

ANNUAL REPORT 2007

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Information Services Network Ltd.

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MANAGEMENT APPARATUS

BOARD OF DIRECTORS:

1. Mr. Sayeed Hossain Chowdhury	:	Chairman & Sponsor Director
2. Mr. Mirza Ali Behrouze Ispahani	:	Vice - Chairman & Sponsor Director
3. Mr. Habibul Alam, <i>Bir Pratik</i>	:	Managing Director & Sponsor Director
4. Mr. Abdullah-Hel-Mostafa	:	Sponsor Director
5. Mr. A R Azimul Hoque	:	Sponsor Director
6. Ms Shirin Huq	:	Sponsor Director
7. Ms Najma Enayetullah Khan	:	Sponsor Director
8. Mr. Suman Celine Huq	:	Sponsor Director
9. Mr. Md. Akhtaruzzaman	:	Shareholder Director
10. Dr. Kaisar Ali Talukder	:	Shareholder Director
11. Mr. Azeezur Rahman	:	Shareholder Director
12. Mr. Asheq Ul Islam	:	Shareholder Director
13. Mr. M. Munir Hossain	:	Independent Director
Company Secretary	:	Shamar Kumar Sutradhar
Head of Finance / CFO	:	Shakhawat Hossain
Head of Technical & Operation	:	H. M. Faruque Ahammad
Head of Administration / HRD	:	Md. Nuruzzaman
In-charge Gulshan Office	:	Md. Hasan Ali
In-charge Khulna Office	:	Md. Jahangir Alam
Corporate Auditors	:	Khan Wahab Shafique Rahman & Co.
Bankers	:	Eastern Bank Ltd. Arab Bangladesh Bank Ltd. National Credit & Commerce Bank Ltd. Mercantile Bank Ltd.
Insurers	:	Paramount Insurance Company Ltd. Reliance Insurance Company Ltd. Bangladesh General Insurance Company Ltd.
Stock Exchange	:	Dhaka Stock Exchange Chittagong Stock Exchange



INFORMATION SERVICES NETWORK LIMITED

(First Online Internet Service Provider in Bangladesh)
 TMC Building (4th Floor), 52, New Eskaton Road, Dhaka-1000.
 Contact No: PABX: 8322785-8, Fax: 880-2-9345460
 Web: <http://www.bangla.net>

Notice of The 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of Information Services Network Ltd. will be held on Monday, 02 June, 2008 at 11.00 a.m. at the Auditorium of LGED Bhaban (1st Floor), Sher-E-Banglanagar, Agargaon, Dhaka to transact the following agenda:

- 1) To approve the minutes of 12th AGM.
- 2) To receive, consider and adopt the Profit and Loss Accounts of the Company for the year ended on 31st December 2007 and the Balance Sheet as at that date together with the Reports of the Board and the Auditors thereon.
- 3) To declare stock dividend @15% for the year ended 31st December 2007.
- 4) To elect/re-elect Directors in place of those who shall retire in accordance with law/rules.
- 5) To appoint Auditors for the term until the next Annual General Meeting and fix up their remuneration.
- 6) To transact any other related business with the permission of the Chair.

All members are requested to attend the meeting on time, date and place mentioned above.

By order of the Board

Sd/-

(Shamar Kumar Sutradhar)

Company Secretary

Dated, Dhaka
 26th April 2008

NOTES:

- a) The Record Date in lieu of book closer shall be on Thursday, 08 May 2008.
- b) The Shareholders whose names would appear in the Register of Members of the Company or in the Depository on the "Record Day" (08 May 2008) will be eligible to attend the AGM and qualify for receiving bonus share.
- c) Any Member of the Company entitled to attend and vote at the general meeting may appoint a proxy to attend and vote on his/her behalf.
- d) The instrument appointing a proxy duly signed by the Member and stamped must be submitted at the Registered Office of the Company at least 48 (forty-eight) hours before the meeting.
- e) For the sake of convenience, Members are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company preferably 3 days before the date of the Annual General Meeting.
- f) Members are requested to notify change of address, if any, to the Depository Participant in time.

Corporate Operation Results 5 years (2003 – 2007):

Particulars	2007	2006	2005	2004	2003
No. of Authorised Shares	50,000,000	10,000,000	10,000,000	10,000,000	10,000,000
No. of Issued Shares	7,118,050	7,118,050	7,118,050	7,118,050	7,118,050
Paid up Capital(Tk.)	71,180,500	71,180,500	71,180,500	71,180,500	71,180,500
Share Holders Equity(Tk.)	7,6089,652	77,973,608	78,570,135	77,069,654	76,272,389
Share Holders Equity as % Assets	1.24%	1.23%	1.06%	1.19%	1.19%
Total Assets(Tk.)	94,228,934	95,813,191	83,477,632	91,605,656	90,413,535
Total Liabilities(Tk.)	18,089,650	17,839,583	4,907,497	14,536,002	14,141,146
Reserve & Surplus(Tk.)	4,909,152	6,793,108	7,389,635	5,889,154	5,091,889
Net Sales/Net Income (Tk.)	51,314,710	47,469,213	40,756,702	48,988,872	47,170,924
Profit Before Tax(Tk.)	9,739,764	11,051,326	1,500,481	11,138,341	10,448,219
Net Profit After Tax(Tk.)	8,793,119	10,080,548	1,500,481	10,274,976	9,843,469
Book Value Per Share	10.00	10.00	10.00	10.00	10.00
Earning Per Share	1.23	1.42	0.21	1.44	1.38
% of Dividend	15%	15%	-	12%	11%
Current Ratio	3.12:1.00	3.06:1.00	8.90:1.00	3.19:1.00	3.39:1.00
Operating Ratio	100:106:69	100:98:09	100:130:59	100:92:96	100:94:38

Pattern of Shareholding as on 31.12.2007:

Sl.	Name of the Shareholder	Position	No. of Shares
01	MR. SAYEED HOSSAIN CHOWDHURY	Chairman	660,000
02	MR. MIRZA ALI BEHROUZE ISPAHANI	Vice Chairman	165,000
03	MR. HABIBUL ALAM, BP	Managing Director	34,500
04	MR. A. R. AZIMUL HOQUE	Sponsor Director	99,000
05	MS. SHIRIN HUQ	Sponsor Director	245,937
06	MR. ABDULLAH HEL MOSTAFA	Sponsor Director	38,000
07	MR. SUMON CELINE HUQ	Sponsor Director	216,563
08	MS. NAJMA ENAYETULLAH KHAN	Sponsor Director	33,000
09	MR. ANWAR HOSSAIN	Sponsor	99,000
10	MS. TANYA SHIREEN HUQ	Sponsor	108,282
11	MS. ZINNIA NASREEN HUQ	Sponsor	108,281
12	MRS. FATIMA HUQ	Sponsor	30,937
13	DR. KAISAR ALI TALUKDER	Shareholder Director	3,000
14	MD. AKHTERUZZAMAN	Shareholder Director	2,000
15	MR. AJEEZUR RAHMAN	Shareholder Director	1,000
16	MR. ASHEQ UL ISLAM	Shareholder Director	1,000
17	OTHER SHAREHOLDERS		5,272,550
TOTAL NUMBER OF SHARES			7,118,050

Note : Nobody holds more than 10% share of the company.

INFORMATION SERVICES NETWORK LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST DECEMBER 2007

Dear Shareholders,

We, on behalf of the Board of Directors, welcome you all to this 13th Annual General Meeting of Information Services Network Limited, the first Internet Service Provider in Bangladesh. We are very happy to inform you that at the last quarter of this financial year there has been a change for the second time to the post of Managing Director of the company. This rejuvenated to the momentum and overall activities of the company. The salary restructuring of the staff of ISN has brought new zeal and confidence in the company. The Board of Directors provided substantial time and energy, squared up certain pertinent matters related to the company and its position to face business challenges. The Audit Committee of the company formed by the Board has played its pivotal role and provided inputs to the financial optimization that ensured good governances of the company.

Company Operation:

In the last two months of the year 2007, ISN went through very hectic time due to re-establishing itself in some areas that became essential to focus ISN in the field of ISP networking.

Gulshan Office: Gulshan office has now been developed to a full-fledged office after it has been refurbished to function as the ISP office to serve the clients in the area of Gulshan, Banani and Baridhara area including the DOHS enclaves. Internal changes have taken place according to the requirements of the office, management and the locality. Expectations are high and at the same time it is felt that the increase in growth will take place within next six months.

Khulna Office: Major change to the status of the employment has taken place. Effective changes are expected within next one/two months. Revenue is expected to generate accordingly.

Uttara office: Major decision of ISN was to open the office in Uttara with a very small outfit. It is expected that the old customers and the new ones will provide the necessary revenue within next four to six months.

Chittagong Office: The Board of Directors has agreed to venture by opening offices in Chittagong and Narayanganj. It is expected that within next July/August ISN will be able to open office in Chittagong. And in near future will also open office in Narayanganj.

Corporate Management:

The Company for too long a period became depended on singular structure, which acted as a deterrent to the overall performance of the company. There was a fall in the revenue earning. The Board of Directors worked out from the forth quarter of this year and provided directives to restructure the company according to the need of the present scenario. Corporate management has been started to restructure again by end December 2007 and the company is expected to provide results by July/August 2008. There has already been an increase in the utilization of bandwidth during end of the year 2007 by 23.03 %.

Operation: Mr. H. M Faruque Ahammad with his vast experience in this particular field has taken over the operation of the company in the capacity of Senior Management Staff. Structural changes have been partially completed. Need for young blood in Marketing Division has also been accomplished. Proper placements of technical manpower in the Branch Offices are nearly completed. And it is expected to provide positive impact to the overall situation of the company. The company has opened a new division named "Business Development" to explore new business in local and overseas countries.

Administration: Mr. Md. Nuruzzaman who worked for ISN has been brought back to the fold of ISN family as Head of Administration to look after this important Division of ISN. ISN has been able to bring in changes in the recruitment policy and dynamism within the scope of Human Resources. It is expected that the company will have smooth transfer of manpower within its offices spread out in Bangladesh.

Finance: Mr. Shakhawat Hossain one of the oldest hands of the company, as the Head of Finance, has been able to restructure the financial parameters. He has already streamlined between the branch office and the central office in performance of providing information on financial matters on daily basis. It has started to show better cohesion in context to financial regulations.

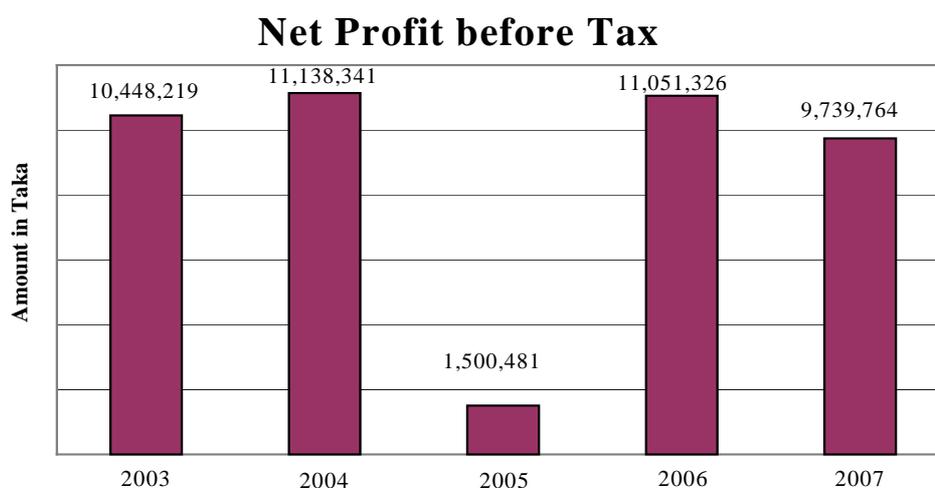
Software: The modest contract that was concluded with a German company to deliver dynamic website is nearly over. And now this division is looking forward to do better by obtaining orders from abroad. With the support of expertise from the management it is expected that this division of ISN will have better results in the coming years. The in-house support during its long operation to design, develop and deliver accounting, payroll, personnel, rent, inventory, services, tutorials and web sites (static/dynamic) has proved to be beneficial to company as well as to the customers.

PC World: The new look of the magazine generated enthusiasm within the readers of this magazine. PCWorld has created a mile stone in SOFTWARE sector of Bangladesh with the innovative approach and support of the PC World Bangladesh by providing and conducting 'Lab Test' of BitDefender Antivirus Software.

Company Performance:

The company has earned a net profit before tax of Taka 9,739,764.00 (Nine Million Seven Hundred Thirty Nine Thousand and Seven Hundred Sixty Four only) for the year ended on **31st December 2007**.

Year	Net Profit (in Taka)
2003	10,448,219.00
2004	11,138,341.00
2005	1,500,481.00
2006	11,051,326.00
2007	9,739,764.00



Declaration of Dividend:

The Board of Directors is pleased to recommend for the declaration of stock dividend to shareholders at the rate of 15% for the year ended on the 31st December 2007.

With this recommendation of dividend declaration year wise dividend will follow the pattern given here:

**Future plan:**

ISN believes in dynamism, therefore the changes that have been brought in the head office and the other branch offices are expected to bring in better results. The company now has planned to finally open its office in Chittagong soon. Similarly it will expand its network coverage to more areas within 2008. The good news is BTRC is expected to provide IP Telephone license exclusively to ISP's. Once we are provided with a license we will start to provide IP Phone Service to our clients. Similarly, ISN is actively working on Wi-Max development and intend to provide the services as soon as the true industry standard version of Wi-Max is available. PC World with its new look is expected to increase its circulation. With the support from Bangladesh University of Engineering and Technology (BUET) PC World will jointly move to international level of testing and standardizing of Antivirus Software and other products.

The Software division has now become quite optimistic in its approach towards procurement of software business within and outside the country. The company has already taken initiatives to import on its own account materials which are required for its expansion program. The hard work of PC World has brought changes in making agreement with Kaspersky and BitDefender to sale their products from ISN premises. It is expected to draw similar situation for other products including hardware of computers and accessories.

Board of Directors' Meeting:

Four Board of Directors meeting were held in 2007. There was one meeting in every quarter of the year. These meetings were attended by 8, 8, 8 and 9 Directors respectively.

Election of Directors:

As per Article 95, and in accordance with the prospectus of the company made public in February 2002 and its subsequent development in AGMs the following Directors will retire and be eligible to offer themselves for re-election.

1. **Ms. Shirin Huq**
2. **Mr. Md. Akhteruzzaman**
3. **Dr. Kaisar Ali Talukder**

Independent Director:

Mr. M. Munir Hossain, Senior Lecturer of IUB and Assistant Professor in Northern University and London School of Economics, has been appointed as the Independent Director by the Board on 22nd March 2008 in its 37th Board meeting of ISN.

Additional Disclosures:

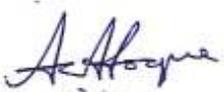
- a) The financial statements prepared by the management presents the company's state of affairs, operational results, cash flow and equity changes.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been applied in preparation of the financial statement and the estimates are based on reasonable judgment.
- d) International Accounting Standards as applicable in Bangladesh have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and effectively monitored.
- f) There are no significant doubts upon company's ability to continue as a going concern.

Appointment of Auditors:

The existing auditor Khan Wahab Shafique Rahman & Co retires in this AGM but has expressed their willingness to continue as auditor of the company for the year to be ended on 31st December 2008. Accordingly the Board of Directors recommended for the re-appointment as auditor at a fee to be decided in this AGM.

Management Appreciation:

We, on behalf of the Board of Directors of the company, would like to take this opportunity to put on record our appreciation of the devotion and work ethic of the executives and members of the staff. We would also like to express our gratitude and thanks to the investors for their trust and support extended to the company.



(A. R. Azimul Hoque)
Director



(Habibul Alam) *Bir Pratik*
Managing Director

Dhaka, April 26, 2007

Status of Securities & Exchange Commission Compliance

Status of compliance with the conditions imposed by the Commission's Order No. SEC/CMRRDC/2006-158/Admin/02-08 dated 20th February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

(Report under condition No. 5)

Condition or Clause Number	Title	Compliance Status (Put √ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.1	Board size should be between 5 and 20	√		
1.2 (i)	Independent non-shareholder Director should be 1/10th of Board size	√		
1.2 (ii)	Independent Director appointed by elected Directors	√		
1.3	Chairman and CEO positions filled by different persons	√		
1.4 (a)	Financial statement should present fairly its state of affairs, the result of its operations, cash flow and changes in equity.	√		
1.4 (b)	Proper books of accounts have been maintained by the company.	√		
1.4 (c)	Appropriate accounting policies have been followed consistently and estimates are based on reasonable and prudent judgment.	√		
1.4 (d)	IAS as applicable in Bangladesh has been followed.	√		
1.4 (e)	A sound Internal Control system has been effectively implemented and monitored.	√		
1.4 (f)	That the company is a going concern	√		
1.4 (g)	Significant deviations in operating results from last year should be highlighted and explained.	√		
1.4 (h)	Key operating and financial data of at least last three years should be summarized.	√		
1.4 (i)	Give reasons for not declaring dividend	√		

Condition or Clause Number	Title	Compliance Status (Put \checkmark in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.4 (j)	Number of Board meetings held during the year and attendance of the Directors	\checkmark		
1.4 (k)	The pattern of shareholding should be reported disclosing the aggregate number of shares along with name wise details	\checkmark		
2.1	Appoint CFO, Head of Internal Audit, and a Company Secretary and define their respective roles and duties.	\checkmark		
2.2	The CFO and Company Secretary should attend meetings of the Board of Directors.	\checkmark		
3.00	The company should have an AUDIT COMMITTEE as a subcommittee of the Board of Directors, which should be responsible to the Board of Directors	\checkmark		
3.1 (i)	The Audit Committee should be composed of at least three members	\checkmark		
3.1 (ii)	The Board of Directors should appoint the Audit Committee from among the Directors of the company of whom at least one should be Independent non-shareholder Director	\checkmark		
3.1 (iii)	The Board of Directors are responsible for filling up any vacancy in the Audit Committee due to expiry, retirement or resignation within on month of such vacancy.	\checkmark		
3.2 (i)	The Board of Director will select the Chairman of the Audit Committee	\checkmark		
3.2 (ii)	The Chairman of the Audit Committee should have a professional qualification and knowledge and experience in accounting and finance	\checkmark		
3.3.1 (i)	The Audit Committee should report on its activities to the Board of Directors.	\checkmark		
3.3.1 (ii) (a)	Report on conflict of interests			Not applicable
3.3.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			N/A

Condition or Clause Number	Title	Compliance Status (Put \checkmark in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
3.3.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations			N/A
3.3.1 (ii) (d)	Any other matter which should be disclosed to the Board of Directors immediately.			N/A
3.3.2	Any report by the Audit Committee to the Board of Director which has material impact on the financial condition and results of operation and has agreed with the Board on the rectification measures within a certain period but unreasonably ignored by the Board, then the Audit Committee should report such findings to SEC.			N/A
3.4	Any report by the Audit Committee to the Board of Directors under section 3.3.1 (ii) should be signed by the Chairman of the Audit Committee and disclosed in the Annual Report.			N/A
4.00 (i)	The External / Statutory Auditors should not give appraisal or valuation services, or give fairness opinions, OR	\checkmark		
4.00 (ii)	Give financial information systems designs and implementation OR	\checkmark		
4.00 (iii)	Bookkeeping or other services related to the accounting records or financial statements OR	\checkmark		
4.00 (iv)	Broker-dealer services OR	\checkmark		
4.00 (v)	Actuarial Services, OR	\checkmark		
4.00 (vi)	Internal Audit services OR	\checkmark		
4.00 (vii)	Any other service that the Audit Committee determines	\checkmark		
5.00	REPORTING THIS COMPLIANCE IN THE DIRECTOR'S REPORT	\checkmark		

AUDITORS' REPORT TO THE SHAREHOLDERS
OF
INFORMATION SERVICES NETWORK LIMITED

We have audited the accompanying Balance Sheet of **INFORMATION SERVICES NETWORK LIMITED** as of 31 December 2007 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the company's affairs as of 31 December 2007 and of the results of its operations, its Cash Flows and Changes in Equity Statement for the year then ended and comply with the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) to the best of our knowledge and belief, we have obtained all the information and explanations which, 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 were maintained so far as it appeared from our examination of those books; and
- c) the company's Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account maintained by the company.

Date : April 26, 2008

Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants



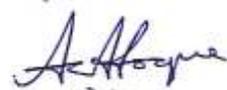
INFORMATION SERVICES NETWORK LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2007

PARTICULARS	NOTES	DEC. 2007	DEC. 2006
NET ASSETS:			
Non-Current Assets		37,878,622	41,190,028
Tangible Fixed Assets, Net of accumulated depreciation	21.00	36,842,312	39,853,516
IPO-Expenses	22.00	910,810	1,214,412
Investment (at cost)	23.00	125,500	122,100
Current Assets		56,350,312	54,623,163
Accounts Receivable	24.00	38,795,067	31,728,379
Accrued Loan Interest	25.00	809,544	809,544
Loans, Advances and Deposits	26.00	9,066,685	10,462,033
Cash and Cash Equivalents	27.00	7,679,016	11,623,207
Current Liabilities and Provisions		(18,089,650)	(17,839,583)
Accrued Expenses	28.00	(1,259,745)	(2,054,315)
Liabilities for other Finance	29.00	(2,944,205)	(2,796,581)
Proposed Dividend	30.00	(10,677,075)	(10,677,075)
Provision for Income Tax	31.00	(3,208,625)	(2,311,612)
Net Current Assets		38,260,662	36,783,580
Non-Current Liabilities.			
Deferred Tax Liabilities	32.00	(49,632)	-
Net Assets		Tk. 76,089,652	77,973,608
FINANCED BY:			
Shareholders Equity	33.00	76,089,652	77,973,608
Share capital	34.00	71,180,500	71,180,500
Retained Earnings-As per Profit and Loss Account		909,152	1,793,108
General Reserve		2,000,000	2,000,000
Dividend Equalization Fund		1,000,000	2,000,000
Inflation and Currency Fluctuation Fund		1,000,000	1,000,000
		Tk. 76,089,652	77,973,608



(A. K. AZIMUL HOQUE)
Director



(Shamai Sumai Sutradhar)
Company Secretary



Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants



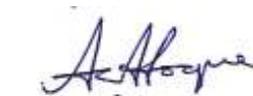
Dhaka, April 26, 2008

INFORMATION SERVICES NETWORK LIMITED

PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 2007

PARTICULARS	NOTES	DEC.2007	DEC.2006
Operating Revenue	35.00	38,968,840	37,123,825
Operating Expenses	36.00	(21,069,288)	(18,033,321)
Gross Profit		17,899,552	19,090,504
Other Income	38.00	12,345,870	10,345,388
		30,245,422	29,435,892
Other Expenses		20,505,658	18,384,566
Administrative Expenses	37.00	20,202,056	18,080,964
Amortization of Share Issue Expenses		303,602	303,602
Net profit before Tax for the year		9,739,764	11,051,326
Deferred Tax Expenses		49,632	-
Provision for Income Tax for the year	31.00	897,013	970,778
Net profit after Tax for the year		8,793,119	10,080,548
Profit / (Loss) brought forward		1,793,108	2,389,635
Dividend Equalization Fund		10,00,000	-
Available for Appropriation		11,586,227	12,470,183
 <u>Appropriation:</u>			
Proposed Dividend	30.00	10,677,075	10,677,075
Balance transferred to Balance Sheet		909,152	1,793,108
Earning Per Share (Per Value Tk. 10/-)		Tk 1.23	1.42


Managing Director


(A. K. AZIMUL HOQUE)
Director


(Shamar Kumar Sutradhar)
Company Secretary

Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants

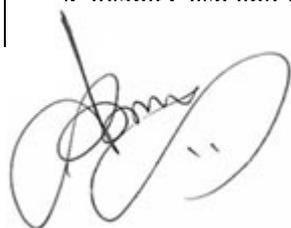


Dhaka, April 26, 2008

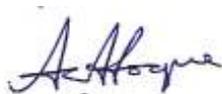
INFORMATION SERVICES NETWORK LTD

CASH FLOW STATEMENTS for the Year ended 31st December, 2007

Particulars	2007 January to Dec.	2006 January to Dec.
A. <u>CASH FLOW FROM OPERATING ACTIVITIES :</u>		
Collection from Turnover and other Income	47,918,698	42,664,490
Payment for Cost and Expenses	(40,834,007)	(35,528,882)
Total Cash Flow from Operating Activities	7,084,691	7,135,608
B. <u>CASH FLOW FROM INVESTING ACTIVITIES :</u>		
Acquisition of Fixed Assets	(2,903,567)	(6,962,823)
Share Investment	1,760	2,333
FDR Investment	—	128,385
Total Cash Flow from Investing Activities	(2,901,807)	(6,832,105)
C. <u>CASH FLOW FROM FINANCING ACTIVITIES :</u>		
Dividend Paid	(10,677,075)	—
Advance & deposit Refund	2,500,000	50,000
Security deposit	50,000	—
Total Cash Flow from Financing Activities	(8,127,075)	50,000
Net cash inflow/ (Outflows) for the year	(3,944,191)	353,503
Opening Cash and Bank Balance	11,623,207	11,269,704
Closing Cash and Bank Balance	7,679,016	11,623,207
Total Tk.		



Managing Director



(A. K. AZIMUL HOQUE)
Director



(Shamar Kumar Sutradhar)
Company Secretary

Khan Wahab Shafique Rahman & Co.
Khan Wahab Shafique Rahman & Co.
Chartered Accountants



Dhaka; April 26, 2008

INFORMATION SERVICES NETWORK LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2007

Particulars	Share Capital	General Reserve	Dividend Equalization Fund	Inflation and Currency Fluctuation Fund	Retained Earnings	Total Taka
At 1st January 2007	71,180,500	2,000,000	2,000,000	1,000,000	1,793,108	77,973,608
Net Profit for 2007	-	-	-	-	8,793,119	8,793,119
Dividend Equalisation Fund adjustment	-	-	(1,000,000)	-	10,00,000	-
Proposed Dividend	-	-	-	-	(10,677,075)	(10,677,075)
At 31 December 2007	71,180,500	2,000,000	1,000,000	1,000,000	909,152	76,089,652



(Habibul Alam) *Bir Pratik*
Managing Director



(A. R. Azimul Hoque)
Director



(Shamar Kumar Sutradhar)
Company Secretary

Dhaka, April 26, 2008

Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants



INFORMATION SERVICES NETWORK LIMITED

Notes to the Accounts For the year ended 31st December, 2007

Forming an Integral Part of the Financial Statements

A. Legal status and Nature of the company - Disclosure under BAS 1 "Presentation of Financial Statements"

1.00 Legal form of the Company:

Information Services Network Limited was incorporated in Bangladesh on August 16, 1995 as a Public Limited Company under the Companies Act, 1994. The shares of this Company are listed in the stock exchange of Dhaka and Chittagong.

2.00 Nature of Business Activities:

The main objective of the Company interalia is to carry on all its offices in and outside of Bangladesh for providing connectivity with the World's Information super highway and disseminate knowledge and information in electronic form and to develop, deliver and maintain computer based system and to publish IT based magazines. It has gone into commercial operation from 6th August, 1996.

3.00 Number of Employees:

On the payroll of the Company, there were 49 officers, 34 Staff & workers/technicians.

i)	63 Staff/Officers/Employees drew yearly salary & allowances more than Tk. 36,000.00	Tk. 6,724,193
ii)	20 Staff/Officers/Technicians	Tk. 267,941
	<u>83</u> drew yearly salary/wages & allowances less than Tk. 36,000	<u>6,992,134</u>

B. SIGNIFICANT ACCOUNTING POLICES:

1.00 Compliance with Bangladesh Accounting Standards (BASs):

The financial Statements have been prepared in compliance with requirements of BASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.00 Compliance with local Laws:

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other relevant local laws and rules.



3.00 Measurement Bases used in Preparing the Financial Statements:

The elements of financial statements have been measured on "Historical Cost" Basis, which is one of the most commonly adopted base as provided in " the frame-work for the preparation and presentation of financial statements" Issued by the International Accounting Standards Committee (IASC).

4.00 Components of the financial Statements:

According to the International Accounting Standard (IAS)-1 adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- (i) Balance Sheet as at 31 December 2007.
- (ii) Income Statement (Profit & Loss A/C) for the year ended 31 December 2007.
- (iii) Statement of Changes in Equity for the year ended 31 December 2007.
- (iv) Cash Flow Statements for the year ended 31 December 2007
- (v) Accounting Polices and Explanatory notes.

5.00 Specific accounting policies selected and applied for significant transactions and events.

Recognition of Property, Plant and Equipment and Depreciation.

Property, Internet and Office Equipment are stated at their cost less accumulated depreciation in accordance with BAS 16 "*Property, Plant and Equipment*". Full year's depreciation has been charged on additions irrespective of date when the related assets are put into use. Depreciation on all other fixed assets is computed using the diminishing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. Expenditure of maintenance and repairs are expensed; major replacements, renewals and betterment are capitalized.

The depreciation rates applicable to the principal categories are :

Internet and Office Equipment	-----	10-15%
Office Equipment	-----	10-15%
Furniture and Fixtures	-----	10%
Transport and Vehicles	-----	15%
Other Assets	-----	10 to 15%

6.00 Cash and Cash Equivalents:

According to BAS 7 "*Cash Flow Statement*" cash comprises cash in hand and demand deposit and, cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. BAS 1 "*Presentation of Financial Statements*" also provides that cash and cash equivalents are those which has no restriction in use considering the provision of IAS 7 and IAS 1. Cash in hand and bank balances have been considered as cash and cash equivalents.

7.00 Cash Flow Statement:

Cash Flow Statement is prepared principally in accordance with BAS 7 "*Cash Flow Statement*" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987 and considering the provision of paragraph 19 of BAS 7 which provides ant "*enterprises are encouraged to report cash flow from operating activities using the direct method*"



8.00 Taxation:

Tax has been provided in accordance with fiscal regulations applicable. The company is publicly-traded company as per *the Income Tax Ordinance 1984*. The company qualifies for being treated as a "Publicly Traded Company" for which the rate for tax at 30% has been applied for while making provision for income tax on profit which is taxable. The Company's profit on software business is exempted from tax.

8.01 Proposed Dividend:

This may be considered as "Liability" in accordance with the provisions of the Companies Act, 1994, the Securities and Exchanges Rules, 1987 (Sch.1-10b11). BAS 10" Events After the Balance Sheet Date "however provides that "dividend proposed" or declared after the balance sheet date should not recognize as a liability at the Balance Sheet date but to disclose it in note to the financial Statements".

9.00 Revenue Recognition:

Post-Paid Internet Services and Web Page Software sales are recognized when invoices are made. Pre-Paid Internet Services are recognized on receipts and after satisfying all the conditions for revenue recognition as provided in BAS 18 "*Revenue Recognition*".

10.00 Foreign Currency Translation:

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at rates of exchange ruling on the date of transaction in accordance with BAS 21 "*The Effects of Changes in Foreign Currency Rates*".

11.00 Earning Per Share (EPS):

The company calculates Earnings Per Share (EPS) in accordance with BAS 33"Earnings Per Share" which has shown on the face of Profit and Loss Account and the computation of EPS is stated in Note-39.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest to extra ordinary items, the net profit for the year has been considered as fully attributable to the ordinary shareholders.

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.

Diluted Earnings Per Share

No diluted EPS is required do be calculated for the year as there was no scope for dilution during the year under review.



12.00 Assets of the Company:

As all assets of the company shown in the financial statement within the scope of BAS-36 are in physical existence and valued no more than their recoverable amount following International Accounting Standards adopted in Bangladesh, disclosures with regard to "Impairment of Assets" as per BAS-36 have not been considered necessary.

13.00 Employee Benefit Obligations:

The Company operates a contributory provident fund for its permanent employees. Provident fund is administrated by a Board of Trustees and is funded by contributions partly from the employees and partly from the Company at pre-determined rates. These contributions are invested separately from the Company's assets.

14.00 Reporting Period:

Financial statements of the company cover one calendar year from 01 January 2007 to 31 December, 2007.

15.00 Acknowledgement of Claims:

There was no claim against the company not acknowledged as debt as on 31 December 2007.

16.00 Transactions with Related Parties/Associated Undertaking:

The company carried a number of transactions with related parties in the normal course of business and on term length basis. The nature of transactions and their total value has been disclosed in Note - 23.01,25 & 26.

17.00 Reporting Currency and level of Precision:

The figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest Taka.

18.00 Comparative Information:

Relevant comparative information has been presented in the financial statement. Previous years figures have been re-arranged wherever necessary to conform to current years Presentation.

19.00 ADDITIONAL INFORMATION:**19.01 Responsibility for preparation and presentation for Financial Statements:**

The board of directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act, 1994 and as per the provision of "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Committee (IASC).



19.02 Risk and uncertainties for use of estimates in preparation of Financial Statements:

The preparation of financial statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that affect the report, amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting of certain terms such as long term contracts, provision for doubtful accounts, depreciation and amortization, employees, benefit plans, taxes reserves and contingencies.

19.03 Operating Revenue:

The operating revenue has been shown net of VAT.

19.04 Commission:

No commission has been paid to sales agents during the year under audit, as there was no such agents.

19.05 Brokerage or Discount:

The company did not pay any brokerage or discount other than the conventional trade discount against sales.

19.06 Donation & Subscription:

The amount of donation and subscription does not exceeding Tk. 50,000 to any charities.

19.07 Miscellaneous Expenses:

Miscellaneous Expenses does not include any item exceeding 1% of total revenue.

19.08 Audit Fees:

As per decision taken in the 12th Annual General Meeting of the company held on 26th June, 2007 the auditors' remuneration of Tk. 35,000.00 has been provided in the accounts which is the only sum to be paid to auditors' as remuneration.

19.09 Board Meeting & Members:

There were 12 members in the Board of Directors of the Company and 4 Board Meeting were held in the year under review.

19.10 Credit Facility not Availed of

There was no other credit facilities available to the company under any contract, other than trade creditors available in the ordinary course of business and not availed as on 31st December, 2007.



20.00 RATIO AND LIQUIDITY:**20.01 Gross Profit:**

The gross profit earned during the year is 45.93% of operating revenue as against the gross profit earning at 51.42% during the preceding year.

20.02 Liquidity:

	<u>December 2007</u>	<u>December 2006</u>
Liquid Assets	56,350,312	54,623,163
Current Liabilities and Provisions	18,089,650	17,839,583
Net Liquid Assets	38,260,662	36,783,580
Net Current Assets	38,260,662	36,783,580

20.03 Current Ratio:

	<u>December 2007</u>	<u>December 2006</u>
Current Assets	56,350,312	54,623,163
Current Liabilities and Provisions	18,089,650	17,839,583
Ratio	3.12:1.00	3:06:1.00
Standard Ratio	2.00:1.00	2.00:1.00

20.04 Operating Ratio:

	<u>December 2007</u>	<u>December 2006</u>
Operating Revenue	38,968,840	37,123,825
Operating Expenses	21,069,288	18,033,321
Add: Other Expenses	20,505,658	18,384,566
	41,574,946	36,417,887
Ratio	100:106.69	100:98:10

20.05 Return on Equity Ratio:

$$\text{Return on Equity} = \frac{\text{Net Profit Before Tax}}{\text{Shareholder Equity}} \times 100 = \frac{9,739,764}{76,089,652} \times 100 = 12.80\%$$

21.00 FIXED ASSETS (NET BLOCK): Tk. 36,842,312.00

The above amount is made up as follows

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Opening Balance at Cost	85,601,806	77,536,983
Add : Addition during the year	2,903,567	8,064,823
Closing Balance at cost	88,505,373	85,601,806
Less: Accumulated depreciation up to 31-12-2006	45,748,290	39,366,548
	42,757,083	46,235,258
Less : Depreciation Charged for the year	5,914,771	6,381,742
Written down value as on 31-12-2007	36,842,312	39,853,516

Details have been shown in "Annexure-A-1"



22.00 IPO EXPENSES: Tk. 910,810.00

The amount consists as of IPO related expenses i, e, Issue manager fees, SEC consent fees etc. These expenses are being written off equally over Eight (8) years, which was yearly-amortized @ Tk. 303,602 only.

23.00 INVESTMENT (AT COST): Tk. 125,500.00

The above amount is made up as follows

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Shares of Golden Key ISN Private Ltd. (23.01)	102,000	102,000
Bonus Shares of One Bank Ltd.	23,500	20,100
	<u>125,500</u>	<u>122,100</u>

23.01 SHARES OF GOLDEN KEY ISN PRIVATE LTD.: Tk. 102,000.00

The above balance represents investment in 1,020 fully paid ordinary shares of Tk. 100 each in Golden Key ISN Private Ltd. (GKISN Pvt. Ltd.). Golden Key ISN Ltd. was incorporated on 28-12-1999 as a private company limited by shares to provide total computerized solution for large entities and corporate bodies particularly in the banking sector. The total paid up capital of that company is Tk. 2,00,000 consisting of 2,000 ordinary shares of Tk. 100 each. The ISN Ltd. has made the investment in shares of GKISN Pvt. Ltd. at the time of incorporation of the said company. The ISN Ltd. therefore holds 51% of the shares of GKISN Pvt. Ltd. which has become a subsidiary to Information Service Network Limited.

23.02 BONUS SHARES OF ONE BANK LTD.: Tk. 23,500.00

During the year under audit the Company has received 235 Bonus shares of Tk. 100.00 each from One Bank Ltd upto year 2007.

24.00 ACCOUNTS RECEIVABLE: Tk. 38,795,067.00

This is arrived at as under :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Balance as on 01-01-2007	31,728,379	23,541,171
Add: Addition during the year	16,612,508	16,010,059
	<u>48,340,887</u>	<u>39,551,230</u>
Less : Received during the year	9,545,820	7,822,851
Balance as on 31-12-2007	<u>38,795,067</u>	<u>31,728,379</u>

Details of the above the amount have been shown as under :

	31-12-2007		31-12-2006	
	Below six Months	Over six Months	Below six Months	Over six Months
P.C. World Advertisement	468,655	480,600	489,500	228,500
Internet Bill (DSL/UUCP A/C)	1,948,860	1,546,960	1,291,802	776,360
Internet Bill (D/U)	1,907,478	8,815,914	5,120,855	6,379,366
Software Development	5,780,608	7,516,306	4,838,774	4,165,740
Networking & IT Solutions	1,851,600	3,565,829	2,479,039	1,802,650
Fax Bill	—	107,470	—	118,160
Web Page	1,148,700	1,523,205	1,083,050	919,325
VAT from party	709,159	1,423,723	928,696	1,106,562
	<u>13,815,060</u>	<u>24,980,007</u>	<u>16,231,716</u>	<u>15,496,663</u>

25.00 ACCRUED LOAN INTEREST: Tk. 809,544.00

This is as per last account. No interest is charged during the year. This interest amount is receivable from GKISN Pvt Ltd, a sister concern of the company.



26.00 LOAN, ADVANCES, DEPOSITS AND PRE PAYMENTS: Tk. 9,066,685.00

This is made up as follows :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Loan to GKISN	1,635,343	1,635,343
Other Advance and Prepayments	7,431,342	8,826,690
	<u>9,066,685</u>	<u>10,462,033</u>

Related Party Disclosure:

There was related party transaction of loan amount Tk. 1,635,343 to its subsidiary Golden Key ISN Private Limited given in the years from 2000 to 2002.

26.01 LOAN A/C (GKISN): Tk. 1,635,343.00

This has been carried forward from the previous year account. No amount was paid during the year under audit :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Opening Balance	1,635,343	1,635,343
Add : Additional during the period	-	-
Closing Balance	<u>1,635,343</u>	<u>1,635,343</u>

26.02 OTHER ADVANCES AND PRE PAYMENTS: Tk. 7,431,342.00

This is made up as follows :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Balance as on 01-01-2007	8,826,690	6,466,571
Add : Addition during the year	1,311,702	3,788,013
	<u>10,138,392</u>	<u>10,254,584</u>
Less : Recovered during the year	2,707,050	1,427,894
Balance as on 31-12-2007	<u>7,431,342</u>	<u>8,826,690</u>

The break-up of the above amount of Tk.7,431,342 is as follows :

Sl #	Particular's	Name of the Party	Taka
1.	Security Deposit (Tel)	Bangladesh T & T Board	330,000
2.	Earnest Monty	i) Rajshahi University	770
		ii) PATC, Savar	8,588
		iii) EPZA, Dhaka	4,720
			14,078
3.	Security Deposit (DESCO)		5,000
4.	Security Deposit (Mobile)	AKTEL	12,500
5.	Security Deposit (V-SAT/Bandwidth)	i) Tracer Electrocom	2,214,956
		ii) Bangla Phone	98,000
		iii) BTTB	1,206,000
			3,518,956
6.	Office Rent Advance	i) TMC Building (1st Floor)	62,360
		ii) Sheba House	92,250
		iii) Hasan Holding	34,200
			188,810
7.	Fax Security to Moondial	Moondial Internet Service	441,657
8.	Advance for Equipment and Hardware	Furniture & others	855,804
9.	Advance for Income Tax	Bangladesh Bank	1,764,537
10.	Advance for printing (PCW)	Holiday Printers Ltd.	300,000
		Total	7,431,342

- (i) Security Deposit and Earnest money are made with various authorities for utility services.
(ii) No amount was due by the director (Including Managing Director), Managing agent, Managers and other officers of the company and any of them severally or jointly with any other person.
(iii) These amount are unsecured but all are considered good.



27.00 CASH AND BANK BALANCE: Tk. 7,679,016.00

This break up to the above amount is as under :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Cash in hand	1,341,995	1,477,837
AB Bank New Elephant Branch	4,711,222	7,415,967
NCC Bank Moghbazar Branch	825,884	1,341,641
Eastern Bank Ltd. Sonargaon Rd. Branch	236,459	1,387,762
Mercantile Bank, Gulshan Branch	563,456	-
Total	<u>7,679,016</u>	<u>11,623,207</u>

Bank balances are reconciled in the respective bank statements. Cash in hand certificate has been obtained.

28.00 ACCRUED EXPENSES: Tk. 1,259,745.00

This is made up as under

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Balance as on 01-01-2007	2,054,315	1,012,614
Add: Addition during the year	1,248,745	2,043,315
	<u>3,303,060</u>	<u>3,055,929</u>
Less : Paid/Adjustment during the year	2,043,315	1,001,614
Balance as on 31-12-2007	<u>1,259,745</u>	<u>2,054,315</u>

Details have been shown as under :

<u>Particulars</u>	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Salary and Remuneration	706,930	672,000
Telephone Bill	35,344	39,292
Overtime	18,046	13,609
Legal Fees	11,000	11,000
Fuel and Lubricant	2,680	24,940
Electricity	54,125	53,129
Postage	8,008	—
Security Services	11,800	11,800
Mobile Phone	29,390	—
Bandwidth Charge	180,000	1,112,567
Office Rent	30,010	43,510
Employer P.F. Contribution	25,386	24,004
Audit Fees	35,000	35,000
Maintenance (Office)	1,358	9,189
Water	5,175	4,275
Printing (PCW)	117,293	—
Total Tk.	<u>1,259,745</u>	<u>2,054,315</u>

- (i) Most of the outstanding liabilities have subsequently been paid.
- (ii) There are no outstanding liabilities due for more than twelve months except legal fees.



29.00 LIABILITIES FOR OTHER FINANCE: Tk. 2,944,205.00

The above amount is made up as follows :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Security Money (Internet)	362,476	312,476
Security Money (Fax)	448,847	448,847
VAT	2,132,882	2,035,258
	<u>2,944,205</u>	<u>2,796,581</u>

Security money have been taken form the subscriber against Internet and Fax connection.

30.00 PROPOSED STOCK DIVIDEND: Tk.10,677,075.00

The amount represent the stock dividend of 15% on paid up share capital Tk. 71,180,500.00 to the Shareholders as recommended by the Board of Director subject to the approval of the shareholders in the 13th Annual General Meeting.

31.00 PROVISION FOR INCOME TAX: Tk. 3,208,625.00

Current year provision for Income Tax has been made at the existing rate of 30% in respect of taxable income. This is made up as follows :

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Opening Balance as on 01-01-2007	2,311,612	1,340,834
Add : Provision made for the year under audit	897,013	970,778
	<u>3,208,625</u>	<u>2,311,612</u>
Less : adjustment during the year	—	—
Total	<u>3,208,625</u>	<u>1,340,834</u>

Computation of Provision for Income Tax has been made as under :

Particulars			Total
	Internet & Others	Software	
Operational Revenue	28,742,340	10,226,500	38,968,840
Other Income	12,345,870	—	12,345,870
Total Revenue	41,088,210	10,226,500	51,314,710
Total Revenue Expenses	38,098,166	3,476,780	41,574,946
Profit before Tax	2,990,044	67,497,200	9,739,764
Provision for Tax	897,013	—	897,013

Total revenue expenses of Software business has been allocated on income basis which are

20.3251% of total income i.e. $\frac{\text{Software Revenue}}{\text{Total Revenue}} \times 100$ or $\frac{10,226,500}{51,314,710} \times 100$.



32.00 DEFERRED TAX LIABILITIES: TK. 49,632.00

The company has made Deferred Tax Liabilities to the extent of Tk. 49,632.00 in the year 2007 as per BAS-12, "Income Taxes". This is made up as follows :

<u>Particulars</u>	<u>Amount (Tk.)</u>
A. Fixed Assets	
Carrying amount of Fixed Assets as per Accounts	36,842,312
Less: Tax base-Carrying amount of Fixed Assets	36,676,873
Taxable temporary difference	165,439
B. Provision for Gratuity	
Provision for Gratuity as per Accounts	Nil
Less: Tax base	Nil
Temporary difference	-
C. Investment Provision	
Provision for Investment as per Accounts	Nil
Less Tax base	Nil
Temporary difference	-
Net Taxable temporary difference (A+B+C)	165,439
Tax Rate	30%
Deferred Tax liabilities	49,632
Less: Deferred Tax asset / Liabilities in the previous year	-
Deferred Tax (expenses) / income	(49,632)

33.00 SHAREHOLDERS EQUITY: Tk. 76,089,652.00**33.01 Authorized Capital: Tk. 500,000,000**

The Company has an authorized capital Tk. 500,000,000 divided into 50,000,000 Ordinary Shares of Tk. 10 each.

34.00 SHARE CAPITAL: Tk. 71,180,500.00**34.01 Issued, subscribed and Paid-up: Tk. 71,180,500.00**

This has been carried forward from previous year. There is no new issue during the year under audit.

34.02 The percentage of shareholding by different categories of shareholders are as follows :

No. of Holders	Holding	Total Holding %
Nil	Less than 500 shares	Nil
671	500 to 5,000 shares	12.14
40	5,001 to 10,000 shares	4.26
28	10,001 to 20,000 shares	5.93
12	20,001 to 30,000 shares	4.38
08	30,001 to 40,000 shares	3.98
04	40,001 to 50,000 shares	2.69
16	50,001 to 100,000 shares	18.61
16	100,001 to 1,000,000 shares	48.01
Nil	Over 1,000,000 shares	Nil
834	Total	100.00



34.03 COMPOSITION OF SHAREHOLDERS:

SI #	Particular	No. of Shares	Value of shares	%	
				2007	2006
01	Directors/Sponsors	2228550	22285500	31.31%	38.51%
02	Institution	1191500	11915000	16.74%	11.36%
03	General Public	3698000	36980000	51.95%	50.13%
Total		711805	7118050	100%	100%

35.00 Operating Revenue: Tk. 38,968,840.00

This is made up as following

	<u>Taka</u> <u>31-12-2007</u>	<u>Taka</u> <u>31-12-2006</u>
Internet Bill (D/U)	12,408,277	21,702,297
Internet Bill (DSL/UUCP A/C)	15,779,074	5,668,366
	28,187,351	27,370,663
Less : VAT	3,676,611	3,570,087
Net Sales After VAT	24,510,740	23,800,576
Sales of Software (Note-35.01)	10,226,500	11,275,500
Networking & IT Solutions	4,231,600	2,047,749
	38,968,840	37,123,825

35.01 Software Sales: 10,226,500.00

During the year under audit total revenue collected from Software Development are Tk.10,226,500.00. As against of this revenue, an amount of Tk. 3,476,870.00 has been expensed during the year proportionate to revenue earning.

The details of expenses against the software sales are as follows :

Head of Accounts	Amount
Advertisement	34,713.00
AGM Expenses	19,022.00
Audit Fees	7,114.00
Bandwidth charge against usage	504,334.00
Bank Charge	6,512.00
Books & Paper	2,715.00
Carrying	175.00
Conveyance	37,557.00
Cost of Proposal	203.00
Depreciation	369,367.00
Electricity	171,339.00
Entertainment	8,645.00
Filing Fees	44,423.00
Fuel & Lubricant	40,535.00
Gas Bill	894.00
Insurance	6,886.00
ISP License Fees	61,991.00
Listing Fees	14,227.00
M.D's Remuneration	252,709.00
Maintenance	97,219.00
Membership Fees	20,122.00
Municipal Taxes	6,347.00
Office Rent	91,731.00
Overtime	16,408.00
Postage	22,946.00
Printing (General)	18,383.00
Registration & Renewal	8,926.00
Salary of Admin. Share & Marketing Dept.	702,332.00
Security Services	25,772.00
Stationery	11,552.00
Submarine Cable Connection	2,032.00
TA & DA	56,367.00
Telephone	49,483.00
Telephone (Mobile)	73,753.00
Water Supply	12,277.00
Sub Total	2,799,011.00
Add. : Own expenses of Software Development Section	
Salary	628,473.00
P.F. Contribution	8,796.00
Festival Bonus	40,500.00
Sub Total	677,769.00
Grand Total	3,476,780.00

ANNUAL REPORT 2007**36.00 OPERATING EXPENSES: Tk. 21,069,288.00**

This consists of as follows :

	<u>Taka</u>	<u>Taka</u>
	<u>31-12-2007</u>	<u>31-12-2006</u>
Bandwidth charge	14,060,912	10,832,032
Telephone line rental	431,808	431,808
Salary & Allowance	2,479,090	2,415,403
Depreciation	4,097,478	4,354,078
Total	<u>21,069,288</u>	<u>16,275,034</u>

37.00 ADMINISTRATIVE EXPENSES: Tk. 20,202,056.00

The break-up of the above amount is as under :

Particulars	Taka-2007	Taka-2006
Advertisement	170,790	81,199
AGM Expenses	93,588	96,867
Audit Fees	35,000	35,000
Bandwidth Charge (BTRC)	100,000	100,000
Bandwidth Charge (Ctg. Link)	700,350	667,000
Bandwidth charges against usage	2,481,337	1,911,535
Bank Charge	32,041	24,333
Books & Paper	13,360	12,810
Carrying	860	-
Commission (Internet)	333,590	149,843
Commission (P.C.W)	154,934	152,989
Commission (Prepaid)	68,665	56,754
Connectivity (Bandwidth)	360,000	-
Conveyance	184,784	152,385
Cost of Proposal	1,000	-
Customs & Clearing	12,836	11,500
Depreciation	1,817,293	2,027,664
Directors Remuneration	1,243,333	1,200,000
Domain Registration	82,168	49,900
Electricity	842,995	763,044
Employees P.F. Contribution	307,224	293,503
Entertainment	42,532	34,067
Festival Bonus	671,839	317,699
Filling Fees	218,565	-
Fuel & Lubricant	199,436	248,910
Gas Bill	4,400	4,800
Insurance	33,882	34,125
ISP License Fees	305,000	305,000
Listing Fees	70,000	70,000
Maintenance (Office, Telephone, Vehicle, etc.)	478,322	302,409
Membership Fees	99,000	110,000
Municipal Taxes	31,228	30,424
Networking	1,216,696	985,165
Office Rent	451,320	549,700
Overtime	80,727	84,411
Postage	112,894	105,775
Printing (General)	90,443	59,567
Printing (P.C.W)	1,364,969	1,222,730
Registration & Renewal	43,915	47,215
Salary & Remuneration	4,513,044	4,319,946
Security Services	126,800	138,851
Stationery	56,839	55,392
Submarine Cable Connection	10,000	60,000
TA & DA	277,326	609,719
Telephone (Mobile)	362,866	433,182
Telephone (T & T)	243,460	72,647
Water Supply	60,405	63,799
Stall Allotment	-	15,000
Trade License	-	13,505
Appeal Fees	-	600
Grand Total	<u>20,202,056</u>	<u>18,080,964</u>

38.00 OTHER INCOME: Tk12,345,870.00

	<u>Taka-2007</u>	<u>Taka-2006</u>
Connectivity	2,081,155	832,824
P.C World sales & subscription	821,084	695,745
P.C World Advertisement	2,456,615	2,487,340
Web Hosting & Development	2,128,659	2,015,300
Re-installation	210,126	167,200
Dividend	5,462	22,845
Domain Registration	87,900	146,300
Bank Interest	3,996	14,173
Loan Interest	—	163,535
DV-2009 form sales	4,550,400	3,731,450
Miscellaneous	473	1,222
FDR Interest	—	67,454
Total	<u>12,345,870</u>	<u>10,345,388</u>

39.00 EARNING PER SHARE (EPS) BASIC:

The computation of EPS is given below :

$$\begin{aligned}
 \text{Basic EPS} &= \frac{\text{Earning attributable to the ordinary shareholders}}{\text{Weighted average number of ordinary share outstanding during the period 2007}} \\
 &= \frac{8,793,119.00}{7,118,050.00} = 1.23
 \end{aligned}$$

40.00 TAX ASSESSMENT STATUS:

Accounting Year	Assessment Year	Provision for Income Tax	Liabilities as per Assesst Order	Advance Income Tax Paid/
2005	2006-2007	-	not yet due	21,293
2006	2007-2008	970,778	not yet due	1,417
2007	2008-2009	897,013	not yet due	702

The tax assessment and tax liabilities have been finalised/paid up to the assessment year 2005-2006.

Transactions relating to Income Tax have been disclosed in conventional manner following previous practice on consistent basis.



41.00 SOME INFORMATION WITH REGARD TO INCOME AND EXPENDITURE IN FOREIGN CORRENCY ETC.

	<u>Dec.31-2007</u>	<u>Dec.31-2006</u>
(a) Value of Import on C & F basis	Nil	Nil
(i) Raw Materials	Nil	Nil
(ii) Packing Materials	Nil	Nil
(iii) Component and Spare Parts	Nil	Nil
(iv) Capital Goods	Nil	Nil
(b) Expenditure in Foreign Currency for Royalty, Technical Fee, Professional Advisory fee, Interest and Others	Nil	Nil
(c) Value of imported Raw Materials, Packing Materials, Stores & Spares consumed with percentage	Nil	Nil
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the number of non-resident shareholders,	Nil	Nil
(e) Earnings in foreign exchange classified under the following heads, namely :		
(i) Export of goods calculated on F.O.B. basis	Nil	Nil
(ii) Royalty, know-how, professional and consultation fees.	Nil	Nil
(iii) Interest and dividend;	Nil	Nil
(iv) Other income : Software sales revenue received from M/S Rettenwender & de Rooy Limited, Munich, Germany.	€ 988.50	Nil

42.00 INFORMATION WITH REGARD TO SUBSIDIARY COMPANY- Golden Key ISN Private Ltd. (GKISN Pvt. Ltd.)

- I. Information Services Network Limited is the holder of 51% shares in Golden Key ISN Private Ltd.
- II. The accumulate net loss up to 31.12.2007 of the aforesaid company stood at Tk. 3,305,472.00
- III. As per 37th Board Meeting resolution no interest has been charged on loan of Golden Key ISN Private Ltd. for the year under audit.
- IV. The shares held by Information Services Network Limited in Golden Key ISN Private Ltd. has been shown under the head "Investment".

43.00 SOFTWARE SALES TO RETTENWENDER & DE ROOY LIMITED:

A modest agreement was signed by ISN with M/S Rettenwender & de Rooy Limited, Munich, Germany. It appears from the record installment of payment of € 988.50 has been received by ISN this year. There remains a fair possibility of growth between the two companies.

44.00 SUBSEQUENT EVENT:

There is no other significant event that has occurred between the Balance sheet date and the date of the financial statement were authorized for issue by the Board of Directors except to declare a cash dividend @15% to shareholders on its paid up capital. .



Pratik
or



(A. K. AZIMUL HOQUE)
Director



(Shamar Kumar Sutradhar)
Company Secretary

Dhaka, April 26, 2008

“Annexure-A-1”

INFORMATION SERVICES NETWORK LTD.52 New Eskaton Road, TMC Building (4th Floor), Dhaka-1000.**FIXED ASSETS SCHEDULE
AS ON 31ST DECEMBER, 2007**

Particulars	Cost			Rate of Dep.	Depreciation			Written down value as on 31-12-2007
	Opening balance as on 01.01.2007	Addition during the year	Closing Balance as on 31-12-2007		Opening balance as on 01-01-2007	Charge for the year	Closing balance as on 31-12-2007	
Internet Equipment	44,699,217	2,640,767	47,339,984		27,711,646	4,097,478	31,809,124	15,530,860
Office Equipment's	20,998,603	250,800	21,249,403		9,523,926	602,041	10,125,967	11,123,436
Telephone Installation & Intercom	5,129,864	-	5,129,864		3,096,444	213,560	3,310,004	1,819,860
Vehicles	2,668,000	-	2,668,000		1,545,040	168,444	1,713,484	954,516
Furniture & Fixture	1,895,576	12,000	1,907,576		803,648	113,278	916,926	990,650
Building Flat	9,739,210	-	9,739,210		2,848,733	689,048	3,537,781	6,201,429
Sundry Assets	471,336	-	471,336		218,853	30,922	249,775	221,561
Total	<u>85,601,806</u>	<u>2,903,567</u>	<u>88,505,373</u>		<u>45,748,290</u>	<u>5,914,771</u>	<u>51,663,061</u>	<u>36,842,312</u>

Note : (I) The basis of charging depreciation has been stated in note.

(II) Allocation of Depreciation :

	<u>Taka</u>
Cost of Services	4,097,478
Administrative Expenses	1,817,293
Total	<u>5,914,771</u>

লব ল নে কল ক ি ন্গব গু ঠকস
KHAN WAHAB SHAFIQIE RAHMAN & CO.
 CHARTERED ACCOUNTANTS

PARTNERS:

S.M. SHAFIQUE FCA
 MUJIBUR RAHMAN FCA
 MD. ABU SINA FCA
 MD. ANISUR RAHMAN FCA

HEAD OFFICE:

55, DILKUSHA COMMERCIAL AREA
 DHAKA-1000, BANGLADESH
 PHONE : 9551663, 9565136
 FAX : 880-2-9551821
 E-mail : kwsr@dhaka.net

AUDITORS' REPORT TO THE SHAREHOLDERS
 OF
GOLDEN KEY ISN PRIVATE LIMITED

We have audited the accompanying Balance Sheet of **GOLDEN KEY ISN PRIVATE LIMITED** as of 31 December 2007 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended. The perforation of these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the company's affairs as of 31 December 2007 and of the results of its operations, its Cash Flows and Changes in Equity Statement for the year then ended and comply with the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) to the best of our knowledge and belief, we have obtained all the information and explanations which, 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 were maintained so far as it appeared from our examination of those books; and
- c) the company's Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account maintained by the company.

Khan Wahab Shafiqie Rahman & Co.
Khan Wahab Shafiqie Rahman & Co.
 Chartered Accountants

Date : 15th April, 2008



GOLDEN KEY ISN PRIVATE LIMITED**BALANCE SHEET AS AT 31ST DECEMBER 2007**

<u>SOURCES OF FUNDS</u>	<u>Note</u>	<u>31-12-2007</u>	<u>31-12-2006</u>
<u>SHAREHOLDERS FUNDS</u>			
<u>Authorized Capital</u>			
5,00,000 Ordinary Shares of Tk. 100.00 each		<u>50,000,000.00</u>	<u>50,000,000.00</u>
<u>Issued Subscribed and paid up Capital</u>			
2,000 Ordinary Shares @ 100.00 each fully paid up in cash	04	200,000.00	200,000.00
UNSECURED LOAN	05	<u>2,648,029.00</u>	<u>2,648,029.00</u>
		Tk. <u>2,848,029.00</u>	<u>2,848,029.00</u>
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets (W.D.V)</u>	06	231,572.00	272,437.00
<u>Current Assets</u>			
Security Deposits with T & T Board		10,000.00	10,000.00
Cash and Bank Balance	07	117,529.00	123,129.00
		127,529.00	133,129.00
Less : <u>Current Liabilities</u>			
Accounts Payable	08	816,544.00	816,544.00
NET CURRENT ASSETS		(689,015.00)	(683,415.00)
PRELIMINARY EXPENSES		-	5,389.00
PROFIT & LOSS ACCOUNT		3,305,472.00	3,253,618.00
		Tk. <u>2,848,029.00</u>	<u>2,848,029.00</u>


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate
report of even date

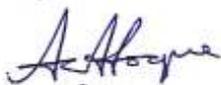

Khan Wahab Shafiqe Rahman & Co.
Chartered Accountants

Dhaka, April 26, 2008



GOLDEN KEY ISN PRIVATE LIMITED**PROFIT & LOSS ACCOUNT**
for the year ended 31st December 2007

	<u>Note</u>	<u>31-12-2007</u>	<u>31-12-2006</u>
Turnover		-	-
Less :			
Administrative Expenses (Annexure-A)	9.00	5,600.00	169,035.00
Depreciation on Fixed Assets		40,865.00	48,076.00
Amortization of Preliminary Expenses		5,389.00	5,388.00
		<u>51,854.00</u>	<u>222,499.00</u>
Net Loss for the year		51,854.00	222,499.00
Add: Balance Brought forward from Previous year		3,253,618.00	3,031,119.00
Accumulated Loss Transferred to Balance Sheet Tk.		<u>3,305,472.00</u>	<u>3,031,119.00</u>


DIRECTOR


MANAGING DIRECTOR

Subject to our separate report of even date

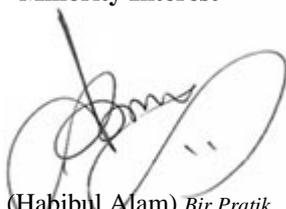
Dhaka, April 15, 2007

Khan Wahab Shafique Rahman & Co.
Khan Wahab Shafique Rahman & Co.
Chartered Accountants



INFORMATION SERVICES NETWORK LTD**CONSOLIDATED BALANCE SHEET****AS AT 31ST DECEMBER 2007**

PARTICULARS	DEC. 2007	DEC. 2006
NET ASSETS:		
Non-Current Assets	38,008,194	41,365,854
Tangible Fixed Assets, Net of accumulated depreciation	37,078,884	40,125,953
Preliminary Expenses	-	5,389
IPO-Expenses	910,810	1,214,412
Investment (at cost)	23,500	20,100
Current Assets	54,032,954	52,311,405
Accounts Receivable	38,795,067	31,728,379
Loans, Advances and Deposits	7,441,342	8,836,690
Cash and Cash Equivalents	7,796,545	11,746,336
Current Liabilities and Provisions	(19,109,336)	(18,859,269)
Unsecured Loan	(1,012,686)	(1,012,686)
Accrued Expenses	(1,266,745)	(2,061,315)
Liabilities for other Finance	(2,944,205)	(2,796,581)
Proposed Dividend	(10,677,075)	(10,677,075)
Provision for Income Tax	(3,208,625)	(2,311,612)
Net Current Assets	34,923,618	33,452,136
Deferred Tax Liabilities	(49,632)	-
Net Assets	Tk. 72,882,180	74,817,990
FINANCED BY:		
Shareholders Equity	74,403,861	76,314,263
Share capital	71,180,500	71,180,500
Retained Earnings-As per Profit and Loss Account	(776,639)	133,763
General Reserve	2,000,000	2,000,000
Dividend Equalization Fund	1,000,000	2,000,000
Inflation and Currency Fluctuation Fund	1,000,000	1,000,000
Minority Interest	(1,521,681)	(1,496,273)
	Tk. 72,882,180	74,817,990


(Habibul Alam) *Bir Pratik*
Managing Director


(A. R. Azimul Hoque)
Director


(Shamar Kumar Sutradhar)
Company Secretary

Dhaka, April 26, 2008

Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants



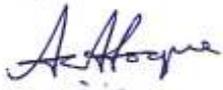
INFORMATION SERVICES NETWORK LTD.

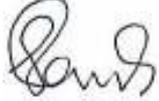
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December,2007

PARTICULARS	I.S.N.	G.K.I.S.N.	DEC.2007
Operating Revenue	38,968,840	-	38,968,840
Operating Expenses	(21,069,288)	-	(21,069,288)
Gross Profit	17,899,552	-	15,899,552
Other Income	12,345,870	-	12,345,870
	30,245,422	-	30,245,422
Other Expenses	(20,505,658)	(51,854)	(20,557,512)
Administrative and Financial Expenses	20,202,056	46,465	20,248,521
Amortization of Preliminary Expenses	-	5,389	5,389
Amortization of Pre-operating Expenses	303,602	-	303,602
Net profit before Tax for the year	9,739,764	(51,854)	9,687,910
Deferred Tax Expenses	49,632	-	49,632
Provision for income Tax for the year	897,013	-	897,013
Net profit after tax for the year	8,793,119	(51,854)	8,741,265
Profit (Loss) brought forward	1,793,108	(3,253,618)	
Dividend Equalisation Fund	1,000,000	-	1,000,000
	11,586,227	(3,305,472)	8,280,755
Minority Interest	-	1,619,681	1,619,681
Available for Appropriation	11,586,227	(1,685,791)	9,900,436
Appropriation:			
Proposed Dividend	10,677,075	-	10,677,075
Profit/(loss) transferred to Balance Sheet	909,152	(1,685,791)	(776,639)
	909,152	(1,685,791)	(776,639)


(Habibul Alam) *Bir Pratik*
Managing Director


(A. R. Azimul Hoque)
Director


(Shamar Kumar Sutradhar)
Company Secretary

Khan Wahab Shaifque Rahman & Co.
Khan Wahab Shaifque Rahman & Co.
Chartered Accountants

Dhaka, April 26, 2008



NOTES ON

**Of Consolidated Balance Sheet of INFORMATION SERVICES NETWORK LTD.
& GOLDEN KEY ISN PRIVATE LIMITED
As of 31 December 2007**

A Minority Interest : Tk. (1,521,681)

The break up of the above amount is as under :

	DEC. 2007
Balance of Profit and loss account up to 31 st December 2006	(1,619,681)
Paid up capital 49% of Tk. 2,00,000	98,000
Tk.	<u>(1,521,681)</u>



PROXY FORM

I/We.....of

.....

being shareholder(s) of **Information Services Network Limited** and entitled to vote hereby appoint Mr./Ms..... as my/our proxy to attend and votes for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held on Monday, 02 June, 2008 and adjournment thereof and the poll as witness my/our hand this day of 2008.

Signature of Shareholder(s)

Folio No.

No. of Shares

Date

Revenue Stamp of Tk. 8.00

Signature of Proxy
Folio No.

Signature of Witness

(Signature of Shareholder(s) must in accordance with specimen signature with the Company)

✂-----✂-----✂-----

ATTENDANCE

I hereby record my presence at the 13th Annual General Meeting of Information Services Network Ltd. at the Auditorium of LGED Bhaban (1st Floor), Sher-E-Banglanagar, Agargaon Dhaka.

Full Name of the Shareholder

(in block letter)

BO A/C / Folio No. holding of

Ordinary

Shares of Information Services Network Limited.

Signature of Shareholder(s)

(Shareholders are requested to hand over the attendance slip at the entrance to the meeting hall)

Corporate Office : TMC Building (4th Floor), 52 New Eskaton Road, Dhaka - 1000, Bangladesh.
Contact No. : (880 - 2) 8322785 - 88, Fax : (880 - 2) 9345460, E - mail : info@bangla.net, URL : www.bangla.net

Khulna Office : Bangladesh Shilpa Bank Bhawan (BSB) 5th floor,
25-26 NDA CA, Upper Jessore Road, Khulna, Tel : (041) 731761.

Gulshan Office : SHEBA House (6th Floor), Green Park Shopping Complex,
Plot # 34, Road # 46, Gulshan-2, Dhaka-1212, Contact No. : 9687945

Uttara Office : House # 07 (1st Floor), Road # 14, Sector # 03,
Uttara, Dhaka-1230, Cell : 91814632982, 01814632666