

Annual Report 2011



InTech Online Limited

TABLE OF CONTENTS

Board of Directors	02
Notice of AGM	03
Directors' Report	4-7
Auditors' Report	08
Balance Sheet	09
Income Statement	10
Cash Flow Statement	11
Statement of Changes in Equity	12
Notes to the Financial Statement	13-23
Fixed Assets Schedule	24

BOARD OF DIRECTORS

Chairman

Mr. Md. Ashiqur Rahman

Directors

Mr. Md. Shamsul Alam

Mr. Md. Arifur Rahman

Mr. Mosleh Uddin Ahmed

Dr. Mahfuzur Rahman Bhuiyan

Chief Executive Officer (Acting)

Mr. Mosleh Uddin Ahmed

Company Secretary

Mr. Md. Mohibul Islam

NOTICE

INTECH ONLINE LIMITED

3/1-H, Purana Paltan
Dhaka-1000.

NOTICE OF 12TH ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of InTech Online Limited will be held on Thursday, 17th May, 2012 at 10:00 a.m. at Trust Milonayatan, 545, Old Airport Road, Dhaka Cantonment to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Accounts for the year ended 31st December 2011 and the reports of the Auditors and Directors thereon
2. To declare 10% stock dividend for the year 2011
3. To elect Directors
4. To appoint Auditors for the year 2012 and fix up their remuneration
5. To discuss expansion and diversification of business

Dated: April 18, 2012
Board
Dhaka

By order of the

Sd/
(Md. Mohibul Islam)
Company Secretary

Notes:

1. The record date shall be on April 30, 2012. The shareholders whose name will appear in the Share Register of the Company and in the Depository Register on the record date will be entitled to receive stock dividend
2. A member entitled to appoint and vote at the Annual General Meeting may appoint a proxy to attend on his / her behalf. The proxy form, duly stamped, must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting
3. Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or proxy-holder(s)

DIRECTORS' REPORT TO THE SHAREHOLDERS

(under Section 184 of the Companies Act 1994)

Dear Shareholders,

It is our privilege to welcome you all to the 12th Annual General Meeting of Intech Online Limited. We are pleased to present the results of operational activities and the audited financial statements of the Company for the year ended December 31, 2011.

Business Activities

Your Company has successfully continued its operations in the existing lines of business.

As you may recall, we mentioned in our previous report that we were facing competition from other telecommunication and other companies who have received license for broadband and WIMAX services respectively. In this scenario your Company planned to explore new opportunities for expansion and diversification in the near future.

After exploring various avenues for expansion, the Board would like to propose certain new areas which will be placed for discussion and your consent in the AGM.

Financial Results

The revenue of the company for the year 2011 was Taka 40.71 million against Taka 39.92 million of 2010, registering an increase of Taka 0.78 million. The Directors take pleasure in presenting the financial results of the Company for the year ended December 31, 2011 and recommend appropriations as follows:

Particulars	2011 Taka	2010 Taka
Net Profit before Tax	15,667,788	12,519,620
Tax	(591,891)	(1,389,088)
Net Profit after Tax	16,259,679	13,908,708
Add: Un-appropriated Profit From Previous Year	635,281	1,206,513
Available for Appropriation	16,894,960	15,115,221
Proposed Stock Dividend	15,927,943	14,479,949
Un-appropriated Profit	967,017	635,272

Note : Proposed stock dividend has not been accounted for in the audited financial statements.

Dividend

The Board of Directors have the pleasure to recommend 10% stock dividend (10 Bonus shares for each 100 shares held) for your approval for the year 2011.

Directors

Under Section 60 of the Articles of Association of the Company, Mr. Md. Arifur Rahman and Mr. Mosleh Uddin Ahmed, Directors from the general shareholders retire by way of rotation. So two directors will be elected from the general shareholders. Mr. Md. Arifur Rahman and Mr. Mosleh Uddin Ahmed being eligible, offer themselves for re-election. One Director will be elected from the institutional shareholders.

Audit Committee Meeting

In 2011, the meetings of audit committee were held thrice where all members of the committee attended to consider the annual accounts 2010, and half yearly report and third quarter reports.

Auditors

The existing Auditors Chowdhury Hossain Rashid & Co. Chartered Accountants retire in the 12th Annual General Meeting having completed three years tenure as per SEC regulation and do not offer themselves for re-appointment.

The Board recommends the appointment of Saha Mazumder & Co., Chartered Accountants, as auditors, for your approval, for the year 2012.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Corporate Governance

Corporate Governance is the process by which companies are directed and controlled by the Board. Report in pursuance to Notification No. SEC/CMRRCD/2006- 158/Admin/02-08 of 20th February 2006 issued by Securities & Exchange Commission is as follows:-

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operation, cash flows and change in equity.
- b) Proper books of Accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) Software Revenue has increased.
- h) Key operating and financial data for 2011 and preceding three years:

Particulars	2011	2010	2009	2008
Turnover	40,705,025	39,924,948	32,839,965	31,593,724
Gross Profit	35,749,509	33,766,635	27,654,559	26,111,720
Profit Before Tax	15,667,788	12,519,620	6,489,781	5,497,306
Tax	(591,891)	(1,389,088)	1,260,524	496,520
Profit After Tax	16,259,679	13,908,708	5,229,257	5,000,786
Total Assets	182,837,971	166,542,051	156,498,312	160,081,762
Shareholders Equity	176,174,390	159,914,711	146,006,003	140,776,746
Total Current Assets	99,433,188	112,662,850	86,100,130	72,258,112
Total Current Liabilities	6,663,581	6,627,340	10,492,309	19,064,279

- i) The Company has declared Stock dividend of 10%
- j) During the year 6 Board Meetings were held and Directors' attendance is shown as follows:

Name of Directors	Position	Attended
Mr. Md. Ashiqur Rahman	Chairman	8
Mr. Md. Shamsul Alam	Director	7
Mr. Md. Arifur Rahman	Director	8
Mr. Mosleh Uddin Ahmed	Director	8
Dr. Mahfuzur Rahman Bhuiyan	Director	6

DIRECTORS' REPORT TO THE SHAREHOLDERS

k) The pattern of shareholdings is disclosed as follows:

- 1) The Company has no Parents/Subsidiary/Associated Companies
- 2) The shareholding of Directors have been disclosed as follows:

Shareholdings by	No. of shares
Mr. Md. Shamsul Alam	66550
Mr. Md. Ashiqur Rahman	3461
Mr. Md. Arifur Rahman	3978
Mr. Mosleh Uddin Ahmed	3461
Dr. Mahfuzur Rahman Bhuiyan*	-

* Dr. Mahfuzur Rahman Bhuiyan is an Independent Director, he does not hold any share of the Company

Company Secretary and their spouse and minor children do not hold any shares of the Company.

3) No Executives hold any share of the Company

4) No Shareholders hold 10% or more shares.


Status of compliance with conditions

Condition No	Title	Compliance Status	Explanation for non compliance with the condition
1.1	Board Size: Board Members should not be less than 5 (Five) and more than 20 (Twenty)	Complied	
1.2	Appointment of Independent Director (At least 1/10th) by elected Directors	Complied	
1.3	Individual Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	Complied	
1.4	The Directors' Report to Shareholders on:		
1.4	(a) Preparation of Financial Statements	Complied	
1.4	(b) Maintenance of proper books of accounts	Complied	
1.4	(c) Appropriate Accounting policies	Complied	
1.4	(d) Compliance with International Accounting Standard (IAS)	Complied	

DIRECTORS' REPORT TO THE SHAREHOLDERS

Condition No	Title	Compliance Status	Explanation for non compliance with the condition
1.4(e)	Internal control system	Complied	
1.4(f)	Ability to continue as Going Concern	Complied	
1.4(g)	Significant deviation from last year	Complied	
1.4(h)	Presentation of last three years Data	Complied	
1.4(i)	Declaration of Dividend	Complied	
1.4(j)	Details of Board Meeting	Complied	
1.4(k)	Shareholding Pattern	Complied	
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary	Complied	
2.2	Attendance of CFO and the Company secretary in Board Meetings	Complied	
3.00	Audit Committee	Complied	
3.1 (i)	Composition of Audit Committee	Complied	
3.1 (ii)	Audit Committee Members Appointment	Complied	
3.1 (iii)	Terms of Service of Audit Committee	Complied	
3.2 (i)	Chairman of Audit Committee	Complied	
3.2 (ii)	Audit Committee Chairman's Qualification	Complied	
3.3.1(i)	Reporting to the Board of Directors	Complied	
331(ii)(a)	Report of Conflicts of Interest	N/A	
331(ii)(b)	Defect in the Internal Control System	N/A	
331(ii)(c)	Suspected infringement of laws	N/A	
33 (ii)(d)	Any other matter	N/A	
3.3.2	Reporting to the Authorities	N/A	
3.4	Reporting to the Shareholders	N/A	
4.00	External / statutory Auditors :		
4.00(i)	Not engaged in appraisal or valuation services or fairness opinions	Complied	
4.00(ii)	Not engaged in financial information systems design and implementation	Complied	
4.00(iii)	Not engaged in book-keeping	Complied	
4.00(iv)	Not engaged in broker dealer service	Complied	
4.00(v)	Not engaged in actuarial service	Complied	
4.00(vi)	Not engaged in Internal Audit	Complied	
4.00(vii)	Not engaged in any other service that the audit Committee determines	Complied	

On behalf of the Board of Directors



Md. Ashiqur Rahman
Chairman
April 18, 2012

AUDITORS' REPORT TO THE SHAREHOLDERS OF INTECH ONLINE LIMITED

We have audited the accompanying Balance Sheet of **InTech Online Limited** as of December 31, 2011 and the related Income Statement, the Cash Flow Statement and Statement of Changes in Equity for the year then ended together with notes thereto. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion:

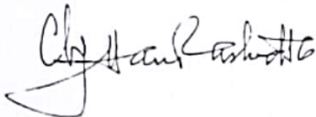
We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting 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 December 31, 2011 and of the results of its operations and cash flows 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:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.
- iii. The Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account and returns, and
- iv. The expenditure incurred was for the purpose of the company's business.



(Chowdhury Hossain Rashid & Co.)
Chartered Accountants

Dated: Dhaka
April 18, 2012

BALANCE SHEET

INTECH ONLINE LIMITED

Balance Sheet

As of December 31, 2011

Particulars	Notes	Amount (Tk.) 2011	Amount (Tk.) 2010
ASSETS :			
Non-Current Assets		83,404,783	53,879,201
Property, Plant and Equipment (at cost less accumulated depreciation)	4	80,425,692	52,191,081
Deferred Tax	11	2,979,091	1,688,120
		-	-
Current Assets		99,433,188	112,662,850
Inventories	5	2,309,651	2,299,451
Advance, Deposit & Prepayments	6	38,988,601	39,195,802
Trade Receivables	7	50,257,469	70,181,507
Investment in Share	8	103,985	164,730
Cash and Cash Equivalents	9	7,773,482	821,360
Total Assets		182,837,971	166,542,051
EQUITY AND LIABILITIES:			
Shareholders' Equity		176,174,390	159,914,711
Share Capital	10	159,279,430	144,799,490
Retained Earnings		16,894,960	15,115,221
Current Liabilities & Provisions		6,663,581	6,627,340
Liability for Expenses	12	6,639,632	5,866,292
Advance and Deposit from Customer	13	15,000	15,000
Bank Overdraft/Loan against Margin Account	14	-	44,985
Provision for Income Tax	15	8,949	701,063
Total Equity and Liabilities		182,837,971	166,542,051

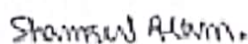
Footnotes

The accounting policies and other notes form an integral part of the financial statements.

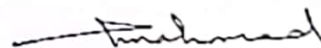
The financial statements were authorized for issue by the Board of Directors on April 18, 2012 and signed on its behalf by:



Md. Ashiqur Rahman
Chairman



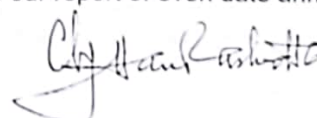
Md. Shamsul Alam
Director



Mosleh Uddin Ahmed
Chief Executive Officer(Acting)

Auditor's Report

See our report of even date annexed



(Chowdhury Hossain Rashid & Co.)
Chartered Accountants

Dated: Dhaka
April 18, 2012

INCOME STATEMENT

INTECH ONLINE LIMITED
Income Statement
 For the year ended December 31, 2011

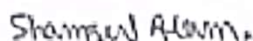
Particulars	Notes	Amount (Tk.) 2011	Amount (Tk.) 2010
Revenue from Operations	16	40,705,025	39,924,948
Expenses for Operations	17	(4,955,516)	(6,158,313)
Cost of Goods Sold	18	-	-
Gross Profit		35,749,509	33,766,635
Less: Administrative & General Expenses		20,114,216	23,356,288
Administrative Expenses	19	4,213,990	4,010,021
Marketing Expenses	20	941,021	982,250
Financial Expenses	21	14,331	232,440
Amortization of Deferred Expenses	5	-	392,186
Depreciation	4	14,944,874	17,739,391
Operating Profit		15,635,293	10,410,347
Add: Non-Operating Income	22	32,495	2,109,273
Net Profit for the Year before Tax		15,667,788	12,519,620
Income tax	23	(591,891)	(1,389,088)
Net Profit after Tax		16,259,679	13,908,708
Balance of profit brought forward from last year		635,281	1,206,513
Balance as per last account		15,115,221	14,370,103
Less: Bonus Share Issued		(14,479,940)	(13,163,590)
Retained earnings carried forward		16,894,960	15,115,221
Earning Per Share (Par value of Tk. 10/-)	24	1.02	0.96

Footnotes

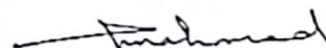
The accounting policies and other notes form an integral part of the financial statements.
 The financial statements were authorized for issue by the Board of Directors on April 18, 2012 and signed on its behalf by:



Md. Ashiqur Rahman
Chairman

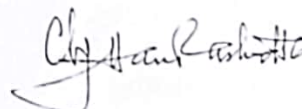


Md. Shamsul Alam
Director



Mosleh Uddin Ahmed
Chief Executive Officer(Acting)

Auditor's Report
 See our report of even date annexed



(Chowdhury Hossain Rashid & Co.)
Chartered Accountants

Dated: Dhaka
April 18, 2012

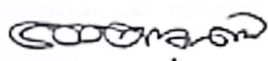
CASH FLOW STATEMENT

INTECH ONLINE LIMITED
Cash Flow Statement
 For the year ended December 31, 2011

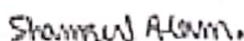
	Amount (Tk.) 2011	Amount (Tk.) 2010
1. Cash Flow from Operating Activities:	50,168,813	(3,516,547)
Collection from Customers & Others	60,877,093	7,730,659
Payment for Expenses	(10,708,280)	(11,247,206)
2. Cash Flow from Investing Activities:	(43,204,201)	5,529,347
Acquisition of Property, Plant and Equipment	(43,179,485)	(8,000)
Investment in Share	50,614	8,017,347
Advanced for floor /Advance	(75,330)	(2,480,000)
3. Cash Flow from Financing Activities:	(12,490)	(1,833,495)
Bank Overdraft	(44,985)	(3,942,768)
Capital Gain	400	1,949,702
Interest and dividend received	32,095	159,571
4. Increase/Decrease in Cash and Cash Equivalents (1+2+3)	6,952,122	179,305
5. Cash and Cash Equivalents at the beginning of the year	821,360	642,055
6. Cash and Cash Equivalents at the end of the year (4+5)	7,773,482	821,360

Footnotes

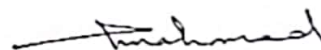
The accounting policies and other notes form an integral part of the financial statements. The financial statements were authorized for issue by the Board of Directors on April 18, 2012 and signed on its behalf by:



Md. Ashiqur Rahman
Chairman

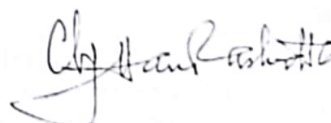


Md. Shamsul Alam
Director



Mosleh Uddin Ahmed
Chief Executive Officer(Acting)

Auditor's Report
See our report of even date annexed



(Chowdhury Hossain Rashid & Co.)
Chartered Accountants

Dated: Dhaka
April 18, 2012

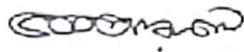
STATEMENT OF CHANGES IN EQUITY

INTECH ONLINE LIMITED
Statement of Changes in Equity
 For the year ended December 31, 2011

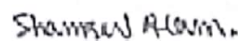
Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance as of January 1, 2010	131,635,900	14,370,103	146,006,003
Bonus Share Issued	13,163,590	(13,163,590)	-
Net Profit for the year	-	13,908,708	13,908,708
Balance as of 31-12-2010	144,799,490	15,115,221	159,914,711
Balance as of January 1, 2011	144,799,490	15,115,221	159,914,711
Bonus Share Issued	14,479,940	(14,479,940)	-
Net Profit for the year	-	16,259,679	16,259,679
Balance as of 31-12-2011	159,279,430	16,894,960	176,174,390

Footnotes

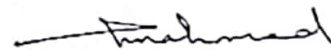
The accounting policies and other notes form an integral part of the financial statements.
 The financial statements were authorized for issue by the Board of Directors on April 18, 2012
 and signed on its behalf by:



Md. Ashiqur Rahman
Chairman



Md. Shamsul Alam
Director



Mosleh Uddin Ahmed
Chief Executive Officer(Acting)

Auditor's Report
 See our report of even date annexed



(Chowdhury Hossain Rashid & Co.)
Chartered Accountants

Dated: Dhaka
April 18, 2012

NOTES TO THE FINANCIAL STATEMENTS

INTECH ONLINE LIMITED Notes to the Financial Statements For the year ended December 31, 2011 Forming an integral part of the Financial Statements

1.00 Legal status and Nature of the Company:

1.01 Domicile, Legal Form and Country of Incorporation

InTech Online Limited (hereinafter referred to as the "Company") was incorporated in Bangladesh, as a Public Limited Company under the Companies Act, 1994 vide Registration No. C-39560 (1528)/2000 of the Registrar of Joint Stock Companies on February 2, 2000.

The shares of the Company are listed with the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

1.02 Address of Registered Office and Principal Place of Business

The principal place of business and registered address is 3/1-H, Purana Paltan, Dhaka-1000.

1.03 Principal Objectives /Activities and Nature of Operations

The principal activity of the Company is to provide Internet connectivity services through broadband and dial-up services to corporate entities and individual clients. It is also involved in providing ancillary services to software companies and data transcription companies by providing high volume data transfer channels.

Other activities of the Company include providing information technology consulting services to corporate houses, network design and implementation on turnkey basis, and software development for local and international markets. The Company is also engaged in web development and hosting.

It is also the objective of the Company to become the premier solutions provider in Bangladesh in the fields of E-Commerce through utilizing its potential and skills in developing database solutions through the internet; and also provide data centre service, training on Web and Software, intranet and network solution etc. along with carrying on the business of and being the source provider of optical fiber, computer and computer accessories manufacturers and distributors.

2.00 Significant accounting policies:

These financial statements have been prepared on a going concern basis under historical cost convention based on the generally accepted accounting principles consistently applied and International Accounting Standard as adopted by ICAB.

Specific Accounting Policies Selected and Applied for Significant Transactions and Events.

2.01 Revenue Recognition

Revenue represents invoiced/billed value of services. Invoice/ Bills are made after satisfying the following conditions as prescribed IAS 18 "Revenue Recognition".

- (a) The significant risk and rewards of ownership of the service sold has been transfer to the subscriber / buyer of the service;
- (b) The amount of revenue was measured reliably;
- (c) It was probable that the economic benefits relating to the transaction will flow to the enterprise;
- (d) Neither continuing managerial involvement nor effective control usually associated with ownership of the service sold was retained by the company; and
- (e) Cost relating to the transactions was measured reliably.

2.02 Recognition of Property, Plant & Equipment and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation in accordance with IAS 16 "Property, Plant and Equipment". Cost represents cost of acquisition and other related costs incurred in bringing the assets to their present location and condition.

Depreciation is charged under the straight-line method at rates determined on the basis of the useful lives of the respective assets. Assets acquired in the first six months of the year are depreciated for the full year, while assets acquired in the last six months are not depreciated in the year of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Rates
Networking Installation	15%
Electric Installation	10%
Telephone line cost	10%
Servers	15%
Cable Network	20%
Lan Network	20%
Office Equipment	15%
Software	20%
Interior Decoration	15%
Furniture & Fixtures	15%
Utensils	18%
Vehicle (Car)	20%
Optical Fiber Network	15%

Details of Property, Plant and Equipment are provided under Note 4 of the financial statements.

2.03 Inventories

Inventories are valued at lower of cost and net realizable value, cost being determined under FIFO method.

2.04 Current Liabilities for Expenses and Liabilities for Other Finance

Liabilities are recognized for amounts to be paid in the future for goods and service received from the suppliers.

2.05 Amortization

Rights share expenses are amortized equally over a period of five years from 2006 to 2011. Note 5 of the financial statements contain details.

2.06 Cash and Cash Equivalents

According to IAS 7 "Cash Flow Statement" Cash comprises cash in hand and bank deposits and, Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. IAS 1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted 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.

2.07 Cash Flow Statement

Cash Flow Statement is prepared and presented under direct method.

2.08 Trade and other Receivables

These are at original invoice amount. These are unsecured, considered good and collectible.

2.09 Employees Separation Plan

The Company has not yet introduced any separation plan for its employees.

2.10 Foreign Currency Translation

Transactions in foreign currencies are converted into Bangladesh Taka at the exchange rate prevailing on the date of transaction.

2.11 Earning Per Share: (EPS)

Basic Earning Per Share:

The company calculates Earning per Share (EPS) in accordance with IAS-33 "Earning per Share" as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Diluted Earning Per Share:

No diluted Earning per share is required to be calculated for the year, as there was no scope for dilution during the year.

NOTES TO THE FINANCIAL STATEMENTS

2.12 Taxation

Provision for Taxation:

The Company is a publicly traded company. Provision for current income Tax has been made as per the income Tax Ordinance 1984.

Deferred Tax:

The company has recognized deferred tax using balance sheet method in compliance with the provision of BAS 12: Income Taxes.

2.13 Related party transaction

The Company has booked floor space from Ivory Builders, a company owned by the directors of the Company, and the transaction falls within the definition of related party contained in BAS 24 detail of the transaction is shown in note 7.00 advances deposits and prepayments.

2.14 Comparative information

Comparative information have been disclosed in respect of the year 2009 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements.

Figures of the year 2009 have been re-arranged whenever considered necessary to ensure comparability with the current year.

3.00 ADDITIONAL INFORMATION ON FINANCIAL STATEMENTS

Responsibility for Preparation and Presentation of 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).

3.01 Components of the Financial Statements

According to the Bangladesh Accounting Standard (BAS) 1 "Presentation of Financial Statements", the complete set of Financial Statements includes the following components:

- (i) Balance Sheet as at December 31, 2011.
- (ii) Income Statement for the year ended December 31, 2011.
- (iii) Statement of Changes in Equity for the year ended December 31, 2011.
- (iv) Cash Flow Statement for the year ended December 31, 2011.
- (v) Accounting policies and explanatory notes.

3.02 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.

3.03 Compliance with International Accounting Standards: (IASs)

The financial statements have been prepared in compliance with requirements of IAS adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

3.04 Reporting Currency and Level of Precision

The figures in the Financial Statements represent Bangladesh Currency (Taka), which has been rounded off to the nearest Taka.

3.05 Reporting Period

The financial period of the company covers one calendar year from January 1, 2011 to December 31, 2011 consistently.

NOTES TO THE FINANCIAL STATEMENTS

	Amount (Tk.) 2011	Amount (Tk.) 2010
4.00 Property, Plant and Equipment, net of accumulated depreciation: Tk. 80,425,692		
This consists of:		
Opening Balance (at cost less accumulated depreciation)	52,191,081	69,922,472
Add: Addition during the year	54,430,361	8,000
	106,621,442	69,930,472
Add: Accumulated depreciation	66,255,925	-
	172,877,367	69,930,472
Less: Disposal during the year	77,506,801	-
	95,370,566	69,930,472
Less: Depreciation during the year Schedule-A	14,944,874	17,739,391
Closing Balance	80,425,692	52,191,081
[Details are shown in Schedule-A]		
5.00 Inventories: Tk. 2,309,651		
This consists of:		
Computer & Computer Accessories	612,600	612,600
Nemo- Coresema Modem	465,500	465,500
Wire	1,231,551	1,221,351
Total	2,309,651	2,299,451
5.01 The inventories are valued at the lower of cost and net realizable value, cost being determined under FIFO method.		
5.02 The basis of valuation is consistent with the preceding year.		
6.00 Advances, Deposits & Prepayments: Tk. 38,988,131		
This consists of:		
Advances:	38,730,047	38,937,718
Office Rent	17,004	17,004
Income Tax	624,639	623,900
Advance for Expenses	52,615	72,615
Advance to Ivory Builders for floor purchase	38,230,000	38,230,000
Annual Listing Fee to CSE	23,077	23,077
VAT	(253,288)	(64,878)
Advance to BTTB	36,000	36,000
Deposits:	258,084	258,084
Security Deposit for DDN	145,300	145,300
Lease Deposit	150	150
Performance Security	2,105	2,105
Security Deposit to CDBL	100,000	100,000
Security Deposit to DPHE	10,529	10,529
Total	38,988,131	39,195,802

No amount was due by the Directors, Managing agent, Managers and other officers of the company and any of them severally or jointly with any other person.

The advances are good and unsecured.

NOTES TO THE FINANCIAL STATEMENTS

7.00 Trade Receivables: Tk. 50,257,469	Amount (Tk.) 2011	Amount (Tk.) 2010
Composition of the above balance is as under:		
Internet Service	247,452	250,822
Software Sales and Maintenance	49,913,644	69,834,312
Sale of Computer, Modem, Cable and other equipments	96,373	96,373
Total	50,257,469	70,181,507

The entire receivable amount originated within one year before the Balance Sheet considered good and typically unsecured

No amount was due from directors, chief executive, executives, associated companies, controlled firms, related parties and subsidiary companies.

8.00 Investment: 103,985	103,985	164,730
Name of The Company		
The City Bank Ltd 1000 share @ 739.20	-	60,745
Titasgas 1000 shares@103.98	103,985	103,985
	103,985	164,730

Notes: The market price of the above shares at the Balance Sheet date was Tk. 67,700.00.
No provision has been made for the unrealised loss.

9.00 Cash and Cash Equivalents: Tk. 7,773,482		
The break up of the amount is as under:		
Cash in Hand	7,608,999	480,210
Cash at Bank	155,328	341,150
Current Accounts:	120,099	121,129
Pubali Bank, Foreign Exchange Branch.	122,585	125,239
Islami Bank, Head Office Complex Branch	-	11,285
Islami Bank, SND A/C	(2,557)	(15,466)
Eastern Bank Limited	71	71
STD Accounts:	35,229	220,021
Dhaka Bank, Local Office Branch	23,671	19,425
Prime Bank, Foreign Ex. Br.	11,558	200,596
Merchant Account:	9,155	-
Shahjalal Islami Bank	9,155	-
Total	7,773,482	821,360

The above cash balance physically verified at the end of the year by the management.
The above bank balances have been confirmed with the bank statement & reconciliation.

NOTES TO THE FINANCIAL STATEMENTS

10.00 Share Capital: Tk. 159,279,430

This represents:

(a) Authorized Share Capital : 20,000,000 Ordinary Shares @ Tk. 10/- each	200,000,000	200,000,000
(b) Issued, Subscribed & Paid up Capital: 14,479,949 Ordinary Shares @ Tk. 10/- each, fully paid in cash	144,799,490	131,635,900
(c) Issued, Subscribed & Paid up Capital: 1,447,994 Ordinary (Bonus) Shares Issued @ Tk. 10/- each	14,479,940	13,163,590
	159,279,430	144,799,490

(d) Composition of Shareholdings :

Shareholdings by	2011		2010	
	No. of Shares	%	No. of Shares	%
Sponsors/Directors	408,517	2.56	369,382	2.55
Financial Institutions	2,229,398	14.00	1,356,189	9.37
General Public	13,290,028	83.44	12,754,378	88.08
Total	15,927,943	100.00	14,479,949	100.00

(e) Distribution Schedule - Under the Listing Regulations of Dhaka & Chittagong Stock Exchange:

The distribution schedule showing the number of shareholders and their shareholdings in percentage.

Range of holdings	No. of Shareholders	No. of Shares	% of share Capital
Less Than 500	4,118	408,292	2.56
500 to 5000	5,596	7,457,475	46.82
5001 to 10000	307	2,126,128	13.35
10001 to 20000	110	1,528,374	9.60
20001 to 30000	35	863,183	5.42
30001 to 40000	12	418,158	2.63
40001 to 50000	5	226,836	1.42
50001 to 100000	13	849,450	5.33
100001 to 1000000	9	2,050,047	12.87
Over 1000000 shares	-	-	-
Total	10,205	15,927,943	100.00

(f) Voting Rights :

The rights and privileges of the shareholders are stated in the Bye-laws (Articles of Association).

11.00 Deferred Tax : Tk. (2,979,091)		
Deferred Tax Assets are arrived as follows-		
Book Value of Depreciable Fixed Asset	80,425,692	52,191,081
Less-Tax Basis	91,258,749	58,329,699
Taxable Temporary Difference	(10,833,057)	(6,138,618)
Effective Tax Rate	27.50%	27.50%
Deferred Tax Asset/Liability	(2,979,091)	(1,688,120)
Deferred Tax income/expenses is arrived as follows-		
Closing Deferred Tax Assets	(2,979,091)	(1,688,120)
Opening Deferred Tax Assets	(1,688,120)	(83,524)
	(1,290,971)	(1,604,596)

NOTES TO THE FINANCIAL STATEMENTS

	Amount (Tk.) 2011	Amount (Tk.) 2010
12.00 Liability for Expenses: Tk. 6,639,632		
This consists of:		
Audit Fees	35,000	35,000
Other payable-12.01	6,604,632	5,831,292
Total	6,639,632	5,866,292
These are unsecured and falling within one year.		
12.01 Other Payable: Tk.6,604,633		
This consists of:		
Salaries	821,652	736,333
DDN Expense	207,581	207,581
Link Charge	1,319,833	1,141,433
Security Guard	6,200	6,200
Office Rent Payable	1,986,785	1,602,785
Wasa Bill	7,002	7,791
Electricity Bill	32,002	27,602
E 1 Rent	552,000	552,000
Telephone Bill	55,670	53,402
ITDS	(4,507)	(4,507)
Internet Exchange Connection Fees	21,000	14,000
VSAT Rent Payable	1,339,626	1,339,626
CDBL	30,198	97,456
Trade Creditors	49,590	49,590
System room rent payable	180,000	
Total	6,604,632	5,831,292
13.00 Advance and Deposit from the customer: Tk. 15,000		
This amount has been taken as advance from:		
Deposit for Modem	15,000	15,000
Total	15,000	15,000
14.00 Bank Overdraft/Loan against Margin Account: Tk. (9,655)		
The above amount consists of the following		
Principal Amount		44,241
Accrued interest & Charges		744
Total	-	44,985
15.00 Provision for Income Tax: Tk.8,949		
This consists of:		
Opening Balance	701,063	885,555
Add: Addition during the year	23,030	215,508
	724,093	1,101,063
Less: Adjusted during the year	715,144	400,000
Closing Balance	8,949	701,063

NOTES TO THE FINANCIAL STATEMENTS

16.00 Revenue From Operation: Tk.40,705,025		Amount (Tk.) 2011	Amount (Tk.) 2010
This consists of:			
Internet Service	16.01	1,679,063	2,275,075
Software	16.02	39,104,319	37,649,873
Sale of Computer, Computer Accessories, Modem and other equipment		-	-
Total		40,705,025	39,924,948
16.01 Internet Revenue: Tk. 1,602,206			
This consists of:			
Regular Charges		1,696,804	1,844,642
VAT		(253,288)	(64,878)
Installation		219,447	452,811
Domain Registration		16,100	42,500
Total		1,679,063	2,275,075
16.02 Software: Tk. 42,246,222			
This consists of:			
Web Page Design & Hosting		-	41,150
Other Software Sales & Maintenance		39,104,319	37,608,723
Total		39,104,319	37,649,873
17.00 Expenses of Operations: Tk:4,955,516			
This consists of:			
Fuel Expenses-Generator		79,380	248,250
Link Charge		1,620,120	2,278,840
Rent for System Room		180,000	180,000
Salary		1,805,883	1,664,000
IP Charge		104,105	80,810
LAN Accessories		618,306	513,079
Optical Fiber Network Accessories		163,919	697,834
Server Accessories		-	133,500
Optical Fiber Network Rent		292,803	234,000
Internet Exchange Connection Fee		91,000	84,000
Web Page Design & Hosting		-	44,000
Total		4,955,516	6,158,313
18.00 Cost of goods sold (Computer & Computer Accessories Cable, Modem and others equipments): Tk: 0			
This consists of:			
Opening Inventory		2,299,451	2,233,697
Purchase during the year		10,200	65,754
Closing Inventory		(2,309,651)	(2,299,451)
Total		-	-

NOTES TO THE FINANCIAL STATEMENTS

19.00 Administrative Expenses : Tk.4,213,990	Amount (Tk.) 2011	Amount (Tk.) 2010
This consists of:		
Audit Fee	35,000	35,000
AGM	490,360	464,215
Computer & Others Accessories	99,375	239,022
Conveyance & Allowance	382,051	308,806
Trade License Fee	7,005	7,005
Domain Registration	16,025	21,978
Electric Bill	363,131	338,357
Entertainment	397,545	429,655
Fees & Commission	87,414	70,040
General Expenses	20,366	24,751
ISP License Renewal Fee	105,000	105,000
News Paper	3,536	3,704
Office Rent	384,000	384,000
Postage& Courier	14,730	20,887
Salary	1,134,250	956,950
Printing & Stationery	119,632	165,690
Subscription	50,000	50,000
Telephone, mobile	136,095	150,914
Training	-	3,000
WASA Bill	40,462	36,381
Advertisement	148,740	8,820
Maintenance Expenses	179,273	185,846
Total	4,213,990	4,010,021
20.00 Marketing Expenses: Tk. 941,021		
This consists of:		
Salary	941,021	982,250
Total	941,021	982,250
21.00 Financial Expenses : Tk.14,331		
This consists of:		
Bank Charge	7,827	9,266
Interest on Bank Overdraft	6,504	223,174
Total	14,331	232,440
22.00 Non-Operating Income : Tk. 32,495		
This income is generated as under:		
	-	-
Interest on short term deposit	12,095	8,811
Dividend income	20,000	150,760
Capital Gain: Trading of listed securities	400	1,949,702
Total	32,495	2,109,273

NOTES TO THE FINANCIAL STATEMENTS

	Amount (Tk.) 2011	Amount (Tk.) 2010
23.00 Income Tax: Tk.(591,891)		
This consists of:		
Provision for the year	23,030	215,508
Deferred Tax	(1,290,971)	(1,604,596)
Tax Paid	676,050	
Total	(591,891)	(1,389,088)
24.00 Earnings Per Share (EPS): Tk.1.02		
The computation of Basic EPS is given below:		
Earning attributable to the Ordinary Shareholders (Net profit after tax)	16,259,679	13,908,708
Number of Ordinary Shares outstanding during the year	15,927,943	14,479,949
	1.02	0.96

25.00 Payment / Perquisites to Director:

No amount of money was spent by the company for compensating any member of the Board for services rendered.

26.00 Capital expenditure commitment:

There was no capital expenditure commitment as of December 31 , 2011

27.00 Claims not acknowledged:

There was no claim against the company not acknowledged as debt as of December 31 , 2011.

28.00 Contingent Liabilities:

There was no amount of contingent liability as of December 31 , 2011.

29.00 Credit facility not availed:

There was no other credit facilities available to the company under any contract, other than trade creditors available in the ordinary course of the business and not availed as of December 31, 2011.

30.00 Related Party Transactions:

During the year under audit the company had no transaction with any related parties

31.00 Foreign Exchange Earned:

No foreign exchange was earned by the Company during the year.

32.00 Number of Employees:

34 (Thirty Four) number of employees were in employment all of them 34 (Thirty Four) employees who received salaries of Tk. 36,000 and above per annum.


NOTES TO THE FINANCIAL STATEMENTS

33.00 Payment in Foreign Currency:


During the year, the Company remitted Australian Dollar 1296 equivalent to BDT. 104105 as IP Charge.

34.00 Post Balance Sheet Event:

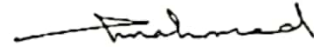
There is no other significant event that has occurred between the Balance Sheet date and the date when the financial statement were authorized for issue by the Board of Directors except recommendation for issuance of stock dividend @10% of paid up capital to the shareholders for the year 2011.



Md. Ashiqur Rahman
Chairman



Md. Shamsul Alam
Director



Mosleh Uddin Ahmed
Chief Executive Officer(Acting)

Dated: Dhaka
April 18, 2012

FIXED ASSETS SCHEDULE

INTECH ONLINE LIMITED
Fixed Assets Schedule
 As of December 31, 2011

Schedule-A

Particulars	COST				Rate of Dep. %	DEPRECIATION			Written down value as of 31.12.11
	Balance as of 01.01.11	Addition during the year	Adjustment during the year	Balance as of 31.12.11		Charge during the year	Adjustment during the year	Balance as of 31.12.11	
Networking Equip & Installation	19,739,143	-	6,207,793	13,531,350	15%	2,029,703	6,207,793	5,449,757	8,081,594
Electric Installation	1,105,502	630,000	928,875	806,627	10%	17,663	928,875	17,663	788,964
Telephone Line Cost	1,752,117	-	-	1,752,117	10%	78,265	-	1,752,117	-
Server	8,940,380	1,650,000	5,556,380	5,034,000	15%	507,600	5,556,380	1,178,534	3,855,466
Office Equipment	742,820	890,000	742,820	890,000	15%	-	742,820	-	890,000
Software	2,066,120	670,000	2,066,120	670,000	20%	-	2,066,120	-	670,000
Furniture & Fixtures	1,437,533	461,000	1,267,723	630,810	15%	43,994	1,267,723	206,810	424,000
Interior Decoration	2,220,259	2,364,525	984,257	3,600,527	15%	94,327	984,257	1,236,002	2,364,525
Utensils	56,527	102,300	56,527	102,300	18%	-	56,527	-	102,300
Vehicle (Car)	475,000	-	-	475,000	20%	25,000	-	474,999	1
E1 Server	894,145	-	634,145	260,000	15%	91,791	634,145	260,000	-
LAN Equipment	6,412,388	1,264,500	6,412,388	1,264,500	20%	-	6,412,388	-	1,264,500
Optical Fiber Network	80,376,879	46,398,036	52,649,773	74,125,142	15%	12,056,532	41,398,897	12,140,800	61,984,342
Total:	126,218,813	54,430,361	77,506,801	103,142,373		14,944,874	66,255,925	22,716,681	80,425,692
Year 2010 amounts	126,210,813	8,000	-	126,218,813		17,739,391	-	74,027,732	52,191,081