

Annual Report 2007



Bangladesh Online Limited

CORPORATE INFORMATION

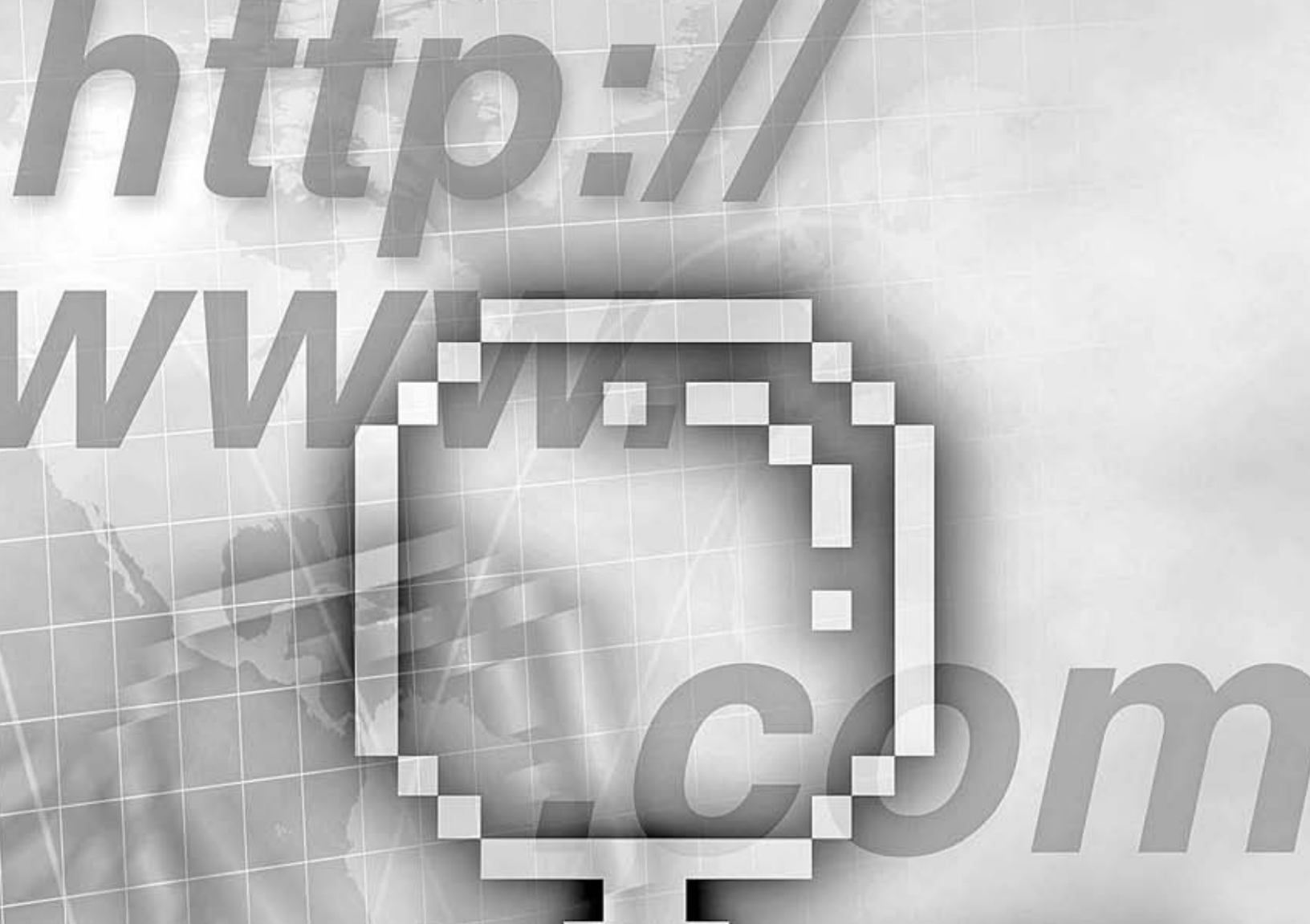
Web Site	: www.bol-online.com
Head Quarter	: 17 Dhanmondi R/A Road No.2, Dhaka 1205 Phone :880 2 8611891
Operational Head Quarter	: Plot No. 19, Road No.35 Gulshan, Dhaka 1212 Phone:880 2 8815559
Share Office	: 17 Dhanmondi R/A Road No.2, Dhaka 1205 Phone:880 2 8611891
Office Hours	: Customer Service & Administrative Affairs 9:00 am to 6:00 pm (Sunday to Thursday) Call Center (Phone Service) : 24 hours
Member of Share Market	: Dhaka Stock Exchange Chittagong Stock Exchange
Annual Shareholder Meeting	: 26th August 2008, 4:00 pm
Proposed Dividend	: 15% Stock Dividend
Auditors	: M J Abedin & Co.
Legal Adviser	: Huq & Co
Financial Partners	: Bank Asia Limited Dhaka Bank limited IFIC Bank Limited Standard Chartered Bank First Lease International Limited Bay Leasing & Investment Limited BRAC Bank Limited Citibank NA



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A printable version is also available at the BOL web site: www.bol-online.com



Company **PROFILE**

Head Quarter

17 Dhanmondi R/A, Road No. 2
Dhaka 1205, Bangladesh.
Phone: 880 2 8611891

Operational Head Quarter

Plot No. 19, Road No. 35
Gulshan, Dhaka 1212, Bangladesh.
Phone: 880 2 8815559

Share Office

17 Dhanmondi R/A, Road No. 2
Dhaka 1205, Bangladesh.
Phone: 880 2 8611891

Date of Incorporation

03 November 1996

Date of Commercial Operation

01 December 1999

Nature of Business Activities

Dial-up Internet Service
Corporate Broadband Service
Software Development

Legal Status

Public Limited Company

Authorized Capital (Taka)

2,000 million

Paid-up Capital (Taka)

243.38 million

Listing

Dhaka Stock Exchange
Chittagong Stock Exchange

Number of Shareholders

2,381

Number of Employees

75



Corporate **DIRECTORIES**

Board of Directors

A S F Rahman
Chairman

Salman F Rahman
Vice Chairman

Iqbal Ahmed
Director

Osman Kaiser Chowdhury
Director

Management Committee

Syed Samiul Wadood
Chief Operating Officer

Ershad Shafi Chowdhury
Chief Information Officer

Md. Asad Ullah, FCS
Company Secretary



Mission

Each of our activities must benefit and add value to the common wealth of our society. We firmly believe that, in the final analysis we are accountable to each of the constituents with whom we interact; namely: our employees, our valued customers, our suppliers, our business associates, our shareholders and our fellow citizens.

Vision

BOL is the country leader in providing internet services, software & systems integration services. We ensure that our customers are successful by understanding and being responsive to their needs, as well as working collaboratively with them to provide one-stop faster, cost-competitive and scalable services that create competitive advantages in the world of electronic communication.

Values

At BOL, we believe that how we do business is paramount to our success. Our commitment is exemplified by "The Beximco Way" a core values statement which highlights the importance of Customer and Market Focus, High Performance, Integrity and Respect, Spirit, Collaboration and People Development. BOL's employees are the key to living these values and BOL is committed to providing a work environment for our employees that fosters The Beximco Way. We are extremely proud of our employees, who take seriously their responsibility to embody these values in their relationships with each other, and with our customers, shareholders, suppliers and community. We also are extremely proud of our commitment to the communities where our employees live and work. We believe that being part of the community includes a responsibility to contribute more than just jobs.

Objectives / Goal

Our goal is to make internet services available to everyone in Bangladesh. Additionally, we aim to be internationally renowned as a high quality software developer.

Equal Employment Opportunities

BOL's longstanding policy is to afford equal employment opportunities to all qualified individuals without regard to race, color, religion, national origin, age, sex or handicap.

About US

Bangladesh Online Limited, a Beximco company, is the leading Internet Service Provider and Software Developer in the country. Since its launch in August 1998, BOL has been able to set an example of excellence with its subscribers with the help of updated technology and dedicated support service.

Responding to the information needs of the country, Bangladesh Online Limited (BOL) was established with the sole aim of keeping the customers in the information super highway with the fastest access to the net. BOL has succeeded as the best Internet Service Provider of the country by using the latest technology available. We are a public limited company and our shares have been traded in Dhaka and Chittagong Stock Exchange since October 2001.

Our Service Areas

Gulshan • Banani • Dhanmondi • Baridhara • Eskaton • Maghbazar • Kawran Bazar • Motijheel • Naya polton • Uttara • Konabari • Tejgaon • Mohammadpur • Sylhet • Chittagong • Shunamgonj • Tangail • Rangpur • Kishorgonj

Our Customers

Government bodies • Shipping Lines • Air Lines • Financial Institutions • Corporate Group • Multinational Companies • Foreign Missions • Donor Agencies • NGO's • Educational Institutions • Research Institutions • Individuals

Our Support System

With regularly scheduled systems support and maintenance, we keep systems running smoothly and virus free, minimizing frustrating download time and boosting productivity.

We also offer remote site management and a help desk that allow us to troubleshoot many problems over the phone, door-to-door steps, saving organizations' both time and money.

Our Solutions

From implementing a new wireless network to setting up a new computer to building a web site to determining the best way to collect, track and report data, our experts create solutions that use technology to help organizations run more effectively.

Our Software Development

Globally the software & service industry continues to grow at an explosive pace. We have just began to reap the benefits of this multibillion dollar market. We are extremely proud of our talented employees for creating high-end software, which was accepted and recognized to follow best practices in the industry.

Market Leadership

BOL is still the leading and largest IT firm in Bangladesh. We have maintained this position by being able to respond rapidly to market forces. The management closely follows market trends and can thereby make swift and decisive strategic changes. Coupled with an environment that encourage innovation, we were able to serve our customers better and offer services that they demanded before the competition could respond.

For all of these reasons, BOL is the most successful IT Firm in Bangladesh.

Financial
HIGHLIGHTS

Particulars	2007	2006	Changes	
			Amount	%
Financial Data				
Total Revenue	204,719	233,455	(28,736)	(12.31)
Total Expenses	158,311	112,558	45,753	40.65
Net Profit	46,408	120,897	(74,489)	(61.61)
Capital Expenditure	7,615	85,520	(77,905)	(91.10)
Total Assets	739,274	801,069	(61,795)	(7.71)
Total Debts & Liabilities	157,368	265,570	(108,202)	(40.74)
Shareholder' Equity	581,906	535,499	46,407	8.67
Operating Data				
Network Operating Centers	3	3	-	-
POPs	14	14	-	-
No. Dial-up Telephone Lines	573	573	-	-
Number of employees - closing	75	63	12	19.05
Investment Information				
Number of Shareholders	2,381	1,559	822	52.73
Stock price - closing	47.80	52.86	(5.06)	(9.57)
Shareholder' equity per share	23.91	26.40	(2.49)	(9.43)
Earning per share	1.91	4.97	(3.06)	(61.57)
Proposed Dividend (Stock)	15%	20%	(5.00)	(25.00)

(Financial result & investment information in nearest '000 taka except percentage & ratio)

Bangladesh Online Limited

17 Dhanmondi R/A, Road No. 2, Dhaka 1205

Notice of the Eleventh Annual General Meeting

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the Shareholders of Bangladesh Online Limited will be held on Tuesday, the 26th August, 2008 at 4:00 pm at 1, Shahbag C/A, Dhaka to transact the following business:

Agenda

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2007 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To declare 15% Stock Dividend.
4. To appoint Auditors for the year 2008 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



(Md. Asad Ullah, FCS)
Company Secretary

Dated : 6th May, 2008

Notes

- (1) The Record Date shall be on 2nd July, 2008. The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on that date will be entitled to attend at the Annual General Meeting and to receive the dividend.
- (2) A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- (3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or proxy-holder(s).



চেয়ারম্যানের প্রতিবেদন

শ্রী শেয়ারহোল্ডারবৃন্দ,

আপনাদের কোম্পানী বাংলাদেশ অনলাইন লিমিটেডের একাদশ বার্ষিক সাধারণ সভায় কোম্পানীর পরিচালনা পরিষদ ও আমার পক্ষ থেকে আপনাদের সবাইকে স্বাগত জানাচ্ছি। কোম্পানীর সংক্ষিপ্ত কার্যক্রম ও ২০০৭ সালের নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষকের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন আপনাদের সামনে উপস্থাপন করতে পেরে আমি খুবই আনন্দিত।

কার্যক্রম

২০০৭ সাল আমাদের কোম্পানীর জন্য ছিল একটি দূরদর্শিতার বছর। আমাদের সার্বিক কার্যক্রম কিছু জাতীয় ও আন্তর্জাতিক প্রতিকূল ঘটনাবলী দ্বারা প্রভাবিত হয়েছে। ২০০৭ সালে যদিও আমরা ইন্টারনেট সেবা ব্যবসায় সুসম প্রবৃদ্ধি অর্জন করেছি, কিন্তু আমাদের সফটওয়্যার ব্যবসা কিছুটা হ্রাস পেয়েছে। ২০০৭ সালে বিশ্ব অর্থনীতি উপরন্তু আমাদের জাতীয় অর্থনীতি সামগ্রিকভাবে মন্দা ছিল এবং এখন পর্যন্ত পরিস্থিতি অপরিবর্তিত রয়েছে, এই মন্দাভাব অধিকাংশ অর্থনৈতিক খাতকে ক্ষতিগ্রস্ত করেছে। আমরাও এটার জন্য ক্ষতিগ্রস্ত হয়েছি। ২০০৭ সালে আমাদের মোট বিক্রয় কমে ২০৪,৭১৮,৬৬২ টাকায় পৌঁছেছে, ২০০৬ সালে যা ছিল ২৩৩,৪৫৪,৮৬৫ টাকা অর্থাৎ হ্রাসের হার শতকরা ১২.৩১ ভাগ। আমরা আশাকরি অদূর ভবিষ্যতে এ পরিস্থিতির পরিবর্তন ঘটবে।

শেয়ারহোল্ডারদের ইক্যুইটি

২০০৬ সালে আমাদের সার্বিক শেয়ারহোল্ডারদের ইক্যুইটি ছিল ৫৩৫,৪৯৮,৫৩৫ টাকা, ২০০৭ সালে যা ৫৮১,৯০৬,০৮০ টাকায় উন্নীত হয়, অর্থাৎ ২০০৬ সালের তুলনায় ২০০৭ সালে প্রবৃদ্ধির হার শতকরা ৮.৬৭ ভাগ। কোম্পানীর প্রারম্ভিক পর্যায় থেকে এ ক্রমাগত প্রবৃদ্ধি বজায় রাখতে পেরে আমরা গর্ব অনুভব করছি।

ভবিষ্যত পরিকল্পনা

সম্প্রতি বাংলাদেশ টেলিযোগাযোগ নিয়ন্ত্রণ কমিশন প্রথম সাবমেরিন কেবল ব্যবস্থার (সিমিউইফোর) ব্যান্ডউইড্থ মূল্য উল্লেখযোগ্য পরিমাণে হ্রাস করেছে। ইতিমধ্যেই আরেকটি নতুন সাবমেরিন কেবল ব্যবস্থাকে আন্তর্জাতিক ইন্টারনেট ব্যাকবোনের সাথে সংযোগের পরিকল্পনা চলছে। বাংলাদেশ টেলিযোগাযোগ নিয়ন্ত্রণ কমিশনের এই ধরনের বেগবান উদ্যোগ জনসাধারণের কাছে সুলভে ইন্টারনেট সেবা পৌঁছাতে সাহায্য করছে। ইন্টারনেট সেবার এই বাড়তি চাহিদা পূরণের জন্য আমরা আমাদের সামর্থ্য বৃদ্ধি করছি। আমরা আগামী দিনের প্রযুক্তিগত পরিবেশের জন্য নিজেদেরকে তৈরী করছি, যেন আমরা আমাদের বর্তমান অবস্থান বজায় রাখতে পারি।

মানব সম্পদ ব্যবস্থাপনা

মানসম্পন্ন কর্মীগনই কোম্পানীর প্রবৃদ্ধি অর্জনে গুরুত্বপূর্ণ নির্ধারক। বিদ্যমান মেধাবীদের মধ্য হতে কর্মী নির্বাচনে আমরা উদ্যমী প্রচেষ্টা অব্যাহত রেখেছি। বাংলাদেশ অনলাইন লিমিটেড জীবনযাত্রার ব্যয় ও বেকারত্বের কথা বিবেচনায় রেখে সবসময়ই চাকুরীর সুযোগ তৈরী করে - যেখানে আছে পেশাগত সম্ভাবনা, চমৎকার কাজের পরিবেশ ও আকর্ষণীয় বেতন কাঠামো। আমরা আমাদের কর্মীবাহিনীর উন্নয়নের জন্য প্রয়োজনীয় প্রশিক্ষণ ও অন্যান্য সুযোগ সুবিধাও নিশ্চিত করে থাকি। বাংলাদেশ অনলাইন লিমিটেডের কর্মী বাহিনীর প্রতিটি সদস্যই তাদের দায়িত্বের ব্যাপারে সম্পূর্ণভাবে সচেতন এবং কার্যক্রমের মূল উদ্দেশ্য সম্বন্ধে সম্যকভাবে অবহিত।

জাতীয় রাজস্ব আয়ে অবদান

২০০৭ সালে বাংলাদেশ অনলাইন লিমিটেড মূল্য সংযোজন কর এবং আয়কর বাবদ ১৩.১৪ মিলিয়ন টাকা রাষ্ট্রীয় কোষাগারে প্রদান করেছে, গত বছর যা ছিল ৯.৮৫ মিলিয়ন টাকা।

বৈদেশিক মুদ্রা অর্জন

২০০৭ সালে বাংলাদেশ অনলাইন লিমিটেড ১১৫,০২২,৯৫২ টাকা মূল্যের সফটওয়্যার রপ্তানীর মাধ্যমে মূল্যবান বৈদেশিক মুদ্রা অর্জন করেছে, যদিও ২০০৬ সালে এর পরিমাণ ছিল ১৭৫,০০৫,৭৬৯ টাকা।

লভ্যাংশ

পরিচালনা পর্ষদ ২০০৭ সালের জন্য ১৫% স্টক ডিভিডেন্ড প্রস্তাব করেছে। ২০০৬ সালে ২০% স্টক ডিভিডেন্ড ঘোষণা করা হয়েছিল।

উপসংহার

২০০৭ সালে কোম্পানীর প্রবৃদ্ধি সামান্য মন্থর হয়েছে। তথাপি আমাদের কোম্পানি প্রবৃদ্ধি গতিশীল করার জন্য তার শক্তি ও সম্পদ ব্যবহার করে যাচ্ছে। আমি বিশ্বাস করি যে, আমাদের এবং কোম্পানীর ক্রেতাসাধারণ, সরবরাহকারীগণ, কর্মচারীবৃন্দ, আর্থিক প্রতিষ্ঠানসমূহ এবং সরকারের সহযোগিতার মাধ্যমে আমরা আমাদের দীর্ঘস্থায়ী উৎকর্ষতা সাধনের সামর্থ্যকে প্রসারিত করে যাব। সর্বশেষে সম্মানিত শেয়ারহোল্ডারদের সার্বিক সহযোগিতার জন্য জানাই আমার আন্তরিক মোবারকবাদ।

X. R. F. Lakinda

এ এস এফ রহমান
চেয়ারম্যান

তারিখ : ৬ মে, ২০০৮
ঢাকা।



Chairman's
STATEMENT

Dear Fellow Shareholders,

On behalf of the Board of Directors and on my behalf I welcome you all to the 11th Annual General Meeting of your company, Bangladesh Online Limited.

It is indeed my pleasure to present a brief resume of the affairs of the company together with the audited Financial Statements, Auditors' Report and Directors' Report for the year 2007.

Performance

The year 2007 was a year of prudence for your company. Our overall operations were adversely affected by certain national and international affairs. Although we were able to maintain a steady growth in Internet Service business our Software business slightly declined in 2007. The overall global economy as well as our national economy experienced recession in 2007 as a whole and till today the situation is unchanged. This depression in economy affected most of the economic sectors. We also suffered for this. In 2007 our total sales dropped to Tk. 204,718,662 from Tk. 233,454,865 in 2006 which represents 12.31% decline. We hope the situation will change in near future.

Shareholders' Equity

Our total shareholders' equity in 2006 was Tk. 535,498,535 and in 2007 it increased to Tk. 581,906,080, i.e. 8.67% growth in 2007 compared to the year 2006. We feel proud to maintain this continuous growth since the very beginning of the company.

Future Plan

Bangladesh Telecommunications Regulatory Commission (BTRC) has recently reduced the bandwidth price of the 1st submarine cable system (SEAMEWE4) substantially. Plans are already under way to install another new submarine cable system to the international internet backbone. Such dynamic initiatives of BTRC are paving the way for providing affordable internet services to the masses.

We are expanding our capacity and making strategic initiatives to tackle this new demand of internet service. We are preparing ourselves for future technological environment so that we are able to uphold our present position

Human Resources Management

The most important determinant for our growth is the quality of our people. We have consistently endeavored to recruit and nourish the best available talent. BOL always offers jobs with career prospects, excellent working environment with attractive remuneration package, taking into consideration the cost of living and reduction of unemployment in the country. We also ensure necessary training and other facilities for development of our staff. Every one in BOL is aware of their duties and responsibilities and strives towards the common goal of BOL.

Contribution to National Revenue

During the year 2007, BOL contributed Tk. 13.14 Million to the National Exchequer in the form of Value Added Tax and Income Tax. Last year, it was Tk. 9.85 million.

Foreign Exchange Earnings

BOL has earned valuable foreign exchange by exporting Tk. 115,022,952 worth of software in 2007 although in 2006 it was Tk. 175,005,769.

Dividend

The Board of Directors recommended stock dividend of 15% for the year 2007. In 2006, 20% stock dividend was declared.

Acknowledgement

In the year 2007 the company's growth slightly slowed down. However, your company is continuing to utilize its strengths and resources to accelerate the growth. I believe that with your support and those of company's customers, suppliers, employees, financial institutions and government, we will continue to extend our capabilities for sustainable high performance in future. Finally, I offer my heartiest thanks to all shareholders for their support during the year.



A S F Rahman
Chairman

Dated: 6 May, 2008
Dhaka.

The
DIRECTORS' REPORT to the Shareholders

Dear Shareholders,

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2007 together with the Auditors' Report thereon.

Principal Activities

The company is primarily engaged as an Internet Service Provider (ISP); and Software Developer in and outside Bangladesh.

Financial Results and Profit Appropriations

(Figure in '000' Taka)

	2007	2006
Net Profit after Tax	46,408	120,897
Add: Un-appropriated profit from the previous year	292,122	211,788
Profit available for appropriation	<u>338,530</u>	<u>332,685</u>
Recommended for appropriations		
Proposed Dividend:		
Stock Dividend at 15% (2006-20%)	<u>(36,506)</u>	<u>(40,563)</u>
Un-appropriated profit carried to the next year	<u>302,024</u>	<u>292,122</u>


Dividend

The Board of Directors has recommended 15% Stock dividend; i.e., 3 (three) Bonus Shares of Tk 10 each for 20 (twenty) ordinary shares held, fully paid up, for approval of the shareholders for the year ended 31 December 2007.

Directors

The Board with profound sorrow reports that the Company's Managing Director, Mr. Chowdhury Hafizur Rahman expired on 17 September 2007 (Inna Lillahe Wa Inna Ilaihe Rajeun). The Board keeps on record its appreciation for the contribution of Mr. Rahman to the success of the Company during his tenure.

In accordance with the Articles 125 and 126 of the Articles of Association of the Company, Mr. A S F Rahman retires by rotation and being eligible offers himself for re-election.



Internet Explorer

Board Meeting and Attendance

During the year, 4 (four) Board Meetings were held. The attendance record of the directors is as follows:

<u>Name of Directors</u>	<u>Meetings attended</u>
A S F Rahman	4
Salman F Rahman	1
Iqbal Ahmed	4
Osman Kaiser Chowdhury	4

Board Audit Committee

The Company's Audit Committee consists of Mr. O K Chowdhury, FCA as Chairman and Messrs Salman F Rahman and Iqbal Ahmed as Members; and met twice to consider the Company's Annual Financial Statements for the year ended 31 December 2006; and Half-Yearly Report for the half-year ended 30 June 2007.

Corporate & Financial Reporting

The Company has complied with all the requirements of Corporate Governance (except appointment of an Independent Director) as required by the Securities and Exchange Commission. The Company expects to appoint an Independent Director in 2008 in conformity with the SEC's Corporate Governance requirement.

Accordingly, the Directors are pleased to confirm the following:

- The Financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 & Securities and Exchange Rules, 1987. These statements present fairly the company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements.
- The systems of internal control are sound and have been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- The profitability of the Company for the year has decreased due mainly to decrease of software sale.

h) The key operating and financial data for the last five years is annexed.

(i) The pattern of shareholding is as follows:

<u>Name wise details</u>	<u>Share held</u>
(i) Parent/subsidiary/Associate companies & other related parties: Beximco Holdings Limited	5,709,000
(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Their Spouses and Minor Children:	
Mr. A S F Rahman, Chairman	825,000
Mr. Salman F Rahman, Vice Chairman	825,000
Mr. Iqbal Ahmed, Director	16,500
Mr. O K Chowdhury, Director	16,500
Mr. M A Qasem (Sponsor)	16,500
Mr. A B S Rahman (Sponsor)	16,500
Company Secretary, Spouses and minor children	NIL
Chief Financial Officer, Spouses and minor children	NIL
Head of internal Audit, Spouses and minor children	NIL
(iii) Executives	NIL
(iv) Shareholders holding ten percent (10%) or More voting interest in the company:	
Beximco Holdings Limited	5,709,000
Asia IT Capital Investments Limited	3,349,500
South Asia Equities Limited	4,950,000

Corporate Governance Compliance Report

In according with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is annexed.

Auditors

The retiring Auditors, Messrs M. J. Abedin & Co., Chartered Accountants, National Plaza (6th floor), 1/G, Free School Street, Sonargaon Road, Dhaka-1205, being eligible, offer themselves for re-appointment as Auditors of the Company for the year 2008.

On behalf of the Board,



A S F Rahman

Chairman

Dated: 6 May 2008

Dhaka.

Corporate Governance
COMPLIANCE STATUS REPORT

ANNEXURE

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006/158/Admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969. (Report under Condition No. 5.00)

Condition No.	Title	Compliance status (Put (√) in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.1	Boards Size	√		
1.2(i)	Independent Directors		√	Will be complied in 2008
1.2(ii)	Independent Directors Appointment		√	Will be complied in 2008
1.3	Chairman & Chief Executive	√		
1.4(a)	Directors Report on financial Statements	√		
1.4(b)	Books of Accounts	√		
1.4(c)	Accounting Policies	√		
1.4(d)	IAS Applicable in Bangladesh	√		
1.4(e)	System of Internal Control	√		
1.4(f)	Going Concern	√		
1.4(g)	Deviation in Operating Results	√		
1.4(h)	Key operating and Financial Data	√		
1.4(i)	Declaration of Dividend	√		
1.4(j)	Number of Board Meetings	√		
1.4(k)	Pattern of Shareholdings	√		
2.1	CFO, HIA & CS Appointment	√		
2.2	Board Meeting Attendance	√		
3	Audit Committee	√		
3.1(i)	Composition of Audit Committee	√		
3.1(ii)	Audit Committee Members Appointment	√		
3.1(iii)	Terms of service of Audit Committee	√		
3.2(i)	Chairman of Audit Committee	√		
3.2(ii)	Audit Committee Chairman's Qualification	√		
3.3.1(i)	Reporting to the Board of Directors	√		
3.3.1(ii)(a)	Report of Conflicts of Interest	√		
3.3.1(ii)(b)	Defect in the Internal Control System	√		
3.3.1(ii)(c)	Suspected infringement of Laws	√		
3.3.1(ii)(d)	Any other matter	√		
3.3.2	Reporting to the Authorities	√		
3.4	Reporting to the Shareholders	√		
4.00 (i)	Appraisal or Valuation Services	√		
4.00 (ii)	Financial information system	√		
4.00 (iii)	Book keeping or other services	√		
4.00 (iv)	Broker dealer services	√		
4.00 (v)	Actuarial services	√		
4.00 (vi)	Internal Audit services	√		
4.00 (vii)	Any other services	√		



The maintenance of effective corporate governance remains a key priority of the Board of Bangladesh Online Limited. Recognizing the importance of it, the board and other senior management remained committed to high standards of corporate governance. To exercise clarity about directors' responsibilities towards the shareholders, corporate governance must be dynamic and remain focused to the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of Company's management, both in its day-to-day business and in the areas associated with internal control have been instituted.

Internal Financial Control

The directors are responsible for the Company's system of internal financial control. Although no system of internal control can provide absolute assurance against material misstatement and loss, the Company's system is designed to provide the directors with reasonable assurance that problems are timely identified and dealt with appropriately. Key procedures to provide effective internal financial control can be described in following heads:

Management structure - The Company is operating through a well defined management structure headed by Chief Operating Officer (COO) under whom there are managers for various departments and according to hierarchy, various senior and mid level management staffs. The COO and the managers meet at regular intervals .

Budgeting - There are comprehensive management reporting disciplines which involve the preparation of annual budgets by all operating departments. Executive management reviews the budgets and actual results are reported against the budget and revised forecasts are prepared at regular intervals.

Asset management - The Company has sound asset management policy, which reasonably assures the safeguarding of assets against unauthorized use or disposition. The Company also follows proper records and policy regarding capital expenditures.

Reporting - In pursuance with keeping the reliability of financial information used within the business or for publication, the management has identified some key areas which are subject to monthly reporting to the chairman of the board. These include monthly treasury operations and financial statements. Other areas are also given emphasis by reviewing on a quarterly basis. These include information for strategy, environmental and insurance matters.

Statement of Directors' Responsibilities for Preparation and Presentation of the Financial Statements

The following statement is made with a view to distinguishing from shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements. The Companies Act, 1994 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for the year to that date. In preparing those financial statements, the directors:

- Select suitable accounting policies and then apply them in a consistent manner;
- Make reasonable and prudent judgments and estimates where necessary;
- State whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements;
- Take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- Ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company;
- Ensure that the financial statements comply with disclosure requirements of the Companies Act, 1994 and the Securities and Exchange Rules, 1987; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Board Committees

The board - The board is responsible to the shareholders for the strategic development of the company, the management of the Company's assets in a way that maximizes performance and the control of the operation of the business.

The board of directors is responsible for approving Company policy and is responsible to shareholders for the Company's financial and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board structure and procedure - The membership of the board during the year end as on 31-12-2007 stood at four directors. All directors are equally accountable as per law to the shareholders for the proper conduct of the business.

The Company's board currently comprises the Chairman, Vice-Chairman and other two directors. The name of the directors appears on page 3. The quorum for the board is at least three directors.

Going Concern

After making enquires, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Company has adequate resources to continue operation for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Rights and Relations with Shareholders

Control rights of shareholders - At annual general meeting, shareholders have rights of participation. They have the right to ask questions and request for information from the board regarding item on the agenda to the extent necessary to make an informed judgment of the Company's affairs.

Relations with shareholders - The annual general meetings are used as an important opportunity for communication with both institutional and general shareholders. In addition, the Company maintains relations with its shareholders through the corporate affairs secretarial department.

The following information can be addressed through the secretarial department:

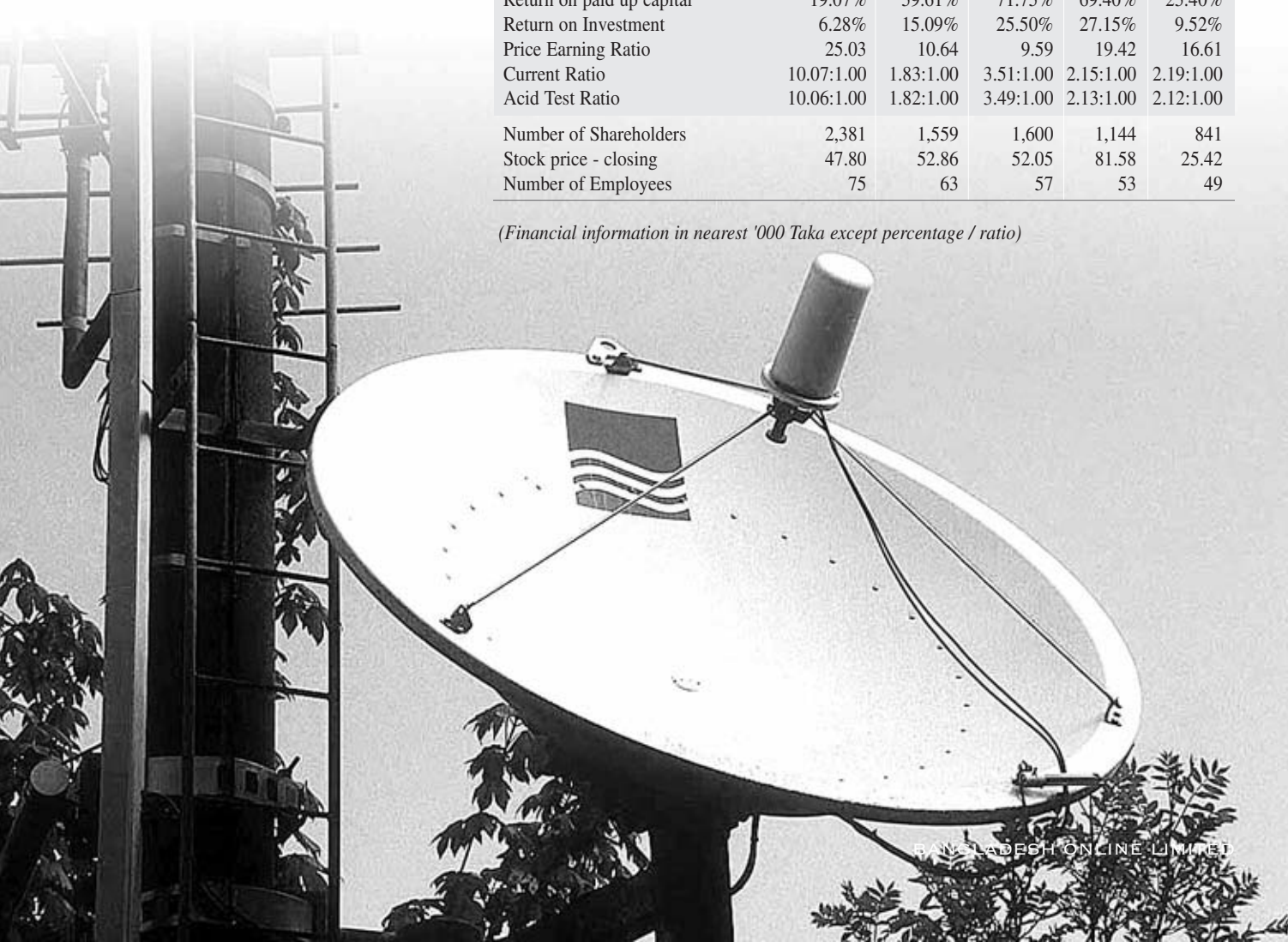
- Dividend payment enquires;
- Dividend mandate instruction;
- Loss of share certificate / dividend warrants;
- Notification of change of address; and
- Transfer of shares.

The board believes that it is important to respond adequately to all the queries of both institutional and general shareholders. At the AGM, the shareholders are offered opportunities to raise with the board any specific question they have concerning the Company. In addition, meetings are also held between individual directors and institutional shareholders at various times during the year.

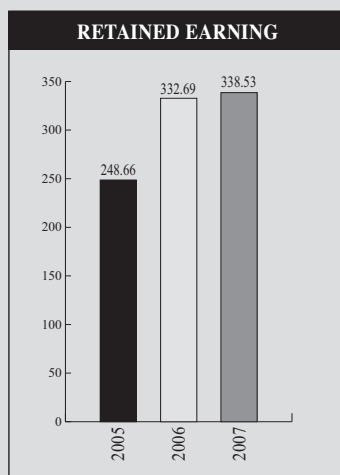
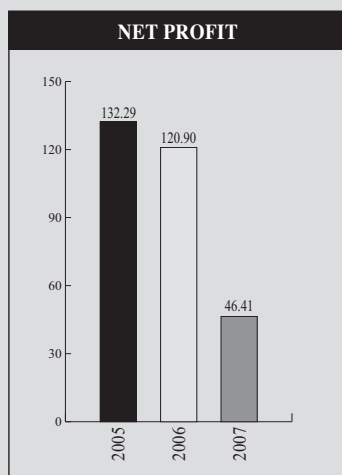
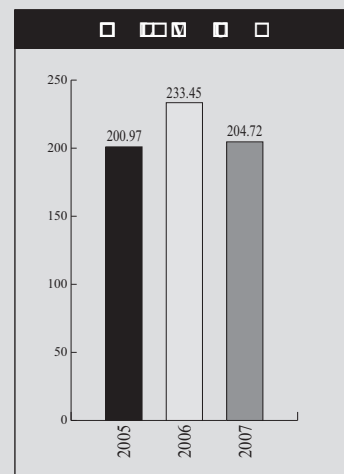
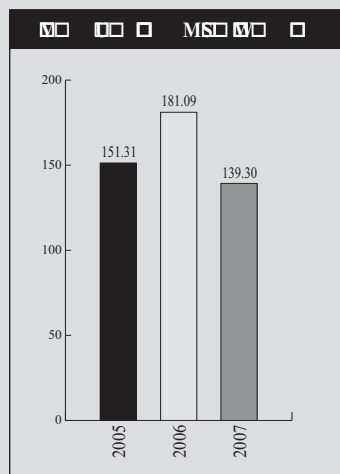
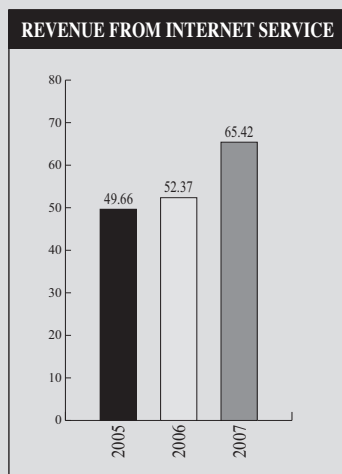
5 Years'
STATISTICS

Particulars	2007	2006	2005	2004	2003
Results of operations					
Turnover	204,719	233,455	200,971	173,162	106,761
Total Expense	158,311	112,558	68,680	70,794	69,293
Net Profit	46,408	120,897	132,291	102,368	37,468
Cash inflow from operating activities	6,583	185,365	206,980	29,046	20,182
Basic and adjusted EPS	1.91	4.97	5.43	4.20	1.53
Equity per share	23.91	26.40	23.48	20.88	15.68
Cash Dividend	-	-	10%	5%	15%
Stock Dividend	15%	20%	10%	25%	-
Financial Positions					
Total Assets	739,274	801,069	518,732	376,983	393,403
Total Current Assets	344,751	369,702	301,127	145,440	108,466
Total Current Liabilities	34,226	201,819	85,692	67,608	49,558
Paid up capital	243,375	202,813	184,375	147,500	147,500
Shareholders' equity	581,906	535,499	433,040	309,375	231,345
Key Financial Ratios & Figures					
Return on paid up capital	19.07%	59.61%	71.75%	69.40%	25.40%
Return on Investment	6.28%	15.09%	25.50%	27.15%	9.52%
Price Earning Ratio	25.03	10.64	9.59	19.42	16.61
Current Ratio	10.07:1.00	1.83:1.00	3.51:1.00	2.15:1.00	2.19:1.00
Acid Test Ratio	10.06:1.00	1.82:1.00	3.49:1.00	2.13:1.00	2.12:1.00
Number of Shareholders	2,381	1,559	1,600	1,144	841
Stock price - closing	47.80	52.86	52.05	81.58	25.42
Number of Employees	75	63	57	53	49

(Financial information in nearest '000 Taka except percentage / ratio)



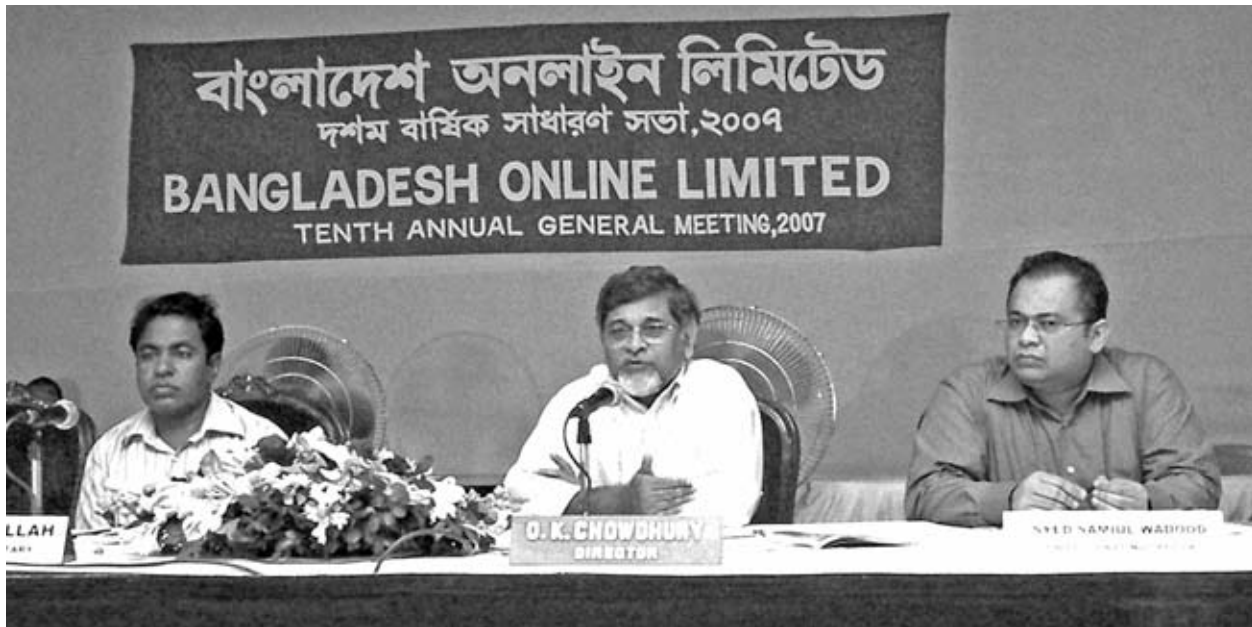
Wheel of
GROWTH



Value in million taka

Tenth
ANNUAL GENERAL MEETING

Tenth Annual General Meeting (AGM) of shareholders of Bangladesh Online Limited was held on 6th September 2007 at 3.30 pm at 1, Shabagh C/A, Dhaka. A good number of shareholders attended the AGM. In absence of Mr. A S F Rahman, Chairman of the company, Mr. Salman F Rahman, Vice Chairman of the Company, Mr. O. K. Chowdhury, Director presided over the meeting. Verses from the Holy Quran along with its translation in Bengali were recited at the very outset of the meeting. The Chairman of the meeting welcomed the shareholders in the AGM. With the permission of the chair, the meeting began and the shareholders expressed their valued opinion on the audited financial statements of the company for the year ended 31 December 2006 and also on other affairs. Mr. O. K. Chowdhury replied to the queries and explained various comments of distinguished shareholders. He also gave the hints of future activities of the company. After approving the audited financial statements, electing directors, approving dividend @ 20% Stock and fixing the remuneration of the auditors by the shareholders, the meeting ended with a vote of thanks to the chair.



financials



Deepstream financials

Goodwill / diskontne metode
Cyclova goworeci, goodwill

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BANGLADESH ONLINE LIMITED

We have audited the accompanying Balance Sheet of the Bangladesh Online Limited as of December 31, 2007 and the related Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the company's management. 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 (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the company's affairs as of December 31, 2007 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act, 1994; the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also 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 company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dated: 6th May, 2008
Dhaka


M. J. Abedin & Co.
Chartered Accountants

BANGLADESH ONLINE LIMITED

Balance Sheet

As at 31 December 2007

	Notes	2007	2006
ASSETS			
Non-Current Assets		394,523,485	431,367,120
Property, Plant and Equipment - Carrying Value	20	328,969,716	353,566,505
Long Term Security Deposits	21	1,819,540	1,819,540
Deferred Assets	22	61,234,229	73,481,075
Investment (at Cost)	23	2,500,000	2,500,000
Current Assets		344,750,510	369,701,575
Inventories	24	365,977	786,037
Account and Other Receivables	25	286,004,862	311,463,445
Advances, Deposits and Prepayments	26	56,554,997	53,302,621
Cash and Cash Equivalents	27	1,824,674	4,149,472
TOTAL ASSETS		Tk. 739,273,995	801,068,695
EQUITY AND LIABILITIES			
Shareholders' Equity		581,906,080	535,498,535
Share Capital	28	243,375,000	202,812,500
Retained Earnings- as per Statement of Changes in Equity		338,531,080	332,686,035
Non- Current Liabilities		123,142,172	63,750,963
Long Term Lease Obligation	39	122,897,131	63,636,743
Deferred Tax Liability	42	245,041	114,220
Current Liabilities and Provisions		34,225,743	201,819,197
Account Payable & Other Liabilities	29	13,603,743	121,012,025
Current Lease Obligation	39	18,222,074	75,246,998
Income Tax Payable	30	2,399,926	5,560,174
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		Tk. 739,273,995	801,068,695

The attached Notes are integral parts of the Financial Statements.

Approved and authorised for issue by the Board of Directors on 6th May, 2008 and signed for and on behalf of the Board.



Iqbal Ahmed
Director



Osman Kaiser Chowdhury
Director



Shibli Noman
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dated: 6th May, 2008
Dhaka

BANGLADESH ONLINE LIMITED


Profit and Loss Account

For the year ended 31 December 2007

	Notes	2007	2006
Revenue (Turnover) from Net Sales	31	204,718,662	233,454,865
Cost of Revenues	32	(87,844,826)	(64,448,427)
Gross Profit		116,873,836	169,006,438
		(70,171,916)	(47,367,802)
Administrative and Selling Expenses	33	42,559,351	31,768,222
Financial Expenses	39	27,612,565	15,599,580
Net Profit Before Tax		46,701,920	121,638,636
Income Tax Expense	34	294,375	742,234
Current Tax		163,554	130,921
Deferred Tax Expense		130,821	611,313
Net Profit After Tax Transferred to Statement of Changes in Equity		Tk. 46,407,545	120,896,402
Basic EPS of 2007 & adjusted EPS of 2006 (Par value Tk. 10/-)	35	Tk. 1.91	4.97
Number of shares used to compute EPS		24,337,500	24,337,500

The attached Notes are integral parts of the Financial Statements.

Approved and authorised for issue by the Board of Directors on 6th May, 2008 and signed for and on behalf of the Board.



Iqbal Ahmed
Director



Osman Kaiser Chowdhury
Director



Sibli Noman
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dated: 6th May, 2008
Dhaka

BANGLADESH ONLINE LIMITED

Statement of Changes in Equity

For the year ended 31 December 2007

Particulars	Share Capital	Retained Earnings	Total
Balance at 01.01.07	202,812,500	332,686,035	535,498,535
Net Profit after tax for 2007	-	46,407,545	46,407,545
Stock Dividend of prior period (2006)	40,562,500	(40,562,500)	-
At 31 December, 2007	Tk. 243,375,000	338,531,080	581,906,080
Total Number of Shares			24,337,500
Shareholders' Equity per share			Tk. 23.91

The attached Notes are integral parts of the Financial Statements.

Approved and authorised for issue by the Board of Directors on 6th May, 2008 and signed for and on behalf of the Board.



Iqbal Ahmed
Director



Osman Kaiser Chowdhury
Director



Shibli Noman
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dated: 6th May, 2008
Dhaka

BANGLADESH ONLINE LIMITED

Cash Flow Statement

For the year ended 31 December 2007

	2007	2006
Cash Flows from Operating Activities		
Cash receipts from customers and others	99,178,655	274,294,908
Cash paid to suppliers and others	(92,595,643)	(88,929,469)
Cash Generated from Operations	6,583,012	185,365,439
Income Tax paid	(3,323,802)	(1,999,213)
Net cash Generated From Operating Activities	3,259,210	183,366,226
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(7,615,155)	(242,520,061)
Asset Sold and Leased Back	-	157,000,000
Net cash Used in Investing Activities	(7,615,155)	(85,520,061)
Cash Flows from Financing Activities		
Dividend paid	(447,445)	(15,679,363)
Lease payments (Principal)	(25,377,101)	(27,836,942)
Receipt from/(Payment) to Associated Undertaking	27,855,693	(53,600,000)
Net cash Generated/(Used) in Financing Activities	2,031,147	(97,116,305)
Increase/Decrease in Cash and Bank Balances	(2,324,798)	729,860
Cash and Bank Balances at Beginning of Year	4,149,472	3,419,612
Cash and Bank Balances at end of Year	1,824,674	4,149,472

The attached Notes are integral parts of the Financial Statements.

Approved and authorised for issue by the Board of Directors on 6th May, 2008 and signed for and on behalf of the Board.



Iqbal Ahmed
Director



Osman Kaiser Chowdhury
Director



Shibli Noman
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dated: 6th May, 2008
Dhaka

BANGLADESH ONLINE LIMITED

Notes to the Accounts

For the year ended 31 December 2007

1. Reporting Entity

Bangladesh Online Limited (BOL/ the Company) was incorporated in Bangladesh in November 3, 1996 under the Companies Act, 1994 as a Public Limited Company. It commenced its commercial operation on December 1, 1999. The company became a listed company in 2000.

The shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh .

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The sales and administrative office of the company is located at House No.-19, Road No.-35, Gulshan Dhaka-1212.

2. Nature of Business Operations

Bangladesh Online Limited is an Internet Service Provider (ISP) and Software Developer. It makes both local sales and export of software. BOL's ISP services include Dial-up Internet Access, Corporate Broad Band Service, Web Designing & Web Hosting Services and Corporate Network Solutions.

3. Basis of Measurement of Elements of Financial Statements

The financial statements have been prepared on the Historical Cost basis, and therefore, do not take into consideration the effect of inflation.

Accordingly, historical cost is employed to determine the monetary amounts at which the elements of the financial statements are to be recognized and carried in the balance sheet and income statement.

Under the Historical Cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

4. Statement of Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994; the Securities & Exchange Rules, 1987; the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

5. Statement of Compliance of Bangladesh Accounting Standards

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards(BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

6. Structure, Content and Presentation of Financial Statements

Being the general purpose financial statements, the presentation of these financial statements are in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements.

7. Reporting Period

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

8. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 6th May 2008

9. Functional and Presentational (Reporting) Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

10. Comparative Information and Rearrangement Thereof

Comparative information has been disclosed in respect of the year 2006 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2006 have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

11. Risk and Uncertainty for Use of Estimates and Judgments

The preparation of financial statements in conformity with BASs & BFRSs 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, and disclosure requirements for contingent assets and liabilities.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

12. Provisions

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- (a) when the company has an obligation (legal or constructive) as a result of past events;
- (b) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) reliable estimate can be made of the amount of the obligation.

13. Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

14. Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

15. Financial Instruments

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

16. Impairment

In accordance with the provisions of BAS 36 : Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss account. No such indication of impairment has been raised to date.

17. Cash Flow Statements

The Cash Flow Statement has been prepared in accordance with the requirements of BAS 7: Cash Flow Statements.

The cash generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

18. Events after the balance sheet date

In compliance with the requirements of BAS 10: Events After the Balance Sheet Date, post balance sheet events that provide additional information about the company's position at the balance sheet date are reflected in the financial statements. Non-adjusting events are disclosed in the notes when material and adjusting events are given proper adjustments in the accounts.

19. Accounting Policies for Significant Items

The accounting policies and methods of computation used in preparation of financial statements for the year ended 31st December, 2007 are in consistent with those adopted in the financial statements for the year ended 31st December, 2006.

19.1 Revenue Recognition Policy

In compliance with the requirements of BAS 18: Revenue, revenue from receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Sales comprise of Software sales and sales of Internet Services including Value Added Tax (VAT) paid to the Government of Bangladesh. However, VAT included in sales is not considered as revenue as it is collected on behalf of customers.

19.2 Property, Plant and Equipment

19.2.1 Recognition and Measurement

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

19.2.2 Subsequent Expenditure

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred and when it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

19.2.3 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of the assets and net sales proceeds.

19.2.4 Depreciation on Fixed Assets

No depreciation is charged on Land and Land Development and Telephone Line Cost. In respect of all other fixed assets, depreciation is provided to amortize the cost less residual value of the asset, over their expected useful economic lives. Depreciation is calculated using the straight-line method. Half year's depreciation is charged on additions and no depreciation is provided on disposal, irrespective of date of addition or disposal respectively.

The annual depreciation rates applicable to the principal categories of assets are :

Internet System Hardware	18%
Furniture & Fixture	10%
Air Conditioner	18%
Office Equipment	20%
VSAT Tower	10%
Under Ground Cable Installation	10%
Generator	15%
Transport & Vehicle	20%

19.3 Investment in Shares of Beximco Zenith Limited

In compliance with the requirements of BAS 25: Accounting for Investments, investment in shares of other entity being classified as long-term assets, are carried in the balance sheet at cost.

19.4 Inventories

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

19.5 Accounts Receivables

Accounts Receivables are recognized at cost which is the fair value of the consideration given for them.

19.6 Advances, Deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

19.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost and include cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

19.8 Income Tax Expense/(Income)

Income tax expense/(Income) comprises current and deferred tax. Income tax expense/(Income) is recognized in profit and loss account and accounted for in accordance with the requirements of BAS 12 : Income Tax.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted after the reporting date, and any adjustment to tax payable in respect of previous years. The company qualified as a "Publicly Traded Company", hence the applicable Tax Rate is 30%.

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provisions of BAS 12: Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

A deferred tax assets is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

19.9 Leased Assets

In compliance with the BAS 17: Leases, costs of assets acquired under finance lease along with related obligation have been accounted for as assets and liabilities respectively of the company, and the interest element has been charged off as expenses. Loss on Asset Sold and Leased Back transactions are amortized over the Lease Term.

19.10 Lease Payment

Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

19.11 Proposed Dividend

Proposed dividend is accounted for after approval by the shareholders in the annual general meeting.

19.12 Accounting for Dividend of Prior Year (2006)

In the 10th Annual General Meeting of the Company held on September 6, 2007 Shareholders approved 20% stock dividend for the year 2006. Accordingly, the total stock dividend of Tk. 40,562,500 has been accounted for in 2007.

19.13 Earnings Per Share (EPS)

This has been calculated in compliance with the requirements of BAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year

Current Year (2007)

The Bonus Shares issued during the year 2007 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2007, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2007.

Earlier Year (2006)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2006), and accordingly, in calculating the Adjusted EPS of 2006, the total number of shares including the subsequent bonus issue in 2007 has been considered as the Weighted Average Number of Shares Outstanding during the year 2006.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33 "Earnings Per Share". The logic behind this basis, as stated in the said BAS is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted Earnings Per Share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

19.14 Foreign Currency Transactions

The financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are recognized as income/expenditure in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates.

The rates of relevant foreign exchanges at year end are:

	<u>2007</u>	<u>2006</u>
1 US Dollar \$	= Tk. 67.50	69.75

20. Property, Plant and Equipment : Tk. 328,969,716

Particulars	Cost			Depreciation					Carrying Value at 31 December 2007	Carrying Value at 31 December 2006
	At 31 December 2006	Additions in 2007	Sale	At 31 December 2007	At 31 December 2006	Adjustment	Provision made in 2007	At 31 December 2007		
Land & Land Development	180,000,000	-	-	180,000,000	-	-	-	-	180,000,000	180,000,000
Telephone Line Cost	11,281,500	-	-	11,281,500	-	-	-	-	11,281,500	11,281,500
Internet System Hardware	83,245,399	3,174,939	-	86,420,338	57,557,329	-	7,885,597	65,442,926	20,977,412	25,688,071
Air Conditioner	1,046,310	-	-	1,046,310	1,046,299	-	-	1,046,299	11	11
Office Equipment	93,028,126	1,122,752	-	94,150,878	17,948,344	-	17,189,810	35,138,154	59,012,724	75,079,782
Vehicle	248,667	-	-	248,667	185,896	-	17,838	203,734	44,933	62,771
Furniture & Fixture	20,552,535	184,360	-	20,736,895	3,143,692	-	1,996,189	5,139,881	15,597,014	17,408,843
VSAT Tower	1,849,538	-	-	1,849,538	957,331	-	184,954	1,142,285	707,253	892,207
Cable	51,225,804	3,123,904	-	54,349,708	8,254,168	-	4,790,734	13,044,902	41,304,806	42,971,636
Generator	1,936,987	9,200	-	1,946,187	1,755,303	-	146,821	1,902,124	44,063	181,684
Total	444,414,866	7,615,155	-	452,030,021	90,848,362	-	32,211,943	123,060,305	328,969,716	353,566,505

Assets include leased assets of Tk.157,000,000 at cost and Tk.118,331,823 at written down value.

21. Long Term Security Deposits : Tk. 1,819,540 **2007** **2006**

These were deposited:

For Telephone Line	1,370,000	1,370,000
For Bandwidth	449,540	449,540
	Tk. 1,819,540	1,819,540

22. Deferred Assets : Tk 61,234,229

This represents Deffered loss on Asset Sold and Leased Back Transactions in 2006.

23. Investment : Tk. 2,500,000

This represents 250,000 shares of Tk. 10 each of Beximco Zenith Limited a Joint Venture company incorporated in Bangladesh. BOL owns 50% of total paid-up capital of Beximco Zenith Limited. This is a non-listed company, and therefore, no market value is available.

24. Inventories : Tk. 365,977 **2007** **2006**

This consists of:

PIN Mailers	365,977	659,468
CD Rom	-	126,569
	Tk. 365,977	786,037

25. Account and other Receivables : Tk. 286,004,862

This is unsecured but considered good . This amount includes Tk. 218,144,307 due from associated undertakings. No amount was due form the Directors(including Managing Director), Managing Agent, Manager and other officers of the company and any of them severally or jointly with any other person.

26. Advances, Deposits and Prepayments : Tk. 56,554,997	2007	2006
This consists of:		
Advances:	46,316,869	43,214,837
Advance for Land	40,000,000	40,000,000
Advance against Expenses	6,316,869	3,214,837
Deposits:	9,962,638	10,044,784
Lease Deposit	8,289,332	8,289,332
Sundry Security Deposits	1,673,306	1,673,306
Earnest Money	-	82,146
Prepayments:	275,490	43,000
Rent - Network Operating Centers	137,500	43,000
Office Insurance	107,716	-
Group Insurance	30,274	-
	Tk. 56,554,997	53,302,621

No amount was due from the Directors (including Managing Director), Managing Agent and Managers of the company and any of them severally or jointly with any other person.

The advances are good and unsecured.

27. Cash and Cash Equivalents : Tk. 1,824,674	2007	2006
This consists of:		
Cash in hand	460,533	538,419
Cash at Banks in Current Deposit Accounts	1,364,141	3,611,053
	Tk. 1,824,674	4,149,472

28. Share Capital : Tk. 243,375,000	2007	2006
This represents:		
<i>(a) Authorized:</i>		
200,000,000 Ordinary Shares of Tk. 10/- each	Tk. 2,000,000,000	2,000,000,000
<i>(b) Issued, Subscribed and Paid-up:</i>		
13,500,000 Ordinary Shares (2006:13,500,000) of Tk.10 each fully paid-up in cash	135,000,000	135,000,000
9,587,500 Bonus Shares (2006:5,531,250) of Tk.10 each	95,875,000	55,312,500
1,250,000 Shares of Tk. 10 each issued on Conversion of Debentures	12,500,000	12,500,000
24,337,500 Shares	Tk. 243,375,000	202,812,500

(c) Compositions of Shareholdings:

Particulars	2007		2006	
	No. of Shares	%	No. of Shares	%
Sponsors	7,425,000	30.51	6,187,500	30.51
Foreign Investors	8,372,098	34.40	6,976,749	34.40
Local Financial Institutions	3,935,398	16.17	3,725,552	18.37
General Public	4,605,004	18.92	3,391,449	16.72
Total	24,337,500	100.00	20,281,250	100.00

(d) Distribution Schedule - Disclosure under the Listing Regulations of Stock Exchanges:

This distribution schedule showing the number of Shareholders and their Shareholdings in percentage has been disclosed below as a requirement of the Listing Regulations of Dhaka & Chittagong Stock Exchanges:

Shareholders Range in Number of Shares	Number of Shareholders	% of Total Shareholders	Number of Shares	% of Share Capital
Less than 500 shares	545	22.89	76,992	0.32
500 to 5,000 shares	1,627	68.33	2,281,087	9.37
5,001 to 10,000 shares	85	3.57	615,926	2.53
10,001 to 20,000 shares	66	2.77	916,567	3.77
20,001 to 30,000 shares	13	0.55	322,090	1.32
30,001 to 40,000 shares	13	0.55	446,974	1.84
40,001 to 50,000 shares	8	0.34	357,674	1.47
50,001 to 100,000 shares	11	0.45	786,596	3.23
100,001 to 1,000,000 shares	9	0.38	3,161,494	12.99
Over 1,000,000 shares	4	0.17	15,372,100	63.16
Total	2,381	100.00	24,337,500	100.00

(e) Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase issued, subscribed and paid-up capital through the issuance of new shares.

(f) Market Price:

The shares of the Company are listed in the Dhaka and Chittagong stock exchanges and quoted at Tk. 47.60 per share and Tk. 48.00 per share in the Dhaka and Chittagong stock exchanges respectively on the last trading day of the year.

(g) Voting Rights:

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

29. Account Payable & Other Liabilities : Tk. 13,603,743	2007	2006
This is payable against:		
Advance against Sales	-	103,142,897
Audit Fee Payable	104,500	78,375
Others	13,499,243	17,790,753
	Tk. 13,603,743	121,012,025
30. Income Tax Payable :Tk. 2,399,926	2007	2006
This consists of :		
Opening Balance	5,560,174	7,428,466
Provision for the year (Note 34)	163,554	130,921
Tax paid during the year	(3,323,802)	(1,999,213)
Year end balance	Tk. 2,399,926	5,560,174
31. Revenue (Turnover) from Net Sales: Tk. 204,718,662	2007	2006
This consists of :		
Sales of Internet services	75,234,755	60,223,437
Less : VAT	(9,813,225)	(7,855,230)
Net Sales excluding VAT	65,421,530	52,368,207
Sales of Software	139,297,132	181,086,658
	Tk. 204,718,662	233,454,865

These include revenues from associated undertakings aggregating Tk.2,687,732

32.	Cost of Revenues: Tk. 87,844,826	2007	2006
	This represents Operating Expenses as follows:		
	VSAT Charge	35,996,512	24,762,317
	Depreciation	20,702,663	12,296,057
	Telephone Line Rental	1,085,238	1,177,092
	SMS Charge	95,000	133,158
	Rent - NOC & Others	4,374,406	4,069,000
	Salaries & Allowances	13,368,474	11,227,878
	Cost of PIN Mailer & CD Rom	420,060	839,060
	Optical Fibre Set up and Maintenance	8,820,305	6,882,270
	Repairs & Maintenance	334,885	1,021,036
	Electricity, Gas and Water	750,249	782,764
	Insurance Premium	194,398	225,967
	Renewal, Rates, Registration	1,702,636	1,031,828
		Tk. 87,844,826	64,448,427
33.	Administrative and Selling Expenses : Tk.42,559,351	2007	2006
	Salaries & Allowances	5,729,346	4,014,053
	Office Rent	1,800,000	1,800,000
	Renewal, Rates, Registration	294,173	271,915
	Travelling & Conveyance	522,110	433,518
	Foreign Travel	555,254	453,788
	Telephone, Internet, Fax, Pager, Postage	1,167,548	1,089,896
	Entertainment	578,697	762,573
	Printing and Stationery	794,140	817,212
	Charges for Security Guard	495,938	304,170
	Electricity, Gas and Water	1,424,087	1,142,080
	Vehicle Running Expenses	775,338	524,298
	Car Lease Rental	2,245,500	1,775,400
	Repairs & Maintenance	444,990	611,113
	General Expense	113,910	161,658
	Training	13,100	11,700
	Bank Charges	56,676	23,977
	Insurance Premium	437,970	535,468
	Auditors' Remuneration	104,500	78,375
	Depreciation	11,509,280	7,575,255
	Deferred Loss on Asset Sold and Leased Back written off	12,246,846	8,389,565
	Promotional Expenses	1,249,948	992,208
		Tk. 42,559,351	31,768,222
34.	Income Tax Expense : Tk.294,375	2007	2006
	This consists of as follows:		
	Current Tax	163,554	130,921
	Deferred Tax Expense (Note - 42)	130,821	611,313
		Tk. 294,375	742,234
35.	Earnings Per Share (EPS)	2007	2006
	This Computation of EPS is given below:		
	(a) Earnings attributable to the Ordinary Shareholders(Net Profit after Tax)	Tk. 46,407,545	120,896,402
	(b) Weighted average number of Ordinary Shares outstanding during the year	24,337,500	24,337,500
	Basic EPS of 2007 & Adjusted EPS of 2006	Tk. 1.91	4.97

36. Payment/Perquisites to Directors

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

37. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December, 2007.

There was no material capital expenditure authorized by the board but not contracted for at 31 December, 2007.

38. Operating Lease Commitments

The future annual rentals payable against lease of vehicles are as follows:

	Taka
Expiring within one year	479,428
Expiring after one year but not more than five years	1,336,910
Expiring after five years	-
	1,816,338

39. Finance Lease Commitments

The Company availed two finance lease facilities from First Lease International Ltd. during the year 2006 for fixed assets. The details of the leases are as follows:

				<i>Amount in Taka</i>	
	Lease Amount	Monthly Instalment	Lease Term	Interest Expense in 2007	Due Amount at 31.12.07
	80,000,000	1,421,959	60 Months	10,238,075	51,484,951
	77,000,000	2,325,162	60 Months	17,374,490	89,634,254
	157,000,000	3,747,121		27,612,565	141,119,205
				Current Due	18,222,074
				Long Term Due	122,897,131

40. Claims Not Acknowledged

There was no claim against the company not acknowledged as debt as on 31 December, 2007.

41. Foreign Exchange Received

In 2007, the company received USD 173,784.89 equivalent to BDT 11,880,055.25

42. Deferred Tax Liability

2007

2006

Deferred Taxes are calculated as follows:

a) Deferred Tax Liability:

Property, Plant & Equipment

Accounting Basis	66,644,252	73,841,507
Tax Basis	65,827,447	73,460,774
Taxable Temporary difference	816,805	380,733
Effective Tax Rate	30%	30%
Deferred Tax Liability	Tk. 245,041	114,220

(b) Deferred Tax Expense For the Year:

Closing Deferred Tax Liability	245,041	114,220
Opening Deferred Tax Liability/(Asset)	114,220	(497,093)
Deferred Tax Expense For the Year	Tk. 130,821	611,313

43. Payment in Foreign Currency

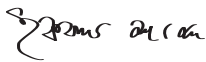
In 2007, the company remitted foreign currency in respect of Bandwidth maintenance amounting to USD 224,848 equivalent to BDT 15,659,451.

No other expense including royalty, technical expert and professional advisory fee etc. was incurred or paid by the company in foreign currency during the year 2007.

44. Post Closing Events

Subsequent to the balance sheet date, the directors recommended 15% Stock Dividend (Bonus share). The dividend proposed is subject to shareholders' approval at the forthcoming annual general meeting.

Except the fact stated above, no circumstances have arisen since the date of balance sheet which would require adjustment to, or disclosure in, the financial statements or notes thereto.



Iqbal Ahmed
Director



Osman Kaiser Chowdhury
Director



Shibli Noman
Chief Financial Officer

Dated : 6th May 2008
Dhaka.

CORPORATE INFORMATION

Web Site	: www.bol-online.com
Head Quarter	: 17 Dhanmondi R/A Road No.2, Dhaka 1205 Phone :880 2 8611891
Operational Head Quarter	: Plot No. 19, Road No.35 Gulshan, Dhaka 1212 Phone:880 2 8815559
Share Office	: 17 Dhanmondi R/A Road No.2, Dhaka 1205 Phone:880 2 8611891
Office Hours	: Customer Service & Administrative Affairs 9:00 am to 6:00 pm (Sunday to Thursday) Call Center (Phone Service) : 24 hours
Member of Share Market	: Dhaka Stock Exchange Chittagong Stock Exchange
Annual Shareholder Meeting	: 26th August 2008, 4:00 pm
Proposed Dividend	: 15% Stock Dividend
Auditors	: M J Abedin & Co.
Legal Adviser	: Huq & Co
Financial Partners	: Bank Asia Limited Dhaka Bank limited IFIC Bank Limited Standard Chartered Bank First Lease International Limited Bay Leasing & Investment Limited BRAC Bank Limited Citibank NA

