

Annual Report 2016-17

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NARROWING THE DIGITAL DIVIDE

SMARTSTOCK



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AMARSTOCK



Vision

To be a market leader in providing internet services with special focus on creating values for our clients, shareholders, employees and communities.

AMAR STOCK



Mission

To achieve corporate vision with special focus on creating values by:

Partnering with clients to understand and fulfill their needs considering the development of technology.

Maximizing shareholders value through strong performance and returns.

Developing and rewarding employees to effectively manage client relationships.

Diligently serving our communities with integrity and pride.

AMAR STOCK



Goal

Understanding the clients' needs and to connect with them. By doing so benefit our shareholders, employees and the community where we do business.

AMAR STOCK

Corporate Information

Registered Office	Navana Tower, 11th Floor, Suite - A 45 Gulshan Avenue, Gulshan-1, Dhaka-1212
Corporate Office	Navana Tower, 11th Floor, Suite - A 45 Gulshan Avenue, Gulshan-1, Dhaka-1212
Share Office	Navana Tower, 11th Floor, Suite - A 45 Gulshan Avenue, Gulshan-1, Dhaka-1212
Chittagong Office	Shahjadi Chamber, 6th Floor, 1331/B Sheikh Mujib Road, Agrabad C/A, Chittagong-4100
Date of Incorporation	November 4, 1995
Date of Commercial Operation	November 4, 1995
Auditor	Shafiq Basak & Co. Chartered Accountants
Legal Adviser	Zaman & Associates Eastern Trade Center 3rd Floor: 56, Inner Circular Road, Dhaka.
Bankers	Standard Chartered Bank Bank Asia Limited HSBC BRAC Bank Limited Woori Bank Eastern Bank Limited Dhaka Bank Limited Dutch Bangla Bank Limited Sonali Bank Limited
Insurer	Green Delta Insurance Company Ltd.
Legal Status	Public Limited Company
Authorized Share Capital in Taka	1000 Million
Member of the Share Market(s)	Dhaka Stock Exchange Ltd. Chittagong Stock Exchange Ltd.
Regulatory Authority	Bangladesh Telecommunication Regulatory Commission (BTRC)
Number of Employees	235

AMSTOCK

Introducing Directors

Mr. Javed Bukth, Chairman

Mr. Javed Bukth S/O Late Khuda Buksh is the Chairman of Agni Systems Ltd. He was born on October 6th, 1957 in Dhaka. He completed BSS Hons. and MSS in Public Administration from Dhaka University in 1982.

Established Libra Computer Aid in 1988 - The company is involved in marketing various brand of specialized printers, scanners and is the Exclusive Distributor of TallyGenicom, DASCOM, MICROPLEX,COMPUPRINT, CITIC, PANTUM, DATAPRODUCS, OKI and ACCESS in Bangladesh.

Established the first ISP named LIBRABD.NET in the northern region of Bangladesh in the district of Rajshahi in the Year 2000.

He is the Managing Director of ACME Electronics Ltd. The company is involved in manufacturing Distribution Transformer of various range, LT PFI, substation Equipments and Voltage Stabilizers and, also providing solutions relating to power with solar systems.

Mr. Mohammed Abdus Salam,
Managing Director

Mr. Mohammed Abdus Salam is the Managing Director of Agni Systems Ltd. He was born on February 01, 1966 in Dhaka. He holds a BSBA Degree in Business Administration from Northeastern University, Boston, Massachusetts, USA where he graduated Magna Cum Laude. After graduation, Mr. Salam has worked extensively as an IT Consultant. Currently, he is performing as the Chairman of Songbird Telecom Limited, an International Gateway Operator, and as the Vice Chairman of the IGW Operators Forum. In the past he has lead the ISP Association of Bangladesh as the President.

Mr. Zia Shamsi, Director

Mr. Zia Shamsi is the Director of Agni Systems Ltd. He was born on December 30, 1963 in Dhaka. He holds a Bachelor's Degree in Commerce from Dhaka University. He also holds an Associate Engineering degree from Richland College, Texas, USA. Along with the Managing Director he is directly involved in the day-to-day operations of Agni Systems Limited. He has extensive business experience in the industry. He also trained as an e-commerce professional.

Mr. Murshed Sayeed,
Nominated by South Avenue Ltd.

Mr. Murshed Sayeed is the Nominee Director of Agni Systems Limited. He was born on January 12, 1971 in Dhaka. He holds a BIA (Business & Industrial Administration), Singapore. He is a business graduate and has vast experience in business. He is also the Managing Director of South Avenue Ltd. Mr. Sayeed has been involved with his family business. His experience and leadership skill provide smart opinion adding a great value to the board and company. He is involved with various social and economic activities

Mr. Md. Atiqul Islam: Independent Director

He was born on July 01, 1961 in Dhaka. He holds a Bachelor's Degree in Commerce from Dhaka University. He is a very dynamic and resourceful person for the business sector in the country. He is a Director of Islam Garments Ltd. (A Group of Industries) since 1985. He was the President of BGMEA in the year 2013-14. He was Declared CIP by the Government of Bangladesh for the year 2002, 2003, 2008, 2010 and 2011. He was awarded as best vendor by Wal-Mart Inc. for several years. He is involved with various social and economic activities.

Board of Directors



Mr. Javed Bukth
Chairman



Mr. Mohammed Abdus Salam
Managing Director



Mr. Zia Shamsi
Director



Mr. Murshed Sayeed
Director (Nominated by South Avenue Ltd.)



Mr. Md. Atiqul Islam
Independent Director

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Audit Committee

Mr. Md. Atiqul Islam, Chairman
Mr. Zia Shamsi, Member
Mr. Murshed Sayeed, Member



Mr. Md. Atiqul Islam
Chairman



Mr. Zia Shamsi
Member



Mr. Murshed Sayeed
Member

SMARTSTOCK

Management of the Company

Name	Designation
1. Mr. Mohammed Abdus Salam	Managing Director
2. Mr. Zia Shamsi	Director
3. Mr. Muhammed Shariful Islam	Company Secretary
4. Mr. Saroj Biswas	Chief Financial Officer (CFO)
5. Mr. Md. Abu Jafor	Head of Internal Audit
6. Ms. Farhana Haque	Head of Sales
7. Mr. Mozammal Hoque	Chief Technical Officer (CTO)

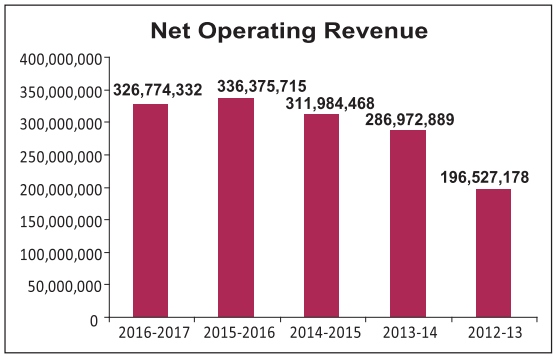
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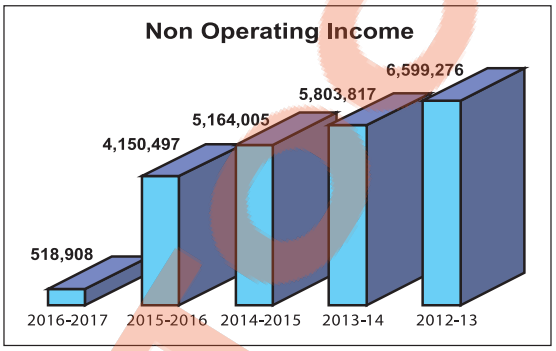
Financial highlights of past five years

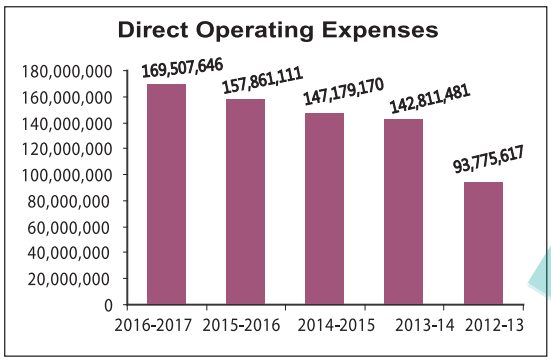
Year	2016-2017	2015-2016	2014-2015	2013-14	2012-13
Net Operating Revenue	326,774,332	336,375,715	311,984,468	286,972,889	196,527,178
Non Operating Income	518,908	4,150,497	5,164,005	5,803,817	6,599,276
Direct Operating Expenses	169,507,646	157,861,111	147,179,170	142,811,481	93,775,617
Administrative & General Expenses	67,305,567	87,140,357	69,023,500	54,824,631	36,612,612
Total Fixed Assets	637,702,096	657,968,483	613,797,825	635,967,360	512,253,130
Total Current Assets	575,848,144	531,117,666	879,364,973	623,896,361	396,595,617
Total Assets	1,213,550,240	1,189,086,149	1,481,191,262	1,259,863,720	908,848,747
Total Current Liabilities	146,909,792	130,671,309	549,196,715	355,274,574	70,363,468
Total Net Assets	991,670,005	952,599,492	885,214,826	822,156,465	769,767,937
Paid up Capital	658,106,060	626,767,680	569,788,800	517,989,820	470,899,840
Gross Profit	157,266,686	178,514,604	164,805,298	144,161,409	102,751,561
Net Profit before Tax (NPBT)	75,121,949	78,366,032	79,424,218	62,988,457	61,543,098
Net Profit After Tax (NPAT)	67,162,653	67,384,666	63,058,361	52,388,528	49,750,687
Current Ratio	3.91	4.06	1.57	1.76	5.63
Return on Equity (ROE)	6.77%	7.07%	7.12%	6.37%	6.46%
Return on Assets (ROA)	5.53%	5.67%	4.22%	4.16%	5.47%
GP Margin	48.13%	53.07%	52.82%	50.24%	52.28%
NP Margin	20.55%	20.03%	20.21%	18.25%	25.31%
Dividend	65,810,606	62,676,768	56,978,880	51,798,980	47,089,980
Dividend %	10%	10%	10%	10%	10%
EPS	1.02	1.08	1.11	1.01	1.06
Net Assets Value per Shares (NAVPS)	15.07	15.20	15.54	15.87	16.34
Net Operating Cash Flow per Share (NOCFPS)	0.47	(0.43)	1.84	2.18	3.02

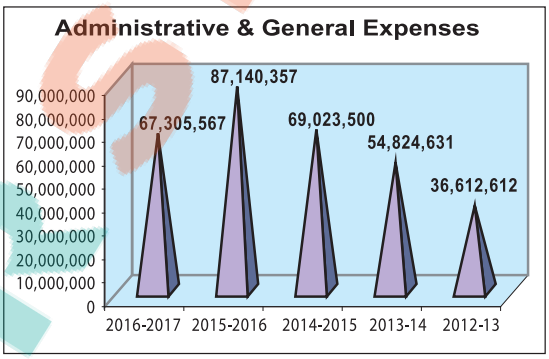
VALUE STOCK

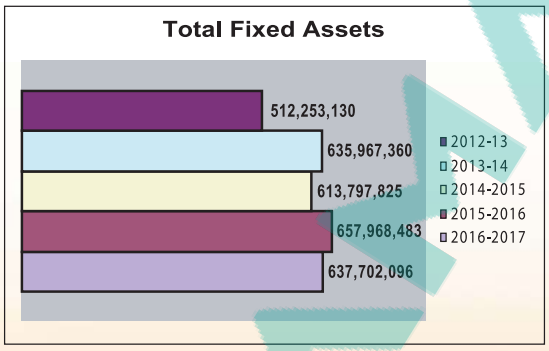
Financial highlights

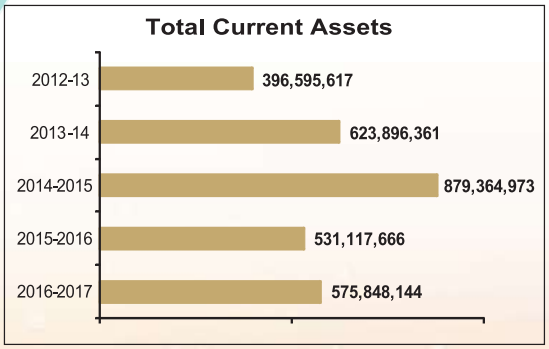


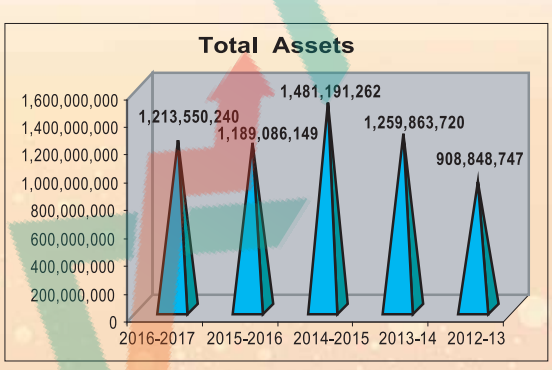


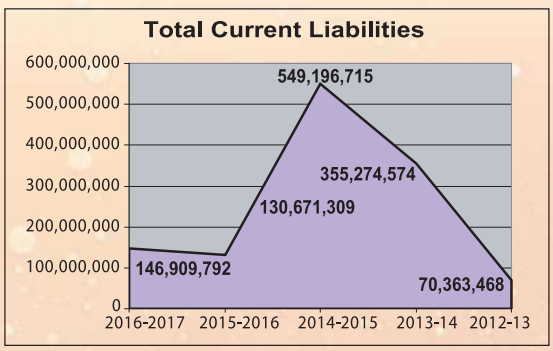




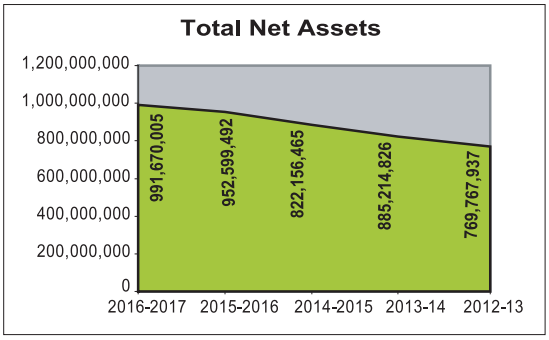


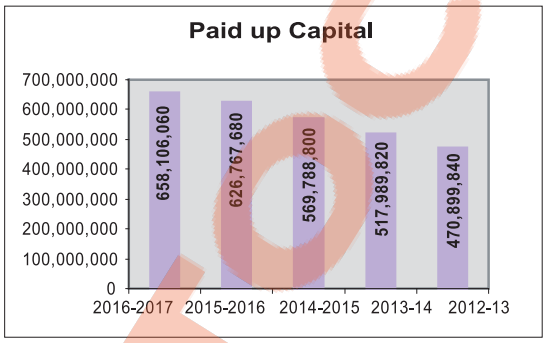


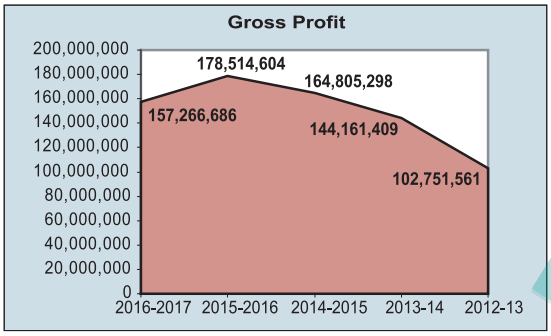


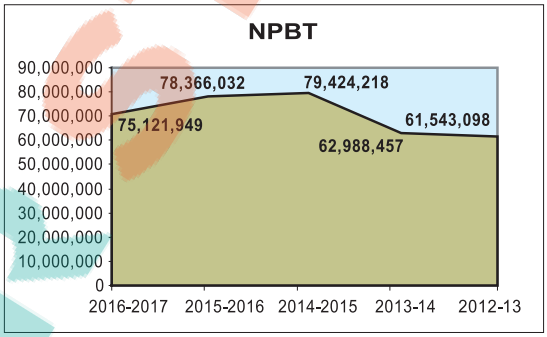


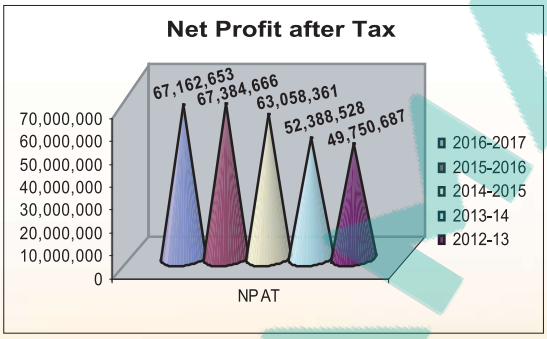
Financial highlights

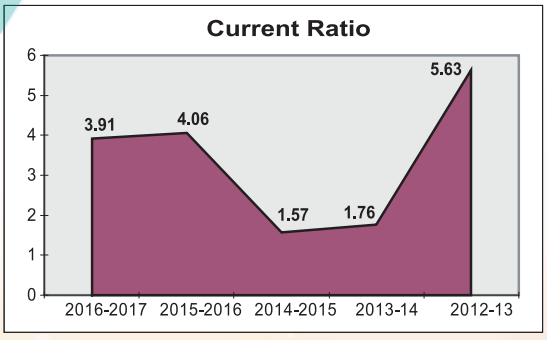


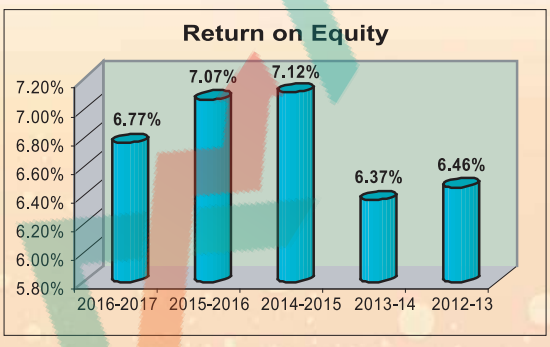


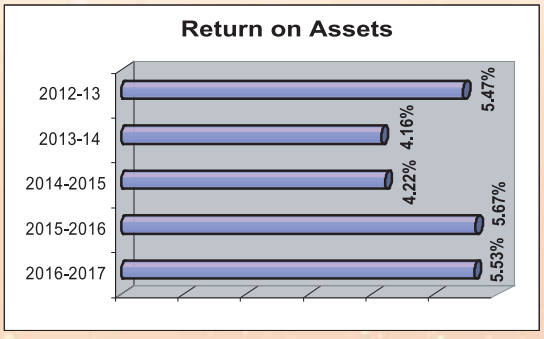






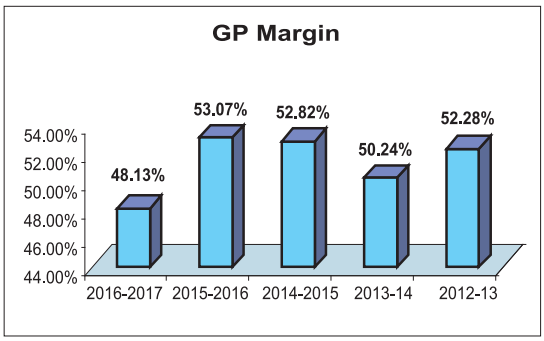


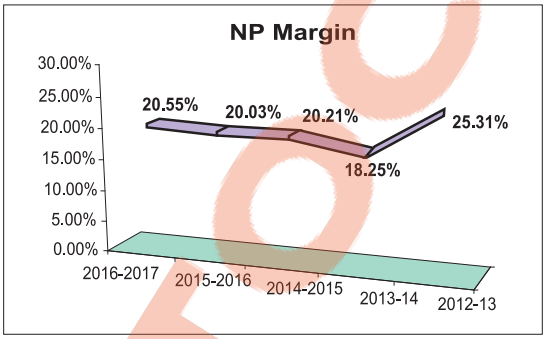


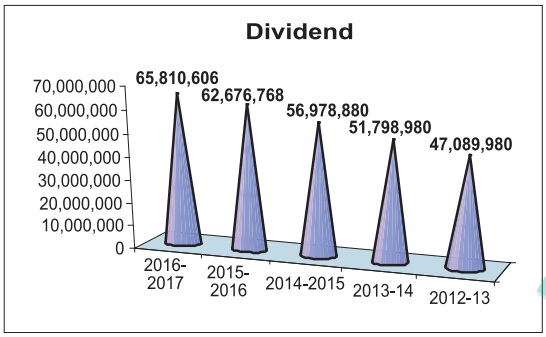


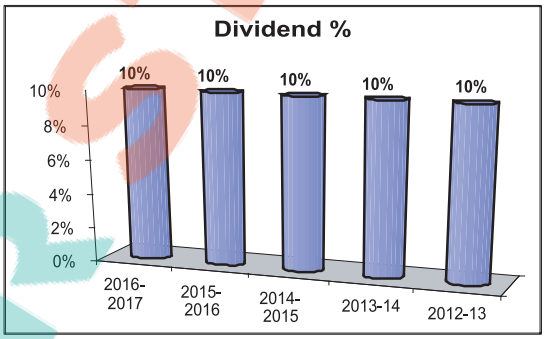
MARKET STOCK

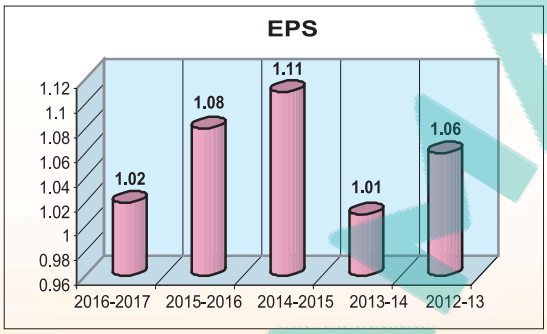
Financial highlights

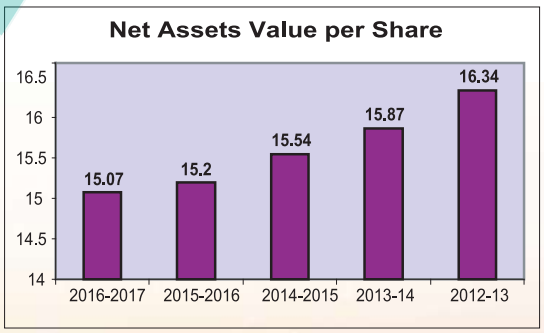


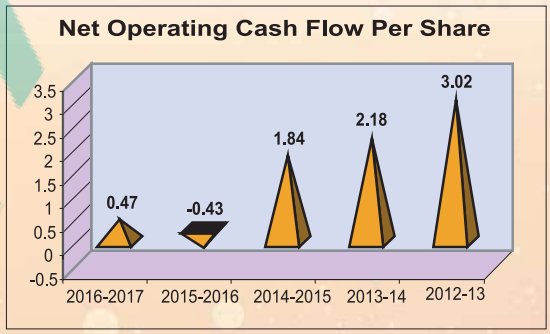












Notice of the 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Agni Systems Limited will be held on Thursday, 28th December 2017 at 10:00 A.M at Spectra Convention Center, House # 19, Road # 7, Gulshan 1, Dhaka 1212 to transact the following business:

- To receive, consider and adopt the Directors' and Auditors' Report and audited financial statements for the year ended June 30, 2017.
- To approve Dividend as recommended by the Board of Directors for the year ended June 30, 2017.
- To elect the Director of the Company.
- To appoint Auditor of the Company and fixation of their remuneration for the year ending June 30, 2018.

Dated, Dhaka
December 06, 2017

By order of the Board of Directors

Muhammed Shariful Islam
Company Secretary

Notes:

a) Record date' is November 23, 2017. The shareholders, whose name would appear in the Register of Members of the Company or Depository record on 'Record date' November 23, 2017 will be eligible to attend the meeting and receive dividend.

b) A member eligible to attend at the Annual General Meeting may appoint a proxy to attend on his/her behalf. The proxy form must be affixed with requisite revenue stamp and submitted to the Registered Office of the Company not later than 48 (Forty eight) hours before the time fixed for the Annual General Meeting.

c) Admission to the meeting will be strictly on production of the attendance slip attached with the Annual Report.

d) Registration of attendance will start at 9:00 A.M. and will be closed at 10:00 A.M.

e) Shareholders and Proxies are requested to record their entry in time.

N.B: There will be no gift or entertainment arrangement for the shareholders for attending the meeting as per BSEC notification no. SEC/CMRRCD/2009-193/154 dated October 24, 2013

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Message from the Chairman

Dear Shareholders:

It is my great pleasure to welcome you to the 21st Annual General Meeting of the Company.

Agni continued it's growth during the during 2016-17 too. Here is how we grew during the past three years:

Year	2016-2017	2015-2016	2014-2015
Revenue	326,774,332	336,375,715	311,984,468
NPAT	67,162,653	67,384,666	63,058,361

In conclusion, I express my heartfelt gratitude to all of you for the trust and confidence have placed on us and for your continued support at all times. I would like to thanks to all of our employees for their dedication and hard work for the growth of the company. I would also like to express my appreciation to our valued clients, suppliers, dealers, and the relevant authorities of the government of the people's republic of Bangladesh for the support and cooperation extended to the company

I thank you all for attending this 21st AGM of Agni Systems Limited.

Sincerely,

Javed Bukth
Chairman

FINAR STOCK



Message from the Managing Director

Dear Shareholders,

I would like to start by wishing all our shareholders a happy and prosperous 2018 and take this opportunity to present to you our company's financial reports, auditor's report and directors' report for the year 2017.

In spite of facing numerous obstacles and a changed market condition, we have increased our core business and have maintained our earnings. Revenue from our ICX business has suffered this year due to increased adoption of over the top voice applications such as skype, viber, etc. for international and to some extent domestic voice calls.

However, we increased our ISP revenue by widening our area of operation and expanding our marketing and sales effort and by identifying new channels of business. I am happy to say that our effort has been largely successful and we hope to continue to increase our revenue through these new measures.

Also, you would be pleased to know that we have developed new and innovative products and services that we will launch in 2018 and we hope to further increase our business trough them. The products are built on our existing core business but improve our customers' communication experience and help us retain the account longer.

Lastly, I would like to end by saying that our commitment to our customers and our shareholders is strong as ever. We have a long track record of serving customers' communication needs through new and innovative products and services and we hope to continue this trend for the coming years by working with our established and new partners.

Sincerely,

Mohammed Abdus Salam
Managing Director

Directors' Report

Report of the Board of Directors of Agni Systems Limited

Dear Shareholders,

We, on behalf of the Board of Directors, have the great pleasure of welcoming you all to the 21st Annual General Meeting of the Company. We are also pleased to present Financial Statements of the Company for the year ended 30th June, 2017, Auditor's Report along with company's performance and other matters as per Companies Act, 1994, Guidelines issued by Bangladesh Securities and Exchange Commission and Bangladesh Accounting and Financial Reporting Standards.

Agni systems Ltd., directly operates an ISP business, and an ICX business. We have been operating the ISP business since 1995 initially using dialup phone lines and later moving to wireless and fiber infrastructure. The ICX license was issued to us pretty recently which carries inter operator voice traffic. Additionally, we have significant investment in other telecom business entities namely Songbird Telecom and Skytel.

Despite significant revenue loss from our ICX operation due to falling international voice traffic and domestic inter operator domestic calls, we have been able to maintain our bottom line by increasing revenue from our ISP operation and cutting expenses. Our revenue from the ISP business jumped more than 25% relative to last year and indirect expenses decreased by more than 22% for the same period.

Within our ISP operation our revenue from operations other than Internet access has been growing and we are planning a few products and services which will offset the falling revenue from our ICX operation. Chief among the newer revenue sources is our IPTSP operation. We are developing new services on top of our core offerings.

The market condition for the ISP industry is highly competitive due to too many licensed operators and unlicensed operators operating in the country. Although the Government has cancelled more than two hundred ISP licenses recently but more needs to be done and restrictions placed on issuance of new licenses. Also, many of them operate without properly paying VAT and taxes.

Lack of cost-effective access to transmission infrastructure of the mobile network operators and the slow network expansion of the two NTTN operators combined with high cost of transmission bandwidth across the nation is hindering the growth of Internet in the country. Many areas still remain underserved due to lack of proper policy and a viable tariff schedule for transmission capacity.

Our company is trying to overcome the problems by engaging with the various industry players and coming up with innovative products and services which are designed to serve the communication needs of today's market. Considering industry realities such as high cost of transmission etc., we are pursuing a strategy of effective utilization of existing resources belonging to various operators and minimize duplication in infrastructure investment. However, we need continuous support from the regulator in this regard specially for infrastructure sharing.

In conclusion I would like to say that although the Internet use is growing in the country, it is not growing at the pace we would like to see it grow at. Additionally, ISPs are also faced with reduced profit due to increased competition and high cost of inputs. However, our company was able to grow their ISP business by providing quality service and expanding our area of service offering. We are also coming up with some innovative products and services in the coming year which will boost our revenue and enhance our position as one of the leading communication providers in the country.

Licenses we hold

Agni Systems has and operates the following licenses (Issued by BTRC):

- ISP License
- IPTSP License
- ICX License
- 3.5 GHz Frequency allocation

Investment in other Telecom Companies:
IGW: Songbird Telecom Limited
IIG: Skytel Communications Limited

Directors' Report

Products & Services

Go Broadband

Go Broadband - Agni's deployment of Fixed Broadband (FBB) and WiMAX network in partnership with the mobile giant, Grameenphone (GP), has been one of its kind and has set the Company in a different league from its competitors. This strategic partnership with the GP has enabled Agni to reach virtually every corner of the country to serve clients with their needs for Internet and Data at a reasonable price.

ICX Service

In addition to its core business of Internet and Data, Agni acquired an ICX license from the Telecom Regulator, The BTRC. This license allows it to take national and International voice traffic from ANS operators and terminate these calls to other ANS and IOS operators.

Core Services

❑ ***High speed Internet and Data Services***

A collaborated service with major transmission providers, it connects central and remote offices countrywide. Our customers include Major Banks, NGOs, difference organizations, etc.

❑ ***IP Telephony Service***

Our IP Telephony service work wherever there is Internet. IPTSP subscribers are now able to get telephone services anywhere in Bangladesh. Products available are SIP trunks, National number range, IP phones, and Softphones. The IP PABX solution is popular among Call Centers and corporate having offices in multiple locations.

❑ ***WiFi Solution (Residential & Commercial)***

We are experts in turning homes, offices and open spaces into WiFi Zones.

❑ ***Domain name registration and hosting Services***

Our people at Domain Registration and Hosting Services desk are busy all over the year. Agni's good name and reliability attracts corporate houses to depend on us to renew their Domain Name and hosting on a yearly basis.

❑ ***Email Hosting Services***

Email has become the prime source of communication in the modern world. Be it individual or Corporate, one cannot do without an email address. Corporate houses require their email services to be uninterrupted and flawless. Agni has earned a name for itself on being the most reliable email hosting service providers in the country. Agni has email hosting plans for an individual to the largest corporate in Bangladesh.

❑ ***Web design and hosting solutions***

Website development, dynamic and static, along with Hosting Service is another area where Agni enjoys excellent market reputation. It is important for a Company to make their web presence in the most effective way possible and also make sure that the site is hosted with a reliable hosting service provider.

❑ ***Network design, installation and administration services***

Agni has the perfect know how for designing, sourcing and installing any size network infrastructure. Our partnership with network equipment giants like Dell, Juniper, CISCO and others give us edge.

Trade body memberships

As a premier IT company in Bangladesh, Agni is an active member of the following associations:

- Internet Service Providers Association of Bangladesh (ISPAB)
- Association of ICX Operators Bangladesh (AIOB)
- Bangladesh Computer Samity (BCS)
- Bangladesh Association of Software and Information Services (BASIS)

Risks and Concerns

Market and technology related Risks

In the global market of 21st century, developed technology, products and services render obsolete the old service and product strategy. So, the existing organization may not be able to cope up with the future needs and demands.

Directors' Report

Technology related Risk

Technology always plays a vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolescence existent technology, which may cause negative impact.

Future Outlook

We are a highly entrepreneurial Company. This means that we run harder, set our aspirations higher and are never satisfied with past achievements. This 'can do' approach has served us will help us achieve the next milestones. Given that we operate in a rapidly changing environment, we will remain alert and flexible in our approach. We empower our employees and the directors so that they take ownership and embrace the challenges they are facing in a rapidly moving environment.

Our core strategy will remain on continued investment in growing our network, our geographic footprint, our infrastructure and processes and our outstanding employees. After a successful 2016-17 we remain convinced that Agni is extremely well positioned to capture the opportunities offered by the industry and remain in the position of a leading ISP of the country.

Corporate Social Responsibility

Agni has committed to a distance education program for the under privileged children in remote locations. This Online School program is jointly sponsored by Jaago Foundation, Grameenphone and Agni Systems Limited.

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 June 30, 2017 is Tk. 169.50 millions against Tk 157.86 millions for the last year. Gross Profit for the year ended June 30, 2017 is Tk. 157.26 millions against Tk. 178.51 millions for the last year. Net Profit after tax for the year ended June 30, 2017 is Tk. 67.16 millions against Tk. 67.38 millions for the last year.

Continuity of any Extra-Ordinary Gain or Loss

Agni Systems limited has extra-ordinary gain as interest income Tk. 0.52 millions and profit as Share investment Tk. 0.89 millions during the financial year ended June 30, 2017.

Related Party Transaction

The company has no other related party transaction except all insurance policies with Green Delta Insurance Company Ltd. and IGW operation with Songbird Telecom Ltd. as mentioned in the note no. 2.25 (iii).

Directors Remuneration

Only two Directors take remuneration from the company. Independent Director did not take any remuneration from the company.

Corporate and Financial Reporting

The Directors are pleased to confirm the following:

- The financial statements prepared by the management of the company present fairly its statements state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books and accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of Internal Control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no significant deviations from last year in operating results but normal growth is there.
- The financial data for the last five years are enclosed.

VALUEPACK

Directors' Report

Dividend

Considering the stakeholders' interest and satisfaction, the Board of Directors of Agni Systems Limited recommends 5% stock and 5% Cash dividend on 65,810,606 ordinary shares of Tk.10.00 each for year ended June 30, 2017.

Board Meetings

Board Meeting and attendance during the year ended June 30, 2017:

Name of Directors	Number of Meeting held during the year ended 30.06.2017	Number of Meeting attended
Mr. Javed Bukth	6	6
Mr. Mohammed Abdus Salam	6	6
Mr. Zia Shamsi	6	6
Mr. Murshed Sayeed Represented by South Avenue Ltd.	6	6
Mr. Md. Atiqul Islam	6	3

The Board of Directors did not take attendance fees during the financial year 2016-2017.

Shareholding Pattern

Shareholding patterns of the company as on June 30, 2017

Name of the Shareholders	**Designation**	**No. of Shares**	**Percentage %**
1. Parent/Subsidiary/Associate companies and other related parties.		Nil	Nil
2.Directors, CEO, CS, CFO, HIA and their spouses and minor children		Nil	Nil
2(a) Directors:			
Mr. Javed Bukth	Chairman	38,589	0.06
Mr. Mohammed Abdus Salam	Managing Director	4,826,368	7.33
South Avenue Ltd.	Director	1,321,320	2.01
Mr. Zia Shamsi	Director	1,317,852	2.00
Mr. Md. Atiqul Islam	Independent Director	Nil	Nil
2(b) CEO, CS, CFO, HIA:			Nil
Mr. Muhammed Shariful Islam	Company Secretary	Nil	Nil
Mr. Saroj Biswas	Chief Financial Officer	Nil	Nil
Mr. Md. Abu Jafor	Head of Internal Audit	Nil	Nil
3. Executive (Top 5 persons other than Directors/CEO/CS/CFO/HIA:			
Ms. Farhana Haque	Head of Sales	Nil	Nil
Mr. Mozammal Hoque	CTO	Nil	Nil
Mr. Mithun Baran Dey	Network Admin	Nil	Nil
Mr. Masiur Rahman	Manager, Admin		
Mr. Abu Obayed Md. Azrof Uzzal	Manager, Service Delivery	Nil	Nil
4. Spouses and minor children:		Nil	Nil
5. Shareholding 10% or more voting right		Nil	Nil

AMARSTOCK

Directors' Report

Corporate Governance Compliance Report

The Company has also complied with all requirements of Corporate Governance as required by the Bangladesh Securities & Exchange Commission. According to Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012 Corporate Governance Compliance Report is enclosed.

Appropriation of Profit

Considering the overall environment of IT sector and current strength of the Company, the Board of Directors has recommended for meeting the expectations and aspirations of all Shareholders, recommended 5% stock and 5% Cash dividend (i.e 5 bonus shares for every 100 shares and Tk. 0.50 per share) for the year ended June 30, 2017 against the paid up capital of Tk. 658.11 millions for the members whose name shall appear in the share register/ depository record as on 23rd November 2017.

Description	Amount in Tk.
Net profit for the year 2016-2017	67,162,653
Profit brought forward from last year	33,832,792
Profit available for appropriation	100,995,445
Proposed Dividend	65,810,606
Transfer to Retained Earnings	35,184,839

Capital of the Company

The authorized capital of the Company is Tk. 1000,000,000 divided into 100,000,000 shares of Tk. 10.00 each. Existing Paid up Capital of the Company is Tk. 658.11 millions divided into 65.81 millions shares of tk. 10.00 each.

After issuance of 5% stock dividend, the Paid up Capital of the Company would increase to Tk. 691,011,360 divided into 69,101,136 ordinary shares of Tk. 10.00 each.

Directors' Appointment & Re-Appointment

a) As per the Article of Association of the company Mr. Zia Shamsi, Director shall retire in the 21st the Annual General Meeting and being eligible offered himself for re-election.

Appointment of Auditors

The auditors, Shafiq Basak & Co., Chartered Accountants have completed the audit for the year 2016-2017 and will retire at the 21st Annual General Meeting. As per condition (b) of Bangladesh Securities and Exchange Commission's, order no. SEC/CMRRCD/2009-193/104/Admin/dated July 27, 2011, the company cannot appoint any firm of chartered accountants as Statutory Auditors for a consecutive period exceeding three years. Hence, the existing auditors are not eligible for reappointment, as they have completed their three years quota.

Therefore, the Board of Directors has recommended Aziz Halim Khair Choudhury, Chartered Accountants as the new Auditor for the year 2017-18 subject to the approval of shareholders in 21st Annual General Meeting of the company.

Acknowledgement

We would like to thank our employees, directors and shareholders for their dedication as well as our business partners and customers around Bangladesh for the trust they have place and continue to place in us. 2017-18 will be another exciting year for Agni.

Besides, we also appreciate the role of BTRC, Ministry of Post & Telecommunications Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and various other government and regulatory bodies for their cooperation. Our journey continues.

Dhaka, December 2017

Javed Bukth
Chairman

Review of Audit Committee's Function

Scope of work of Audit Committee

The committee is authorized to investigate any matter within its terms of reference, access all documents and information of the company, seek information from any director or employee of the Company and co-opt any resources (including external professional assistance) it sees fit in order to fulfill its duties. However, the committee has no executive function and its primary objective is to review and challenge, rather than assume responsibility for any matters within its remit.

Review of financial statements by the Audit Committee

Audit Committee reviewed the annual financial statements for the year 2016-2017 and placed its recommendation to the Board of Directors.

Audit Committee of the Board

Audit Committee of the Board is constituted comprising three members to provide independent overview of the company's Financial Operational Report, internal control system etc. Ideally the Audit Committee should:

- Have sufficient expertise in financial, accounting, auditing and legal matters to be able to adequately oversee and evaluate the control, risk management, compliance system and the quality of financial disclosures to shareholders and other stakeholders.
- Oversee the internal audit and control function; the internal audit auditor should report routinely to this committee of the Board as and when necessary, report any concerns regarding the quality of controls or compliance issues.
- Have sufficient resources to be able to properly perform their responsibilities.
- Have full access to and the cooperation of management.
- Have authority to investigate fully any matters within its purview.
- Have the authority for the hiring of auditor(s), including the setting of contractual provisions, review of the cost-effectiveness of the audit, approving non-audit services provided by the auditor(s), and assessing the auditor's independence.
- Meet with auditor(s) independently of management or other company interest/ interested parties periodically but at least once annually.
- Have the full authority to review the audit and financial statements, question auditor(s) regarding audit findings, including the review of the system of internal control and to determine the quality and transparency of financial reporting choices.

The Audit Committee consists of the following members:

Sl.	Name of Member	Designation	Position in Committee
1.	Mr. Md. Atiqul Islam	Independent Director	Chairman
2.	Mr. Zia Shamsi	Director	Member
3.	Mr. Murshed Sayeed, Nominated by South Avenue Limited	Director	Member
4.	Mr. Muhammed Shariful Islam	Company Secretary	Secretary

Roles and Responsibilities of Audit Committee:
Following are the detail roles and responsibilities of Audit Committee:

Responsibilities of Audit Committee

1. Oversee the financial reporting process.
2. Monitor choice of accounting policies and principles.
3. Monitor internal control risk management process.
4. Oversee hiring and performance of external auditors.
5. Review along with the management, the annual financial statements before submission to the board for approval.

Review of Audit Committee's Function

6. Review along with the management, the quarterly and half-yearly financial statements before submission to the board for approval.
7. Review the adequacy of internal audit function.
8. Review statement of significant related party transactions submitted by the management.
9. Review management letters/letter of internal control weakness issued by statutory auditors.
10. When money is raised from repeat public offering (RPO)/ Rights issue, the company shall disclose to the Audit committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses , working capital etc.) on a quarterly basis, as part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.

Internal Control:

- Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management as regards to the report relating to fraud forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the board on a regular basis.
- To review the financial reporting process, the system of internal control and approach to manage risks, the audit process, and the Company processes for monitoring compliance with laws and regulations and its own code of business conduct.
- Evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all employees have clear understanding of their respective roles and responsibilities.
- Review the arrangements made by the management for developing and maintaining a suitable Management Information System (MIS).

Internal Audit:

- Review the Audit plan.
- Review the efficiency and effectiveness of internal audit function.
- Review the findings and recommendations made by the Internal Auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the Company.
- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.

External Audit:

- Review the performance of auditing and the audit and management reports by the external auditors. Review the findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the Company.
- Make recommendations to the Board regarding the appointment of the external auditors.

Meeting:
The Audit Committee holds meetings at least once in every three months to scrutinize matters as assigned by the Board of Directors. The Audit Committee held 4 (Four) Meetings in 2016-2017.

Based on the review and above discussion, the Audit committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of activities and financial status of the company and to ensure that its assets are safeguarded properly.

The Board Audit Committee would like to express its thanks to the Members of the Board, key Management personnel and all employees for their dedication and efforts during the year ended June 30, 2017.

Sd/-
Md. Atiqul Islam
Chairman
Audit Committee

Compliance of Corporate Governance

Introduction:

Corporate governance is the system by which companies are directed and controlled by the management in the best interest of all the stakeholders, thereby ensuring greater transparency and better & timely financial reporting.

The platform on which corporate governance principles are structured is that the Board of Directors is responsible for proper governance, which includes setting out Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardship.

Agni Systems Limited considers that its corporate governance practices comply with almost all the aspects of the SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012

Purpose:

Corporate governance is the framework of business principles, structures and controls within which the company, its Management, directors and shareholders operate.

Corporate governance is often a unique framework built around the organization's mission and values. Large corporations and publicly held companies often use corporate governance to create internal business policies due to the layers of management involved in the company.

Its aim is to ensure:

- Accountability
- Transparency of responsibility
- Effective relationship between the company's shareholders and board of directors
- The containment of risk within the company's agreed risk appetite

All of which support company's shareholder value through the successful delivery of its vision and strategy.

This report sets out the practical elements of the Company's corporate governance policies and practices. The following information explains how we comply with the principles of corporate governance.

Guiding Principles

Good corporate governance entails the responsible management of enterprises. It is of vital importance for achieving corporate objectives and a sustained increase in company values, which in turn strengthen the confidence of shareholders and investors in the capital market.

01. Stewardship, leadership and effective functioning of the Board
02. Clarity of rules and responsibilities
03. Openness, trust and transparency
04. Service and corporate

Financial reporting Framework:

The Directors, in accordance with the SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012; confirm the compliance with the financial reporting framework for the following:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the company's statement of affairs, the result of its operation, cash flow and statement of changes of equity.
- Proper books of accounts of the company have been maintained.
- Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the ability of the company to continue as going concern.

Compliance of Corporate Governance

Internal Control:

The Board of Directors are primarily responsible for ensuring that a proper and effective control system is in place to run the operations of the company along with compliance of all internal and external rules and regulations.

The internal control system embraces all business risks, including financial, operational and strategic risks. An effective internal control also ensures that measures are taken to minimize operational risks and detect any error in various operational areas to ensure ratification in the first phase.

The key elements of the internal control frame work are properly designed management structure, clearly defined responsibilities, delegation of authorities, establishment of accountability at each level and system of periodic reporting and monitoring the performance of the organization.

Practically a full proof control system is difficult to establish but it helps the management to keep effective control over operations and minimize deviations as far as possible.

Independent Director:

The Board of Directors appointed Mr. Javed Bukth and Mr. Md. Atiqul Islam as Independent Directors in accordance with the SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012

The board expresses their gratitude to them for their contribution in connection with technical & compliance aspects.

Role and Responsibilities of Chairman of the Board.

The principle role of the chairman of the board is to manage and to provide leadership to the board of directors of the company. The chairman is accountable to the board and acts as a direct liaison between the board and the management of the company, through the chief executive officer (CEO)/ Managing Director (MD). The chairman acts of the communicator for board decisions where appropriate.

The concept of separation of the chairman from that of the CEO/MD implies that the chairman should be independent from management and free from any interest and any business or other relationship which could interfere with the Chairman's independent judgment other then interests resulting from company shareholdings and remuneration.
More specifically, the duties and responsibilities of the chairman are as follows:

1. to act as a liaison between management and the Board;
2. to provide independence advice and counsel to CEO/MD;
3. to keep abreast generally of the activities of the Company and its management;
4. to ensure that the directors are properly informed and that sufficient information is provided to enable the directors to form appropriate judgments;
5. in concert with the CEO/MD, to develop and set the agenda for meeting to the Board;
6. to act as chair at meetings of the Board;
7. to recommend and annual schedule of the date, time and location of the Board and committee meetings;
8. to review and sign minutes of Board meetings;
9. to sit on other committees of the Board where appropriate as determined by the Board;
10. to call special meetings of the Board where appropriate;
11. in concert with the CEO/MD, to determine the date , time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
12. to act as chair at meeting of shareholders;
13. to recommend to the board, after consultation with the directors, management and the governance and nominating committee, the appointment of members of the committees of the board;
14. to assess and make recommendations to the board annually regarding the effectiveness of the board as a whole, the committees of the board and individual directors; and
15. to ensure that regularly, upon completion of the ordinary business of a meeting of the board the directors hold discussions without management present.

Compliance of Corporate Governance

Role and Responsibilities of Chief Executive Officer/ Managing Director:

The Chief Executive Officer /Managing Director (CEO/MD) is responsible for leading the development and execution of the company's long - term strategy with a view to creating policy holders & shareholders' value.

The CEO/MD's leadership roe also entails being ultimately responsible for all day to day management decision and for implementing the company's long and short term plans. The CEO/MD acts as a direct liaison between the board and management of the company and communicates to the Board on behalf of management. The CEO/MD also communicates on behalf of the company to policyholders, shareholders, employees, Government authorities, other stakeholders and the public.

1. to lead, in conjunction with the Board, the development of the Company's strategy
2. to lead and oversee the implementation of the Company's long and short term plans in accordance with strategy'
3. to ensure that the Company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy'
4. to ensure that expenditures of the Company are within the authorized annual budget of the Company
5. to assess the principal risk of the Company to ensure that these risk are being monitored and managed;
6. to ensure effective internal controls and management information systems are in place;
7. to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
8. to ensure that the Company maintains high standers of corporate citizenship and social responsibility wherever it does business;
9. to act as a liaison between management and the Board;
10. to communicative effectively with policyholders, shareholders, employees, Government authorities, other stakeholders and the public
11. to keep abreast of all material undertaking and activities of the Company and all material external factor affecting the Company and to ensure that processes and systems are in place to ensure that the CEO/MD and management of the Company are adequately informed;
12. to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments;
13. to ensure the integrity of all public disclosure by the Company;
14. in concert with the Chairman, to develop Board agenda;
15. to request that special meetings of the Board be called when appropriate;
16. in concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
17. to sit on committees of the Board where are appropriates determined by the Board; and
18. to abide by specific internally established control systems and authorities to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental safety and health policies.

Corporate Governance Compliance Report

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 7th August 2012; issued under section 2CC of the Securities & Exchange Ordinance 1969.

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
1	**Board of Directors (BoD)**			
1.1	Board's size (number of board members-Minimum-5 and maximum 20).	√		
1.2	**Independent Directors:**			
1.2 (i)	At least one fifth(1/5) of the total number of Directors shall be Independent directors.	√		
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%) share of the total paid-up shares of the company.	√		
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 the family relationship.His/Her family members also should not hold above mentioned shares in the company.	√		
1.2 (ii) (c)	Who does not have any other relationship ,whether pecuniary or otherwise,with the company or its subsidiary/associated companies.	√		
1.2 (ii) (d)	Who is not a member,director or officer of any stock exchange.	√		
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.	√		
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.	√		
1.2 (ii) (g)	Who shall not be an independent director in more than 3 (three) listed companies.	√		
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 Non-bank Financial Institution (NBFI).	√		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	Independent Director (s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM).	√		

VALUE STOCK

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
1.2 (iv)	The post of Independent Director(s) can not remain vacant for more than 90 (ninety) days.	√		
1.2 (v)	The Board shall lay down a Code of Conduct for 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.	√		
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.	√		
1.3 (ii)	Independent Director should be a Business Leader/Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background / Professionals Chartered Accountants & Managements Accountants,Chartered Secretaries.The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	√		
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 Chief Executive Officer (CEO) shall be different individuals.The Chairman shall be elected from among the directors. The board of directors shall clearly defined their respective roles and responsibilities of the Chairman and the CEO.	√		
1.5	**The Director's Report to the shareholders:**			
1.5 (i)	Industry outlook and possible future developments in the industry.	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risk 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 extraordinary gain or loss.	√		
1.5 (vi)	Basis for Related party transaction- a statement of all related party transactions should be disclosed in the annual report.	√		
1.5 (vii)	Utilization of proceeds from public issue, right issue and/or through any other instruments.			Not applicable
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer (RO),Direct Listing etc.			Not applicable

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance.			Not Applicable
1.5 (x)	Remuneration of Directors including Independent Directors.	√		
1.5 (xi)	The financial statements present fairly its state of affairs, the results of its operation, cashflows and changes in equity.	√		
1.5 (xii)	Proper books of account have been maintained.	√		
1.5 (xiii)	Adaption 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 going concern).	√		
1.5 (xvii)	Highlights and explain significant deviations from the last years operating results.			Not Applicable
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	Reason for non declaration of Dividend.			Not Applicable
1.5 (xx)	The number of Board meetings held during the year and attendanceby each director shall be disclosed.	√		
1.5 (xxi)	**Pattern of shareholding and name wise details (disclosing aggregate number of shares):**			
1.5 (xxi)(a)	Parent/Subsidiary/Associate companies and other related parties.	√		
1.5 (xxi)(b)	Directors, Chief Executive Officer (CEO) , Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit and their spouses and minor children (name wise details).	√		
1.5 (xxi)(c)	Top five executives other than mentioned above.	√		
1.5 (xxi)(d)	Shareholders holding of 10 % or more voting interest in the company (name wise details).	√		
1.5 (xxii)	**Incase 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 specific functional areas.	√		
1.5 (xxii)(c)	Name of companies in which the person also holds the directorship and membership of committees of the Board.	√		

VENUS STOCK

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
2	**Chief Financial Officer (CFO),Head of Internal Audit & Company Secretary:**			
2.1	Appointment of Chief Financial Officer (CFO),Head of Internal Audit & Company Secretary and defining their respective roles, responsibilities and duties.	√		
2.2	The Chief Financial Officer & Company Secretary shall attend the meetings of the Board of Directors	√		
3	**Audit Committee:**			
3(i)	The company shall have an Audit Committee as a subcommittee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors 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 Board of Directors.The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee:**			
3.1(i)	The Audit Committee shall be composed of at least 3(three)members.	√		
3.1(ii)	The Board of Directors 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 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).	√		
3.1(v)	The Company Secretary shall act as the Secretary of the Audit Committee.	√		
3.1(vi)	The quorum of Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.	√		
3.2	**Chairman of the AuditCommittee:**			
3.2(i)	The Board of Directors shall select 1 (one)member of the Audit Committee, who shall be an Independent Director.	√		
3.2(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee:**			

FINANCIAL STOCK

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
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)	Monitor hiring and performance of external auditors	√		
3.3(v)	Review along with the management, the annual financial statements before submission to the Board for approval.	√		
3.3(vi)	Review along with the management, 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 letter/letters of internal control weakness issued by the statutory auditors.	√		There was no such
3.3(x)	When money is raised through Initial Public offering (IPO)/Repeat Public Offering (RPO)/Right Issue, the Company shall disclose to the Audit Committee about the uses/applications of 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.			Not applicable
3.4	**Reporting of The Audit Committee to The Board of Directors:**			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on findings, if any:			
3.4.1(ii) (a)	Report on conflict of interests			No such incidence occurred
3.4.1(ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.			No such incidence occurred
3.4.1(ii) (c)	Suspected Infringement of laws including securities related laws, rules and regulations.			No such incidence occurred
3.4.1(ii) (d)	Any other matters which shall be disclsoed to the Board of Directors immediately.			No such incidence occurred
3.4.2	Reporting of anything having material financial impact to the Commission.			Not applicable
3.5	Reporting to the Shareholders and General Investors.			There was no such

TRAKIN STOCK

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
4	**External/Statutory Auditors**			
4(i)	Non-engagement in appraisal or valuation services or fairness options.	√		
4(ii)	Non-engagement in designing and implementation of Financial Information System.	√		
4(iii)	Non-engagement in Book-keeping or other services related to the accounting records or financial statements.	√		
4(iv)	Non-engagement in Broker/Dealer services.	√		
4(v)	Non-engagement in Actuarial services.	√		
4(vi)	Non-engagement in Internal Audit services.	√		
4(vii)	Non-engagements in any other services that the Audit Committee determines.	√		
4(viii)	No partner or employees of the external audit firms shall posses any share of the company during the tenure of their assignment.	√		
5	**Subsidiary Company:**			
5(i)	Provision relating to the Composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			We have one subsidiary in the name of Agni Tele Exchange Limited but it is not in operation. It was incorporated only, there is no business activity.
5(ii)	At least 1 (one) Independent Director on the Board of the holding company shall be a Director on the Board of Director 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	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
	The CEO and CFO shall certify to the Board that :			
6(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief.	√		

VINAR STOCK

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status (Put √ in the appropriate coulmn)		Remarks
		Complied	Non Complied	
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 cnduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7(i)	The company shall obtain a Certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost Management Accountant / Chartered Secretary)regarding compliance of on Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7(ii)	The directors of the company shall state, in the Directors' Report whether the company has complied with these conditions.	√		

Certificate on Compliance of Corporate Governance

MOLLAH QUADIR YUSUF & CO.
CHARTERED ACCOUNTANTS

BUILDING # 01, HOUSE # 79 (2ND FLOOR)
ROAD # 12/A, DHANMONDI, DHAKA-1209
TEL: 9144902, 01979-547 366, 01720-015056
E-mail: mqy_ca@yahoo.com

To the Shareholders of
Agni Systems Limited

Certificate on Compliance of Corporate Governance by Agni Systems Limited

We have examined the compliance of conditions of Corporate Governance Guidelines of the Bangladesh Security and Exchange Commission (BSEC) by Agni Systems Limited (the company) for the year ended 30 June 2017 as per its notifications No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

The compliance with Corporate Governance is the responsibility of the company's management. Our examination was limited to the checking of procedures and implementation thereof as adopted by the company for ensuring the compliance with the Corporate Governance.

In our opinion and 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 as stipulated in the above mentioned notification.

Mollah Quadir Yusuf & Co.
Chartered Accountants

Place: Dhaka
Dated: 05 November 2017

CEO's and CFO's Declaration to the Board of Directors:

In accordance with the condition no. 06 of BSEC Notification no. SEC/CMRRCD/2006-158/134/Admin/44; dated 7 August, 2012; we hereby certify that:

i) We have reviewed financial statements for the year ended 30 June, 2017 and that to the best of our knowledge and belief-

   a) These statements do not contain any material untrue statement or omit any material fact or contain any statements that might me misleading.
   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.

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 in violation of company's code of conduct.

Saroj Biswas
Chief Financial Officer

Mohammed Abdus Salam
Managing Director

Date: 25th October 2017

AMARSTOCK

Independent Auditors' Report to the Shareholders of Agni Systems Ltd.

We have audited the accompanying Financial Statements of **Agni Systems Limited** (the Company), which comprise Statement of Financial Position as at 30 June, 2017 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and relevant explanatory notes 01 to 39 for the year ended 30 June, 2017.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EMPHASIS OF MATTER

a) The company has not complied with the section 234(b) of the Bangladesh Labor Law 2006 regarding WPPF but interest on unpaid amount has been provided.
b) No payment of WPPF has yet been made.
c) We also refer note no. 15, 27(d) & 39 for management conclusion for deferred tax, provision for taxation and confirmation letters circulation respectively.

OPINION

In our opinion, the financial statements referred to above give a true and fair view of the financial position of Agni Systems Limited as at June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS)/Bangladesh Accounting Standards (BAS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rule 1987 and applicable laws and regulations.

SUBJECT TO THE ABOVE, WE REPORT THAT;

a) 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;
b) 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;
c) the statement of financial position and Statement of Profit or Loss and other Comprehensive Income of the company dealt with by the report are in agreement with the books of accounts and returns.
d) the expenditure incurred and payments made were for the purpose of the company's business for the year.

Place: Dhaka
Dated: 30-10-2017

SHAFIQ BASAK & CO.
Chartered Accountants

Agni Systems Limited

Statement of Financial Position
As at 30 June 2017

Particulars	Notes	Amount in Taka	
		30 June 2017	30 June 2016
ASSETS			
Non-Current Assets:		**637,702,096**	**657,968,483**
Property, Plant and Equipment	4.00	583,277,289	599,943,724
Investment in Associates	5.00	20,025,000	20,025,000
Intangible Assets	6.00	34,399,807	37,999,759
Current Assets:		**575,848,144**	**531,117,666**
Inventories	7.00	23,093,576	25,453,732
Trade & Other Receivables	8.00	268,247,922	215,328,589
Investment in Shares	9.00	2,072,136	11,155,223
Advance, Deposits & Prepayments	10.0	244,385,064	224,745,762
Cash and Cash Equivalents	11.00	38,049,446	54,434,360
Total Assets		**1,213,550,240**	**1,189,086,149**
EQUITY AND LIABILITIES			
Shareholders' Equity:		**991,670,005**	**952,599,492**
Share Capital	12.00	658,106,060	626,767,680
Share Premium		232,568,500	232,568,500
Retained Earnings	13.00	100,995,445	93,263,312
Non-Current Liabilities:		**74,970,442**	**105,815,348**
Long Term Borrowings	14.00	66,065,721	96,088,046
Deferred Tax	15.00	8,904,721	9,727,302
Current Liabilities:		**146,909,792**	**130,671,309**
Current Portion of Long Term Borrowings	16.00	18,484,271	23,919,234
Liabilities for Services	17.00	38,215,074	38,175,404
Other liabilities	18.00	15,112,040	7,391,625
Provision for Expenses and Other Liabilities	19.00	24,044,043	18,912,559
Provision for Income Tax	27(d)	51,054,364	42,272,487
Total Liabilities		**221,880,234**	**236,486,658**
Total Equity and Liabilities		**1,213,550,240**	**1,189,086,149**

The annexed notes 01 to 39 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 29-10-2017 and were signed on its behalf by:

Company Secretary | **Director** | **Managing Director**

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 30th October, 2017

Shafiq Basak & Co.
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

Particulars	Notes	Amount in Taka	
		30 June 2017	30 June 2016
Revenue	21.00	326,774,332	336,375,715
Direct Expenses	22.00	(169,507,646)	(157,861,111)
Gross Profit		**157,266,686**	**178,514,604**
Operating Expenses:			
Administrative & General Expenses	23.00	(67,305,567)	(87,140,357)
Profit from Operation		**89,961,119**	**91,374,247**
Financial Expenses	24.00	(12,496,421)	(13,557,393)
Net Revenue from Operation		77,464,698	
Non-Operating Income	25.00	518,908	4,150,497
Investment Income/(Loss)	26.00	894,441	700,902
Profit before Provision		**78,878,047**	**82,668,253**
Provision against Investment in Shares	20.01	-	383,920
Profit before WPPF		**78,878,047**	**82,284,333**
Provision for contribution to WPPF		3,756,097	3,918,302
Profit before Tax		**75,121,949**	**78,366,032**
Income Tax Expenses			
Current Tax	27.00	(8,781,877)	(12,603,764)
Deferred Tax Income/(Expense)	15.00	822,581	1,622,399
		(7,959,296)	**(10,981,365)**
Net Profit After Tax		**67,162,653**	**67,384,666**
Other comprehensive income		**-**	**-**
Total comprehensive income		**67,162,653**	**67,384,666**
Earnings per Share (EPS)	13.02	**1.02**	**1.08**
Restated Earnings per Share	13.2.1		**1.02**

The annexed notes 01 to 39 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 29-10-2017 and were signed on its behalf by:

Company Secretary | **Director** | **Managing Director**

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 30th October, 2017

Shafiq Basak & Co.
Chartered Accountants

Agni Systems Limited

Statement of Cash Flows
For the year ended 30 June 2017

Particulars		Amount in Taka	
		30 June 2017	30 June 2016
A)	**Cash Flow from Operating Activities:**		
	Collection from Customers	496,376,417	789,447,728
	Advance, Deposits & Prepayments	(10,020,359)	5,447,094
	Payment for Expenses & Others	(426,430,014)	(820,957,535)
	Cash Generated from Operations	**59,926,044**	**(26,062,713)**
	Income Tax Paid	(11,137,542)	(600,000)
	Net Cash from Operating Activities	**48,788,502**	**(26,662,713)**
B)	**Cash Flow from Investing Activities:**		
	Purchase of Property, Plant and Equipment	(10,511,116)	(59,030,569)
	Investment in Listed Securities	13,063,313	(228,265)
	Advance for Land	-	(2,692,000)
	Investment in Associates (Advance & Share Capital)	-	(53,989,554)
	Investment in FDR	-	61,147,500
	Interest Received	518,908	4,150,497
	Dividend Received	217,140	590,826
	Net Cash used in Investing Activities	**3,288,245**	**(50,051,565)**
C)	**Cash Flow from Financing Activities:**		
	Payments against Long Term Borrowings	(33,906,689)	62,868,728
	Dividend Paid	(31,379,320)	(890,180)
	Proceeds from Margin Loan	9,320,770	-
	Financial Expenses	(12,496,422)	(13,557,393)
	Net Cash used in Financing Activities	**(68,461,661)**	**48,421,155**
D)	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**	**(16,384,914)**	**(28,293,123)**
E)	**Cash and Cash Equivalents at Opening**	54,434,360	82,727,483
F)	**Cash and Cash Equivalents at Closing (D+E)**	**38,049,446**	**54,434,360**
	Net Operating Cash Flow per Share	**0.74**	**(0.43)**

The annexed notes 01 to 39 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 29-10-2016 and were signed on its behalf by:

Company Secretary | **Director** | **Managing Director**

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 30th October, 2017

Shafiq Basak & Co.
Chartered Accountants

Statement of Changes in Equity
For the year ended 30 June 2017

Amount in Taka

Particulars	Share Capital	Share Premium	Retained Earnings	Total
Balance as at 01 July 2016	626,767,680	232,568,500	93,263,312	952,599,492
Stock Dividend	31,338,380	-	(31,338,380)	-
Cash Dividend	-	-	(31,338,388)	(31,338,388)
Prior Year's Adjustment	-	-	3,246,248	3,246,248
Profit for the Year	-	-	67,162,653	67,162,653
Balance as at 30 June 2017	**658,106,060**	**232,568,500**	**100,995,445**	**991,670,005**

For the year ended 30 June 2016

Particulars	Share Capital	Share Premium	Retained Earnings	Total
Balance as at 01 July 2015	569,788,800	232,568,500	82,857,526	885,214,826
Stock Dividend	56,978,880	-	(56,978,880)	-
Profit for the Year	-	-	67,384,666	67,384,666
Balance as at 30 June 2016	**626,767,680**	**232,568,500**	**93,263,312**	**952,599,492**

The annexed notes 01 to 39 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 29-10-2017 and were signed on its behalf by:

Company Secretary | **Director** | **Managing Director**

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 30th October, 2017

Shafiq Basak & Co.
Chartered Accountants

Notes to the Financial Statements
As at and for the year ended 30 June 2017

1.00 Reporting Entity

1.01 Legal form of the Company

Agni Systems Limited (the Company) was incorporated on 04 November 1995 as a private company limited by shares registered under the Companies Act 1994 vide registration no. 29635(923)/95. Subsequently the company was converted into a public company limited by shares on 28 August 2002 and is listed both in Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) under the symbol AGNISYSL.

1.02 Address of the Registered Office

The registered office of the company is located at Navana Tower, 11th floor, Suite-A, 45 Gulshan Avenue, Gulshan-1, Dhaka-1212.

1.03 Nature of Business Activities

The main activities of the company are to render service of electronic mail, internet access, electronic data communication, computer networking, electronic data processing, electronic data entry, software development, to provide service of consultancy, to buy, setup, install, produce, rent and deal otherwise in all types of computer, computer peripherals, fax/data modem, computer networking equipment, related accessories, archiving contentment, access network, web listing, IT support & software maintenance service, domestic and international gateways for all type of communication & computer software.

2.00 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.01 Statement of Compliance

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and IFRS & IAS's adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS).The Statement of Financial Position and the Statement of Comprehensive Income have been prepared according to BAS 1: **Presentation of Financial Statements** based on accrual basis following going concern assumption and Statement of Cash Flows according to BAS 7: **Statement of Cash Flows**.

2.02 Basis of Preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.03 Functional and Presentational Currency and Level of Precision

The financial statements are prepared in Bangladeshi Taka which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.04 Foreign Currency Transaction

Foreign currency transactions are translated into Bangladeshi Taka using exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currency at the Statement of Financial Position date are translated at the closing rate.

2.05 Use of Estimates and Judgments

The preparation of these financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates

are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 4: Property, Plant and Equipment (Useful Life of Depreciable Assets)

Note 6: Intangible Assets (Useful Life of Assets)

Note 15: Deferred Tax (asset)/liability (manner of recovery of temporary differences for determination of deferred tax (asset)/liability)

Note 27: Current Tax Expense

Note 15: Deferred Tax (Income)/Expense

2.06 Reporting Period

The financial period of the company covers one year from 01 July to 30 June and is followed consistently.

2.07 Impact of Recently Issued Accounting Standards

There was no such impact on these financial statements as no new accounting standard was issued by the ICAB during the year under audit.

2.08 Components of the Financial Statements

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

i) Statement of Financial Position as at 30 June 2017
ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017
iii) Statement of Cash Flows for the year ended 30 June 2017
iv) Statement of Changes in Equity for the year ended 30 June 2017
v) Notes to the financial statements (comprising summary of significant accounting policies and other explanatory information).

2.09 Comparative Information

Comparative information have been disclosed in respect of the year 2015-2016 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.

2.10 Property, Plant and Equipment

i) Recognition and Measurement of Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation in accordance with BAS 16: **Property, Plant and Equipment.**

Cost includes expenditure that are directly attributable to the acquisition of the property, plant and equipment. Property, plant and equipment under construction are stated at cost.

ii) Subsequent Cost

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of the property, plant and equipment are recognised in the statement of comprehensive income as incurred.

iii) Depreciation

Depreciation is recognized in the statement of comprehensive income using 'Reducing Balance Method' over the estimated useful lives of each fixed assets. Depreciation is charged on additions of fixed assets from the date when the related assets are put into use. Depreciation is allocated as 60% as direct expenses and 40% as administrative expenses. The rates of depreciation being charged on different assets are given below:

Category of Fixed Assets	Rate of Depreciation
Land & Land Development	-
Building	2.50%
Furniture & Fixture	10%
Motor Vehicle	
Freehold	15%
Leasehold	15%
ICX Equipment	15%
Machinery and Equipment:	
a) Air Conditioner	15%
b) Power Backup Equipment	
Freehold	15%
Leasehold	15%
c) Internet Equipment	
Freehold	15%
Leasehold	15%
d) Other Equipment	15%
e) Wireless Equipment	15%
f) Telephone Installation	10%
g) Cable Fiber Optic	10%
Computer & Accessories:	
a) Computer & Accessories	15%
b) Software	15%
Work-in-Progress:	
a) Wimax Equipment	15%
Sundry Assets	10%

iv) Gains or Losses on Disposal

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognised net.

v) Capital Work in Progress

Capital work in progress consists of acquisition costs of network plant and machinery, capital components and related installation cost until the date placed in service. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company, i.e. at the time shipment is confirmed by the supplier and installation is made.

2.11 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the entity, the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

2.12 Intangible Assets

i) Recognition and Measurement

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per BAS 38: **Intangible assets** are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Assets are reviewed for impairment at each year and impairment is charged if appropriate. This year no impairment was recognized.

ii) Subsequent Costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

iii) Amortization

Intangible assets are amortized on a straight line basis. Software development is amortized at a rate of 6.67% and other intangibles are amortized at a rate of 20%.

2.13 Investments in Share

Investments in share of listed companies are presented at fair value (Market Value). Any unrealized gain or loss arising from changes of fair value (market value) has accounted for through profit and loss account in these financial statements.

2.14 Associates

Where the company has the power to participate in the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Agni Systems Limited has representation in the board and ownership of 25% of paid up capital of Songbird telecom Limited which has made Songbird telecom an Associate of this entity and therefore recognized accordingly.

2.15 Inventories

Inventories comprise various Modems, Media Converter, Router, Switch, Cables, Nano Station, Gipon, Vigor, IP Phone, Well Gate, Bullet and others. They are stated at the lower of cost and net realisable value in accordance with BAS 2: **Inventories**.

The cost is calculated on average method consistently. Costs comprise expenditure incurred in the normal course of business in bringing such inventories to its location and conditions.

2.16 Financial Assets

i) Cash and Cash Equivalents

For the purpose of statement of financial position and statement of cash flows, cash in hand and bank balances represent cash and cash equivalents considering the BAS 1: *Presentation of Financial Statements* and BAS 7: **Statement of Cash Flows**, which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to and insignificant risk of changes in value and are not restricted as to use.

ii) Trade & Other Receivables

Accounts receivable represent the amounts due from different customers for sale of internet services, software development service, software maintenance services, ICX service, network installation and other services and includes billed portion of such services at the date of statement of financial position. Accounts receivables are stated net of provision for doubtful debts.

2.17 Income Tax

Income tax comprises current and deferred tax. Income tax expense/(income) is recognised in the statement of comprehensive income.

i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Agni Systems Limited is a publicly traded Company. As per the Income Tax Ordinance, 1984, provision for tax has been made at the existing rate of 25% in respect of business income.

ii) Deferred Tax

Deferred tax has been recognized in accordance with the provision of BAS 12: Income Taxes, based on the deductible or taxable temporary difference between the carrying amount of assets/liabilities and its tax base. Deferred tax asset or liability is the amount of income tax recoverable or payable in the future periods recognized in the current period. Deferred tax asset or liability does not create a legal recoverability or liability from or to tax authority. Related deferred tax income/expense is recognized as well in the statement of comprehensive income. Deferred tax assets and liabilities are offsetted if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each date of statement of financial position and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.18 Financial Liabilities

The company initially recognises financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include creditors and accrued expense and provisions.

These are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

i) Creditors and Accrued Expenses

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

ii) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.19 Revenue Recognition

Revenue are recognized as per BAS 18: **Revenue Recognition**, as follows:

i) Post-paid internet services, ICX service and web page software sales are recognized when invoices are made. Pre-paid Internet Services are recognised on receipts.

ii) Other Income are recognised at the time of receive of money from other purpose than the normal course of business of the company.

iii) Revenue from Wimax operation has not yet been started.

2.20 Financial Expenses

Financial expenses comprise of interest expense on long term loan, short term loan and finance lease. All such costs are recognized in the Statement of Comprehensive Income except those are capitalized in accordance with BAS 23: **Borrowing Cost**.

2.21 Software Development Cost

Software development cost was incurred for development of own software of Agni Systems Limited. The cost is amortised every year @ 20% by using reducing balance method consistently. License acquisition cost is amortized every year 1/15 by using straight line method as per condition of license period.

2.22 Earnings per Share (EPS)

The company calculates Earnings per Share (EPS) in accordance with BAS 33: **Earnings per Share**, which has been shown at the bottom of the Statement of Comprehensive Income and the computation of EPS is stated in note # 13.02.

a) Basic Earnings per Share:

This represents earnings for the period attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share has been calculated by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the year. Computation of weighted average number of ordinary shares are required as number of shares outstanding has been changed during the year.

b) Diluted Earnings per Share:

The company has no scheme/option for dilutive potential ordinary shares. As a result, calculation and presentation of diluted EPS is not applicable for the company.

2.23 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with BAS 7: **Statement of Cash Flows** and the cash flow from the operating activities have been presented under direct method considering the provision of paragraph 19 of BAS-7 which provides that enterprises are encouraged to report cash flow from operating activities using the direct method.

2.24 Events after the Reporting Period

All material events occurring after the Statement of Financial Position date are considered and where necessary, adjusted for or disclosed in note # 36.

2.25 Related Party Disclosures

As per BAS 24: '**Related Party Disclosures**', parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.

(i) Directors of Agni Systems Limited (ASL) and their interest in the company (as on 30 June 2017)

Sl. No.	Name of Directors	Address	Status with ASL	Date of Appointment/ Reappointment	No. of shares held in ASL
1	Mr. Javed Bukth	99, Dhanmondi, Road No. 11/A, Dhaka	Chairman	Existing	38,589
2	Mr. Mohammed Abdus Salam	39/C, Banani, Road No. 06, Banani, Dhaka	Managing Director	Existing	4,826,368
3	Mr. Zia Shamsi	House No. 06, Road No. 19, Sector-12, Uttara, Dhaka	Director	Existing	1,317,852
4	South Avenue Ltd	44, South Avenue, Road No. 134, Gulshan-1, Dhaka	Director	28-12-2016 (Reappointment	1,321,320
5	Mr. Md. Atiqul Islam	House No. 2/A, Road No. 16, Sector-4, Uttara Dhaka.	Independent Director	28-12-2016 (Appointment)	Nil

(ii) Particulars of Directors and their interest in other entities (as on 30 June 2017)

Sl. No.	Name of Directors	Status with ASL	Name of the firms/companies/ institutions in which they have interest	Status with the firms/companies/ institutions
1.	Mr. Javed Bukth	Chairman	i) Libra Computer Aid ii) ACME Electronics Ltd. iii) Pentagon Poultry and Dairies Ltd.	i) CEO ii) Managing Director iii) Chairman
2.	Mr. Mohammed Abdus Salam	Managing Director	i) Green Delta Insurance Co. Ltd ii) Songbird Telecom Ltd.	i) Sponsor Shareholder ii) Chairman
3.	Mr. Zia Shamsi	Director	Songbird Telecom Ltd.	Director- Representative of Agni System Ltd.
4	Murshed Sayeed	Director (Nominated by South Avenue)	South Avenue Ltd.	Managing Director
5.	Mr. Md. Atiqul Islam	Independent Director	Islam Garments Ltd.	Director

(iii) Related party transaction disclosure during the year 2017 (in compliance with BAS 24)

Sl. No.	Name of Related Party	Relationship	Number of Transactions	Nature of Transactioin	Transaction during the year
1.	Green Delta Insurance Company Ltd.	Common Director	15	Insurance Premium	1,938,749
2	Songbird Telecom Ltd.	Associate		Sales	

(iv) Key Management Personnel Compensation

Sl	Name & Designation	Short-term employee benefits	Post-employee benefits	Other long-term benefits	Termination benefits	Share-based payment
1	Mr. Mohammed Abdus Salam, Managing Director	40,65,600	N/A	150,000	N/A	N/A
2	Mr. Zia Shamsi, Director	26,13,600	N/A	150,000	N/A	N/A
3	Mr. Muhammed Shariful Islam, Company Secretary	900,000	N/A	150,000	N/A	N/A
4	Mr. Saroj Biswas, CFO.	780,000	N/A	150,000	N/A	N/A
5	Mr. Mozammal Hoque, CTO.	17,51,010	N/A	150,000	N/A	N/A

2.26 Audit Committee Disclosures

In compliance with the circular no. SEC/CMRRCD/2006-158/134/Admin/44 Dated 07 August 2012 of the Securities & Exchange Commission, an Audit Committee of Agni Systems Limited was constituted by the Board of Directors.

Sl. no.	Name	Status with ASL	Status with the committee
i)	Mr. Md. Atiqul Islam	Independent Director	Chairman
ii)	Mr. Zia Shamsi	Director	Member
iii)	Md Murshed Sayeed	Director	Member
iv)	Md Abu Jafor	Head of Internal Audit	Member

2.27 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, the Securities and Exchange Rules 1987 and as per the provisions of the Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Committee (IASC).

2.28 Approval of Financial Statements

These financial statements were approved by the Board of Directors on 29 October 2017.

2.29 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

2.30 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). While preparing the financial statements, Agni Systems Limited applied most of BAS and BFRS as adopted by ICAB. Details are given below:

Name of Bangladesh Accounting Standards (BAS)	BAS No.	Status
Presentation of Financial Statements	1	Complied
Inventories	2	Complied
Statement of Cash Flows	7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
Events after the Reporting Period	10	Complied
Construction Contracts	11	N/A
Income Taxes	12	Complied
Property, Plant and Equipment	16	Complied
Leases	17	Complied
Revenue	18	Complied
Employee Benefits	19	Complied
Accounting for Govt. Grants and Disclosure of Govt. Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Complied
Related Party Disclosures	24	Complied
Accounting & Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	Complied
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Complied
Earnings per Share	33	Complied
Interim Financial Reporting	34	Complied
Impairment of Assets	36	Complied
Provisions, Contingent Liabilities and Contingent Assets	37	Complied
Intangible Assets	38	Complied
Financial Instruments: Recognition and Measurement	39	Complied
Investment Property	40	N/A
Agriculture	41	N/A

Name of Bangladesh Financial Reporting Standards (BFRS)	BFRS No.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
Share-Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non- Current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resource	6	N/A
Financial Instruments: Disclosures	7	Complied
Operating Segments	8	N/A

3.00 General

Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

4.00 Property, Plant and Equipment

This is made up as follows:

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
A) Cost		**867,746,070**	**857,234,954**
Opening Balance (at cost)		857,234,954	798,204,385
Add: Addition during the Year		10,511,116	59,030,569
Less: Adjusted during the year		-	-
B) Accumulated Depreciation		**284,468,781**	**257,291,230**
Opening Balance		257,291,230	226,097,925
Add: Charged during the year		27,177,551	31,193,305
Less: Adjusted during the year		-	-
Written Down Value (A-B)		**583,277,289**	**599,943,724**

Details of Property, Plant and Equipment have been shown in Annexure-1.

5.00 Investment in Associates

Investment in Share Capital (20,02,500 Shares @ Tk. 10 each)	**20,025,000**	**20,025,000**

5.01 This represents the amount paid to Songbird Telecom for 20,02,500 nos. shares as allotted in the name of Agni Systems Limited for Taka 2,00,25,000 which represents 25% of total paid up capital of Songbird Ltd. No dividend/income has yet been received against above investment.

5.02 The following entity has been included in the financial statements as associate.

Name of the company	Songbird Telecom Ltd.
Interest Held	25% of paid up capital and board representation
Principle place of business	Dhaka
Nature of business	IGW Operation

The financial year of the associates ends on 30 June in each calendar year. The Financial Statements of Songbird Telecom as on 30 June 2016 has been audited and Financial Statements as on 30 June 2017 has not been prepared.

The summarized financial included in the audited Financial Statements of Songbird Ltd. as at 30 June 2016 is as follows:

As at 30 June 2016		
Non-current assets	11	254,204,095
Current assets	11	356,729,708
Non-current liabilities	11	33,640,455
Current liabilities	11	310,897,520
NAV	11	33.26

6.00 Intangible Assets

Software Development	6.01	1,066,473	1,333,092
License Acquisition Cost	6.02	33,333,334	36,666,667
		34,399,807	**37,999,759**

6.01 Software Development

This is made up as follows:

	Particulars	Ref. Notes	Amount in Taka	
			30 June 2017	30 June 2016
	Opening Balance		1,333,092	1,666,365
	Add: Addition during the year		-	-
	Less: Amortization during the year		266,619	333,273
	Closing Balance		**1,066,473**	**1,333,092**
6.02	**License Acquisition Cost**			
	Opening Balance		36,666,667	40,000,000
	Addition during the year		-	-
	Less: Written off 1/15		3,333,333	3,333,333
	Closing Balance		**33,333,334**	**36,666,667**
	Details of Intangible Assets are shown in Annexure-2.			
7.00	**Inventories**			
	Modem		1,067,373	1,238,028
	Media Converter		1,760,920	1,902,860
	Router		1,367,253	1,670,253
	Switch		4,584,776	4,029,976
	Cable		1,025,786	1,353,772
	Others		2,387,904	2,310,890
	Gipon		2,203,927	2,358,766
	Nano Station		72,183	959,183
	Vigor		529,352	729,547
	IP Phone		3,731,402	4,310,002
	Well Gate		333,095	528,221
	Bullet		209,743	334,871
	Wimax modem		3,819,862	3,727,363
			23,093,576	**25,453,732**
8.00	**Trade & Other Receivables**			
	Trade receivables		290,955,112	238,035,779
	Other Receivables		-	-
			290,955,112	**238,035,779**
	Less: Provision for bad & doubtful debts		22,707,190	22,707,190
			268,247,922	**215,328,589**
	Trade receivables are accrued in the ordinary course of business and have been stated at their nominal value & considered good by the management. Break up of above is as under:			
	up to 1 month		40,500,180	37,500,180
	1 to 3 months		49,718,022	39,099,968
	3 to 6 months		49,517,567	41,299,468
	6 to 12 months		43,615,714	36,070,114
	above 1 year		84,896,439	61,358,859
	Total		**268,247,922**	**215,328,589**
9.00	**Investment in Shares (Net realizable value)**			
	This is made up as follows:			
	Investment in Listed Securities		1,511,044	23,510,679
	(Meghna Petrolium 10,340 Shares @ Taka 146.136/- each)			
	Unrealized Gain		561,092	-
	Provision against Investment in Shares		-	(12,355,456)
	Total:		**2,072,136**	**11,155,223**

	Particulars	Ref. Notes	Amount in Taka	
			30 June 2017	30 June 2016
10.00	**Advance, Deposits & Prepayments**			
	A) Advance		**216,119,552**	**198,452,924**
	Office Rent		1,846,242	1,968,422
	Other Advance		23,330,850	15,203,649
	Advance Tax	10.01	75,359,103	64,221,561
	Advance for Purchase (Import)		1,463,836	1,463,836
	Advance for land purchase		2,692,000	2,692,000
	VAT		536,824	2,012,759
	Advance to Songbird Telecom Ltd.	10.02	110,890,697	110,890,697
	B) Deposits		**22,699,045**	**20,562,457**
	Bangladesh T & T Board		612,000	612,000
	AKTEL		27,598	27,598
	Grameen Phone		17,000	17,000
	BTRC		1,000,300	1,000,300
	Tender Submit		1,751,737	1,242,980
	Deposit with Security Houses		1,627,831	-
	Deposits for Bandwidth Fee		1,373,903	1,373,903
	Other Deposit		4,433,276	4,433,276
	IPTSP		100,000	100,000
	Fiber Cable		800,000	800,000
	Bank Guarantee for ICX		5,000,000	5,000,000
	IIG		1,695,000	1,695,000
	Telephone Installation & Deposits		4,260,400	4,260,400
	C) Prepayments		**5,566,467**	**5,730,381**
	Insurance		695,683	712,863
	License & Renewal Fee- BTRC		2,188,708	2,249,898
	Advertisement		1,587,810	1,605,109
	Membership Fee		1,094,266	1,162,511
	Total (A+B+C):		**244,385,064**	**224,745,762**

Other advance of Tk. 24,881,449 is due from 4 nos. parties without any statement of accounts & confirmation certificate.

10.01 Advance Tax

This is made up as follows:

Opening balance	64,221,561	48,858,064
Add: Paid/deducted at source during this year	11,137,542	15,363,497
	75,359,103	64,221,561
Less: Adjustment made during the year	-	-
	75,359,103	**64,221,561**

10.02 Advance to Songbird Telecom Ltd. represents Tk. 106,440,697 and Tk. 4,450,000 given to Songbird Telecom Ltd. an Associate of Agni Systems Limited from time to time as subscription money for share capital & short term loan respectively but necessary shares are yet to be allotted.

11.00 Cash and Cash Equivalents

Cash in Hand		335,024	736,609
Cash at Bank:	**A/c Type**	**37,714,422**	**53,697,751**
Standard Chartered Bank Ltd.	CA	6,567,893	2,769,580
Eastern Bank Ltd.	CD	15,069,115	65,621
Eastern Bank Ltd.	SND	932,649	932,649
Bank Asia Ltd.	SND	1,631,815	9,885,784
Sonali Bank Ltd.	CA	12,714	228,180
ICB Islamic Bank Ltd.	CA	12,229	12,229
Woori Bank	CD	703,865	693,832
Dhaka Bank Ltd.	CA	340,609	629,666
Bank Asia Ltd.	SND	425,296	411,195
Bank Asia Ltd.	SND	1,182,847	7,401,231
Bank Asia Ltd.	CA	1,700,400	172,739
Bank Asia Ltd.	CA	8,525,326	30,301,745
Islami Bank Ltd.	SND	1,000	1,000
Bank Asia Ltd.	SND	608,663	192,300
Total:		**38,049,446**	**54,434,360**

All the bank balances have either been agreed or reconciled except ICB Islamic Bank and Islami Bank Ltd.

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016

12.00 Share Capital

This is made up as follows:

Authorized:		
100,000,000 Shares @ Taka 10 each	**1,000,000,000**	**1,000,000,000**
Issued, Subscribed & Paid-up:		
6,58,10,606 Shares @ Taka 10/- each fully paid-up in cash	658,106,060	626,767,680
	658,106,060	**626,767,680**

Shareholding Position was as follows:

Name of shareholders	Percentage of Shareholding		Value (Taka)	
	2016-2017	2015-2016	2016-2017	2015-2016
Promoters	11.40	11.40	75,041,287	71,451,516
Institution (Local)	10.77	22.40	70,896,200	140,395,960
Public	77.75	65.88	511,692,710	412,914,548
Non-Resident	0.07	0.32	475,863	2,005,657
	100.00	**100.00**	**658,106,060**	**626,767,680**

Distribution Schedule-Discloser under the Listing Regulation of Stock Exchange:

This distribution schedule showing the number of shareholders and their shareholdings in percentage have been disclosed below which is a requirement of the listing regulations of Dhaka & Chittagong Stock Exchange:

Shareholders Range in Number of Share	Number of Share Holders	% of Total Share Holdings	Number of Shares	Amount of Share Capital
Less Than 500 Shares	3,433	0.87	575,141	5,751,410
500 to 5000 Shares	4,330	12.91	8,498,121	84,981,210
5001 to 10000 Shares	807	9.44	6,211,342	62,113,420
10001 to 20000 Shares	455	10.45	6,874,819	68,748,190
20001 to 30000 Shares	166	6.32	4,160,336	41,603,360
30001 to 40000 Shares	77	4.20	2,761,177	27,611,770
40001 to 50000 Shares	67	4.76	3,129,575	31,295,750
50001 to 100000 Shares	105	11.34	7,465,595	74,655,950
100001 to 1000000 Shares	65	24.28	15,975,885	159,758,850
Over 1000000 Shares	5	15.44	10,158,615	101,586,150
Total	**9,510**	**100.00**	**65,810,606**	**658,106,060**

13.00 Retained Earnings

Opening Balance		93,263,312	82,857,526
Prior Years' Adjustment	13.01	3,246,248	-
		96,509,560	82,857,526
Less: Cash Dividend		(31,338,388)	-
		65,171,172	82,857,526
Less: Stock Dividend		(31,338,380)	(56,978,880)
		33,832,792	25,878,646
Add: Profit after Tax during the Year		67,162,653	67,384,666
Total		**100,995,445**	**93,263,312**

13.01 Prior Years Adjustment

This is made up as follows:

Total Prior Years Adjustment	20.01	3,302,925	-
Less: Other Adjustment of Previous Year		56,677	-
		3,246,248	**-**

13.02 Earnings per Share (EPS) Disclosure under BAS 33 "Earnings per Share"

Basic Earnings per Share

Net Profit after Tax	67,162,653	67,384,666
Less: Provision for Dividend on Preference Share	-	-
Earning Attributable to Ordinary Shareholders	67,162,653	67,384,666
Number of Outstanding Ordinary Shares	65,810,606	62,676,768
Basic EPS	**1.02**	**1.08**

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
13.2.1 Restated EPS			
Net Profit after Tax		-	67,384,666
Less: Dividend on Preference Share		-	-
Earning Attributable to Ordinary Shareholders		-	**67,384,666**
Number of Outstanding Ordinary Shares		-	65,810,606
Restated EPS		**-**	**1.02**
14.00 Long Term Borrowings			
Long Term Loan (Bank Asia Ltd.)		-	14,519,079
Liabilities to Lanka Bangla Finance		-	774,084
Car Loan from Bank Asia		2,416,256	2,933,334
Term loan From Bank Asia		61,575,328	77,777,779
Liabilities to IDLC		-	83,770
Liabilities to Bay Leasing		2,074,137	-
		66,065,721	**96,088,046**

14.01 The long term loan has been taken from Bank Asia Limited at a interest @10.50% p.a. for 5 years. Loan from Lanka Bangla Finance Limited has been taken at the interest rate of 20% p.a. and subsequently reduced for 5 years. Liabilities to IDLC represent two leases. Term loan from Bank Asia represents the amount sanctioned by the bank to finance the import of Wimax equipments at a interest @13% p.a. Confirmation from IDLC & Bay Leasing are not available.

The collaterals and other securities against the above loans are as follows:

Collaterals:

1 Hypothecation of machinery, equipments and spare parts duly issued with bank's mortgage Clause for Bank Asia Ltd and ASL;

2 Registered mortgage of office space measuring 785.96 sft, situated at "Royal Court Concord" valued at Tk. 19.5 million;

3 Registered mortgage of apartment # 20/A and car parking space at basement -2 at 'Navana Shopping Complex" valued at 57.07 million;

4 Post dated cheque covering the Bank Guarantee limit.

Others:

1 Documents of title of goods;
2 Ownership of lease assets;
3 Fixed charge on all the fixed and floating assets of the company with RJSC to cover the full
4 Registered irrecoverable power of attorney empowering the bank to sell the mortgage
5 Personnal guarantee of all the directors of the company.

15.00 Deferred Tax

This has been arrived as under:

Opening Balance	9,727,302	11,349,701
Addition/(Written back) during the Year	(822,581)	(1,622,399)
	8,904,721	**9,727,302**

Deferred Tax Expense/(Income)

This has been arrived as under:

Carrying amount of Assets		
Property, Plant and Equipment	583,277,289	599,943,724
Provision for investment as per financial statements (liability)	-	-
Accounts Receivables	268,247,922	215,328,589
	851,525,211	815,272,312

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
Tax Base			
Property, Plant and Equipment		524,951,216	538,327,324
Provision for investment as per financial statements (liability)		-	-
Accounts Receivables		290,955,112	238,035,779
		815,906,328	776,363,103
Taxable Temporary Difference		**35,618,883**	**38,909,210**
Effective Tax Rate		25%	25%
Deferred Tax (Assets)/Liability		**8,904,721**	**9,727,302**
Opening Deferred Tax		9,727,302	11,349,701
Deferred Tax Expense/(Income)		**(822,581)**	**(1,622,398)**

To findout the tax base value of Property, Plant and equipment depreciation rates of major portion of assets have been reduced resulting increased written down value of assets and also reduction of temporary difference..

16.00 Current Portion on Long Term Borrowings

Term Loan (Bank Asia Ltd.)		5,373,413	4,280,190
Liabilities to Lanka Bangla Finance		1,362,743	1,380,000
Car Loan To Bank Asia		93,664	122,922
Term loan From Bank Asia		8,433,247	17,130,882
Liabilities to IDLC		324,644	1,005,240
Liabilities to Bay Leasing		2,896,560	-
		18,484,271	**23,919,234**

17.00 Liabilities for Services

This has been arrived as under:

Liabilities for Courier Bill		7,240	6,460
Provision for revenue sharing of ICX		16,902,816	16,902,816
Liabilities for Other Services		21,080,018	21,162,628
Provision for Audit Fees		225,000	103,500
		38,215,074	**38,175,404**

No detail of Liabilities for other services are available.

18.00 Other liabilities

VAT Payable		2,692,343	2,768,570
Unclaimed Dividend		3,098,927	3,139,859
Margin Loan A/C		9,320,770	-
Payable to Songbird		-	1,483,196
		15,112,040	**7,391,625**

19.00 Provision for Expenses and Other Liabilities

Salary		5,508,644	5,128,494
Telephone Bill		5,248	11,048
Directors' Remuneration		416,600	416,000
Electricity Bill		163,463	161,283
Mobile Bill		43,672	34,972
Provision for contribution to WPPF	19.01	16,506,416	11,860,762
AGM Expenses		1,400,000	1,300,000
		24,044,043	**18,912,559**

19.01 Provision for contribution to WPPF

Opening Balance		11,860,762	**7,388,335**
Add: Interest on WPPF		889,557	554,125
		12,750,319	**7,942,460**
Add: During the year		3,756,097	3,918,302
		16,506,416	**11,860,762**

No payment of WPPF has yet been made.

20.00 Provision against Investment in Shares

Opening Balance		12,355,455	11,971,535
Add: Provision made during the period		-	383,920
Less: Adjustment during the year	20.01	12,355,455	-
Total		**-**	**12,355,455**

20.01 Adjustment during the year

Loss adjusted during the year	9,052,530	-
Adjustment in respect of Previous Year	3,302,925	-
	12,355,455	-

Adjustment in respect of previous year represents recovered loss on shares which was peovided in earlier years.

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
21.00 Revenue			
This has been arrived as under:			
Income from Internet Service	21.01	162,725,527	129,363,153
Profit from Software	21.02	2,962,177	5,397,286
Profit on Sale of Modem	21.03	1,890,992	1,177,516
Profit on Sale of Work Station & Services	21.04	1,860,912	1,091,657
Other Operating Income	21.05	15,585,155	6,370,715
Income from IPTSP	21.06	11,748,946	1,247,548
Income from IT Enable Service	21.07	36,137,822	27,643,356
Other Hardware Sales	21.08	6,204,831	1,023,999
Income from ICX	21.09	85,778,430	161,900,305
Income from Networking Installation		1,879,540	1,160,180
Total		**326,774,332**	**336,375,715**
21.01 Income from Internet Service			
Income from Internet Service		187,134,356	148,767,626
Less: VAT @ 15%		24,408,829	19,404,473
Total		**162,725,527**	**129,363,153**
21.02 Profit from Software			
Receipt from Software Billing		7,425,327	19,270,558
Less: Expenses against Software Unit	21.2.1	4,463,150	13,873,272
Total		**2,962,177**	**5,397,286**
21.2.1 Expenses for Software Unit			
Salary & Allowance		2,270,000	7,780,180
Festival Allowance		280,000	880,000
POP Maintenance Cost		272,000	901,000
Office Rent		677,180	1,880,000
Electricity Bill		180,000	680,190
Printing & Publication		18,000	98,000
Office Supply		82,000	255,505
Conveyance		35,351	188,846
Repair & Maintenance		23,800	132,785
Cable Security Expense		120,500	253,188
Office Stationery		110,000	195,180
Entertainment		88,500	217,945
Advertisement & Publicity		39,299	77,180
Amortisation of Research & Development		266,520	333,273
Total		**4,463,150**	**13,873,272**
21.03 Profit on sale of Modem			
Sales		8,081,000	9,280,850
Less: Cost of Goods Sold		6,190,008	8,103,334
Total		**1,890,992**	**1,177,516**
21.04 Profit on Sale of Work Station & Services			
This has been arrived as under:			
Sales		5,595,000	4,780,180
Less: Cost of Goods Sold		3,734,088	3,688,523
Total		**1,860,912**	**1,091,657**
21.05 Other Operating Income			
Domain Hosting		3,980,000	2,280,155
Subscription/Admission Fee		3,770,155	1,715,560
Fax Away		3,880,000	1,419,000
Support Service		3,955,000	956,000
Total		**15,585,155**	**6,370,715**

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Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
21.06 Income from IPTSP			
Income from IPTSP Service		15,032,830	8,315,650
Less: Expense against IPTSP Connection		3,283,884	7,068,102
Total		**11,748,946**	**1,247,548**
21.07 Income from IT Enable Service			
Income from IT enable Service		37,764,024	**28,887,307**
Less:VAT 4.5%		1,626,202	**1,243,951**
Total		**36,137,822**	**27,643,356**
21.08 Other Hardware Sales			
Revenue from hardware		9,913,896	4,177,820
Less: Cost of Goods Sold		3,709,065	3,153,821
Total		**6,204,831**	**1,023,999**
21.09 Income from ICX			
Revenue from ICX		287,172,992	333,639,957
Less: VAT		12,680,127	12,282,867
Net Revenue from ICX		274,492,865	321,357,090
Less: Service charge for ICX		614,625	5,983,519
Less: Revenue Sharing of ICX with BTRC		188,099,810	153,473,267
Total		**85,778,430**	**161,900,305**
22.00 Direct Expenses			
This has been arrived as under:			
Other Direct Expenses	22.01	2,525,464	2,063,198
Salary & Allowance	22.02	39,311,400	28,463,180
Other Operating Expenses	22.03	24,045,289	19,760,714
Utility & Supplies	22.04	1,697,050	1,807,450
Office rent		9,680,000	9,455,000
Depreciation (Operating)	22.05	16,306,531	18,715,983
Repairs & Maintenance		655,000	536,572
Bandwidth Related Expenses		26,790,725	25,429,028
IPTSP Interconnection Fee		6,376,116	6,004,510
Fiber Lease		26,226,296	15,697,369
Domain Charge		906,888	907,620
Lease Line		5,598,896	10,270,243
IPTSP Revenue sharing		42,063	57,248
GOBB Expense		2,899,492	15,340,934
Installation Expense.		220,188	173,183
Rack charge		6,197,915	3,102,784
T & T Bill		28,333	76,095
Total		**169,507,646**	**157,861,111**
22.01 Other Direct Expenses			
Courier Bill		103,188	54,324
C & F Charge		-	44,530
Tower Construction & Maintenance Expense		1,015,273	673,910
POP Maintenance Cost		1,407,003	1,290,434
Total		**2,525,464**	**2,063,198**
22.02 Salary & Allowance			
Salary Staff		35,880,000	22,350,000
Festival Allowances		3,418,000	5,857,000
Over time		13,400	256,180
Total		**39,311,400**	**28,463,180**
22.03 Other Operating Expenses			
Printing & Publication		418,598	398,000
Mobile Bill		567,268	397,650
License & Renewal Fee		19,468,235	15,410,374
Other Expenses-Operating		440,476	59,180
Conveyance-Line man		444,695	540,598
Insurance Premium		1,938,749	2,197,761
Petrol, Oil & Lubricants-Generator		453,000	404,649
Tender Schedule Purchase		314,268	352,502
Total		**24,045,289**	**19,760,714**

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
22.04 Utility & Supplies			
This has been arrived as under:			
Electricity Bill		1,661,050	1,780,000
Gas Bill		20,000	9,450
WASA Bill		16,000	18,000
Total		**1,697,050**	**1,807,450**
22.05 Depreciation (Operating)			
60% of Current Year Depreciation		16,306,531	18,715,983
Total		**16,306,531**	**18,715,983**
23.00 Administrative & General Expenses			
Salary & Allowance	23.01	30,909,802	37,375,285
Business Promotional Expenses	23.02	949,704	1,266,857
Utilities & Supplies	23.03	963,956	253,323
Office Rent		4,341,811	3,893,301
Repair & Maintenance		509,927	341,602
World vision project cost 50%		-	10,329,243
General & Administrative Expenses	23.04	18,759,347	21,203,424
Depreciation (Administrative)	23.05	10,871,020	12,477,322
Total		**67,305,567**	**87,140,357**
23.01 Salary & Allowance			
Salary		28,693,518	34,800,255
Festival Allowance		2,216,284	2,575,030
Total		**30,909,802**	**37,375,285**
23.02 Business Promotional Expenses			
Advertisement & Publicity		577,769	184,350
Tours & Travels		122,025	775,007
Participation in Trade Fair		218,228	265,000
Other Business Promotional Expenses		31,682	42,500
Total		**949,704**	**1,266,857**
23.03 Utilities & Supplies			
Electric Bill		938,232	237,663
Gas Bill		17,727	-
WASA Bill		7,997	15,660
Total		**963,956**	**253,323**
23.04 General & Administrative Expenses			
This has been arrived as under:			
Directors' Remuneration		7,759,200	5,780,000
Office Tea		52,405	25,660
Photocopy		4,373	21,638
Newspaper & Periodicals		49,364	7,514
Entertainment		603,111	582,932
Office Stationary		349,865	262,000
Postage & Stamp		25,530	52,000
Petrol, Oil & Lubricants - Pool Car		857,853	628,000
Mobile Bill		190,271	165,000
Conveyance - General		290,060	261,469
Printing & Publication		192,385	222,385
Membership Fee		152,847	102,000
Audit Fee		225,000	117,000
Professional Expenses		-	245,000
Consulting & Accounting		653,750	-
Subscription / Donation		167,000	231,453
Interest on WPPF		889,557	554,125
Regulatory Body		720,397	259,586
T & T Line Maintenance		421,527	309,423
Conveyance - Customer Support		747,401	863,759
Amortisation of License acquisition cost		3,333,333	3,333,333
AGM Expenses		1,013,308	1,762,500
Legal expense		60,810	10,000
Provision for Bad & Doubtful debt		-	5,406,647
Total		**18,759,347**	**21,203,424**

AMAR STOCK

Particulars	Ref. Notes	Amount in Taka	
		30 June 2017	30 June 2016
23.05 Depreciation (Administrative)			
40% of Current Year Depreciation		10,871,020	12,477,322
Total		**10,871,020**	**12,477,322**
24.00 Financial Expenses			
Interest on Bank Loan		9,735,087	11,065,585
Lease Finance		355,493	1,645,010
Fees & Charges on Margin Loan		1,818,814	-
Bank Charge & Commission		587,027	846,798
Total		**12,496,421**	**13,557,393**
25.00 Non-Operating Income			
Interest Income		518,908	4,150,497
Total		**518,908**	**4,150,497**
26.00 Investment Income			
This has been arrived as under:			
Investment Income/(Loss)		116,209	110,076
Unrealized Gain		561,092	-
Dividend from Listed Securities		217,140	590,826
Total		**894,441**	**700,902**
27.00 Current Year Provision for Income Tax			
(a) Provision for Tax @ 25%			
Net Profit before Tax		75,121,949	78,366,032
Investment (income)/Loss		(894,441)	(700,902)
Provision for loss on Investment in shares		-	383,920
Provision for doubtful debt		-	5,406,647
Income from Software		(2,962,177)	(5,397,286)
Income from IT Enable Service		(36,137,822)	(27,643,356)
Gain or Loss on Fixed Assets		-	-
Taxable Income		**35,127,509**	**50,415,055**
Provision for Tax @ 25%		**8,781,877**	**12,603,764**
Total			
(b) Provision for Tax on Non-Operating & Investment Income		**-**	**-**
(c) Income Tax Expenses			
Tax on Operating Income (a)		8,781,877	12,603,764
Tax on Non-Operating & Investment Income (b)		-	-
Total		**8,781,877**	**12,603,764**
(d) Provision for Income Tax			
Opening Balance		42,272,487	29,668,723
Add: Current Year's Tax		8,781,877	12,603,764
Add: Prior Years' Short/(Excess) Provision		-	-
Short provision for 2010-11		-	-
Short provision for 2011-12		-	-
		8,781,877	**12,603,764**
		51,054,364	**42,272,487**
Less: Adjustment during the Year		-	-
Total Provision for Income Tax		**51,054,364**	**42,272,487**

Provision for tax on adjustment in respect of previous year has not been made.

Particulars	Amount in Taka	
	30 June 2017	30 June 2016

28.0 Finance Lease

Agni Systems Limited leases 03 (Three) of its motor vehicles (net carrying value Tk. 15,516,835) a power backup equipment (net carrying amount Tk. 1,054,000) and internet equipment (net carrying amount Tk. 408,425). These assets are classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and Agni Systems Limited has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments	Interest
Not later than one year	2,048,099	630,387
Between one year and five year	2,433,486	1,546,093
Later than five years	-	-
Total:	**4,481,585**	**2,176,480**

29.0 Financial Risk Management

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

* **Credit Risk**
* **Liquidity Risk**
* **Market Risk**

29.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

(a) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets (HTM) - investment in shares	20,025,000	25,000
Financial assets HFT - Investment in shares	2,072,136	11,155,223
Singbird Telecom Ltd.	-	-
Accounts receivable, net	268,247,922	215,328,589
Cash at bank balances	37,714,422	53,697,751
Total	**328,059,479**	**280,206,563**

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic regions was:

Domestic	268,247,922	215,328,589
Foreign	-	-
Total	**268,247,922**	**215,328,589**

29.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

The following are the contractual maturities of financial liabilities of the company:

Loans and borrowings	66,065,721	96,088,046
Current portion of long term loan	18,484,271	23,919,234
Liabilities for services	38,215,074	38,175,404
Income tax payable	51,054,364	42,272,487
Other payables	15,112,040	7,391,625
Total	**188,931,470**	**207,846,796**

29.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The company is not exposed to fluctuation in interest rates as it has no floating interest rate bearing financial liabilities and it did not enter into any type of derivative instrument in order to hedge interest rate risk as at 30 June 2016.

Fixed rate instruments

Financial liabilities	84,549,992	120,007,280
Total	**84,549,992**	**120,007,280**

30 Foreign Exchange Earned and Payment

During the year under audit the company has not earned or make payment any amount in foreign currency.

31 Payment/ Perquisites to Directors and Officers

i) No compensation was allowed by the company to the Directors of the company other than directors remuneration as reported in note no. 23.4

ii) No amount of money was expended by the company for compensating any member of the board for special services rendered.

iii) No board meeting attendance fee was paid to the directors of the company.

32 Capital Expenditure Commitment

There has been significant capital expenditure commitment of the company as per prospectus which is not yet completed.

33 Contingent Liabilities

Agni Systems Limited has given a performance bank guarantee of Taka 50 million to BTRC for ICX license through Bank Asia Limited. The company has deposited Taka 5 million to Bank Asia Limited as margin against the bank guarantee. There may arise tax liability on final assessment of tax remain pending with taxation authority.

34 Claim not Acknowledged

There was no such claim against the company as not acknowledged as debt as on 30 June 2017.

35 Commission, Brokerage or Discount against services

No commission brokerage or discount was allowed during the year under audit.

36 Events after the Reporting Period

Proposed dividend :

The board of directors in its board meeting held on 29 October 2017 has recommended 10% dividend (5% Stock+5% Cash) for the year ended June 30, 2017 subject to approval of the shareholders at the ensuing Annual General Meeting (AGM).

37 Related Party Relationship and Transaction

The company has no other related party transaction except all insurance policy with Green Delta Insurance Company Ltd. and IGW operation with Songbird Telecom Ltd. as mentioned in the note no. 2.25 (iii).

38 Special Reports as per the Companies Act, 1994

(i) Number of employees and remuneration thereof as per the schedule XI of the Companies Act, 1994 the number of employees engaged for the whole year or part thereof who received a total remuneration above Taka 54,000 per annum or above Taka 4,500 per month were 235 for the year 2016-17.

(ii) There was non-resident Bangladeshi shareholder of the company during the year under audit. Percentage of shareholding of the non-resident Bangladeshis has been disclosed in note no.12.

39 Balance Confirmation letters have been sent to various parties i.e. debtors, creditors, advances etc. to confirm their balances directly to the statutory auditors but no respond has yet been received.

Company Secretary **Director** **Managing Director**

Agni Systems Limited

Schedule of Fixed Assets
As at 30 June 2017

Annexure-1

Amount in TK.

Sl. No.	Name of Assets	COST				DEPRECIATION					
		Opening balance as at 01 July 2016	Addition during the year	Sales/ Transfer/ Adjustment	Balance as at 30 June 2017	Rate (%)	Opening balance as at 01 July 2016	Charged during the year	Adjustment during the year	Balance as at 30 June 2017	Written down Value as at 30 June 2017
1	2	3	4	5	6=(3+4+5)	7	8	9	10	11=(8+9+10)	12=(6-11)
1	Land & Land Rights	132,787,867	-	-	132,787,867	-	-	-	-	-	132,787,867
2	Building	20,419,462	-	-	20,419,462	2.5	3,634,672	419,620	-	4,054,292	16,365,170
3	Furniture & Fixture	11,583,101	-	-	11,583,101	10	6,239,753	534,335	-	6,774,088	4,809,013
4	**Motor Vehicle:**										
	(i) Freehold	8,691,833	2,590,000	-	11,281,833	15	4,173,256	793,804	-	4,967,060	6,314,773
	(ii) Leasehold	22,380,000		-	22,380,000	15	9,182,402	1,979,640	-	11,162,042	11,217,958
	Sub-total:	**31,071,833**	**2,590,000**	**-**	**33,661,833**		**13,355,658**	**2,773,444**	**-**	**16,129,102**	**17,532,731**
5	**ICX Equipment**	141,394,745	-	-	141,394,745	15	57,801,673	12,538,961	-	70,340,634	71,054,111
6	**Machinery and Equipment:**										
	a) Air Conditioner	3,632,100	-	-	3,632,100	15	2,771,214	129,133	-	2,900,347	731,753
	b) Power Backup Equipment:							-			
	(i) Freehold	6,396,532	60,200	-	6,456,732	15	4,468,436	291,891.40	-	4,760,327	1,696,405
	(ii) Leasehold	1,600,000	-	-	1,600,000	15	952,712	97,093	-	1,049,805	550,195
	c) Internet Equipment:										
	(i) Freehold	113,968,186	84,600	-	114,052,786	15	78,349,624	5,349,129	-	83,698,753	30,354,033
	(ii) Leasehold	620,000	-	-	620,000	15	369,176	37,624	-	406,800	213,200
	d) Other Equipment	320,025	86,800	-	406,825	15	256,248	16,077	-	272,325	134,500
	e) Wireless Equipment	78,057,019	-	-	78,057,019	15	61,439,557	2,492,619	-	63,932,176	14,124,843
	f) Telephone Installation	2,526,544	-	-	2,526,544	10	1,888,614	63,793	-	1,952,407	574,137
	g) Cable Fiber Optic	20,038,268	679,900		20,718,168	10	9,446,755	1,093,146	-	10,539,901	10,178,267
	Sub-total:	**227,158,674**	**911,500**	**-**	**228,070,174**		**159,942,336**	**9,570,506**	**-**	**169,512,842**	**58,557,332**
7	**Computer & Accessories:**										
	a) Computer & Accessories	22,027,219	122,680	-	22,149,899	15	13,729,715	1,251,880	-	14,981,594	7,168,305
	b) Software	1,400,000	-	-	1,400,000	15	1,269,729	19,541	-	1,289,269	110,731
	Sub-total:	**23,427,219**	**122,680**	**-**	**23,549,899**		**14,999,443**	**1,271,420**	**-**	**16,270,863**	**7,279,036**
8	Sundry Assets	2,010,355	-	-	2,010,355	10	1,317,695	69,266	-	1,386,961	623,394
9	**Work-in-Progress:**										
	Wimax Equipment	267,381,698	6,886,936	-	274,268,634	-	-	-	-	-	274,268,634
Total as at 30 June 2017		**857,234,954**	**10,511,116**	**-**	**867,746,070**		**257,291,230**	**27,177,551**	**-**	**284,468,781**	**583,277,289**
Total as at 30 June 2016		**798,204,385**	**59,030,569**	**-**	**857,234,954**		**226,097,925**	**31,193,305**	**-**	**257,291,230**	**599,943,724**

Agni Systems Limited

Schedule of Intangible Assets
As at 30 June 2017

Annexure-2

Amount in Tk

Sl. No.	Particulars	Cost				Amortization					
		Opening as at 1 July 2016	Addition during the Year	Adjustment	Balance as at 30 June 2017	Rate	Opening as at 1 July 2016	Charge during the year	Adjustment	Balance as at 30 June 2017	Written Down Value as at 30 June 2017
1	2	3	4	5	6=(3+4+5)	7	8	9	10	11=(8+9+10)	12=(6-11)
1	Next Generation Mail Server Software	2,772,300	-	-	2,772,300	20%	2,619,891	30,482	-	2,650,373	121,927
2	Agni Buy & Sell	3,460,500	-	-	3,460,500	20%	3,270,257	38,049	-	3,308,306	152,194
3	Agni Exam	1,220,400	-	-	1,220,400	20%	1,145,061	15,068	-	1,160,129	60,271
4	Network Management Software	6,548,086	-	-	6,548,086	20%	5,685,601	172,497	-	5,858,098	689,988
5	Subscriber Management Software	957,100	-	-	957,100	20%	904,483	10,523	-	915,006	42,094
6	ICX Development Cost	50,000,000	-	-	50,000,000	6.67%	13,333,333	3,333,333	-	16,666,666	33,333,334
Total as at 30 June 2017		**64,958,386**	**-**	**-**	**64,958,386**		**26,958,627**	**3,599,952**	**-**	**30,558,578**	**34,399,807**
Total as at 30 June 2016		**64,958,386**	**-**	**-**	**64,958,386**		**23,292,021**	**3,666,606**	**-**	**26,958,627**	**37,999,759**