

# Bangladesh Submarine Cable Company Limited

## Statement of Financial Position (Un-Audited)

As at 31 March 2014

<u>Assets</u>	Notes	31 March 2014 Taka	30 June 2013 Taka
<b>Non-current assets</b>			
Property, plant and equipment, Net	4	2,201,722,006	2,116,695,589
Deferred Expenditures	5	7,735,184	1,403,000
		2,209,457,190	2,118,098,589
<b>Current assets</b>			
Trade and other receivables, net	6	918,159,470	792,016,048
Advances, deposits & Pre-Payments	7	14,151,501	143,301,242
Advance income tax	8	82,822,405	93,697,824
Investment in shares	9	33,454,889	5,051,255
Cash and cash equivalents	10	1,410,868,280	1,522,095,870
		2,459,456,545	2,556,162,239
<b>Total assets</b>		<b>4,668,913,735</b>	<b>4,674,260,828</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	1,499,141,000	1,303,600,870
Share premium	12	723,293,759	723,293,759
Tax holiday reserve	13	547,611,593	521,535,079
Revaluation reserve	14	339,631,310	339,631,310
Retained earnings		913,578,060	1,066,721,857
		4,023,255,721	3,954,782,875
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	195,458,643	190,472,816
Security deposits received from clients	16	93,378,431	129,792,124
Employees' pension/gratuity/P.F	17	17,608,418	16,547,760
		306,445,492	336,812,700
<b>Current liabilities</b>			
Sundry creditors	18	3,771,781	798,203
Provision for income tax	19	145,994,901	230,476,717
VAT payable	20	184,621,830	145,772,497
Accrued expenses	21	4,824,011	5,617,837
		339,212,523	382,665,253
<b>Total liabilities</b>		<b>645,658,014</b>	<b>719,477,953</b>
<b>Total equity and liabilities</b>		<b>4,668,913,735</b>	<b>4,674,260,828</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Managing Director

Dhaka  
28 April 2014

## Bangladesh Submarine Cable Company Limited

### Statement of Comprehensive Income(Un-Audited)

For the period from 1 July 2013 to 31 March 2014

	Notes	July-March-2014 Taka	July-March-2013 Taka	Jan- March-2014 Taka	Jan- March-2013 Taka
<b>Revenue</b>					
IPLC (International Private Lease Circuit) rent	22	548,707,588	961,773,201	133,561,640	314,431,183
IP Transit Service	22	36,587,814	-	24,659,743	-
Circuit activation charge	23	2,329,950	23,990,000	949,950	4,470,000
		587,625,352	985,763,201	159,171,333	318,901,183
<b>Direct cost of operation</b>					
Electricity and generator fuel	24	5,249,427	3,627,425	1,574,429	1,684,313
Landing station and Cable route repair	25	1,173,760	625,554	376,368	264,241
Data Connectivity & Fiber Core Charge		824,497	-	351,281	-
IP Transit Cost		5,075,538	-	1,300,484	-
Depreciation of core machinery	26	133,928,216	109,346,851	44,642,739	36,448,950
		146,251,438	113,599,830	48,245,301	38,397,504
		<b>441,373,914</b>	<b>872,163,371</b>	<b>110,926,032</b>	<b>280,503,678</b>
<b>Gross profit</b>					
<b>Operating expenses</b>					
Operation and maintenance expenses	27	83,705,409	51,451,597	26,030,888	22,013,322
General and administrative expenses	28	55,344,540	38,089,430	18,365,665	11,241,513
Provision for bad & doubtful debts	29	12,374,630	19,965,846	3,902,694	7,292,873
Depreciation on property, plant and equipment	30	7,219,398	7,072,276	2,406,466	2,357,425
Amortization on Deferred /Preliminary expenses		210,450	678,633	70,150	226,212
		158,854,428	117,257,782	50,775,863	43,131,345
		<b>282,519,487</b>	<b>754,905,589</b>	<b>60,150,169</b>	<b>237,372,333</b>
<b>Operating profit</b>					
<b>Non-Operating Income (Expenses)</b>					
Bank interest and other income	31	145,983,938	140,474,449	45,533,858	51,486,558
Gain (Loss) on investment in shares	32	3,415,943	(767,754)	3,415,943	(808,676)
		149,399,881	139,706,695	48,949,801	50,677,882
		<b>431,919,368</b>	<b>894,612,284</b>	<b>109,099,970</b>	<b>288,050,215</b>
<b>Profit before taxation</b>					
Less: Income tax expenses					
Current tax expenses		96,008,314	158,588,177	28,014,271	62,950,058
Deferred tax( income)/expenses	33	4,985,827	16,734,717	1,601,268	5,578,239
		100,994,141	175,322,894	29,615,539	68,528,297
		<b>330,925,227</b>	<b>719,289,389</b>	<b>79,484,430</b>	<b>219,521,918</b>
<b>Net profit after tax</b>					
<b>other comprehensive income,net of tax</b>					
Gain on revaluation of property,plant and equipment		-	-	-	-
		<b>330,925,227</b>	<b>719,289,389</b>	<b>79,484,430</b>	<b>219,521,918</b>
<b>Total Comprehensive income</b>					
		<b>2.21</b>	<b>5.52</b>	<b>0.53</b>	<b>1.68</b>
<b>Earnings per share(EPS)-Basic</b>					
		<b>2.21</b>	<b>4.80</b>	<b>0.53</b>	<b>1.46</b>
<b>Earning per share (EPS)-Restated</b>					


The annexed notes from 1 to 37 form an integral part of these financial statements.



Chief Financial Officer



Company Secretary



Managing Director

Dhaka

28 April 2014

## Bangladesh Submarine Cable Company Limited

### Statement of Changes in Equity(Un-Audited)

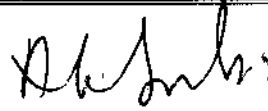
For the period from 1 July 2013 to 31 March 2014

Amount in Taka

Particulars	Share capital	Share premium	Tax holiday reserve	Revaluation reserve	Retained earnings	Total
Balance as at 01 July 2013	1,303,600,870	723,293,759	521,535,079	339,631,309	1,066,721,857	<b>3,954,782,874</b>
Transactions with shareholders:						
Bonus shares issued	195,540,130				(195,540,130)	-
Dividend Paid					(260,720,174)	<b>(260,720,174)</b>
Total comprehensive income for the period:						
Net profit for the period					330,925,227	<b>330,925,227</b>
Other comprehensive income					-	-
Adjustment					(1,732,206)	<b>(1,732,206)</b>
Tax holiday reserve			26,076,514		(26,076,514)	-
<b>Balance as at 31 March 2014</b>	<b>1,499,141,000</b>	<b>723,293,759</b>	<b>547,611,593</b>	<b>339,631,309</b>	<b>913,578,060</b>	<b>4,023,255,721</b>
Balance as at 01 July 2012	1,185,091,700	723,293,759	385,162,213	346,562,561	686,157,716	<b>3,326,267,949</b>
Transactions with shareholders:						
Bonus shares issued	118,509,170				(118,509,170)	-
Dividend Paid					(237,018,340)	<b>(237,018,340)</b>
Total comprehensive income for the period:						
Net profit for the period					719,289,389	<b>719,289,389</b>
Other comprehensive income					-	-
Adjustment during the period					(2,895,087)	<b>(2,895,087)</b>
Provision for tax-2011-2012					(14,903,860)	<b>(14,903,860)</b>
Adjustment during the period					(826,498)	<b>(826,498)</b>
Tax holiday reserve			127,171,201		(127,171,201)	-
<b>Balance as at 31 March 2013</b>	<b>1,303,600,870</b>	<b>723,293,759</b>	<b>512,333,414</b>	<b>346,562,561</b>	<b>904,122,949</b>	<b>3,789,913,553</b>



Chief Financial Officer



Company Secretary



Managing Director

Dhaka  
28 April 2014


# Bangladesh Submarine Cable Company Limited

## Statement of Cash Flows (Un-Audited) For the period from 1 July-2013 to 31 March 2014

	July-March-2014 Taka	July-March-2013 Taka
<b>A. Cash flows from operating activities</b>		
Cash received from clients	469,676,134	436,926,734
Cash paid to suppliers and others	(27,780,822)	(180,793,243)
Payroll and other payments to employees	(35,334,129)	(19,302,827)
Income tax paid	(169,614,710)	(112,157,194)
Receipts from rest house rent and others	36,102,828	120,899,248
<b>Net cash flows from operating activities</b>	<b>273,049,301</b>	<b>245,572,718</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(226,204,180)	(11,925,643)
Interest received	125,899,553	-
Investment in Shares	(24,987,692)	-
Dividend received	526,500	-
<b>Net cash(Used in)/ flows from investing activities</b>	<b>(124,765,819)</b>	<b>(11,925,643)</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid	(259,511,072)	(236,513,977)
Issuance of shares	-	-
Share premium receipts	-	-
Share issue costs	-	-
Finance charge on lease payments	-	-
Payment of finance lease liabilities	-	-
<b>Net cash (used in)/flows from financing activities</b>	<b>(259,511,072)</b>	<b>(236,513,977)</b>
<b>Net surplus /deficit in cash and cash equivalents during the period(B+C)</b>	<b>(111,227,591)</b>	<b>(2,866,902)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,522,095,870</b>	<b>1,447,403,960</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,410,868,280</b>	<b>1,444,537,058</b>
<b>Net Operating Cash Flows Per Share (NOCFPS)- (Note:35)</b>	<b>1.82</b>	<b>1.88</b>

  
Chief Financial Officer

  
Company Secretary

  
Managing Director

Dhaka  
28 April 2014

# Bangladesh Submarine Cable Company Limited

## Notes to the financial statements For the period from 1 July 2013 to 31 March 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 100,000,000 ordinary shares of Taka 100 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.

#### 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.
- (c) Lease obligation is measured at present value of minimum lease payments.

#### 2.3 Functional and presentation currency

These financial statements are presented in Bangladeshi 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 year 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 15: Deferred tax liabilities (manner of recovery of temporary differences for determination of deferred tax)  
 Note 29: Provision for bad & doubtful debts  
 Note 33: 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. Full period depreciation is charged on assets during the period of acquisition irrespective of their date of acquisition and no depreciation is charged on assets in the year of disposal. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

#### 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 31 March 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 Deferred Expenditures

Deferred Expenditures represent the expense relating to procurement of equipments by Government Organizations for monitoring IIG Operators.

#### 3.6 Amortization

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

#### 3.7 Tax holiday reserve

Tax holiday reserve has been created using applicable exemption rate of income tax as prescribed 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%

Tax holiday reserve has also been created using applicable exemption rate of income tax as prescribed by the Income Tax Ordinance 1984. The Company has been granted tax holiday for IIG operation income 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 31/06/2023 under section 46(c) of ITO 1984

### **3.8 Income tax expense**

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

#### **3.8.1 Current tax**

Provision for income tax is made as per Finance Act 2013. 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 25% tax exemption for the period from 1 July 2013 to 31 December 2013. Required provision for income tax has been made in the accompanying financial statements based on proportionate income.

#### **3.8.2 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.

### **3.9 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

#### **3.9.1 IPLC rent**

IPLC (International Private Leased Circuit) rent is billed in 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.

#### **3.9.2 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 Dividend income**

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

### **3.11 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.

### **3.12 Cash and cash equivalents**

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

### **3.13 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 the period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### **3.14 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.

### **3.15 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 periods.

### **3.16 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.





**4. Property, plant and equipment  
Cost/ revaluation (A)**

Opening balance  
Add: Purchased during the period  
Less: Adjustment  
Add: Increased due to revaluation

<b>31.03.2014</b>	<b>30.06.2013</b>
<b>Taka</b>	<b>Taka</b>
3,277,150,011	3,264,989,704
226,204,180	12,160,307
33,500	-
-	-
<b>3,503,320,691</b>	<b>3,277,150,011</b>

**Accumulated Depreciation (B)**

Opening balance as reported  
Impact of correction of error  
Restated opening balance  
Add: Charged during the period

Less: Adjustment

1,160,454,422	967,945,643
-	-
1,160,454,422	967,945,643
141,147,614	192,508,779
1,301,602,035	-
3,350	-
1,301,598,686	1,160,454,422
<b>2,201,722,006</b>	<b>2,116,695,589</b>

**Written Down Value (A-B)**

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

**5. Deferred expenditure**

**Taka**

Deferred Expenditure  
Add: Expenditure incurred during the period  
Less: Write off for the period (Note:5.1)

1,403,000	1,403,000
6,542,634	-
210,450	-
<b>7,735,184</b>	<b>1,403,000</b>

**5.1 Deferred Expenditure**

Deferred expenditure for Tk. 1,403,000 represents the subscription given to Bangladesh government for IIG operation monitoring and is a kind of revenue expenditure which will be amortized fully against International Internet Gateway (IIG) IP transit revenue in 2013-2014, since commercial operation of IIG has been started from 01 July 2013. Accordingly tk.2,10,450 has been written off for the period. An amount of Tk.65,42,634.00 has been considered as deferred expenses since this amount is identified as expenditure relating to Second Submarine Cable project.

**6. Trade and other receivables**

Trade receivables, net (Note:6.1)  
Other receivables (Note:6.2)

898,608,115	755,919,751
19,551,355	36,096,298
<b>918,159,470</b>	<b>792,016,048</b>

**6.1 Trade receivables, net**

Opening Balance  
Add: Addition during the period  
Less: Collection during the period  
Closing Balance  
Less: Provision for bad and doubtful debts  
Opening Balance  
Add: Addition during the period

<b>31.03.2014</b>	<b>30.06.2013</b>
<b>Taka</b>	<b>Taka</b>
803,400,734	632,140,510
752,386,377	1,807,665,724
1,555,787,111	2,439,806,234
597,323,382	1,636,405,500
958,463,729	803,400,734
47,480,983	23,678,556
12,374,630	23,802,427
59,855,614	47,480,983
<b>898,608,115</b>	<b>755,919,751</b>

Trade receivables, net of provision

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

**6.2 Other receivables**

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

	<b>31.03.2014</b> Taka	<b>30.06.2013</b> Taka
	3,150	15,750
	16,965	7,180
	10,901,138	19,482,066
	8,630,102	16,591,302
	<b>19,551,355</b>	<b>36,096,298</b>

Receivable from TM Malaysia is receivable against reimbursable meeting expenses.

**7 Advances, deposits & Prepayments****Advances**

Advance given to employees for foreign travelling  
 Advance to employees against expenses  
 Advance- REB, Kalikapur, Patuakhali  
 Advance against investment in IIG  
 Advance for land purchase  
 Advance for interior decoration  
 Advance to Southern Automobiles  
 Advance to Kamal Trading Agency  
 Advance to Civil Works Consultants Ltd.  
 Advance Office Rent (Note: 7.1)

	143,364	70,000
	213,716	96,825
	1,000	
	-	130,080,343
	-	900,000
	-	586,764
	250,000	
	50,000	
	536,250	
	9,573,171	10,946,310
	<b>10,767,501</b>	<b>142,680,242</b>

**Deposits**

Security deposit - Duncan Products Ltd.  
 Security deposit - REB, Kalikapur, Patuakhali  
 BTCL - for phone line  
 CDBL - as security deposit  
 Security deposit - BTRC for International Internet Gateway (IIG)  
 licence

	5,000	5,000
	2,760,000	
	19,000	16,000
	500,000	500,000
	100,000	100,000
	3,384,000	621,000
	<b>14,151,501</b>	<b>143,301,242</b>

**7.1 Advance for office rent**

Opening balance  
 Add: Additional payment made during the period  
 Less: Adjustment against rent during the period

	10,946,310	10,838,890
	-	2,000,000
	10,946,310	12,838,890
	1,373,139	1,892,580
	<b>9,573,171</b>	<b>10,946,310</b>

**8 Advance income tax**

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

	93,697,824	48,636,375
	82,983,411	93,697,824
	176,681,235	142,334,199
	93,858,830	48,636,375
	<b>82,822,405</b>	<b>93,697,824</b>

**9 Investment in shares**

				31.03.2014 Taka
SL #	Ordinary shares of	Quantity	Cost price (Taka)	Market value
1	AB Bank Limited	64,106	1,709,840	1,544,955
2	ACI	2,160	764,726	403,272
3	BEXIMCO Limited	101,062	9,731,260	3,021,754
4	Islami Bank BD Limited	35,538	950,997	1,226,061
5	BATA Shoe	1,000	696,430	880,200
6	IFIC Bank Ltd	35,000	1,246,700	1,018,500
7	Jamuna Oil	21,560	4,392,419	4,851,000
8	Meghna Petroleum	22,560	4,962,523	6,235,584
9	PADMA OIL	18,150	4,835,160	6,220,005
10	SQUARE Pharma	14,600	2,633,548	3,898,200
11	TITAS GAS	29,000	2,241,990	2,253,300
12	NCC Bank Limited	150,957	1,698,266	1,902,058
			<b>35,863,860</b>	<b>33,454,889</b>

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 31 March 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.

**10 Cash and cash equivalents**

		31.03.2014 Taka	30.06.2013 Taka
Cash in hand	(Note:10.1)	1,178,266	236,076
Cash at bank	(Note:10.2)	1,409,690,014	1,521,859,794
		<b>1,410,868,280</b>	<b>1,522,095,870</b>

**10.1 Cash in hand**

Head Office-Dhaka	1,092,900	191,230
Landing Station-Cox's Bazar	85,366	44,846
	<b>1,178,266</b>	<b>236,076</b>

**10.2 Cash at bank**

**Savings and current deposits with:**

Sonali Bank Limited	6,450,847	4,941,457
National Bank-Kuakata	52,525	-
Mutual Trust Bank Limited	1,468,886	-
Brac Bank Limited	661,710	666,176
IFIC Bank Limited	2,119,338	108,036
United Commercial Bank Limited	50,864,747	49,344,235
	61,618,053	55,059,904

**Time deposits (FDR) with:**

Basic Bank Ltd.	619,298,747	321,073,272
IFIC Bank Ltd.	30,000,000	75,618,682
Meghna Bank Ltd.	44,537,297	-
Sonali Bank Ltd.	335,049,249	204,218,750
Bangladesh Krishi Bank Ltd.	179,697,424	55,843,750
Bangladesh Commerce Bank Ltd.	21,673,162	21,753,122
EXIM Bank Ltd.	96,085,836	-
Other banks	21,730,245	788,292,313
	1,348,071,961	1,466,799,890
	<b>1,409,690,014</b>	<b>1,521,859,794</b>

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

<b>11 Share capital</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>Taka</b>	<b>Taka</b>
<b>Authorized:</b>		
1,000,000,000 ordinary shares of Taka 10 each	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>Issued, subscribed and paid up capital:</b>		
14,99,14,100 Ordinary Shares of Taka 10 each	<b>1,499,141,000</b>	<b>1,303,600,870</b>

The company increased its Paid-up share capital from Tk. 1,303,600,870 to Tk. 149,91,41,001 by issuing 1,95,54,013

Bonus shares to the shareholders which will be approved in 5th Annual General Meeting dated 26 October 2013.

<b>12 Share premium</b>	<b>723,293,759</b>	<b>723,293,759</b>
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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 IAS/BAS 32: Financial Instruments Presentation.

<b>13 Tax holiday reserve</b>		
Opening balance	521,535,079	385,162,213
Add: Current Period's reserve (Note:3.7)	26,076,514	136,372,866
	<b>547,611,593</b>	<b>521,535,079</b>

<b>14 Revaluation reserve</b>		
Opening balance as previously reported	339,631,310	339,631,310
Impact of changes in accounting policy	-	-
Restated opening balance	339,631,310	339,631,310
Add: Addition during the period (net of tax)	-	-
	<b>339,631,310</b>	<b>339,631,310</b>

		<b>31.03.2014</b>	<b>30.06.2013</b>
		<b>Taka</b>	<b>Taka</b>
<b>15 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-33. Deferred tax assets and liabilities are attributable to the following:			
Deferred tax relating to profit & loss account components	(Note-15.1)	188,527,392	183,541,565
Deferred tax relating to components of other comprehensive income	(Note-15.2)	6,931,251	6,931,251
		<b>195,458,643</b>	<b>190,472,816</b>

**15.1 Deferred tax relating to profit & loss account components**

	Carrying amount	Tax base	Taxable/(deductible) Temporary Difference
	Taka	Taka	
<b>As at 31 March 2014</b>			
Property, plant and equipment (excluding land)	1,770,423,378	1,007,405,193	763,018,184
Accounts receivable	898,608,115	958,463,729	(59,855,614)
Provision for pension and gratuity fund	(17,608,418)	-	(17,608,418)
Net Taxable Temporary Difference			685,554,153
Applicable tax rate			27.50%
<b>Deferred tax liability</b>			<b>188,527,392</b>

**15.2 Deferred tax relating to components of other comprehensive income**

	Carrying Amount	Tax Base	Taxable/(deductible) temporary difference
<b>As at 31 March 2014</b>			
Revaluation reserve of property, plant and equip.	346,562,561	-	346,562,561
Applicable tax rate			2.00%
<b>Deferred tax liability</b>			<b>6,931,251</b>

	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>Taka</b>	<b>Taka</b>
<b>16 Security deposits received from clients</b>		
Opening Balance	129,792,124	58,387,402
Add: Addition during the period	23,613,337	96,654,804
	153,405,460	155,042,206
Less: Adjustment during the period	60,027,030	25,250,083
<b>Closing Balance</b>	<b>93,378,431</b>	<b>129,792,124</b>

<b>17 Employees' pension and gratuity fund</b>			
Employees' pension fund	(Note-17.1)	14,869,610	13,808,952
Employees' gratuity fund	(Note-17.2)	2,738,808	2,738,808
		<b>17,608,418</b>	<b>16,547,760</b>

<b>17.1 Employees' pension/ provident fund</b>	<b>14,869,610</b>	<b>13,808,952</b>
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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 has provident fund.

**17.2 Employees' gratuity fund**

Opening balance	1,151,334	1,151,334
Add: Provision made during the period	1,587,474	1,587,474
	<b>2,738,808</b>	<b>2,738,808</b>

	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>Taka</b>	<b>Taka</b>
<b>18 Sundry creditors</b>		
Share money deposit	119,622	123,122
M/S Care and Construction	68,438	33,500
Withholding tax payable	974,560	43,716
Unclaimed dividend	1,658,190	449,088
Fibre @ Home	-	128,777
Execution	-	20,000
Ardent Automobiles	66,463	-
Jatir Alo	24,000	-
Sony Chocolate & Industries Ltd.	621,164	-
Spectrum Engineering Consortium Ltd.	184,500	-
The Daily Star	12,461	-
The Financial Express	42,383	-
	<b>3,771,781</b>	<b>798,203</b>

<b>19 Provision for Income Tax</b>		
Opening balance	230,476,717	110,201,553
Add: Provision made during the period	96,008,314	215,497,909
	326,485,031	325,699,462
Less: Adjustment made during the period	-	-
	326,485,031	325,699,462
Less: Settlement for previous period		
Tax paid	50,000,000	46,586,370
Adjustment from advance income tax	130,490,130	48,636,375
	<b>180,490,130</b>	<b>95,222,745</b>
Closing balance	<b>145,994,901</b>	<b>230,476,717</b>

<b>20 Vat Payable</b>	<b>184,621,830</b>	<b>145,772,497</b>
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This represents the amount received, deducted and receivable from clients arising from International Private Leased Circuit (IPLC) rentals and IP Transit Service.

<b>21 Accrued expenses</b>		
Office rent	(Note - 21.1) 4,800,000	4,800,000
Audit & other fees	-	218,500
Telephone bill	14,647	22,298
Electricity bill	-	474,781
Advertisement & publicity	-	88,494
Others	9,364	13,764
	<b>4,824,011</b>	<b>5,617,837</b>

**21.1** 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 at as follows:

Opening balance	4,800,000	4,800,000
Add: Provision made during the Period	-	-
Closing balance	<b>4,800,000</b>	<b>4,800,000</b>

July-13-March-2014 Taka	July-12-March-2013 Taka	Jan-March-2014 Taka	Jan-March-2013 Taka
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**22 IPLC(International Private Leased Circuit) Rent**

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

IPLC rent- local	548,707,588	961,773,201	133,561,640	314,431,183
IP Transit Service	36,587,814	-	24,659,743	-
	<b>585,295,402</b>	<b>961,773,201</b>	<b>158,221,383</b>	<b>314,431,183</b>

**23 Circuit activation charge:**

Circuit activation charge-IPLC	1,449,950	23,990,000	409,950	4,470,000
Circuit activation charge-IP Transit	880,000	-	540,000	-
	<b>2,329,950</b>	<b>23,990,000</b>	<b>949,950</b>	<b>4,470,000</b>

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

**24 Electricity and generator fuel**

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

Electricity bill	4,322,951	2,752,696	1,496,621	1,199,465
Fuel for generator	926,476	874,729	77,808	484,848
	<b>5,249,427</b>	<b>3,627,425</b>	<b>1,574,429</b>	<b>1,684,313</b>

**25 Landing station and cable route repair**

	<b>1,173,760</b>	<b>625,554</b>	<b>376,368</b>	<b>264,241</b>
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This cost is directly related to repair and maintenance for landing station and cable route.

**26 Depreciation of core machinery**

	<b>133,928,216</b>	<b>109,346,851</b>	<b>44,642,739</b>	<b>36,448,950</b>
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This represents the depreciation charged on core machinery which are directly related to rent revenue. For further details Annexure-A is referred.

**27 Operation and maintenance expenses**

	<b>83,705,409</b>	<b>51,451,597</b>	<b>26,030,888</b>	<b>22,013,322</b>
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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 incurred by the company.

<b>28 General and administrative expenses</b>	<b>July-13-March-2014</b> Taka	<b>July-12-March-2013</b> Taka	<b>Jan-March-2014</b> Taka	<b>Jan-March-2013</b> Taka
Salary and allowances	29,319,879	19,302,827	10,801,574	5,264,643
Office rent	6,014,250	5,344,762	2,004,750	2,004,750
Repair and maintenance	6,213,484	3,909,056	1,256,597	1,495,079
Board and other meetings fees	1,744,901	1,060,328	458,316	326,094
Consultancy fees	908,670	455,000	111,500	304,000
Consortium Meeting Expenses	1,086,900	1,131,513	1,850,262	-
Advertisement and publicity expenses	1,046,398	751,831	349,948	398,921
Vehicles running expenses	1,346,806	1,005,458	393,347	391,049
Traveling & conveyance	1,185,387	844,412	348,831	349,964
Printing and stationery	2,860,176	1,704,440	195,398	197,228
Postage and courier expenses	17,119	107,446	7,794	90,147
Entertainment	881,891	509,457	308,917	202,277
AGM Expenses	1,863,485	1,621,334	12,006	15,000
Bank charges and commission	398,001	271,904	222,606	134,822
Telephone Bill	100,116	69,662	43,819	67,539
CSR Expenses	300,000	-	-	-
Rent, rates & Taxes	57,077	-	-	-
	<b>55,344,540</b>	<b>38,089,430</b>	<b>18,365,665</b>	<b>11,241,513</b>

**29 Provision for bad & doubtful debts**

Closing balance of provision for bad & doubtful debts	59,855,613	43,644,402	59,855,613	43,644,402
Opening balance of provision for bad & doubtful debts	47,480,983	23,678,556	55,952,919	36,351,529
	<b>12,374,630</b>	<b>19,965,846</b>	<b>3,902,694</b>	<b>7,292,873</b>

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

<b>30 Depreciation on property, plant and equipment</b>	<b>7,219,398</b>	<b>7,072,276</b>	<b>2,406,466</b>	<b>2,357,425</b>
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This represents the depreciation charged on other than core machinery. For further details Annexure-A is referred.



	<b>July-13-March-2014</b> <b>Taka</b>	<b>July-12-March-2013</b> <b>Taka</b>	<b>Jan-March-2014</b> <b>Taka</b>	<b>Jan-March-2013</b> <b>Taka</b>
<b>31 Bank interest and other income</b>				
Rest house rent and others	261,191	243,558	52,950	69,847
Interest on FDR and others	125,899,553	140,230,891	37,269,875	50,146,981
Landing Station Cross Connection Charges	18,063,360	-	6,451,200	-
Compensation from Consortium on account of foreign traveling	-	-	-	1,269,730
Co-Location Charges	1,233,333	-	1,233,333	-
Dividend income	526,500	-	526,500	-
	<b>145,983,938</b>	<b>140,474,449</b>	<b>45,533,858</b>	<b>51,486,558</b>
<b>32 Gain/(loss) on investment in shares</b>				
Closing market value of investment (Note:9)	33,454,889	13,247,430	33,454,889	13,288,352
Add:Purchase during the Period	-	-	-	-
Opening market value of investment (Note:9)	28,793,596	12,479,676	28,793,596	12,479,676
	<b>4,661,293</b>	<b>(767,754)</b>	<b>4,661,293</b>	<b>(808,676)</b>
Less: Loss Adjustment	1,245,350	-	1,245,350	-
	<b>3,415,943</b>	<b>(767,754)</b>	<b>3,415,943</b>	<b>(808,676)</b>
<b>33 Deferred tax (income)/expense</b>				
Closing balance of deferred tax liability (Note:15)	195,458,643	195,748,768	195,458,643	195,748,768
Opening balance of deferred tax liability	190,472,816	179,014,051	193,857,375	190,170,529
Deferred tax (income)/expense	<b>4,985,827</b>	<b>16,734,717</b>	<b>1,601,268</b>	<b>5,578,239</b>
<b>34 Basic Earning Per Share (EPS)</b>				
Profit attributable to ordinary shareholders (A)	330,925,227	719,289,389	79,484,430	219,521,918
Weighted average number of ordinary shares (B) (Note: 34.1)	149,914,100	130,360,087	149,914,100	130,360,087
Basic earnings per share (A/B)*	<b>2.21</b>	<b>5.52</b>	<b>0.53</b>	<b>1.68</b>
<b>Basic Earning Per Share (EPS)-Restated</b>				
Profit attributable to ordinary shareholders (A)	330,925,227	719,289,389	79,484,430	219,521,918
Weighted average number of ordinary shares (B) (Note: 34.1)	149,914,100	149,914,100	149,914,100	149,914,100
Basic earnings per share (A/B)*				

**34.1** Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of period 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.

*A*

### 34.2 Diluted earning per share

No diluted earnings per share is required to be calculated for the years as there has no diluted potential ordinary shares.

### 35 Net operating cash flows per share (NOCFPS)

Net cash flows from operating activities (A)  
Weighted average number of ordinary shares (B)  
Net operating cash flows per share (NOCFPS)

July-13-March-2014 Taka	July-12-March-2013 Taka
273,049,301	245,572,718
149,914,100	130,360,087
<u>1.82</u>	<u>1.88</u>

### 36 Bandwidth capacity

Present Capacity  
Utilization  
Percentage of utilization

31.03.2014 Gbps	30.06.2013 Gbps
200.00	200.00
20.59	38.75
<u>10.30%</u>	<u>19.38%</u>

### 37 Contingent liabilities and commitments

Bank guarantees given to customs authority  
Office rent\*

31.03.2014 Taka	30.06.2013 Taka
-	528,000
6,738,180	6,738,180
<u>6,738,180</u>	<u>7,266,180</u>

37.1 \* There is a dispute between BSCCL and BTCL regarding office rent for office space used by BSCCL up to 30 June 2012. BTCL claimed Tk 11,538,320 excluding VAT but BSCCL kept provision for Tk. 4,800,000. So there is a dispute for Tk.6,738,180.

## Bangladesh Submarine Cable Company Limited

Schedule of Property, Plant & Equipment  
As at 31st March 2014

Name of assets	Cost				Rate	Accumulated depreciation				Amount in Taka	
	As at 01 July 2013	Additions during the Period	Adjustment during the Period	As at 31st March 2014		As at 01 July 2013	Charged during the Period	Adjustment during the Period	As at 31st March 2014	WDV as at 31st March 2014	
<b>a. Freehold assets</b>											
Land and land development	9,692,968	-	-	9,692,968	-	-	-	-	-	-	9,692,968
Land and land development (SMW-5)	-	75,044,099	-	75,044,099	-	-	-	-	-	-	75,044,099
Core equipment-IPLC	2,742,706,868	-	-	2,742,706,868	10%	1,102,504,109	123,015,207	-	1,225,519,316	-	1,517,187,552
Core equipment-IIG	-	145,506,786	-	145,506,786	10%	-	10,913,009	-	10,913,009	-	134,593,777
Building	58,488,364	-	-	58,488,364	4%	8,728,759	1,492,788	-	10,221,547	-	48,266,817
Floor development	2,654,065	-	-	2,654,065	10%	1,353,669	97,530	-	1,451,199	-	1,202,866
Security barak & security wall	7,827,297	-	-	7,827,297	4%	1,171,069	199,687	-	1,370,756	-	6,456,541
Deep tube-well & pump house	2,343,837	-	-	2,343,837	10%	1,223,652	84,014	-	1,307,666	-	1,036,171
500 KV sub-station	3,284,000	-	-	3,284,000	15%	2,233,274	118,207	-	2,351,481	-	932,519
Power system	34,737,942	893,864	-	35,631,806	10%	18,135,712	1,312,207	-	19,447,919	-	16,183,887
Boundary wall	8,255,575	-	-	8,255,575	4%	1,235,145	210,613	-	1,445,758	-	6,809,817
Ducting from beach manhole	18,088,759	-	-	18,088,759	5%	5,458,891	473,620	-	5,932,511	-	12,156,248
Vehicles	28,286,712	-	-	28,286,712	20%	14,034,839	2,137,781	-	16,172,620	-	12,114,092
Office equipment and furniture	11,262,418	3,314,356	33,500	14,543,274	10%	3,798,990	805,821	3,350	4,601,462	-	9,941,812
Co-Location point	171,554	-	-	171,554	10%	70,253	7,598	-	77,850	-	93,704
Office decoration	2,788,091	1,445,075	-	4,233,166	10%	506,059	279,533	-	785,592	-	3,447,574
<b>Sub-total</b>	<b>2,930,588,450</b>	<b>226,204,180</b>	<b>33,500</b>	<b>3,156,759,130</b>		<b>1,160,454,422</b>	<b>141,147,614</b>	<b>3,350</b>	<b>1,301,598,685</b>		<b>1,855,160,445</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>-</b>	<b>346,561,561</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>346,561,561</b>
<b>Total balance as at 31 March 2014 (a+b)</b>	<b>3,277,150,011</b>	<b>226,204,180</b>	<b>33,500</b>	<b>3,503,320,691</b>		<b>1,160,454,422</b>	<b>141,147,614</b>	<b>3,350</b>	<b>1,301,598,685</b>		<b>2,201,722,006</b>