

শফিক বসাক এন্ড কোং
SHAFIQ BASAK & CO.

CHITTAGONG OFFICE :
National House (1st Floor)
109, Agrabad Commercial Area,
Chittagong - 4100, Bangladesh.
Phone : 88-031-711561
Fax : 88-031-723680
E-mail : basak_sbc@yahoo.com

CHARTERED ACCOUNTANTS

Partners:
Md. Shafiqul Islam, FCA
Sampad Kumar Basak, FCA
Md. Enayet Ullah, FCA

DHAKA OFFICE :
Shatabdi Centre (6th Floor)
292, Inner Circular Road,
Fakirapool, Motijheel, Dhaka.
Phone : 88-02-7192098
Tel/Fax : 88-02-7194870
E-mail : shafiq_basak@yahoo.com

**CERTIFICATE OF COMPLIANCES OF CONDITIONS OF THE CORPORATE
GOVERNANCE GUIDELINES TO THE SHAREHOLDERS**

OF
Information Services Network Limited

For the year ended December 31, 2014


We have examined the compliances of conditions of The Corporate Governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Information Services Network Limited as stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated / August 2012.

The compliances of conditions of The Corporate Governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Management. Our examination for the purpose of issuing this certificate was limited to the examining of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received thereon.

To the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification dated 7 August 2012 issued under section 2CC of the Securities and Exchange Ordinance-1969, for the year ended 31 December 2014.



Dhaka, June 25, 2015.


Md. Shafiqul Islam, FCA
Partner
Shafiq Basak & Co.
Chartered Accountants

Annexure-I Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Sl. No.	Title	Compliance Status (√ has been put in the		Remarks
		Complied	Not Complied	
1	Board of Directors (BoD):			
1.1	Board's Size (number of Board members – minimum 5 and Maximum 20)	√		ISN Ltd. Board is comprised of 9 members
1.2	Independent Directors:			
1.2 (i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	√		There 2 (two) of Independent Directors (ID) namely Mr. A. H. M. Al-Faruq and Mr. Asheq Ul Islam
1.2 (ii)	Independent Director means a director:			
1.2 (ii) (a)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		As per declaration of the IDs
1.2 (ii) (b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	√		do
1.2 (ii) (c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		do
1.2 (ii) (d)	who is not a member, director or officer of any stock exchange	√		do
1.2 (ii) (e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		do
1.2 (ii) (f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm	√		do
1.2 (ii) (g)	who shall not be an independent director in more than 3 (three) listed companies	√		do

1.2 (ii) (h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	√		do
1.2 (ii) (i)	who has not been convicted for a criminal offence involving moral turpitude	√		do
1.2 (iii)	Independent Director(s) shall be appointed by BoD approved by the shareholders in the Annual General Meeting (AGM)	√		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days			Not Applicable
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		The IDs are in their regular term in the office
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		The qualification and background of the IDs justify their abilities as such
1.3 (ii)	Independent Director should be a Business Leader/Corporate leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences	√		do
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission			Not Applicable
1.4	The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	√		
1.5	The Director's Report shall include the following additional statements:			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		

1.5 (vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any other instrument			Not Applicable
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO)			Financial results deteriorated due to charging of depreciation on the amount of revalued assets
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance	√		
1.5 (x)	Remuneration to directors including independent directors	√		Remuneration paid to MD
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		
1.5 (xii)	Proper books of account have been maintained	√		
1.5 (xiii)	Adaptation of appropriate accounting policies & estimates	√		
1.5 (xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	√		
1.5 (xvi)	Going Concern (ability to continue as a going concern)	√		
1.5 (xvii)	Highlight and explain significant deviations from the last year's operating results	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be Summarized	√		
1.5 (ix)	Reason for non-declaration of Dividend	√		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director	√		
1.5 (xxi)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties	√		
1.5 (xxi) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	√		
1.5 (xxi) (c)	Executives	√		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company	√		

1.5 (xxii)	In case of the appointment/re-appointment of a director, disclose:			
1.5 (xxii) (a)	a brief resume of the director	√		
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	√		
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	√		
3	Audit Committee:			
3 (i)	The company shall have an Audit Committee as a sub-committee of the BoD	√		
3 (ii)	The Audit Committee shall assist the BoD in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		
3 (iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	√		
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	√		Audit Committee is comprised of 3 (three) members
3.1 (ii)	The BoD shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	√		
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)			Not Applicable
3.1 (v)	The Company Secretary shall act as the secretary of the Audit Committee	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without atleast 1 (one) independent director	√		
3.2 (i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM	√		

3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements before submission to the board for approval	√		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	√		
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		
3.3 (x)	Disclosure to the Audit Committee about the uses/applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus			Not Applicable
3.4.1 (i)	Reporting to BoD on the activities of the Audit Committee	√		
3.4.1 (ii) (a)	Reporting to BoD on conflicts of interests			Not Applicable
3.4.1 (ii) (b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system			Not Applicable
3.4.1 (ii) (c)	Reporting to BoD on suspected infringement of laws			Not Applicable
3.4.1 (ii) (d)	Reporting to BoD on any other matter			Not Applicable
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)			Not Applicable
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	√		
4	External / Statutory Auditors:			
4.00 (i)	Non- engagement in appraisal or valuation services or fairness opinions	√		
4.00 (ii)	Non-engagement in designing and implementation of Financial Information System	√		

4.00 (iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	√		
4.00 (iv)	Non- engagement in Broker-Dealer services	√		
4.00 (v)	Non- engagement in Broker-Dealer services	√		
4.00 (vi)	Non- engagement in Internal Audit services	√		
4.00 (vii)	Non- engagement in any other services that the Audit Committee determines	√		
4.00 (viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	√		
5	Subsidiary Company:			
5 (i)	Provisions relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company	√		
5 (ii)	At least 1 (one) Independent Director on the BoD of the holding company shall be a director on the BoD of the subsidiary company.	√		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	√		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
6	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6 (i) (b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
6 (ii)	there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	√		
7 (i)	Obtaining certificate from a practicing Professional Accountant/ Secretary regarding compliance of	√		
7 (ii)	Directors statement in the directors' report whether the company has complied with these conditions	√		