

Directors' Report

Dear Shareholders,

We, on behalf of the Board of Directors, extend a very warm welcome and good wish to all on the occasion of the 20th Annual General Meeting of Information Services Network Limited (bangle.net), the first Internet Service Provider in Bangladesh. The board has extensively gone through the Audited Financial Statements of the company and presents the year ended 31st December 2014 with the Auditors Report for your kind consideration.

COMPANY OPERATION

The last year's trend continued and effect remained on the market itself. Uncertainty and political instability reduced but remained as a major factor for market stability. Unhealthy competition remained to be a major factor for most ISP's. ISN Ltd. is yet to come out from the prices of bandwidth and NTTN costs. Still within ISN Ltd's limited scope of financial position played its role to remain as one of the leading internet service provider. Accordingly changes have been made within the company structure giving better and positive results. This has ensured to recover from further losses. Thus this year we will see reduction of losses and its partial recovery.

KHULNA OFFICE

Khulna office within its limited resources remained in its present position of holding majority of the market share. Presently Khulna office has become more independent in achieving its target in both the financial as well as commercial area. Expansion programme has been taken in hand to move towards Jesore, Bagerhat and towards North Western districts. The revenue generation has remained stable and expected to increase its revenue for the company in the next financial year.

GULSHAN OFFICE

Gulshan office being the first outlet within Dhaka city has been able to maintain its position against tough competition of the ISP's. The service quality has been improved. Still the price fluctuation of bandwidth and NTTN continues to remain the biggest bottleneck in generating satisfactory revenue. The services of the Gulshan office remain to be a major tool to hold to the clients in this present precarious market situation. The revenue for this year has slightly improved than the previous year and it is expected to prove further.

MOTIJHEEL OFFICE

There has been significant improvement of Motijheel office in terms of clients and revenue generation. Disruption by DESCO/DESA continues to be a hassle for expansion programme. Data Link and IP phone connectivity has increased. It is expected within next year this office will increase its revenue by 25%.

UTTARA OFFICE

The shifting of office has brought new clients. Radio link has been established from this new premise to Gazipur office. The manpower constrain remains still one of the major challenges for this office to generate more revenue. It is expected that the revenue from this office will increase to a satisfactory level from next year.

NARAYANGANJ OFFICE

Due to political problems the management had no other option but to use the premises of BD HuB ensuring continuity of cliental services. Gradually Narayanganj office has again picked up the pace and increased its cliental services. Thus started to generate revenue. It seems now time has come to provide necessary manpower as well as improve facilities in this office to expand its services. It is felt that this office will be able to provide good amount of revenue in the coming years.



GAZIPUR OFFICE

Although Gazipur NOC office started during June 2014, but the billing for Gazipur clients was initiated from April 2014. According to the decision of the Board, expansion programme and increase in the revenue was followed up. Thus, within November 15th proper Branch office was established in Gazipur. According to the plan Radio-Link was established with Uttara and Gazipur office during April 2014.

A senior person has been made Incharge of this branch office to coordinate the expansion programme and generate revenue to the satisfaction of the Management. Till now the revenue generated has been healthy in context to present market situation. It is expected that revenue will increase as the support provided through Radio-Link and Data Service bandwidth has been sufficient. Finally within 2015/2016 ISN Ltd., expects to move forward to Bhaluka & Mymensingh and provide Internet services in that area from Gazipur Office.

CORPORATE MANAGEMENT

The Board's commitment of ensuring standard of corporate management is being followed and well understood. Mid level management has now been made accordingly to the requirement. The vacuum that was has been fulfilled and it is expected that goals set by the Board on behalf of the share holders will be made within next year. The Board of Directors and the Management ensure maintaining compliance with all requirements of regulatory bodies.

MARKETING and BUSINESS DEVELOPMENT

Changes have taken place in the Marketing department. New recruits have been brought in to strengthen this department. Serious efforts have been made to focus in Gazipur and Narayanganj. Results have started to come. It is felt now that increase of clients as well as fresh addition of revenue will be included. It was indicated last year that ISN would establish proper footing in Gazipur. And this has been established. Now ISN has a branch office with proper support staff to increase the revenue.

ADMIN & HR

Admin & HR division again continues to maintain the standard required to provide better services to its clients by employing appropriate persons. Including new bloods to the company has always been in the mind of Admin & HR. The manpower of ISN for the year 2012, 2013 and 2014 is as follows:

Particulars	2014	2013	2012
Number of Employees	117	103	125

SOFTWARE

It is to be understood that this company continued to work on software mainly for inhouse purpose. The changes that took place with software division by curtailing manpower to minimum requirement has reduced partial financial burden. However, web hosting and web designing continues to draw reasonable revenue for the company. The software financial package which is developed with the support of proper software engineer needs further tuning to put it in the market.

The database of new client list has been completed and now needs to be utilized by appropriate persons and organization. This small group has provided avenues for the marketing division to generate revenue for the company.



FINANCE

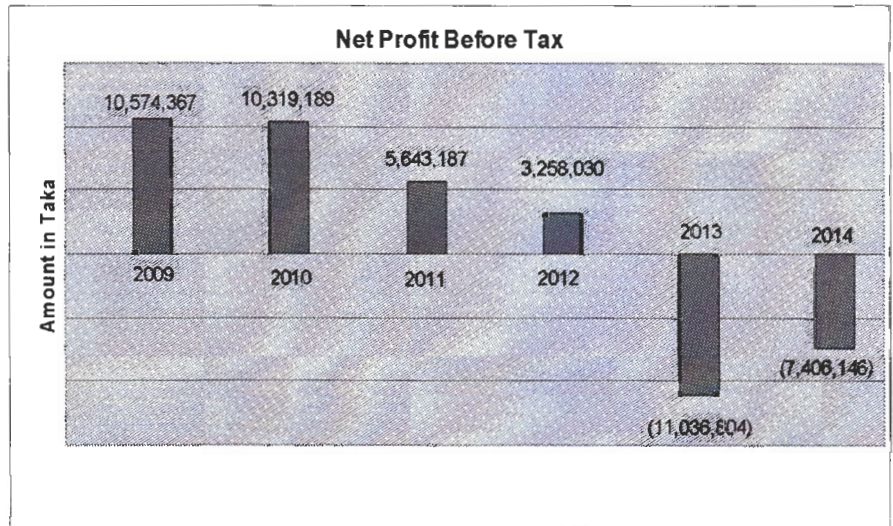
Financial division seeks the guidance and guideline of Bangladesh Securities and Exchange Commission (BSEC) and continues to comply with notification, directories and orders. It also places on record the advice and procedures suggested by the Audit Committee that has been beneficial to be more transparent in all sectors of finance. Our latest Financial Statements and all other price sensitive information are available in our website:

http://www.bangla.net/english/financial_statement.php

COMPANY PERFORMANCE

The company did not perform well due to various reasons and incurred a net loss before tax of Tk. 74,06,146.00 for the year ended on 31st December 2014.

Year	Net Profit (in Taka)
2009	10,574,367
2010	10,319,189
2011	5,643,187
2012	3,258,030
2013	(11,036,804)
2014	(74,06,146)

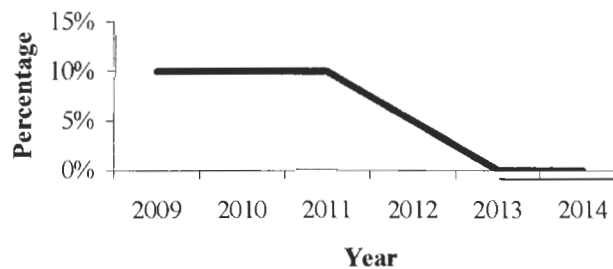


NO DECLARATION OF DIVIDEND

As the company incurred a net loss after tax of Tk. 76,93,595.00 and as there was no retained earnings, the Board of Directors proposed no dividend for the year ended on 31st December 2014.

Year wise dividend declaration pattern from year 2009 to 2014 is provided here:

Dividend Paid to Share holders



FUTURE PLAN

ISN Ltd has time and again indicated the problems of reaching remote areas of the country with Fibre Optic Cables. Hence ISN Ltd. with its limited financial resources has initiated Radio Frequency Connectivity in Gazipur, Savar and other neighboring areas.

It is a fact that BTRC has not yet provided us with Radio SPOT FREQUENCY. ISN Ltd again applied during September 2014 for "Free Radio Frequency". Finally BTRC on 06.11.2014 gave the approval of "FRF". ISN Ltd started to implement its plan with Gazipur. Financial resources will be required to develop Gazipur into full-fledged office to support Savar, Tangail and finally station ISN to Mymensingh.

The prospect of Gazipur needs to be highlighted because of a very simple reason that Gazipur is within the reach from Dhaka and could be monitored easily from ISN Uttara office. It is expected that if proper office with manpower is provided in Gazipur, then an avenue will be established to draw more revenue for the company.

To initiate smooth function for Gazipur Office, following items will be require maintaining the standard of services acceptable to the clients. The below mention items are shown phase wise:

SI No.	Item/Description	Quantity	Phase-1	Phase-2
1	Air conditioner	2	1	1
2	UPS (3KVA 6 Hours)	2	1	1
3	Cisco 3700 Router	1	1	0
4	Cisco Switch	5	4	1
5	Mikrotik Bandwidth Manager	3	2	1
6	150 Ft 3 Lag Radio Tower	2	1	1
7	Radio Base Station	2	1	1
8	Radio Equipment	16	6	10
9	Media convertor	5	5	0
10	Server	5	3	2
11	Vehicle	1	1	0
12	Cisco 2921 Router	1	0	1
13	Racks	1	0	1
14	Patch Panel	4	0	4
15	Switch+Wi-Fi Router	10	0	10

Our Product & Services

As the first ISP of the Country we continued to serve the ICT sector of the country from every single point of Technology. To provide one stop solution we maintain the following Products & Services to our valued clients:

- **Broadband Internet:** Broadband connection for high speed access to Internet is provided through optical fiber cable to dedicated and shared users.
- **Virtual Private Network (VPN) Services:** This system uses encryption and other security mechanisms to ensure that only authorized users can access the network and that the data cannot be intercepted. This solution is ideal for Corporate Offices who are in need of giving access to mobile workers or any other 3rd party securely.
- **Web Solutions:** ISN develops web sites that offer a broad array of resources and services, such as email, forums, suggestions and online shopping malls. Professionals in developing corporate websites that generates leads reduce customer service cost and attract new



employees to the organization. ISN also provides Domain Registration, Web Hosting and Maintenance services as per client requirements.

- **Networking Services:** Our network solutions based on office LAN (Local Area Network) allows information sharing among all employees regardless of where information is stored. We are providing shared applications like email, calendar and task scheduling and other features to aid collaboration in the office; Customized security options and access permissions to safeguard centralized data; High-speed fiber optic network for fast and error-free data transfer etc.
- **Data Services:** ISN Ltd specializes in data services for medium to large businesses with multiple office locations in need of inter-office collaboration and efficient data sharing. Some features of Data Communication are - Net meeting, video phone and other inter-office communication/ collaboration facilities; Shared applications like email, calendar and task scheduling and other features to aid collaboration in the office; Direct link or ISN server aided citywide robust network; Customized security options and access permissions to safeguard centralized data; Powerful high-bandwidth fiber optic network for fast and error-free data transfer in large volumes etc.
- **Server Co-location:** ISN provides Server Co-location service clients to place their server ISN office for better security, safety, data speed in the state-of-the-art data center.
- **SMS Services:** We provide email gateway facilities with other value added functions such as SMS services to corporate clients who can send huge amount of SMS to the targeted people.
- **IP Telephony:** ISN announces the IP Telephony communication services, Branding 'BTEL' into Bangladesh market. Information Services Network Ltd (ISN) combines voice, data and Internet services over the same connection for maximum value and flexibility.

BTEL is a fully managed business phone system solution that provides everything a business needs - equipment, installation, maintenance, support, updates and more. It also provides a converged communication solution that combines voice services and Internet over a single IP connection utilizing a customer's existing Internet system, therefore, eliminating the expense of purchasing new equipment.

Risks and Concerns

Although IT is a booming sector with great potential in Bangladesh, it also has its own risk factors like all other businesses. The related risks factors for IT industry are regulatory risks, market risks, risks related to technology, political unrest, increasing govt. payments in the form of VAT, etc.

Future Outlook

Internet Bandwidth price is lowest in the country now. With the rapid arrival of ITC's (International Terrestrial Cable) and IIG's (International Internet Gateway) license holders, prices are low and the market is very much competitive. The Board of Directors always emphasized the need of reaching new customers in new geographic locations to expand the business. The board also hopes that the government will emphasize more on country wide infrastructure sharing for ISPs at a much lower cost.



Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

The Statement of Comprehensive Income shows that the Cost of Goods Sold for the year ended 31st December 2014 is Tk.28.31 millions against tk.26.57 millions for the last year. Gross Profit for the year ended 31st December 2014 is Tk.21.55 millions against Tk.20.35 millions for the last year. Net Loss after tax for the year ended 31st December, 2014 is (Tk.7.69) millions against (Tk.11.28) millions for the last year.

Pattern of Shareholding as on 31.12.2014

Name of the Shareholder	Position/Designation	No. of Shares
1. Parent/Subsidiary/Associate companies and other related parties:		NIL
2. Directors, Sponsors, CEO, CS, CFO, HIA, Executives and their spouses and minor children:		
2 (a). Directors and sponsors:		
Mr. Sayeed Hossain Chowdhury	Chairman	892,462
Ms. Shirin Huq	Vice Chairman	220,054
Mr. Habibul Alam, BP	Managing Director	164,490
Mr. Suman Celine Huq	Sponsor Director	239,403
Dr. Kaiser Ali Talukder	Shareholder Director	4,601
Mr. Md. Akhtaruzzaman	Shareholder Director	8,318
Prof. Md. Moftofa Akbar	Shareholder Director	10,867
Mr. Asheq UI Islam	Independent Director	3,534
Mr. A. H. M. Al-Faruq	Independent Director	0
Mr. Mirza Ali Behrouze Ispahani	Sponsor	99,717
Mr. Abdullh Hel Mostafa	Sponsor	2,668
Ms. Najma Enaytullah Khan	Sponsor	20,131
Mr. A. R. Azimul Hoque	Sponsor	138,600
Mr Anwar Hossain	Sponsor	151,878
2 (b). CS, CFO, HIA:		
Mr. Md. Nuruzzaman	Company Secretary	NIL
Mr. Md. Tanvir Hasan	Chief Financial Officer	NIL
Mr. Abul Kalam Azad	Head of Internal Audit	NIL
2 (c). Executives (top 5 salaried persons other than Directors/CEO/CS/CFO/HIA:		
Mr. Md. Jahangir Alam	AGM (Operation)	NIL
Mr. Md. Hasan Ali	AGM (Technical)	NIL
Mr. Abdullah Al Mamun	Sr. Manager Procurement	NIL
Mr. Md. Harun Or Roshid	Sr. System Administrator	NIL
Mr. Mohibur Rahman	System Administrator	NIL
2 (d). Spouses and minor children		NIL
3. Shareholding 10% or more voting right		NIL



Corporate Operation Results 5 years (2010 - 2014):

Particulars	2014	2013	2012	2011	2010
No. of Authorised Shares	50,000,000.00	50,000,000.00	50,000,000	50,000,000	50,000,000
No. of Issued Shares	10,920,003	10,920,003	10,400,003	9,904,765	9,004,332
Paid up Capital(Tk.)	109,200,035.00	109,200,035.00	104,000,033.00	99,047,650.00	90,043,332.00
Share Holders Equity(Tk.)	170,127,870.00	177,821,465.00	189,101,459.00	160,162,197.00	159,431,519.00
Share Holders Equity as % Assets	1.38%	1.35%	1.30%	1.31%	1.20%
Total Assets(Tk.)	234,833,795.00	239,355,906.00	245,626,562.00	209,237,925.00	191,222,796.00
Total Liabilities(Tk.)	64,488,866.00	61,352,828.00	56,363,348.00	48,949,117.00	31,700,166.00
Reserve & Surplus(Tk.)	60,927,835.00	68,621,430.00	85,101,426.00	61,114,547.00	69,388,187.00
Net Sales/Net Income (Tk.)	59,606,371.00	54,709,560.00	60,099,157.00	68,701,721.00	71,133,529.00
Profit Before Tax(Tk.)	(7,406,146.00)	(11,036,804.00)	3,258,030.00	5,643,187.00	10,319,189.00
Net Profit After Tax(Tk.)	(7,693,595.00)	(11,279,994.00)	2,975,151.00	5,485,036.00	9,500,856.00
Book Value Per Share	10.00	10.00	10.00	10.00	10.00
Earning Per Share	(0.70)	(1.03)	0.29	0.55	1.05
% of Dividend	-	-	5% B	5% C & 5% B	10% B
Current Ratio	0.41:1.00	1.90:1.00	1.98:1.00	2.09:1.00	2.87:1.00
Operating Ratio	100.00:134.42	100.00:140.12	100.00:110.85	100.00:121.11	100.00:124.35

Remuneration to directors

Only the Managing Director received remuneration from the company. The Independent Directors did not take any remuneration from the company.

Number of Board Meeting held and attendance by directors

SL. No.	Name of the Directors	Number of meetings held	Number of meetings attended
1	Mr. Sayeed Hossain Chowdhury	5	5
2	Ms. Shirin Huq	"	5
3	Mr. Habibul Alam, BP	"	5
4	Mr. Suman Celine Huq	"	5
5	Dr. Kaisar Ali Talukder	"	5
6	Mr. Md. Akhtaruzzaman	"	5
7	Mr. Asheq UI Islam	"	3
8	Prof. Dr. Md. Mostofa Akbar	"	5
9	Mr. A. H. M. Al-Faruq	"	5

Corporate Governance

ISN believes in the practice of Corporate Governance. As a Public Listed Company, the Board of Directors of ISN is determined to meet the stakeholders' interests. The Board of Directors and the Management Team are committed to maintain effective Corporate Governance through a culture of accountability, transparency, well-understood policies and procedures. The company has complied with the conditions as mentioned in the Corporate Governance Guidelines issued on August 7, 2012 by Bangladesh Securities and Exchange Commission (BSEC).



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:

01. Mr. Sayeed Hossain Chowdhury
02. Mr. Suman Celine Huq
03. Prof. Md. Mostofa Akbar

DIRECTORS BRIEF PROFILE (who will retire & are eligible to be elected/re-elected/appointed)

Mr. Sayeed Hossain Chowdhury

Unlike traditional feudals, four to five generations, apart from land owning, the past generation took up business, went for College and University education and joined high Govt. posts during British regime and also pursued intellectualism (leading lawyers and Newspaper editing). The family is acknowledged as one of the well-established, respected and reputed entrepreneurs of Bangladesh.

After completing his higher education in London – UK, Mr. Sayeed H. Chowdhury joined the family business in 1981 and was based in the Sultanate of Oman until 1987, looking after its business interest in the Gulf region. Returned home to work for the family company “Karnaphuli Group” as its Director Finance and Planning. In March 1991, Mr. Chowdhury founded the HRC Group, the much acclaimed and multi faceted blue chip business house of Bangladesh. Initially starting as a shipping agency, the group is now a leading conglomerate of Bangladesh consisting of nineteen (19) member companies with diverse interest which includes but is not limited to ship owning, chartering and agency, tea estate and rubber plantation, blending and packaging of tea for local market and export, real estate, print media, Philips brand lighting products manufacturing/marketing, distribution, insurance, housing finance, merchant banking, information technology, etc. Export performance of HRC in the tea sector has earned Mr. Chowdhury the Government CIP honour for twelve (12) consecutive years. He is the Founder, Chairman and CEO of HRC family of companies. Mr. Chowdhury is also Chairman of Media New Age Limited and a Director of Holiday Publications Limited. He is the Chairman of the Editorial Board of the Bangla National daily Jaijaidin and Chairman of ONE Bank limited. He is a Sponsor Shareholder of Bangladesh General Insurance Co. Ltd. Mr. Chowdhury is the ex-president of Bangladesh Oceangoing Shipowners’ Association (BOGSOA). He is also a member of the British Institute of Management.

Recognitions:

<p><u>National</u></p> <ul style="list-style-type: none">- Industry Business Award (2003)- Financial Mirror Business Award (2004)- Rafiqul Islam Foundation Banking Award (2004) – the best Bank Chairman.- Financial Mirror Export Award (2007)- Michael Madhusudhan Dutt Award (2007) – for Upliftment of Education and Social Welfare- Atish Depankair Gold Medal Award (2009) – for outstanding contribution in Commerce and Industry.	<p><u>International</u></p> <ul style="list-style-type: none">- CPBU Business Entrepreneur of the Year 2007 – United Kingdom.- Queen’s Special Award 2007 - The Ede and Ravenscroft, United Kingdom <p><u>FELLOWSHIP</u></p> <ul style="list-style-type: none">- Honorary Fellowship of the Corporation of Executives Administrators (CEA) – United Kingdom
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Mr. Suman Celine Huq

Mr. Suman Celine Huq obtained the MBA and BBA from Institute of Business Administration, Dhaka University and Regis University, Denver, Colorado, USA respectively. He worked as an Assistant Manager in William Hill Organization, London, UK (1998-1999) and a Merchandiser at EPIC Designers Ltd. Dhaka, Bangladesh (1996-1998).

Prof. Md. Mostofa Akbar

Educated both at home and abroad Prof. Dr. Mostofa Akbar has keen interest in the ICT industries of the country and has been engaged in this ICT arena for quite a long time.

He is a Professor of CSE (Computer Science & Engineering) Department, BUET. He has completed his Ph. D. in Computer Science from University of Victoria, Canada in 2002. He has publications in 12 journals and has published 50 conference papers. He has also published 3 books on Statistics and one book on ICT for Higher Secondary and Tertiary levels. He supervised 21 Masters level students from 2002 to 2014.

Besides teaching, he has provided consultancy services for computerization in Cabinet Division, Support to ICT Task Force, Islami Bank Bangladesh Limited, DESA, Janata Bank, Agrani Bank, Mercantile Bank, Dhaka Stock Exchange (DSE), RAJUK, Bashundhara Group, Tele Barta etc. He is also involved in System Analysis, Design, Tender Vetting, Tender Evaluation, S/W Development, Testing of difference Software Projects.

ADDITIONAL DISCLOSURES

The Directors confirm, to the best of their knowledge-

- a) The financial statement prepared by the management presents the company's state of affairs, operational results and 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 M/S. Khan Wahab Shafique Rahman & Co., Chartered Accountants shall retire in the next AGM. The three firms mentioned below have expressed their willingness to act as the auditors of the company for the year to be ended on 31st December 2015.

1. M/S. Ata Khan & Company, Chartered Accountants, 67 Motijheel C/A, Dhaka.
2. M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6th Floor), 292 Inner Circular Road, Fakirapool, Motijheel, Dhaka.
3. M/S. Shaha Mazumder & Co., Chartered Accountants, 21 Purana Paltan Line (4th & 7th Floor), Dhaka.

The Board of Directors of ISN proposed and recommended the name of M/S. Shafiq Basak & Co. to be appointed as auditors at a fee to be decided in this AGM.



MANAGEMENT APPRECIATION

The Board of Directors would like to put on record their appreciation to the esteemed shareholders of the company for their continued support. The board also thanks Government of Bangladesh, Ministry of Post and Telecommunication (MOPT), Bangladesh Telecommunication Regulatory Commission (BTRC), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and other Government & Regulatory Agencies for their valuable guidance and continued support. The board of Directors is also grateful to the valued clients, stakeholders, business partners and public at large for their outstanding help and support.

The board of Directors also places on record their great appreciation of the commitment, sense of involvement and dedication exhibited by all the staff members towards the company and look forward to their continued support and whole-hearted co-operation for realization of the goals in the year ahead.

Thanking you with warm regards.

For and on behalf of the Board of Directors of Information Services Network Ltd.



(Prof. Md. Mostofa Akbar)
Director



(Habibul Alam) Bir Pratik
Managing Director

Habibul Alam, BP
Managing Director
Information Services Network Ltd.