

Bangladesh Submarine Cable Company Limited

Statement of Financial Position (Un-Audited)

As at 31 December 2013

Assets	Notes	31 December 2013	30 June 2013
		Taka	Taka
Non-current assets			
Property, plant and equipment, Net	4	2,246,592,972	2,116,695,589
Deferred Expenditures	5	1,262,700	1,403,000
		2,247,855,672	2,118,098,589
Current assets			
Trade and other receivables, net	6	856,593,940	792,016,048
Advances, deposits & Pre-Payments	7	17,464,971	143,301,242
Advance income tax	8	150,942,866	93,697,824
Investment in shares	9	28,793,597	5,051,255
Cash and cash equivalents	10	1,438,302,463	1,522,095,870
		2,492,097,837	2,556,162,239
Total assets		4,739,953,509	4,674,260,828
Equity and liabilities			
Equity			
Share capital	11	1,499,141,000	1,303,600,870
Share premium	12	723,293,759	723,293,759
Tax holiday reserve	13	541,790,686	521,535,079
Revaluation reserve	14	339,631,310	339,631,310
Retained earnings		836,438,563	1,066,721,857
		3,940,295,317	3,954,782,875
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15	193,857,375	190,472,816
Security deposits received from clients	16	95,822,346	129,792,124
Employees' pension/gratuity/P.F	17	17,225,062	16,547,760
		306,904,783	336,812,700
Current liabilities			
Sundry creditors	18	62,222,149	798,203
Provision for income tax	19	248,470,760	230,476,717
VAT payable	20	177,034,975	145,772,497
Accrued expenses	21	5,025,526	5,617,837
		492,753,410	382,665,253
Total liabilities		799,658,193	719,477,953
Total equity and liabilities		4,739,953,509	4,674,260,828

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


Chief Financial Officer


Company Secretary


Managing Director

Dhaka
16 January 2014

Bangladesh Submarine Cable Company Limited

Statement of Comprehensive Income (Un-Audited) For the Half-Yearly ended 31 December 2013

	Notes	July- Dec-2013 Taka	July- Dec-2012 Taka	Oct-Dec-2013 Taka	Oct-Dec-2012 Taka
Revenue					
IPLC (International Private Lease Circuit) rent	22	419,016,668	647,342,019	184,567,476	337,180,430
IP Transit Revenue	22	11,928,071	-	8,756,319	-
Circuit activation charge	23	1,380,000	19,520,000	910,000	13,120,000
		432,324,739	666,862,019	194,233,795	350,300,430
Direct cost of operation					
Electricity and generator fuel	24	3,674,998	1,943,112	1,699,288	1,301,242
Landing station and cable route repair	25	797,392	361,313	466,456	251,358
Data Connectivity & Fiber Core Charge		473,216	-	236,201	-
IP Transit Cost		3,775,054	-	3,775,054	-
Depreciation of core machinery	26	89,227,013	72,897,900	44,613,507	36,448,950
		97,947,673	75,202,325	50,790,506	38,001,550
Gross profit		334,377,066	591,659,694	143,443,289	312,298,880
Operating expenses					
Operation and maintenance expenses	27	57,674,521	60,930,767	28,692,080	24,254,028
General and administrative expenses	28	41,059,697	28,746,333	22,017,042	17,733,861
Provision for bad & doubtful debts	29	8,471,936	12,672,973	4,827,788	-
Depreciation on property, plant and equipment	30	4,756,752	4,334,315	2,378,376	2,163,956
Amortization on Deferred/Preliminary Expenditures		140,300	452,422	70,150	226,211
		112,103,206	107,136,811	57,985,436	44,378,056
Operating profit		222,273,860	484,522,883	85,457,853	267,920,824
Non-operating income(expenses)					
Bank interest and other income	31	96,579,360	89,995,630	49,430,996	15,915,477
Loss on investment in shares	32	(1,245,350)	-	(499,099)	-
		95,334,010	89,995,630	48,931,898	15,915,477
Profit before taxation		317,607,870	574,518,513	134,389,751	283,836,301
Less: Income tax expense					
Current tax expense		67,994,043	57,605,553	28,335,255	25,113,071
Deferred tax (income)/expense	33	3,384,559	24,520,838	1,135,569	28,730,625
		71,378,602	82,126,391	29,470,824	53,843,696
Net profit after tax		246,229,267	492,392,122	104,918,927	229,992,605
Other comprehensive income, net of tax					
Gain on revaluation of property, plant and equipment		-	-	-	-
Total comprehensive income		246,229,267	492,392,122	104,918,927	229,992,605
Earnings Per Share (EPS) - Basic	34	1.64	3.78	0.70	1.76
Earnings Per Share (EPS) - Restated	34	1.64	3.28	0.70	1.53

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


Chief Financial Officer


Company Secretary


Managing Director

Dhaka
16 January 2014

Bangladesh Submarine Cable Company Limited

Statement of Cash Flows (Un-Audited) For the Half-Yearly ended 31 December 2013

	July-Dec-2013 Taka	July-Dec-2012 Taka
A. Cash flows from operating activities		
Cash received from clients	373,517,276	351,965,321
Cash paid to suppliers and others	36,644,282	(210,946,941)
Payroll and other payments to employees	(18,707,805)	(13,998,184)
Income tax paid	(107,245,042)	(46,586,370)
Receipts from rest house rent and others	35,395,762	70,009,809
Net cash flows from operating activities	319,604,473	150,443,635
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(223,911,298)	(7,859,269)
Interest received	78,203,711	-
Investment in Shares	(24,987,692)	-
Dividend received	-	-
Net cash(Used in)/ flows from investing activities	(170,695,279)	(7,859,269)
C. Cash flows from financing activities		
Dividend paid	(232,702,602)	(234,632,508)
Issuance of shares	-	-
Share premium receipts	-	-
Share issue costs	-	-
Finance charge on lease payments	-	-
Payment of finance lease liabilities	-	-
Net cash (used in)/flow from financing activities	(232,702,602)	(234,632,508)
Net surplus in cash and cash equivalents during the period(B+C)	(83,793,408)	(92,048,142)
Cash and cash equivalents at the beginning of the period	1,522,095,870	1,447,403,960
Cash and cash equivalents at the end of the period	1,438,302,463	1,355,355,818
 Net Operating Cash Flows Per Share (NOCFPS)- (Note:35)	 2.13	 1.15

Dhaka
16 January 2014


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Managing Director

Bangladesh Submarine Cable Company Limited
Statement of Changes in Equity (Un-Audited)
For the Half-Yearly ended 31 December 2013

Particulars						Amount in Taka
	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	521,535,078	339,631,310	1,066,721,857	3,954,782,873
Transactions with shareholders:						
Bonus shares issued	195,540,130	-	-	-	(195,540,130)	-
Share issue costs	-	-	-	-	-	-
Dividend	-	-	-	-	(260,720,174)	(260,720,174)
Total comprehensive income for the period:						
Net profit after tax for the Period	-	-	-	-	246,229,267	246,229,267
Other comprehensive income	-	-	-	-	-	-
Adjustment	-	-	-	-	3,350	3,350
Tax holiday reserve	-	-	20,255,608	-	(20,255,608)	-
Balance as at 31 December 2013	1,499,141,000	723,293,759	541,790,686	339,631,310	836,438,563	3,940,295,317
Balance as at 01 July 2012	1,185,091,700	723,293,759	385,162,213	346,562,561	686,157,716	3,326,267,949
Transactions with shareholders:						
Bonus shares issued	118,509,170	-	-	-	(118,509,170)	-
Dividend paid	-	-	-	-	(237,018,340)	(237,018,340)
Adjustment	-	-	-	-	841,534	841,534
Total comprehensive income for the period:						
Net profit after tax for the Period	-	-	-	-	395,487,545	395,487,545
Other comprehensive income	-	-	-	-	-	-
Tax holiday reserve	-	-	96,904,577	-	-	96,904,577
Balance as at 31 December 2012	1,303,600,870	723,293,759	482,066,790	346,562,561	726,959,285	3,582,483,265

Dhaka
16 January 2014


Chief Financial Officer


Company Secretary


Managing Director

Bangladesh Submarine Cable Company Limited

Schedule of Property, Plant & Equipment
As at 31 December 2013

Name of assets	Cost				Accumulated depreciation				Amount in Taka	
	As at 01 July 2013	Additions during the Period	Adjustment during the period	As at 31 December 2013	Rate	As at 01 July 2013	Charged during the Period	Adjustment during the period	As at 31 December 2013	WDV as at 31 December 2013
a. Freehold assets										
Land and land development	9,692,968	75,044,099	-	84,737,067	-	-	-	-	-	84,737,067
Core equipment-IPLC	2,742,706,868	-	-	2,742,706,868	10%	1,102,504,109	82,010,138	-	1,184,514,247	1,558,192,621
Core equipment-IIG	-	144,337,501	-	144,337,501	10%	-	7,216,875	-	7,216,875	137,120,626
Building	58,488,364	-	-	58,488,364	4%	8,728,759	995,192	-	9,723,951	48,764,413
Floor development	2,654,065	-	-	2,654,065	10%	1,353,669	65,020	-	1,418,689	1,235,376
Security barak & security wall	7,827,297	-	-	7,827,297	4%	1,171,069	133,125	-	1,304,193	6,523,104
Deep tube-well & pump house	2,343,837	-	-	2,343,837	10%	1,223,652	56,009	-	1,279,661	1,064,176
500 KV sub-station	3,284,000	-	-	3,284,000	15%	2,233,274	78,804	-	2,312,079	971,921
Power system	34,737,942	730,489	-	35,468,431	10%	18,135,712	866,636	-	19,002,348	16,466,083
Boundary wall	8,255,575	-	-	8,255,575	4%	1,235,145	140,409	-	1,375,554	6,880,021
Ducting from beach manhole	18,088,759	-	-	18,088,759	5%	5,458,891	315,747	-	5,774,638	12,314,121
Vehicles	28,286,712	-	-	28,286,712	20%	14,034,839	1,425,187	-	15,460,026	12,826,686
Office equipment and furniture	11,262,418	2,354,134	33,500	13,583,052	10%	3,798,990	489,203	3,350	4,284,843	9,298,209
Co-Location point	171,554	-	-	171,554	10%	70,253	5,065	-	75,318	96,236
Office decoration	2,788,091	1,445,075	-	4,233,166	10%	506,059	186,355	-	692,414	3,540,752
Sub-total	2,930,588,450	223,911,298	33,500	3,154,466,248		1,160,454,422	93,983,765	3,350	1,254,434,837	1,900,031,411
b. Revalued assets										
Land and land development	346,561,561	-	-	346,561,561	-	-	-	-	-	346,561,561
Sub-total	346,561,561	-	-	346,561,561		-	-	-	-	346,561,561
Total balance as at 31 December 2013 (a+b)	3,277,150,011	223,911,298	33,500	3,501,027,809		1,160,454,422	93,983,765	3,350	1,254,434,837	2,246,592,972

Bangladesh Submarine Cable Company Limited

Notes to the financial statements For the Half-Yearly ended 31 December 2013

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

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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 December 2013 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%

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 Charges

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.

	31.12.2013 Taka	30.06.2013 Taka
4. Property, plant and equipment		
Cost/ revaluation (A)		
Opening balance	3,277,150,011	3,264,989,704
Add: Purchased during the period	223,911,298	12,160,307
Less: Adjustment	33,500	-
Add: Increased due to revaluation	-	-
	<u>3,501,027,809</u>	<u>3,277,150,011</u>
Accumulated Depreciation (B)		
Opening balance as reported	1,160,454,422	967,945,643
Impact of correction of error	-	-
Restated opening balance	-	967,945,643
Add: Charged during the period	93,983,765	192,508,779
Less: Adjustment	3,350	-
	<u>1,254,434,837</u>	<u>1,160,454,422</u>
Written Down Value (A-B)	<u>2,246,592,972</u>	<u>2,116,695,589</u>

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

5. Deferred expenditure

Deferred Expenditure	(Note:5.1)	1,403,000	1,403,000
Less: Write off for the period		140,300	-
		<u>1,262,700</u>	<u>1,403,000</u>

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.140,300 has been written off for the period.

6. Trade and other receivables

Trade receivables, net	(Note:6.1)	837,517,756	755,919,751
Other receivables	(Note:6.2)	19,076,184	36,096,298
		<u>856,593,940</u>	<u>792,016,048</u>

6.1 Trade receivables, net

	31.12.2013 Taka	30.06.2013 Taka
Opening Balance	803,400,734	632,140,510
Add: Addition during the period	636,929,796	1,807,665,724
	1,440,330,530	2,439,806,234
Less: Collection during the period	546,859,855	1,636,405,500
Closing Balance	893,470,675	803,400,734
Less: Provision for bad and doubtful debts		
Opening Balance	47,480,983	23,678,556
Add: Addition during the period	8,471,936	23,802,427
	55,952,919	47,480,983
Trade receivables, net of provision	<u>837,517,756</u>	<u>755,919,751</u>

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

6.2 Other receivables	31.12.2013 Taka	30.06.2013 Taka
Dividend receivable	3,150	15,750
Receivable from ICB Securities Trading Co. Ltd.	16,965	7,180
FDR interest receivable from different Banks	10,425,968	19,482,066
Receivable from TM Malaysia	8,630,102	16,591,302
	19,076,184	36,096,298

Receivable from TM Malaysia is receivable against reimbursable meeting expenses.

7 Advances and deposits

Advances

Advance given to employees for foreign travelling	353,364	70,000
Advance to employees against expenses	123,003	96,825
Advance for Kuakata Land & Building Development	180,000	
Advance- REB, Kalikapur, Patuakhali	1,000	
Advance against investment in IIG	176,592	130,080,343
Advance for land purchase	-	900,000
Advance against SMW # 5	2,461,812	-
Advance for interior decoration	-	586,764
Advance for office rent (Note:7.1)	10,785,200	10,946,310
	14,080,971	142,680,242

Deposits

Security deposit - Duncan Products Ltd.	5,000	5,000
Security deposit - REB, Kalikapur, Patuakhali	2,760,000	
BTCL - for phone line	19,000	16,000
Uttara Bank Ltd. - for locker opening	-	-
CDBL - as security deposit	500,000	500,000
Security deposit - BTRC for International Internet Gateway (I	100,000	100,000
	3,384,000	621,000
	17,464,971	143,301,242

7.1 Advance for office rent

Opening balance	10,946,310	10,838,890
Add: Additional payment made during the period	-	2,000,000
	10,946,310	12,838,890
Less: Adjustment against rent during the period	161,110	1,892,580
	10,785,200	10,946,310

8 Advance income tax

Opening balance	93,697,824	48,636,375
Add: Payment made during the period	57,245,042	93,697,824
	150,942,866	142,334,199
Less: Settlement for previous period	-	48,636,375
	150,942,866	93,697,824

				31.12.2013	
				Taka	
9 Investment in shares					
Sl. #	Ordinary shares of	Quantity	Cost price (Taka)	Market value	
1	AB Bank Limited	64,106	2,657,646	1,679,577	
2	ACI Limited	2,160	764,727	370,440	
3	BATA SHOE	1,000	696,429	690,000	
4	BEXIMCO Limited	101,062	9,731,786	3,254,196	
5	IFIC Bank Ltd	35,000	1,246,849	1,200,500	
6	Islami Bank BD Limited	35,538	950,773	1,229,615	
7	JAMUNA OIL	19,600	4,392,420	4,135,208	
8	Meghna Petroleum	18,800	4,962,428	4,760,160	
9	NCC Bank Limited	150,957	2,353,521	1,977,537	
12	PADMA OIL	16,500	4,835,084	4,579,245	
13	SQUARE Pharma	14,600	2,633,585	2,776,920	
14	TTTAS GAS	29,000	2,242,120	2,140,200	
			37,467,368	28,793,597	

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 December 2013. 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.

		31.12.2013		30.06.2013	
		Taka		Taka	
10 Cash and cash equivalents					
Cash in hand	(Note:10.1)	829,047		236,076	
Cash at bank	(Note:10.2)	1,437,473,416		1,521,859,794	
		1,438,302,463		1,522,095,870	
10.1 Cash in hand					
Head Office-Dhaka		776,211		191,230	
Landing Station-Cox's Bazar		52,836		44,846	
		829,047		236,076	
10.2 Cash at bank					
Savings and current deposits with:					
Sonali Bank Limited		7,813,118		4,941,457	
National Bank-Kuakata		52,000			
Mutual Trust Bank Limited		28,277,766			
Ultra Bank Limited		-			
Brac Bank Limited		662,530		666,176	
IFIC Bank Limited		107,068		108,036	
United Commercial Bank Limited		95,238,891		49,344,235	
		132,151,373		55,059,904	
Time deposits (FDR) with:					
National Bank Ltd.		-		53,514,930	
Basic Bank Ltd.		648,889,869		321,073,272	
IFIC Bank Ltd.		30,000,000		75,618,682	
Investment Corporation of Bangladesh		-		442,976,674	
Sonali Bank Ltd.		326,565,686		204,218,750	
Bangladesh Krishi Bank Ltd.		175,747,808		55,843,750	
Bangladesh Commerce Bank Ltd.		32,864,738		21,753,122	
United Commercial Bank Ltd.		46,219,063		67,440,505	
Other banks		45,034,878		224,360,204	
		1,305,322,042		1,466,799,890	
		1,437,473,416		1,521,859,794	

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

	31.12.2013 Taka	30.06.2013 Taka
11 Share capital		
Authorized:		
1,000,000,000 ordinary shares of Taka 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up capital:		
14,99,14,100 Ordinary Shares of Taka 10 each	<u>1,499,141,000</u>	<u>1,303,600,870</u>
<p>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.</p>		
12 Share premium	<u>723,293,759</u>	<u>723,293,759</u>
<p>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.</p>		
13 Tax holiday reserve		
Opening balance	521,535,079	385,162,213
Add: Current Period's reserve (Note:3.7)	<u>20,255,607</u>	<u>136,372,866</u>
	<u>541,790,686</u>	<u>521,535,079</u>
14 Revaluation reserve		
Opening balance	<u>339,631,310</u>	<u>339,631,310</u>
Impact of changes in accounting policy	-	-
Restated opening balance	<u>339,631,310</u>	<u>339,631,310</u>
Add: Addition during the period (net of tax)	-	-
	<u>339,631,310</u>	<u>339,631,310</u>

		31.12.2013 Taka	30.06.2013 Taka
15 Deferred tax liabilities			
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-34. Deferred tax assets and liabilities are attributable to the following:			
Deferred tax relating to profit & loss account components	(Note-15.1)	186,926,124	183,541,565
Deferred tax relating to components of other comprehensive income	(Note-15.2)	6,931,251	6,931,251
		193,857,375	190,472,816

15.1 Deferred tax relating to profit & loss account components

	Carrying amount Taka	Tax base Taka	Taxable/(deductible) Temporary Difference
As at 31 December 2013			
Property, plant and equipment (excluding land)	1,815,294,344	1,062,385,001	752,909,343
Accounts receivable	837,517,756	893,470,675	(55,952,919)
Provision for pension and gratuity fund	(17,225,062)	-	(17,225,062)
Net Taxable Temporary Difference			679,731,362
Applicable tax rate			27.50%
Deferred tax liability			186,926,124

15.2 Deferred tax relating to components of other comprehensive Income

	Carrying Amount	Tax Base	Taxable/(deductible) temporary difference
As at 30 September 2013			
Revaluation reserve of property, plant and equip	346,562,561	-	346,562,561
Applicable tax rate			2.00%
Deferred tax liability			6,931,251

16 Security deposits received from clients

Opening Balance	129,792,124	58,387,402
Add: Addition during the period	11,996,055	96,654,804
	141,788,179	155,042,206
Less: Adjustment during the period	45,965,832	25,250,083
Closing Balance	95,822,346	129,792,124

17 Employees' pension and gratuity fund

Employees' pension fund	(Note-17.1)	14,486,254	13,808,952
Employees' gratuity fund	(Note-17.2)	2,738,808	2,738,808
		17,225,062	16,547,760

17.1 Employees' pension fund

This represents amount payable to BTCL employees worked on deputation and the amount incorporated in the vendor agreement. The above noted amount is adequate to take care of the liabilities on account of the employees worked for the Company as deputed from BTCL and therefore no additional provision has been made in the accompanying financial statements. The Company has provident fund.

	31.12.2013 Taka	30.06.2013 Taka
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
	2,738,808	2,738,808
18 Sundry creditors		
Share money deposit	119,622	123,122
M/S Care and Construction	-	33,500
Withholding tax payable	918,875	43,716
Unclaimed dividend	28,466,660	449,088
Fibre @ Home	-	128,777
Execution	-	20,000
TM Malaysia	28,692,080	-
Sony Chocolate & Industries Ltd.	2,673,000	-
Spectrum Engineering Consortium Ltd.	1,125,000	-
Engineering Trade Link Ltd.	82,836	-
Unique Source Inc.	113,276	-
Karim Printing Works	7,800	-
SA Rashid & Associates	23,000	-
	62,222,149	798,203
19 Provision for Income Tax		
Opening balance	230,476,717	110,201,553
Add: Provision made during the period	67,994,043	215,497,909
	298,470,760	325,699,462
Less: Adjustment made during the period	-	-
	298,470,760	325,699,462
Less: Settlement for previous period		
Tax paid	50,000,000	46,586,370
Adjustment from advance income tax	-	48,636,375
	50,000,000	95,222,745
Closing balance	248,470,760	230,476,717
20 Vat Payable	177,034,975	145,772,497
This represents the amount received, deducted and receivable from clients arising from International Private Leased Circuit (IPLC) rentals and IP Transit		
21 Accrued expenses		
Office rent (Note - 21.1)	4,800,000	4,800,000
Audit & other fees	-	218,500
Telephone bill	-	22,298
Electricity bill	216,162	474,781
Advertisement & publicity	-	88,494
Others	9,364	13,764
	5,025,526	5,617,837
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	4,800,000	4,800,000

	July- Dec-2013 Taka	July- Dec-2012 Taka	Oct-Dec-2013 Taka	Oct-Dec-2012 Taka
22 IPLC (International Private Leased Circuit) Rent				
IPLC (International Private Leased Circuit) rent is billed at the beginning of each month and recognized as income on delivery of the bills to clients. It includes the following:				
IPLC rent- local	419,016,668	647,342,019	184,567,476	337,180,430
IP Transit Charge	11,928,071	-	8,756,319	-
	<u>430,944,739</u>	<u>647,342,019</u>	<u>193,323,795</u>	<u>337,180,430</u>
23 Circuit activation charge-IPLC	1,040,000	19,520,000	730,000	13,120,000
Circuit activation charge-IP Transit	340,000	-	180,000	-
	<u>1,380,000</u>	<u>19,520,000</u>	<u>910,000</u>	<u>13,120,000</u>
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	2,826,330	1,553,231	1,313,520	1,024,552
Fuel for generator	848,668	389,881	385,768	276,690
	<u>3,674,998</u>	<u>1,943,112</u>	<u>1,699,288</u>	<u>1,301,242</u>
25 Landing station and cable route repair	<u>797,392</u>	<u>361,313</u>	<u>466,456</u>	<u>251,358</u>
This cost is directly related to repair and maintenance for landing station and cable route.				
26 Depreciation of core machinery	<u>89,227,013</u>	<u>72,897,900</u>	<u>44,613,507</u>	<u>36,448,950</u>
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	<u>57,674,521</u>	<u>60,930,767</u>	<u>28,692,080</u>	<u>24,254,028</u>
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.				

	July- Dec-2013 Taka	July- Dec-2012 Taka	Oct-Dec-2013 Taka	Oct-Dec-2012 Taka
28 General and administrative expenses				
Salary and allowances	16,926,655	12,300,484	7,595,596	6,479,641
Managing Director's remuneration	1,781,150	1,697,700	741,725	539,925
Office rent	4,009,500	3,340,012	2,004,750	2,338,875
Repair and maintenance	4,956,907	2,453,177	3,361,849	1,876,177
Board and other meetings fees	1,286,585	734,234	598,962	318,925
Consultancy fees	797,170	151,000	736,170	71,500
Consortium meeting expenses	1,967,885	1,569,679	863,290	1,022,099
Advertisement and publicity expenses	856,170	352,910	375,577	239,605
Vehicles running expenses	953,459	610,135	409,717	346,802
Travelling & conveyance	1,828,886	1,960,232	303,853	1,198,512
Printing and Office stationery	2,664,778	1,507,212	2,482,149	113,013
Postage and courier expenses	16,575	17,299	11,913	7,434
Entertainment	572,974	307,180	335,282	160,046
AGM expenses	1,851,479	1,606,334	1,685,154	2,907,326
Bank charges and commission	176,150	136,622	101,877	111,858
Rent, Rates & Taxes	57,077	-	57,077	-
CSR Expenses	300,000	-	300,000	-
Telephone Bill	56,297	2,123	52,101	2,123
	41,059,697	28,746,333	22,017,042	17,733,861
29 Provision for bad & doubtful debts				
Closing balance of provision for bad & doubtful debts (Note:6.1)	55,952,919	12,672,973	55,952,919	-
Opening balance of provision for bad & doubtful debts	47,480,983	-	51,125,131	-
	8,471,936	12,672,973	4,827,788	-

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

		July- Dec-2013 Taka	July- Dec-2012 Taka	Oct-Dec-2013 Taka	Oct-Dec-2012 Taka
30 Depreciation on property, plant and equipment		4,756,752	4,334,315	2,378,376	2,163,956
	This represents the depreciation charged on other than core machinery. For further details Annexure-A is referred.				
31 Bank interest and other income					
Rest house rent and others		208,241	130,195	138,226	85,885
Interest on FDR and others		88,629,679	89,072,662	43,486,690	15,829,592
Landing Station Cross Connection Charges		7,741,440	-	5,806,080	-
Compensation from TM Malaysia		-	792,773	-	-
		96,579,360	89,995,630	49,430,996	15,915,477
32 Gain/(loss) on investment in shares					
Closing market value of investment	(Note:9)	28,793,597	-	28,793,597	-
Add:Purchase during the Period		24,987,692	-	24,987,692	-
Opening market value of investment	(Note:9)	5,051,255	-	4,305,004	-
		(1,245,350)	-	(499,099)	-
33 Deferred tax (income)/expense					
Closing balance of deferred tax liability	(Note:15)	193,857,376	203,534,889	193,857,376	207,744,676
Opening balance of deferred tax liability		190,472,816	179,014,051	192,721,806	179,014,051
Deferred tax (income)/expense		3,384,559	24,520,838	1,135,570	28,730,625
34 Basic Earning Per Share (EPS)					
Profit attributable to ordinary shareholders (A)		246,229,267	492,392,122	104,918,926	229,992,605
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)*		1.64	3.78	0.70	1.76
Basic Earning Per Share (EPS)-Restated					
Profit attributable to ordinary shareholders (A)		246,229,267	492,392,122	104,918,926	229,992,605
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)*		1.64	3.28	0.70	1.53

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.

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.

	July- Dec-2013 Taka	July- Dec-2012 Taka
35 Net operating cash flows per share (NOCFPS)		
Net cash flows from operating activities (A)	319,604,473	150,443,635
Weighted average number of ordinary shares (B)	149,914,100	130,360,087
Net operating cash flows per share (NOCFPS)	<u>2.13</u>	<u>1.15</u>
	31.12.2013	30.06.2013
36 Bandwidth capacity	Gbps	Gbps
Present Capacity	200.00	200.00
Utilization	27.94	38.75
Percentage of utilization	<u>13.97%</u>	<u>19.38%</u>
37 Contingent liabilities and commitments	31.12.2013 Taka	30.06.2013 Taka
Bank guarantees given to customs authority	528,000	528,000
Office rent*	6,738,180	6,738,180
	<u>7,266,180</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.