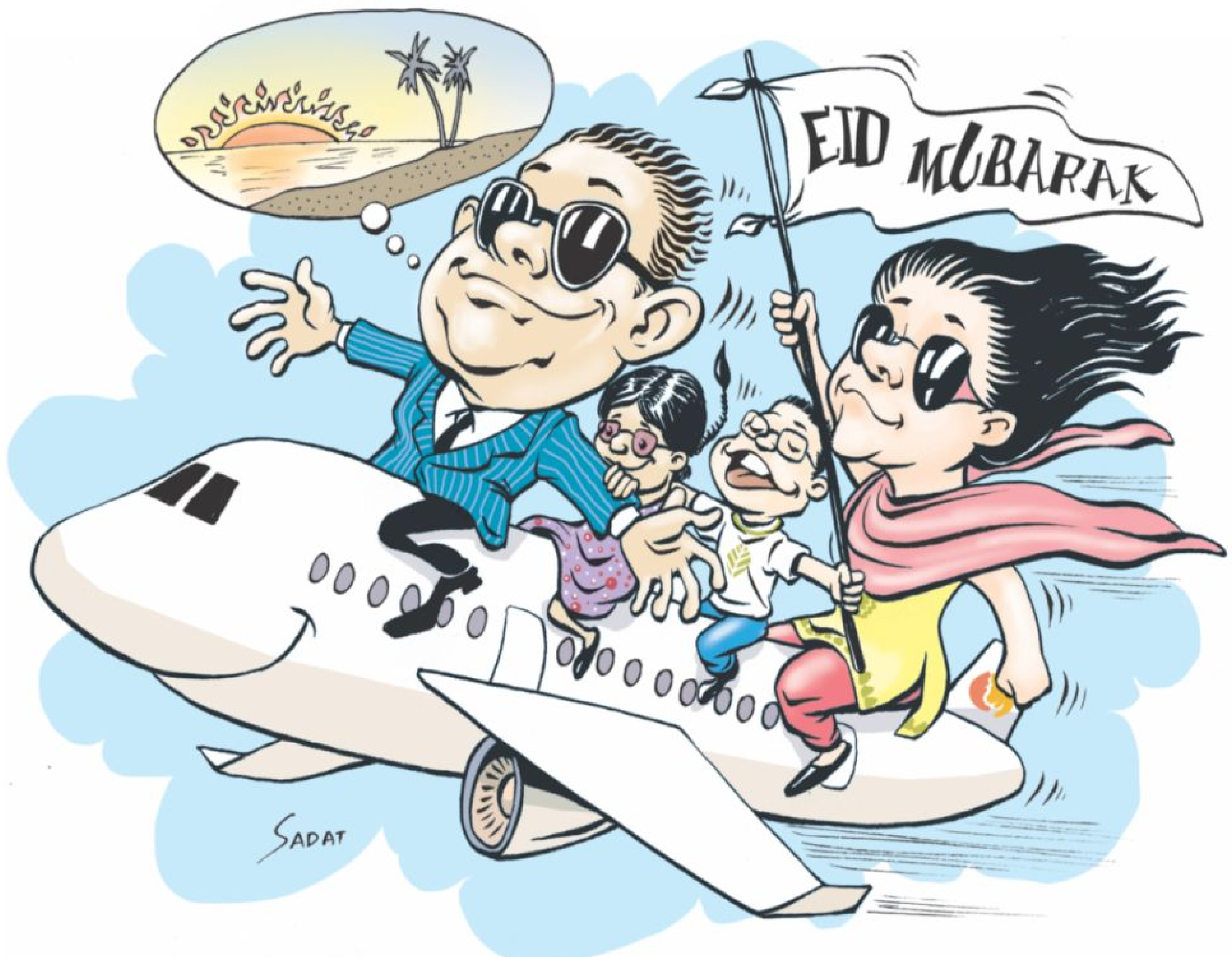
Tour operators making foreign holidays an affordable reality

SARWAR A CHOWDHURY



THANKS to tour operators and their affordable packages, enjoying holidays abroad is no longer a stuff of dreams.

There are many who always wanted to visit other countries but were at a loss when it came to arranging the trip.

But with the emergence of competent tour operators, the entire process has been simplified, with Bangladesh's outbound travellers having grown by 15-20 percent in the last few years.

In 2011, around half a million people went abroad from Bangladesh, with 65 percent having availed the services of the tour operators.

"We, the tour operators, take away all the pains. From processing visas and hotel bookings to arranging guided tours during the stay, we take care of everything," said Abdul Hakim, the proprietor of Mountain Club Tours.

The best part about the package holidays is the cost, which tends to be lower than the self-arranged ones.

"We have been in the business for a long time and have agreements with foreign hotels," said Hakim, whose company is arranging tours to Thailand, Malaysia, Singapore and Nepal for this Eid vacation.

Since tour operators make their transactions in bulk, many foreign hotels extend credit facilities to them.

"If an individual traveller needs to spend $140 for accommodation, we can manage it within $100 as per our agreements with the hotels," he said.

Hasan Mansur, president of Bangladesh Tour Operators Association of Bangladesh, said more and more Bangladeshis are going abroad for holidays.

"In the last four to five years this has grown too fast," he said, citing the higher incomes as a major reason for the trend.

Kazi Wahidul Alam, the editor of Bangladesh Monitor, a travel fortnightly magazine, said the concept of going abroad under a tour package is fast on the rise.

"The response has been enormous as they can enjoy a hassle-free tour under a package," he said, while revealing India, Malaysia, Thailand, Singapore, Nepal, Sri Lanka and Dubai to be the preferred holiday destinations of Bangladeshis.

However, as per the tour operators, this Eid saw lower bookings of package holidays than in previous seasons.

"The economic slowdown may be a reason," said Zahirul Islam, chief executive officer of Discovery Tours and Logistics.

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Ibn Sina Pharma inflates profit, EPS

Dhaka bourse also finds other irregularities

SARWAR A CHOWDHURY

IBN Sina Pharmaceutical Industry Ltd inflated its key financial values, including profit and earnings-per share, in its latest audited financial statements, the Dhaka Stock Exchange has found.

Investors were misled by the wrong information that the listed company disclosed during dividend declaration in April this year and also in its audited financial statements.

The premier bourse found the breach of standards after reviewing the company's financial statements for the year that ended in December 2011.

The DSE found that Ibn Sina had purchased different types of fixed assets worth Tk 2.77 crore during the accounting year, but the company did not charge any depreciation on the new addition of fixed assets.

"Due to non-recognition of depreciation on addition of fixed assets, profit as well as EPS of the company was overstated," the Dhaka bourse said in a report sent to the Securities and Exchange Commission recently.

It is a violation of accounting standards, while investors were not able to know the actual performance of the company, the report said.

In April, Ibn Sina announced 10 percent cash and 25 percent stock dividends and declared the annual EPS, net asset value (NAV) per share and net operating cash flow per share (NOCFPS).

The EPS for the year 2011 was Tk 5.46, while the NAV per share was Tk 25.37 and the NOCFPS was Tk 7.50.

Ibn Sina in its financial statements showed that investment has been increased at cost in 2011 by adding Tk 1.66 crore, which has been arrived from receiving stock dividend, declared by Islami Bank Bangladesh.

The company, which was listed on the stockmarket in 1989, also showed the amount as other income in the statements.

"The receipt of stock dividend does not increase the cost of investment, it raises the number of shares only," the DSE report said.

"Due to recognition of stock dividend as other income, the profit as well as the EPS has been overstated."

Ibn Sina, an enterprise of Ibn Sina Trust, did not also fairly represent the value of its investment in other stocks, the DSE said.

The DSE also sent a letter to Ibn Sina on October 9, seeking clarification from it.

In reply, the company admitted the irregularities and said these were inadvertent mistakes.

"We have submitted our clarification to the stock exchange," Md Shahid Farooqui, company secretary of Ibn Sina, told The Daily Star without elaborating.

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Apple set to unwrap mini-iPad to take on Amazon, Google

AFP

A customer holds an Apple product as he stands outside Apple's new store at Wangfujing business district in Beijing.

REUTERS, *San Francisco*

APPLE Inc is expected to make its biggest product move on Tuesday since debuting the iPad two years ago, launching a smaller, cheaper tablet into a market staked out by Amazon.com Inc and Google Inc.

Apple hopes to beat back their charge onto its home turf of consumer electronics hardware, while safeguarding its lead in the larger 10-inch tablet space that even deep-pocketed rivals like Samsung Electronics have found tough to penetrate.

Amazon's Kindle and Google's Nexus 7 have grabbed a chunk of the lower end of the tablet market and proved demand for a pocket-sized slate exists, helping force Apple into a space it has avoided and at times derided, analysts say.

A smaller tablet would mark the first device to be added to Apple's compact portfolio under Chief Executive Tim Cook, who took over from co-founder Steve Jobs just before his death.

"Apple sensed early that they had a real winner with the iPad and that has proven to be correct," said Lars Albright, co-founder of mobile advertising startup SessionM and a former Apple ad executive.

"They have a large market share, and to protect that market share they have got to be innovative," he said.

Apple's invitation-only event, where it is expected to unveil the tablet, gets underway at 10 am PT (1700 GMT) in San Jose.

Wall Street analysts have said for months that Apple was planning a less expensive version of the iPad to take on cheaper competing devices, a move they say might hurt its margins, but prevent its rivals from dominating an increasingly important segment.

The chief rival is Amazon, which proved a 7-inch tablet at around $200 has consumer appeal. The Kindle Fire, released last year for $199, was one of the hottest-selling holiday gadgets. It pressured Amazon's margins but gave it potentially millions of new high-spending customers.

Amazon sold more than a million Kindles a week during December, paving the way for others like Google with its Nexus 7 to try and beat Apple in a market the company created.

The Internet retailer has now put its second-generation Kindle Fire HD in the market, which it says is the "best-selling product across all of Amazon worldwide", based on undisclosed U.S sales figures and international preorders.

Google's Nexus 7 tablet, built by Asian manufacturer Asustek, quickly ran out of stock after its July launch.

All three companies will be vying to get their devices on shopping lists during the U.S. holiday season, which traditionally starts next month.

"It's going to be the go-to holiday gift," said Michael Yoshikami, founder of Destination Wealth Management, which owns Apple shares.

Magazines vs digital startups

FELIX SALMON

SIMON Dumenco has a question: would you rather own a magazine, or a digital startup? He notes that some magazines are making real money these days, including Marie Claire, even as most digital startups fail. Old Media isn't sexy, he says, but "a lot of magazines continue to be not only damn good businesses, but are doing better than ever."

I don't know about the better-than-ever thing: I'd need to see some numbers before I was persuaded on that front. At any given point in time, statistically speaking, some small set of magazines is going to be having a record year. But in aggregate, ad-supported magazines --which are the magazines Dumenco's talking about -- are ultimately in the business of attracting the attention of readers, and then selling that attention to advertisers. These days, there are more demands on our attention than ever, and they are more convenient than ever. If you have some time to while away, you can still read a magazine. Or, you can pick up your phone, and play Angry Birds, or check your email, or Twitter, or Facebook, or, well, I'm not telling you anything new here.

As a long-term investment, then, I'd be worried about owning a magazine, no matter how profitable it might be today. The fashion books will probably last longer than most, although as their audience spends less time with magazines and more time on Pinterest, inevitably they won't be able to charge quite as much as they used to for that audience's attention.

In terms of short-term cashflow, on the other hand, it's no contest. Digital startups are designed to burn all of their revenues and then some: if you're making money every quarter, you're doing something wrong. So if, like Dumenco, you're looking primarily at current profitability, the choice is clear: magazines will always win that fight, even unto their dying day.

If you're the kind of owner who likes old-fashioned things like owning a profitable enterprise, then, there's a decent case for sticking with ink on paper. If you own a digital startup, the chances are that it will lose money either until it goes bust, or until you sell it. But at that point, of course, you could make a fortune.

There are a handful of people who have turned digital media properties into steady money-spinners; Nick Denton springs to mind, and the reason that the Bleacher Report sold for $180 million is just that it was extremely profitable. But Dumenco's talking about how the press likes to "treat venture capitalists like rock stars", and venture capitalists aren't in the business of cashing quarterly dividend checks. The big difference between VC owners and the rest of us is that VC owners expect their companies to lose money. That, in many ways, is their big competitive advantage: they're sitting on enormous amounts of money entrusted to them by their investors, and it's their job to spend that money in a no-holds-barred attempt to build the most valuable companies they can. Until, after five or ten years, they have that glorious exit.

What happens after the exit? Well, the company isn't a startup any more, that's for sure. And by that point the VC owners are on to their next thing. It's not their job to build some great eternal franchise like, say, Vogue: they don't have that kind of time horizon. In any case, the digital world moves so fast that there's really no such thing as an eternal franchise any more.

The simple answer to Dumenco's question, then, is this: what kind of owner are you? Do you mark your holdings to market, and reckon that you've made money if your company is worth more this year than it was worth last year? Or do you instead want to own a property which makes a lot of money, and which can continue to support your lavish lifestyle indefinitely, just by dint of the profits it makes? Similarly, do you like to take risks, or is it more important to you that the assets you own preserve their value over time?

But of course things aren't as simple as that. Just look at Variety, which Reed Elsevier recently sold for $25 million, after previously turning down offers as high as $350 million. Or look at TV Guide, which went from being worth billions to being worth nothing at all over the course of two tumultuous decades. Newsweek is not alone in "going to zero", as the financial types have it: Dumenco might be happily handing out awards to Food Network Magazine, but he sure isn't giving out any gongs to Gourmet, which was unceremoniously shuttered in 2009, along with a magazine -- Modern Bride -- which was pretty much nothing but ads. And I myself worked for Condé Nast Portfolio for nearly all its two-year existence, during which time it managed to burn through something on the order of $100 million. Even digital startups don't generally lose money that quickly.

The fact is that owning a magazine is a risky proposition. It might not be as risky as owning a single digital startup, but by the same token owning a stable of magazines could well be riskier than owning a portfolio of startups. Silicon Valley types love to moan about how difficult and expensive it is to hire good engineers these days, but the cost of running, printing, and distributing a national magazine dwarfs the costs of any startup not called Color. And what's more, most of those costs are fixed, not variable. The economics of magazine publishing are ruthless: if your revenues exceed your costs, then any marginal money you bring in is almost pure profit. Which is why profitable magazines tend to be very profitable. But if your revenues are lower than your costs, it's incredibly difficult to cut back, and you're probably doomed.

My answer to Dumenco, then, is that given the choice, I'll choose the startup. Just look at his winners, this year: they're all worthy awardees, I'm sure, but there's no one on the planet who could have predicted even a few years ago that Harper's Bazaar, Allure, and Traditional Home were particularly well positioned for this kind of glory.

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