

Annual Report 2010

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Report
2010

**Daffodil
Computers**



**Daffodil
Computers**

Daffodil Computers Limited

64/3 Lake Circle, Mirpur Road, Kollabagan, Dhaka - 1208

Tel- 9115600, 9115966, Fax- 9115103

www.daffodil-bd.com, E-mail- info@daffodil-bd.com



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Company Profile

Name of the Company	: Daffodil Computers Limited
Corporate Office	: 64/3, Lake Circus, Kalabagan, Dhanmondi, Dhaka.
Represented By	: Md. Sabur Khan, Managing Director
Communication	: Ph: 88-02-9116600, Fax: 8116103
Internet Reference	: www.daffodil-bd.com
Year of establishment	: 1990
Incorporation	: Registered with Joint Stock Company-Jan 1998
Conversion as Public Limited Company	: April 2002
Nature of Business	: Computer Product, Network Solution Provider Web and e-Commerce Development Consultation & Training, Banking Software other Software Solutions, Maintenance
Representing Brands	: DaffodilPc, Intel, Maxtor, Kingston, Cyber, Dell, CISCO, TVS, Albarton, BTC, ELSA, HP, IBM, SUN, AMIGO, Sonicwall, APC, Chintex, McAfee, Norton, CTCO, Calcomp, SWANN, CA, Check Point, D-Link, Microsoft are mains.
Main Focus	: DaffodilPc in total solution, HP authorized service Provider, Software Development & Export, Web Development & Export, Education, Training and Daffodil Banking Software. We provide ICT solutions using our partners' products according to customers' requirement.
Membership	: Australia - Bangladesh Business Council American Chamber of Commerce (AmCham) Bangladesh Computer Samity (BCS) Bangladesh Asso. of Software & Information Services (BASIS) Board of Investment Dhaka Chambers of Commerce & Industries (DCCI) The Federation of Bangladesh Chambers of Commerce & Industries (FBCCI) Malaysia - Bangladesh Chamber of Commerce



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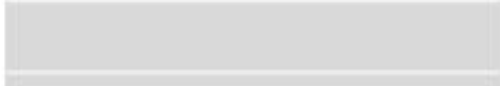

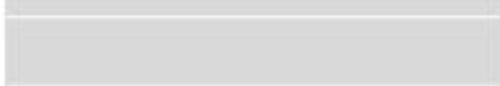


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Board of Directors

			
			
			
	Mrs. Shahana Khan	Chairman	
	Mr. Md. Sabur Khan	Managing Director	
	Mr. Younus Khan	Director	
	Mr. Emran Hossain	Director	
	Mr. M.S. Shekil Chowdhury	Director	
			
			
			



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Management

daffodilPC	Mr. Md. Sabur Khan	Managing Director
	Mr. Md. Jahir Uddin	AGM & Chief Financial Officer
	Mr. Abdur Rob	Manager, Operation
	Mr. Jafor Ahmed Patwary	Head, DaffodilPC
	Mr. Md. Mahabubul Alam	Manager, IDB Branch
	Mr. Abdul Khaleque Patwary	Manager, Kalabagan Branch
	Mr. Md. Monir Hossain	Company Secretary
	M/S Sarwar Salamat & Co	Chartered Accountants Modern Manssion, 11th Floor, Room-1/A, 53, Motijheel C/A Dhaka-1000.
	Registered Office	64/03, Lake Circus, Kalabagan, (2nd-5th Floor), Dhaka Phone PABX : 8115986, 9116600 Fax: 880-2-8116103 Email: info@daffodil-bd.com



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NOTICE OF THE 13th ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of the shareholders of Daffodil Computers Limited will be held on Thursday the 2nd day of December, 2010 at 09.00 a.m. at DIU Auditorium, 4th floor, 4/2, Prince Plaza, Sobhanbag, Dhanmondi, Dhaka-1207. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2010 along with reports of the Auditors and the Directors.
2. To declare and approve 10 Stock (10 Shares per 100 shares) dividend for the year ended June 30, 2010
3. To elect the Directors. (It is mentionable that no one can participate in the election for the Board of Directors of the company without CIB clearance certificate.)
4. To Appoint Auditors for the year ending June 30, 2011 and to fix their remuneration.
5. To transact any other business of the company with the permission of the Chair.

Date: October 20 2010

By order of the Board

(Md. Monir Hossain)
Company Secretary

NOTES:

- 1) Record date November 04, 2010.
- 2) A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead.
- 3) The proxy form, duly stamped, must be submitted at the registered office of the company not later than 48 hours before the meeting. Proxy must be a member of the company.
- 4) Entry to the Annual General Meeting is reserved only for shareholders or their proxies.
- 5) Valued shareholders are requested to see the annual report after 25th October from our web side - www.daffodil-bd.com



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Mission:

Use of technology concern the ways people think, express identify and communicate. Information and communication technologies combine Computers and tele communications to create a new form of communications. The potential impact of new technologies is increasing the positive involvement of all people in the successful development of their own and in particular people at risk of exclusion form these benefits due to factors such as poverty, lack of education and disability.

Vision

To reach the highest level of ICT sector and contribute in the micro and macro economy of the country and provide better IT services to the nation. Achieving the target of the services ultimate is to expand from national proximity and approach in the international market. Since the inception the company enriches the human resource to compete in the international market and the entity become national proud.

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Branches

IDB Bhaban Branch

Shop No-SR 123/3,123/4E/8A
Rokeya Sharani,Dhaka.
Ph-8129029

Banani Branch

54, Kamal Ataturka Avenue
Banani,Dhaka.
Ph-9883339

Bashundara Branch

Shop No-1-4,Block-B,Level-6
Bashundara City Market,Dhaka.
Ph-9111440/206003

Chittagong Branch

223,sk. Mojib Road,A.K. Tower
Chowmohany,Agrabad,Chittagong.
Ph-031-727662

Ware House

House No-7,Road 14(new)
Dhanmondi,Dhaka.
Ph-9143158.

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Directors' Report to the Shareholders

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

Bismillahir-Rahmanir Rahim
Assalamu-Alaikum

It is really a great pleasure to welcome you all on behalf of the Board of Directors and on our own behalf to this 13th Annual General Meeting of Daffodil Computers Limited. We have the pleasure to present you the Annual Report with Audit Accounts' and Auditors Report as of 30th June 2010 in the meeting.

Dear Shareholders,

You will be happy to hear that your company has made significant achievement in the year 2009-2010. With best efforts of the management, excellent financial control, extra ordinary care and attention, the growth and sustainability of the company with upward trends could be kept continued as is evident from the following comparative operational positions

Particulars	2009-2010(in taka)	2008-2009(in taka)	2007-2008(in taka)
Sales	229,875,624	235,173,277	224,174,298
Cost of Goods Sold	186,865,097	188,304,793	181,218,236
Gross Profit	43,010,527	46,868,484	42,956,062
Net Profit (before tax)	14,640,448	14,383,500	9,180,204
Net Profit (after tax)	14,470,049	14,222,140	9,059,053
Share Capital	228,536,000	204,050,000	192,500,000
Net operating Cash Flow per Share (NOCFPS)	2.88	2.47	3.62
Net Assets Value per Share (NAVPS)	11.64	12.33	12.73
Earning per Share (EPS)	.63	0.70	0.47

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Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and they are convinced that the company has adequate resources to continue its operation in the foreseeable future and preparing the financial statements where the going concern concept was a basis.

Daffodil International School (DIS)

Daffodil has a worldwide reputation for academic excellence and ICT sector with a lively student community. Our motto is to pay effort to bring education in a vibrant, innovative and effective way so that students develop in a knowledge framework required to successfully face the significant challenges and accept opportunities that lie ahead. Daffodil International School has been opened up in a system-based changed process which is completely a new concept in Bangladesh now recognized in global world. DIS started its operation in the year 2009. We strive to create a harmonious balance between academic demands, sporting, cultural activities and coed immunity life. The school is the sister concern of Daffodil Computers Ltd.

As a global chain school system, we are committed to ensuring that all students are assisted to develop the values articulated with the curriculum framework as a part of the achievement of the outcomes. The core-shared values are broadly described as

- A pursuit of knowledge and a commitment to the achievement of potential
- Self-acceptance and self respect
- Respect and concern for others and their rights
- Social and civic responsibility
- Environmental responsibility

Scope of operation:

DIS has the plan to establish its unique and customized education system in every part of the country. To do so, DIS has already started its activities in three phases, which are:

1. City Corporation level
2. Division & District level
3. International Arena



DIS class room at Dhanmondi Br.

Besides DIS Chandpur it started its operation in Dhanmondi & Uttara and will gradually cover all other City Corporations, Divisions and Districts of Bangladesh. DIS authority plans to expand its operation outside the country also.

Dolphin Computers Ltd.

We are introducing the country's 1st Digital Shop for ICT product named <http://www.dolphin.com.bd>. and we hope it will play a key role and should bring a great impact in IT industry.

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Jobsbd.Com

Jobsbd.com is one of the pioneer job portals of the country which was established in July 09, 2000. We believe in accommodating new technologies and ideas for improving the job seeking experiences of the job seekers and enabling the employers with latest recruitment solutions. Today, Jobsbd.com is now more powerful with database of over 2, 00,000 job seekers.

In August 16, 2006 jobsbd.com has formed a partnership with JobStreet.com, the regional leader in online recruitment with a strong presence in Malaysia, Singapore, Philippines, India, Japan, Hong Kong, Indonesia and Thailand. JobStreet.com is currently working as a strategic partner of jobsbd.com to help Bangladeshi corporate to find suitable candidate from Asia Pacific region through Jobsbd.com. Everyday lots of foreign and local employers visit our sites to select appropriate peoples. Our intelligent search and matching technology saves your job searching times and help you to find your esteemed positions.



Professional Training Session at Jobsbd.Com

Jobsbd.com is committed to attain its new mission statement "Creating Opportunities" by attracting local and foreign employers to post their latest advertisements with the site. Jobsbd is also devoted to bring the latest services to the employers and help them to find the right candidates within the shortest possible time and within financial bindings.

Jobsbd.com is not only focused on online recruitment but also to extend career development training to different level of job seekers to enhance their professional skill and secure better opportunities for them. Daffodil Education Network and the Human Resource Institute of Daffodil International University is working with Jobsbd.com and assisting in Training Division. Jobsbd also has a pool of recourses from different industries and specializations to conduct these job oriented, skill enhancement trainings.

Daffodil International Professional Training Institute (DIPTI)

DIPTI is an initiative of Daffodil Computers Ltd. (A Public Limited Company by shares) that will be the first professional education providing body in Bangladesh. DIPTI will provide a very wide range of job oriented and professional development training to convert both skilled and unskilled people to a human resource. These short intense courses offer the opportunity for practitioners, individual, businessman, and employees to refresh, to development, expand and enhance their skills/ professionalism.

Professional Development Programs offer more than just a traditional learning experience. All the courses run by DIPTI are experiential, challenging, interactive and bridging academic theory with the real world. This helps to understand the relevance of the newly acquire knowledge in practical field, and increases work sprit and motivate the participants to be professional in the job and help in maintaining the positive view in the

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dedication. DIPTI brings appropriate knowledge to deal with potential measures, and help workers to improve working conditions and encompass the maintenance and promotion of workers work performance.

DIPTI is an affiliated institute of Bangladesh Technical Education Board (BTEB). DIPTI has also link with U&I Alliance, University of Dhaka, CEA UK and IIC Malaysia.



Signing Ceremony of DIPTI & Dhaka University

Educational ERP

As we informed you earlier that DCL made a joint collaboration with Malaysian software giant BriteSoft for Educational software development. A group of people got training to Malaysia and Expert also came from Malaysia for completion of our job. As we told that that we will develop this Educational ERP software for our local market as well as international market. Our software are now using by one educational venture where we already proved our strength and we are quite confident this software will play key role in near future to bring the revenue. We developed this software with true online facility where all latest features are incorporated.

Dividend:

The Board of Directors has recommended. 10 % stock dividend for the year 2009-2010.

Election of Directors:

Directors of the company Mrs. Shahana Khan and Mr. M.S.Shekil Chowdhury are due to retire by rotation as per Article 90 of the Articles of Association of the Company and being eligible for re-appointment, Mrs. Shahana Khan offer herself for re-election as per Articles 92 of the Articles of Association of the Company and Mr. M.S. Shekil Chowdhury regain from the Board showing his Personal problem so he did not eligible for re-appointment and now any one can participate in the election ,who have CIB clearance.

Appointment of Auditors:

The Company's existing Auditors M/S. Sarwar Salamat Co., Chartered Accountants, retire at this meeting and being eligible to offer them for reappointment for the next term and also M/S. Aziz Halim Khair Choudhury, Chartered Accountant is offer to appointment as auditor of the company for the year 2010-2011.The Board of Directors' recommended that M/S. Aziz Halim Khair Choudhury, Chartered Accountants may be appointed for the year ended June 2011 subject to the approval of shareholders in the 13th AGM



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dedication. DIPTI brings appropriate knowledge to deal with potential measures, and help workers to improve. We would like to show our appreciation and sincere gratitude to our valued shareholders, stakeholders, customers, government agencies, financial institutions, SEC, DSE, CSE, vendors, suppliers and our employees for their wholehearted cooperation and contribution towards the growth and achievements of your company. You are the strength behind our success.

Ladies and Gentlemen thank you again for your kind presence at the 13th Annual General Meeting of the Company and making it a success through your cooperation

Allah Hefez.
With warm Regards
On behalf of the Board of Directors,



Md. Sabur Khan
Managing Director



Mrs. Shahana Khan (Kakoly)
Chairman

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Compliance Report on SEC's Notification :

The Securities and Exchange Commission (SEC) requires all listed companies to report on the compliance of the conditions described in SEC's notification dated 20 February, 2006 on "Company or Explain" basis. The Board of Directors of the Company has taken appropriate steps to comply with the conditions and implemented as many of those as practicable. Status report on compliance is given below in prescribed format:

Conditions	Title	Compliance Status		Explanation for Non-Compliance With the Condition
		Complied	Not Complied	
1.0	Board of Directors & its report			
1.1	The members of the Board should not be less than 5 (five) and more than 20 (twenty).	Complied		
1.2	Appointment of Independent Non-shareholder Director (at least one-tenth of total number of Board of Directors)	Complied		
1.3	Chairman of the Board and Chief Executive Officer (CEO) be different person with different roles and responsibilities	Complied		
1.4	Directors Report to include declarations on : Fairness of Financial Statements	Complied		
	Maintenance of proper books of accounts	Complied		
	Consistent application of Accounting Policies in preparation of Financial Statements	Complied		
	Observance of Bangladesh Accounting Standards (BAS)	Complied		
	Soundness and efficiency of Internal Control	Complied		
	Ability to continue as a going concern	Complied		
	Significant deviations in operating results from last year	Complied		
	Presentation of key operating and financial data for at least last three years	Complied		
	Declaration of dividend	Complied		
	Number of Board Meeting held during the year and attendance by each Directors	Complied		
Shareholding pattern	Complied			

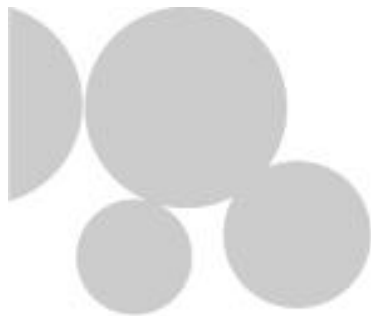


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Conditions	Title	Compliance Status		Explanation for Non-Compliance With the Condition
		Complied	Not Complied	
1.5	Number of Independent Director	Complied		
1.6	Appointment of Independent Director			
1.7	FS present fairly its state of affairs, results of its operations, cash flows & changes in equity	Complied		
1.8	IASs, as applicable in Bangladesh, followed in FS preparation & any departure adequately disclosed	Complied		
1.9	The system of internal control sound in g\design & effectively implemented & monitored	Complied		
1.11	BO significant doubt upon its ability to continue as a going concern	Complied		
2.0	Appointment of CFO, Company Secretary etc.	Complied		
2.1	Appointment of CFO, Company Secretary and Head of Internal Audit and defining their responsibility.	Complied		
2.2	Attendance of CFO and Company Secretary in the Board of Director's meeting	Complied		
3.0	Formation of Audit Committee & its Reporting			
3.1	i. Number of members of Audit Committee	Complied		
	ii. Inclusion of Independent Director in the Audit Committee	Complied		
	iii. Fill the casual vacancy in Audit Committee	Complied		
3.2	i. Chairman of the Board Audit Committee	Complied		
	ii. Qualification and experience of Audit Committee Chairman	Complied		

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Conditions	Title	Compliance Status		Explanation for Non-Compliance With the Condition
		Complied	Not Complied	
3.3	i. Reporting by Audit Committee on its activities to the Board	Complied		
	ii. Report to the Board by the Audit Committee on conflict of interest etc.	Non such matters to report on		
3.4	Report by Audit Committee on the qualified point to the SEC	Non such matters to report on		
3.5	Report to the Shareholders in the event of findings of certain occurrences under condition 3.3(ii) above.	There was no such event		
4.0	Statutory Auditors not to engage in:			
	i. Appraisal or valuation services	Complied		
	ii. Financial Information systems design and implementation	Complied		
	iii. Book keeping or other services related to financial statements	Complied		
	iv. Brokers-dealer services	Complied		
	v. Actuarial services	Complied		
	vi. Internal Audit Services	Complied		
	vii. Any other services that the Audit Committee determines.	Complied		



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Share holding position of Directors as on 30-06-2010

Name of Director	Total Meeting	Attended	Remarks
Mrs. Shahana Khan	6	6	
Mr. Md. Sabur Khan	6	6	
Mr. Md. Yunus Khan	6	2	
Mr. Emran Hossain	6	4	
Mr.M.S. Shekil Chowdhury	6	1	

Share holding position of Directors as on 30-06-2010

Name of Director	Shareholding
Mrs.Shahana Khan Kakoli	59,94,172
Mr. Md. Sabur Khan	4,57,072
Mr. Md. Younus Khan	16,324
Mr. Emran Hossain	652
Mr. M.S.Shekil Chowdhury	0

Share holding position of top five executives as on 30-06-2010

Name	Designation	Shareholding
Md. Jahir Uddin	Asst.General Manager	Nil
Abdur Rob	Manager-Operation	Nil
Abdul Khaleque Patwary	Branch Manager	Nil
Md.Mahabubul Alam	Branch Manager	Nil
Mr.Jafar Ahmed Patwary	Head,Daffodil PC	Nil

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Minutes of the 12th Annual General Meeting

The 12th Annual General Meeting for the year ended June 30, 2009 of Daffodil Computers Limited was held as per schedule i.e. on December 24, 2009 in the Auditorium of Daffodil International University (DIU), Prince Plaza (4th floor), 4/2 Sobhanbag, Dhaka-1207. The quorum was fulfilled and the meeting started at 09.30 A.M.

The following persons were present in the meeting:

1. Mrs. Shahana Khan, Chairman
2. Mr. Md. Sabur Khan, Managing Director
3. Mr. Younus Khan, Director
4. Mr. Emran Hossain, Director
5. Mr. M.S. Shökil Chowdhury, Director
6. Mr. Md. Monir Hossain, Company Secretary
7. Mr. Sarwar Mahmood, FCA, Auditor
&
8. The Shareholders (As per attendance)



Chairman, Managing Director, Director, Auditor & Company Secretary at 12th AGM

The Chairperson of the Company presided over the meeting welcoming all the valued shareholders and expressed her gratitude for their coming in this meeting. Then she permitted the Managing Director to start the meeting.

A recital from the Holy Qur'an preceded the meeting. After that the Managing Director started to conduct the meeting as per agenda. In his welcoming speech he thanked the shareholders for coming to attend the meeting and expressed his gratitude on behalf of the Board of Directors and himself.

The Managing Director started to read out the Directors' Report. Mr. Advocate Mr. Riazul Islam- BO No. 123000093837 requested the Managing Director that there was no need to read out the report line by line as it would be a time-consuming otherwise shareholders were read it earlier. Then the Managing Director read out only the main points for better knowledge of the shareholders and described some new ventures of the company.

He mentioned that despite of our best efforts in software and Hardware still we did not achieve our target but some time you may be aware that educational ventures of the Group make a strong position with its commitment, quality, resources and various research activities. Seeing the confidence and reputation we moved to the educational area last few years. As you are aware that DIPTI (Daffodil International Professional Training Institute) is doing well and making a strong position.

Daffodil International School (DIS) which is the new venture of the company, strives to create a harmonious balance between academic demands, sporting, cultural activities and community life. Founded in 2008, DIS is an institution of Daffodil Computers Ltd. It has a long tradition of leadership in educational & ICT development in Bangladesh. The activities of the school are just started and we hope that by June 2010 we can start its operation i.e. class & admission in full swing. Over 64 Schools are going to be established in 64 districts in Bangladesh in various phases. DIS, Daffodil International School is a self-governing English Medium School. It is a co-educational School, currently catering for children between the ages of rising 4 and 14+ (from play group to 'O & A' level).

The Managing Director then placed the Agenda to the Shareholders for their decision and votes.

Agenda No. 01:

To receive, consider and adopt the Audited Accounts of the company and the Auditors' report and the Directors thereon for the year ended 30 June 2009



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Advocate Mr.Riazul Islam- BO No. 123000093837, he gave thanks for to advanced AGM date and also for to gave stock dividend. The Managing Director welcomed his proposal and assured the house to do the needful. MD also mentioned that due this problem DCL already took the proper remedy from this year i.e. the report is available in website, so any one can see any time. He then said the EPS of the Company was such a depiction of the company's position that it must not carry sufficient goodwill in the market. He expressed that the overall company sales is deteriorating considering that of last year's sales. He suggested putting extra effort to increase the sales and take initiatives to improve the EPS of the Company. The Managing Director again thanked him for his valuable suggestions.

Advocate Mr.Riazul Islam, - BO No. 123000093837 proposed to receive, consider and adopt the Audited Accounts of the company and the Auditors' report and the Directors thereon for the year ended 30 June 2009. Mr.Anwar Habib Kazal Folio No. 502 seconded the proposal and thereafter all the shareholders present supported it.

Approval: The Managing Director declared that the agenda has been received, considered, adopted and passed by the meeting and a record was made thereof.

Agenda no. 02:

To declare and approve 12% Stock Dividend (12 shares per 100 shares) for the year ended June 30, 2009 Mr. Mamun Rafiq Folio No. 516 proposed to approve 12% Stock Dividend (12 shares per 100 shares) for 2008-09. Mr. Mr.Riazul Islam, - BO No. 123000093837 and thereafter all the shareholders present supported it.

Approval: The Managing Director announced that the meeting passed the 12% Stock Dividend (12 shares per 100 shares) dividend for the year 2008-09 and a record was made accordingly.

Agenda no. 03:

To elect Directors

The Managing Director informed the house that Directors Mr. Emran Hossain and Mr. M.S. Shekil Choudhury were due to retire in this 12th AGM and they are eligible for re-election as per Article 90 and 92 respective of the Articles of Association of the company and also we received 3 application from Mr. Mamun Rafiq, Mr. S.M. Altaf Hossain and Mr. Nurul Anwar where they showing their interest to become a Directors in DCL Board. In this connection Managing Director requests them to consider only this year because this year we declared right share after then they withdraw their applications.

Part-1:

Mr.S.M. Altaf Hossain - Folio no. 468 proposed the name of Mr. Emran Hossain for reappointment as a Director. Mr.Mamun Rafiq - Folio No. 516 seconded the proposal and thereafter all the shareholders present supported it.

Part-2:

Mr.Riazul Islam- BO No. 123000093837 and Mr.Nuruzzaman- Folio 517 proposed the name of Mr. M. S. Shekil Choudhury while Mr. Zamshedur Rahman-Folio No.1157 seconded and thereafter all the shareholders present supported it.

Approval: The Managing Director declared the names of the above two persons Mr.Emran Hossain and Mr. M.S. Shekil Choudhury reappointed as Directors of the Company and a record was made thereof.

Thereafter the Managing Director went for next agenda.



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Agenda No. 04:

To consider appointment of Auditors for the year 2009-2010 and to fix their remunera

The Managing Director informed the meeting that M/S. Sarwar Salamat & Co., Chartered audited our accounts for the last year and is eligible for reappointment for the year 2009-2010 Directors' recommended that M/S. M/S. Sarwar Salamat & Co , Chartered Accountants may be the year ended June 2010 subject to the approval of shareholders in the 12th AGM and cleara and such remuneration as will be fixed here.

But Mr.Nurruzamman - Folio No. 517 proposed the existing Auditor M/S. M/S. Sarwar Sala reappointed as the Auditor of the Company and that its remuneration be same as 120,000 Islam- BO No. 123000093837 also proposed for Sarwar Salamat & co. Mr. Anwar Habib Ka 000502 and thereafter all the shareholders present supported it.

Approval

The Managing Director announced that the existing auditor M/S.Sarwar Salamat & C reappointed as auditor of the company for 2009-2010 and that its fee has been fixed at Tk.12 a record was made thereof.

Thereafter the last agenda was placed before the meeting.

Agenda No. 05:

To transact any other business of the Company with the permission of the chair

After approval of the all Agenda Mr.Nurul Anwar - Folio No. 00139 came into dais with the permission of the chair and he want know what happen his application about election of Director, Managing Director express the whole situation about election and also Managing Director request again to Mr. Nurul Anwar for consider only this year and then he took the sit. Mr.Riazul Islam- BO No. 123000093837 further came to the dais and added that the company will do far better in future and then he thanked the Chairperson, Managing Director, Management, Company Secretary and all the shareholders to make the meeting successful. He showed his satisfaction to seeing the large gathering of share holders too. He requested the Managing Director to organise some events with the share holders, so that they can know the detail activities of the company and the full audience supported it while in replied the Managing Director agreed with their proposal.

At the concluding address the Chairperson thanked all for their coming at the AGM and for their kind support and cooperation for making it a success and declared the Eleventh Annual General Meeting an end.

Md. Monir Hossain
Company Secretary

Md
Man

Dated: Dhaka: December 24 2009.



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AUDITORS' REPORT TO THE SHAREHOLDERS OF DAFFODIL COMPUTERS LIMITED

We have audited the accompanying financial statements of **Daffodil Computers Limited** comprising of Balance Sheet at June 30, 2010 and Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity year to that date and the related notes.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for preparing the annual report. This includes responsibility for preparing the financial statements, which give a true and fair view, in accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and the Bangladesh Accounting Standards (BAS). Our responsibility is to express an independent opinion based on our audit on those statements and to report our opinion to you. This responsibility is established in Bangladesh by the Companies Act 1994 and Bangladesh Standards on Auditing (BSA).

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). An audit includes examining, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of affairs of the company as of June 30, 2010 and of the results of the operation and cash flows for the year then ended and comply with the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.



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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 purpose 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 Income Statement dealt with by this report are in agreement with the books of account; and
- (d) The expenditures incurred were for the purpose of the Company's business.

Place: Dhaka
Dated: 20th October, 2010

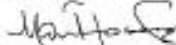

SARWAR SALAMAT & CO.
CHARTERED ACCOUNTANTS

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DAFFODIL COMPUTERS LIMITED
BALANCE SHEET
AS AT 30TH JUNE, 2010

PARTICULARS	Notes	30 June 2010 Taka	30 June 2009 Taka
APPLICATION OF FUNDS			
Non-Current Assets:			
Fixed Assets (At cost)	4	184,565,219	123,943,773
Less: Accumulated Depreciation		49,075,657	43,910,817
		135,489,562	80,032,956
Customized Software Development	5	43,126,883	37,763,867
Work-in-Progress (Customized Software Development)	6	853,862	6,267,074
Investment in Subsidiary - Dolphin Computers Ltd.	7	14,400,000	14,400,000
Investment in Subsidiary- JS E-Recruitment Ltd.	8	20,923,282	19,299,678
Deferred Revenue Expenditure	9	1,558,750	1,948,438
Current Assets:			
Inventories	10	36,577,632	52,372,855
Sundry Debtors	11	10,144,604	40,381,089
Advances, Deposits and Prepayments	12	61,296,741	56,179,512
Cash & Cash Equivalents	13	1,146,825	1,109,170
		109,165,802	150,042,626
Less: Current Liabilities:			
Bank Loans, Overdraft and Credit	14	33,962,503	35,109,330
Trade Creditors	15	8,301,321	5,601,383
Liabilities for Expenses	16	5,636,150	5,879,997
Unclaimed Dividend		34,365	220,575
Provision for Income Tax	17	11,476,109	11,305,710
		59,410,448	58,116,995
Net Current Assets		49,755,354	91,925,631
	Total Taka	266,107,693	251,637,644

The accounting policies and other notes from 1 to 37 form an integral part of the Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 19-10-2010 and signed on its behalf by :

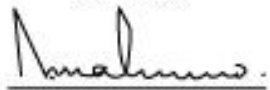

Md. Monir Hossain
Company secretary


Md. Sabur Khan
Managing Director


Mrs. Shahana Khan
Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 20th October, 2010


SARWAR SALAMAT & CO.
CHARTERED ACCOUNTANTS

Annual Report 2010

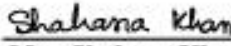
DAFFODIL COMPUTERS LIMITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

PARTICULARS	Notes	30 June 2010 Taka	30 June 2009 Taka
Turnover	20	229,875,624	235,173,277
Cost of Goods Sold	21	(186,865,097)	(188,304,793)
Gross Profit		43,010,527	46,868,484
Operating Expenses:			
Administrative Expenses	22	(24,262,153)	(26,027,184)
Selling & Distribution Expenses	23	(1,550,695)	(1,826,361)
Financial Expenses	24	(5,610,441)	(6,909,649)
		(31,423,289)	(34,763,194)
Operating Profit		11,587,238	12,105,290
Operating Income from DIPTI		1,082,395	1,025,277
Income from Subsidiaries-Dolphin Computers Ltd.		623,716	-
Indirect Income	25	1,347,099	1,252,933
Net Profit Before Tax		14,640,448	14,383,500
Provision for Income Tax	17	(170,399) #	(161,360)
Net Profit After Tax		14,470,049	14,222,140
Profit/(Loss) brought forward		23,101,644	33,365,504
Profit Available for Appropriation		37,571,693	47,587,644
Proposed Dividend (Bonus Share)		-	(24,486,000)
Profit/(Loss) Carried Forward		37,571,693	23,101,644
Earning Per Share (EPS)	26	0.63	0.70

The accounting policies and other notes from 1 to 37 form an integral part of the Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 19-10-2010 and signed on its behalf by :


Md. Monir Hossain
Company secretary


Md. Sabur Khan
Managing Director


Mrs. Shahana Khan
Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 20th October, 2010

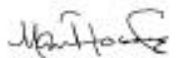

SARWAR SALAMAT & CO.
CHARTERED ACCOUNTANTS

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DAFFODIL COMPUTERS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2010

PARTICULARS	30 June 2010 Taka	30 June 2009 Taka
A. Cash flow from Operating Activities:		
Cash Received from Customers & Others	267,221,197	259,666,930
Cash Paid to Suppliers, Employees & Others	(194,862,653)	(201,645,666)
Cash generated from Operations:	72,358,544	58,021,264
Interest income from deposit	3,116	73
Financial Expenses	(5,610,441)	(6,909,649)
VAT paid	(201,822)	(492,782)
Income Tax Paid/Income Tax paid in advance	(714,015)	(165,766)
Net cash flow from operating activities	65,835,382	50,453,140
B. Cash flow from Investing Activities:		
Net Purchase of property, plant & equipment	(60,621,446)	(156,472)
Investment in subsidiary - JSE Recruitment	(1,623,604)	(1,250,000)
Investment made (Customized software development)	(7,632,852)	(5,235,875)
Work-in-Progress (Customized software development)	5,413,212	(1,027,857)
Net cash used in investing activities	(64,464,690)	(7,670,204)
C. Cash flow from Financing Activities:		
Bank Loan, Overdrafts & Credit	(1,146,827)	(35,610,214)
Dividend Paid	(186,210)	(7,570,005)
Net Cash used in Financing Activities	(1,333,037)	(43,180,219)
Net Increase/(Decrease) in Cash & Cash Equivalents	37,655	(397,283)
Cash & Cash Equivalents at Opening	1,109,170	1,506,453
Cash & Cash Equivalents at Closing	1,146,825	1,109,170

The accounting policies and other notes from 1 to 37 form an integral part of the Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 19-10-2010 and signed on its behalf by


Md. Monir Hossain
Company secretary


Md. Sabur Khan
Managing Director


Mrs. Shahana Khan
Chairman

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

Place: Dhaka
Dated: 20th October, 2010


SARWAR SALAMAT & CO.
CHARTERED ACCOUNTANTS



Annual Report 2010

DAFFODIL COMPUTERS LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2010

Particulars	Share Capital	Proposed Dividend	Retained Earnings	Total
As on 30 June 2008	204,050,000	24,486,000	23,101,644	251,637,644
Net Profit after tax during the year	-	-	14,470,049	14,470,049
Dividend Paid	-	(24,486,000)	-	(24,486,000)
Proposed Dividend - Bonus Share	-	-	-	-
Issue of Bonus Share	24,486,000	-	-	24,486,000
Balance as on 30 June 2010	228,536,000	-	37,571,693	266,107,693
Balance as on 30 June 2009	204,050,000	24,486,000	23,101,644	251,637,644

The accounting policies and other notes from 1 to 37 form an integral part of the Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 19-10-2010 and signed on its behalf by :

Md. Monir Hossain
Company secretary

Md. Sabur Khan
Managing Director

Mrs. Shahana Khan
Chairman

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

Place: Dhaka
Dated: 20th October, 2010

SARWAR SALAMAT & CO.
CHARTERED ACCOUNTANTS



Annual Report 2010

DAFFODIL COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1.00 REPORTING ENTITY:

1.01 **Legal form of Company**

Daffodil Computers Limited started its business in the year 1990 as a sole proprietorship business organization. It was converted into a Private Limited Company on 26 January 1998 under the Companies Act, 1994 and registered with the Registrar of Joint Stock Companies and Firms and its Registration No. is C-34749. Again it was converted into a Public Limited Company on 25 April 2002. The company is listed with the Dhaka & Chittagong Stock Exchange of Bangladesh.

1.02 **Address of the Registered and Corporate Office**

The Registered Office and principal place of business of the company is situated at 64/3 Lake Circus, Kalabagan (2nd Floor), Mirpur Road, Dhaka – 1215.

1.03 **Nature of Business Activities**

The main objectives of the Company is to carry on the business of buying component parts, assembling, selling and marketing all types of computer, computer peripherals, accessories, hardware, software, software development including network installation, services, electric, electronics office equipments, training aids, communication equipments, audio visual equipments and all other allied items.

1.04 **Number of Employees**

The numbers of employees at year-end were 137 (One hundred thirty seven) persons.

2.00 BASIS OF PREPARATION:

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 IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS). The Balance Sheet and the Profit and Loss Account have been prepared according to IAS 1 (Presentation of Financial Statements) based on accrual basis following going concern assumption and cash flow statement according to IAS 7 (Cash Flow Statement).

2.02 **Basis of measurement**

The financial statements have been prepared on the historical cost basis.

2.03 **Functional and presentational currency and level of precision**

The financial statements are prepared in Bangladesh Taka (Taka/Tk.) which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest taka.

2.04 **Use of estimates and judgment**

The preparation of financial statements 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 on going basis.

2.05 **Reporting period**

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

3.00 **Significant Accounting Policies :**

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

3.01 **Application of Standards**

In preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, which were issued by the ICAB formulated in the light of the IASs originally issued by the International Accounting Standard Board and the conditions and practices prevailing in Bangladesh and which also stand valid as on the Balance Sheet date.

3.02 **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.

3.03 **Recognition of Property, Plant & Equipment and Depreciation:**

Property, Plant and Equipment are stated at their cost less accumulated depreciation in accordance with IAS 16 "Property, Plant and Equipment". Cost represents cost of acquisition or construction. Full year's depreciation has been charged on additions irrespective of the date when the related assets are put into use. Depreciation on all other property, plant and equipment are computed using the reducing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. Depreciation has been charged at varying rate from 10% to 15% for all assets.

Depreciation has been charged to administration expenses consistently.

Property, Plant and Equipment acquired under leases were not capitalized but the lease rentals were expensed as they were incurred.

3.04 Inventories

Inventories comprise computers, computer peripherals, accessories, hardware, software, etc. They are stated at the lower of cost and net realizable value in accordance with IAS 2 "Inventories" after making due allowances for any obsolete or slow moving items.

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. Where necessary, provision is made for obsolete, slow moving and defective inventories (if any) identified at the time of physical verification of inventories.

3.05 Cash and Cash Equivalents

For the purpose of balance sheet and cash flow statement, cash in hand and bank balances represent cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statement", which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and are not restricted as to use.

3.06 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 suppliers.

3.07 Taxation

The Company is a listed public limited company. As per the Income Tax Ordinance, 1984, provision for tax has been made at the existing rate of 27.5%. Details calculation of provision for taxation for Income Tax is shown in note-17.

3.08 Revenue Recognition

Revenue is recognized as per IAS 18 "Revenue Recognition" as follows:

- a) Revenue has been recognized at the time of invoice made for the goods and services rendered by the company.
- b) Other Incomes are recognized at the time of receipt of money from other purpose than the normal course of business of the Company.

3.09 Leases

Lease rentals against assets acquisition have been expensed as they were incurred.

3.10 Earning per shares (EPS)

The Company calculates Earning per Share (EPS) in accordance with IAS-33 "Earning per Share" as adopted in Bangladesh.

Basic Earning per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary share outstanding during the year.

3.11 Cash flow Statement

Cash flow Statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and the cash flow from the operating activities have been presented under direct method considering the provision of Paragraph 19 of IAS -7 which provides that Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method.

3.12 Additional information on Financial Statements

a) Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statement under Section 183 of The Companies Act 1994 and as per the provisions of the Framework for the Preparation And Presentation of Financial Statements" issued by the International Accounting Standards Committee (IASC).

b) Components of the Financial Statements

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

- (i) Balance Sheet as of 30 June 2010
- (ii) Profit and Loss Account for the year ended 30 June 2010.
- (iii) Statement of Changes in Equity for the year ended 30 June 2010.
- (iv) Cash Flow Statement for the year ended 30 June 2010.
- (v) Accounting Policies and Explanatory notes.

c) Risk and Uncertainties for use of estimates in preparation of financial Statements

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting certain items, such as, provision for Doubtful accounts, depreciation and amortization, taxes reserves and contingencies.

d) Comparative information

Comparative information have been disclosed in respect of the year 2009-10 for all numerical information in the financial Statements and also the narrative and descriptive information when it is relevant and for understanding of the current year's financial statement. Figures of the year 2008-09 have been rearranged whenever considered necessary to ensure comparability with the current year.

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4.00 FIXED ASSETS (At cost less depreciation): TK. 135,489,562

This is made up as follows :

Particulars	30 June 2010 Taka	30 June 2009 Taka
Opening Balance at Cost	123,943,773	123,787,301
Addition During the year	60,621,446	156,472
Closing Balance at Cost	184,565,219	123,943,773
Accumulated depreciation up to last year	(43,910,817)	(38,166,553)
	140,654,402	85,777,220
Depreciation charged for the year	(5,164,840)	(5,744,264)
Written down value	<u>135,489,562</u>	<u>80,032,956</u>

Details have been shown in Annexure-1

5.00 CUSTOMIZED SOFTWARE DEVELOPMENT: TK. 43,126,883

This represent as under:

Opening Balance	37,763,867	34,515,564
Add: Development cost during this year	7,632,852	5,235,875
	45,396,719	39,751,439
Less: Amortization @ 5%	2,269,836	1,987,572
Total:	<u>43,126,883</u>	<u>37,763,867</u>

This represents the cost of Customized Software developed by the Company through various Programmers engaged on contractual as well as regular employment basis.

6.00 WORK-IN-PROGRESS (Customized Software Development): 853,862 6,267,074

This represents cost allocated to Customized Software which are under progress of development.

7.00 INVESTMENT IN SUBSIDIARY CO.-Dolphin Computer Ltd.: 14,400,000 14,400,000

This represent the amount invested for purchase of Dolphin Computers Ltd.

8.00 INVESTMENT IN SUBSIDIARY JS E-RECRUITMENT LTD.: TK. 20,923,282

This is as per last account and made up as follows:

Opening Balance	19,299,678	18,049,678
Add : During this year	1,623,604	1,250,000
Total:	<u>20,923,282</u>	<u>19,299,678</u>

In the year 2005-06 DCL has entered into a joint venture agreement with Jobstreet Corporation Berhad, Malaysia and formed a company in the name of 'JS E-Recruitment Ltd'. where Daffodil Computers Ltd holds 40% and Jobstreet Malaysia holds 60% share. On 24-06-2009 Daffodil Computers Ltd. entered into an agreement to take the remaining shares from Jobstreet Corporation Berhad which is yet to be affected.

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9.00 DEFERRED REVENUE EXPENDITURE: TK. 1,558,750

Particulars	30 June 2010 Taka	30 June 2009 Taka
Opening Balance	1,948,438	2,435,548
Add: Addition during the period	-	-
	1,948,438	2,435,548
Less: Amortization 20%	389,688	487,110
Total:	1,558,750	1,948,438

10.0 INVENTORIES: TK. 36,577,632

This represents as under :

Computers-Finished/HP	5,277,286	6,464,899
Computer-Daffodil PC	5,929,388	11,200,052
Printers	1,238,202	1,372,083
Monitor	3,060,525	3,196,411
Hardware	5,220,475	5,598,372
Accessories	6,020,400	10,345,242
UPS	474,183	509,371
Stabilizer	18,305	179,083
Software	9,338,868	13,507,342
	36,577,632	52,372,855

11.0 SUNDRY DEBTORS: TK. 10,144,604

This represents as under :

Trade Debtors (Note-11.1)	10,104,104	40,058,432
Other Debtors (Note-11.2)	40,500	322,657
Total:	10,144,604	40,381,089

This is unsecured but considered good.

11.1 TRADE DEBTORS: TK. 10,104,104

This is arrived at as under :

Opening balance	40,058,432	58,017,894
Add: Addition during the year	102,685,962	108,525,375
	142,744,394	166,543,269
Less: Realized during the year	132,640,290	126,484,837
Closing Balance	10,104,104	40,058,432

Details has been shown in Annexure-2

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11.2 OTHER DEBTORS: TK. 40,500

This is arrived at as under :

Particulars	30 June 2010 Taka	30 June 2009 Taka
Opening balance	322,657	310,442
Add: Addition during the year	22,452	20,000
	345,109	330,442
Less: Realized during the year	304,609	7,785
Closing balance	40,500	322,657

12.0 ADVANCES, DEPOSITS AND PREPAYMENTS: TK. 61,296,741

Advances:

Income Tax (Note-12.1)	10,751,175	10,037,160
Local Purchase (Note-12.2)	185,695	2,015,000
Office Rent (Note-12.3)	1,774,860	2,145,052
Salaries (Note-12.4)	668,047	837,247
Advance against Development works (Note-12.5)	18,634,356	10,757,556
Advance against Projects Expenses (Note-12.6)	26,182,016	26,182,016
Advance against C & F Expenses	25,000	82,489

Deposits:

Security Deposit (Note-12.7)	365,687	869,012
Earnest Money (Note-12.8)	417,095	2,019,275
12.09 Bank Guarantee Margin (Note-12.9)	846,810	860,705
L/C Margin (Note-12.10)	1,446,000	374,000
Total:	61,296,741	56,179,512

This is unsecured but considered good.

12.1 ADVANCE INCOME TAX : TK. 10,751,175

This consists of :

Opening balance	10,037,160	9,871,394
	16,850	118,766
Deducted by Customs Authority at the time of Import during the year	16,850	91,479
Deducted by Clients	-	27,287
AIT paid in Cash	697,165	47,000
Closing Balance	10,751,175	10,037,160

12.2 ADVANCE AGAINST LOCAL PURCHASE: TK. 185,695

Party wise break up is as under :

Name of Vendor

Sys Computers	30,695	-
Next Technology	25,000	202,500
Sys International	125,000	1,600,000
Softcom	5,000	212,500
Total:	185,695	2,015,000

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12.3 ADVANCE AGAINST OFFICE RENT: TK. 1,774,860

Particulars	30 June 2010 Taka	30 June 2009 Taka
Head Office	425,852	535,052
Banani Branch	125,008	250,000
Br. Office Rent - Ctg Br.	1,140,000	1,260,000
Br. Office Rent - Elephant Road Br.	84,000	100,000
Total:	1,774,860	2,145,052

12.4 ADVANCE AGAINST SALARIES :

668,047	837,247
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This amount has been paid to the staff and officers of the company which is being adjusted against their monthly salary. Details has been shown in Annexure-3

12.5 ADVANCE AGAINST DEVELOPMENT WORKS: TK. 18,634,356

Daffodil Grameen Education Program	7,959,806	6,439,806
Daffodil International School (DIS)	9,232,650	3,075,850
KIOSK	1,441,900	1,241,900
Total:	18,634,356	10,757,556

12.6 ADVANCE AGAINST PROJECT EXPENSES: TK. 26,182,016

BRTA-IS Project	19,831,258	19,831,258
WASA	6,350,758	6,350,758
Total:	26,182,016	26,182,016

12.7 SECURITY DEPOSIT: TK. 365,687

The movement is as under:

Opening balance	869,012	1,308,775
Add: Addition during the year	45,000	-
	914,012	1,308,775
Less: Matured and collected during the year	548,325	439,763
Closing balance	365,687	869,012

This is against supply to different Government and Corporate Authorities. This amount has been kept by the buyer/clients as security in compliance with terms of tenders and work orders. It is required for certain supplies and varies from 5% to 10% of the invoice value. The amount will be brought to fund on the event of maturity. Details has been shown in Annexure-4

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12.8 EARNEST MONEY: TK. 417,095

The movement is as under:

Particulars	30 June 2010 Taka	30 June 2009 Taka
Opening balance	2,019,275	2,089,275
Add: Addition during the year	80,600	52,300
	<u>2,099,875</u>	<u>2,141,575</u>
Less: Withdrawal during the year	1,682,780	122,300
Closing balance	<u>417,095</u>	<u>2,019,275</u>

This amount represents the money that is required at the time of bidding tenders. Details has been shown in Annexure-5

12.9 BANK GUARANTEE MARGIN: TK. 846,810

It consists of:

BARI	33,960	33,960
Bangladesh Road Transport Authority	798,000	798,000
Bangladesh Bank	-	7,095
DG, Immigration & Passport	-	6,800
UNDP	14,850	14,850
Total:	<u>846,810</u>	<u>860,705</u>

This relates to normal trading supply to corporate type clients. These guaranties were issued from Mercantile Bank Ltd. Dhanmondi Branch in compliance with the work order for supply to trading goods. These were issued for certain periods from one or two years depending upon the terms of work orders.

12.10 L/C MARGIN: TK. 1,446,000

This consists of:

L/C No. DN-174610010207	1,017,000	-
L/C No. DN-174610010234	429,000	-
L/C No. DN-174609010175	-	374,000
	<u>1,446,000</u>	<u>374,000</u>

This represents that portion of imports for which L/C has been opened.

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12.11 Related Party Transactions- Disclosures Under BAS 24 " Related Party Disclosures"

No amount was due by the Directors (including Chairman & Managing Director), Managing agent, Manager and officers of the Company and any of them severally or jointly with any other person. However during the period under review, the company carried out a number of transactions with related party in the normal course of business. The nature of these transactions and their value have been set out in accordance with the provisions of BAS 24 " Related party Disclosures" Details are given below.

Name of Company	Nature of Transactions	Head of A/C.	2009-2010	2008-2009
Daffodil Software Ltd.	Sales of Software through DSL	Other Debtors	40,500	322,657
Total :			40,500	322,657

13.0 CASH AND CASH EQUIVALENTS: TK. 1,146,825

This consists of as follows:

Cash at Bank (Note-13.1)	592,084	546,777
Cash in Hand (Note-13.2)	444,891	424,717
Cheques in Hand (Note-13.3)	109,850	137,676
Total:	1,146,825	1,109,170

The break up is given below:

13.1 CASH AT BANK: TK. 592,084

Name of Bank	Name of A/C.		
Al- Baraka Bank, IDB Bhaban Br., Dhaka	CD	703	703
The Premier Bank Ltd., Banani Br., Dhaka	CD	13,077	-
Arab Bangladesh Bank, Elephant Road Br., Dhaka.	CD	464	464
Uttara Bank, Nasirabad Br., Chittagong	CD	1,274	1,274
Uttara Bank, Green Road Br., Dhaka	CD	1,760	1,760
Mercantile Bank, Dhanmondi Br., Dhaka	CA	372,097	1,173
Mercantile Bank, Dhanmondi Br.	CD	50,480	127,500
HSBC, Anchor Tower Br., Dhaka	CD	34,245	11,476
Islami Bank BD Limited, IDB Bhaban Br.	CD	4,727	4,490
Standard Chartered Bank	CA	10,012	2,263
BRAC Bank Ltd.	CD	731	731
BRAC Bank Ltd.	CA	1,020	11,785
Southeast Bank Ltd.	CD	1,054	-
SIBL	CD	24,860	36,005
Dutchbangla Bank Ltd.	CA	31,411	328,499
Dutchbangla Bank Ltd.	CD	1,854	7,914
Bangladesh Krishi Bank	CA	1,294	1,294
National Bank	CD	29,856	9,446
Mercantile Bank Ltd.	STD	11,165	-
Total		592,084	546,777

Cash at bank balances have been confirmed with Bank Statements and Bank Balance Confirmation Certificate and reconciliation statements have been prepared where necessary.

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13.2 CASH IN HAND: TK. 444,891

Particulars	30 June 2010 Taka	30 June 2009 Taka
H.O. - Main Cash	194,858	99,247
IDB Bhaban Br.	52,301	83,265
Banani Br.	58,670	39,410
Chittagong Br.	125,450	178,220
Bashundhara City Branch	13,612	24,575
Total:	444,891	424,717

Balance has been confirmed with book balance and supported by certificate.

13.3 CHEQUES IN HAND:

109,850	137,676
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This represents Credit card & cheques received but not deposited within 30-06-2009.

14.0 BANK LOAN, OVERDRAFT AND CASH CREDIT: TK. 33,962,503

Loan against Trust Receipt (LTR) (Note-14.1)	3,160,983	2,225,762
CC (Hypo) (Note-14.2)	16,884,346	12,060,998
Term Loan (Note-14.3)	13,917,174 #	20,822,570
Total:	33,962,503	35,109,330

14.1 LOAN AGAINST TRUST RECEIPT (LTR) :

3,160,983	2,225,762
------------------	------------------

This is payable to Mercantile Bank Ltd. Dhanmondi Br. Dhaka. This amount was drawn against a credit facility granted from the said Bank for financing import of computer, computer accessories and peripherals. Maximum time limit of LTR adjustment is 1 (one) year but each LTR shall have to be adjusted by a maximum period of 90 days from the date of creation. Rate of interest is 15% p.a. and is chargeable quarterly basis on outstanding amount. This credit facility is secured by Hypothecation of stock in trade and 1st charge on the fixed and floating assets of the company.

14.2 CC (Hypo)

16,884,346	12,060,998
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This is payable to Mercantile Bank Ltd . Dhanmondi Br .Dhaka .This amount was used for L/C opening, endorsement, working capital financing and to maintain satisfactory stocks of Computers & Computer accessories. Rate of interest is 16% p.a. and is chargeable on quarterly basis. This cash credit facility is secured by Hypothecation of stock in trade and 1st charge on the fixed and floating assets of the company.

14.3 TERM LOAN

13,917,174	20,822,570
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This item of Credit Facility has been created after full adjustment of SOD(WO) and bears interest @ 15.50% p.a and is repayable in 36 equal monthly installments commencing from August 2008. The loan is secured by hypothecation of stock in trade.

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15.0 TRADE CREDITORS: TK. 8,301,321

Particulars	30 June 2010 Taka	30 June 2009 Taka
Opening balance	5,601,383	6,871,537
Add: Addition during the year	58,526,890	50,282,524
	64,128,273	57,154,061
Less: Paid/Adjusted during the year	55,826,952	51,552,678
Closing balance	8,301,321	5,601,383

This is against credit purchase of trading goods from local vendors. Details has been shown in Annexure-6

16.0 LIABILITIES FOR EXPENSES: TK. 5,636,150

This amount consists of liabilities for salaries, office rent, utilities bill and other purchases. Break up of the above amount is as under:

Salaries & Allowances	625,452	689,472
Contribution to Employees PF	4,493,090	4,485,621
Audit Fee	120,000	120,000
Telephone Bill	34,562	35,366
Electricity Bill	54,852	56,463
Paper Bills	1,986	2,300
Internet Bills	14,850	158,000
Insurance premium	67,358	111,199
Renewal Fee	224,000	221,576
Total	5,636,150	5,879,997

Details has been shown in Annexure-7

17.0 PROVISION FOR INCOME TAX: TK. 11,476,109

Opening Balance	11,305,710	11,144,350
Total Income as per Profit & Loss Account before tax	14,640,448	14,383,500
Less: Income from Software (Note-17.1)	14,020,816	13,796,738
Taxable Income	619,632	586,762
Provision for Income Tax @ 27.5%	170,399	161,360
Short Provision for Income Tax	-	-
Closing Balance	11,476,109	11,305,710

17.1 INCOME FROM SOFTWARE: TK. 14,020,816

Sales of Software	57,282,540	56,982,799
Less : Expenditure:	43,261,724	43,186,061
Direct Expenses	32,245,852	31,365,802
Administrative Expenses	6,597,695	7,211,884
Selling & Distribution Expenses	465,209	547,908
Financial Expenses	1,683,132	2,072,895
Add : Amortization Expenses on CSD	2,269,836	1,987,572
	14,020,816	13,796,738

Assessment of income tax for the accounting year 2001-2002 is still pending as it is under process of settlement by the High Court. Provision for some years of which assessment are completed is yet to be adjusted.

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18.0 SHARE CAPITAL: TK. 228,536,000

Particulars	30 June 2010 Taka	30 June 2009 Taka
18.1 Authorized: 30,000,000 Ordinary Shares of Tk. 10.00 each	300,000,000	300,000,000
18.2 Issued, Subscribed and paid up:		
17,500,000 shares of Tk.10.00 each fully paid up in cash.	175,000,000	175,000,000
1,750,000 bonus share of Tk.10each issued in 2006-2007	17,500,000	17,500,000
1,155,000 bonus share of Tk.10 each issued in 2007-2008	11,550,000	11,550,000
2,448,600 bonus share of Tk.10 each issued in 20078-2009	24,486,000	-
	228,536,000	204,050,000

Shareholding position was as follows :

Name of the Shareholders	No. of Shares	%	Amount
Promoters	11,939,200	52.24	119,392,000
General Public	10,914,400	47.76	109,144,000
Total	22,853,600	100.00	228,536,000

Distribution Schedule-Disclosure under the listing regulations of stock exchange

This distribution schedule showing the number of shareholders and their shareholdings in percentage has been disclosed below a requirement of the "Listing Regulations of Dhaka & Chittagong Stock Exchange":

Shareholders Range in number of Shares	Number of Holders	Number of Shares	% of holdings	Amount of Share Capital
Less than 500 Shares	4,572	1,421,494	6.22	14,214,940
500 to 5,000 Shares	3,569	5,557,996	24.32	55,579,960
5,001 to 10,000 Shares	181	1,366,645	5.98	13,666,450
10,001 to 20,000 Shares	64	941,568	4.12	9,415,680
20,001 to 30,000 Shares	18	452,501	1.98	4,525,010
30,001 to 40,000 Shares	11	388,511	1.70	3,885,110
40,001 to 50,000 Shares	10	459,357	2.01	4,593,570
50,001 to 100,000 Shares	5	333,664	1.46	3,336,640
100,001 to 1,000,000 Share	6	1,869,424	8.18	18,694,240
Over 1,000,000 Shares	4	10,062,440	44.03	100,624,400
Total	8,440	22,853,600	100.00	228,536,000

19.0 PROFIT & LOSS A/C: TK. 37,571,693

Opening Balance	23,101,644	33,365,504
Add: Addition during the year	14,470,049	14,222,140
	37,571,693	47,587,644
Proposed Dividend (Bonus Share)	-	(24,486,000)
Closing Balance	37,571,693	23,101,644

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20.0 TURNOVER: TK. 235,173,277

This is made up as follows :

Particulars	30 June 2010 Taka	30 June 2009 Taka
Sales of Computer and Computer Goods (Note-20.01)	172,593,084	178,190,478
Sales of Customized Software	57,282,540	56,982,799
Total Net Sales	229,875,624	235,173,277

Revenue recognition has been discussed in Note-3.08.

20.1 SALES OF COMPUTER & COMPUTER GOODS: TK. 178,190,478

Name of Item	30 June 2010 Taka	30 June 2009 Taka
Computers	106,821,995	103,562,862
Printers	10,931,092	11,583,936
Monitor	11,019,196	11,978,242
Hardware	12,084,720	18,587,205
Accessories	14,586,952	16,714,478
UPS	3,398,242	3,948,214
Stabilizer	896,097	676,109
Software	13,078,712	11,738,648
	172,817,006	178,789,694
Less: Return	22,100	106,434
Less: VAT	201,822	492,782
Total:	172,593,084	178,190,478

21.0 COST OF GOODS SOLD: TK. 188,304,793

It consists of :

Computer and Computer Goods (Note-21.01)	154,619,245	156,938,991
Customized Software & Web hosting etc. (Note-21.02)	32,245,852	31,365,802
Total:	186,865,097	188,304,793

21.1 COMPUTER & COMPUTER GOODS: TK. 156,938,991

Cost of Materials : (21.01.01)	153,578,196	153,572,197
Add: Direct Expenses:		
Salaries and Allowances (Warehouse)	390,663	252,800
Carriage Inward	61,925	166,596
C & F expenses	66,443	220,979
Freight	90,452	919,941
PSI Charges & Other import levies & duties	169,140	853,943
Insurance premium	121,399	293,350
Development surcharge	96,254	441,560
Assembling Expenses	33,920	181,380
Network Expenses	10,853	36,245
	1,041,049	3,366,794
Total:	154,619,245	156,938,991

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Allocation:

22.1	Hardware & Network activities 70%	15,394,622	16,827,728
22.2	Customized Software & Web hosting activities 30%	6,597,695	7,211,884
		<u>21,992,317</u>	<u>24,039,612</u>
	Add: Amortization expenses 5% on cost of Customized SW Development	2,269,836	1,987,572
	Total:	<u>24,262,153</u>	<u>26,027,184</u>

23.0 SELLING & DISTRIBUTION EXPENSES: TK. 1,862,361

This consists of as follows :

Postage & Stamp	23,638	6,222
Advertisement	150,800	151,200
Business Promotion Expenses	568,297	627,195
Carriage outward	11,198	58,877
Replacement of sold goods	76,320	75,000
Sales incentives	720,442	907,867
Total:	<u>1,550,695</u>	<u>1,826,361</u>

Allocation:

23.1	Hardware & Network activities 70%	1,085,486	1,278,453
23.2	Customized Software & Web hosting activities 30%	465,209	547,908
	Total:	<u>1,550,695</u>	<u>1,826,361</u>

24.0 FINANCIAL EXPENSES: TK. 6,909,649

Bank Interest	1,977,831	4,390,289
Rental charge for Leased Assets	3,632,610	2,519,360
Total:	<u>5,610,441</u>	<u>6,909,649</u>

Allocation:

24.1	Hardware & Network activities 70%	3,927,309	4,836,754
24.2	Customized Software & Web hosting activities 30%	1,683,132	2,072,895
	Total:	<u>5,610,441</u>	<u>6,909,649</u>

25.0 INDIRECT INCOME: TK. 1,252,933

Particulars	30 June 2010 Taka	30 June 2009 Taka
Interest on Deposit	3,116	73
Income from DCL general service section (Note-25.01)	1,007,787	950,510
Income from Dpc service section (Note-25.02)	336,196	302,350
Total :	<u>1,347,099</u>	<u>1,252,933</u>

25.1 INCOME FROM DCL GENERAL SERVICE SECTION: TK. 950,510

Service bills received	4,256,422	4,244,687
Less: Cost of Spare parts	3,248,635	3,294,177
Total :	<u>1,007,787</u>	<u>950,510</u>

25.2 INCOME FROM DPC SERVICE SECTION: TK. 302,350

Service bills received	944,733	783,660
Less: Cost of Spare parts	608,537	481,310
Total :	<u>336,196</u>	<u>302,350</u>

26.0 BASIC EARNING PER SHARE (EPS) Disclosure under BAS 33" Earning per Share"

The computation of EPS is given below :

a) Net Profit after Tax	14,470,049	14,222,140
(b) Weighted aver. number of Ordinary Shares outstanding during the	22,853,600	20,405,000
(c) Basic EPS	<u>0.63</u>	<u>0.70</u>

Calculation of weighted number of ordinary shares outstanding during the year from 01.07.2009 to

Date of Share Holdings	No. of Shares	Period	Days	Weighted Average Nos of Shares of Outstanding
30.06.2010	22,853,600	01.07.2009 to 30.06.2010	360	22,853,600
Total			360	22,853,600

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27.00 Quantitative and Figurative Statement of Purchase, Sales and Inventories of Goods For the year ended 30 June, 2010.

As per requirements of Schedule -XI (Part-II) Section 3 (i)(e) of Companies Act 1994-In case of trading companies, the purchase made and the opening and closing stocks, giving break up in respect of each class of goods traded in by the company and indicate

Other than Hardware Items:

Elements	Computers Finished	Computer Daffodil PC	Printers	Monitor	Accessories	UPS	Stabilizer	Software	Total Taka
Opening quantity	254	467	107	694	Various	179	85	Various	
Add : Purchases- Qty.	1,510	2,452	785	2,178	Various	1,205	286	Various	
Goods available for sale- Qty	1,764	2,919	892	2,872	Various	1,384	371	Various	
Less: Goods sold Qty.	1,552	2,672	798	2,201	Various	1,199	299	Various	
Closing Balance Qty.	212	247	94	671	Various	185	72	Various	
Opening Balance	254	467	107	694	Various	179	85	Various	
Average Unit Cost-- Taka	25452.36	23982.98	12823.21	4605.78	Various	2845.65	2106.86	Various	
Total cost of opening Stock Tk.	6,464,899	11,200,052	1,372,083	3,196,411	10,345,242	509,371	179,083	13,507,342	46,774,483
Add : Purchases- Qty	1,510	2,452	785	2,178	Various	1,205	286	Various	
Average Unit Cost-- Taka	23,522.14	22,366.25	11,421.59	4,264.32	Various	2,478.64	2,301.71	Various	
Total cost of Purchase Tk.	35,518,431	54,842,045	8,965,948	9,287,689	9,186,085	2,986,761	658,289	5,482,852	126,928,101
Less: Goods sold	1,552	2,672	798	2,201	Various	1,199	299	Various	
Unit Sales price -- Average	25,962.58	24,898.23	13,698.11	5,006.45	Various	2,834.23	2,996.98	Various	
Total Sales -- Taka	40,293,924	66,528,071	10,931,092	11,019,196	14,586,952	3,398,242	896,097	13,078,712	160,732,286
Closing Quantity	212	247	94	671	Various	185	72	Various	
Average Unit Cost-- Taka	24892.86	24005.62	13172.36	4561.14	Various	2563.15	254.23	Various	
Total cost of Cl. Stock Tk.	5,277,286	5,929,388	1,238,202	3,060,525	6,020,400	474,183	18,305	9,338,868	31,357,157
Cost of materials	36,706,044	60,112,709	9,099,829	9,423,575	13,510,927	3,021,949	819,068	9,651,326	142,345,427

28. **Foreign Exchange Earned and Payment:**

During the year under audit the Company has not earned or made payment any amount in Foreign Currency.

29. **Payment/Perquisites to Director and Officers**

- i) No compensation was allowed by the company to Directors of the company other than Directors' Remuneration as reported in Note-22.
- 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.

30. **Capital Expenditure Commitment**

There was no Capital Expenditure Commitment as on 30 June 2010.

31. **Contingent Liabilities**

There may arise some contingent liability for tax assessments pending with the High Court and other levels.

32. **Claim Not Acknowledged**

There was no claim against the company as on 30 June 2010.

33. **Commission, Brokerage or Discount against Service**

No commission, Brokerage or discount was allowed or incurred or paid during the year under review except which mentioned in note-22.

34. **Credit Facility Not Availed**

There are no credit facilities available to the company under any contracts other than trade credit available in the ordinary course of business at the balance sheet date.

35. **Subsequent Events-Disclosures under IAS 10 "Events after the Balance Sheet Date"**

a) Proposed Dividend:

The Board of Directors of the company has proposed 10% stock dividend i.e. 10 shares for every 100 shares held by the share holders on 04-11-2010 subject to approval in the forth coming Annual General Meeting.

b) Right Share:

The company has offered 1:1 right share to its share holders i.e. one share against each share held by the existing shareholders as on 6th December, 2010. The Right Offer has duly been approved by Securities and Exchange Commission (SEC).



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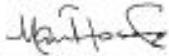
36. **Miscellaneous**

No individual expenses include under miscellaneous expenses, which exceed 1 percent of the total revenue of the company or Tk. 5,000.00, whichever is higher.

37. **Special Reports as per Companies Act, 1994**

(a) 138 (One hundred thirty eight) employees engaged in the Company who received a total remuneration over Taka 36,000/- per year and 1 (one) employees drawing yearly remuneration below Taka 36,000/-

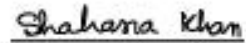
(b) There was no non-resident Bangladeshi shareholder during the year under audit.



Md. Monir Hossain
Company Secretary



Md. Sabur Khan
Managing Director



Mrs. Shahana Khan (Kakoly)
Chairman