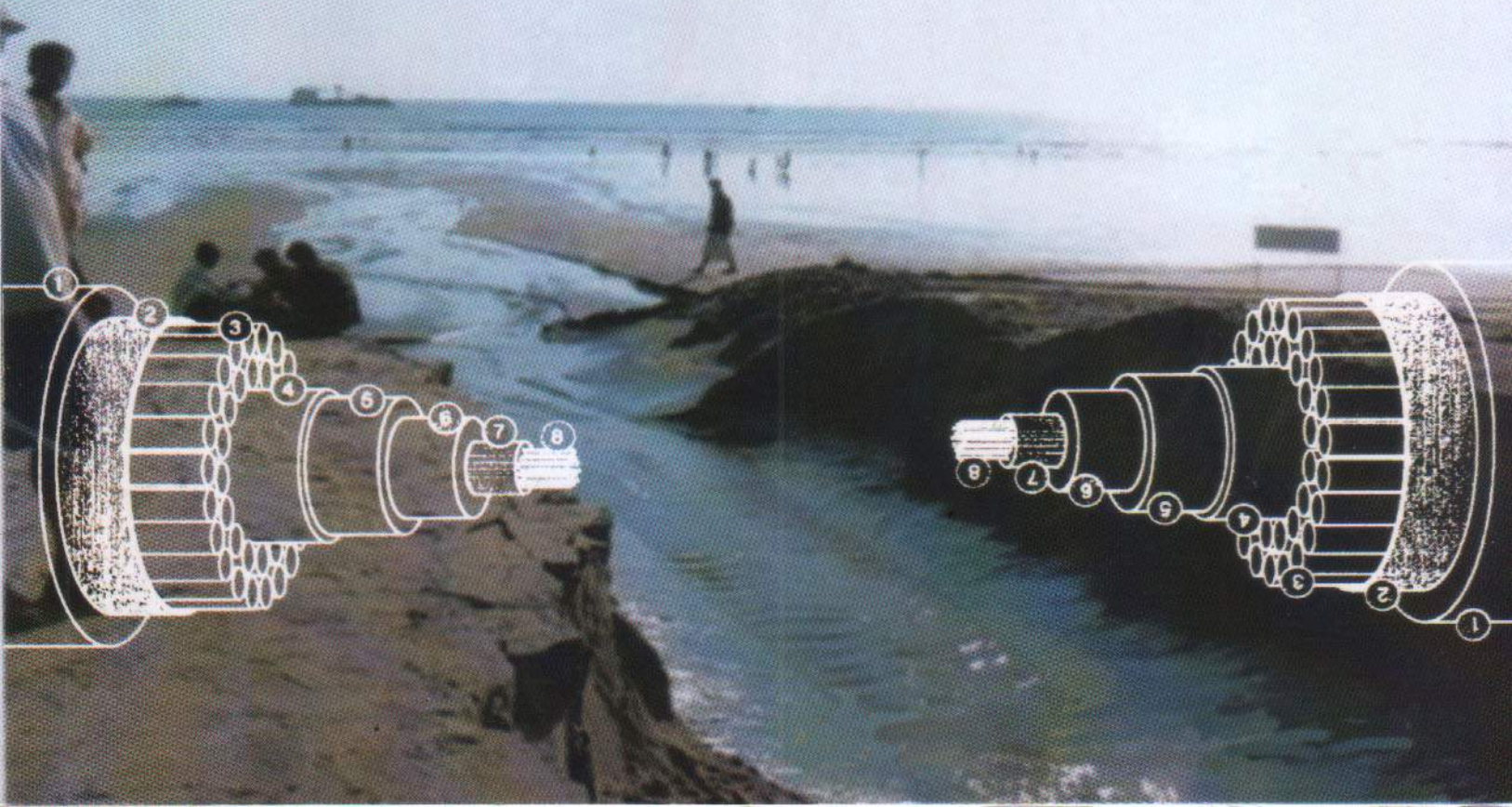




Bangladesh Submarine Cable Company Limited

ANNUAL REPORT 2009-2010



ANNUAL REPORT 2009-2010



বিশ্বজুড়ে যোগাযোগ

Bangladesh Submarine Cable Co. Ltd. (Bsccl)

Head Office :

Telejogajog Bhaban, 6th Floor
37/E, Eskaton Garden, Dhaka-1000
Phone : +880-2-9353885, Fax : +880-2-9333125
Web : www.bscccl.com.bd

Our Vision :

To be the premier company as Submarine Cable Transmission service provider in nationwide bridging the gap of digital divide and bringing Internet to the door steps of the rural people of Bangladesh at affordable price.

Our Mission :

- * To provide uninterrupted and quality broad-spectrum telecommunication services in transparent and competitive manner using state-of-the art technology.
- * To provide Bandwidth service for all kinds of international voice and data circuits through the submarine cable and optical fiber networks.
- * To connect Bangladesh to the global information super highway.
- * To strengthen the national ICT sector.
- * To help the people of Bangladesh getting full benefit of all the Telecommunications & IT related services.

Our Objectives :

- * To provide subscribers easy access to an effective national and global telecommunications network.
- * To provide triple play communications facilities comprising data, voice and video.
- * To ensure high quality international traffic handling at lower cost.
- * To flourish as a viable company and to meet the increasing demand of bandwidth.
- * To achieve well-balanced growth of bandwidth in the country so that we can attain a "Digital Bangladesh" by the year 2021.
- * To earn large revenue for the Government of Bangladesh through the sales of spare bandwidth to the domestic as well as international market and adoption of a dynamic and evolved business plan.
- * To run the Sabmarine Cable Landing Station equipment with a standard of International level and maintain Network Operation Centre (NOC) round the clock for the benefit of our clients.

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Milestones of Important Events

Memorandum of Understanding (MoU) Signing (SEA-ME-WE-4 consortium)	:	04 September 2002
Construction & Maintenance Agreement Signing (SMW-4 consortium)	:	27 March 2004
IDB Loan Signing (60M USD) for Submarine Cable Project	:	February 2005
Inauguration of Cox'sbazar Landing Station	:	21 May 2006
Date of Incorporation of new Company	:	24 June 2008
Vendor's Agreement signed on	:	30 June 2008
Commercial Launching of Operation of BSCCL	:	01 July 2008

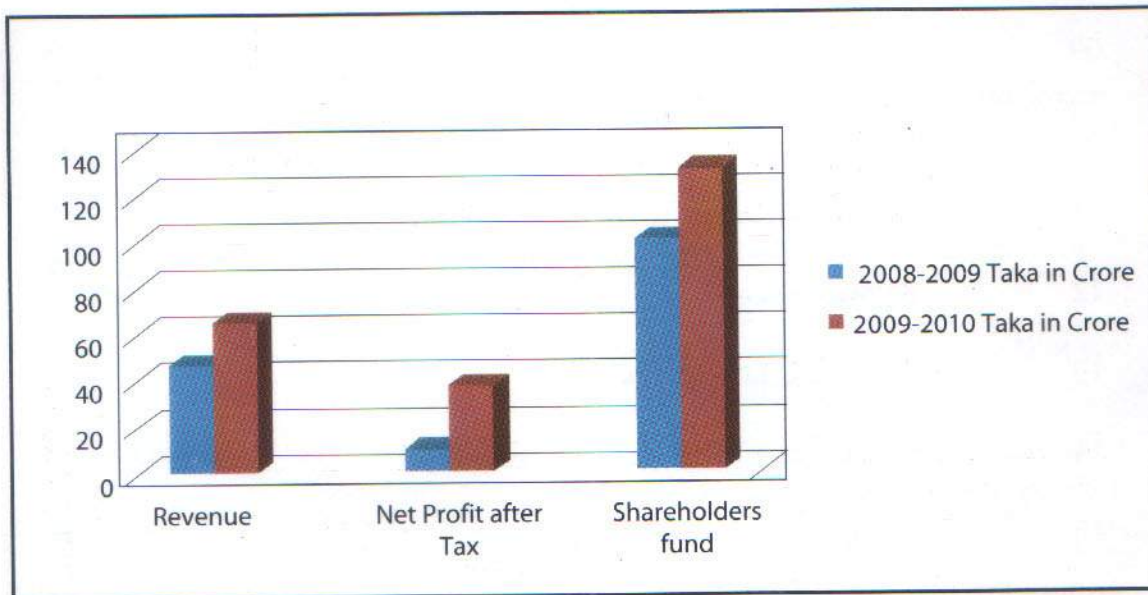


Figure : Revenue & growth of BSCCL

Our Services:

BSCCL is the root service provider of submarine cable bandwidth and handles the country's only submarine cable. Presently, BSCCL is providing the following services:

- Bandwidth service for different routes and different levels such as E-1, STM-1, STM-4, STM-16, etc. to the International Internet Gateway (IIG) companies through International Private Leased Circuits (IPLC).
- Bandwidth service for different routes and different levels such as E-1, STM-1, STM-4, STM-16, etc. to the International (Voice) Gateway (IGW) companies.
- Bandwidth for IPLC (Data circuits) for various corporate subscribers like Banks, SITA, Embassies etc.

Our Clients:

Presently, as a root service provider of submarine cable bandwidth, BSCCL is serving the following types of clients:

- All IIG Companies (Presently, BTCL & Mango Teleservices Ltd).
- All IGW companies (Presently, BTCL, Bangla Trac Communication Ltd., Mir Telecom, & Novotel Ltd.).
- Any other corporate users interested in IPLC connections with substantially large bandwidth.

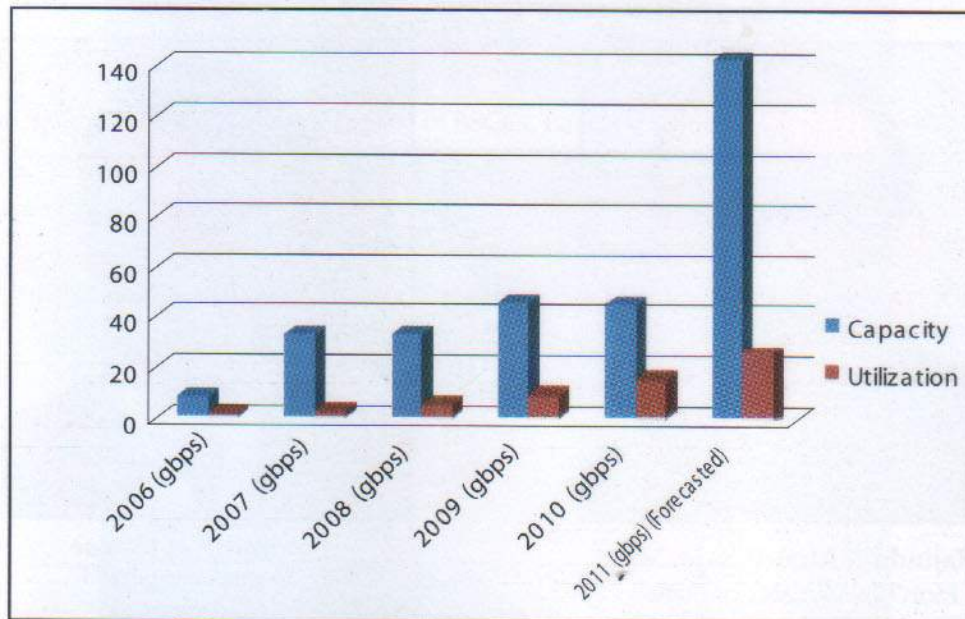


Figure : Bandwidth Capacity & utilization

Photo Gallery



Father of the Nation
Bangabandhu Sheikh Mujibur Rahman



Hon'ble Prime Minister
Sheikh Hasina



Rajiuddin Ahmed Raju, MP
Hon'ble Minister of Posts
&
Telecommunications



Sunil Kanti Bose
Secretary, MoPT
&
Chairman
Board of Directors, BSCCL



Officers' & Staff of Head Office



Officers' & Staff of BSCCL Landing Station



36th meeting of the Board of Directors



Hon'ble Minister for Posts & Telecommunications
visiting the Landing station



Hon'ble Minister for Posts & Telecommunications
writing comments in visitors Register



Hon'ble State Minister for Science of ICT
visiting the Landing station



Landing station NMS Room



Landing station Equipment Room



Anchor block placement



Beach : Cable Landing from barge



Beach : Swissco 12



Beach : Cable Landing from barge

Board of Directors

Chairman

Sunil Kanti Bose
Secretary,
Ministry of Posts & Telecommunications

Directors

Name	Designation
Syed Monjurul Islam	Additional Secretary, Ministry of Finance.
Mr. Rabindra Nath Roy Chowdhury	Joint Secretary, Ministry of Science & ICT.
Col. Shahriar Ahmed	Colonel (Admin), DSCSC, Mirpur Cantonment, Dhaka.
Mr. Abul Kasem Khan	President, Dhaka Chamber of Commerce & Industry.
Dr. Raqibul Mostafa	Associate Professor, United International University.
Mr. Md. Monwar Hossain	Managing Director, Bangladesh Submarine Cable Co. Ltd.

Management

Managing Director

Mr. Md. Monwar Hossain

Company Secretary

Mr. Md. Abdus Salam Khan

Name	Designation
Mr. Parvez Monon Ashraf	DGM (Operation) Landing Station, Cox'sbazar
Mr. Mohammad Zakirul Alam	DGM (Bandwidth Planning) Head Office, Dhaka
Mr. Md. Jahangir Alam	DGM (Customer Care) Head Office, Dhaka
Mrs. Nazia Hassan	Manager (Operation) Landing Station, Cox'sbazar
Mr. Md. Shakawat Hussain	Manager (Maintenance) Landing Station Cox'sbazar
Mr. Muhammad Tajul Islam	Manager (Accounts) Head Office, Dhaka
Mr. Muhammed Shoeb Ali	Manager (Development & Purchase) Head Office, Dhaka

Auditors

M/S Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Building (8th)Level
7-9 Kawran Bazar Commercial Area, Dhaka-1215.

Bankers

Sonali Bank Limited
Dhaka Sheraton Branch
Dhaka-1000.

Registered & Corporate office
Telejogajog Bhaban (6th Floor)
37/E, Eskaton Garden Road
Dhaka- 1000.

SMW-4 Landing Station
Submarine Cable Landing Station
Jhulongja, Cox'sbazar.

Website

www.bscl.com.bd

Contact Points :

Contact Points	Address	Phone	E-mail
Company Secretary	37/E Eskaton Garden, Dhaka-1000	+880-2-9362764	salam_bsccl@yahoo.com
DGM (Customer Care)	37/E Eskaton Garden, Dhaka-1000	+880-2-8318809	jahangirugc@gmail.com
DGM (Operations)	Jhlongja, Cox's Bazar Landing Station	+880-341-62167	parvez.engr@gmail.com
DGM (BW. Planning)	37/E Eskaton Garden, Dhaka-1000	+880-2-9362748	zakir_bsccl@yahoo.com

Company Profile

Background :

The Bangladesh Submarine Cable Company Limited (BSCCL) was originated and incorporated after separating from erstwhile BTTB with only assets situated at Jhilongja Cox'sbazar named the Landing Station and the equipments thereon. Before the separation, the whole project named "Establishment of International Telecommunication System through Submarine Cable" was undertaken by BTTB participating in an agreement with an International Consortium namely **SEA-ME-WE-4** (South East Asia Middle East Western Europe 4). Initially the project was funded by GOB and later on a long term sale or lease back facilities for **USD 60 Million** was taken loan from **Islamic Development Bank (IDB)** for further financing to complete the whole project smoothly.

A Vendor's Agreement was signed between the representatives of **GOB** and the **BSCCL** on 30th June 2008 incorporating a statement showing a net worth of the company subtracting the liabilities from the assets. The balance is treated as Net worth payable to the Govt. in share capital (67.43 crore).

A Memorandum of Understanding (MOU) was signed on 4th day of September 2002 between representatives of **BTTB** and the **SEA-ME-WE-4** consortium for establishing the framework of the whole Submarine Cable Project. 16 Telecom Operators of 14 countries have signed the MOU grafting the design of the submarine cable laying plan starting from Singapore to Marseilles, France. The concept illustrated that 2 (Two) pairs of submarine cable would be laid, one would be called Express line and the other would be Branch line. There are two types of stations, one full landing station and the other is branch landing station. The Cox'sbazar connectivity is landing station branching out from the Omnibus Cable at a distance of 1260 km in deep sea.

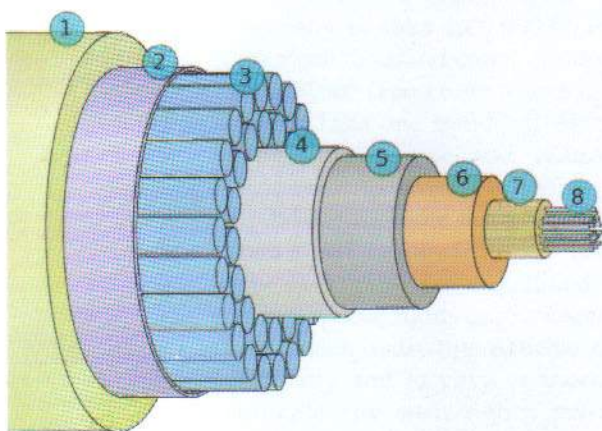
A Construction and Maintenance Agreement was signed on 27th day of March 2004 between representatives of **BTTB** and the **SEA-ME-WE-4** for the whole project including establishment of Express line, Branch line and Landing Station also maintenance of these for 25 years with regular upgradation as and when required. The total cost was borne by the 16 participant members in the consortium proportionately.

A Lease Agreement was signed between representatives of **GOB** and the **Islamic Development Bank (IDB)** on 12th February 2005 where the Govt. of Bangladesh has requested the Bank to purchase the Equipment set forth in the project named “Establishment of International Telecommunication System through Submarine Cable” from where only the establishment of Landing Station cost and the associated assets were to be handed over to the BSCCL Company later on. There were other projects related to these which were also funded by IDB under the said Lease Agreement but our scope was limited to the cost involved for establishing only the landing station and the Fiber optic link between the landing station and the Beach Man-hole (4.5 km).

A Pertinent Purchase Agreement was signed on the same date between the 16 parties having almost same contents to complete the facility program. The purchase Agreement was signed with two contractors ; Alcatel, France and M/s Fujitsu, Japan.

Incorporation of Submarine Cable :

With the view described above, Bangladesh Submarine Cable Company Limited (the “Company”), being the government sponsored telecommunication company in the country, was incorporated on 24 June, 2008 as a public limited company under the Companies Act, 1994 with an authorized capital of Tk. 10,000,000,000 (One thousand crore). On the same day, the Company obtained Certificate of Commencement of Business.



A. Cross-section of Submarine Communications Cable

1. Polythelene
2. Mylar type
3. Standard Steel wires
4. Aluminium water barrier
5. Polycarbonate
6. Copper or aluminium tube
7. Petroleum jelly
8. Fiber Optic Cable

Various layers of Submarine Cable

Corporate Governance :

The philosophy of good governance is mainly aimed at assisting the top management in efficient conduct of the affairs of an organization as well as in meeting the obligations to all the shareholders, thereby ensuring transparency, accountability and utmost integrity. The corporate governance is thus a system, which influences how the objectives are set and achieved and how the performance is maximized.

The Managing Director of Bangladesh Submarine Cable Company Limited, under certain specific directions, acts as the Chief Executive Officer and is empowered to run the affairs of the Company. For smooth performances, the Managing Director delegates authorities to the Company Secretary and other senior officials to render his responsibilities most efficiently and effectively.

The Board of Directors of Bangladesh Submarine Cable Company Limited always acts in the firm belief that effectiveness results from teamwork and adoption of the best practices. The Directors always support good corporate governance based on a generally accepted framework and are committed to attain the highest standards of disclosures to perform its obligations of accountability to the stakeholders in order to achieve their fullest confidence in the Company.

During the year under review 16 meetings of the Board of Directors were held.

Subject: NOTICE of the 2nd Annual General Meeting.

NOTICE is hereby given that the 2nd Annual General Meeting of the Shareholders of the **BANGLADESH SUBMARINE CABLE COMPANY LIMITED (BSCCL)** to be held at the Landing Station, Jhilongja, Cox'sbazar on Saturday, 04 December 2010 at 6.00 P.M. to transact the following business:

ORDINARY BUSINESS:

Agenda #	1	To receive and adopt the Directors Report and the audited financial statements for the year ended on 30 June 2010 together with Auditors Report thereon.
Agenda #	2	To declare dividend for the year ended on 30 June 2010.
Agenda #	3	To elect Directors as per Article # 120, 121 and 122 of the Articles of Association of the company.
Agenda #	4	To appoint auditors for the FY 2010 - 2011 and fix their remuneration.

SPECIAL BUSINESS:

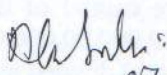
Agenda #	5	To Change the denomination of the face value of Shares of the company from Tk.100.00 to Tk. 10.00 each. "RESOLVED THAT the Change be made in the denomination of the face value of Shares of the company from Tk.100.00 to Tk. 10.00 each."	
Agenda #	6	Amendment of clause V of the Memorandum of Association to read as under:	
		Existing Clause.	Proposed Amendment
		The Authorized share capital of the Company is Taka 1,00,000,00,000.00 (Taka one thousand crore) divided into 10,00,00,000 (Ten crore) shares of Taka 100.00 (Taka one hundred) each with power to increase and reduce the capital and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential qualified, deferred or special rights or privileges or in accordance with the Articles of the company and to vary or modify or abrogate any such rights, privileges and conditions as may for the time being provided by the Articles of the company or the legislative provisions for the time being in force in that behalf.	The Authorized share capital of the Company is Taka 1,00,000,00,000.00 (Taka one thousand crore) divided into 100,00,00,000 (one hundred crore) shares of Taka 10.00 (Taka ten) each with power to increase and reduce the capital and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential qualified, deferred or special rights or privileges or in accordance with the Articles of the company and to vary or modify or abrogate any such rights, privileges and conditions as may for the time being provided by the Articles of the company or the legislative provisions for the time being in force in that behalf.

Agenda #	7	Amendment of Article # 3 of the Articles of Association to read as under:	
		Existing Article	Proposed Amendment
		The Authorized share capital of the Company is Taka 1,00,000,00,000.00 (Taka one thousand crore) divided into 10,00,00,000 (ten crore) shares of Taka 100.00 (Taka one hundred) each with power to increase or reduce the share capital for the time being and to divide, sub divide and consolidate the shares in the capital of the Company into several classes or stocks and attached thereto respectively such preferential, qualified, deferred or special rights or privileges or conditions and as may be determined by the company in General Meeting and vary, modify or abrogate such right privileges or conditions and also to issue shares of higher or lower denominations.	The Authorized share capital of the Company is Taka 1,00,000,00,000.00 (Taka one thousand crore) divided into 100,00,00,000 (one hundred crore) shares of Taka 10.00 (Taka ten) each with power to increase or reduce the share capital for the time being and to divide, sub divide and consolidate the shares in the capital of the Company into several classes or stocks and attached thereto respectively such preferential, qualified, deferred or special rights or privileges or conditions and as may be determined by the company in General Meeting and vary, modify or abrogate such right privileges or conditions and also to issue shares of higher or lower denominations.

All the Shareholders are requested to kindly make it convenient to attend the AGM.

BY ORDER OF THE BOARD OF DIRECTORS

Dated : Dhaka
November 7, 2010.


 (Md. Abdus Salam Khan)
 Company Secretary
 Phone: 9362764, Cell: 01552369905
 E-mail: salam_bscl@yahoo.com

Note :

- * The Register of Members will remain closed from 29th November to 3rd December 2010(both days inclusive).
- * Members entitled to attend at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the company not less than 48 hours before the time fixed for the Annual General Meeting.
- * Proxy must be a Member of the Company.

Directors' Report Under Section 184 of the Companies Act, 1994.

Dear Shareholders :

The Board of Directors of Bangladesh Submarine Cable Co. Ltd. (the "Company") welcomes the shareholders at the 2nd Annual General Meeting of the Company. We also take pleasure in presenting the operational activities and the audited financial statements for the year ended on 30 June 2010 together with the report of the auditors thereon.

Economic scenario and prospect of the industry :

The economy of Bangladesh has grown at the rate of 6% p.a. over the past few years and remains over-populated with high level of poverty. While more than half of the GDP belongs to the service sector, nearly two-third of Bangladeshis are employed in the agriculture sector, with rice as the most important produce. Remittances from Bangladeshis working overseas, mainly in the Middle East and East Asia as well as exports of garments are the main source of foreign exchange earning. Economic growth is rather indigenous with slow growth in foreign direct investment.

Bangladesh's predominantly agricultural economy depends heavily on an erratic monsoonal cycle, with periodic flooding and drought. Although improving at a very fast rate, infrastructure to support transportation, communication, power supply and water distribution is yet to be developed. Bangladesh is poor in its reserves of oil, but recently there was huge development in coal mining. While the service sector has expanded rapidly during last two decades, country's industrial base remains narrow. The country's main endowments include its vast human resource base, rich agricultural land, relatively abundant water and substantial reserves of natural gas which are depleting quickly and may expire in the next 8-10 years.

In the era of globalization, communication has become the most significant factor. In a densely populated country like Bangladesh, telecommunication can play a vital role to boost the economy and social level of people.

However, the Bangladesh telecommunication industry is rapidly growing but it is still far behind in comparison to telecommunication industries of some South Asian neighbors. Unfavorable growth conditions due to weak marketing strategies in rural areas and poor infrastructure are hampering the growth of telecommunication industry in the country. However, the growth of mobile telephone is quite significant. Broad band internet services are spreading in slow pace although the Government is taking remarkable steps to bring the internet service costs to an affordable range for the common people.

For international communication, presently Bangladesh has only one submarine cable system and if the cable is cut, the country would suffer in terms of data and voice communication for at least 7-10 days. Therefore, an alternate submarine cable or a terrestrial Fiber Optic Link with the neighbouring countries, is required to add redundancy to our existing submarine cable network.

Nevertheless, the growth in telecommunications in Bangladesh has been phenomenal. Export of bandwidth to our neighbouring countries will be able to earn a sizable amount of foreign currency in the near future.

Capital Structure and acquisition of assets :

The Company was incorporated with an authorized capital of Tk. 1,000 crore divided into 10 crore ordinary shares of Tk.100/- each out of which the paid up capital was Tk.67.43 crore divided into 6,743,000 ordinary shares of Tk.100/- each. Since the Company inherited the BTTB Project of "Establishment of International Telecommunication System through Submarine Cable", the relevant equipment and infrastructures necessarily were in the name of erstwhile BTTB (now BTCL). Upon approval of the Government, the Company on 30 June, 2008, by executing a Vendors' Agreement with the Ministry of Posts and Telecommunications, has acquired all the equipment and infrastructures valuing Tk.68,38,54,400/-, thereby transferring the title of the relevant assets in its own name. In consideration 67,31,478 fully paid ordinary shares of Tk.100/- each have been issued in the name of the Ministry of Posts and Telecommunications.

IPO of Company's share :

After acquiring the assets and upon increasing the paid up capital by that extent, the Board of Directors of the Company has, on principle, agreed to Initial Public Offering (IPO) of its shares in the capital market. Such decision of the Board has also been communicated to the Ministry of Posts and Telecommunications for obtaining further guidelines and the Ministry has given permission to go for IPO. Substantial progress has been made already so that the company could enter the share-market within the year 2010.

State of the Company's affairs :

Generally the company is formed for providing bandwidth and to get the telecommunication services easily accessible to the people. The main achievement during the year under review was obtaining tax holiday, investment in third upgradation and on going process of listing in the stock exchanges, approval of service rules and procurement policy by the Board of Directors.

Financial Results :

During the year ended on 30 June 2010 the company has earned a net profit of Tk.346 million from its operating activities. A brief result is shown as under:

Particulars	Figures are in Million (Tk.) 30 June 2010
IPLC Rent	<u>603.37</u>
Operating Expenses	216.95
Financial Expenses	37.27
Other Expenses	7.08
Total Expenses	<u>261.30</u>
Operating Profit	342.07
Other Income	4.51
Net Profit	<u>346.58</u>
Proposed Dividend (30% stock)	201.94
Retained Earnings	<u>144.64</u> =====

Dividend :

The net profit of the company stands at Tk.346.58 million as on 30 June 2010. The Board of Directors recommends 30% stock dividend for the year ended on 30 June 2010. Accordingly there will remain an amount of Taka 144.64 million in the form of Retained Earnings.

Fairness of the financial statements and accounting policies :

It is the responsibility of the Directors as per the provisions of the Companies Act, 1994 to prepare financial statements for each year. The financial statements and other financial information included in this report fairly present all material aspects, the financial conditions, results of operations, cash flow statements and the changes in equity of the company for the year under review.

The company has used appropriate accounting policies in preparation of these financial statements supported by reasonable and prudent judgments and estimates as necessary. International Accounting Standards, as applicable in Bangladesh have been followed in preparation of these financial statements in compliance with the relevant accounting policies.

Directors :

Pursuant to the provision of article 120,121 and 122 of the Articles of Association of the Company read in conjunction with those of the Companies Act, 1994 at the 2nd Annual General Meeting one-third of the directors of Bangladesh Submarine Cable Co. Ltd. shall retire from office. Accordingly two directors namely Mr Sunil Kanti Bose and Col. Shariar Ahmed shall retire at the 2nd Annual General Meeting. Being eligible, the retiring Directors offer themselves for re-election.

Appointment of Managing Director :

As per Companies Act 1994, the Board of Directors of the Company in its 1st Meeting appointed Mr. Md. Monwar Hossain as Managing Director of the company. Subsequently, a high power selection committee headed by the Chairman of the company and including experts from BUET, was formed for recruitment of the Managing Director. Advertisements were made in the national Dailies. Finally the Board of Directors in its 5th Meeting held on 15 March 2009 appointed Mr. Hossain for a period of 3 (three) years with new terms and conditions. The service of Mr Hossain has been confirmed by the Board of Directors after expiry of the probation period successfully.

Auditors :

Pursuant to Section 210 of the Companies Act, 1994, the existing auditors of the Company M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants, expressed their willingness to be reappointed. As proposed, a resolution to re-appoint M/S. Hoda Vasi Chowdhury & Co. as auditors will be placed at the forthcoming Annual General Meeting.

Business Expansion :

According to the 5 (five) years Bandwidth forecasting for the country made by BSCCL, our existing capacity may get used up by 2014. Thus, BSCCL is going to participate in upgradation # 3 to enhance its capacity for the future. After upgradation#3, Bangladesh is expected to attain a large capacity to meet the demands from the growth of users in areas of new technologies and applications. Also, the internet bandwidth price will come within the reach of mass people to help building the Digital Bangladesh by 2021. We have already committed to invest for 4 (four) million MIU*KM in the upgrade # 3 of the SMW-4 consortium. This would cost on invested amount of 7 million USD to the company.

Conclusion :

The Board of Directors would like to place on record its deep gratitude to all the shareholders for their cooperation and support towards development of the company.

The Board of Directors would like to express its grateful appreciation for the assistance and cooperation received from the ministries of Posts & Telecommunications, Finance, Commerce, Science & ICT, Bangladesh Telecommunication Regulatory Commission, Bangladesh Telecommunications Co. Ltd. and other government organizations.

The Directors also wish to thank the Management for their good team spirit, hard work, and dedicated services towards the growth and progress of the company.

For and on behalf of the Board of Directors ;



Md. Monwar Hossain
Managing Director



Sunil Kanti Bose
Chairman

Financial Statement 2009-2010

Auditors' Report

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the financial statements

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

We have audited the accompanying balance sheet of Bangladesh Submarine Cable Company Limited as of 30 June 2010 and the related profit and loss account, statement of changes in equity and cash flow statement for the for the year that ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presented. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- a) We could not verify the value at cost of core equipment for Taka 2,255,155,638 of total fixed assets of Taka 2,588,280,601 as there was no complete fixed assets register of the Company. No item-wise details i.e. date of acquisition, cost, accumulated depreciation, written down value, identification number etc properly linked with numbers and values were available for our verification. Further, we could not physically verify the core equipment for this audit purpose for lack of information as indicated above. As a result, these assets remained unverified by us except tracing the aggregate amount in the ledgers;
- b) The Company has paid Taka 4,460,571 to BTCL as share of insurance premium for its fixed assets which have remained in the ownership of BTCL but no adjustment has been made in this regard;
- c) No provision for pension fund or any adjustment thereon has been made in the accompanying financial statements during the year. Further, the amount of Taka 15,158,836 representing balance payable on account of pension fund determined at the time of taking over assets and liabilities from BTCL has remained unchanged for which no satisfactory explanation was available; and
- d) Twelve (12) shares of Taka 100 each have been issued to individuals who seem to be representatives of the respective organizations as mentioned in note - 4.1 and being transferred subsequently to other individuals instead of organizations or Government of Bangladesh and as a results, the actual ownership of the shares is in question.

In our opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraphs, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of 30 June 2010, and of the results of its operations and its cash flow statement for the year then ended and comply with the Companies Act, 1994 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 balance sheet and profit and loss account together with notes 1 to 21 thereto dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were the purposes of the Company's business for the year.

Dhaka,

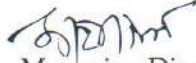
Hoda Bai Chowdhury & Co
Chartered Accountants

Bangladesh Submarine Cable Company Limited
Balance Sheet
As on 30 June 2010

	Notes	2010 Taka	2009 Taka
Sources of fund :			
Shareholders' equity:			
Share capital	4	673,147,800	1,400
Government equity	5	-	673,146,412
Tax holiday reserve		154,661,914	16,027,883
Revaluation reserve	6	164,654,032	164,654,032
Retained earnings		240,154,654	99,518,387
		1,232,618,401	953,348,113
Long term liabilities:			
Lease obligation - net of current portion	7	746,883,158	956,147,942
Security deposits received from clients	8	16,876,445	4,419,954
Employees' pension fund	9	15,158,836	15,158,836
		778,918,439	975,726,732
		2,011,536,840	1,929,074,845
Application of fund			
Property, plant and equipment	10		
Cost		2,588,280,601	2,578,379,716
Less: Accumulated depreciation		668,005,650	517,703,879
		1,920,274,951	2,060,675,837
Preliminary expenses	11	2,714,535	3,619,380
Current assets:			
Trade debtors	12	189,222,704	113,262,498
Advances and deposit	13	219,688	250,000
Investment in shares	14	5,653,568	-
Cash and cash equivalents	15	174,708,953	51,180,372
		369,804,912	164,692,870
Current liabilities:			
Lease obligation - current portion	7	213,395,750	212,477,321
Payable to BTCL		35,848,029	24,897,789
Provision for income tax		2,029,024	-
VAT payable		26,884,367	60,968,310
Provision for decrease in value of investment in shares		234,063	-
Provision for expenses	16	2,866,326	1,569,822
		281,257,559	299,913,242
Net current assets / (liabilities)		88,547,353	(135,220,372)
Net assets		2,011,536,840	1,929,074,845

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



Company Secretary


Managing Director


Chairman

See annexed report of date

Dhaka,


Chartered Accountants

Bangladesh Submarine Cable Company Limited
Profit and Loss Account
For the year ended 30 June 2010

Revenue:	Notes	2010 Taka	2009 Taka
IPLC (International Private Lease Circuit) rent		601,892,651	434,337,816
Circuit activation charge		1,480,000	1,610,000
		603,372,651	435,947,816
Direct operational cost			
Electricity and generator fuel		2,344,230	1,004,958
Landing station and route repair		948,749	422,788
Depreciation of core machinery	10	141,150,281	153,424,219
		144,443,260	154,851,965
Gross profit		458,929,391	281,095,851
Other operating expenses:			
Operation and maintenance expenses	17	37,081,242	70,322,310
General and administrative expenses	18	25,373,068	10,971,781
Depreciation on property, plant and equipment	10	9,151,490	8,080,254
Amortization on preliminary expenses		904,845	904,845
		72,510,645	90,279,190
Operating profit		386,418,746	190,816,661
Non operating (expenses)/income			
Financial charges for lease		(37,266,421)	(68,224,662)
Exchange loss		(5,051,729)	(7,960,245)
Provision for decrease in value of investment in shares		(234,063)	-
Other income	19	4,752,570	914,515
		(37,799,643)	(75,270,392)
Net profit before taxation for the year / period		348,619,103	115,546,269
Less: Income tax expenses		2,034,024	-
Net profit after tax and before appropriation		346,585,079	115,546,269
Less: Transfer to tax holiday reserve		138,634,031	16,027,883
Net profit after tax holiday reserve transfer to retained earnings		207,951,047	99,518,386

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


Company Secretary


Managing Director


Chairman

See annexed report of date

Dhaka,


Chartered Accountants

Bangladesh Submarine Cable Company Limited
Statement of Changes in Equity
For the year ended 30 June 2010

Particulars	Share capital	Government equity	Tax holiday reserve	Revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 24 June 2008	-	-	-	-	-	-
Share capital	1,400	-	-	-	-	1,400
Government equity	-	673,146,412	-	-	-	673,146,412
Tax holiday reserve	-	-	16,027,883	-	-	16,027,883
Revaluation reserve	-	-	-	164,654,032	-	164,654,032
Net profit for the period	-	-	-	-	99,518,387	99,518,387
Balance as at 30 June 2009	1,400	673,146,412	16,027,883	164,654,032	99,518,387	953,348,114
Share capital	673,146,400	-	-	-	-	673,146,400
Government equity	-	(673,146,412)	-	-	-	(673,146,412)
Tax holiday reserve	-	-	138,634,031	-	-	138,634,031
Dividend paid	-	-	-	-	(67,314,780)	(67,314,780)
Net profit for the year	-	-	-	-	207,951,047	207,951,047
Balance as at 30 June 2010	673,147,800	-	154,661,914	164,654,032	240,154,654	1,232,618,401



Company Secretary



Managing Director



Chairman

Bangladesh Submarine Cable Company Limited

Notes to the financial statements

For the year ended 30 June 2010

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 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 Jhilongja 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 BSCCL 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 of project's assets 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 BSCCL at that time. However, these two agreements have not yet been revalidated in favor of BSCCL.

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 under the historical cost convention in accordance with the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994 and other applicable laws and regulations in Bangladesh.

3.2 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 2010 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the Balance Sheet date.

3.3 Property, plant & equipment

All property, plant and equipment are stated at cost 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 profit and loss account during the period when these are incurred.

3.4 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 during the time of disposal.

3.5 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 lease liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over their estimated useful lives.

3.6 Preliminary expenses

Preliminary expenses represent 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 has commenced its commercial operation. During the year, an amount of Taka 904,845 has been amortized.

3.7 Tax holiday reserve

Tax holiday reserve has been created using applicable rate of income 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.

3.8 Current tax

Provision for income tax is made as per Finance Act - 2010. No provision for income tax has been made in the accompanying financial statements due to taxable loss arisen for the assessment year 2009-2010.

3.9 Revenue recognition 3.9.1 IPLC Rent

IPLC (International Private Lease 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 General

Figures appearing in these financial statements have been rounded off to the nearest Bangladeshi Taka.

	<u>2010</u> <u>Taka</u>	<u>2009</u> <u>Taka</u>
4 Share capital	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Authorized:		
100,000,000 ordinary shares of Taka 100 each		
Issued and paid up :	<u>673,147,800</u>	<u>1,400</u>
67,31,478 ordinary shares of Tk 100 each fully paid up		

4.1 Composition of shareholdings

Name of shareholders & respective Ministries/Agencies	Represented by	No. of shares	Value in Taka
Ministry of Post & Telecommunications,	Mr. Sunil Kanti Bose	6,731,466	673,146,600
Ministry of SICT, GOB	Mr. Rabindra Nath Roy Chowdhury	2	200
Ministry of Finance, GOB	Syed Monjurul Islam	2	200
Mirpur Institute of Science & Technology	Col. Shahriar Ahmed	2	200
Dhaka Chamber of Commerce & Industries	Mr. Abul Kasem Khan	2	200
United International University	Dr. Raqibul Mostafa	2	200
Mr. Md. Monwar Hossain		2	200
		<u>6,731,478</u>	<u>673,147,800</u>

Note: The entire amount of above paid up capital has been paid by the Government of Bangladesh.

A distribution schedule of the shares as at 30 June 2010 is given below as required by listing regulations:

Slabs by number of shares	Number of shareholders	Number of shares	Holdings %
Less than 500	6	12	0.00018%
Above 1,000,000	1	6,731,466	99.99982%
	<u>7</u>	<u>6,731,478</u>	<u>100.00000%</u>

	<u>2010</u> <u>Taka</u>	<u>2009</u> <u>Taka</u>
5 Government equity	<u>-</u>	<u>673,146,412</u>

As contained in note - 1, a Vendor agreement was executed between the representatives of the Government of Bangladesh (GOB) and the BSCCL 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. During the year out of the balance available in this account, the Company has issued 6,731,464 ordinary shares of Taka 100 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.

6 Revaluation reserve	<u>164,654,032</u>	<u>164,654,032</u>
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Land measuring 5.49 acres owned by Government of Bangladesh and situated at Cox's Bazar has been revalued and the difference between cost and estimated fair value has been treated as revaluation reserve by an independent firm.

2010
Taka

2009
Taka

7 Lease obligation - net of current portion 746,883,158 956,147,942

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 repayments of lease obligations repayable after the balance sheet date are as follows:

Finance lease liabilities - minimum lease payments		
Payable not later than one year	213,395,750	212,477,321
Payable later than one year but not later than 5 years	746,883,158	956,147,942
	<u>960,278,908</u>	<u>1,168,625,263</u>

8 Security deposits received from clients

Nirwotel Limited	4,718,931	2,272,977
Mir Telecom Limited	3,229,954	1,134,000
Mango Teleservices Ltd.	1,001,383	-
Bangla Trac Communication Limited	1,012,977	1,012,977
Bangladesh Telecommunications Company Limited	6,913,200	-
	<u>16,876,445</u>	<u>4,419,954</u>

In addition to above security deposits, Bank guarantees for an amount of Taka 4,248,644 has been received from Mango Teleservices Limited as security.

9 Employees' pension fund

15,158,836

15,158,836

This represents 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 and therefore no additional provision has been made in the accompanying financial statements. The Company however, does not have any pension fund.

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

Name of assets	Cost				Accumulated depreciation			Amount in Taka	
	At 1st July 2009	Additions during the year	At 30 June 2010	Rate	At 1st July 2009	Charged during the year	At 30 June 2010	WDV as on 30 June 2010	
Land	164,700,000	-	164,700,000	-	-	-	-	164,700,000	
Core equipment	2,255,155,638	-	2,255,155,638	8%	490,777,122	141,150,281	631,927,403	1,623,228,235	
Landing station earth filling	9,646,000	-	9,646,000	10%	2,619,492	702,651	3,322,143	6,323,857	
Building	58,488,364	-	58,488,364	2%	3,416,793	1,101,431	4,518,224	53,970,140	
Floor development	2,654,065	-	2,654,065	10%	672,057	198,201	870,258	1,783,807	
Security barak & security wall	7,827,297	-	7,827,297	2%	460,500	147,336	607,836	7,219,461	
Deep Tube-Well & Pump House	2,343,837	-	2,343,837	10%	636,498	170,734	807,232	1,536,605	
500 KV sub-station	3,284,000	-	3,284,000	15%	1,271,139	301,929	1,573,068	1,710,932	
Power system	34,737,942	-	34,737,942	10%	9,433,522	2,530,442	11,963,964	22,773,978	
Boundary wall	8,255,575	-	8,255,575	2%	485,696	155,398	641,094	7,614,481	
Ducting from Beach Manhole	18,088,759	-	18,088,759	5%	2,582,594	775,308	3,357,902	14,730,857	
Vehicles	8,494,000	8,598,000	17,092,000	20%	4,162,060	2,585,988	6,748,048	10,343,952	
Office equipment and furniture	4,532,685	1,302,885	5,835,570	10%	1,169,251	466,632	1,635,883	4,199,687	
Co-Location point	171,554	-	171,554	10%	17,155	15,440	32,595	138,959	
Total	2,578,379,716	9,900,885	2,588,280,601		517,703,879	150,301,771	668,005,650	1,920,274,951	
Previous year balance	2,577,848,779	530,937	2,578,379,716		356,199,406	161,504,473	517,703,879	2,060,675,837	

	2010 <u>Taka</u>	2009 <u>Taka</u>
11 Preliminary expenses		
Opening balance	3,619,380	4,524,225
Less: Amortization made during the year / period	904,845	904,845
	<u>2,714,535</u>	<u>3,619,380</u>
12 Trade debtors		
Bangladesh Telecommunication Company Limited (BTCL)	129,558,420	93,991,138
Novotel Limited	1,777,604	1,403,542
Mir Telecom Limited	-	5,872,531
Bangla Trac Communication Limited	11,355,319	2,814,454
Mango Teleservices Limited	39,005,718	9,180,833
Other receivables	7,525,643	-
	<u>189,222,704</u>	<u>113,262,498</u>
13 Advances and deposit		
Advance given to employees for foreign traveling	160,000	250,000
Security deposit - Duncan Products Ltd.	5,000	-
Advance Income Tax (AIT)	54,688	-
	<u>219,688</u>	<u>250,000</u>
14 Investment in shares	<u>5,653,568</u>	-
<p>During the year, 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 2010 is Taka 5,946,530. Provision for decreasing value of shares as required, has been made in the accompanying financial statements.</p>		
15 Cash and cash equivalents		
Cash in hand		
Head office - Dhaka	37,971	286,292
Landing station - Cox's Bazar	62,216	95,880
	<u>100,187</u>	<u>382,172</u>
Cash at bank on current & STD account with Sonali Bank Limited		
Sheraton Hotel Branch - Current Account	16,153,165	50,548,469
Sheraton Hotel Branch - STD Account	8,000,000	-
Cox's Bazar Branch	455,601	249,731
	<u>24,608,766</u>	<u>50,798,200</u>
Short term deposits with		
National Bank Limited, Motijheel Branch	75,000,000	-
Trust Bank Limited, Dilkusha Corporate Branch	75,000,000	-
	<u>150,000,000</u>	<u>-</u>
	<u>174,708,953</u>	<u>51,180,372</u>

	2010	2009
	<u>Taka</u>	<u>Taka</u>
Office rent (note - 16.1)	2,400,000	1,200,000
Audit fee including VAT	172,500	156,750
Advertisement and publicity expenses	-	40,253
Vehicle fuel	6,758	-
Salary and allowances	-	80,554
Govt. employees' beneficiary and joint insurance fund	870	-
Vehicle maintenance	6,040	-
Postage and courier expenses	-	39,465
Electricity	190,000	35,000
Business development expenses	40,000	-
Withholding tax payable	50,158	17,800
	<u>2,866,326</u>	<u>1,569,822</u>

16.1 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 an best estimation basis in the absence of any agreement. This has been arrived as follows:

Opening Balance	1,200,000	-
Add: Provision made during the year / period	1,200,000	1,200,000
Closing Balance	<u>2,400,000</u>	<u>1,200,000</u>

17 Operation and Maintenance Expenses

	<u>37,081,242</u>	<u>70,322,310</u>
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The amount paid to SEA-ME-WE 4 during the year expenses of cable operation and maintenance purpose after netting reimbursement of expenses from Consortium incurred by BSCCL for Taka 10,079,697.

18 General and administrative expenses

Salary and allowances	14,563,756	6,149,273
Office rent	1,200,000	1,200,000
Repair and maintenance	2,174,802	1,371,475
Board and other meetings fees	466,826	540,002
Audit fee including VAT	172,500	156,750
Consultancy fee	133,000	100,400
Advertisement and publicity expenses	120,680	284,376
Vehicles running expenses	672,991	462,383
Insurance premium	4,460,571	-
Traveling & conveyance	888,219	192,870
Printing and stationery	305,967	322,139
Postage and courier expenses	14,283	25,939
Entertainment	177,749	69,590
Bank charges and commission	21,724	96,584
	<u>25,373,068</u>	<u>10,971,781</u>

19 Other income

Rent of Rest House	149,919	39,220
Income from investment in shares	861,970	-
Interest on FDR and others	2,848,444	-
Compensation from Consortium on account of foreign traveling	892,237	875,295

2010
Taka
4,752,570

2009
Taka
914,515

20 Particulars of employees

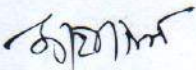
The number of permanent employees during this period part thereof who received a total salary of BDT 36,000 per annum and above was 40 (30 June 2009: 37).

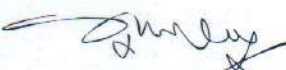
21 Contingent liabilities and commitments

- i) Outstanding letter of credit
- ii) Capital expenditure commitments
- iii) Bank Guarantees given to Customs authority

Nil	Nil
Nil	Nil
128,800	128,800


Company Secretary


Managing Director


Chairman

SEA-ME-WE-4 SUBMARINE CABLE

