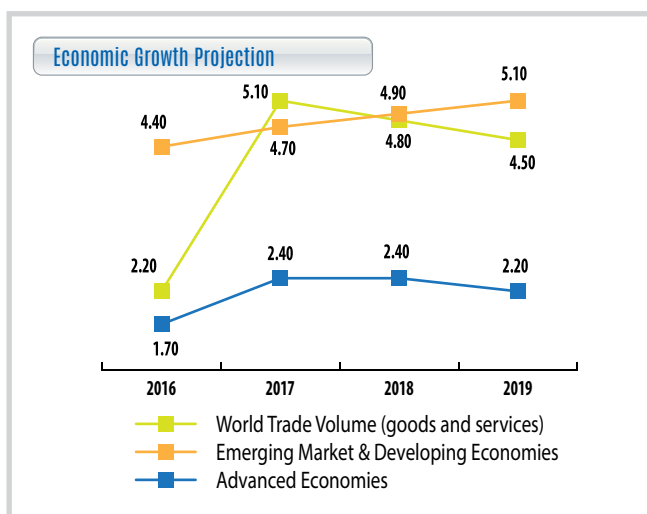


DIRECTORS' REPORT TO THE SHAREHOLDERS

THE ENVIRONMENT WE OPERATE IN

Global Socio-economic Environment

The global economy is expanding and expected to expand at a lesser pace than earlier. The projected economic growth for the year 2018-19 is 3.9%. However, due to uneven growth in different countries of different type of economies, it is not showing the trend to reach this projected level. In recent times, the increase of tariff by USA-China and other related countries, increase of fuel price, higher inflation, sharp exchange rate movement and shortfall of investment in the emerging markets are notable events.



[Source: <https://www.imf.org>: World Economic Outlook Update, July 2018]

The assumption regarding the baseline forecast is gradually tightening but there also exist favorable financial conditions around the globe. There may be localized pressures based on economy type, criteria and situation. The Advanced Economies may try to go for monetary policy normalization to proceed in a well-communicated, steady manner and Emerging Market & Developing Economies may offer more suitable environment for investment. Due to the trade war between the global giants and their related countries, some other countries may be benefitted as the byproduct of the trade war.

Bangladesh Socio-economic Environment

Bangladesh has undergone major socio economic development in last few years especially in rapid expansion of information technology, construction sector and manufacturing sector. These transformations have boosted Bangladesh from a 'low-income-country' to a 'lower-middle-income-country'. Bangladesh has now become home to one of the fastest growing economies in the world.

The World Bank, in its latest 'Bangladesh Development Update: Powering the Economy Efficiently' report, has forecasted a seven percent growth for the 2018/19 fiscal year, building on the 7.86 percent expansion seen in the previous period.

To achieve its growth aspirations, the World Bank said that Bangladesh needs to create more and better jobs by boosting private investment, diversifying exports and building human capital. Further, the country also needs to make doing business easier, complete its mega-projects on a fast track, and improve financial sector governance.

For the fiscal year 2017-18 the GDP size is \$274.5 billion in contrast to that of last year's GDP of \$249 billion and the per capita income is \$1,752 in contrast to that of last year's per capita income of \$1,610.

THE SECTOR WE OPERATE IN

The power sector of Bangladesh is in the accelerating phase with more and more new projects in short and long term to catch up the annual average 10% growth of national electricity demand. However, it is time to gain the efficiency in utilization of achieved capacity to match up with the 7% (approximately) growth in Gross Domestic Product (GDP). The

power sector is experiencing some vibrant global economic phenomenon like - Private Public Partnership (PPP), low price foreign loan exposure, cross boarder equity partnership, signing mega project deals with global industry giants and new economic sources of fuel.

Exposure to the low cost global financial market with keen financiers is a new phenomenon for the power sector of Bangladesh. Due to some recent good track record of power plant implementation, investors around the world are getting interested to invest. Islamic Corporation for the Development of the private sector (ICD), the OPEC Fund for International Development (OFID), and banks including Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), International Finance Corporation (IFC), Sumitomo Mitsui Banking Corporation (SMBC) and Clifford Capital Pte. Ltd., Singapore are some of the international financiers/ investors in this sector.

The power sector has made an outstanding progress in the last few years. During last year, 3,725 MW capacity has been added to the national grid, raising the total generation capacity to 19,202 MW. Today the per capita generation is 464 Kwh, which is targeted to be 600 Kwh by 2021. The table below provides a detail breakdown of the capacity generated by public and private sectors.

Particulars	Installed Generation			
	2017-18		2016-17	
	Capacity (MW)		Capacity (MW)	
Public Sector				
BPDB	5,266	27%	4,508	29%
APSCL	1,444	8%	1,508	10%
EGCB	839	4%	622	4%
NWPGCL	1,070	6%	440	3%
RPCL	77	0%	77	0%
BPDB-RPCL JV	149	1%	149	1%
Subtotal	8,845	46%	7,304	47%
Private Sector				
IPPs	4,802	25%	3,133	20%
SIPPs (BPDB)	99	1%	99	1%
SIPPs (REB)	251	1%	251	2%
15 YR. Rental	169	1%	169	1%
3/5 YR. Rental	1,576	8%	1,721	11%
Power Import	660	3%	600	4%
Subtotal	7,557	39%	5,973	39%
Captive Power	2,800	15%	2,200	14%
TOTAL	19,202	100%	15,477	100%

Figure: Installed Generation Capacity (MW) as on 31 July, 2018
(Source: <http://www.bpdb.gov.bd>)

In Bangladesh, about 90% families are having access to electricity. Every year we need at least 1500 MW additional capacity to meet up the growing demand. Besides meeting up the demand, GOB also provides electricity to the mass people at a subsidized rate. The amount of subsidy that the GOB is providing every year, increases as the demand and generation of electricity increases. To resolve the issue besides price hike, GOB is considering various steps such as - looking for cheap energy source like Coal and considering bigger projects to get economy of scale. Importing low cost electricity is another effort to maintain healthy portfolio. At present Bangladesh is importing 660 MW of electricity from India.

To maintain the healthy growth of power sector, once again in



DIRECTORS' REPORT TO THE SHAREHOLDERS

this year, the Government has organized Power and Energy Week with new theme as “Anirban Agami” (Inextinguishable Future)” focusing the Government's success in the Sector and creation of mass awareness in economic use of electricity. The event was full of different activities like recognizing/ awarding the officials of different public/private entities and journalists for their best performances and best reporting in power sector respectively, power and energy fair with participation of more than 100 public and private entities to showcase their product and services to their consumers and stakeholders, different seminars etc.

GOB has allocated 5.36% or Tk. 249 billion of National budget for Power and Energy sector for the year 2018-19. This is 2.72 % higher than that of previous year's allocation. Experts believe that the size of the budget will give momentum to the growth. Such momentum is intended to accommodate 24,000 MW of capacity by 2021, 40,000 MW by 2030 and 60,000 MW by 2041. The recent mega projects includes - 1320 MW coal-fired power plant at Rampal Upazila of Bagerhat District in Khulna, 1200 MW coal-fired power plant in Matarbari, Cox's Bazar, Chittagong, 1320 MW coal-fired power plant at Payra Seaport in Patuakhali, 1320 MW coal-fired power plant at Kalapara, Patuakhali, 1,320-megawatt (MW) coal-fired power plant in Maheshkhali, Cox's Bazar and so on.

The vision is not only to increase capacity more and more but also to gain the sustainability. To ensure sustainability GOB is working on developing better technical and managerial capacity. Emphasizing environmental friendly renewable energy sources and technology are initiatives in this regard. At present Bangladesh is generating 450 MW of electricity from renewable energy sources. Out of several renewable energy sources we are generating more from Solar Energy.

Bangladesh has implemented 5.30 million solar home system, which supply 220 MW of electricity. Some of forth coming solar projects include a 500 MW Solar Power energy project in Feni, 100 MW Solar Photo Voltaic based Grid-Connected Power Generation Plant also in Feni, 200MW Solar Park in Teknaf - Chittagong, 200 MW Grid-tied Solar PV Power Plant in Latshal, 60 MW and 30 MW windmill energy project in Cox's Bazar and a 1 MW garbage based power plant in Keraniganj and other areas.

According to the Government of Bangladesh, renewable energy projects of under mentioned capacities are to be implemented in the country to achieve sustainable production of electricity.

Renewable Power in MW

Source	2015	2016	2017	2018	2019	2020	2021	Total
Solar	222	253	421	237	195	203	208	1,739
Wind	0	20	250	350	350	200	200	1,370
Biomass	1	16	6	6	6	6	6	47
Biogas	1	1	1	1	1	1	1	7
Hydro	0	2	2	0	0	0	0	4
Total	224	292	680	594	552	410	415	3,167

Importing more power from neighboring countries is another step of the GOB. Besides importing power from India, efforts are going on to import low cost power from Bhutan and Nepal as well. This will, not only augment our economy but also develop our bilateral relations with our neighboring countries. In future we may also sell our surplus power to these countries.

In last few years, Transmission Line has been increased by hundreds of kilometers, Distribution Line has been increased by thousands of kilometers to support the increase of retail customers. As of now we have 11,122 KM of Transmission line and 4,55,000 KM of Distribution line to provide electricity to 29,900,000 customers. Recently GOB is focusing on improving and expanding the transmission and distribution systems of the power sector by Smart Grid System. However, BPDB recently invited private sector companies to contribute in the transmission and distribution system of power in order to improve the service quality.

Apart from sector potential to expand, other business incentives are also available in power generation, distribution and transmission areas. Some of such benefits are as follows -

- Exemption from corporate income tax for a period of 15 years.
- Allowed to import plant and equipment and spare parts up to a maximum of ten percent (10%) of the original value of total plant and equipment within a period of twelve (12) years of commercial operation without payment of custom duties, VAT and other surcharges as well as import permit fee except for indigenously produced equipment manufactured according to international standards.
- Repatriation of equity along with dividend.
- Exemption from income tax for foreign lenders to such companies.
- Foreign investors will be free to enter into joint ventures.

BUSINESS ACTIVITIES INCLUDING ITS OPERATING PERFORMANCE

Summit Power Limited is the pioneer among Bangladeshi private sector power generation companies. It started power generation from 2000 and over the years, it has gained experience in project (power plant) implementation, operation and maintenance. Now, projects can be mostly carried through from start to finish at far greater speeds. Logistically, we are far less dependent on third party providers than we were a decade back. This has given Summit Power Limited a competitive edge over others in becoming the leading Bangladeshi Company with fifteen operating plants of its own and four operating plants with co-ownership. Summit Power Limited holds 17.64% of ownership of Khulna Power Company Limited (KPCL) and 30% of Summit Meghnaghat Power Company Limited.

Summit Narayanganj Power Limited is the first Company with the record of construction of 102 MW HFO (Heavy Fuel Oil) fired power plant within 270 days. The Company received International Gold Award on September 28, 2011 as “The Best Fast Track” project in Asia. The company has also achieved financial close by receiving a foreign currency term loan of USD 45 million from DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH and FMO - Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V. which has been fully paid off using regular source of revenue.

In 2016, the subsidiary companies of SPL i.e. Summit Barisal Power Limited and Summit Narayanganj Power Unit II Limited have completed 110 MW & 55 MW Power Plants respectively much before the contractual construction deadline. These are indeed great milestones of the capacity of the country in general and Summit in particular, to construct international standard medium size power plant.



Recently two more subsidiary companies of SPL have successfully completed the installation, testing and commissioning of its - 300 MW and 149 MW HFO fired power plants at Kadda, Gazipur. The 300 MW Summit Gazipur II Power Limited is 20% owned by Summit Power Limited and the 149 MW Ace Alliance Power Limited is 64% owned by Summit Power Limited. The two plants have come into operation on 10th May 2018 and 12th July 2018 respectively. The plants are being operated on Build, Own and Operate (BOO) basis for a period of 15 years commencing from Commercial Operation Date (COD). These projects have been completed within schedule. At the annual Asian Power Awards in September 2018, Gazipur II was awarded the Fast-Track Power Plant of the Year for achieving construction-to-power generation in just nine months. The same plant also helped Summit scoop the Best Private Power Generation Company award at the Power & Energy Week 2018, handed over to the Chairman of the Company by Honourable Prime Minister Sheikh Hasina.

This year the company has done better financially as well. The revenue has grown by 14% to Tk. 18,468 million. The increase of revenue has been fueled by the better performance of most of the plants and an addition of a new power plant of Summit Gazipur II Power Limited. The cost of sales also followed the revenue increase in a lower percent assuring the efficient use of resources. The other income, soared up due to higher dividend income received from KPCL. A summary of financial performance of the company is presented below -

Particulars	For the year ended 30-Jun-18	For the year ended 30-Jun-17
	(In Million Taka)	(In Million Taka, Restated)
Revenue	18,468	16,214
Cost of sales	(13,064)	(11,850)
Gross profit	5,404	4,364
Other income, net	340	232
General and admin. expenses	(460)	(418)
Operating profit	5,284	4,178
Finance costs, net	(428)	(497)
Share of profit of equity-accounted investee	451	910
Net profit before income tax	5,307	4,591
Income tax	(33)	4
Net profit after income tax	5,274	4,595

DIRECTORS' REPORT TO THE SHAREHOLDERS

Additional operating and financial data have been presented in the Financial Highlights and Business Review section of the Annual Report.

Profit Appropriation

During the year 2017-18, the Company's net profit amounted to Tk. 4,696 million attributable to shareholders. However, the Company needs availability of adequate funds for smooth operation of the plants as well as for future growth. Company's financial situation for the year ended 30 June 2018 for appropriation is as follows:

Particulars	Amount in Million Taka	
Net profit for the year	4,696	
Profit brought forward	8,153	
Profit available for appropriation		12,849
Appropriations:		
Proposed cash dividend	(3,204)	
Total appropriation for the year		(3,204)
Transferred to retained earnings		9,645

Extra-ordinary gain or loss

As per BAS 1: No extra-ordinary gain or loss has been recognized in the financial statements.

Related Party Transaction

The related party transactions carried out by the Company on commercial basis during the year have been disclosed in the Notes - 13, 26 and 42 to the financial statements.

Utilization of proceeds from public issues, rights issues and/or through any other instrument

Initial Public Offering (IPO) of Summit Power Limited was made in 2005 and the fund raised thereby has already been utilized as reported to the regulators. Fund raised through issuance of Rights Shares in 2008 has also been utilized and reported accordingly to the regulators. No further issue of any instrument was made during the year.

Significant variance between Quarterly and Annual Financial Statements

No significant variations have occurred between quarterly and final financial results of the Company during the year under report.

Dividend

The Board recommends 30% cash dividend for the year ended on 30 June 2018. The cash dividend of 30% implies Tk. 03/- for each share held on the record date, subject to approval by the shareholders at the 21st Annual General Meeting.

There was no declaration of Bonus Share/ Stock Dividend for the year as interim Dividend.

Business Risk & Uncertainties

Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's/Group's risk management framework. The



Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company/Group. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company/Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company/Group's receivable from customers and investment securities. The Group's sales are made to Government entity, viz, Bangladesh Rural Electrification Board (BREB) and Bangladesh Power Development Board (BPDB) under the conditions of the fixed term Power Purchase Agreement (PPA).

ii) Liquidity risk

Liquidity risk is the risk that the Company/Group will not be able to meet its financial obligations as they fall due. The Company's/Group'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/Group's reputation. Typically, the Company/Group ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company/Group seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks which are negotiated accordingly.

iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holding 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

The Group, except AAPL and SGIPL, is exposed to currency risk on purchases of spare parts and capital machinery that are denominated in a currency other than the functional currency, primarily the United States Dollar (USD). For AAPL and SGIPL, foreign currency transactions are denominated in Bangladesh Taka (BDT) and EURO. The Company/Group has not entered into any type of derivatives instrument in order to hedge foreign currency risk as at 30 June 2018.

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Local loans are not significantly affected by fluctuations in interest rates, as they are secured in fixed rates. Foreign loans and borrowings are affected by fluctuations in floating interest rates. Summit Barisal Power plant and Summit Narayanganj II Power Plant have closed an Interest Rate Swap derivative deal worth USD 71.25 million with Eastern Bank Limited (EBL) to secure the Company from world financial market volatility in respect of LIBOR.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

DIRECTORS' ELECTION & RE-APPOINTMENT

As per Article 23(a) of the Articles of Association Mr. Md. Latif Khan, Ms. Ayesha Aziz Khan, Mr. Faisal Karim Khan, Mr. Jafer Umed Khan and Mr. Mustafizur Rahman Khan shall retire in the 21st Annual General Meeting by rotation and being eligible, offer themselves for re-election.

DIRECTORS' REPORT TO THE SHAREHOLDERS

DIRECTORS' MEETING & ATTENDANCE

During the twelve months ended 30 June 2018, the Board of Directors held 5 (five) meetings. Directors who attended the Board meetings during their respective tenure are shown below:

Sl.#	Name of Directors	Attendance
1	Mr. Muhammed Aziz Khan	4
2	Mr. Md. Latif Khan	5
3	Ms. Anjuman Aziz Khan	2
4	Mr. Md. Farid Khan	1
5	Ms. Ayesha Aziz Khan	-
6	Mr. Jafer Ummeed Khan	4
7	Mr. Faisal Karim Khan	4
8	Lt. Gen. (Retd.) Engr. Abdul Wadud	5
9	Mr. Syed Fazlul Haque FCA	5
10	Mr. Helal Uddin Ahmed	2
11	Ms. Azeeza Aziz Khan	4
12	Mr. Mustafizur Rahman Khan	3
13	Mr. Faruq Ahmad Siddiqi	3
14	Mr. Md. Arif Al Islam	3

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

DIRECTORS' RESPONSIBILITIES /REPORTING FRAMEWORK

The law requires that the financial statements of your Company would follow International Financial Reporting Standards (IFRS) as adopted by ICAB as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the Company. While preparing the financial statements, the following points were considered:

- I. Selection of suitable accounting policies and then applying them consistently;
- II. Making judgments and estimates that are reasonable and prudent;
- III. Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS); and
- IV. Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the Company will not continue in business.

Proper accounting records have been kept so that at any given point the financial position of the Company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.

In compliance with the requirements of the BSEC's Notification No BSEC/CMRRCD/2006/158/207/Admin/80 dated 03 June 2018, the Directors are also pleased to make the following declarations in their report:

- a. The financial statement prepared by the management of your Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of your 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 discrepancies have been adequately disclosed;
- e. The system of internal control is well structured and has been effectively implemented and monitored;
- f. There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;
- g. Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results & profit appropriation;
- h. Key operating and financial data has been summarized for the preceding five years;
- i. Significant plans and decisions, such as corporate restructuring, business expansion and discontinuation of operations

as appropriate, future prospects, risks and uncertainties surrounding the Company has been outlined under the related captions of this report;

- j. The number of Board meetings held during the year and attendance of each director has been disclosed;
- k. The pattern of shareholding has been reported in Annex - 3 to disclose the aggregate number of shares.

REMUNERATION OF DIRECTORS

Remuneration, performance and other related perquisites/benefits of Executive Directors are reviewed annually and approved by the Chairman as disclosed in Notes - 30.1 to the financial statements. Non-Executive Directors including Independent Directors are paid only attendance fee per meeting.

AUDIT COMMITTEE

The Company has an audit committee with an established charter. The audit committee has met 04 (four) times within this twelve months period and the committee members' attendance (as per their tenure) record is disclosed below:

Name	Status	Attended
Mr. Faruq Ahmad Siddiqi	Chair	3
Lt. Gen. (Retd.) Engr. Abdul Wadud	Member	4
Mr. Faisal Karim Khan	Member	1
Ms. Azeeza Aziz Khan	Member	4
Mr. Syed Fazlul Haque FCA	Member	4
Mr. Mustafizur Rahman Khan	Member	2

AUDITORS

Pursuant to BSEC Order No. BSEC/CMRRCD/2006-158/208/Admin 81/dated 20 June 2018 present auditors Rahman Rahman Huq, Chartered Accountants, will retire after completing consecutive 3 years of service as Statutory Auditors of the Company; they will not be eligible for re-appointment in the ensuing 21st AGM. Your Board therefore, in its meeting held on 21 October 2018, resolved to recommend A. Qasem & Co. Chartered Accountants for appointment as new Statutory Auditors of the Company for the year 2018-19 subject to approval of the Shareholders in the Annual General Meeting.



DIRECTORS' REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE

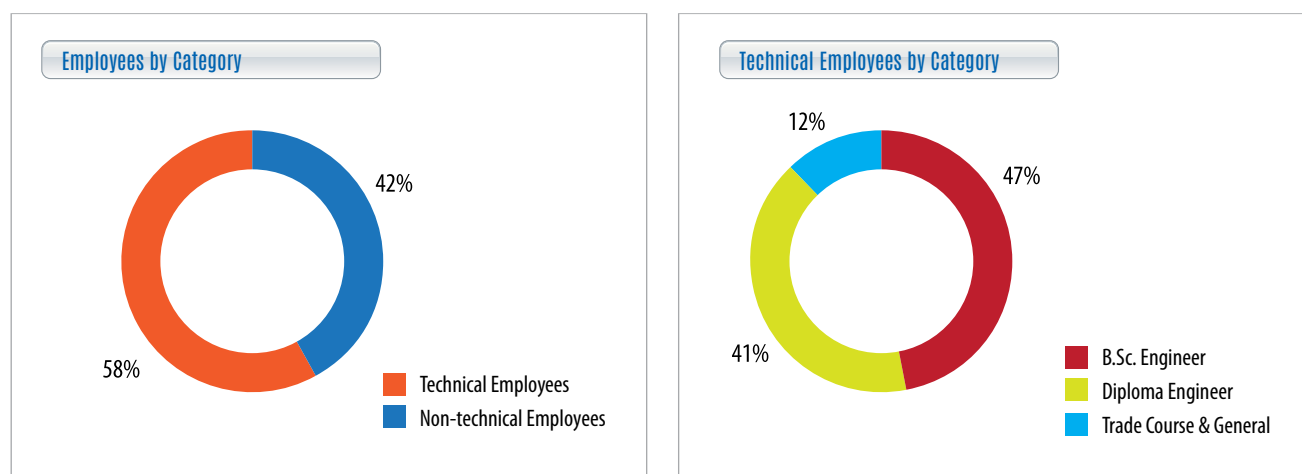
Corporate Governance is the system through which companies are directed, guided and controlled by the Board while keeping in view its accountability to the shareholders. Your Company strives to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. The company has adopted "Code of Conduct & Ethics" and "Code of Corporate Governance" in 2011. Since corporate governance is not a static process, we shall always continue to improve our practices. The formation of an Audit Committee, Executive Committee, Technical Committee, Purchase Committee, Operation & Maintenance Committee and Nomination & Remuneration Committee, which may be seen in Annex - 4 of the Annual Report, are steps in this process. Your Company has already Implemented ISO 9001: 2015 - Quality Management System (QMS), ISO 14001: 2015 - Environmental Management System (EMS). ISO 18001: 2007 - Occupational Health & Safety (OH&S) which will also be upgraded as soon as the validity expires. A separate chapter on corporate governance has also been reported.

GOING CONCERN / SUSTAINABILITY

While approving the financial statements, the Directors have made appropriate enquiries and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operations without interruptions. Therefore, the Company adopted the going concern basis in preparing these financial statements.

HUMAN RESOURCES MANAGEMENT

One of the most important resource and key to a successful company is its people. Summit places great emphasis on the development of its employees and therefore the company undertakes appropriate training and workshops to develop and equip the employees with essential skills, and update their knowledge in respective functional areas. Summit Power Limited has implemented Training Needs Analysis (TNA) as part of its training system. The aspects of TNA includes determining what is required to complete the work against existing competency level of employees and mitigating the gap (if any).



We have an enriched Employment Policy/Employee Hand Book with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. The Remuneration Committee also awards yearly increments and other remuneration related matters. Your Company is ISO 18001: 2007 - Occupational Health & Safety (OH&S) certified by Bureau Veritas, since all the programs are undertaken by an Integrated Management System (IMS) and fosters a safe and healthy work environment.

STATUS OF COMPLIANCE

In accordance with the requirement stipulated in condition no-9.00 of the Bangladesh Securities & Exchange Commission's notification no-BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Ordinance 1969, the Corporate Governance Compliance Report is shown In Annex - 2. A Certificate from Podder &

Associates confirming compliance of conditions of Corporate Governance Code as stipulated under condition 9(1) is also annexed to this report as Annex - 1.

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Summit Power Limited complied with all the applicable guideline of IAS and IFRS as adopted by ICAB. The detail disclosure is shown in Annex - 5.

CONTRIBUTION TO THE NATIONAL EXCHEQUER & THE ECONOMY

Electricity is one of the main driving forces of the economy and it has diversified use and multiplier effect on the economy. Significantly in the development of industrialization, electric power has no alternative. This year your company added 2,712 million Kwh of electricity to the National Grid. This addition has contributed significantly in enhancing industrial productions and providing more job opportunities throughout the country. As a shareholder, you can be proud of your Company's contribution to Bangladesh. The Company is now set to increase and enhance its contribution to national economy in the years to come.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our community involvement focuses on the following key areas described in Annex 7:

Education – empowering people of all ages with knowledge and skills
Social and Community Services – promoting well-being
Sports – bringing communities together and encouraging healthy living
Arts and Culture – supporting cultural project to raise awareness

ACKNOWLEDGEMENT

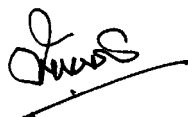
The Directors would like to extend special thanks to the members of the public, who have placed their confidence on the Company by purchasing shares and supporting the activities of the Company. Without the support of its shareholders, the Company could not have attained what it has achieved today.

Your Directors would like to put on record the deep appreciation of the efforts made by the employees of the Company. Their commitment and passion, both individually and collectively has helped SPL achieve the success. The Board also recognizes and appreciates the critical support provided by the families of the employees, which enables them to focus on their work in SPL.

The trust and confidence that our valued customers, BPDB, BREB and its members in Palli Bidyut Samitees (PBSs) have placed upon SPL are our main driving force. We accept this trust in all humility and shall continue to strive to live up to the expectations. The Board also expresses its heartfelt appreciation and gratitude to the Power Division, MPEMR, Government of Bangladesh as well as Bangladesh Petroleum Corporation (BPC), Jamuna Oil Company Limited, Padma Oil Company Limited, Chittagong Port Authority, National Board of Revenue, Bangladesh Investment Development Authority (BIDA), Department of Environment, the Deputy Commissioners, the Superintendents of Police, the local administration and the people of the locality for extending their support towards the Company. The Board also extends its best wishes to the contractors and consultants who helped us running power plants and achieve this growth. As the company is growing very rapidly in a very short time, it is obvious that the big support from the lenders from home and abroad is significant for the company. We gratefully recognize their trust and honor vested in our company and express our special thanks for a sustainable better future.

The Board would also like to express their humble gratitude to all the stakeholders including the investors, suppliers, banks, financial institutions, insurance companies, service providers, Bangladesh Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, the Central Depository Bangladesh Limited, various Government authorities and lastly the individuals and agencies who have helped us accomplish what we are today. Best regards to all shareholders. May you all have peaceful and progressive life.

On behalf of the Board



Lt. Gen. (Retd.) Engr. Abdul Wadud
Managing Director
Dhaka, 21 October 2018