BDCOM Online Limited

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3rd Quarter Report 2017

BDCOM Connecting Progress

Un-Audited Statement of Financial Position (3rd Quarter)
As at March 31, 2017

Particulars	Notes	Amount In Taka	
		31.03.2017	30.06.2016
A. Non-Current Assets		**356,595,062**	**350,555,743**
Goodwill		228,000	228,000
Property, Plant and Equipment (At cost less accumulated depreciation)	04	352,182,283	346,361,884
Long Term Security Deposit		4,184,779	3,965,859
B. Current Assets		**472,987,403**	**412,205,403**
Inventories - At cost	05	18,387,186	15,380,948
Advance, Deposits & Prepayments	06.	12,040,544	17,242,581
Advance Income Tax & VAT		19,004,223	20,963,669
Bills Receivable	07	136,047,187	91,554,918
Investment In Marketable Securities(Fair Value)	12	55,605,500	6,676,500
Cash and Cash Equivalents		231,902,763	260,386,787
C. Current Liabilities and Provisions		**147,801,751**	**134,743,935**
Accounts Payable & Other Liabilities	08	118,766,060	95,323,401
Provision for Income Tax	09	11,376,573	12,191,478
Short Term Loan/ Overdraft		17,659,118	27,229,056
D. Net Current Assets (B - C)		**325,185,652**	**277,461,468**
E. Total Net Assets (A+ D)		**681,780,714**	**628,017,211**
F. Non-Current Liabilities		**9,181,207**	**4,628,890**
Deferred Tax Liabilities	10	9,181,207	4,628,890
G. Financed By :			
Shareholders' Equity:		**672,599,507**	**623,388,321**
Share Capital		443,067,963	414,082,213
Share Premium		119,504,000	119,504,000
Tax Holiday Reserve		21,555,878	21,555,878
AFS Reserve		842,598	(15,791,315)
Retained Earnings		87,629,068	84,037,545
Total Equity & Liabilities		**681,780,714**	**628,017,211**
Net Assets Value Per Share (NAV)		15.18	14.07
Net Assets Value Per Share (NAV Restated)			15.05

Un-Audited Statement of Comprehensive Income and Appropriation Account (3rd Quarter)
For the period ended March 31, 2017

Particulars	Unit 1 ISP	Unit 2 SDP	Unit 3 IPTSP	Total 31.03.2017	Total 31.03.2016	January to 31 Mar 17	January to 31 Mar 16
Revenue from Sales & Services	310,244,653	42,045,682	27,753,905	380,044,239	325,582,838	129,641,583	112,289,235
Operating Expenses	(123,629,650)	(16,151,455)	(9,435,542)	(149,216,647)	(133,403,468)	(48,465,459)	(48,118,180)
Gross Profit	**186,615,003**	**25,894,227**	**18,318,362**	**230,827,592**	**192,179,370**	**81,176,124**	**64,171,055**
Administrative and Marketing Expenses	(99,904,710)	(10,455,699)	(11,460,319)	(121,820,727)	(113,259,383)	(39,813,573)	(37,050,070)
Amortization of Deferred Expenses	-	-	-	-	-	-	-
Provision for Bad & Doubtful Debts	(4,750,300)	-	-	(4,750,300)	-	(4,750,300)	-
Depreciation on Fixed Assets	(32,693,771)	(950,840)	(1,183,812)	(34,828,423)	(29,678,816)	(12,062,779)	(10,800,156)
Financial Charges	(1,935,719)	(43,688)	(22,516)	(2,001,923)	(1,779,523)	(679,140)	(547,079)
Total Expenses	**(139,284,500)**	**(11,450,227)**	**(12,666,647)**	**(163,401,373)**	**(144,717,722)**	**(57,305,792)**	**(48,397,305)**
Operating Profit	**47,330,503**	**14,444,000**	**5,651,716**	**67,426,218**	**47,461,648**	**23,870,331**	**15,773,750**
Non-Operating Income	11,542,284	2,777,855	-	14,320,139	14,217,443	3,604,262	4,603,676
Net Realized Profit/(Loss) on Sale of Shares (Note -11)	(8,893,440)	-	-	(8,893,440)	-	4,533,918	-
Net Profit Before WPPWF	**49,979,347**	**17,221,855**	**5,651,716**	**72,852,917**	**61,679,091**	**32,008,511**	**20,377,426**
Contribution to WPPWF @ 5%	(2,498,967)	(861,093)	(282,586)	**(3,642,646)**	(3,083,955)	(1,600,426)	(1,018,872)
Net Profit before Tax	**47,480,380**	**16,360,762**	**5,369,130**	**69,210,272**	**58,595,136**	**30,408,085**	**19,358,554**
Provision for Income Tax (Note-09)	(10,750,735)	(476,066)	(149,772)	(11,376,573)	(7,784,782)	(5,749,204)	(1,753,716)
Deffered Tax Expenses (Note-10)	(4,552,316)	-	-	(4,552,316)	(574,784)	(897,655)	(221,431)
Net Profit After Tax	**32,177,329**	**15,884,696**	**5,219,357**	**53,281,383**	**50,235,570**	**23,761,226**	**17,383,407**
Other Comprehensive Income :							
Sustainable Est. P/(L) on Marketable Securities (Note -12)	842,598	-	-	842,598		842,598	
Net Profit (Transferred to Statement of Changes in Equities)	**33,019,927**	**15,884,696**	**5,219,357**	**54,123,981**	**50,235,570**	**24,603,825**	**17,383,407**
Earning Per Share (EPS)				**1.20**	**1.13**	**0.54**	**0.39**

Un-Audited Statement of Cash Flows (3rd Quarter)
For the period ended March 31, 2017

Particulars	Amount In Taka	
	31.03.2017	31.03.2016
CASH FLOWS FROM OPERATING ACTIVITIES :	**70,007,747**	**75,810,493**
Receipts from Sales and Services & Others	337,438,393	326,713,879
Purchase of Materials	(13,782,140)	(10,938,558)
Cash Payments to Creditors and Others	(243,416,474)	(233,004,361)
Cash Payments against Income Tax & VAT	(10,232,032)	(6,960,467)
CASH FLOWS FROM INVESTING ACTIVITIES :	**(69,170,816)**	**(47,243,429)**
Acquisition of Tangible Assets	(40,648,822)	(61,166,097)
Interest Income (FDR & Others)	12,885,453	14,217,443
Profit on Marketable Securities	7,740,473	-
Investment in Marketable Securities	(48,929,000)	-
Long Term Security Deposit	(218,920)	(294,775)
CASH FLOWS FROM FINANCING ACTIVITIES :	**(29,320,955)**	**(906,495)**
Cash Dividend	(19,751,017)	-
Short Term Loan	(9,569,938)	(906,495)
INCREASE / (DECRESED) IN CASH & CASH EQUIVALENTS :	**(28,484,024)**	**27,660,569**
Cash & Bank Balances at Opening	260,386,787	215,167,006
Cash & Bank Balances at Closing	**231,902,763**	**242,827,575**
Net Operating Cash Flow Per Share (NOCF)	**1.58**	**1.71**

Un-Audited Statement of Changes in Equity (3rd Quarter)
For the period ended March 31, 2017

Particulars	Share Capital	Tax Holiday Reserve	Share Premium	AFS Reserve	Retained Earning	Total Equity 31.03.2017	Total Equity 31.03.2016
Balance as on 01.07.16	**414,082,213**	**21,555,878**	**119,504,000**	**(15,791,315)**	**84,037,545**	**623,388,321**	**585,893,438**
Total Comprehensive Income	-	-	-		53,281,383	**53,281,383**	50,235,570
Adjustment against unrealized loss on investment in shares				15,791,315		**15,791,315**	
Unrealized Profit on Investment in Shares				842,598		**842,598**	
Cash Dividend	-	-	-		(20,704,110)	**(20,704,110)**	(26,838,662)
Stock Dividend	28,985,750	-	-		(28,985,750)	-	-
Balance as on 31.03.2017	**443,067,963**	**21,555,878**	**119,504,000**	**842,598**	**87,629,068**	**672,599,507**	**609,290,346**
Number of Shares :							
Ordinary Shares @Tk. 10.00 each						44,306,795	44,306,795
Shareholders' Equity Per Share						**15.18**	**13.75**

Dated : Dhaka
April 26, 2017

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CFO	**Company Secretary**	**Managing Director**	**Director**	**Chairman**

Selected Explanatory Notes :

This Interim Financial Report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

1.00 Status and Nature of the Company

1.01. Legal Form: BDCOM ONLINE LTD was incorporated in Bangladesh on February 12, 1997 as a Private Limited Company though issuance of certificate of incorporation no. : C-32328(1449/97) dated February 12,1997 by the Registered Joint Stock Companies and Firms and was emerged as into a Public Limited Company on February 10, 2002. The Shares of the company are traded with the Dhaka Stock Exchange and Chittagong Stock Exchange.

1.02. Nature of Business: The Company is primarily engaged as an Internet Service Provider (ISP) in Bangladesh which includes Broadband Internet, Fiber optic cable and Hardware Sales Web page software design and hosting, Leased port Internet Access, Total Network Solutions and Nationwide Data Services. In addition the company is conducting customized software development, Vehicle Tracking Services (VTS), Business Process Outsourcing, IP Telephony Services (IPTSP), IPPBX Solutions, Hosted conference Bridge, Short Code Parking, Sale of Network Equipment's etc.

2.00 Significant Accounting Policies:

2.01. Basis of Preparation of Financial Statements: These Financial Statements have been prepared in line with Accounting Policies as adopted in the preparation of financial statements for the year ended June 30, 2016.

2.02. Going Concern: This financial statement has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation.

2.03. Cash Flow Statement: Cash Flow Statement is prepared in accordance with BAS 7 "Cash Flow Statement" and the cash flow from the operating activities has been presented under direct method.

2.04. Revenue Recognition: Service income arises on services provided by the Company are recognized on an accrual basis. Service charges charged to customers on services provided by the company are credited to income at the time of effecting the transactions in accordance with BAS-18 "Revenue". In terms of the provisions of the BAS-18 "Revenue Recognition", the interest income is recognized on accrual basis. Other income is recognized in the financial statements on cash basis when the sum of income is actually received during the year as per BAS-18 "Revenue".

2.05. Asset and basis of their valuation Cash and cash equivalents: Cash and cash equivalents include notes and coins in hand, unrestricted balances held with various Banks such as cash balances with bank as well as FDR and are used by the Company management for its short-term commitments.

Property, Plant & Equipment:

Recognition and Measurement

Property, Plant and Equipment are capitalized at cost capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation and the capital work in progress (when arises) is stated at cost in compliance with the requirements of BAS 16: Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive on inward freight, duties and non-refundable taxes.

Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of comprehensive income, when is determined with reference to the net book value of the assets and net sales proceeds. Depreciation on addition of Fixed Assets is charged when it is available for use and depreciation is charged on Fixed Assets reducing balance method.

2.06. Long Term Security Deposit: These amounts were deposited with BTCL and others in connection with telephone lines, bandwidth, E1 and others.

2.07. Valuation of Inventory: Inventories are carried at the lower of cost and net realizable value as prescribed by the BAS - 2 : Inventories. Cost is determined on weighted average cost basis. The cost of Inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

2.08. Bills Receivable: Bill Receivables are amounts due from customers for services provided in the ordinary course of business. Bill Receivables are recognised initially at fair value and subsequently measured at carrying amount less provision for impairment. The sum of accounts receivable are unsecured but realizable. It includes no such amount which are recoveravle form Director & Managing Director of the company.

2.09. Accounts Payable: Accounts Payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

2.10. Provision for Current & Deferred Tax: The Company has recognized deferred tax using balance sheet method in compliance with the provisions of BAS 12 : Income Taxes. The Company's policy of recognition of deferred tax assets/liabilities is based on temporary differences (Taxable or Deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earning per shares (EPS). A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realized.

2.11. Earnings Per Share: Earning per Share (EPS) is calculated in accordance with BAS-33 "Earning Per Share" which has been shown at the bottom of the Statement of Comprehensive Income.

2.12. Impairment: In accordance with the provisions of BAS 36 "Impairment of Assets", the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss account. No such indication of impairment has been in existence till the end of the period.

2.13. Financial Instruments: Non-derivative financial instruments comprise of accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

2.14. Borrowing Cost: The borrowing cost are capitalized unless active development of related assets are interrupted or ceased when the active development are ceased the borrowing cost is directly charged to the Profit & Loss Account as per BAS-23 "Borrowing Cost".

2.15. Related Parties Transactions: The party is related to the company if any party casts significant influence over the day to day affairs/matters and also holds the controlling power of the management affairs of the company and any transaction made during the year with the party related therewith is termed as related party transaction as per BAS-24 "Related Party Disclosure". During the year under report there are no such related party transactions that exists having influence to the company's business.

2.16. Comparatives: Comparative data/information have been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements. Previous figure has been re-arranged whenever considered necessary to ensure comparability with the current period presentation as per BAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

3.00. Comparative figures have been re-arranged whenever to facilitate comparison.

		Amount In Taka	
		31.03.2017	30.06.2016
04. Property, Plant and Equipments :			
Opening Balance		670,042,344	578,273,148
Add : Addition during the period		40,648,822	91,769,196
Less : Adjustment of Assets		-	-
Total Assets		710,691,166	670,042,344
Less : Accumulated Depreciation		358,508,883	323,680,460
Add : Net Adjustment In Depreciation		-	-
Closing balances		**352,182,283**	**346,361,884**
05. Inventories :			
Broadband Equipment, Hardware & S/W		7,057,201	4,734,143
Radio & Other Equipments		3,123,956	2,943,268
Stock of Fiber Optic		1,115,252	1,410,610
Stationery		346,125	21,015
GLP & GPRS Modem and Accessories		3,806,603	2,425,758
IP Telephony equipments and hardware		2,938,049	3,846,154
Total		**18,387,186**	**15,380,948**
06. Advance, Deposits & Prepayments :			
Advance to employees		1,748,657	2,227,983
Advance to suppliers & others		5,717,180	5,147,716
Earnest money		3,675,237	2,814,806
Material In Transit (L/C Margin)		5,058	5,157,756
Prepayments		894,412	1,894,320
Sister Concern Loan		-	
Total		**12,040,544**	**17,242,581**
07. Bill Receivable :			
Internet & Data connectivity	95,444,486	91,863,886	59,913,516
Less : Provision for Bad & Doubtful Debts	3,580,600		
Hardware, AVLS & Accessories	13,678,634	12,508,934	700,406
Less : Provision for Bad & Doubtful Debts	1,169,700		
IP Telephone Service		16,895,997	11,295,832
Web page, software and data transmit.		6,564,537	12,866,016
Other Receivable (FDR Interest)		8,213,834	6,779,148
Total		**136,047,187**	**91,554,918**
08. Account payable & other liabilities :			
Sundry Creditors		96,219,381	74,155,436
Unpaid Dividend		2,744,270	1,791,177
Liability for Expenses		11,465,258	11,820,281
Other Liabilities		8,337,151	7,556,507
Total		**118,766,060**	**95,323,401**

09. Provision for Income Tax :

Particulars	UNIT-I ISP	UNIT-2 SDP	UNIT-3 IPTSP	TOTAL 31.03.17
Net Profit Before WPPWF	49,979,347	17,221,855	5,651,716	72,852,917
Less : Contibution to WPPWF @ 5%	2,498,967	861,093	282,586	3,642,646
Profit Before Tax	47,480,380	16,360,762	5,369,130	69,210,272
Less : Tax Exempted Profit	4,477,440	14,456,500	4,770,040	23,703,980
Net Profit Before Tax	43,002,940	1,904,262	599,090	45,506,292
Provision for Income Tax @ 25%	**10,750,735**	**476,066**	**149,772**	**11,376,573**

****Operating Income of SDP (U-2) is Tax Exempted upto June 30, 2024 as per Sixth Sch, Part-A, Para-33 of ITO, 1984.**

10.Deferred Tax (Income)/Expenses :

Particulars	Carrying Amount (Tk.)	Tax Base (Tk.)	Taxable/(Deductable) temporary defferences
As at March 31, 2017			
Property, Plant & Equipment (Excluding Land)	325,182,283	288,457,456	36,724,827
Net Taxable Temporary Difference			36,724,827
Applicable Tax Rate			25.00%
Deferred tax liability (a)			**9,181,207**
As at June 30, 2016			
Property, Plant & Equipment (Excluding Land)	319,361,884	300,846,323	18,515,561
Net Taxable Temporary Difference			18,515,561
Applicable Tax Rate			25.00%
Deferred tax liability (b)			**4,628,890**
Defered Tax (Income)/Expenses (a-b)			**4,552,316**

11. Net Realized Profit/(Loss) from Sale of Shares

Cost Value of Shares	
Lanka Bangla Finance Ltd.	15,803,615
Zahin Textile Ltd.	3,993,617
Saif Power Ltd.	1,775,384
Total Cost Value of Shares	**21,572,616**
Less: Realized Value from Sale of Shares	26,106,534
Net Realized Profit/(Loss) from Sale of Shares	**4,533,918**

12. Sustainable Estimated Gain/(Loss) on Investment in Shares

Cost Value of Shares (AB Bank, DESCO, Jamuna Oil, GBB Power)	54,762,902
Less : Fair Market Value on 31.03.2017	55,605,500
Unrealized Gain as on 31.03.2017	**842,598**

13. Related Party Disclosures :

The details of Related Party Transaction during the year along with the realtionship is illustrated below in accordance with

Name of the company	Total Transaction (Tk.)	Ralationship with company	Nature of Transaction	Balance 31.03.2017 (Tk.)
Fiber @ Home Ltd., Creditors	1,233,375	Concern Under Common Mgt.	IIG Bandwidth	123,338
Fiber @ Home Ltd., Creditors	45,677,647	Concern Under Common Mgt.	NTTN Service	33,528,518
Norban Fashion Ltd., Debtors	23,625	Concern Under Common Mgt.	Internet & others	27,125
Norban Comtex Ltd., Debtors	-	Concern Under Common Mgt.	Internet & others	153,855
Fiber @ Home Ltd., Debtors	13,413,113	Concern Under Common Mgt.	Internet & others	13,314,113

14. Disclosure of Managerial Remuneration :

The details of total remuneration paid to the top five (05) salaried officers of the company during the period is as follows :

Name	Designation	Amount (Tk.)
Mr. S.M. Golam Raruk Alamgir	Managing Director	2,250,000
Md. Robiul Alam Chowdhury	Chief Financial Officer	1,872,000
Mr. A.K.M Kutub Uddin	ED, Admin & Company Sec	1,813,500
Mr. S.M. Kamruzzaman	Chief Technical Officer	1,797,120
Mr. Gazi Zehadul Kabir	General Manager, SI	1,458,000