	231,250,000
12,950,000 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	129,500,000	129,500,000
12,691,000 Ordinary Shares of Tk.10 each issued as Bonus Shares	126,910,000	126,910,000
55,000,000 Ordinary Shares of Tk.10 each issued in cash issued through Initial Public Offering (IPO)	550,000,000	550,000,000
5,650,800 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	56,508,000	56,508,000
<b>118,666,800 Ordinary Shares of Tk 10 each</b>	<b>1,186,668,000</b>	<b>1,186,668,000</b>

#### 13.01 Classification of shares by holding

Class by number of shares	No. of Holders	No. of Shares	Holding (%)
Less than 500	22,367	4,480,413	3.78%
From 500 to 5,000	3,457	6,612,918	5.57%
From 5,001 to 10,000	607	4,585,885	3.86%
From 10,001 to 20,000	370	5,380,025	4.53%
From 20,001 to 30,000	129	3,269,179	2.76%
From 30,001 to 40,000	63	2,205,615	1.86%
From 40,001 to 50,000	40	1,875,852	1.58%
From 50,001 to 100,000	96	6,761,341	5.70%
From 100,001 to 1,000,000	55	12,046,954	10.15%
From 1,000,001 to above	14	71,448,618	60.21%
	<u>27,198</u>	<u>118,666,800</u>	<u>100%</u>

**13.02 Shareholding position**

Name of shareholders	30 June 2017		30 June 2016	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Engineer Mosharraf Hossain	6.41%	7,610,016	6.33%	7,510,016
Mrs. Ayesha Sultana	4.36%	5,173,344	4.27%	5,073,344
Mr. Mustafa Tahseen Arshad	12.32%	14,620,032	12.32%	14,620,032
Mrs. Bilkis Arshad	7.70%	9,137,520	7.70%	9,137,520
Mr. Mustafa Tahir Arshad	4.62%	5,482,512	4.62%	5,482,512
Mr. Mahboob Ur Rahman	2.57%	3,045,840	2.57%	3,045,840
Mrs. Mirka Rahman	2.57%	3,045,840	2.57%	3,045,840
Mr. Aminur Rahman	2.57%	3,045,840	2.57%	3,045,840
Mr. Sabedur Rahman	2.57%	3,045,840	2.57%	3,045,840
Mrs. Arifa Sultana	3.08%	3,655,008	3.08%	3,655,008
Mr. Afzal Bin Tarique	2.05%	2,436,672	2.05%	2,436,672
Mrs. Shaheda Sultana	1.02%	1,218,336	1.02%	1,218,336
Institute, NRB, General Public	48.16%	57,150,000	48.33%	57,350,000
	<b>100.00%</b>	<b>118,666,800</b>	<b>100%</b>	<b>118,666,800</b>

**14.00 Retained earnings**

	30 June 2017 Taka	30 June 2016 Taka
Opening balance	231,185,866	302,449,258
Add: Net profit after tax for the year	62,325,637	98,260,608
Less: Dividend paid	(118,666,800)	(169,524,000)
	<b>174,844,703</b>	<b>231,185,866</b>

**15.00 Revaluation surplus**

30 June 2017 Taka	30 June 2016 Taka
<b>1,228,413,842</b>	<b>1,228,413,842</b>

**15.01** Revaluation of company's assets were carried out by, an independent valuer, Syful Shamsul Alam & Co., Chartered Accountants, following Estimated Net Realisable Value Method of Valuation based on the nature of the assets as on 30 April 2011 and submitted their report on 23 June 2011. Revaluation surplus has been credited to Revaluation Surplus Account and treated as per BAS and BFRS and other applicable laws, regulations and guidelines.

The board of directors agreed to discard the revaluation surplus of all assets except Land & Land Development in a board meeting held on 05 August 2012 and instructed the management to consider the proper accounting policies for it.

**16.00 Lease finance**

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
Opening balance		1,145,482	1,626,166
Add: Interest and other charges during the year	27.00	141,804	221,316
Less: Paid during the year		(703,700)	(702,000)
<b>Closing balance</b>		<b>583,586</b>	<b>1,145,482</b>

**16.01 Lease finance - Maturity analysis**

	30 June 2017 Taka	30 June 2016 Taka
Due within one year	583,586	561,896
Due after one year	-	583,586
	<b>583,586</b>	<b>1,145,482</b>



	30 June 2017 Taka	30 June 2016 Taka
<b>16.02 Details of lease finance</b>		
The Premier Bank Limited	583,586	1,145,482
	<u>583,586</u>	<u>1,145,482</u>

**The Premier Bank Limited, O. R. Nizam Road Branch**

Total sanctioned amount	: Tk. 21 Lac
Purpose	: Lease for Motor Vehicle
Interest rate	: 15% (Revised from time to time)
Payment method	: The loan is repayable in 48 (Forty Eight) equal monthly installments.
Tenure	: Four years
Securities	: i) 48 MICR cheques covering the total payment through monthly rental payment. ii) Personal guarantee from the Director

**17.00 Deferred tax liabilities**

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment as per financial statements and tax written down value and financial position method for investment in tradable securities.

	30 June 2017 Taka	30 June 2016 Taka
Opening balance	35,269,336	19,833,547
Add: Provision made during the year	14,226,299	15,435,789
<b>Closing balance</b>	<u>49,495,635</u>	<u>35,269,336</u>

**17.01 Reconciliation of deferred tax liabilities/ (assets)**

	Carrying amount Taka	Tax base Taka	Tax rate Percentage	Taxable/ (Deductible) temporary difference Taka	Deferred tax liabilities/ (assets) Taka
Property, plant and equipment (except land)	942,805,490	745,424,920	25%	197,380,570	49,345,143
Investment in tradable securities	11,633,410	10,128,492	10%	1,504,918	150,492
<b>Total deferred tax liabilities</b>					<u>49,495,635</u>

**18.00 Accounts payable**

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
Opening balance		38,689,723	43,067,139
Add: Addition during the year		221,079,394	233,894,320
Less: Paid during the year		(225,488,154)	(238,271,736)
<b>Closing balance</b>		<u>34,280,963</u>	<u>38,689,723</u>

**19.00 Short term borrowings**

Loans against CC (Hypo) and Overdraft	19.01	17,575,284	234,798,784
		<u>17,575,284</u>	<u>234,798,784</u>

**19.01 Borrowings against CC (Hypo) and Overdraft**

Name of the Banks	Branch	Types		
IFIC Bank Limited	Agrabad	OD	819,038	(10,467)
The Premier Bank Limited	O.R Nizam Road	OD	16,756,246	234,809,251
			<u>17,575,284</u>	<u>234,798,784</u>





## 24.02 Cost of sales

Particulars	Note(s)	30 June 2017						Total	30 June 2016	
		Room		Food & Beverage		Minor Operating Department				Rental
		Taka		Restaurant	Bar	Taka	Taka			
Cost of materials	-			59,499,717	1,013,331		1,525,634	-	62,038,682	65,949,249
Complementary guest service		1,659,532		711,228	-		-	-	2,370,760	1,353,035
Depreciation		18,649,418		4,144,315	1,429,789		1,124,329	1,590,197	26,938,048	27,841,546
Function and amenities		-		2,569,420	-		-	-	2,569,420	1,696,926
House keeping expenses		6,615,203		2,299,934	-		484,600	-	9,399,737	11,144,420
Packet and packing materials		864,381		-	-		-	-	864,381	1,292,358
Purchased services		599,797		-	-		-	-	599,797	288,000
Repair and maintenance	24.04	3,387,297		846,824	-		211,706	1,058,530	5,504,358	6,078,779
Salary, wages, bonus and benefits		20,446,005		17,658,240	762,588		3,622,295	-	42,489,128	39,413,377
Staff uniform		977,770		862,738	38,344		182,134	-	2,060,986	1,544,566
Utility and fuel expenses		12,644,947		1,358,323	84,180		3,177,979	152,500	17,417,929	18,613,013
		<b>65,844,350</b>		<b>89,950,739</b>	<b>3,328,232</b>		<b>10,328,677</b>	<b>2,801,227</b>	<b>172,253,226</b>	<b>175,215,269</b>

## 24.03 Repair and maintenance

Particulars	30 June 2017						30 June 2016
	Opening Inventory of Stores & Spares	Purchase	Closing inventory of Stores & Spares	Expenses		Taka	
				Taka	Taka		
Building	700,000	722,316	850,000		572,316	711,831	
Machineries	334,115	744,567	-		1,078,682	1,403,166	
General	1,324,328	1,569,972	898,991		1,995,309	1,475,293	
Kitchen equipment	-	227,724	-		227,724	318,829	
Vehicles	-	862,496	-		862,496	1,208,616	
Lifts	-	337,536	-		337,536	142,520	
Computers	-	599,530	-		599,530	558,894	
Electrical goods	-	309,405	-		309,405	788,219	
	<b>2,358,443</b>	<b>5,373,546</b>	<b>1,748,991</b>		<b>5,982,998</b>	<b>6,607,368</b>	

## 24.04 Allocation of Repair and Maintenance Expense

	Note(s)	30 June 2017	30 June 2016
		Taka	Taka
Cost of sales	24.01	5,504,358	6,078,779
Administrative expenses	25.00	478,640	528,589
		<b>5,982,998</b>	<b>6,607,368</b>



	Note(s)	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>25.00 Administrative expenses</b>			
Salaries and allowances		14,810,363	16,891,447
Director remuneration	25.01	6,810,000	6,800,000
Annual general meeting expenses		1,408,367	1,633,654
Association and membership fees		121,750	98,350
Audit fee		345,000	345,000
Lease rental of The Peninsula Chittagong - Airport Garden Hotel		1,638,750	-
Conveyance expenses		130,711	141,149
Depreciation	4.00	6,216,473	6,168,625
Amortisation	5.01	332,433	256,347
Dhaka office expenses		1,515,845	1,431,526
Entertainment expense		930,563	758,510
Fees and renewals		1,170,055	553,695
Gift and donation		126,000	76,470
Insurance expenses		2,096,005	2,681,031
Legal fees and other professional charges		953,400	1,803,175
Medical expenses		22,965	49,197
Office expenses		1,537,679	1,372,082
Printing and stationery		804,639	1,715,555
Rating fee		200,000	200,000
Regulatory fees		1,286,668	1,373,471
Rent, rate and taxes		1,908,181	1,775,634
Repair and maintenance	24.04	478,640	528,589
Staff uniform		258,821	229,139
Telephone and communication		883,423	1,205,083
Tours and travel expenses		571,245	1,229,467
Utility and fuel expenses		4,354,482	4,653,253
		<u>50,912,458</u>	<u>53,970,449</u>

**25.01 Directors' Remuneration**

Details of Directors' remuneration paid during the period are as follows:

Director's Name	Relationship	Remuneration Taka	Board Meeting Fee Taka	Gross Remuneration Taka
Mr. Mustafa Tahseen Arshad	MD & Shareholder	4,020,000	17,500	4,037,500
Mr. Mahboob Ur Rahman	Chairman & Shareholder	2,400,000	22,500	2,422,500
Mrs. Ayesha Sultana	Director & Shareholder	300,000	22,500	322,500
Mrs. Bilkis Arshad	Director & Shareholder	-	5,000	5,000
Dr. Md. Fashiul Alam	Independent Director	-	22,500	22,500
		<u>6,720,000</u>	<u>90,000</u>	<u>6,810,000</u>

	Note(s)	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>26.00 Selling and distribution expense</b>			
Advertisement		1,130,026	1,495,216
		<u>1,130,026</u>	<u>1,495,216</u>
<b>27.00 Finance costs</b>			
Interest on overdraft		14,431,506	18,227,279
Interest and other charges on finance lease	16.00	141,804	221,316
Foreign currency exchange (gain)/loss	27.01	(2,112)	-
Bank charges		2,090,689	2,428,696
		<u>16,661,887</u>	<u>20,877,291</u>



	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>27.01 Foreign currency exchange (gain)/ loss</b>		
Unrealized foreign currency translation (gain)/ loss	(2,112)	-
	<u>(2,112)</u>	<u>-</u>
<b>27.02 Foreign currency translation (gain)/loss</b>		
This represents net (gain)/loss on translation of foreign currencies denominated assets/ liabilities into Bangladeshi Taka at the rate prevailing on reporting date.		
<b>28.00 Finance income</b>		
Interest on fixed deposit receipts	91,860,262	111,855,911
Interest on bank deposits	653,885	711,676
	<u>92,514,147</u>	<u>112,567,587</u>
<b>29.00 Non-operating income / (loss)</b>		
Dividend income	96,040	157,500
Sale of wastage	293,228	625,186
Loss on sale of tradable securities	-	(250,512)
Loss on sale of non-current assets	(490,744)	-
Changes in fair value of tradable securities	1,830,880	(1,590,487)
	<u>1,729,404</u>	<u>(1,058,313)</u>
<b>30.00 Earnings per share</b>		
<b>30.01 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	62,325,637	98,260,608
Weighted Average number of shares outstanding during the year	118,666,800	118,666,800
<b>Basic earnings per share (EPS)</b>	<u>0.53</u>	<u>0.83</u>
Change in previous year's EPS has occurred due to reclassification of investments in tradable securities.		
<b>30.02 Diluted earnings per share (DEPS)</b>		
No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.		
	30 June 2017 Taka	30 June 2016 Taka
<b>31.00 Net Asset Value Per Share (NAV)</b>		
Total Assets	3,846,366,882	4,103,022,812
Less: Liabilities	(205,482,053)	(405,796,820)
Net Asset Value (NAV)	<u>3,640,884,829</u>	<u>3,697,225,992</u>
Number of ordinary shares outstanding during the year	118,666,800	118,666,800
<b>Net Asset Value (NAV) per share</b>	<u>30.68</u>	<u>31.16</u>
	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>32.00 Net operating cash flow per share</b>		
Net operating cash flows (from statement of cash flows)	87,691,872	66,246,810
Number of ordinary shares outstanding during the year	118,666,800	118,666,800
<b>Net operating cash flow per share</b>	<u>0.74</u>	<u>0.56</u>
	30 June 2017 Taka	30 June 2016 Taka
<b>33.00 Employees</b>		
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	244	254
	<u>244</u>	<u>254</u>

During June 2017, total 205 number of employees were in the permanent payroll of the company.



### 34.00 Related party transactions

During the year, the company carried out a number of transactions with related party in the normal course of business and on arms length basis. The name of the related party, nature of transactions and balances on reporting date have been set in accordance with the provisions of BAS 24.

Related party comprises of company under common ownership and common management control.

Name of party	Relationship	Nature of Transactions	Outstanding as on 30 June 2017		Mode of Transaction
Sayeman Beach Resort Limited	Common Directorship	Revenue	4,045,896	Dr.	Market price /Negotiated price

### 35.00 Service rendering capacity and current utilization

Description	01 July 2016 to 30 June 2017			01 July 2015 to 30 June 2016		
	Capacity (Room per year)	Utilization during the year	Utilization (%)	Capacity (Room per year)	Utilization during the year	Utilization (%)
Guest Room	52,560	28,182	53.62%	52,704	30,529	57.93%

### 36.00 Attendance status of Directors in Board Meetings

During the year ended 30 June 2017, nine (09) board meetings were held. The attendance status of all the meetings are as follows:

Name of the Director	Position	Meetings Held	Attendance
Mr. Mahboob Ur Rahman	Chairman	09	09
Mr. Mustafa Tahseen Arshad	Managing Director	09	07
Mrs. Ayesha Sultana	Director	09	09
Mrs. Bilkis Arshad	Director	09	02
Dr. Md. Fashiul Alam	Independent Director	09	09

### 37.00 Contingent liabilities and Commitments

#### 37.01 Contingencies

A writ petition (no. 8924 of 2014) was filed before the High Court Division (HCD) of the Honorable Supreme Court of Bangladesh (SCB) challenging the order dated 25 August 2014 (issued on 03 September 2014) passed by the Customs, Excise and VAT Appellate Tribunal in file no. CEVT. Case (VAT)-74/2014 demanding payment of Tk. 137,466,731. While filing the writ petition the company had to deposit Tk. 13,746,673 with government treasury being 10% of the demand amount. The Hon'ble HCD after hearing the case referred back to the Commissioner of VAT for a negotiated settlement with the company. Subsequently the Commissioner of VAT has settled the claim at Tk. 30,652,108 vide order no: 83/2016 on 08 September 2016 under section 55(3) of Value added tax law 1991. The claim amount has duly been paid and charged in the profit or loss during the year.

#### 37.02 Capital expenditure commitment

The company has no capital expenditure commitment at the reporting date.

#### 37.03 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.

#### 37.04 Segment reporting

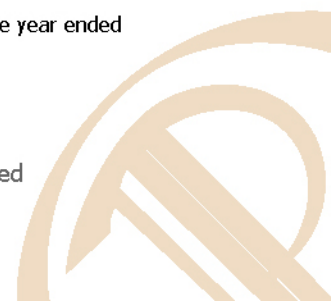
As there is a single business and geographic segment within which the company operates no segment reporting is felt necessary.

#### 37.05 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2017 other than trade credit available in the ordinary course of business.

### 38.00 Events after reporting period

The Board of Directors at the meeting held on 08 October 2017 has recommended 5% cash dividend for the year ended 30 June 2017.



### 39.00 Financial Instruments- Accounting classifications and fair values

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

Note ref.	Fair value through profit or loss Taka	Carrying amount				Available for sale Taka	Other financial liabilities Taka	Total Taka
		Held to maturity Taka	Loans and receivables Taka					
<b>30 June 2017</b>								
<b>Financial assets measured at fair value</b>								
Investment in tradable securities at fair value	11,633,410	-	-	-	-	-	-	11,633,410
<b>Financial assets not measured at fair value</b>								
Investments in non-tradable shares at cost	-	-	-	-	6,125,000	-	-	6,125,000
Accounts and other receivables	-	-	52,225,424	-	-	-	-	52,225,424
Deposits	-	-	14,997,022	-	-	-	-	14,997,022
Investments in FDRs	-	-	-	-	1,151,456,715	-	-	1,151,456,715
Cash at banks	-	-	21,079,368	-	-	-	-	21,079,368
			<b>88,301,814</b>		<b>1,157,581,715</b>			<b>1,245,883,529</b>
<b>Financial liabilities not measured at fair value</b>								
Lease finance	-	-	-	-	-	583,586	-	583,586
Accounts payables	-	-	-	-	-	34,280,963	-	34,280,963
Short term borrowings	-	-	-	-	-	17,575,284	-	17,575,284
						<b>52,439,833</b>		<b>52,439,833</b>
<b>30 June 2016</b>								
<b>Financial assets measured at fair value</b>								
Investment in tradable securities at fair value	9,802,530	-	-	-	-	-	-	9,802,530
<b>Financial assets not measured at fair value</b>								
Investments in non-tradable shares at cost	-	-	-	-	6,125,000	-	-	6,125,000
Accounts and other receivables	-	-	47,694,716	-	-	-	-	47,694,716
Deposits	-	-	6,632,508	-	-	-	-	6,632,508
Investments in FDRs	-	-	-	-	1,411,895,661	-	-	1,411,895,661
Cash at banks	-	-	23,851,566	-	-	-	-	23,851,566
			<b>78,178,790</b>		<b>1,418,020,661</b>			<b>1,496,199,451</b>
<b>Financial liabilities not measured at fair value</b>								
Lease finance	-	-	-	-	-	1,145,482	-	1,145,482
Accounts payables	-	-	-	-	-	38,689,723	-	38,689,723
Short term borrowings	-	-	-	-	-	234,798,784	-	234,798,784
						<b>274,633,989</b>		<b>274,633,989</b>



#### 40.00 Financial instruments- Financial risk management

Bangladesh Financial Reporting Standard BFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- a) Credit risk
- b) Liquidity risk
- c) Market risk

#### 40.01 Credit risk

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

##### 40.01.01 Exposure to credit risk

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

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
Investments in FDRs	11.01 & 12.02	1,151,456,715	1,411,895,661
Advances and deposits	10.01 & 10.02	193,332,318	179,894,735
Accounts and other receivables	8 & 9	52,225,424	47,694,716
Cash at banks	12.01	21,079,368	23,851,566
		<b>1,418,093,825</b>	<b>1,663,336,678</b>

##### (i) Accounts receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate.

##### Ageing of accounts receivable

The ageing of gross value at the reporting date that was not impaired was as follows:

	30 June 2017 Taka	30 June 2016 Taka
Dues within 6 Months	36,440,553	26,820,410
Dues over 6 months	3,320,822	6,151,519
	<b>39,761,375</b>	<b>32,971,929</b>

The management believes that the amounts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

##### (ii) Cash at banks

The company held cash at banks of Tk. 21,079,368 at 30 June 2017 ( 30 June 2016: Tk. 23,851,566), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

##### 40.01.02 Impairment losses

Impairment loss at the reporting date

	30 June 2017 Taka	30 June 2016 Taka
	Nil	Nil
	-	-

**40.01.03 Credit exposure by credit rating**

	As at 30 June 2017		
	Credit rating	Amount	(%)
Accounts receivable	NR	39,761,375	14.56%
Other receivables	NR	12,464,049	4.56%
Advances, deposits and prepayment	NR	198,859,693	72.81%
Cash and cash equivalents			
Cash in hand		955,738	0.35%
Cash at banks		21,079,368	7.72%
AB Bank Limited	A1	2,286,705	10.85%
Bank Al Falah Limited	A1	3,191,958	15.14%
Brac Bank Limited	AA1	989,365	4.69%
Eastern Bank Limited	AA+	12,857,988	61.00%
Mutual Trust Bank Limited	AA	2,045,130	9.70%
Prime Bank Limited	AA	619,621	2.94%
Standard Chartered Bank Limited	AA+	1,911	0.01%
Standard Bank Limited	AAA	139,475	0.66%
The City Bank Limited	AA2	2,551,935	12.11%
The Premier Bank Limited	AA2	(4,667,103)	-22.14%
United Commercial Bank Limited	AA	1,062,383	5.04%

All bank balances are reconciled with bank statements and negative balance shown in the bank book representation book overdraft.

**40.02 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. 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.

**Exposure to liquidity risk**

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
As at 30 June 2017	Taka		Taka	Taka	Taka	Taka
Lease finance	583,586	15%	583,586	-	-	583,586
Accounts payable	34,280,963	N/A	34,280,963	-	-	34,280,963
Short term borrowings	17,575,284	8.25%-11%	17,575,284	-	-	17,575,284
Unclaimed dividend	5,627,026	N/A	5,627,026	-	-	5,627,026
	<b>58,066,859</b>		<b>58,066,859</b>	<b>-</b>	<b>-</b>	<b>58,066,859</b>

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
As at 30 June 2016	Taka		Taka	Taka	Taka	Taka
Lease finance	1,145,482	15%	561,896	583,586	-	1,145,482
Accounts payable	38,689,723	N/A	38,689,723	-	-	38,689,723
Short term borrowings	234,798,784	11% - 12%	234,798,784	-	-	234,798,784
Unclaimed dividend	4,754,647	N/A	4,754,647	-	-	4,754,647
	<b>279,388,636</b>		<b>278,805,050</b>	<b>583,586</b>	<b>-</b>	<b>279,388,636</b>

**40.03 Market risk**

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

**(a) Currency risk exposure and its management**

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is only exposed to in foreign currency risk relating to Tk. 265,432 in its Foreign Currency Account relating IPO applications.





**(b) Transaction risk**

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

**(c) Economic risk**

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

**(d) Interest risk**

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to re-pay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

**Exposure to interest rate risk**

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	30 June 2017	30 June 2016
	Taka	Taka
<b>Fixed- rate instruments</b>		
Financial assets	1,151,456,715	1,411,895,661
Financial liabilities	18,158,870	235,944,266
	<b>1,169,615,585</b>	<b>1,647,839,927</b>
<b>Variable- rate instruments</b>		
Financial assets	Nil	Nil
Financial liabilities	Nil	Nil
	-	-

**(e) Other market price risk**

The company is exposed to equity price risk, which arises from available for sale equity securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the Directors.

Company Secretary

Managing Director

Director

Chairman



Where hospitality is our culture



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*(Best Business Hotel in Town)*

*Laguna*  
Restaurant  
At level-5

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# PHOTO GALLERY OF 14<sup>th</sup> AGM



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# The Peninsula Chittagong Limited

*(Best Business Hotel in Town)*

Registered & Share office: Bulbul Centre, 486/B, O.R. Nizam Road, CDA Avenue, Chittagong-4100

## PROXY FORM

I / We .....(Name)

of .....(Address)

being a shareholder of the Peninsula Chittagong Limited hereby appoint,

Mr./Ms. ....(Name)

of .....(Address)

as my / our / proxy to attend on my / our behalf at the 15<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on 07 December, 2017 and at any adjournment there of any poll that may be taken in consequence there of and to vote on dated this ..... day of .....2017

Signature of this Shareholder

Signature of the Proxy

Folio / BO ID No:

Folio / BO ID No:

Number of Share

Dated .....

Dated .....

Signature of witness

**Note:** The proxy form, dully filled in and stamped, must be deposited at the Registered & Share Office of the company, Bulbul Centre, 486/B, O.R. Nizam Road, Chittagong CDA Avenue, not later than 48 hours before the time fixed for the holding of the meeting.



Signature Verified

Authorized Signature  
The Peninsula Chittagong Limited



# The Peninsula Chittagong Limited

*(Best Business Hotel in Town)*

Registered & Share office: Bulbul Centre, 486/B, O.R. Nizam Road, CDA Avenue, Chittagong-4100

## ATTENDANCE SLIP

I hereby record my presence at the 15<sup>th</sup> annual general meeting of the Peninsula Chittagong Limited on 07 December, 2017

Name .....

BO ID 

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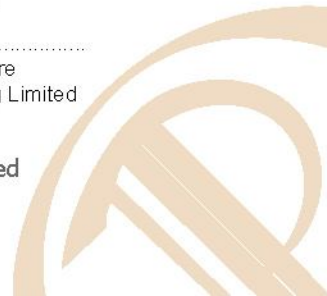
Signature Verified

Signature

Authorized Signature  
The Peninsula Chittagong Limited

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