

# Bangladesh Submarine Cable Company Limited

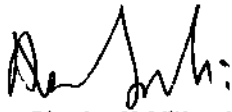
## Statement of Financial Position(Unaudited)

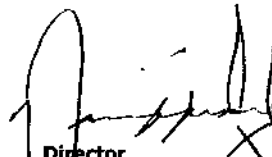
As at 30 September 2014

<b>Assets</b>	<b>Notes</b>	<b>30 September 2014 Taka</b>	<b>30 June 2014 Taka</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	2,122,198,960	2,156,933,181
Deferred expenditure	5	11,433,056	9,513,969
		<u>2,133,632,016</u>	<u>2,166,447,150</u>
Investment in SMW-5	6	1,524,725,493	-
<b>Current assets</b>			
Trade and other receivables, net	7	1,022,603,075	965,502,073
Advances and deposits	8	24,104,320	21,126,710
Advance income tax	9	140,661,593	128,038,325
Investment in shares	10	37,336,123	33,263,107
Cash and cash equivalents	11	584,934,690	1,451,392,819
		<u>1,809,639,801</u>	<u>2,599,323,034</u>
<b>Total Assets</b>		<b><u>5,467,997,310</u></b>	<b><u>4,765,770,184</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	1,499,141,000	1,499,141,000
Share premium	13	723,293,759	723,293,759
Tax holiday reserve	14	548,581,130	545,233,830
Revaluation reserve	15	339,631,310	339,631,310
Retained earnings	16	979,886,593	947,168,623
		<u>4,090,533,791</u>	<u>4,054,468,522</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	196,222,554	197,877,745
Security deposits received from clients	18	95,091,012	89,200,933
Employees' pension, gratuity & provident fund	19	24,966,495	23,450,617
Term Loan	20	617,000,000	-
		<u>933,280,061</u>	<u>310,529,295</u>
<b>Current liabilities</b>			
Sundry creditors	21	27,216,453	11,241,545
Provision for income tax	22	180,649,610	168,380,676
Provision for WPPF and WF	23	26,741,303	24,407,352
VAT payable	24	204,294,839	191,000,306
Liabilities for expenses	25	5,281,253	5,742,489
		<u>444,183,458</u>	<u>400,772,368</u>
<b>Total Liabilities</b>		<b><u>1,377,463,519</u></b>	<b><u>711,301,663</u></b>
<b>Total Equity and Liabilities</b>		<b><u>5,467,997,310</u></b>	<b><u>4,765,770,184</u></b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
Chief Financial Officer

  
Managing Director (Additional Charge)

  
Director

This is the statement of financial position referred to in our separate report of even date.

Dhaka,  
05 November 2014

# Bangladesh Submarine Cable Company Limited

## Statement of Comprehensive Income(Unaudited)

For the period ended 30 September 2014

	Notes	July-Sep-2014 Taka	July-Sep-2013 Taka
<b>Revenue</b>			
IPLC (International Private Lease Circuit) rent	26	103,234,073	234,449,192
Circuit activation charge	27	1,448,000	470,000
IP Transit Service	28	43,011,376	3,171,753
Co-Location Charges	29	442,258	-
		148,135,707	238,090,945
<b>Direct cost of operation</b>			
Electricity and generator fuel	30	1,729,535	1,759,548
Landing station and cable route repair	31	268,153	330,936
Backhaul & Data connectivity Charge	32	9,690,008	237,015
IP Transit Cost	33	14,889,863	-
Depreciation of core machinery	34	40,876,069	41,005,069
		67,453,628	43,332,568
<b>Gross profit</b>		<b>80,682,080</b>	<b>194,758,377</b>
<b>Operating expenses</b>			
Operation and maintenance expenses	35	23,110,724	28,982,441
General and administrative expenses	36	24,172,500	19,042,655
Provision for bad & doubtful debts	37	6,461,095	3,644,147
Depreciation on property, plant and equipment	38	2,341,722	5,970,447
Amortization of deferred expenditure		70,150	70,150
		56,156,191	57,709,840
<b>Operating profit</b>		<b>24,525,888</b>	<b>137,048,537</b>
<b>Non-operating income</b>			
Bank interest and other income	39	20,414,059	47,148,363
Gain/(Loss) on investment in shares	40	4,073,016	(746,251)
		24,487,075	46,402,112
<b>Profit before WPPF &amp; WF</b>		<b>49,012,963</b>	<b>183,450,649</b>
Provision for contribution to WPPF & WF		2,333,951	-
<b>Profit before taxation</b>		<b>46,679,013</b>	<b>183,450,649</b>
Less: Current tax expense	41	12,268,934	39,020,963
Deferred tax (income)/expense	42	(1,655,191)	2,248,990
		10,613,743	41,269,953
<b>Net profit after tax</b>		<b>36,065,269</b>	<b>142,180,696</b>
<b>Other comprehensive income, net of tax</b>			
Gain on revaluation of property, plant and equipment		-	-
<b>Total comprehensive income</b>		<b>36,065,269</b>	<b>142,180,696</b>
<b>Earnings Per Share (EPS) - Basic</b>	43	<b>0.24</b>	<b>1.09</b>

**Earnings Per Share (EPS) - Restated**

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
Chief Financial Officer

  
Managing Director (Additional Charge)

  
Director

This is the statement of comprehensive income referred to in our separate report of even date.

Dhaka,  
05 November 2014

**Bangladesh Submarine Cable Company Limited**  
**Statement of Changes in Equity(Unaudited)**  
For the period ended 30 September 2014

(Amount in Taka)

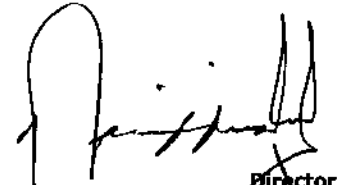
Particulars	Share capital	Share premium	Tax holiday reserve	Revaluation reserve	Retained earnings	Total Equity
<b>Balance as at 01 July 2014</b>	1,499,141,000	723,293,759	545,233,830	339,631,310	947,168,623	4,054,468,522
Transactions with shareholders:						-
Bonus shares issued						-
Dividend paid						-
Total comprehensive income for the period:						-
Net profit after tax for the period					36,065,269	36,065,269
Tax holiday reserve			3,347,300		(3,347,300)	-
<b>Balance at 30 September 2014</b>	<b>1,499,141,000</b>	<b>723,293,759</b>	<b>548,581,130</b>	<b>339,631,310</b>	<b>979,886,593</b>	<b>4,090,533,791</b>
Balance at 01 July 2013	1,303,600,870	723,293,759	521,535,078	339,631,309	1,066,721,856	3,954,782,875
Transactions with shareholders:						-
Issuance of shares						-
Share issue costs						-
Dividend paid						-
Total comprehensive income for the period:						-
Net profit after tax for the Period					142,180,696	142,180,696
Other comprehensive income						-
Tax holiday reserve			12,632,806		(12,632,807)	-
<b>Balance at 30 September 2013</b>	<b>1,303,600,870</b>	<b>723,293,759</b>	<b>534,167,885</b>	<b>339,631,309</b>	<b>1,196,269,745</b>	<b>4,096,963,570</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Dhaka,  
05 November 2014

  
Chief Financial Officer

  
Managing Director (Additional Charge)

  
Director

## Bangladesh Submarine Cable Company Limited

### Statement of Cash Flows(Unaudited) For the period ended 30 September 2014

Notes	July-Sep-2014 Taka	July-Sep-2013 Taka
<b>A. Cash flows from operating activities</b>		
Cash received from clients	92,577,827	156,922,736
Cash paid to suppliers and others	(53,386,424)	100,962,434
Payroll and other payments to employees	(15,288,155)	(10,370,484)
Income tax paid	(12,623,268)	(29,988,061)
Receipts from rest house rent and others	16,277,384	4,448,641
<b>Net cash flow from operating activities</b>	<b>27,557,364</b>	<b>221,975,266</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,557,570)	(222,293,412)
Interest received	15,317,069	30,636,457
Investment in SMW-5	(1,524,725,493)	-
Dividend received	-	-
<b>Net cash (used in)/flow from investing activities</b>	<b>(1,510,965,994)</b>	<b>(191,656,955)</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid	(49,500)	(2,160)
Finance charge on lease payments	-	-
Loan Received from IFIC Bank Ltd.	617,000,000	-
<b>Net cash used in financing activities</b>	<b>616,950,500</b>	<b>(2,160)</b>
Net (deficit)/surplus in cash and cash equivalents during the period (A+B+C)	(866,458,130)	30,316,152
Cash and cash equivalents at beginning of the period	1,451,392,819	1,522,095,870
<b>Cash and cash equivalents at end of the period</b>	<b>584,934,690</b>	<b>1,552,412,022</b>
Net Operating Cash Flows Per Share (NOCFPS)	43.3	<b>0.18</b>
Net Operating Cash Flows Per Share (NOCFPS)-restated		<b>1.70</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Dhaka,  
05 November 2014

  
Chief Financial Officer

  
Managing Director (Additional Charge)

  
Director

# Bangladesh Submarine Cable Company Limited

## Notes to the financial statements For the period ended 30 September 2014

### 1. Corporate information

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 1,000,000,000 ordinary shares of Taka 10 each. In the year 2010-2011, 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 was originated after separating from Bangladesh Telecommunications Company Limited (BTCL) (previously BTTB) with all assets situated at Zilonjha 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).

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.

### 2. Basis of preparation of financial statements

#### 2.1 Statement of compliance

The financial statements have been prepared 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.

The financial statements have been authorised for issue by the Board of Directors of the Company on 05 November 2014.

#### 2.2 Basis of measurement

These financial statements have been prepared on going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS) except for the following items in the statement of financial position:

- (a) Land and land development is measured at fair value.
- (b) Financial instruments at fair value through profit or loss are measured at fair value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest Taka.

#### 2.4 Use of estimates and judgments

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 results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

Note: 4 Property, plant and equipment (useful life of depreciable assets)

Note: 16 Deferred tax liabilities (manner of recovery of temporary differences for determination of deferred tax liabilities)

Note: 35 Provision for bad & doubtful debts

Note: 39 Current tax expense

Note: 40 Deferred tax (income)/expense

### 3. Significant accounting policies

Accounting policies set out below have been applied consistently for all periods for which the financial statements have been presented herein. Certain comparative amounts have been reclassified to conform to the current period's presentation.

#### 3.1 Property, plant and equipment

Property, plant and equipment comprise mainly land, building, core equipment, power system and vehicles. Land is shown at fair value, based on valuations by external independent valuers as per BAS 16: Property, Plant and Equipment. All other property plant and equipment are shown cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenance expenses are charged to the Statement of Comprehensive Income during the period when these are incurred.

#### 3.2 Depreciation on property, plant and equipment

Depreciation on all property, plant and equipment is charged on reducing balance method considering the economic and useful lives of such assets. Periodical depreciation has been charged during the period. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

<u>Name of Assets</u>	<u>Depreciation rate</u>
Core equipment-IPLC	10%
Core equipment-IIG	12%
Building	4%
Floor development	10%
Security barak & security wall	4%
Deep tube-well & pump house	10%
500 KV sub-station	15%
Power system	10%
Boundary wall	4%
Ducting from beach manhole	5%
Vehicles	20%
Office equipment and furniture	10%
Co-Location point	10%
Office decoration	10%

#### 3.3 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is the company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 September 2014 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income as per BAS 21: The Effects of Changes in Foreign Exchange Rates.

#### 3.4 Employee Benefit

BSCCL maintains defined benefit plan for its eligible permanent employees. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to employees as per condition of the fund. The eligibility is determined according to the terms and conditions set in the service rules of the company. The plan funded is not registered under Income Tax Ordinance 1984.

### 3.5 Amortization

Amortization of deferred expenditure is recognised in statement of comprehensive income (profit or loss) on a straight line basis over 5 (five) years from the date of recognition.

### 3.6 Tax holiday reserve

Tax holiday reserve has been created using applicable exemption rate of income tax as prescribed by the Income Tax Ordinance 1984 for IIG operation income (IP Transit service) as the Company has been granted tax holiday by the National Board of Revenue (NBR) (Ref: nothi no.08.01.0000.035.01.0021.2013 dated 12/02/2014) for a period of 10 years effective from 01 July 2013 to 30 June 2023 under section 46(c) of ITO 1984.

<u>Period</u>	<u>Tax exemption rate</u>
First two years (1 July 2013 to 30 June 2015)	100%
Third year ( 1 July 2015 to 30 June 2016 )	80%
Fourth year (1 July 2016 to June 2017 )	70%
Fifth year ( 1 July 2017 to June 2018 )	60%
Sixth year ( 1 July 2018 to June 2019 )	50%
Seventh year ( 1 July 2019 to June 2020)	40%
Eighth year (1 July 2020 to June 2021 )	30%
Ninth year (1 July 2021 to June 2022 )	20%
Tenth year (1 July 2022 to June 2023 )	10%

### 3.7 Income tax expense

Income tax expenses comprise current and deferred taxes. Income taxes are recognized in statement of comprehensive income except to the extent that relates to items recognized directly in equity or in other comprehensive income.

#### 3.7.1 Current tax

Provision for income tax is made as per Finance Act 2014. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The Company has been granted 100% tax exemption for IIG operation income (IP Transit service). Required provision for income tax has been made in the accompanying financial statements based on proportionate income.

#### 3.7.2 Deferred tax

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

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

### 3.8 Revenue recognition

Revenues are recognised when products are delivered or services rendered, to the extent that it is probable that the economic benefits from the transactions will flow to the company and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. These taxes are regarded as collected on behalf of the authorities.

Revenues primarily comprise of:

1. IPLC Rent
  2. Circuit Activation Charge
  3. IP Transit Service
  4. Co-location Charges
- ⇒ IP Bandwidth Service

### **3.8.1 IPLC rent**

IPLC (International Private Leased Circuit) rent is billed at the beginning of each month and recorded as income on delivery of the bills to clients and the bills are dispatched once in every month.

### **3.8.2 Circuit activation charge**

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

### **3.8.3 IP Transit service**

IP Transit service charges for providing internet bandwidth to IIGs and ISPs.

### **3.8.4 Co-location Charges**

Income from Co-location charges arise for using BSCCL's resources at Cox'sbazar and Dhaka.

### **3.9 Dividend income**

Dividend income is recognised when the right to receive payment is established.

### **3.10 Trade receivables**

Trade receivables are amounts due from customers for services provided in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at carrying amount less provision for impairment.

### **3.11 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### **3.12 Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### **3.13 Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

A contingent liability is recognised in the statement of financial position of the company because it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of a bank guarantee given to custom authorities.



### **3.14 Earning Per Share (EPS)**

The company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant years.

### **3.15 Investment in shares**

Investment in shares and securities are designated at fair value, classified as Held for Trading, with fair value changes recognized immediately in profit or loss.

	<b>30.09.2014</b> <b>Taka</b>	<b>30.06.2014</b> <b>Taka</b>
<b>4. Property, plant and equipment</b>		
<b>Cost/ revaluation (A)</b>		
Opening balance	3,504,139,179	3,277,116,511
Add: Purchased during the period	8,483,570	227,022,668
Increased due to revaluation	-	-
	<u>3,512,622,749</u>	<u>3,504,139,179</u>
<b>Accumulated Depreciation (B)</b>		
Opening balance as reported	1,347,205,998	1,160,451,072
Less: Impact of correction of error	-	-
Restated opening balance	<u>1,347,205,998</u>	<u>1,160,451,072</u>
Add: Charged during the period	43,217,791	186,754,927
	<u>1,390,423,789</u>	<u>1,347,205,998</u>
<b>Written Down Value (A-B)</b>	<u><b>2,122,198,960</b></u>	<u><b>2,156,933,181</b></u>

A schedule of property, plant & equipment is given in Annexure-A.

#### 5. Deferred expenditure

Opening balance		9,513,969	1,403,000
Add: Addition during the period	(Note: 5.1)	<u>1,989,237</u>	<u>8,391,569</u>
		11,503,206	9,794,569
Less: Amortization made during the period		70,150	280,600
		<u><b>11,433,056</b></u>	<u><b>9,513,969</b></u>

- 5.1 An amount of Tk.19,89,237.00 has been considered as deferred expenditure since this amount is identified as expenditure relating to Second Submarine Cable Project (SMW-5). As the project implementation has been in progress, these expenses are deferred as per Company Act, 1994.

#### 6. Investment in SMW-5

The above amount is consisted as follows:

Payment made to Central Billing Party	1,507,725,493	-
Interest on Term Loan	<u>17,000,000</u>	<u>-</u>
	<u><b>1,524,725,493</b></u>	<u><b>-</b></u>

Payment made to Central Billing Party, Telekom Malaysia Berhad as 50% of Core Contract Price for CIF and First Payment (BMO) for Kuakata Branch. The Interest of term loan for the quarter July 2014 to September 2014 has been accounted for as investment in SMW-5.

#### 7. Trade and other receivables

Trade receivables, net	(Note:7.1)	1,017,050,508	954,659,190
Other receivables	(Note:7.2)	<u>5,552,567</u>	<u>10,842,883</u>
		<u><b>1,022,603,075</b></u>	<u><b>965,502,073</b></u>

##### 7.1 Trade receivables, net

Opening Balance		1,015,568,483	801,455,177
Add: Addition during the period		<u>219,027,934</u>	<u>1,099,431,620</u>
		1,234,596,417	1,900,886,797
Less: Collection during the period		150,175,521	885,318,314
Closing Balance		<u>1,084,420,896</u>	<u>1,015,568,483</u>
Less: Provision for bad and doubtful debts			
Opening Balance		60,909,293	47,480,983
Add: Addition during the period		<u>6,461,095</u>	<u>13,428,310</u>
		67,370,388	60,909,293
Trade receivables, net of provision		<u><b>1,017,050,508</b></u>	<u><b>954,659,190</b></u>

Provision for bad and doubtful debts has been made as per company policy and as recommended by Audit Committee.

## 7.2 Other receivables

Dividend receivable  
Receivable from ICB Securities Trading Co. Ltd.  
FDR interest receivable from different Banks  
Receivable from TM Malaysia

30.09.2014 Taka	30.06.2014 Taka
255,333	255,333
11,394	12,220
5,285,840	8,159,562
-	2,415,768
<b>5,552,567</b>	<b>10,842,883</b>

## 8. Advances and deposits

### Advances

Advance to:

Advance for Office Rent

(Note:8.1)

Employees for foreign travelling  
Employees against Expenses  
Pragati Industries Ltd. for vehicle  
Zibran & Associates  
Civil Works Consultant Ltd.  
Mr. Shahjalal (Office Rent Patuahkali)  
Milky & Associates  
Future Link Technology  
Ocean Paradise  
M/S K.K Enterprise  
Kamal Trading Agency  
Southern Automobiles  
Advance against AGM Expenses

8,349,105	8,868,546
1,532,392	121,000
12,500	216,164
-	6,926,000
42,000	42,000
1,068,500	990,000
246,000	246,000
12,000	12,000
20,000	20,000
180,550	-
6,723,398	-
50,000	50,000
250,000	250,000
2,232,875	-
<b>20,719,320</b>	<b>17,741,710</b>

### Deposits

Security deposit - Duncan Products Ltd.  
BTCL - for phone line  
CDBL - as security deposit  
Security deposit - BTRC for International Internet Gateway (IIG) license  
Patuahkali Palli Bidyut Samity

5,000	5,000
19,000	19,000
500,000	500,000
100,000	100,000
2,761,000	2,761,000
3,385,000	3,385,000
<b>24,104,320</b>	<b>21,126,710</b>

### 8.1 Advance for Office Rent

Opening balance  
Add: Addition during the period  
Less: Adjustment during the period

8,868,546	10,946,310
-	-
8,868,546	10,946,310
519,441	2,077,764
<b>8,349,105</b>	<b>8,868,546</b>

### 9. Advance Income Tax

Opening balance  
Add: Payment made during the period  
Less: Settlement for previous period

128,038,325	93,697,824
12,623,268	128,038,324
<b>140,661,593</b>	221,736,147
-	93,697,822
<b>140,661,593</b>	<b>128,038,325</b>

**10. Investment in Shares**

			30.09.2014 Taka	30.06.2014 Taka	
SL #	Ordinary shares of	Quantity	Cost price (Taka)	Market value	Market value
1	AB Bank Limited	68,593	2,657,979	1,735,403	1,742,262
2	ACI Limited	2,592	764,718	1,240,531	675,734
3	BATASHOE	1,000	696,430	1,120,500	972,900
4	BEXIMCO Limited	101,062	9,731,184	5,218,323	3,264,303
5	IFIC Bank Limited	40,250	1,246,945	1,062,600	986,125
6	Islami Bank BD Limited	39,091	950,693	973,366	989,002
7	Jamuna Oil Limited	21,560	4,392,419	5,480,552	4,585,812
8	MPetroleum	22,560	4,962,523	6,131,808	6,172,416
9	NCC Bank Limited	158,504	1,697,578	1,775,245	1,695,993
10	Padma Oil Limited	18,150	4,835,160	6,223,635	5,837,040
11	Square Pharma	14,600	2,633,548	3,804,760	4,120,120
12	Titas Gas	29,000	2,241,990	2,569,400	2,221,400
			<b>36,811,167</b>	<b>37,336,123</b>	<b>33,263,107</b>

**Investment in shares**

The Company has invested the above-noted amount to fulfil the requirement of Tax Holiday Scheme. This amount represents the market value of shares as on 30 September 2014. Investment in shares is treated as held for trading financial assets as per BAS 39-Financial Instruments: Recognition and Measurement and any fluctuation in market price is accounted for through statement of comprehensive income.

**11. Cash and cash equivalents**

Cash in hand	(Note:11.1)	803,626	128,166
Cash at bank	(Note:11.2)	584,131,064	1,451,264,653
		<b>584,934,690</b>	<b>1,451,392,819</b>

**11.1 Cash in hand**

Head Office-Dhaka	707,054	88,189	
Landing Station-Kuakata	2,494	255	
Landing Station-Cox's Bazar	94,078	39,722	
		<b>803,626</b>	<b>128,166</b>

**11.2 Cash at bank****Savings and current deposits with:**

Sonali Bank Limited	11,947,191	85,635,193	
National Bank Limited	91,950	91,950	
Mutual Trust Bank Limited	1,464,866	1,487,596	
Farmers Bank Limited	1,371,257	1,496,233	
Brac Bank Limited	642,618	669,618	
IFIC Bank Limited	5,706,164	2,131,054	
United Commercial Bank Limited	30,067,213	461,104,795	
		51,291,259	552,616,439

**Fixed deposits (FDR) with:**

Basic Bank Limited	207,499,692	452,302,603	
Bank Asia Limited	-	51,204,375	
Sonali Bank Limited	119,119,225	116,441,080	
Bangladesh Krishi Bank Limited	-	79,671,499	
United Commercial Bank Limited	10,217,813	10,000,000	
Meghna Bank Limited	175,496,825	144,460,062	
NRB Commercial Bank Limited	20,506,250	-	
Other Banks	-	44,568,594	
		532,839,805	898,648,214
		<b>584,131,064</b>	<b>1,451,264,653</b>

The fixed deposits will be matured within 3 (three) months.

	<b>30.09.2014</b>	<b>30.06.2014</b>
	<b>Taka</b>	<b>Taka</b>
<b>12. Share capital</b>		
<b>Authorized:</b>		
1,000,000,000 ordinary shares of Taka 10 each	<u><b>10,000,000,000</b></u>	<u><b>10,000,000,000</b></u>
<b>Issued, subscribed and paid up capital:</b>		
149,914,100 Ordinary Shares of Taka 10 each	<u><b>1,499,141,000</b></u>	<u><b>1,499,141,000</b></u>
The company increased its Paid-up share capital from Tk.1,303,600,870 to Tk. 1,499,141,000 by issuing 19,554,013 bonus shares to the shareholders as approved in 5th Annual General Meeting 26 October 2013.		
<b>13. Share premium</b>	<u><b>723,293,759</b></u>	<u><b>723,293,759</b></u>
In 2011-2012, total amount of Tk. 775,000,000 was received as share premium in respect of shares issued to shareholders. Net issue cost of Tk.51,706,241 was set off against share premium as per BAS 32: Financial Instruments: Presentation.		
<b>14. Tax holiday reserve</b>		
Opening balance	545,233,830	521,535,079
Add: Current period's reserve (Note: 3.6)	3,347,300	23,698,751
	<u><b>548,581,130</b></u>	<u><b>545,233,830</b></u>
<b>15. Revaluation reserve</b>	<u><b>339,631,310</b></u>	<u><b>339,631,310</b></u>
<b>16. Retained Earnings</b>		
Opening balance	947,168,623	1,064,779,651
Add: Profit for the period	36,065,269	362,348,028
	983,233,893	1,427,127,678
Less: Dividend paid during the period	-	260,720,174
Appropriation for Stock Dividend	-	195,540,130
Transferred to Tax Holiday Reserve	3,347,300	23,698,751
	3,347,300	479,959,055
	<u><b>979,886,593</b></u>	<u><b>947,168,623</b></u>
<b>17. Deferred tax liabilities</b>		
Deferred tax assets and liabilities have been recognized and measured in accordance with the provisions of BAS 12: Income Taxes. Related deferred tax expense/(income) have been disclosed in Note: 42. Deferred tax assets and liabilities are attributable to the following:		
Deferred tax relating to profit & loss account (Note: 17.1)	189,291,303	190,946,494
Deferred tax relating to components of other (Note: 17.2)	6,931,251	6,931,251
	<u><b>196,222,554</b></u>	<u><b>197,877,745</b></u>

### 17.1 Deferred tax relating to profit & loss account components

	Carrying amount	Tax base	Taxable/(deductible)
	Taka	Taka	temporary difference
<b>As at 30 September 2014</b>			Taka
Property, plant and equipment (excluding land)	1,690,900,332	909,246,238	781,654,094
Accounts receivable	1,017,050,508	1,084,420,896	(67,370,388)
Difference for vehicle	(985,200)	-	(985,200)
Provision for pension and gratuity fund	(24,966,495)	-	(24,966,495)
Net Taxable Temporary Difference			688,332,011
Applicable tax rate			27.50%
<b>Deferred tax liability</b>			<b>189,291,303</b>

	Carrying amount	Tax base	Taxable/(deductible)
	Taka	Taka	temporary difference
<b>As at 30 June 2014</b>			Taka
Property, plant and equipment (excluding land)	1,725,634,553	946,923,757	778,710,796
Accounts receivable	954,659,190	1,015,568,483	(60,909,293)
Provision for pension and gratuity fund	(23,450,617)	-	(23,450,617)
Net Taxable Temporary Difference			694,350,886
Applicable tax rate			27.50%
<b>Deferred tax liability</b>			<b>190,946,494</b>

### 17.1.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by BSCCL. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk.2 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

### 17.2 Deferred tax relating to components of other comprehensive income

<b>As at 30 September 2014</b>	Carrying Amount	Tax Base	Taxable/(deductible) temporary difference
Revaluation reserve of property, plant and equipment	346,562,561	-	346,562,561
Applicable tax rate			2.00%
<b>Deferred tax liability</b>			<b>6,931,251</b>

<b>As at 30 June 2014</b>	Carrying Amount	Tax Base	Taxable/(deductible) temporary difference
Revaluation reserve of property, plant and equipment	346,562,561	-	346,562,561
Applicable tax rate			2.00%
<b>Deferred tax liability</b>			<b>6,931,251</b>

### 18. Security deposits received from clients

	<b>30.09.2014</b> Taka	<b>30.06.2014</b> Taka
Opening Balance	89,200,933	129,792,124
Add: Addition during the period	12,319,733	26,116,051
	101,520,666	155,908,175
Less: Adjustment during the period	6,429,654	66,707,242
	<b>95,091,012</b>	<b>89,200,933</b>

### 19. Employees' pension, gratuity and provident fund

Employees' pension fund	(Note: 19.1)	13,808,952	13,808,952
Employees' gratuity fund	(Note: 19.2)	6,540,835	6,089,040
Employees' provident fund	(Note: 19.3)	4,616,708	3,552,625
		<b>24,966,495</b>	<b>23,450,617</b>

#### 19.1 Employees' pension fund

This represents amount payable to BTCL employees worked on deputation and the amount incorporated in the vendor agreement. The above noted amount is adequate to take care of the liabilities on account of the employees worked for the Company as deputed from BTCL and therefore no additional provision has been made in the accompanying financial statements. The Company however, does not have any pension fund.

#### 19.2 Employees' gratuity fund

Opening balance	6,089,040	2,738,808
Add: Provision made during the period	451,795	3,350,232
	<b>6,540,835</b>	<b>6,089,040</b>

#### 19.3 Employees' provident fund

Opening balance	3,552,625	-
Add: Employees' Contribution	532,042	1,776,312
Employer's Contribution	532,042	1,776,312
	<b>4,616,708</b>	<b>3,552,625</b>

	<b>30.09.2014</b>	<b>30.06.2014</b>
	<b>Taka</b>	<b>Taka</b>
<b>20. Term Loan</b>	<b>617,000,000</b>	-
An amount of Taka 60 crore has been taken from IFIC Bank Ltd. for implementation of SMW-S Project. This amount also includes Tk.1,70,00,000.00 as interest for the period from July'14 to September'14		
<b>21. Sundry creditors</b>		
Share money deposit	119,622	119,622
M/S Care and Construction	56,500	-
Withholding tax payable	148,953	333,287
The Daily Janakantha	-	201,825
Sony Chocolate Industries Ltd.	-	291,657
Telecom Italia Sparkie	8,804,303	177,750
Best IT Solutions	-	115,000
Unclaimed dividend	1,549,579	1,599,079
Fibre @ Home	1,321,810	650,095
Spectrum Engineering Consortium Ltd.	184,500	184,500
ICB Securities Trading Co. Ltd.	1,257,165	1,257,165
Advance Received from BD REN/UGC	506,500	1,114,300
Bangla Phone Ltd.	1,275,713	358,703
Payable to BTCL	11,287,764	4,243,170
Others	704,044	595,392
	<b>27,216,453</b>	<b>11,241,545</b>
<b>22. Provision for income tax</b>		
Opening balance	168,380,676	230,476,717
Add: Provision made during the period (Note: 41)	12,268,934	118,394,089
	180,649,610	348,870,806
Less: Settlement for previous period		
Tax paid directly from bank account through challan	-	86,792,308
Adjustment from advance income tax	-	93,697,822
	-	180,490,130
	<b>180,649,610</b>	<b>168,380,676</b>
<b>23. Provision for WPPF and WF</b>	<b>26,741,303</b>	<b>24,407,352</b>
<b>24. VAT Payable</b>	<b>204,294,839</b>	<b>191,000,306</b>
This represents the amount received and deducted from clients arising from International Private Leased Circuit (IPLC) rentals, IP transit service, Circuit activation and Co-location charges. In addition to that this amount includes VAT receivable from clients against revenue receivable.		
<b>25. Liabilities for expenses</b>		
Office rent (Note - 25.1)	5,046,000	4,923,000
Repair & Maintenance	-	6,900
Audit & other fees	-	189,750
Salary payable-Kuakata	201,275	201,275
Telephone bill	24,614	12,200
Electricity bill	-	400,000
Others	9,364	9,364
	<b>5,281,253</b>	<b>5,742,489</b>
<b>25.1</b> Opening balance of provision for office rent payable to Bangladesh Telecommunication Company Limited (BTCL) is related to office space occupied by the Company at Telejogajog Bhaban owned by BTCL on the lump sum basis in the absence of any agreement and provision during the period is made for Kuakata office rent for the month of July 2014 to September 2014. This has been arrived at as follows:		
Opening balance	4,923,000	4,800,000
Add: Provision made during the period	123,000	123,000
	<b>5,046,000</b>	<b>4,923,000</b>



July-Sep-2014 Taka	July-Sep-2013 Taka
-----------------------	-----------------------

**26. IPLC (International Private Leased Circuit) Rent**

IPLC (International Private Leased Circuit) rent is billed at the beginning of each month and recognized as income on delivery of the bills to clients. It includes the following:

IPLC rent- local	103,234,073	234,449,192
IPLC rent- export	-	-
	<b>103,234,073</b>	<b>234,449,192</b>

**27. Circuit activation charge**

	<b>1,448,000</b>	<b>470,000</b>
--	------------------	----------------

This represents charges imposed to clients for activation of new circuits.

**28. IP Transit Service**

	<b>43,011,376</b>	<b>3,171,753</b>
--	-------------------	------------------

This represents the service charges for providing internet bandwidth to IIGs and ISPs.

**29. Co-Location Charges**

	<b>442,258</b>	-
--	----------------	---

This represents charges to customers for using BSCCL's resources at Cox's Bazar and Dhaka.

**30. Electricity and generator fuel**

This cost is directly related to cost of operation. The details of expenses are given below:

Electricity bill	1,400,943	1,296,648
Fuel for generator	328,592	462,900
	<b>1,729,535</b>	<b>1,759,548</b>

**31. Landing station and cable route repair**

	<b>268,153</b>	<b>330,936</b>
--	----------------	----------------

This cost is directly related to repair and maintenance for landing station and cable route.

**32. Backhaul & Data Connectivity Charge**

Backhaul Charge	9,018,293	-
Data Connectivity & Fiber Core Charge	671,715	237,015
	<b>9,690,008</b>	<b>237,015</b>

This cost represents backhaul charges and for data connectivity & fiber core charge.

**33. IP Transit Cost**

	<b>14,889,863</b>	-
--	-------------------	---

This cost represents the cost of purchasing IP bandwidth from Telecom Italia Sparkle.

**34. Depreciation of core machinery**

	<b>40,876,069</b>	<b>41,005,069</b>
--	-------------------	-------------------

This represents the depreciation charged on core machinery which are directly related to rent revenue. For further details Annexure-A is referred.

**35. Operation and maintenance expenses**

	<b>23,110,724</b>	<b>28,982,441</b>
--	-------------------	-------------------

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 from consortium received by the company.

July-Sep-2014 Taka	July-Sep-2013 Taka
-----------------------	-----------------------

**36. General and administrative expenses**

Salary and allowances	11,840,892	7,990,478
Managing Director's remuneration	1,006,050	808,425
Festival bonus	2,642,488	1,571,581
Gratuity provision	451,795	-
Office rent	2,304,500	2,004,750
Repair and maintenance	566,075	506,143
Business Development Expenses	438,150	329,080
Fees and Subscription	367,607	420,801
Vehicles Maintenance	399,324	339,034
Board and other meetings fees	622,867	687,623
Consultancy fees	41,752	61,000
Consortium meeting expenses	1,188,719	218,557
Advertisement and publicity expenses	487,386	480,593
Vehicles running expenses	478,626	543,742
Travelling & conveyance	208,123	2,411,071
Printing and Office stationery	171,361	182,629
Postage and courier expenses	5,255	4,662
Entertainment	378,809	237,692
AGM expenses	389,691	166,325
Bank charges and commission	133,387	74,273
Telephone Bill	36,035	4,196
Rent, rates & taxes	9,827	-
Books & Periodicals	3,781	-
	<b>24,172,500</b>	<b>19,042,655</b>

**37. Provision for bad & doubtful debts**

Closing balance of provision for bad & doubtful debts (Note:7.1)	67,370,388	51,125,130
Opening balance of provision for bad & doubtful debts	60,909,293	47,480,983
	<b>6,461,095</b>	<b>3,644,147</b>

Provision for bad and doubtful debts has been made as per company policy and as recommended by Audit Committee.

**38. Depreciation on property, plant and equipment**

**2,341,722**      **5,970,447**

This represents the depreciation charged on other than core machinery. For further details Annexure-A is referred.

**39. Bank interest and other income**

Rest house rent and others	229,272	70,015
Interest on FDR	12,443,347	45,142,988
Landing Station Cross connection Charges	7,741,440	1,935,360
	<b>20,414,059</b>	<b>47,148,363</b>

**40. Gain/(loss) on investment in shares**

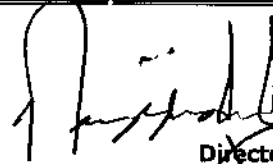
Opening market value of investment	33,263,107	5,051,255
Add: Purchase During the period	-	-
Less: Closing Market Value of Investment (Note: 10)	37,336,123	4,305,004
	<b>4,073,016</b>	<b>(746,251)</b>

	July-Sep-2014 Taka	July-Sep-2013 Taka
<b>41. Current tax expense</b>		
Current period	12,268,934	39,020,963
	<b>12,268,934</b>	<b>39,020,963</b>
<b>42 Deferred tax (income)/expense</b>		
Closing balance of deferred tax liability (Note: 17.1)	189,291,303	192,721,806
Opening balance of deferred tax liability	190,946,494	190,472,816
Deferred tax (income)/expense	<b>(1,655,191)</b>	<b>2,248,990</b>
<b>43 Basic Earning Per Share (EPS)</b>		
Profit attributable to ordinary shareholders (A)	36,065,269	142,180,696
Weighted average number of ordinary shares (B) (Note: 43.1)	149,914,100	130,360,087
Basic earnings per share (A/B)*	<b>0.24</b>	<b>1.09</b>
Earning Per Share (EPS)-Restated		
<b>43.1</b> Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of year plus the number of shares issued during the period multiplied by a time-weighting factor. The time weighting factor is the total number of days that the specific number of shares are outstanding as a proportion of the total number of days in the period.		
<b>43.2 Diluted earning per share</b>		
No diluted earnings per share is required to be calculated for the years as there has no dilutive potential ordinary shares.		
<b>43.3 Net operating cash flows per share (NOCFPS)</b>		
Net cash flows from operating activities (A)	27,557,364	221,975,266
Weighted average number of ordinary shares (B) (Note: 43.1)	149,914,100	130,360,087
Net operating cash flows per share (NOCFPS)	<b>0.18</b>	<b>1.70</b>

Dhaka,  
05 November 2014

  
Chief Financial Officer

  
Managing Director (Additional Charge)

  
Director

(Annexure-A)

**Bangladesh Submarine Cable Company Limited**  
**Schedule of Property, Plant & Equipment**  
**As at 30 September 2014**

(Amount in Taka)

Name of assets	Cost			Rate	Accumulated depreciation			As at 30 September 2014
	As at 01 July 2014	Additions during the period	As at 30 September 2014		As at 01 July 2014	Charged during the period	As at 30 September 2014	
<b>a. Freehold assets</b>								
Land and land development	84,737,067		84,737,067	-	-	-	-	84,737,067
Core equipment-IPLC	2,742,706,868		2,742,706,868	10%	1,266,524,385	36,904,562	1,303,428,947	1,439,277,921
Core equipment-IIG	145,550,586	70,260	145,620,846	12%	13,191,471	3,971,506	17,162,978	128,457,868
Building	58,488,364		58,488,364	4%	10,719,143	477,692	11,196,835	47,291,529
Floor development	2,654,065		2,654,065	10%	1,483,709	29,259	1,512,968	1,141,097
Security barak & security wall	7,827,297		7,827,297	4%	1,437,318	63,900	1,501,218	6,326,079
Deep tube-well & pump house	2,343,837		2,343,837	10%	1,335,671	25,204	1,360,875	982,962
500 KV sub-station	3,284,000		3,284,000	15%	2,390,883	33,492	2,424,375	859,625
Power system	35,631,806		35,631,806	10%	19,859,775	394,301	20,254,076	15,377,730
Boundary wall	8,255,575		8,255,575	4%	1,515,962	67,396	1,583,358	6,672,217
Ducting from beach manhole	18,088,759		18,088,759	5%	6,090,384	149,980	6,240,364	11,848,395
Vehicles	28,286,712	6,926,000	35,212,712	20%	16,885,214	742,651	17,627,865	17,584,847
Office equipment and furniture	15,317,962	1,487,310	16,805,272	10%	4,789,787	272,287	5,062,075	11,743,197
Co-Location point	171,554		171,554	10%	80,383	2,279	82,662	88,892
Office decoration	4,233,166		4,233,166	10%	901,913	83,281	985,194	3,247,972
<b>Sub-total</b>	<b>3,157,577,618</b>	<b>8,483,570</b>	<b>3,166,061,188</b>		<b>1,347,205,998</b>	<b>43,217,791</b>	<b>1,390,423,789</b>	<b>1,775,637,399</b>
<b>b. Revalued assets</b>								
Land and land development	346,561,561	-	346,561,561	-	-	-	-	346,561,561
<b>Sub-total</b>	<b>346,561,561</b>	<b>-</b>	<b>346,561,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,561,561</b>
<b>Total balance as at 30 September 2014 (a+b)</b>	<b>3,504,139,179</b>	<b>8,483,570</b>	<b>3,512,622,749</b>		<b>1,347,205,998</b>	<b>43,217,791</b>	<b>1,390,423,789</b>	<b>2,122,198,960</b>
<b>As at 30 June 2014</b>	<b>3,277,116,511</b>	<b>227,022,668</b>	<b>3,504,139,179</b>		<b>1,160,451,072</b>	<b>186,754,927</b>	<b>1,347,205,998</b>	<b>2,156,933,181</b>