



The Peninsula Chittagong Limited

(Best Business Hotel in Town)

DIRECTORS' REPORTS TO THE SHAREHOLDERS **OF** **THE PENINSULA CHITTAGONG LIMITED** **FOR THE YEAR 2014-2015**

Dear Members,
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 13th 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 2015.

Financial results and appropriations

The Directors are pleased to report the financial results for the year 2014-2015 and recommend the following appropriations:

Particulars	Taka (2014-2015)	Taka (2013-2014)
Net Profit before Tax	207,676,414.00	235,949,295.00
Provision for Tax	63,638,667.00	53,817,411.00
Net Profit after Tax	144,037,747.00	182,131,884.00
Add: Un-appropriated profit brought forward	270,048,765.00	148,222,411.00
Profit available for distribution	414,086,512.00	330,354,295.00
Less: Appropriation of Dividend	113,016,000.00	58,016,000.00
Add/(Loss): Unrealized Profit/Loss	1,378,746.00	(2,289,530.00)
Un-appropriated profit	302,449,258.00	270,048,765.00

Key Operating and Financial data of preceding two years

Particulars	Taka (2014-2015)	Taka (2013-2014)
Revenue	343,075,646.00	420,149,834.00
Cost of Sales	(178,565,653.00)	(156,679,551.20)
Gross Profit/ (Loss)	164,509,993.00	263,470,282.80
Administrative Expenses	(53,446,327.00)	(43,294,778.80)
Selling & Distribution Expenses	(5,307,151.00)	(4,949,224.00)
Operating Profit	105,756,515.00	215,226,280.00
Financial Expenses	(19,269,900.00)	(23,795,089.00)
*Non Operating Income	132,120,137.00	56,936,488.00
Workers Profit Participation Fund (WPPF)	(10,930,338.00)	(12,418,383.95)
Net Profit before Tax	207,676,414.00	235,949,295.00
Provision for Tax	(63,638,667.00)	(53,817,411.00)
Net Profit after Tax	144,037,747.00	182,131,884.00



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*Non Operating Income includes interest income, Sale of Wastage, profit on sale of fixed assets and share of profit/(loss) of This Company.

Segment-wise or Product wise performance

Particulars	Taka (2014-2015)	Taka (2013-2014)
Rooms	232,302,663.00	323,054,462.00
Food & Beverages	83,538,283.00	72,169,989.00
Minor Operating Departments	18,969,925.00	16,367,362.00
Space Rental	82,64,775.00	8,558,021.00
Total	343,075,646.00	420,264,263.00

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

COST OF Sales:

Particulars	Taka (2014-2015)	Taka (2013-2014)
Opening stock	6,705,219.00	9,077,953.00
Purchase during the year	142,010,766.00	45,543,337.00
Cost of goods available for sale	148,715,985.00	54,621,290.00
Operating Expense	56,959,050.00	108,763,480.20
	205,675,035.00	163,384,770.20
Closing inventory	(27,109,382.00)	(6,705,219.00)
Cost of Sales	178,565,653.00	156,679,551.20

Particulars	Taka (2014-2015)	Taka (2013-2014)
Revenue	343,075,646.00	420,149,834.00
Cost of Sales	(178565653.00)	(156,679,551.20)
Gross Profit/ (Loss)	164,509,993.00	263,470,282.80
Operating Profit	105,756,515.00	215,226,280.00
Net Profit after Tax	144,037,747.00	182,131,884.05
Gross Profit ratio	47.95%	62.71%
Net Operating Profit ratio	30.82%	51.23%
Net Profit ratio	41.98%	43.35%



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Share Capital

Authorized capital and paid up capital of the Company stood at Tk.300.00 crore and Tk. 113.016 crore respectively in 30 June 2015.

Fixed assets additions

During the year 2014-2015 total additions to the fixed assets was Taka 412,324,816 included Capital work-in-progress which is under construction on the north side of main Hotel Building previous year.

Reserve and surplus

Retained earnings of the Company in 2014-2015 stood at Taka 302,449,258 against Taka 270,048,765.00 in 2013-2014.

Dividend

The Board of Directors of the Company is pleased to recommend dividend @10 percent in cash and @5 percent in Stock for the year 2014-2015. The Company paid dividend @ 10 percent in cash for the year 2013-2014 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

Risks and concerns

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

HODA VASI CHOWDHURY & CO, Chartered Accountants (a member firm of independent Correspondent Firm to Deloitte Touché Tohmatsu) shall retire in 13th AGM, being eligible, they offered themselves for re-appointment and the Board also recommended re-appointing them for the year 2016. Remuneration of the auditor will be fixed by the shareholders at this Annual General Meeting.



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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 therefrom 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.



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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