



**Independent Auditor's Report
To the Shareholders
of**

**Audited Financial Statements
of
Bangladesh Submarine Cable Company Limited
For the year ended 30 June 2012**





Independent Auditors' Report To the Shareholders of Bangladesh Submarine Cable Company Limited

We have audited the accompanying financial statements of Bangladesh Submarine Cable Company Limited which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as on 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), and comply with 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 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 statement of financial position and statement of comprehensive together with notes 1 to 30 thereto dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business.

Emphasis of Matter

Without qualifying our report, we draw attention to the fact that:

- a) the Company has neither appointed independent director, chief financial officer and head of internal audit nor formed audit committee which are apparent non compliance of the Securities and Exchange Commission notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006.
- b) the Company has not disclosed information regarding financial instruments as per Bangladesh Financial Reporting Standards (BFRS) 7: "Financial Instruments: Disclosures" which requires disclosure of information about the significance of financial instruments to the Company, and the nature and extent of credit, liquidity and market risks arising from those financial instruments which includes but not limited to trade receivables, cash at banks, short term deposits, lease obligation and sundry creditors.

Dhaka, 05 September 2012

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants



Bangladesh Submarine Cable Company Limited
Statement of Financial Position
As at 30 June 2012

ASSETS	Notes	2012 Taka	2011 Taka
Non-current Assets			
Property, plant and equipment	4		
At cost or revaluation		3,265,140,074	2,588,985,740
Less : Accumulated depreciation		972,484,356	806,048,167
		2,292,655,718	1,782,937,573
Preliminary expenses	5	904,845	1,809,690
Work in progress	6	-	487,551,230
		2,293,560,563	2,272,298,493
Current Assets			
Trade debtors	7	640,469,712	181,733,838
Advances, deposits and prepayments	8	61,330,265	5,710,405
Investment in shares	9	12,479,676	12,479,676
Cash and cash equivalents	10	1,447,403,960	191,836,691
		2,161,683,613	391,760,610
TOTAL ASSETS		4,455,244,176	2,664,059,103
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11	1,185,091,700	875,091,700
Share premium	12	723,293,759	-
Tax holiday reserve		385,162,213	235,490,031
Revaluation reserve	13	346,562,561	164,654,032
Retained earnings		686,157,716	262,487,328
		3,326,267,949	1,537,723,091
Liabilities			
Non-current Liabilities			
Lease obligation - net off current portion	14	375,798,737	562,419,691
Deferred tax liabilities	15	179,014,051	200,684,585
Security deposits received from clients	16	58,387,402	18,571,376
Employees' pension fund and gratuity	17	14,960,286	15,158,836
		628,160,476	796,834,488
Current Liabilities			
Lease obligation - current portion	14	250,532,492	224,968,689
Sundry creditors	18	6,968,259	-
Provision for income tax	19	110,201,553	39,372,121
VAT payable		92,838,156	44,839,104
Provision for decrease in value of investment in shares		5,754,521	2,523,270
Accrued expenses	20	34,520,769	17,798,339
		500,815,750	329,501,523
Total Liabilities		1,128,976,227	1,126,336,011
TOTAL EQUITY AND LIABILITIES		4,455,244,176	2,664,059,103

These financial statements should be read in conjunction with the annexed notes

Sd/-

Company Secretary

Dhaka, 05 Sep. 2012

Sd/-

Managing Director
See annexed report of date

Sd/-

Director

Sd/-

Hoda Vasi Chowdhury & Co.
Chartered Accountants





Bangladesh Submarine Cable Company Limited
Statement of Comprehensive Income
For the year ended 30 June 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Revenue			
IPLC (International Private Lease Circuit) rent	21	1,189,952,826	827,806,048
Circuit activation charge		29,705,762	9,980,000
		<u>1,219,658,588</u>	<u>837,786,048</u>
Direct cost of operation			
Electricity and generator fuel		2,814,329	2,015,717
Landing station and route repair		1,433,669	1,909,596
Depreciation of core machinery	4	158,473,696	129,858,259
		<u>162,721,694</u>	<u>133,783,572</u>
		1,056,936,894	704,002,476
Gross profit			
Operating expenses			
Operation and maintenance expenses	22	77,035,280	56,196,580
General and administrative expenses	23	32,531,587	25,008,227
Provision for bad and doubtful debts		23,678,556	-
Depreciation on property, plant and equipment	4	7,962,492	8,184,258
Amortization on preliminary expenses	5	904,845	904,845
		<u>142,112,761</u>	<u>90,293,910</u>
		914,824,133	613,708,566
Operating profit			
Financial charges on lease		(25,388,152)	(28,480,435)
Exchange loss		(89,537,299)	(50,516,822)
Provision for decrease in value of investment in shares		(3,231,251)	(2,332,593)
Other income	24	42,022,946	12,410,560
		<u>(76,133,756)</u>	<u>(68,919,290)</u>
		838,690,377	544,789,276
Net profit before taxation			
Less: Income tax expenses			
Current tax expenses		(112,000,000)	(39,000,000)
Deferred tax income/(expenses)	15	21,670,533	(200,684,585)
		<u>(90,329,467)</u>	<u>239,684,585</u>
		748,360,910	305,104,691
Net profit after tax			
Other comprehensive income			
Revaluation surplus of property, plant and equipment (land)		181,908,529	-
		<u>181,908,529</u>	<u>181,908,529</u>
Total comprehensive income for the year		149,672,182	80,828,117
Less: Transfer to tax holiday reserve		181,908,529	-
Transfer to revaluation surplus		331,580,711	80,828,117
		<u>598,688,728</u>	<u>224,276,574</u>
Comprehensive income transfer to retained earnings			
Earnings per share (EPS)	26	7.85	3.49

These financial statements should be read in conjunction with the annexed notes

Sd/-
Company Secretary

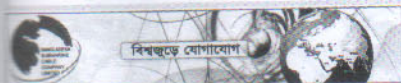
Sd/-
Managing Director

Sd/-
Director

See annexed report of date

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 05 Sep. 2012



Bangladesh Submarine Cable Company Limited
Statement of Changes in Equity
For the year ended 30 June 2012

<u>Particulars</u>	Share capital		Share premium		Tax holiday reserve		Revaluation reserve		Retained earnings		Total	
	Taka		Taka		Taka		Taka		Taka		Taka	
Opening balance at 30 June 2010	673,147,800		-		154,661,914		164,654,032		240,154,654		1,232,618,400	
Bonus shares issued	201,943,900		-		-		-		(201,943,900)		-	
Tax holiday reserve	-		-		80,828,117		-		-		80,828,117	
Net profit for the year	-		-		-		-		224,276,574		224,276,574	
Balance as at 30 June 2011	875,091,700		-		235,490,031		164,654,032		262,487,328		1,537,723,091	
Issuance of shares	310,000,000		775,000,000		-		-		-		1,085,000,000	
Share issue costs	-		(51,706,241)		-		-		-		(51,706,241)	
Tax holiday reserve	-		-		149,672,182		-		-		149,672,182	
Revaluation reserve	-		-		-		181,908,529		-		181,908,529	
Dividend paid	-		-		-		-		(175,018,340)		(175,018,340)	
Net profit for the year	-		-		-		-		598,688,728		598,688,728	
Balance as at 30 June 2012	1,185,091,700		723,293,759		385,162,213		346,562,561		686,157,716		3,326,267,949	

Sd/-

Company Secretary

Sd/-

Managing Director

Sd/-

Director





Bangladesh Submarine Cable Company Limited
Statement of Cash Flows
For the year ended 30 June 2012

	2012 <u>Taka</u>	2011 <u>Taka</u>
A) Cash flows from operating activities		
Cash received from clients	803,596,967	847,611,348
Payment for cost and expenses	(96,201,266)	(87,575,359)
Payment to employees	(20,510,910)	(16,823,255)
Financial charge on lease payments	(11,920,089)	(14,824,830)
Tax paid	(89,036,660)	(4,539,396)
Other receipts	19,176,346	10,074,126
<i>Net cash from operating activities</i>	<u>605,104,387</u>	<u>733,922,634</u>
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(654,815)	(705,139)
Work in progress	-	(487,551,230)
Investment in shares	-	(6,826,108)
<i>Net cash used in investing activities</i>	<u>(654,815)</u>	<u>(495,082,477)</u>
C) Cash flows from financing activities		
Dividend paid	(175,018,340)	-
Lease obligation	(249,094,450)	(223,407,350)
Issuance of shares	310,000,000	-
Share premium received	723,293,759	-
Security deposit from clients	41,936,727	1,694,931
<i>Net cash received from financing activities</i>	<u>651,117,696</u>	<u>(221,712,419)</u>
D) Net cash flow for the year (A+B+C)	<u>1,255,567,269</u>	<u>17,127,738</u>
E) Cash and cash equivalents at the beginning of the year	<u>191,836,691</u>	<u>174,708,953</u>
F) Cash and cash equivalents at the end of the year (D+E)	<u>1,447,403,960</u>	<u>191,836,691</u>

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Director



Bangladesh Submarine Cable Company Limited

Notes to the financial statements

For the year ended 30 June 2012

1. Background of the Company

Bangladesh Submarine Cable Company Limited (BSCCL) (hereinafter referred to as the "Company") was incorporated in Bangladesh as a public limited company on 24 June 2008 under the Companies Act 1994 with an authorized capital of Taka 10,000,000,000 divided into 100,000,000 ordinary shares of Taka 100 each. The Company converted denomination of its shares from Taka 100 to Taka 10 and accordingly, present authorized capital is Taka 10,000,000,000 divided into 1,000,000,000 ordinary shares of Taka 10 each. The Company obtained the Certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on 24 June 2008. The Company is substantially owned by the Government of the Peoples' Republic of Bangladesh and represented by various Ministries of the Government.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

The Company was originated after separating from Bangladesh Telecommunications Company Limited (BTCL) (previously BTTB) with all assets situated at Jhilonjha Cox's-Bazar, the Landing Station. Before separation a project namely "Establishment of International Telecommunication System through Submarine Cable" was undertaken by BTCL participating in an international agreement with an International Consortium namely SEA-ME-WE 4 (South East Asia Middle East Western Europe).

A Vendor Agreement was executed between the representatives of the Government of Bangladesh (GOB) and the Company on 30 June 2008 incorporating a statement of certain assets and liabilities as of 30 June 2008.

Two separate agreements namely Purchase and Lease Agreements were executed on 12 February 2005 between Government of Bangladesh (GOB) and Islamic Development Bank (IDB) for sale and lease back under the project namely "Establishment of International Telecommunication System through Submarine Cable." These agreements were executed in favor of BTCL by GOB in the absence of existence of the Company at that time. However, these two agreements have not yet been revalidated in favor of Company. Lease payments are still being made by the Company through BTCL.

2. Nature of business

The principal activities of the Company are to provide high capacity voice and data bandwidth to all-important places in Bangladesh to get benefit of all the IT related services.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared on going concern basis in accordance with the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

3.2 Property, plant and equipment

All property, plant and equipment are stated at cost or revaluation less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition and installation of the assets. All repairs and



maintenance expenses are charged to the statement of comprehensive income during the year when these are incurred.

The cost of core equipment represents the invoice price and other directly attributable expenditures which have been allocated proportionately to individual items.

3.3 Depreciation of property, plant and equipment

Depreciation on all property, plant and equipment has been charged on reducing balance method considering the economic and useful lives of such assets. Full year depreciation is charged on assets during the year of acquisition irrespective of their date of acquisition and no depreciation will be charged on assets in the year of disposal.

No depreciation is charged on land and capital work in progress.

3.4 Lease

Lease of property, plant and equipment are classified as finance lease because the Company (lessee) substantially enjoys all the risks and rewards of ownership. Each lease payment is allocated between the payment of lease liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over their estimated useful lives.

3.5 Preliminary expenses

Preliminary expenses represents the expenses relating to company formation and legal expenses incurred thereon and these are being amortized over a period of five years starting from the year in which the Company commenced its commercial operation. During the year, an amount of Taka 904,845 has been amortized.

3.6 Tax holiday reserve

Tax holiday reserve has been created using applicable rate of income tax as determined by the Income Tax Ordinance 1984. The Company has been granted tax holiday by the National Board of Revenue (NBR) (Ref: 11(64) Anu-1/2009 Dhaka dated 04 August 2009) for a period of 5 years effective from 01 January 2009 in the following manner:

<u>Period</u>	<u>Tax Exemption Rate</u>
First two years (1 January 2009 to 31 December 2010)	100%
Next two years (1 January 2011 to 31 December 2012)	50%
Remaining one year (1 January 2013 to 31 December 2013)	25%

3.7 Current tax

Provision for income tax is made as per Finance Act 2012. The Company has been granted 50% tax exemption for the period from 1 January 2011 to 31 December 2012. Required provision for income tax has been made in the accompanying financial statements based on proportionate income.

3.8 Deferred tax

Deferred tax has been recognized in accordance with the provision of BAS 12 based on the deductible or taxable temporary difference between the carrying amount of assets / liabilities in statement of financial position and its tax base. Deferred tax asset or liability is the amount of income tax recoverable or payable in the future periods recognized in the current period. Deferred tax asset or liability does not



create a legal recoverability or liability from or to Tax Authority. Related deferred tax income / expense is recognized as well in the statement of comprehensive income.

3.9 Foreign currency transactions

Transactions in foreign currencies are converted into equivalent Bangladeshi Taka (Tk/BDT) applying the ruling rate on the date of such transactions. Assets and liabilities outstanding at 30 June 2012 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date.

3.10 Revenue recognition

3.10.1 IPLC Rent

IPLC (International Private Lease Circuit) rent is billed in the beginning of each month and recorded as income on issuance of invoice once in every month.

3.10.2 Circuit activation charge

Circuit activation charges revenue consists of charges imposed to clients for activation of new circuits. These are recognized when amounts are collected through demand notes.

3.10.3 Provision for bad and doubtful debts

The Company makes provision for bad and doubtful debts for trade debtors that remain outstanding for a period more than one year.

3.10.4 Dividend and subsequent events

The Board of Directors in their meeting held on 5 September 2012 has recommended cash dividend of 20% (i.e. Taka 2 per share of Taka 10 each) and stock dividend @ 10% (i.e. 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each) subject to the approval of the shareholders in the Annual General Meeting. There are no events identified after the statement of financial position date which require adjustment of disclosure in these accompanying financial statements.

3.10.5 General

- i) Figures appearing in these financial statements have been rounded off to the nearest Bangladeshi Taka.
- ii) Previous year's figures have been rearranged, wherever considered necessary, to conform with current year's presentation.



4 Property, plant and equipment - at cost less accumulated depreciation

Name of assets	Cost / revaluation			Rate	Accumulated depreciation			WDV as on 30 June 2012
	At 1st July 2011	Additions during the year	At 30 June 2012		At 1st July 2011	Charged during the period	At 30 June 2012	
	Amount in Taka							
Land	164,700,000	181,908,529	346,608,529	-	-	-	346,608,529	
Core equipment	2,255,155,638	487,551,230	2,742,706,868	8%	761,785,662	158,473,696	1,822,447,510	
Landing station earth filling	9,646,000	-	9,646,000	10%	3,954,529	569,147	5,122,324	
Building	58,488,364	-	58,488,364	2%	5,597,627	1,057,815	51,832,922	
Floor development	2,654,065	-	2,654,065	10%	1,048,639	160,543	1,444,884	
Security barak and security wall	7,827,297	-	7,827,297	2%	752,225	141,501	6,933,571	
Deep tube-well and pump house	2,343,837	-	2,343,837	10%	960,893	138,294	1,244,650	
500 KV sub-station	3,284,000	-	3,284,000	15%	1,829,708	218,144	1,236,148	
Power system	34,737,942	-	34,737,942	10%	14,241,362	2,049,658	18,446,922	
Boundary wall	8,255,575	-	8,255,575	2%	793,383	149,244	7,312,948	
Ducting from beach manhole	18,088,759	-	18,088,759	5%	4,094,445	699,716	13,294,598	
Vehicles	17,092,000	-	17,092,000	20%	8,816,838	1,655,032	6,620,129	
Office equipment and furniture	6,540,709	4,169,575	10,710,284	10%	2,126,366	858,392	7,725,527	
Co-location point	171,554	-	171,554	10%	46,491	12,506	112,557	
Office decoration	-	2,525,000	2,525,000	10%	-	252,500	2,272,500	
Total 30 June 2012	2,588,985,740	676,154,334	3,265,140,074		806,048,167	166,436,189	2,292,655,718	
Total 30 June 2011	2,588,280,601	705,139	2,588,985,740		668,005,650	138,042,517	1,782,937,573	





	2012	2011
	Taka	Taka
5 Preliminary expenses		
Opening balance	1,809,690	2,714,535
Less: Amortization made during the year	904,845	904,845
	904,845	1,809,690
6 Work in progress	-	487,551,230

This represents amount paid in full to Consortium (SEA-ME-WE-4) for the project "Cable System Upgrade 3" participated by member Companies and has been capitalized during the year. This has enhanced the Bandwidth capacity of the Company.

7 Trade debtors

Bangladesh Telecommunications Company Limited (BTCL)	364,144,872	68,665,323
Novotel Limited	24,097,671	14,875,840
Mir Telecom Limited	628,434	6,382,350
Bangla Trac Communication Limited	17,935,383	9,898,988
Mango Teleservices Limited	142,367,308	78,180,302
TIS Singapore Pte Ltd.	11,000,453	-
Cybergate Ltd.	27,798,437	-
Telex Ltd.	9,970,745	-
Other trade debtors	39,325,828	-
Other receivables (note 7.1)	26,879,137	3,731,035
	664,148,268	181,733,838
Less: Provision for bad and doubtful debts	23,678,556	-
	640,469,712	181,733,838

Trade debtors having unrealized for a period more than 6 (six) months is Taka 106.5 million. The Company has made provision of Taka 23.7 million for bad and doubtful debts for trade debtors having outstanding more than one year in line with the Company's policy.

7.1 Other receivables includes accrued interest on time deposit (FDR) amounting Taka 19,122,435.

8 Advances, deposits and prepayments

Advances:

Advance given to employees for foreign traveling	150,000	-
Advance to employees against expenses	88,000	402,000
Advance against IPO and other related expenses	-	2,491,535
Astha Associates - for interior decoration	1,000,000	-
Advance income tax (AIT)	48,636,375	2,811,870
	49,874,375	5,705,405

Deposits:

Duncan Products Ltd.	5,000	5,000
Bangladesh Telecommunications Company Limited (BTCL)	5,000	-
Uttara Bank Ltd.	7,000	-
Central Depository Bangladesh Limited	500,000	-
BTRC for IIG license	100,000	-
	617,000	5,000

Prepayments:

Sony Chocolate Industries Ltd. - for office rent	10,838,890	-
	61,330,265	5,710,405



9 Investment in shares

12,479,676

12,479,676

The Company has invested the above-noted amount to fulfill the requirement of availing Tax Holiday. The market value of the above-noted investment as on 30 June 2012 is Taka 6,725,155. Provision for diminishing value of shares as required, has been made in the accompanying financial statements.

10 Cash and cash equivalents

2012

2011

Taka

Taka

Cash in hand

Head office - Dhaka

Landing station - Cox's Bazar

82,062

199,016

136,314

227,507

218,376

426,523

Cash at bank with:

Sonali Bank Limited

Uttara Bank Limited

IFIC Bank Limited

291,686,885

17,302,668

5,738

-

45,155,461

-

336,848,084

17,302,668

Term deposits (FDR) with:

National Bank Limited

Basic Bank Limited

Standard Bank Limited

IFIC Bank Limited

Investment Capital of Bangladesh

Sonali Bank Limited

Other banks/institutions

30,000,000

51,350,000

150,000,000

31,142,500

30,000,000

30,000,000

20,000,000

61,615,000

280,000,000

-

250,000,000

-

350,337,500

-

1,110,337,500

174,107,500

1,447,403,960

191,836,691

11 Share capital

2012

2011

Taka

Taka

Authorized capital

1,000,000,000 ordinary shares of Taka 10 each

10,000,000,000

10,000,000,000

Issued and paid up capital:

140 ordinary shares of Taka 10 each fully paid up (note - 11.2)

1,400

1,400

67,314,640 ordinary shares of Taka 10 each issued to MoPT, GOB (note - 11.3)

673,146,400

673,146,400

20,194,390 bonus shares of Taka 10 each issued in 2010 (note - 11.4)

201,943,900

201,943,900

31,000,000 shares of Taka 10 each issued at premium in 2012 (note - 11.5)

310,000,000

-

1,185,091,700

875,091,700



11.1 Composition of shareholdings as at 30 June 2012

2012

<u>Name of shareholders and respective Ministries/Agencies</u>	<u>Represented by</u>	<u>No. of shares</u>	<u>Value in Taka</u>
Ministry of Post & Telecommunications, GOB	Mr. Sunil Kanti Bose	87,509,030	875,090,300
Ministry of SICT, GOB	Mr. Rabindra Nath Roy Chowdhury	20	200
Ministry of Finance, GOB	Mr. Syed Monjurul Islam	20	200
D S C S C, Dhaka Cantonment	Col. Shahriar Ahmed	20	200
Dhaka Chamber of Commerce & Industries	Mr. Asif Ibrahim	20	200
United International University	Dr. Raqibul Mostafa	20	200
Mr. Sunil Kanti Bose		20	200
Mr. Md. Monwar Hossain		154,855	1,548,550
Employees (except Managing Director)		345,160	3,451,600
Institutions		15,488,100	154,881,000
General public		15,011,905	150,119,050
		118,509,170	1,185,091,700

The aforesaid share capital is subscribed as under:

Sponsors/Directors (including Managing Director)	87,664,005	73.97%
Employees (except Managing Director)	345,160	0.29%
Institutions	15,488,100	13.07%
General public	15,011,905	12.67%
	118,509,170	100%

Composition of shareholdings as at 30 June 2011

2011

Ministry of Post & Telecommunications, GOB	Mr. Sunil Kanti Bose	87,509,030	875,090,300
Ministry of SICT, GOB	Mr. Rabindra Nath Roy Chowdhury	20	200
Ministry of Finance, GOB	Mr. Syed Monjurul Islam	20	200
D S C S C, Dhaka Cantonment	Col. Shahriar Ahmed	20	200
Dhaka Chamber of Commerce & Industries	Mr. Abul kasem khan	20	200
United International University	Dr. Raqibul Mostafa	20	200
Mr. Sunil Kanti Bose		20	200
Mr. Md. Monwar Hossain		20	200
		87,509,170	875,091,700

A distribution schedule of the shares as at 30 June 2012 is given below as required by listing regulations:

<u>Slabs by number of shares</u>	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Holdings %</u>
Upto 499	62,736	6,393,240	5.39%
500 - 5000	1,729	2,958,300	2.50%
5001 - 10000	204	1,509,600	1.27%
10001 - 20000	129	1,886,800	1.59%
20001 - 30000	64	1,547,500	1.31%
30001 - 40000	32	1,110,900	0.94%
40001 - 50000	26	1,195,700	1.01%
50001 - 100000	53	3,801,205	3.21%
100001 - 1000000	37	9,586,895	8.09%
1000001 - 1000000000	2	88,519,030	74.69%
	65,012	118,509,170	100.00%



11.2 The entire amount of Taka 1,400 of the above paid up capital has been paid by the Government of Bangladesh.

11.3 Basis to issue of 6,731,464 ordinary shares to the Ministry of Post & Telecommunications, GoB

As contained in note - 1, a Vendor agreement was executed between the representatives of the Government of Bangladesh (GOB) and the Company on 30 June 2008 incorporating certain assets and liabilities inherited from Bangladesh Telecommunication Company Limited (BTCL) (formerly Bangladesh Telephone and Telegraph Board - BTTB). The balance of net worth was agreed to settle by issuing shares to the Government. In the year 2009 - 2010, out of the balance available in this account, the Company has issued 6,731,464 ordinary shares of Taka 100 each subsequently converted to Taka 10 each totaling share capital amounting to Taka 673,146,400 in favor of the Ministry of Post and Telecommunications, Government of the Peoples Republic of Bangladesh in consideration of the same amount of Government equity after obtaining consent from the Securities and Exchange Commission (SEC).

Further, the aforesaid amount of Taka 673,146,412 being difference between assets and liabilities as taken over through Vendor agreement for issuing of shares to the Government. The Company has acquired certain assets and liabilities procured / emanated between 01 October 2007 to 30 June 2008.

11.4 In the year 2010, the Company has issued 20,194,390 bonus shares of Taka 10 each totaling share capital amounting to Taka 201,943,900 in favor of the Ministry of Post and Telecommunications, Government of the Peoples Republic of Bangladesh and consent has been obtained from the Securities and Exchange Commission (SEC).

11.5 During the year, the Company has issued 31,000,000 ordinary shares of Taka 35 each (including a premium of Taka 25 each) which has been approved by the Government of the Peoples Republic of Bangladesh and the Securities and Exchange Commission (SEC):

	2012 <u>Taka</u>	2011 <u>Taka</u>
12 Share premium	<u>723,293,759</u>	<u>-</u>

This represents share premium received against issuance of 31,000,000 ordinary shares at premium totally Taka 775,000,000 in the year 2011-2012 and netted off by IPO expenses of Taka 51,706,241.

13 Revaluation reserve	<u>346,562,561</u>	<u>164,654,032</u>
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Land measuring 5.49 acres situated at Cox's Bazar has been revalued once again during the year under review by an independent firm and the revaluation surplus has been taken in the revaluation reserve account and other relevant information are as follows:

- i) Cut off date of revaluation: 30 June 2011
- ii) Revaluation effected: 1 July 2011
- iii) Revalued by: A B Saha & Co, Chartered Accountants
- iv) Method : Current market price of land
- v) Carrying amount under cost model: Taka 45,968
- vi) Revaluation surplus:

Opening balance	164,654,032
Addition during the year 2011 - 2012	181,908,529
Closing balance	<u>346,562,561</u>

14 Lease obligation - net off current portion	<u>375,798,737</u>	<u>562,419,691</u>
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The Government of Bangladesh (GOB) entered into a lease agreement with Islamic Development Bank (IDB) on 12 February 2005. The Company has classified this lease as finance lease and accordingly, accounted for liabilities for lease obligations and corresponding lease assets in the financial statements. The principal amount payable after the statement of financial position date are as follows:

Finance lease liabilities - minimum lease payments

Payable not later than one year	250,532,492	224,968,689
Payable later than one year but not later than 5 years	375,798,737	562,419,691
	<u>626,331,229</u>	<u>787,388,380</u>

Interest rate for the above lease is 6 months LIBOR + 2.4%. As applicable present LIBOR is 0.67694%, present interest rate is 3.07694%.



- 15 Deferred tax liabilities has been recognized in accordance with the provision of BAS 12 based on the taxable temporary difference in carrying amount of assets / liabilities and its tax base. Related deferred tax expense/income has been recognized in the statement of comprehensive income.

Deferred tax liabilities is arrived at as follows:

	Carrying amount as per financial statements	Tax base	Taxable temporary difference
	Taka	Taka	Taka
Year ended 30 June 2012			
Property, plant and equipments excluding land	1,946,047,189	1,270,257,112	675,790,078
Provision for bad and doubtful debts	23,678,556	-	(23,678,556)
Provision for gratuity	1,151,334	-	(1,151,334)
			<u>650,960,187</u>
Applicable tax rate			27.5%
Deferred tax liability as on 30 June 2012			179,014,051
Deferred tax liability as on 30 June 2011			<u>200,684,585</u>
Deferred tax income for the year ended 30 June 2012			21,670,533
Year ended 30 June 2011			
	Carrying amount as per financial statements	Tax base	Taxable temporary difference
	Taka	Taka	Taka
Property, plant and equipments excluding land	1,618,237,573	1,083,078,680	535,158,893
Applicable tax rate			37.5%
Deferred tax liability as on 30 June 2011 and expense for the year 2010-2011			200,684,585

The Company has considered it prudent not to calculate deferred tax in the light of the tax holiday facility because of complexity in making reliable calculation and immateriality. Moreover, permanent difference in value of vehicles has not been considered as well.

16 Security deposits received from clients

	2012 Taka	2011 Taka
Novotel Limited	6,534,885	4,438,931
Mir Telecom Limited	4,191,908	4,191,908
Mango Teleservices Ltd.	1,001,383	1,001,383
Bangla Trac Communication Limited	3,038,931	2,025,954
Bangladesh Telecommunications Company Limited	6,913,200	6,913,200
Cybergate Ltd.	9,174,622	-
Telex Ltd.	4,091,975	-
Received from other clients	23,440,498	-
	58,387,402	18,571,376

17 Employees' pension fund and gratuity

	2012 Taka	2011 Taka
	14,960,286	15,158,836

This represents provision for gratuity and amount payable to BTCL employees working on deputation and the amount incorporated in the vendor agreement. These employees are in the process of returning to their original work place. The above noted amount is adequate to take care of the liabilities on account of the employees currently working for the Company as deputed from BTCL. During the year, additional provision of Taka 1,151,334 has been made for gratuity and Taka 1,349,884 paid from pension fund.

18 Sundry creditors

White Product and Electronic Ltd.	1,200,000	-
Share money deposit	301,499	-
M/S Care and Construction	948,760	-
ICB Capital Management Ltd.	627,000	-
Astha Associates	3,891,000	-
	6,968,259	-



	2012	2011
	Taka	Taka
19 Provision for income tax		
Opening balance	39,372,121	2,029,024
Provision made during the year	112,000,000	39,000,000
	151,372,121	41,029,024
Tax paid during the year	(40,400,283)	(1,656,903)
	110,971,838	39,372,121
Less: Adjustment made during the year	770,285	-
	110,201,553	39,372,121

20 Accrued expenses

Office rent (note - 20.1)
Accrued finance charge on lease
Audit and other fees
Electricity expense
Withholding tax payable
Others

4,800,000	3,600,000
28,623,668	13,655,605
172,500	312,500
350,000	200,000
534,367	-
40,234	30,234
34,520,769	17,798,339

20.1 Provision for office rent payable to Bangladesh Telecommunication Company Limited (BTCL) has been made for office space occupied by the Company at Telejogajog Bhaban owned by BTCL on the lump sum basis in the absence of any agreement. This has been arrived as follows:

3,600,000	2,400,000
1,200,000	1,200,000
4,800,000	3,600,000

21 Circuit activation charge

This represents charges imposed to clients for activation of new circuits. During the year, this has increased significantly because of charging installation expenses of new circuit starting from the year under review.

29,705,762	9,980,000
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22 Operation and maintenance expenses

This represents amount paid to SEA-ME-WE 4 during the period for expenses of cable operation and maintenance purpose after netting reimbursement of expenses, if any, from Consortium incurred by the Company.

77,035,280	56,196,580
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23 General and administrative expenses

Salary and allowances
Managing Director's remuneration (note - 25)
Gratuity provision
Office rent
Repair and maintenance
Board and other meetings fees
Audit and other fees
Consultancy fees
Advertisement and publicity expenses
Vehicles running expenses
Traveling and conveyance
Printing and stationery
Postage and courier expenses
Entertainment
Bank charges and commission
AGM expenses
Telephone bill

17,874,834	14,364,299
2,636,076	2,458,956
1,151,334	-
1,865,775	1,200,000
3,141,146	2,667,787
995,216	555,264
172,500	312,500
211,395	260,685
329,984	167,564
1,045,366	970,413
1,722,293	1,257,881
553,956	379,887
38,254	16,677
407,033	317,882
185,038	78,432
190,316	-
11,071	-
32,531,587	25,008,227



	2012 <u>Taka</u>	2011 <u>Taka</u>
24 Other income		
Rest house rent and others	203,775	324,451
Interest on term deposits and others	38,509,619	12,086,109
Compensation from Consortium on account of foreign traveling	3,255,792	-
Dividend income	53,760	-
	<u>42,022,946</u>	<u>12,410,560</u>

25 Related party transactions

The Company has no related party transactions as per BAS – 24: "*Related Party Disclosures*" except those made with its managing director, which have already been disclosed under note # 23 in this accompanying financial statements.

26 Earnings Per Share (EPS)

26.1 Basic earnings per share

A) Net income attributable to ordinary shareholders	<u>748,360,910</u>	<u>305,104,691</u>
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B) Weighted average number of shares:

Particulars	Date of issue	No. of shares issued	Total days	Weighted average number of shares of Tk. 10 each	
				2012	2011
Balance as on 1 July				87,509,170	67,314,780
Issuance of shares:					
Ordinary shares - bonus shares issued	04.12.10	20,194,390	365	-	20,194,390
Ordinary shares - issued in cash	31.03.12	31,000,000	92	7,813,699	-
				<u>95,322,869</u>	<u>87,509,170</u>

Earnings per share (A / B)	<u>7.85</u>	<u>3.49</u>
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26.2 Diluted earning per share

	<u>-</u>	<u>-</u>
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No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

27 Bandwidth capacity	Gbps	30.06.2012	Gbps	30.06.2011
		Utilization		Utilization
		in %		in %
Present capacity	146.93		44.60	
Capacity utilized (rented)	26.00	18%	21.86	49%

28 Remittance of foreign currency	Purpose of payments	2012	2011
		US\$	US\$
	Lease principals	3,061,632	3,061,632
	Operation and maintenance expenses	1,259,287	872,031
	Financial charge on lease	140,236	207,514
	Capital equipments	-	7,000,000
		<u>4,461,155</u>	<u>11,141,177</u>



29 Particulars of employees

The number of permanent employees during this year part thereof who received a total salary of BDT 36,000 per annum and above was 45 (30 June 2011: 43).

30 Contingent liabilities and commitments

i) Outstanding letter of credit

ii) Capital expenditure commitments

iii) Bank guarantees given to customs authority

	2012	2011
	Taka	Taka
i) Outstanding letter of credit	Nil	Nil
ii) Capital expenditure commitments	Nil	Nil
iii) Bank guarantees given to customs authority	735,130	128,800

Proxy Form

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Director

Bangladesh Submarine Cable Company Limited (BSCCCL)
 Estimote Bagum Centre (7th & 8th floor)
 191, Tagorean Cuddan Link Road, Dhaka-1208
 Phone: +880 2-8879194-5, Fax: +880 2-8879193
 Web: www.bscccl.com.bd

Attendance Slip

I hereby record my/our attendance at the 40th Annual General Meeting of the Company
 held on Saturday 17th November 2012, at 11:00 a.m. in the Multipurpose Ballroom,
 Estimote Bagum Centre, Cox's Bazar.

Name of Member/Proxy _____
 Reg. No. BDT/19 _____

Members present or by proxy are requested to complete the
 form at the entrance of the Meeting Hall.

Attendance can be attended only by the Members of the Company
 and children accompanying the Members of the Company.



Bangladesh Submarine Cable Company Limited (BSCCL)

Rahmans' Regnum Centre (7th & 8th floor)
191, Tejgaon-Gulshan Link Road, Dhaka-1208
Phone : +880-2-8879194-5, Fax : +880-2-8879193
Web : www.bscl.com.bd

Proxy Form

Imember of the
BANGLADESH SUBMARINE CABLE COMPANY LIMITED (BSCCL) do hereby appoint
Mr.(or railing him) as my
proxy to attend and vote for me and on my behalf at the 4th Annual General Meeting of the
Company to be held on 17th November 2012 and at any adjournment there of.

In witness my hand this.....day of2012.

Signed by:

Bangladesh Submarine Cable Company Limited (BSCCL)

Rahmans' Regnum Centre (7th & 8th floor)
191, Tejgaon-Gulshan Link Road, Dhaka-1208
Phone : +880-2-8879194-5, Fax : +880-2-8879193
Web : www.bscl.com.bd

Attendance Slip

I herebe record my/our attendance at the 4th Annual General Meeting of the Company
being held on saturday 17th November 2012 at 11.00 a.m. in the Multipurpose Ballroom,
Hotel The Cox Today, Cox's Bazar.

Name of Member/Proxy.....

Folio/ BO no.

Signature :

Date

- N.B. 1. Members attending the Meeting in person or by proxy are requested to complete the Attendance slip and deposit the same at the entrance of the Meeting Hall.
2. Please note that Annual General Meeting can be attended only by the Members or properly constituted Proxy. Thereof, any friend or children accompanying the Members or Proxy cannot be allowed in the Meeting.