

'If you have any query about this document, you may consult issuer, issue manager and underwriter'

**PROSPECTUS
FOR
REPEAT PUBLIC OFFERING**



**Of
BANGLADESH SHIPPING CORPORATION
For**

6,274,000 Ordinary Shares of Tk. 100.00 each at an issue price of Tk. 500.00 per share
(including a premium of Tk. 400.00 each) totaling Tk. 3,137,000,000.00

OPENING DATE FOR SUBSCRIPTION: October 09, 2011

CLOSING DATE FOR SUBSCRIPTION: October 13, 2011

For Non-Resident Bangladeshi (NRB) Quota, Subscription Closes on: October 22, 2011

Underwriters:

Union Capital Limited Noor Tower, 5th Floor, 1/F, Free School Street, 73, Sonargaon Road, Dhaka.	EXIM Islami Investment Ltd. Printers Building (5th Floor), 5, Rajuk Avenue, Motijheel C/A, Dhaka.	Crystal Insurance Co. Ltd. Lal Bhaban (10th Floor), 18, Rajuk Avenue, Motijheel C/A, Dhaka – 1000.
Swadesh Investment Mgt. Ltd. Suite no. 01, Level-11, Unique Trade Centre (UTC), 8, Panthapath, Dhaka.	Janata Capital & Investment Ltd. 57 Purana Paltan, Dhaka	ICB Capital Management Ltd. BDBL Bhaban (Level: 16), 8 DIT Avenue, Dhaka.
IFIC Bank Limited BDBL Building (8 th -10 th , 16 th -19 th Floor) 8, Rajuk Avenue, Dhaka-1000	Bank Asia Limited Rangs Tower, 68 Purana Paltan, Dhaka-1000	Sonali Investment Ltd. Sara Tower, 11 th Floor, 11/A, Toynbee Circular Road, Motijheel C/A, Dhaka-1000.
Bangladesh Mutual Securities Ltd. Shareef Mansion (7th Floor), 56-57 Motijheel C/A, Dhaka.	IIDFC Capital Limited Eunoos Trade Center, 52-53 Dilkusha C/A, Dhaka.	Social Islami Bank Ltd. 15 Dilkusha C/A, Dhaka-1000.
Trust Bank Investment Ltd. Peoples Insurance Bhaban, 36, Dilkusha C/A, Dhaka.	Sonali Bank Ltd. Head Office, 35-44 Motijheel C/A, Dhaka-1000.	Banco Finance & Investment Ltd. Ispahani Building (3rd Floor), 14-15, Motijheel, Dhaka.
PLFS Investments Ltd. Paramount Heights, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka.		

Issue Date of the Prospectus: September 05, 2011

Present Trading category of the Corporation: "A"



**MANAGER TO THE ISSUE
ICB CAPITAL MANAGEMENT LIMITED
(A SUBSIDIARY OF ICB)**

BDBL Bhaban, Level: 16, 8 DIT Avenue, Dhaka - 1000.

Phone: 7160326-7, e-mail: ceocmcl@accesstel.net Website: www. icbcml.com.bd

CREDIT RATING STATUS	
Rating : Long term : AAA (Triple A)	Short term: ST-1
Stand alone : Long term : BBB	Short term: ST-4
Date of Rating :	January 12, 2011
Rating Assigned By : Credit Rating Information & Services Ltd. (CRISL)	

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/ CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR."

**BANGLADESH SHIPPING CORPORATION
REGISTERED OFFICE**

BSC Bhaban, Saltgola Road, Chittagong, Bangladesh

Tel: PABX: 2521162-68, Fax: 88-031-710506, 722380, E-mail: info@bsc.gov.bd, Website: www. bsc.gov.bd

Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

Allotment	:	Letter of allotment for shares
BB	:	Bangladesh Bank
BO	:	Beneficial Owner
BPC	:	Bangladesh Petroleum Corporation
BCIC	:	Bangladesh Chemical Industries Corporation
CDBL	:	Central Depository of Bangladesh Limited
CIB	:	Credit Information Bureau
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
Certificate	:	Share Certificate
DSE	:	Dhaka Stock Exchange Limited
FC Account	:	Foreign Currency Account
RPO	:	Repeat Public Offering
ICML	:	ICB Capital Management Limited
RPO	:	Repeat Public Offering
Commission/SEC	:	Securities and Exchange Commission
The Corporation/Issuer/BSC	:	Bangladesh Shipping Corporation
Issue	:	Public Issue
SC	:	Share Certificate
RJSC	:	Registrar of Joint Stock Companies & Firms
MP	:	Market Price
NRB	:	Non Resident Bangladeshi
NBR	:	National Board of Revenue
NAV	:	Net Asset Value of the Corporation
Offering Price	:	Price of the securities of BSC being offered
Registered Office	:	Head Office of the Corporation
Stockholder	:	Shareholder
STD Account	:	Short Term Deposit Account
Securities	:	Shares of Bangladesh Shipping Corporation
Securities Market	:	The Share market of Bangladesh
Subscription	:	Application money
Sponsors	:	The Sponsor shareholders of Bangladesh Shipping Corporation
DWT	:	Deadweight Ton
BMRE	:	Balancing, Modernization, Reorganization and Expansion
EOI	:	Expression Of Interest
ECNEC	:	Executive Committee for National Economic Council

AVAILABILITY OF PROSPECTUS

Information Document of the Corporation is available at the following addresses:

Company	Contact Person	Contact Number
Bangladesh Shipping Corporation BSC Bhaban, Saltgola Road, Chittagong.	Golam Hossain Company Secretary	031-724479
Manager to the Issue	Contact Person	Contact Number
ICB Capital Management Ltd. BDBL Bhaban (Level: 16), 8 DIT Avenue, Dhaka.	Nasir Uddin Ahmed Chief Executive Officer	02-7160422, 7160326-27, 9563455
Underwriters	Contact Person	Contact Number
ICB Capital Management Ltd. BDBL Bhaban (Level: 16), 8 DIT Avenue, Dhaka.	Nasir Uddin Ahmed Chief Executive Officer	02-7160422, 7160326-27, 9563455
Janata Capital & Investment Ltd. 57 Purana Paltan, Dhaka.	Md. Saif Ullah Deputy General Manager	9564825, 7176421
Bank Asia Limited Rangs Tower, 68 Purana Paltan, Dhaka-1000	S.M. Khorshed Alam Managing Director (CC)	9514820-1,9515128-30
Union Capital limited Noor Tower, 5th Floor, 1/F, Free School Street, 73, Sonargaon Road, Dhaka.	Abul Munim Khan EVP & Head of Business	9662888
IFIC Bank Limited BDBL Building (8 th -10 th , 16 th -19 th Floor) 8, Rajuk Avenue, Dhaka-1000	Sk. Rashid Ahmed EVP & Head of Treasury & International Banking	9363020, 9562060, 9562062, 9562068
Bangladesh Mutual Securities Ltd. Shareef Mansion (7th Floor), 56-57 Motijheel C/A, Dhaka.	Md. Golam Sarwar Bhuiyan Managing Director	9567007, 9570624
Swadesh Inv. Management Ltd. Suite no. 01, Level-11, Unique Trade Centre (UTC), 8, Panthapath, Dhaka-1215.	Mamun Ahmed Managing Director	8158166
IIDFC Capital Limited Eunoos Trade Center 52-53 Dilkusha C/A, Dhaka.	Md. Anwar Hossain Chief Executive Officer	9514637-8
EXIM Islami Investment Ltd., Printers Building (5th Floor), 5, Rajuk Avenue, Motijheel C/A, Dhaka	Abu Hena Md. Mohsin Vice President	01730069696
Banco Finance & investment Ltd. Ispahani Building (3rd Floor), 14-15, Motijheel, Dhaka.	Kazi Saifur Rahman, FCA Managing Director & CEO	9564922, 01190354684
Crystal Insurance Company Ltd. Lal Bhaban (10th Floor), 18, Rajuk Avenue, Motijheel C/A, Dhaka – 1000.	M.A. Latif Miah Managing Director	9571715
PLFS Investments Ltd. Paramount Heights, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka.	Mustofa Kamal Chief Executive Officer	7119654
Trust Bank Investment Ltd. Peoples Insurance Bhaban, 36, Dilkusha C/A, Dhaka.	Shahud Ahmed Senior Vice President	9570261
Sonali Bank Limited Head Office, 35-44 Motijheel C/A, Dhaka-1000.	Kaniz Fatema Choudhury Deputy General Manager	9551011
Sonali Investment Ltd. Sara Tower, 11 th Floor, 11/A, Toynbee Circular Road, Motijheel C/A, Dhaka-1000.	Dr. Md. Waliar Rahman Chief Executive Officer	9556940, 9568777
Social Islami Bank Limited 15 Dilkusha C/A, Dhaka-1000.	Mohammad Ali Managing Director	9559014, 9565647, 9557499

Stock Exchanges	Available at	Contact Number
Dhaka Stock Exchange Ltd. 9/F Motijheel C/A, Dhaka-1000.	DSE Library	02-9564601-7, 7175705-9
Chittagong Stock Exchange Ltd. CSE Building, 1080 Sheikh Mujib Road, Chittagong.	CSE Library	031-714632-3, 031-720871-3

The prospectus is available on the websites of SEC (www.sec.gov.bd), DSE (www.dse.gov.bd), CSE (www.cse.gov.bd), Issue Manager (www.icbcl.com.bd), Issuer (www.bsc.gov.bd) and Public Reference Room of the Securities and Exchange Commission (SEC) for reading and study.

Auditor's Information (For the year ended 30 June 2010)

Name	Address	Telephone
A. QASEM & CO. Chartered Accountants	Southland Centre (3 rd Fl.), Agrabad C/A, Chittagong.	880-31-718066
Khan Wahab Shafique Rahman & Co. Chartered Accountants	Ibrahim Building (3 rd Fl.), Agrabad C/A, Chittagong.	2520056

TABLE OF CONTENTS

<u>Particulars</u>	<u>Page No.</u>
Conditions under Section 2CC of SEC.....	6-10
Disclosure in respect of issuance of security in demat form	10
Declaration about the responsibility of the Directors including the CEO of the issuer company in respect of prospectus	11
Consent of Director (s) to serve as Director (s).....	12
Due Diligence Certificate from the Issue Manager.....	13
Due Diligence Certificate from the Underwriters.....	14
Risk Factors & Management’s perception regarding risks.....	14-17
Capital Structure	17-18
Purpose of Repeat Public Offering (RPO) / Use of Proceeds	19
Description of Business.....	19-22
Description of Property.....	22-23
Plan of Operation and Discussion of Financial Condition.....	23-24
Directors and officers of the Corporation.....	28
Directors involvement in other organization	28
Short Bio-data of Directors.....	28-31
Involvement Of Directors and Officers In Certain Legal Proceedings.....	32
Certain Relationships And Related Transactions.....	32
Executive Compensation.....	33
Options Granted to Officers, Directors and Employees	34
Transaction with the Directors and Subscribers to the Memorandum.....	34
Tangible Assets per share	34
Ownership of the Corporation’s securities.....	35
Justification of Determination of Offering Price.....	36-38
Market for the Securities being Offered.....	38
Description of Securities Outstanding or being Offered.....	38-40
Debt Securities.....	40
Refund of Subscription Money.....	40-41
Subscription By and Refund To Non-Resident Bangladeshi (NRB).....	41
Availability of Securities.....	41-42
Underwriters.....	42
Corporate Directory.....	46
Bankers to the Issue.....	47
Auditors Reports & Accounts.....	48-67
Auditors’ Report in pursuance of Section 135(1) under Para 24(1) of Part-II of the Third Schedule of the Companies Act 1994.	68-70
Application Form for other than Non-Resident Bangladeshis.....	71
Instructions.....	72-73
Banker to the Issue	74
Application Form (NRB).....	75
Instructions.....	76-77
Additional disclosure by Auditor reagrdng Authorized Capital & EPS.....	78-79
Additional disclosure by management	80-81
Credit Rating Report.....	82-99

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The corporation shall go for Repeat Public Offer (RPO) for 62,74,000 Ordinary Shares of Tk.100.00 each at an issue price of Tk. 500.00 each including premium of Tk. 400.00 per share totaling of Tk. 313,70,00,000.00(Three hundred thirteen crore and seventy lac) following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The corporation shall disseminate the above information to the Stock exchanges within half an hour of receipt of this letter.
3. The corporation shall disseminate the receipt of the Commission's approval along with the purpose and amount of the issue, price of the shares etc. as a **price sensitive information**, as prescribed by the Commission.
4. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 3 (Three) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within 3 (Three) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted prospectus in "MS -Word" format.
5. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
6. The corporation shall submit 40 (Forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
7. The issuer corporation and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within 5 (Five) working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within 2 (Two) working days from the date of said dispatch of the prospectus and the forms.

8. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
9. The corporation shall maintain separate bank account(s) for collecting proceeds of the Repeat Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for RPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The corporation shall open the above-mentioned accounts for RPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh.
10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer corporation within the closing date of the subscription so as to reach the same to the corporation by the closing date plus 9 (Nine) days. Applications received by the corporation after the above time period will not be considered for allotment purpose.
12. The corporation shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank Ltd, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, wherever applicable.
13. The Corporation and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 5 (Five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the bankers to the issue.
15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (Two) CDs and final status of subscription to the Commission within **3 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. **10%** of total public offering shall be reserved for non-resident Bangladeshi (NRB) and **10%** for mutual funds and collective investment schemes registered with the Commission, and the remaining **80%** shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the managers to the issue shall jointly conduct an open lottery of all the applicants added together.
17. All the applicants shall first be treated as applied for one minimum market lot of 5 **shares worth Taka 2,500/-** (Two thousand five hundred only). If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
18. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of the application money may be forfeited by the Commission.**
19. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application. Otherwise the application will be considered invalid and subscription may be forfeited**
20. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.
21. The corporation shall issue share allotment letters to all successful applicants within **5 (Five) weeks** from the date of the subscription closing. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition no. 20 above.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the RPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.

A compliance report in this regard shall be submitted to the Commission within 7 (Seven) weeks from the date of closure of subscription.
22. The corporation shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
23. In the event of under-subscription of the public offering, the entire unsubscribed portion of securities shall be taken up by the underwriter(s). The issuer must notify the underwriters to take up the underwritten shares within 10 (Ten) days of the closing of subscription on full payment of

the share money within 15 (Fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

24. The corporation shall apply to the stock exchanges for listing within 7 (Seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
25. The Corporation shall not declare any benefit other than cash dividend based on financial statement for the year ended June 30, 2010.

PART-B

1. The issuer and the Issue Manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer corporation and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Repeat Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The corporation shall furnish report to the Commission and to the stock exchanges on utilization of Public Offering proceeds within **15 (Fifteen) days** of the closing of **each month** until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the corporation's bank account(s).
7. Proceeds of the repeat Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders Meeting under intimation to SEC and stock exchanges.
8. Directors on the Corporation's Board will be in accordance with applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer corporation.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.

2. The corporation and the issue manager shall ensure due compliance of all the above conditions and the Securities and Exchange Commission (Public Issue) Rules, 2006.

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

As per provisions of the Depository Act, 1999 and regulations made there under, shares of the Corporation will only be issued in dematerialized condition. An applicant must apply for allotment of shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

GENERAL INFORMATION

1. **ICB Capital Management Limited** (the Manager to the Issue) has prepared this prospectus based on the information provided by **Bangladesh Shipping Corporation** (the Issuer) and also upon several discussions with the Chairman, Managing Director and concerned executives of the Corporation. The Directors including Managing Director of Bangladesh Shipping Corporation and ICB Capital Management Ltd. collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
2. No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation or Issue Manager.
3. The Issue as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh, forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

4. A copy of this Prospectus may be obtained from the Head Office of Bangladesh Shipping Corporation, ICB Capital Management Limited, the Underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE MD OF THE ISSUER CORPORATION “BANGLADESH SHIPPING CORPORATION” IN RESPECT OF PROSPECTUS.

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the Prospectus, Documents, Financial Statements, Exhibits, Annexes, Papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this Public Issue and Prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this Prospectus to enable the investors to make a well-informed decision for investment.

Sd/-
Shajahan Khan, M.P
Hon’ble Minister,
Ministry of Shipping

Sd/-
Md. Abdul Mannan Howlader
Secretary, Ministry of Shipping

Sd/-
Dr. Chowdhury Saleh Ahmed
Director General, Monitoring Cell,
Finance Division, Ministry of Finance

Sd/-
Md. Golam Mowla
Executive Director (Finance)

Sd/-
Mostafa Kamal Uddin
Executive Director (Commercial)

Sd/-
Md. Saeed Ullah
Executive Director (Technical)

Sd/-
Commodore Moqsumul Quader
Managing Director

CONSENT OF DIRECTOR (S) TO SERVE AS DIRECTOR (S)*

As per Bangladesh Shipping Corporation order 1972 (P.O. NO-10 of 1972) amended in 1989, We hereby agree that We have been working as ex-officio Director(s) of Board of Directors of Bangladesh Shipping Corporation and continue to act as a Director of the Corporation as per Govt. desires.

Sd/-
Shajahan Khan, M.P
Hon’ble Minister,
Ministry of Shipping

Sd/-
Md. Abdul Mannan Howlader
Secretary, Ministry of Shipping

Sd/-
Dr. Chowdhury Saleh Ahmed
Director General, Monitoring Cell,
Finance Division, Ministry of Finance

Sd/-
Md. Golam Mowla
Executive Director (Finance)

Sd/-
Mostafa Kamal Uddin
Executive Director (Commercial)

Sd/-
Md. Saeed Ullah
Executive Director (Technical)

Sd/-
Commodore Moqsumul Quader
Managing Director

*As per provision of the PO-10, the board of directors of the corporation consists of seven members, headed by the honorable minister, Ministry of Shipping as its chairman and secretary, Ministry of Shipping, joint secretary, finance division, Ministry of finance, managing director and three others executive directors are appointed by the Government.

**DECLARATION ABOUT FILING OF PROSPECTUS WITH
THE REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS**

A dated and signed copy of this Prospectus to be filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required under Section 138(1) of the Companies Act, 1994 before the date of publication of this prospectus in the newspaper.

**DECLARATION BY THE ISSUER ABOUT THE APPROVAL
FROM SEC FOR ANY MATERIAL CHANGES**

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

For Issuer

Sd/-
(Commodore Moqsumul Quader)
Managing Director
Bangladesh Shipping Corporation

**DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL
FROM SEC FOR ANY MATERIAL CHANGES**

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

For Manager to the Issue

Sd/-
(Nasir Uddin Ahmed)
Chief Executive Officer
ICB Capital Management Limited

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Sub: 6,274,000 Ordinary Shares of Tk. 100.00 each at an issue price of Tk. 500.00 per share (including a premium of Tk. 400.00 each) totaling Tk. 3,137,000,000.00

We, the under-noted Manager to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussion with the issuer Corporation, its directors and officers, and other agencies, independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the issuer Corporation.

WE CONFIRM THAT:

- a. The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b. All the legal requirements connected with the said issue have been duly complied with; and
- c. The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-

(Nasir Uddin Ahmed)

Chief Executive Officer

ICB Capital Management Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER (S)

Sub: 6,274,000 Ordinary Shares of Tk. 100.00 each at an issue price of Tk. 500.00 per share (including a premium of Tk. 400.00 each) totaling Tk. 3,137,000,000.00

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned Issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussion with the issuer Corporation, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer Corporation.

WE CONFIRM THAT:

- a. All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- b. We shall subscribe and take up the un-subscribed securities against the above mentioned public issue within 15(fifteen) days of calling up thereof by the issuer; and
- c. This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-

(Managing Director/Chief Executive Officer)

Union Capital Limited	EXIM Islami Investment Ltd.	Bank Asia Limited
Swadesh Investment Mgt. Ltd.	Janata Capital & Investment Ltd.	IIDFC Capital Limited
IFIC Bank Limited	Trust Bank Investment Ltd.	Crystal Insurance Co. Ltd.
Bangladesh Mutual Securities Ltd.	Banco Finance & Investment Ltd.	Social Islami Bank Ltd.
Sonali Bank Ltd.	Sonali Investment Ltd.	ICB Capital Management Ltd.
PLFS Investments Ltd.		

RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

The Corporation is in service in such a field that involves a number of external/internal risks. Some can be prevented and some are away from managing which may conduct loss. Investors should be alert about the risks and the management's perception about the risks.

The external and internal risk factors and the management's perception are furnished below: -

Interest Rate Risk

Interest rate risk is caused by interest bearing assets of an organization and paid against any kind of borrowed fund. Changes in the government's monetary policy along with increased demand for loans/ investments tend to raise interest rates. Any inauspicious change in interest rate structure may affect the organization's business adversely. Unpredictability of money market, which ultimately imposes upward pressure on interest rate, may grind down profitability.

Management Perception

The management of the Corporation is always aware of interest rate, which is connected to the cost of fund of the Corporation. The Management prefers procuring the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Corporation is emphasizing on equity based financing.

Exchange rate risks

Deflation of local currency against major international currencies adversely affects business performance of import based companies or companies run under in foreign currency.

Management Perception

Since BSC, a Corporation runs under foreign currency, is allowed to maintain F/C accounts outside Bangladesh that provides a great advantage over CAF (Currency Adjustment Factor) which reduces exchange rate risk.

Industry Risks

The shipping industry has witnessed disputes such as impact on high fuel price together with world economic slowdown. But sea going vessels are considered as industry and given facilities similar for export industry by Bangladesh Government (Ref- Gazette Notification 22 Aug 1994). The local industry does not have such disturbed environment and has immense opportunities for growth.

Management Perception:

Informatively risk of the vessels is covered by hull insurer and third party risk covered by P&I Club. The management of the Corporation believes that being an organization ensuring national food & fuel security and through quality service, reliability and timeliness, risks will be covered to a great extent as this sector has positive growth opportunities in Bangladesh.

Market Risks

Market risk refers to the risk of unfavorable market conditions upsetting the revenues and profitability of the Corporation. It arises from declining demand that affects the overall performance. In contrast, strong marketing and brand management would help to increase dedicated customer base.

Management Perception:

BSC's Ship is old multipurpose carrier whereas liner service is available. The ships are moving only one to one port tramping service. So at present BSC carry only 7% of total imports/exports of Bangladesh. Besides, the management is fully aware of this risk and has planned to act accordingly.

Technology/Technical Risks

Rapid technology change is a crucial risk. At present the world is going through technological revolution. Any serious changes in technology may affect the service. Technological changes are sensible to shipping business. So shipping operation is highly technology oriented and its profitability depends on its operational skills. Most of the tools and machineries for maintaining the ship are not available in domestic market. So, Non-operation of ships for any amount of time may incur a large amount of Fixed Operating Cost (FOC).

Management Perception:

BSC as a well experienced government organization for providing shipping service is well aware of technological aspect. It has an experienced technical department to overcome any types of technical risk which also ensure smooth sailing. Moreover, BSC has plan to operate the tanker with technical and operational support from a well reputed third party ship management company for first few years.

Potential or Existing Government Regulatory Risks

The Corporation operates according to the President Order no. 10 of 1972, Income Tax Ordinance 1984, Customs Act, 1976, Value Added Tax (VAT) Act 1991 and rules, regulations and notifications made under these laws. Any unexpected changes of the policies made by the regulatory authorities may unfavorably distress the business of BSC.

Management Perception:

BSC is the leading fuel carriers of the country which ensures national fuel security. This Corporation, being the preserver of national interest, is operating by following all laws, rules and regulations strictly. Government considers ship owning and rendering related services as export industry and cargo carriage is ensured under the privilege of flag protection rule.

Potential change in global or national policies & Management Perception:

Geographically Bangladesh is being in between India and China attracting global attention of shipping service. In addition, booming population growth of Bangladesh made the Country import oriented thus ultimately helping for development of Corporation's capacity.

Operational risks & Management Perception:

Shipping is naturally very risk oriented service. Ship at sea, ship at berth, cargo loading and discharging all are risk factors. Shipping business being handled by highly professional hands are run under minimum risk.

Input Cost Risks

Input cost risk occurs while procuring resources in high global demand. Increasing demand and supply shortages create volatility in commodity values consequently timing, quantity and price of purchase must be closely planned. Input costs, such as fuel, salary of ship personnel, represent direct costs in the industry.

Management Perception:

Management of BSC would hedge their exposure to input price volatility by charging for contingency against such inputs in selling prices.

Risk related with approval from ECNEC for procurement of Mother Tanker

BSC invited EOI for procuring a Mother Tanker (MT). Document and other related statements have already been sent to the Ministry of Shipping dated 10-08-2011 for further approval from ECNEC.

Management perception

As per Government rules and regulations, BSC management is going ahead to implement the procurement of the proposed mother tanker. Pre-feasibility study of MT has completed and found that the project is viable and beneficial for BSC and also for the nation. Govt. has also given highest priority to implement this project as it is related with national fuel security. A well experienced and expert team of BSC is working to follow up both projects. It is expected that since this matter is the top most priority, Govt. will do the needful at the earliest in order to ensure national fuel security.

CAPITAL STRUCTURE OF THE CORPORATION

The capital structure of Bangladesh Shipping Corporation before and after RPO is depicted below:

Sl. No.	Particular	No. of Share	(Amount in Tk.)
A.	Authorized Capital Before RPO *		<u>4,000,000,000.00</u>
B.	Paid-up Capital (Existing)	2,000,000	200,000,000.00
C.	Capital Issue Through RPO	6,274,000	627,400,000.00
D.	Total capital structure after RPO (B+C)	<u>8,274,000</u>	<u>827,400,000.00</u>
E.	To be converted Govt. equity into share capital	5,345,200	534,520,000.00
F.	Total Capital Structure After conversion Govt. Equity in to Share Capital & issue of share through RPO (D+E)	<u>13,619,200</u>	<u>1,361,920,000.00</u>
G.	Premium on RPO (62,74,000*400)		<u>2,509,600,000.00</u>
H.	Premium on converted Govt. share capital (53,45,200*400)		<u>2,138,080,000.00</u>

*As per Auditors (SHAFIQ BASAK & CO. & RAHMAN MOSTAFA ALAM & CO.) certificate dated June 23, 2011 the Corporation has increased its Authorized Capital to Tk. 400.00 (four hundred) crore divided into 400,00,000 ordinary shares of Tk. 100.00 each reference to proclamation and passing of Bangladesh Shipping Corporation (Amendment) Bill, 2006 in the Bangladesh Parliament on 13-09-2006 and Gazette Notification dated 20-09-2006.

Bangladesh Shipping Corporation in its 262nd meeting of the Board of Directors held on 10-08-2011 has decided in principle to convert its Government equity into share capital of Tk. 2,672,600,000.00 with premium.

STATEMENT REGARDING HOLDING OF AGM INCLUDING DIVIDEND DECLARED OF THE CORPORATION

Sl. No.	Date of AGM	Financial Year	Rate of Dividend
01	30-03-1979	1977-78	Nil
02	08-02-1980	1978-79	Nil
03	17-04-1981	1979-80	20%
04	30-12-1982	1980-81	20%
05	23-12-1983	1981-82	10%
06	20-08-1985	1982-83	10%
07	29-12-1985	1983-84	10%
08	12-07-1986	1984-85	Nil
09	12-04-1988	1985-86	Nil
10	12-08-1990	1986-87	Nil
11	12-08-1990	1987-88	Nil
12	31-08-1992	1988-89	Nil
13	31-08-1992	1989-90	Nil
14	31-12-1992	1990-91	Nil
15	26-06-1993	1991-92	Nil
16	30-12-1993	1992-93	Nil
17	31-12-1994	1993-94	Nil
18	31-12-1995	1994-95	Nil
19	19-12-1996	1995-96	Nil
20	07-04-1999	1996-97	Nil
21	07-04-1999	1997-98	Nil
22	15-06-2005	1998-99	Nil
23	15-06-2005	1999-00	Nil
24	15-06-2005	2000-01	Nil
25	15-06-2005	2001-02	Nil
26	15-06-2005	2002-03	Nil
27	15-06-2005	2003-04	5%
28	27-12-2006	2004-05	10%
29	17-01-2007	2005-06	10%
30	31-01-2008	2006-07	10%
31	30-05-2009	2007-08	10%
32	03-04-2010	2008-09	Nil
33	19-01-2011	2009-10	10%

Sd/-

(Commodore Moqsumul Quader)

Managing Director

Utilization of previous IPO Fund

IPO fund had been utilized to expand capital base as well as business of the Corporation.

Sd/-

(Commodore Moqsumul Quader)

Managing Director

Use of proceeds of RPO Fund & Implementation schedule

Sl. No.	Particulars	Estimated Projects Cost (Taka in crore)/ utilization from RPO fund	Sources of Fund	Approximate date of completion of the projects
a)	Procurement of 1 second hand (around 10 years old) 1,00,000-1,25,000 DWT mother tanker	350/105	*From RPO fund & strategic partner	June, 2012
b)	Procurement of 1 second hand (not more than 10 years old) 30,000-35,000 DWT product carrier	209.20	From RPO fund	June, 2012
Total		314.20		

* Mother Tanker will be procured through joint venture, out of which Bangladesh Shipping Corporation will bear 30% equivalent Tk. 105 crore & remaining 70% will be borne by the strategic partner.

Sd/-

Commodore Moqsumul Quader

Managing Director

&

Executive Director (Finance-Addl. Charge)

Bangladesh Shipping Corporation

There are no terms of contacts covering any of the activities relating with use of RPO proceeds.

DESCRIPTION OF BUSINESS

Corporate Status and Background

Bangladesh Shipping Corporation is a statutory Government Organization and is regulated by President Order No. 10 of 1972. The Corporation has started its business in 5th February 1972 with the aims of rendering shipping services by ocean carriage of cargo in international trade by engaging ocean going vessels of BSC. The Corporate & head office of the Corporation situated at BSC Bhaban, Saltgola Road, Chittagong, Bangladesh.

Corporate Information

Date of Incorporation (As per PO-10) : 5th February 1972
 Public Issue of Shares : 1977
 Listing in DSE : 5th August, 1977
 Listing in CSE : November 1995

Nature of Business

The Corporation renders shipping service by Ocean carriage of cargo in international trade by engaging ocean going vessels of BSC.

Principal Products

Ocean carriage of exports/imports of the country. The Principal services are as under:-

- a. Crude oil transportation A/C Bangladesh Petroleum Corporation.
- b. Crude oil lighterage A/C Bangladesh Petroleum Corporation.
- c. Break-bulk cargo/containers carried under voyage charter/time charter Agreement
- d. Carriage of fertilizer A/C Bangladesh Chemical Industries Corporation.
- e. Food grain lighterage A/C Ministry of Food/Government.

RELATIVE CONTRIBUTION OF THE SERVICES CONTRIBUTING MORE THAN 10% OF THE TOTAL REVENUE

Description	Amount in Taka	%
1. Own Tonnage-VC/TC	617,306,329.00	26.75
2. Crude oil transportation	1,032,022,624.00	44.70
3. Crude oil Lighterage	431,070,764.00	18.67

Associates, Subsidiary/ Related Holding Company:

The Corporation does not have any associates or subsidiary/related holding company.

Distribution of Products:

On the basis of Agreement signed between BSC and BPC, the total imported quantity of crude oil is transported by BSC through chartered mother tanker. In the process of transportation, the mother tanker carries the crude oil up to Kutubdia outer anchorage as it can not enter into Chittagong port due to draught restriction. Then the crude oil is lightered and transported up to Eastern Refinery Ltd. shore pipeline by two lighterage tanker of BSC.

BSC provides transportation service to BCIC for carriage of fertilizer with their own vessel under bilateral agreement with them. BSC also participates and places their own vessel to lighter food grains with the help of Vacuvator from mother vessel coming at outer anchorage under agreement between World Food Programme (WFP) of Ministry of food.

The present fleet of BSC is composed of old and multi-purpose dry cargo ships. As such these ships do not match with the fast growing trend of containerization. To ensure best utilization of vessels under present market trend/condition BSC has adopted the policy of employing vessel, under Time Charter and voyage charter agreement.

Competitive Conditions in the Business

The following local and foreign companies can be considered as competitors of the BSC:

- HRC Shipping Line
- Marks Shipping Line
- O.E.L Shipping Line
- Hanjin Shipping Line
- PIL Shipping Line
- HapagLloyd Shipping line
- N.Y.K Shipping Line

Sources and availability of raw materials and the names of the principal supplies:

The raw materials for BSC is mainly ship which owned by Bangladesh shipping corporation.

Sources of, requirement for, power gas and water:

Power

Source of electricity supply is Bangladesh Power Development Board (BPDB). In addition, there are 2 (two) no. high capacity and well equipped diesel generators on board in every ship (total no of generator 26), which are capable of meeting full load requirement of power supply in the ship.

Water

Water supply is ensured from Chittagong WASA, Dhaka WASA. Besides this, the Corporation purchase fresh water for ship from any port of call during voyage.

Gas

Except for ordinary use in office, the Corporation doesn't require gas for operating Ships in the trade.

Name of the customers who purchase 10% or more of the Corporation's product / services:

Bangladesh Petroleum Corporation is the only customers of BSC which provide major earnings through crude oil transportation and lighterage service i.e. more than 10% of its total income.

Contract with principal suppliers or customers:

There is no such contract with suppliers or customers.

Material patents, trademarks, license or royalty agreement:

The Corporation has not entered into any such agreement.

Employees Position as on 30.06.2010

Employees	Employee's position (Permanent)	Employee's position (Contractual)
a. Officers	59	8
b. Official Staff and Technical Staff	222	-
c. Afloat Officers	172	-
d. Crew	339	-
Total	792	-

Production Capacity and Current Capacity Utilization:

The vessel wise capacity utilization in terms of cargo lifting 2009-10 is shown as under:-

Vessels Name	Year of Built	Date of Acquisition	Capacity in DWT (M.T)	Current Capacity of Utilization
M.V. Banglar Kallol	1979	18-12-1979	17,234	17,234
M.V. Banglar Kallol	1980	24-01-1980	17,222	17,222
M.V. Banglar Mamata	1980	04-06-1980	15,877	15,877
M.V. Banglar Maya	1980	10-09-1980	15,883	15,883
M.V. Banglar Robi	1981	07-01-1983	12,720	12,720
M.V. Banglar Gourab	1982	21-01-1983	13,934	13,934
M.V. Banglar Moni	1983	09-09-1983	12,680	12,680
M.V. Banglar Yoyti	1987	15-05-1987	14,541	14,541
M.V. Banglar Urmi	1984	14-07-1987	15,552	15,552
M.V. Banglar Shourabh	1987	14-10-1987	14,541	14,541
M.V. Banglar Doot	1988	12-12-1988	16,771	16,771
M.V. Banglar Mookh	1989	12-10-1989	16,769	16,769
M.V. Banglar Shikha	1991	16-07-1991	12,945	12,945

DESCRIPTION OF PROPERTY

Plants and Property:

The Corporation has set up its head office at BSC Bhaban, Saltgola Road, Chittagong, Bangladesh and branch offices are at Dhaka and Khulna. The Corporation posses the following fixed assets:

Sl. No.	Name of the Assets	Sl. No.	Name of the Assets	Sl. No.	Name of the Assets
1.	Fleet Vessels (13 Nos.)	6.	Office Machine & Equipment	11.	Vacuator Equipment
2.	Land	7.	Furniture & Fixture	12.	Equipment on Board
3.	Building	8.	Workshop Machine	13.	Vessel Construction
4.	Motor Vehicle	9.	Electric Installation	14.	Building at Dhaka
5.	Office Cycle	10.	Vacuator	15.	Khulna Land Dev.

Ownership of property

The Corporation is the legal and absolute owner of all the fixed assets and properties except land of which acquisition value and written down value are given below:

Sl. No.	Name of Assets	Acquisition Value as on July, 2009	Written Down Value (30.06.2010)
01.	Fleet Vessels (13)	4,417,428.473.79	1,291,309,741.24
02.	Land	3,353,789.18	3,353,789.18
03.	Building-(2.5%) & (15%)	108,272,890.98	61,420,129.95
04.	Motor Vehicle-(20%)	19,468,382.39	4,248,888.93
05.	Office Cycle-(20%)	26,687.20	67.94
06.	Office Machine & Equipment-(10%)	15,083,607.79	4,879,851.49
07.	Furniture & Fixture-(10%)	3,954,707.21	525,746.76
08.	Workshop Machine-(15%)	20,953,067.47	454,313.45
09.	Electric Installation-(20%)	132,983.73	327.81
10.	Vacuator-(10%)	116,968,562.53	9,611,803.69
11.	Vacuator Equipment-(10%)	3,271,346.82	1,408,207.54
12.	Equipment on Board-(10%)	154,877,530.59	74,341,994.23
13.	Vessel Construction	3,171,743.35	3,171,743.35
14.	Building at Dhaka	1,032,120.70	1,596,135.56
15.	Khulna Land Dev.	346,730.70	346,730.70
Total Taka		4,868,342,624.43	1,456,669,471.82

1. Except fleet vessel and land All the above specified fixed assets are situated at office premises located at Dhaka, Chittagong and Khulna.
2. All existing assets as listed above have been procured in brand new condition from the local vendors.
3. The above assets are in good condition.
4. There is no mortgage and other type of lien on the property.
5. The Corporation has no asset under lease agreement except the following assets under caption as description of land.
6. Description of Land:

<p>a. District : Dhaka P.S. : Motijheel Mouza : Motijheel Area of Land : 1765 Acres or 10 katha 11 chattak & 25 sft Rajuk Plot No. : 2 & 3 Expiration date of lease : 11/06/2072 Name of the lessor : Dhaka Improvement Trust</p>	<p>c. District : Khulna P.S. : Khulna Sadar Holding No. : 73 KDA Plot No. : 24 & 25 Area of Land : 0.18770 Acres Expiration date of lease : 25/12/2080 Name of the lessor : Khulana Development Authority</p>
<p>b. District : Khulna P.S. : Doulatpur, Khulna S.A. Khatian No. : 786/1 Holding No. : 626 KDA Plot No. : 50, 51, 52 & 53 Area of Land : 0.66 Acre Expiration date of lease : 17/05/2081 Name of the lessor : Khulana Development Authority</p>	<p>d. District : Chittagong P.S. : Doublemooring, Chittagong R.S. Dag No. : 683, 570, 577, 574, 642, 663 R.S. Plot No. : 3226, 3227, 3220 (part), 3241 (part), 3242 (part) Mouza : North Pahartoli Area of Land : 12.77 Acre* Expiration date of lease : 22/12/2080 Name of the lessor : Chittagong Development Authority</p>

*Land acquired from CDA differs 0.46 acres in its title deed. A review application was submitted to Assistant Commissioner of land for Mutation on 23/02/2010 case no. 783/99-2000.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

Revenue from operation form each of the last three years and Internal & External Sources of Cash are as follows:

(1) Internal & External Sources of Cash:

As per Audited Accounts (Amount in Taka)

Internal Sources of Cash:	01.07.2009 to 30.06.2010	01.07.2008 to 30.06.2009	01.07.2007 to 30.06.2008
Share Capital	200,000,000	200,000,000	200,000,000
Government of Bangladesh Equity	2,672,600,000	2,672,600,000	2,672,600,000
Capital Reserve	293,790,825	293,790,825	362,670,069
Sub Total	3,166,390,825	3,166,390,825	3,235,270,069
External Sources of Cash:			
Long term loan	731,309,186	775,973,880	843,666,379
Sub Total	731,309,186	775,973,880	843,666,379
Grand Total	3,897,700,011	3,942,364,705	4,078,936,448

(2) Material Commitment for capital expenditure

The Corporation has planned for capital expenditure as mentioned under caption “Purpose of Repeat Public Offering (RPO)/Use of Proceeds” by using the proceeds of RPO and future capital expenditure of the prospectus

(3) Material Change from period to period:

As per Audited Accounts (amount in Tk.)

Particulars	01.07.2009 to 30.06.2010	01.07.2008 to 30.06.2009	01.07.2007 to 30.06.2008
Operating Income			
Freight earning	2,206,866,845	2,522,678,420	3,969,943,009
Other operating income	102,122,522	113,011,106	156,401,184
Sub total	2,308,989,367	2,635,689,526	4,126,344,193
Operating expenses			
Operating expenses	2,534,853,803	2,831,355,688	3,657,585,974
Interest on loans	-	509,070	1,187,832
Administrative expenses	64,216,673	38,143,245	37,316,972
Sub total	2,599,070,476	2,870,008,003	3,696,090,778
Net Operating Profit	(290,081,108)	(234,318,477)	430,253,415
Other income	423,504,783	131,717,601	36,589,083
Net profit/(loss) for the year	133,423,675	(102,600,876)	466,842,498

During the year shipping sector badly affected due to great recession in the world economy as a result freight market drastically fallen and reduced to almost one-third in the session of 2008-2009.

(4) Seasonal Aspect

There is no seasonal aspect of the Corporation’s business.

(5) Known Trends, Events or Uncertainties

There are no known trends, Events or Uncertainties in customer preferences that may affect Corporation’s operations.

(6) Changes in the assets of the Corporation used to pay off any liabilities

No asset of the Corporation has been disposed off to pay the liabilities.

(7) Loans taken by or given to the Corporation either from its Holding/parent Company or subsidiary company

The Corporation has no holding/parent Company or subsidiary Company. So loan taking from or giving to such concerns does not arise.

(8) Future Contractual Liabilities

The Corporation has no plan to enter into any contractual liabilities within next one year apart from normal course of business.

(9) Future Capital Expenditure

The corporation has no plan for future capital expenditure other than as stated under caption “Purpose of Repeat Public Offering (RPO)/Use of Proceeds” and “Material Commitment for capital expenditure” part of the prospectus.

(10) VAT, Income Tax, Customs Duty or other Tax and Contingent Liability

- I. VAT : There is no VAT liability outstanding of the Corporation up to 30.06.2010
- II. Income Tax : There is no outstanding tax due to the Corporation up to 2009-2010
- III. Customs Duty : There is no outstanding customs duty due to the Corporation

(11) Operating Lease

The Corporation has established its head office as well as branches on leased accommodation as follows:

Sl. No.	Name of Office & Branch	Area (Sft)	Period of Lease	Rent per Sft. (Tk.)	Monthly/Yearly Amount (Tk.)
01.	Amin Court Building	1692 sft	Lease Agreement Signed on 01-04-2010 initially for a period of 02 years and renewed thereafter.	40/-	67,680/- monthly
02.	Khulna Office	3368 sft	Lease Agreement Signed on 01-07-2009 initially for a period of 01 year and renewed thereafter.	11.50	38,732/- monthly
03.	Rest house	As a whole	Lease Agreement Signed on 02-06-2010 initially for a period of 01 year and renewed thereafter.		22,000/- monthly
04.	BSC Marine & Grain Conveyor Workshop, Saltgola, Chittagong.	54,051 (1.2408Acre)	Lease Agreement signed on 24-11-1988 initially for a period of 5 years and renewed thereafter.	5/-	270,255/-
05.	BSC Head Office, BSC Bhaban, Saltgola, Chittagong.	65,335.65 (1.499 Acre)	Lease Agreement Signed on 31-12-1964 initially for a period of 25 years and renewed thereafter.	5/-	3,26,678/-
06.	Grain Conveyor Workshop, Chittagong.	43,560 (1 Acre)	Lease Agreement Signed on 15-04-1976 initially for a period of 01 year and renewed thereafter on yearly basis.	5/-	2,17,800/-

(12) Financial and Lease Commitment during last five years

BSC does not have any such financial lease commitment.

(13) Personnel related scheme

The Corporation has adequate programmers for human resource development. Corporation also has a well-designed Compensation plan for attracting highly capable professional staff with high degree of integrity. The compensation package includes Salary and Allowances, Bonus, Leave Salary etc. The existing Compensation plans are as follows:

Salary/Allowances	Traveling	Bonus	EWF (Employee Welfare Fund)	Provident Fund & Gratuity Fund
Basic pay, House allowance, conveyance/transport and medical allowances	Fare and daily Allowances	Paid on the basis of 1 month's basic pay for each Eid Festival. There is an Profit Bonus Scheme based on significant amount of profit of the Corporation as decided by the Board	Paid on the basis of Corporation's EWF Policy	Paid on the basis of Corporation's Provident Fund & Gratuity Fund Policy

(14) Breakdown of all Expenses connected with the Repeat public issue

Existing Paid-up Capital:		200,000,000.00
Issue Size (in Tk.):		3,137,000,000.00
Issue Size (share)		6,274,000

Particulars	Rate	Amount in Tk.
Manager to the issue fees	Lump Sum	1,500,000.00

Regulatory Expenses:		
Listing Related Expenses:		
Service Charge for DSE	Fixed	5,000.00
Annual Fee for DSE & CSE	Fixed	200,000.00
Listing Fees for Stock Exchanges (DSE & CSE)	@ 0.25% on up to Taka 10 crore of paid-up capital. & 0.15% on the amount to be issued further as paid up capital (Max Tk. 20.00 lac) each	2,082,200.00

SEC Fees		
Application Fee	Fixed	10,000.00
Consent Fee	@ 0.15% on the public offering amount	4,705,500.00

RPO Commission:		
Underwriting Commission	0.25% on the underwritten amount	7,842,500.00
Bankers to the issue Commission	@ 0.1% on collected amount (Assuming 3 times oversubscribed)	9,411,000.00
Tax on Premium	3% on Premium	75,288,000.00

Printing, Publication and Others:		
Publication of Abridge Version of Prospectus	4 national dailies	900,000.00
Printing of Prospectus	Estimated	500,000.00
Printing of Application Forms for	Estimated	400,000.00

General Public		
Printing of Application Forms for NRB	Estimated	100,000.00
Fee for Conduction of Lottery	Estimated	500,000.00

Post Issue Expenses:		
Data Collection, Data Entry, Data Processing and other related job	Estimated	15,000,000.00
Printing of Allotment Letters and Refund Warrant		
Distribution of Allotment Letter and Refund Warrant (including courier)		
Miscellaneous	Estimated	100,000.00
Total		118,444,200.00

NB: The cost of the above mentioned RPO expenses may vary and will be adjusted accordingly.

(15) Revaluation of Corporation's Assets & Summary Thereof

No revaluation has been made to the Corporation's assets and liabilities.

(16) Transaction between Holding Company and the subsidiary

The Corporation has no subsidiary/holding company. So transaction between holding and subsidiary company does not arise.

Auditor's certificate regarding any allotment of shares to promoters or Sponsors shareholders for any consideration other than in cash

This is to certify that Bangladesh Shipping Corporation, BSC Bhaban, Saltgola Road, Chittagong, Bangladesh, has issued 2,000,000 shares of Tk. 100 each against Govt. equity on 1983, to its Government for consideration otherwise than for cash.

Chittagong
December 29, 2010

Sd/-
A. QASEM & CO. and Khan Wahab Shafique
Rahman & Co.
Chartered Accountants

DECLARATION FOR NON- SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts or circumstances, which should be disclosed have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

Sd/-
(Commodore Moqsumul Quader)
Managing Director
Bangladesh Shipping Corporation

DIRECTORS AND OFFICERS OF THE CORPORATION

a. Particulars of Directors:

Sl. No.	Name of Directors	Position	Age/Date of Birth (Years)	Date of becoming first Director	Expiry of current term
01.	Mr. Shajahan Khan, M.P	Hon'ble Minister, Ministry of Shipping	01-01-1952	31-07-2009	As per Govt. desires they will retire as a Director
02.	Mr. Md. Abdul Mannan Howlader	Secretary, Ministry of Shipping	01-0-1956	06-10-2009	
03.	Commodore Moqsumul Quader	Managing Director	13-01-1959	14-01-2010	
04.	Dr. Chowdhury Saleh Ahmed	Director General, Monitoring Cell, Finance Division, Ministry of Finance	12-08-1953	27-04-2005	
05.	Mr. Md. Golam Mowla	Executive Director (Finance)	21-08-1961	10-11-2008	
06.	Mr. Mostafa Kamal Uddin	Executive Director (Commercial)	13-01-1963	04-08-2009	
07.	Mr. Md. Saeed Ullah	Executive Director (Technical) Current Charge	13-04-1959	02-09-2008	

b. Directors' involvement/interest in other companies:

All Directors of the Corporation are nominated by the People's Republic of Bangladesh and all of them are Govt. service holder, so Directors' involvement/interest in other companies does not arise.

Family Relationship among Directors

There is no family relationship among the members of Board of Directors

Family Relationship among Directors and Officers

There is no relationship among directors and officers of the Corporation.

SHORT BIO- DATA OF THE DIRECTORS

As per Ordinance 23 of 1989, the BSC Board consists of seven members headed by Hon'ble Minister in-charge of Ministry of Shipping as its chairman, Secretary, Ministry of Shipping, Joint Secretary, Finance division, Ministry of Finance, Govt. appointed Managing Director and three other Executive Directors of BSC, are the members of the Board.

Shajahan Khan, Minister (Ministry of Shipping)

Shajahan Khan was born on 1st January, 1952. He comes of a respectable Muslim family in Madaripur. His father late Advocate Moulavi Ali Khan was a respected politician, educationist, social worker and Member of Parliament. His mother late Tajan Nesa Begum was a House wife.

He passed the S.S.C examination from United Islam High School, Madaripur in 1966 and H.S.C Madaripur Nazimuddin College in 1968. Shajahan Khan obtained Bachelor's Degree from Govt. Nazimuddin College under Dhaka University.

Shajahan Khan started student politics by joining the movement against the Hamidur Rahman education commission in 1964. He got inspired with the ideal of Father of the Nation Bangabandhu Sheikh Mujibur Rahman in student politics. He was the elected Secretary of Chahatra League of Madaripur subdivision in 1966-67 and 1967-68. He was the GS and VP of Nazimuddin College. He is the Vice President of Jatio Sramik League and Executive President of Bangladesh Road Transport Workers Federation.

He played very significant role in the historic Liberation war in 1971. He participated in all democratic movement and played active pioneering role.

Shajahan Khan elected Member of Parliament of 9th Jatiya Sangsad on 29th December, 2008 and took oath as a Minister on 31st July, 2009. Earlier he was elected MP four times from 1986.

He is involved in various social activities. Shajahan Khan traveled Russia, India, Nepal, UAE, Newzealand, Malaysia, Singapore, UK, Scotland, Japan, Kenya, Thailand and Italy.

Shajahan Khan is married and is blessed with one daughter and two sons. His wife Sayeda Rokeya Begum is a Teacher.

Md. Abdul Mannan Howlader

MD. ABDUL MANNAN HOWLADER, Secretary, Ministry of Shipping, Government of the People's Republic of Bangladesh is a career civil servant of Bangladesh Civil Service, starting his long profession in the year of 1981. During his service tenure of about 30 years, he has gained vast experience serving both in policy formulation in different ministries and in implementation in different responsible field positions. Although he marked his career very brightly. He worked in different ministries like M/O Finance, Commerce, Land, Education, Economic Relation Division etc. in different capacities as joint Secretary, Deputy Secretary and Senior Assistant Secretary. In field posting he worked as Upazilla Nirbahi Officer, Additional Deputy Commissioner, Additional District Magistrate, Deputy Commissioner, Director in the Directorates of Relief and Rehabilitation, Member of Bangladesh Council of Scientific and Industrial Research and Director General in Compulsory Primary Education. His major area of passion and expertise is crisis management, negotiation and coordination. He has a good managerial capability and extraordinary qualification for negotiation to take decision in time.

Mr. Howlader Completed his BSS (Honors), MSS in Economics from the University of Dhaka. He also had obtained his L.L.B degree and post graduate diploma degree on manager At The Top (MATT) form esteemed Birmingham University, U.K. and also had graduation degree from APCSS Hawaii, USA, Besides Mr. Howlader attended several national and international training courses, workshops, seminars and conferences as part of his government duties. For this purpose, he made extensive visits to the UK, USA, Finland, Australia, Switzerland, Sweden, Japan, South Korea, Malaysia Indonesia, India, Saudi Arabia, Singapore, China.

Born in 1956, Mr. Howlader comes off an elegant Muslim family in the southern part of the country, He is married and blessed in two sons. Mr. Howlader has also devotion in organizing various social and humanitarian activities. He is highly devoted, trustworthy and effective in his job.

Commodore Moqsumul Quader, (c), ndc, afwc, psc, BN.

Commodore Moqsumul Quader, BN, Managing Director & Ex-Officio Director of the Board of Bangladesh Shipping Corporation (BSC). Born on 31st January, 1959. Commodore Moqsumul Quader was Commissioned in Bangladesh Navy on 1st August, 1981. He completed psc course in 1995 from Malaysia, afwc in 2001 and ndc course in 2007 from National Defense College, Mirpur, Dhaka. During his career he received training in different countries viz U.K., USA, India, China and Bangladesh etc. in the fields of Midshipman, Surface, welfare communication, seminar course and OWJTC. Commodore Moqsumul Quader has been appointed as Managing Director/CEO of BSC by the Govt. and he resumed his responsibilities in BSC on 14-01-2010.

Dr. Chowdhury Saleh Ahmed

Dr. Chowdhury Saleh Ahmed, Director General (Monitoring Cell), Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh is an Ex-Officio Director of the Board of Bangladesh Shipping Corporation. Born on 12th August 1953, Dr. Chowdhury Saleh Ahmed completed his PhD in Economics from the University of the Philippines, Manila in 1980. Later he has worked for International Rice Research Institute (IRRI) located in Los Banos, Philippines and also in the College of Development Economics and management under the University of the Philippines. Dr. Chowdhury Saleh Ahmed has completed 25 years of Government service in various capacities and went on Post-Retirement Leave beginning 11th August, 2010. He has a number of publications in various fields. He is now on a contractual service with Government.

Md. Golam Mowla

B.Com (Hons), M.Com (Marketing), M.S.S (Economics), .L.L.B, DU; PGDP.

Mr. Md. Golam Mowla is working from 10 November, 2008 as the Executive Director (Finance) & Ex-Officio Director of the Board of Bangladesh Shipping Corporation (BSC). Born at Chittagong, Bangladesh on 21-08-1961 & Joined in the Bangladesh Civil Service (Administration) Cadre on 21-01-1986. Mr. Mowla has a number of specialized training on administration and financial management aspects, human resources management & development, project management, survey & settlement, Laws, Gender & Development, TOT and on other job related matters. Edited a number of journals and also published a number of research papers on the prestigious national papers, presented in national and International Seminar. Mr. Mowla worked with cross-cultured and multi-disciplinary team in the whole of service life. Has as long background in planning, organizing, implementing, monitoring and evaluating of various development projects and programs aided by GOB, FAO, WB, UNDP, JICA, CIDA, etc through the posting as a Finance Officer, Accounts Officer, First Class Magistrate, UNO, Charge Officer (Survey), Additional Deputy Commissioner, Project Director, Deputy Secretary, District Magistrate & Deputy Commissioner in the different field & area of the Government of Bangladesh. Mr. Mowla had opportunity of travel many countries of five continents and gathered knowledge by observing development activities implementing in U.S.A, U.K, Japan, Thailand, U.A.E, K.S.A, India, Pakistan & Singapore etc.

Mostafa Kamal Uddin, BCS (Admin).

BSc (Hons), MSc.

Mr. Mostafa Kamal Uddin is the Executive Director (Commercial) & Ex-Officio Member of the Board of Directors Bangladesh Shipping Corporation. He joined in Bangladesh Civil Service (Administration Cadre) in the year 1986. He served as a Civil Servant in the different important posts of the Government. Now he is a Joint Secretary to the Government. He got professional trainings from Sweden, Denmark, Japan, Thailand, Singapore, Pakistan and Netherlands in the field of Civil Administration and other related areas. Mr. Mostafa Kamal Uddin assumed the charge of Executive Director (Commercial) of Bangladesh Shipping Corporation on 4th August, 2009.

Md. Saeed Ullah
MEO (Class-1), UK, MSc (WMU).

Mr. Md. Saeed Ullah is the Executive Director (Technical)-Current Charge & Ex-Officio Director of the Board of Bangladesh Shipping Corporation. Born in 1959, He joined afloat establishment in Bangladesh Shipping Corporation in the year 1979. He has about twelve years of experience on various ocean going vessels. He served as a Cadet Engineer & ultimately rose to the position of Chief Engineer from July 1979 to June 1991. In June 1991 he joined shore establishment of BSC as Deputy General Manager. He obtained MSC in technical Shipping Management in 1994 from World Maritime University, Sweden. Mr. Md. Saeed Ullah was promoted to General Manager in November, 2006. He received several training from home and abroad in the field of Petroleum Tanker Safety, Lub Technical, IMO Port State Control, ISO 9000/The ISM Code etc. Mr. Md. Saeed Ullah was appointed by the Govt. as Executive Director (Technical) - Current Charge of Bangladesh Shipping Corporation on 2008.

CIB STATUS

Neither Bangladesh Shipping Corporation nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital is loan defaulter with any bank in terms of the Credit Information Bureau (CIB) Report of Bangladesh Bank.

Particulars of top Executives/Officers/all Departmental Heads:

Sl. No.	Name	Position	Educational Qualification	Date of joining	Last 5 years experience
01	Commodore Moqsumul Quader	Managing Director & Executive Director (Finance-Addl. Charge)	NDC,AFWC, PSC, BN	10-01-2010	
02	Md. Golam Mowla	Executive Director (Finance)	MSS, LLB	10-11-2008	Civil Servant in the different posts of the Govt.
03	Mostafa Kamal Uddin	Executive Director (Commerce)	M.Sc. , B.Sc.	04-08-2009	Civil Servant in the different posts of the Govt.
04	Md. Saeed Ullah	Executive Director (Technical)	M.Sc., MEO (Class-1)	20-06-1991	GM (Marine Workshop): 11.06.03-10.12.06, GM (Ship Personnel): 12.06.06-15.07.08 and ED (Technical): 16.07.08 to till date
05	M Shahidul Alam	Executive Director (Supernumerary)	M.A in Economics	25-11-1977	ED (Commercial): 21.07.05-31.05.09 ED (Supernumerary): 01-06-2009 to till date
06	Golam Hossain	Secretary	B.A. (Hons), M.A. (Eco.),	05-08-2009	Civil Servant in the different posts of the Govt.
07	Capt. Md. Wahidur Rahman	General Manager (Insurance & Claim)	H.S.C Master Mariner.	01-07-1976 Afloat	GM (Ship Personnel): 08.06.03-30.07.06, GM (Uk & USA): 31.07.06-19.10.06 and GM (I & C): 10.10.06 to till date

Sl. No.	Name	Position	Educational Qualification	Date of joining	Last 5 years experience
08	A.H.M. Mamun	General Manager (Ship Personnel) & DPA/CSO	H.S.C M.E.O. 1 st class (Motor Ship), M.S.C. 1 st class (WMU)	16-07-1980 Afloat	GM (UK & USA): 10.06.03-15.04.09, GM (Ship Repair): 07.12.06 - 15.04.09, GM (Operation): 16.04.09 to 08.04.10 and GM (Ship Personnel): 09-04-2010 to till date
09	M. Shah Alam	General Manager (Finance & Planning)	B.Com (Hons), M.Com.	01-09-1979	GM (I & C): 30.06.03 to 09-10-06 and GM (Finance & Planning) 10.10.06 to till date
10	A.B.M. Rezaul Karim	General Manager (Operation)	M.S.C. L.L.B.	08-10-1979	GM (Chatering): 04.01.03 to 15.04.09 GM (Ship Personnel): 16.04.09 - 10.04.10 and GM (Operation): 11.04.10 to till date
11	Md. Yousuf	GM (Ship Repair)	Class-1 motor marine engineer	04-02-1989	DGM (Ship Repair): 03.04.05 -30.08.09 and GM (Ship Repair): 01.09.09 to till date

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No Director or Officer of the Corporation was involved in any of the following types of legal proceedings in the past ten years:

- 1) Any bankruptcy petition filed by or against any Corporation of which any officer or director of the Corporation filling the prospectus was a director, officer or partner at the time of bankruptcy;
- 2) Any conviction of director, officer in a criminal proceeding or any criminal proceedings pending against him;
- 3) Any order, judgment or decree of any Court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- 4) Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTION

The Corporation does not have any transaction during the last two years, or any proposed transactions, between the Corporation and any of the following persons as under:

- (a) Any Director or Executive officer of the issuer.
- (b) Any director or officer.
- (c) Any person owning 5% or more of the outstanding share of the issuer.
- (d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

- (e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a Director or in any way connected with a Director of either the issuer Corporation or any of its subsidiaries/holding company or associate concerns, or who was a Director or connected in any way with a Director at any time during the last three years prior to the issuance of the prospectus.
- (f) The Corporation did not take or give any loan from or to any Director or any person connected with any Director.
- (g) Apart from being Director in the Corporation, Directors position in the other company/organization is already disclosed under caption '**Directors' involvement/interest in other companies'** of the prospectus.
- (h) Shajahan Khan, M.P, Md. Abdul Mannan Howlader, Dr. Chowdhury Saleh Ahmed took only Board Meeting attendance fees. The Managing Director Commodore Moqsumul Quader, and three other Executive Directors viz Md. Golam Mowla, Mostafa Kamal Uddin, Md. Saeed Ullah of BSC are also officers of the Corporation and they take Board meeting attendance fees and normal benefits like other employees of BSC which is disclosed under the caption 'Executive Compensation' part of the prospectus.

EXECUTIVE COMPENSATION

a. Remuneration paid to top 5 salaried officers in the last accounting year (2009-2010):

Sl. No.	Name	Position	Amount in Taka	Remarks
01	Commodore Moqsumul Quader	Managing Director & Executive Director (Finance-Addl. Charge)	560,500.75	for six months from joining
02	Md. Golam Mowla	Executive Director (Finance)	560,914.00	
03	Mostafa Kamal Uddin	Executive Director (Commerce)	531,033.00	
04	Md. Saeed Ullah	Executive Director (Technical)	513,276.00	
05	Capt. Md. Wahidur Rahman	General Manager (Insurance & Claim)	507,713.00	
06	A.H.M. Mamun	General Manager (Ship Personnel) & DPA/CSO	494,273.00	
07	Golam Hossain	Secretary	468,404.00	
08	M. Shah Alam	General Manager (Finance & Planning)	447,643.00	
09	A.B.M. Rezaul Karim	General Manager (Operation)	444,402.00	
10	M Shahidul Alam	Executive Director (Supernumerary)	443,016.00	
11	Md. Yousuf	GM (SR)	439,992.00	

b. Aggregate amount of remuneration paid to all directors & officers as a group during last accounting year:

The aggregate amount of remuneration paid to directors and officers including staff in the FY 2009-10

Sl. No.	Group	Amount in Taka
01.	Directors	2,648,165.75
02.	Officers and Staffs (Shore)	84,461,518.25
03.	Officers and Staffs (Afloat)	309,347,213.00
Total Tk.		396,456,897.00

d. Contract for payment of future compensation

The Corporation has no contract with any director/officer providing for the payment of future compensation.

e. Pay Increase Intention

Besides normal increment, additional salary increment may be considered to exceptionally deserving employees based on the performance evaluation.

OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The Corporation did not grant any option to any director, officer and other employees of the Corporation or to any other person not involved with the Corporation.

TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

a) Benefits From the Corporation during last five years:

The Directors and Subscribers to the memorandum have not received any benefits directly or indirectly other than Shajahan Khan, M.P, Md. Abdul Mannan Howlader, Dr. Chowdhury Saleh Ahmed took only Board meeting attendance fees. The Managerial Director Commodore Moqsumul Quader, and three other Executive Directors viz Md. Golam Mowla, Mostafa Kamal Uddin, Md. Saeed Ullah of BSC are also officers of the Corporation and they take Board meeting attendance fees and normal benefits like other employees of BSC.

b) Directors Assets transferred to the Corporation

The issuer has not received any assets, services or other consideration from its Directors and Subscribers to the memorandum.

c) No assets were acquired or are to be acquired from the directors and subscribers to the memorandum

NET TANGIBLE ASSETS PER SHARE

Particulars	Amount in Taka
Share Capital	200,000,000.00
Government of Bangladesh Equity	2,672,600,000.00
Capital Reserve	293,790,825.00
Retained Earnings	(1,117,814,466.00)
Total Shareholders' Equity as on 30.06.2010	<u>2,048,576,359.00</u>

Particulars	No. of Share	Amount in Taka
No of share to be converted into share capital from govt. equity (2,672,600,000/500)	5,345,200.00	2,672,600,000.00
Total No of Shares after Conversion (2,000,000+5,345,200)	7,345,200.00	2,872,600,000.00
Net Tangible Assets Per Share after dilution (2,048,576,359/7,345,200)		278.90

OWNERSHIP OF THE CORPORATION'S SECURITIES

Share holding position as on 30-06-2010:

Sl. No.	Name of the shareholders/ Company	Address	Position	Shareholdings	Percentage
(a) 01.	Agrani Bank Ltd.	Motijheel C/A, Dhaka.	Shareholder	1,077	2.50%
02.	Janata Bank Ltd	110, Motijheel C/A, Dhaka.	Shareholder	1,077	
03.	Sonali Bank Ltd.	35-44, Motijheel C/A, Dhaka.	Shareholder	1,077	
04.	Pubali Bank Ltd.	Head Office, 24-25, Dilkusha C/A, Dhaka.	Shareholder	634	
05.	Rupali Bank Ltd.	34, Dilkusha C/A, Dhaka.	Shareholder	364	
06.	Bangladesh Development Bank Ltd.	Motijheel C/A, Dhaka.	Shareholder	634	
07.	Uttara Bank Ltd.	90, Motijheel, C/A, Dhaka	Shareholder	570	
08.	National Credit & Commerce Bank Ltd.	7-8, Motijheel C.A., Dhaka.	Shareholder	20	
09.	Sadharan Bima Corp.	33, Dilkusha C/A, Dhaka.	Shareholder	3,168	
10	ICB	8, DIT Avenue 13-16 Floor, Dhaka.	Shareholder	1,292	
11.	ICB Unit Fund	-Do-	Shareholder	2,010	
12.	ICB Mutual Fund	-Do-	Shareholder	600	
13.	General Public		Shareholder	37,348	
(b) 01.	Directors, Chief Executive officer, Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor Children. (name wise details);			----	
(c) 01.	Executives, (BSC'S 18 Officers) and		Shareholder	129	
(d) 01.	Shareholders holding (10%) or more: 01. Govt. of the People Republic of Bangladesh 02. Islami Bank Bangladesh Ltd.	Govt. of Bangladesh 40, Dilkusha C/A, Dhaka.	Shareholder	17,50,000 2,00,000	87.50% 10.00%
Total				20,00,000	100 %

Securities of the Corporation owned by each director:

The Directors of the Corporation are nominated by Govt. of Bangladesh and none of the securities of the Corporation owned by the Director(s)

List of shareholders who owns 5% or more shares of the Corporation

Sl. no	Name of the shareholders	Address	Position	Shareholdings	Percentage
01.	Govt. of the People Republic of Bangladesh	Govt. of Bangladesh	Shareholder	17,50,000	87.50%
02.	Islami Bank Bangladesh Ltd.	40, Dilkusha C/A, Dhaka.	Shareholder	2,00,000	10.00%

Securities of the Corporation owned by the top ten salaried officers and all other officers as a group

Sl. No.	Name of the Officers	Position	Number of Share Owned	Percentage of ownership
1	M Shahidul Alam	ED (Super Numeric)	5	-
2	Md. Shah Alam	GM (Finance & Planning)	5	-
3	Other Officers	-	119	0.01%

DETERMINATION OF OFFERING PRICE

Particulars	Amount (Tk.)
Method 1: Net Asset Value (NAV) per share after dilution of Government of Bangladesh Equity	278.90
Method 2: Historical Earnings based value per share	806.98
Method 3: Average Market Price	861.73

The management of Bangladesh Shipping Corporation believes that the issue price of Tk. 500.00 is justified.

Calculations of Methodologies

Method 1: Net Asset Value (NAV) per share after dilution of Government of Bangladesh Equity

Value under this method is simply derived by dividing the “net assets at the period end” by the number of outstanding shares before RPO (Considering Govt. Equity converted into Share Capital).

Particulars	Amount in Taka
Share Capital	200,000,000.00
Government of Bangladesh Equity	2,672,600,000.00
Capital Reserve	293,790,825.00
Retained Earnings	(1,117,814,466.00)
Total Shareholders' Equity as on 30.06.2010	<u>2,048,576,359.00</u>

Particulars	No. of Share	Amount in Taka
No of share to be converted into share capital from govt. equity (2,672,600,000/500)	5,345,200.00	2,672,600,000.00
Total No of Shares after Conversion (2,000,000+5,345,200)	7,345,200.00	2,872,600,000.00
Net Assets Value after dilution (2,048,576,359/7,345,200)		278.90

Method 2: Historical Earnings based value

The Second method is the Earnings based Value which is also based on historical information sourced from previous audited financial statements and statistics from Dhaka Stock Exchange Limited. The value was calculated by taking weighted average net profit after tax for last 5 years as per audited accounts and multiples with DSE's June 2011 P/E ratio. To represent recent market scenario as well as conservative pricing we have taken DSE P/E ratio for June 2011.

The weighted average Earnings per share for the last 5 years stands at Tk. 48.76 and the DSE PE of June 2011 was 16.55 set out below the calculation of historical average Earnings per Share (EPS) as well as offer price based on such average:

Period	Net Profit After Tax (Tk.)	Weight	Weighted Average Profit
30-Jun-10	133,423,675	0.1381	18,429,224.55
30-Jun-09	(102,600,876)	(0.1062)	(10,897,914.64)
30-Jun-08	466,842,498	0.4833	225,622,305.64
30-Jun-07	159,586,095	0.1652	26,365,217.61
30-Jun-06	308,707,702	0.3196	98,658,883.04
Total	965,959,094	1.0000	358,177,716.19
No of share before RPO			2,000,000
No of share to be converted into share capital from govt. equity			5,345,200
Total No. of Share after conversion			7,345,200
Weighted Average EPS (358,177,716.19/7,345,200)			48.76
DSE over all PE on June, 2011			16.55
Earning Based Value			806.98

b) Where a Corporation registered under the provisions of the Act, is a member of the Corporation, a person duly appointed to represent such Corporation at a meeting of the Corporation in accordance with the provisions of Section 86 of the Act, shall not be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by Chairman of such Corporation and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Corporation as sufficient evidence of the validity of his appointment.

c) Any person entitled under the Transmission article to transfer any shares, may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-compos mentis, he may vote whether by a show of hands or at poll by his committee of curators or other legal curator and such last mentioned persons may give their votes by proxy.

Where there are joint registered holders of any share any of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of these Articles be deemed as joint-holders thereof.

Votes may be given either personally or proxy, or in the case of a Corporation, by a representative duly authorized as aforesaid.

The instrument appointing a proxy, and the Power of Attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

g) The instrument appointing proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or if such appointer is a corporate body under its common seal under the hand of its Attorney. A proxy who is appointed for specified meeting only shall be called a special proxy. Any other proxy shall be called a General proxy.

h) A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office before the meeting. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

i) Every instrument appointing a Special Proxy shall, as nearly as circumstances will admit, be in the form or to the effect following and shall be retained by the Corporation.

j) No member shall be entitled to be present or to vote on question either personally or otherwise in the capacity or attorney, representative or proxy at any General Meeting or upon a pool or be reckoned in a quorum whilst any call or other sums shall be due and payable to the Corporation in respect of any of the shares of such member.

Conversion & Liquidation Right

The Corporation is issuing ordinary shares through this prospectus with the consent of the SEC. Corporation in its General Meeting may convert any fully paid up shares into stock and reconvert such stock into paid up shares of any denomination if it is so determined by the Corporation.

Dividend policy:

- a) Subject to the rights of members entitled to shares if any with preferential or special rights attached thereto as to dividends and subject to the provisions of these presents as to the reserve fund and depreciation fund the net profits of the Corporation in respect of any year or other period shall be applied in the payment of dividend on the ordinary shares of the Corporation but so that a partly paid up share only entitles the holder with respect thereto to such proportion of the Distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of each share.
- b) The Corporation in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fit the time for payment.
- c) The declaration of the Directors as to the amount of net profits of the Corporation shall be conclusive.
- d) There is no limitation on the payment of dividend to the shareholders.

Other Rights of Stock Holders

The shareholders shall have the right to receive all periodical reports and statements audited as well as un audited published by the Corporation from time to time. The Directors shall present the financial statements as required under the law and International Accounting Standards. Financial Statements will be prepared in accordance with Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Corporation.

In Case of any declaration of Stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose. The shareholders holding not less than 10% of the issued / fully paid up capital of the Corporation shall have the right to requisition Extra-Ordinary General Meeting of the Corporation as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

The Corporation has not issued or is planning to issue any debt security within six months

REFUND OF SUBSCRIPTION MONEY

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

- (a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or
- (b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

Provided that, in case of deposit into the applicant’s bank account, the applicant will bear the applicable service charge, if any, of the applicant’s banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concern bank, for the value of Securities applied for through crossed bank cheque marking “Account Payee only”.
2. The value of Securities applied for by such person may be paid in Taka or US Dollar, UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
3. Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank’s name and Branch as indicated in the securities application form. If the applicant’s bank accounts as mentioned in their RPO Application Forms are maintained with the Bankers to the Issue as mentioned above, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their RPO Application forms.

AVAILABILITY OF SECURITIES

RPO will be 6,274,000 ordinary shares @ TK. 500.00 each including a premium of Tk. 400.00 each totaling Tk. 3,137,000,000.00 as per the Securities and Exchange Commission (Public Issue) Rules, 2006, 10% of total repeat public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the commission and remaining 80% shall be open for subscription by the general public. The position is thus as follows:

1. Securities:

	Securities	Number of shares	Total amount (Tk.)
A	10% of RPO i.e. 627,400 ordinary shares shall be reserved for Non-Resident Bangladeshis (NRB).	627,400	313,700,000
B	10% of RPO i.e. 627,400 ordinary shares shall be reserved for mutual funds and collective investment schemes registered with the Commission.	627,400	313,700,000
C	Remaining 80% of RPO i.e. 5,019,200 ordinary shares shall be open for subscription by the general public.	5,019,200	2,509,600,000
Total		6,274,000	3,137,000,000

2. All shares as stated in clause 1.A, 1.B and 1.C shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
3. In case of over-subscription under any of the categories mentioned in 1.A, 1.B and 1.C the Issue Manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
4. In case of under-subscription under any of the 10% categories mentioned in 1.A and 1.B, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct and open lottery of all the applicants added together.
5. In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
6. The lottery as stated in clause (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

UNDERWRITER

The Repeat Public Offering (RPO) is for 6,274,000 Ordinary Shares of Tk. 100.00 each at an issue price of Tk. 500.00 per share (including a premium of Tk. 400.00 each) totaling Tk. 3,137,000,000.00 of Bangladesh Shipping Corporation. As per guideline of Securities & Exchange Commission (Public Issue) Rules 2006, the issue has been fully underwritten on a firm commitment basis by the following underwriters:

Sl. No.	Name of the Underwriter	No. of Shares	Underwriting Amount
1	ICB Capital Management Ltd.	624000	312,000,000
2	Sonali Bank Limited	900000	450,000,000
3	Sonali Investment Ltd.	100000	50,000,000
4	Janata Capital & Investment Limited	250000	125,000,000
5	Social Islami Bank Ltd.	500000	250,000,000
6	Union Capital Limited	200000	100,000,000
7	Bangladesh Mutual Securities Ltd.	500000	250,000,000
8	IIDFC Capital Ltd.	100000	50,000,000
9	EXIM Islami Investment Ltd.	1000000	500,000,000
10	Banco Finance & Investment Ltd.	50000	25,000,000
11	Swadesh Investment Management Ltd.	50000	25,000,000
12	Crystal Insurance Co. Ltd.	100000	50,000,000
13	IFIC Bank Ltd.	500000	250,000,000
14	Trust Bank Investment Ltd.	100000	50,000,000
15	PLFS Investments Ltd.	300000	150,000,000
16	Bank Asia Ltd.	1000000	500,000,000
Total		6274000	3,137,000,000.00

PRINCIPAL TERMS AND CONDITIONS OF UNDERWRITING AGREEMENTS

1. If and to the extent that the shares offered to the public by a prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Corporation shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribed for the shares not subscribed by the closing date and to pay for in cash in full for such subscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Corporation's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Corporation shall send proof of subscription and payment by the underwriter to the commission.
4. In case of failure by the underwriter to pay for the shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any issue, until such time as they fulfils their underwriting commitment under the agreement and also other penalties as may be determined by the commission may be imposed on them.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Corporation /Issuer will be under no obligation to pay any underwriting commission under the agreement.
6. In case of failure by the Corporation to call upon the underwriter for the aforementioned purpose within the stipulated time, the Corporation and its Directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

COMMISSION FOR UNDERWRITERS

The Corporation shall pay to the underwriter an underwriting commission at the rate of 0.25% of the total RPO amount (i.e. Tk. 3,137,000,000.00) of the issue value of shares underwritten by them.

ALLOTMENT

The Corporation shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date by crediting directly to the recipients' bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

APPLICATION FOR SUBSCRIPTION

01. Application for Shares may be made for a minimum lot for 5 (Five) Ordinary Shares to the value of Tk. 2,500.00 respectively and should be made on the Corporation's Printed Application Form. Application Forms and the Prospectus may be obtained from the Registered Office of the Corporation, Members of the Dhaka and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case of adequate Forms are not available, applicants may use photocopied/cyclostyled/ typed/handwritten

copies of the Forms. Application must not be for less than 5 Shares. Any application not meeting the criterion will not be considered for allotment purpose.

02. Joint Application form for more than two persons will not be accepted. In the case of a joint application each party must sign the Application Form.

03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by the Memorandum and Articles of Association.

04. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

05. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals shall be entitled to apply for Shares.

06. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the Bank to which it is sent and be marked "**Bangladesh Shipping Corporation.**" And shall bear the crossing "**Account Payee only**" and must be drawn on a Bank in the same town of the Bank to which application form is deposited.

07. A Non-Resident Bangladeshi (NRB) shall apply against the RPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or UK Pound Sterling or EURO at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share application form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company/Corporation. Copies of application form and prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the issuer, issue manager, DSE, CSE and the SEC.

08. All completed application forms, together with remittance for the full amount payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.

09. The RPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Corporation's STD Account No. **0017-0320000898** with **Trust Bank Ltd., Dilkusha Corporate Branch, Dhaka**, for this purpose.

10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or Euro shall be deposited to below mentioned "**FC Account for RPO**" with **Trust Bank Ltd., Dilkusha Corporate Branch, Dhaka**. In case of over subscription, refund shall be made by the Corporation out of the respective FC Accounts:

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch
1.	US Dollar	0017-5025000193	Trust Bank Ltd., Dilkusha Corporate Branch, Dhaka.
2.	UK Pound Sterling	0017-5026000020	Trust Bank Ltd., Dilkusha Corporate Branch, Dhaka.
3.	Euro	0017-5027000037	Trust Bank Ltd., Dilkusha Corporate Branch, Dhaka.

11. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Trust Bank Limited out of the “FC Account for RPO”. Bangladesh Shipping Corporation has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over subscription if any.

12. APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

DECLARATION ABOUT LISTING OF SHARES WITH STOCK EXCHANGES

None of the Stock Exchanges, if for any reason, grant listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the Corporation shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchange, or from the date of expiry of the said 75(seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Corporation directors, in addition to the issuer Corporation, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer Corporation, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.

TRADING AND SETTLEMENT

Trading And Settlement Regulation of the stock exchanges will apply in respect of trading and settlement of the shares of the Corporation.

The issue shall be placed in “A” Category

MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Corporation.

- a) Underwriting Agreement between the Corporation and the Underwriters.
- b) Issue Management Agreement between the Corporation and the Manager to the Issue ICB Capital Management Limited.
- c) Contract between the Corporation and the Central Depository Bangladesh Ltd. (CDBL).
- d) Contract between the Corporation and BPC
- e) Contract between the Corporation and BCIC

Copies of the above mentioned contracts and documents and a copy of President Order (PO) No. 10 of 1972 and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Corporation’s Registered Office.

MANAGER TO THE ISSUE

ICB Capital Management Limited 8, DIT Avenue (Level: 16), Dhaka-1000 is the Manager to the Issue. The Issue Manager will get Tk. 1,500,000.00 as issue management fee.

COMMISSION TO THE BANKER TO THE ISSUE

Commission at the rate of 0.1% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

CORPORATE DIRECTORY

Miscellaneous Information:

Office	BSC Bhaban, Saltgola Road, Chittagong, Bangladesh
Auditor	A. QASEM & CO. Chartered Accountants Southland Centre (3 rd Fl.), Agrabad C/A, Chittagong. Telephone: 880-31-718066 Khan Wahab Safique Rahman And Co. Ibrahim Building (3 rd floor) 60 Agrabad C/A, Chittagong Telephone: 880-31-2520056 &
Principal Banker	HSBC Janata Bank Ltd. Pubali Bank Ltd, Agrani Bank Ltd. Sonali Bank Ltd. Rupali Bank Ltd. Eastern Bank Ltd.
Manager to the Issue	ICB Capital Management Limited BDBL Bhaban (Level: 16)8, DIT Avenue, Dhaka-1000
Corporation's Compliance Officer	Mr. Golam Hossain, Secretary Telephone: 031-724479

All investors are hereby informed by the Corporation that the Mr. Golam Hossain, Secretary would be designated as compliance officer who will monitor the compliance of the Acts, and rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or stock exchange(s) applicable to the conduct of the business activities of the Corporation so as to promote the interest of the investors in the security issued by the Corporation, and for redressal of investors' grievances.

Bankers to the Issue

<p>Investment Corporation of Bangladesh (ICB) NSC Tower, 62/3, Purana Paltan, Dhaka. Chittagong Br., Agrabad, Chittagong. Rajshahi Br., Shaheb bazar, Rajshahi Khulna Br., KDA C/A, Khulna. Barisal Br., 87/88, Hemayet Uddin Rd., Barisal. Sylhet Branch, Sylhet. Bogra Branch, Barogola, Bogra. Local Office, Kashfia Plaza, Nayapaltan, Dhaka</p> <p>Bank Asia Ltd. MCB Dilkusha Br., Dhaka. Corporate Br., Dhaka. Scotia Br. Karwan Bazar, Dhaka. Gulshan Br., Dhaka. MCB Banani Br., Dhaka. Uttara Br., Dhaka. Mitford Br., Dhaka. North South Rd Br., Dhaka. Dhanmondi Br., Dhaka. Bashundhara Br., Dhaka. Sylhet Main Br., Sylhet. Sylhet Uposahar Br., Sylhet. Agrabad Branch, Chittagong. Khatunganj Br. Chittagong. MCB Sk. Mujib Road Br, Agrabad, Chittagong. Bahadderhat Br., Chittagong. Moghbar Br., Dhaka. CDA Avenue Br., Chittagong. Station Road Br., Chittagong Rajshahi Br., Rajshahi. Khulna Br., Khulna. Mohakhali Br., Dhaka. Mirpur Br., Dhaka. Bogra Br., Bogra. Jessore Br., Jessore. Anderkilla Br., Chittagong. Shantinagar Br., Dhaka. Progati Sarani Br., Dhaka. Kamal Bazar Br., Chittagong. Ishwardi Branch, Pabna.</p> <p>BRAC Bank Ltd. Asad gate Br., Dhaka. Banani Br., Dhaka. Bashundhara Br., Dhaka. Donia Br., Dhaka. Eskaton Br., Dhaka. Graphics Building Br., Dhaka. Gulshan Br., Dhaka. Manda Br., Dhaka. Mirpur Br., Dhaka. Narayanganj Br., Narayanganj. Nawabpur Br., Dhaka. Rampura Br., Dhaka. Shyamoli Br., Dhaka. Uttara Br., Dhaka. Agrabad Br., Chittagong. CDA Avenue Br., Chittagong. Halishahar Br., Chittagong. Kazirdeuri Br., Chittagong. Momin Road Br., Chittagong. Bogra Br., Bogra. Rajshahi Br., Rajshahi. Jessore Br., Jessore. Khulna Br., Khulna. Barisal Br., Barisal. Zindabazar Br., Sylhet. Patia Branch, Chittagong.</p> <p>Social Islami Bank Ltd. Principal Branch, Dhaka Agrabad Branch, Chittagong Khulna Branch, Khulna Gulshan Branch, Dhaka Babu Bazar Branch, Dhaka Begum Rokeya Sarani Branch, Dhaka Sonargaon Branch, Narayanganj Ereign Exchange Branch, Dhaka Dhanmondi Branch, Dhaka Uttara Branch, Dhaka Mirpur Branch, Dhaka Banani Branch, Dhaka Islampur Branch, Dhaka Rampura Branch, Dhaka New Eskaton Branch, Dhaka Rajshahi Branch, Rajshahi Bogra Branch, Bogra Halishahar Branch, Chittagong</p> <p>The City Bank Ltd. B.B. Avenue Branch, Dhaka. Dhaka Chamber Branch, Dhaka. Dhanmondi Branch, Dhaka. Shaymoli Branch, Dhaka. Imamganj Branch, Dhaka. Johnson Road Branch, Dhaka. Kawranbazar Branch, Dhaka.</p>	<p>New Market Branch, Dhaka. VIP Road Branch, Dhaka. Islampur Branch, Dhaka. Nawabgonj Branch, Dhaka. Nawabpur Branch, Dhaka. Pragati Sarani Br., Dhaka. Tanbazar Branch, Narayanganj. Zinzira Br., Dhaka. Tongi Branch, Gazipur. Agrabad Branch, Chittagong. Jubilee Road Branch, Chittagong. Khatunganj Branch, Chittagong. Anderkilla Br., Chittagong. Cox's Bazar Br., Chittagong. Chawkbazar Br., Chittagong. Pahartoli Br., Chittagong. Comilla Branch, Comilla. Narsingdi Br., Narsingdi. Zinda Bazar Branch, Sylhet. Bandar Bazar Branch, Sylhet. Amborkhana Br., Sylhet. Moulvi Bazar Br., Sylhet. Rajshahi Branch, Rajshahi. Bogra Branch, Bogra. Rangpur Br., Rangpur. Sirajgonj Br., Sirajgonj. Khulna Branch, Khulna. Jessore Br., Jessore. Barisal Branch, Barisal.</p> <p>Jamuna Bank Limited Mohakhali Branch, Dhaka. Sonargaon Road Branch, Dhaka. Dilkusha Branch, Dhaka. Shantinagar Branch, Dhaka. Gulshan Branch, Dhaka. Dhanmondi Branch, Dhaka. Islampur Branch, Dhaka Ring Road Branch, Dhaka Kustia Branch, Kustia Motijheel Branch, Dhaka. Dholaikhal Branch, Dhaka. Banani Branch, Dhaka. Uttara Branch, Dhaka. Mirpur Branch, Dhaka. Malibagh Branch, Dhaka. Narayanganj Br, Narayanganj. Agrabad Branch, Chittagong. Rajshahi Branch, Rajshahi. Bogra Branch, Bogra. Jubilee Road Branch, Chittagong. Khatunganj Branch, Chittagong. Feni Branch, Feni. Jessore Branch, Jessore.</p> <p>Shahjalal Islami Bank Limited Dhaka Main Br., Dilkusha, Dhaka. Mitford Br., Mitford Road, Dhaka. Dhanmondi Br., Dhaka. Gulshan South Avenue Br., Gulshan, Dhaka. Agrabad Branch, Chittagong. Sylhet Branch, Sylhet. Khatunganj Branch, Chittagong. Gulshan Br., Gulshan, Dhaka. Foreign Ex. Br., Motijheel, Dhaka. College Gate Branch, Mirpur Road, Dhaka Kawran Bazar Br., Dhaka. Banani Br., Banani, Dhaka. Satmasjid Road Br., Dhanmondi, Dhaka. Eskaton Branch., New Eskaton, Dhaka Jubilee Road Br., Chittagong. Motijheel Br., Motijheel, Dhaka. Mirpur Br., Mirpur-10, Dhaka. Uttara Br., Uttara, Dhaka. Savar Br., Savar, Dhaka. Bangshal Br., Bangshal, Dhaka. Bijoyagar Br., Kakrail, Dhaka. Dargah Gate Branch, Sylhet.</p> <p>ONE Bank Limited Principal Branch, Dhaka. Motijheel Branch, Dhaka. Karwan Bazar Branch, Dhaka. Gulshan Branch, Dhaka. Mirpur Branch, Dhaka. Uttara Branch, Dhaka. Dhanmondi Branch, Dhaka. Banani Branch, Dhaka. Kakrail Branch, Dhaka. Progoti Sarani Branch, Dhaka. Elephant Road Br., Dhaka. Jatrabari Branch, Dhaka. Nawabgonj Branch, Dhaka. Bangshal Branch, Dhaka. Ganakbari (EP2) Branch, Dhaka. Imamganj Branch, Dhaka. Narayanganj Branch, Narayanganj. Joypara Branch, Dhaka. Agrabad Branch, Chittagong. Khatunganj Branch, Chittagong.</p>	<p>CDA Avenue Branch, Chittagong. Nanupurbazar Branch, Chittagong. Cox's Bazar Br., Chittagong. Jubilee Road Br, Chittagong. Chowmuhani Branch, Noakhali. Chandragonj Branch, Lakshmipur. Feni Branch, Feni. Raipur Branch, Lakshmipur. Dagon Bhuiyan Branch, Feni. Sylhet Branch, Sylhet. Sherpur Branch, Moulvi Bazar. Islampur Branch, Sylhet. Jessore Branch, Jessore. Bogra Branch, Bogra. Serajgonj Branch, Serajgonj Sadar. Laksham Branch, Laksham. Ramgonj Branch, Lakshmipur. Majdee Court Branch, Noakhali. Banashiri Branch, Dhaka. Rajshahi Branch, Rajshahi. Shahjadpur Branch, Sirajgonj. Jagannathpur Branch, Nadda, Dhaka. Tongi Branch, Gazipur. Comilla Branch, Comilla. Basabo Branch, Sabujbag, Dhaka. Satkhira Branch, Satkhira Madhabdi Branch, Narsingdi Rangamati Branch, Rangamati Sitakunda Branch, Sitakunda Moghbar Branch, Dhaka</p> <p>Islami Bank Bangladesh Limited Local Office, Dhaka (Controlling Branch) Foreign Ex. Br., Dhaka. Farmgate Branch, Dhaka. Nawabpur Branch, Dhaka. Gulshan Br., Gulshan, Dhaka. Narayanganj Branch, Narayanganj. Mirpur Branch, Dhaka. C.M.B. Dhaka. Agrabad Branch, Chittagong. Khatunganj Branch, Chittagong. Cox's Bazar Branch, Cox's Bazar. Khulna Branch, Khulna. Banani Branch, Barisal. Jessore Branch, Jessore. Bogra Branch, Bogra. Rajshahi Branch, Rajshahi. Dinajpur Branch, Dinajpur. Comilla Branch, Comilla. Chowmuhoni Branch, Noakhali. Feni Branch, Feni. Sylhet Branch, Sylhet. New Market Branch, Dhaka. Mouchak Branch, Dhaka. Jatrabari Branch, Dhaka. Uttara Br., Uttara, Dhaka. Shyamoli Branch, Dhaka. Sitakunda Branch, Sitakunda. Moulvi Bazar Branch, Moulvi Bazar. Kushtia Branch, Kushtia. Pabna Branch, Pabna.</p> <p>Mutual Trust Bank Limited Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Dholaikhal Branch, Dhaka Dikusha Branch, Dhaka. Elephant Road Branch, Dhaka. Fulbaria Branch, Dhaka. Gulshan Branch, Dhaka. Mohammadpur Branch, Dhaka. MTB Corporate Center Branch, Dhaka. Pallabi Branch, Dhaka. Panthapath Branch, Dhaka. Principal Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Br., Savar, Dhaka. Shanir Akhra Branch, Dhaka. Tongi Branch, Gazipur Uttara Model Town Br., Uttara, Dhaka. Narayanganj Branch, Narayanganj. Sonargaon Branch, Narayanganj. Agrabad Branch, Chittagong. Alankar Mour Branch, Chittagong. CDA Avenue Branch, Chittagong. Jubilee Road Br, Chittagong. Khatunganj Branch, Chittagong. Feni Branch, Feni. Rajshahi Branch, Rajshahi. Rangpur Branch, Rangpur. Bogra Branch, Bogra. Pabna Branch, Pabna. Kushtia Branch, Kushtia. Sylhet Branch, Sylhet. Moulvi Bazar Branch, Sylhet. Gournadi Branch, Barisal. Jessore Branch, Jessore.</p>	<p>Southeast Bank Ltd. Principal Branch, Dhaka Corporate Branch, Dhaka. Imamganj Branch, Dhaka. Dhanmondi Branch, Dhaka. Uttara Branch, Dhaka. New Elephant Road Br., Dhaka. Kakrail Branch, Dhaka Banani Branch, Dhaka Bangshal Branch, Dhaka New Eskaton Branch, Dhaka. Agargaon Branch, Dhaka Shaymoli Branch, Dhaka Ashulia Branch (Rural), Dhaka. Narayanganj Branch, Narayanganj. Joypara Branch (Rural), Dhaka Mouchak Branch, Dhaka. Bashundhara Branch, Dhaka. Mohammadpur Branch, Dhaka. Rajshahi Branch, Rajshahi Naogaon Branch, Naogaon Satmosjid Road Branch, Dhaka Pragati Sarani Br., Dhaka. Bandar Bazar Branch, Sylhet Moulvibazar Branch, Moulvibazar Hetimgong Branch, Sylhet Chouhatta Br. Sylhet Laldighirpar Branch, Sylhet. Shahjalal Uposahar Br. Sylhet Kulaurapara Br (Rural), Moulvibazar Pathantula Branch, Sylhet. Khatungong Br. Chittagong Jubilee Road Br. Chittagong Halishahar Br., Chittagong CDA Avenue Br. Chittagong Cox's Bazar Branch, Cox's Bazar. Feni Branch, Feni. Pahartali Branch, Chittagong Bashurhat Br. (Rural), Noakhali Rangpur Branch, Rangpur. Bogra Branch, Bogra. Khulna Br. Khulna Barisal Branch, Barisal Madambir Hat Br. Chittagong Comilla Branch, Comilla.</p> <p>Trust Bank Ltd. Principal Branch, Dhaka. SKB Branch, Dhaka Khatunganj Branch, Chittagong Gulshan Corporate Branch, Dhaka Dilkusha Corporate Branch, Dhaka CDA Avenue Branch, Chittagong Sylhet Corporate Branch, Sylhet Millennium Corporate Branch, Dhaka Uttara Corporate Branch, Dhaka Mirpur Branch, Dhaka Naval Base Branch, Chittagong Karwan Bazar Branch, Dhaka Feni Branch, Feni Narayanganj Branch, Narayanganj Narsingdi Branch, Narsingdi Joydebpur Branch, Gazipur Kafriul Branch, Dhaka Tongi branch, Gazipur Chowmuhoni Branch, Noakhali Progati Sarani Branch, Dhaka</p> <p>National Bank Limited Bangshal Road Branch, Dhaka. Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Mirpur Branch, Dhaka. Elephant Road Branch, Dhaka. Foreign Exchange Br, Dhaka. Gulshan Branch, Dhaka. Imamganj Branch, Dhaka. Islampur Branch, Dhaka. Jatrabari Branch, Dhaka. Kawranbazar Branch, Dhaka. Lake Circus Branch, Dhaka. Malibag Branch, Dhaka. Khatunganj Branch, Chittagong. Tongi Branch, Gazipur Rokeya Sarani Branch, Dhaka. Mohakhali Branch, Dhaka. Mohammadpur Branch, Dhaka. Motijheel Branch, Dhaka. Narayanganj Branch, Narayanganj. New Eskaton Branch, Dhaka. North Brooke Hall Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Bazar Branch, Savar. Uttara Branch, Dhaka. Z.H. Sikder M.C. Branch, Dhaka. Zai Silder Branch, Narayanganj. Agrabad Branch, Chittagong. Chawkbazar Branch, Chittagong. Rifles Square Branch, Dhaka. Halishahar Branch, Chittagong.</p>
--	--	---	--

**AUDITOR'S REPORT
TO THE SHAREHOLDERS
OF
BANGLADESH SHIPPING CORPORATION**

We have audited accompanying Balance Sheet of BANGLADESH SHIPPING CORPORATION as at June 30, 2010 and the related Income Statement, Statement of changes in Equity, Cash Flow Statement and notes to the Accounts thereon for the year then ended. The preparation of these financial statements is the responsibility of the Corporation's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

SCOPE :

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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION :

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the Corporation's affairs as at June 30, 2010 and of the results of its operations for the year then ended and comply with the Companies Act 1994 & other applicable rules 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 purposes of our audit and made due verification thereof;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Corporation's so far as it appeared from our examination of those books;
- (c) The Corporation's Balance Sheet, Income Statement, Statement of Changes in Equity & Cash Flow Statement dealt with by the report are in agreement with the books of account and returns;
- (d) The financial statements have drawn up in accordance with the requirements of the schedule to the Securities and Exchange Rules, 1987, the Companies Act, 1994 and other relevant laws where applicable;
- (e) The expenditure incurred was for the purpose of Corporation's business.

Sd/-

Dated: Chittagong
November 30, 2010

(A. Qasem & Co.)
Chartered Accountants.

Sd/-

(Khan Wahab Shafique Rahman & Co.)
Chartered Accountants.

BANGLADESH SHIPPING CORPORATION
BALANCE SHEET AS AT JUNE 30, 2010.

	<u>NOTES</u>	2009-2010 <u>TAKA</u>	2008-2009 <u>TAKA</u>
<u>ASSETS:</u>			
<u>NON CURRENT ASSETS:</u>			
Property ,Plant & Equipment	3.00	1,449,484,192	1,601,815,695
Capital Work-In-Progress	3.01	5,114,610	4,550,595
		1,454,598,802	1,606,366,290
<u>CURRENT ASSETS</u>			
Inventories, Spares and bunker	4.00	326,421,008	258,248,384
Trade debtors	5.00	239,611,903	306,522,986
Advances,deposits and prepayments	6.00	264,459,651	104,685,830
Other receivables	7.00	657,089,800	352,701,463
Cash and bank balance	8.00	931,885,407	1,120,796,924
TOTAL CURRENT ASSETS		<u>2,419,467,769</u>	<u>2,142,955,588</u>
TOTAL ASSETS:		<u>3,874,066,571</u>	<u>3,749,321,877</u>
<u>EQUITY & LIABILITIES:</u>			
Share capital	9.00	200,000,000	200,000,000
Government of Bangladesh equity	10.00	2,672,600,000	2,672,600,000
Capital reserve	11.00	293,790,825	293,790,825
Retained Earnings	12.00	(1,117,814,466)	(1,084,966,918)
TOTAL EQUITY		<u>2,048,576,359</u>	<u>2,081,423,907</u>
<u>NON-CURRENT LIABILITIES</u>			
Long Term Loans	13.00	731,309,186	775,973,880
Deferred Liability-Gratuity	14.00	262,936,032	263,011,171
TOTAL NON-CURRENT LIABILITIES		994,245,218	1,038,985,051
<u>CURRENT LIABILITIES</u>			
Creditors and accruals	15.00	392,727,443	211,327,470
Interest on long term loans	16.00	438,517,551	417,585,449
TOTAL CURRENT LIABILITIES		<u>831,244,994</u>	<u>628,912,919</u>
TOTAL EQUITY & LIABILITIES		<u>3,874,066,571</u>	<u>3,749,321,877</u>

The accompanying notes form an integral part of the financial statements

Signed in terms of our separate report of even date annexed

Dated: Chittagong
November 30, 2010

Sd/-
A. Qasem & Co.
Chartered Accountants.

Sd/-
Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

BANGLADESH SHIPPING CORPORATION
INCOME STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>NOTES</u>	<u>2009-2010</u> <u>TAKA</u>	<u>2008-2009</u> <u>TAKA</u>
OPERATING INCOME			
Freight earning	17.01	2,206,866,845	2,522,678,420
Other operating income	17.02	<u>102,122,522</u>	<u>113,011,106</u>
		<u>2,308,989,367</u>	<u>2,635,689,526</u>
LESS : OPERATING EXPENSES			
Fleet expenses - direct	18.01	2,261,809,378	2,531,670,277
Fleet expenses - indirect	18.02	97,164,143	105,362,627
Vac-u-vator expenses	19.00	4,262,122	4,893,488
Depreciation	3.00	<u>171,618,160</u>	189,429,296
		<u>2,534,853,803</u>	<u>2,831,355,688</u>
Operating Surplus/(Deficit)before Charging administrative expenses and interest on loans.		<u>(225,864,436)</u>	<u>(195,666,162)</u>
Interest on loans		-	509,070
Administrative expenses	20.00	64,216,673	38,143,245
		<u>64,216,673</u>	<u>38,652,315</u>
Net operating Profit/(loss) for the year		<u>(290,081,108)</u>	<u>(234,318,477)</u>
Other income	21.00	<u>423,504,783</u>	<u>131,717,601</u>
Net Profit/(loss) for the year transferred to Retained Earning Statement		<u>133,423,675</u>	<u>(102,600,876)</u>

The accompanying notes form an integral part of the financial statements

Signed in terms of our separate report of even date annexed

Dated: Chittagong
November 30, 2010

Sd/-
A. Qasem & Co.
Chartered Accountants.

Sd/-
Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

BANGLADESH SHIPPING CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

	<u>2009-2010</u> <u>TAKA</u>	<u>2008-2009</u> <u>TAKA</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Others	2,799,405,234	3,124,532,173
Cash Paid to Suppliers and Employees	2,756,658,651	(3,094,805,108)
Cash Generated from Operation	42,746,583	29,727,065
Corporate Tax paid	(3,170,316)	
Prior Year Adjustment	(163,100,906)	(32,265,755)
Net Cash Provided from/(used in) operating Activities	(123,524,639)	(2,538,690)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Purchase of Property, Plant & Equipment	(20,722,185)	(301,030,361)
Net Cash Provided from (Used In) Investing Activities	(20,722,185)	(301,030,361)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term loan paid	(44,664,694)	(67,692,499)
Dividend Paid	-	(20,000,000)
Capital Reserve Realised	-	(68,879,244)
Net Cash Provided from (Used In) Financing Activities	(44,664,694)	(156,571,743)
Net Increase/Decrease in Cash and Cash Equivalents	(188,911,518)	(460,140,794)
Cash and Cash Equivalents at Beginning of the Year	1,120,796,924	1,580,937,718
Cash and Cash Equivalents at End of the Year	931,885,407	1,120,796,924

The accompanying notes form an integral part of the financial statements

Signed in terms of our separate report of even date annexed

Dated: Chittagong
November 30, 2010

Sd/-
A. Qasem & Co.
Chartered Accountants.

Sd/-
Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

BANGLADESH SHIPPING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010.

1.00 THE CORPORATION AND ITS PERATIONS:

The Corporation was established under President's order (PO) No. 10 of February 5, 1972 to carry on with shipping and ancillary businesses in International routes as national flag carrier. The Registered office of the Corporation is situated at BSC Bhaban, Saltgola, Chittagong.

2.00 SIGNIFICANT ACCOUNTING POLICIES:

2.01 Basis of Accounting:

These Financial Statements have been prepared on going concern basis under historical cost convention on generally accepted accounting principles, subject to adjustment for exchange rate fluctuation in respect of foreign currency loans, receivables and payables.

2.02 Fixed Assets:

Cost in relation to fleet comprises cost of acquisition, initial delivery and acquisition expenses including interest on loans accruing before the vessel is commissioned into operation and adjustment for unpaid portion of foreign currency loans obtained for purchase of the vessel resulting from devaluation of taka in relation to local currency and foreign exchange. Vessels are depreciated by applying the straight line method over their expected useful lives which have been assumed at 28 years from the year built in case of new vessels and estimated lives in case of secondhand vessels as per recommendation of international valuers. Other assets, except land are depreciated by applying the reducing balance method at the following rates.

Particulars	Annual Rate %
Vac-U-Vator	10
Machinery Marine Workshop	15
Equipment on board of the vessels	6 to 20
Electric Installation Marine Workshop	20
Motor Vehicles	20
Building- Office	2.5
Building- Marine Workshop	15
Office Machine and Equipment	10
Furniture and Fixture	10
Office Cycles	20

Depreciation on fleet and Vac-U-Vator has been allocated at actual to operating expenses (direct) 65% of total depreciation on other items of assets have been allocated to operating expenses (indirect) and remaining 35% has been allocated to administrative expenses during the year under review.

2.01 Inventories, Spares and Bunker (Fuel):

Inventories, Spares and Bunker (Fuel) are valued at cost and estimated realizable value whichever is less assessed by the management.

2.02 Voyage Accounting:

Voyage started on or before Balance Sheet date but completed subsequent to that date are accounted for within the year as completed voyage taking all freight earnings and related expenditure in respect of such voyages till completion on actual/ estimated basis.

2.03 Employees Gratuity:

Gratuity for shore employees is provided at two terminal months basic pay for each completed year of service and gratuity for afloat employees is provided at one month to two months terminal basic pay depending on the length of service subject to a maximum of twenty five months. A period of six months is taken as a full year.

2.06 Taxation:

As there being cumulative assessed losses, No provision for taxation is being provided by the company as certified tax advisor of the corporation.

2.07 Tax deducted at source on Employees Salary:

Tax at source on employees salary paid by the Bangladesh Shipping Corporation from the Corporation's fund.

2.08 Interest on Term Deposits:

Interest on fixed deposits has been taken into financial statements on the basis of encashment and accrued basis. It is worthwhile to note that provision of Interest was not considered in the previous years, but the Management provided provision of FDR interest as other income of the company by taking previous years figure. Provision of interest should be provided properly to reflect the actual financial position of the company.

2.09 Foreign Currency Fluctuation

Fluctuation on foreign currency transaction should be translated as required by BAS-21.

2.10 Prior year Adjustment :

It reveals from the financial statements that previous years expenses were booked as prior year adjustment but income from interest on FDR on previous years have been booked as current year income, which should be followed in accordance with BAS-1.

3.03 The depreciation charged (Note 3.00) for the year has been allocated as follows :

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
Operating Expenses		
Fleet vessels	160,235,637	177,589,655
Vac-u-vator	1,067,978	1,186,643
Equipment on board of the vessels	8,260,222	9,100,691
65% Depreciation of other shore assets	2,054,323	1,552,307
	<u>171,618,160</u>	<u>189,429,296</u>
3.04 Marine workshop (Repair Accounts)	164,570	127,238
Vac-u-vator - Equipment	164,783	183,636
	<u>329,353</u>	<u>310,873</u>
3.05 Administrative expenses		
35% Depreciation of other shore assets	1,106,174	835,858
	<u>173,053,687</u>	<u>190,576,028</u>
4.00 Inventories, spares and bunker (fuel) note 2.03		
4.01 Inventories and Spares		
Deck and engine stores	79,721,319	57,870,923
Victualling stores	1,071,955	1,172,437
Spares	77,480,912	58,855,425
Stock of Stationary	368,902	241,148
Stock of Marine Workshop	16,540,753	18,383,067
	175,183,841	136,523,000
Bunker-fuel in vessels (Fuel & Lub oil)	151,237,167	121,725,384
	<u>326,421,008</u>	<u>258,248,384</u>
5.00 TRADE DEBTORS		
Freight receivable(Foreign)	46,812,336	11,132,523
Inward freight	84,929,026	133,901,084
Debtors control account- BPC, MOF, DGDP & BJMC	107,870,541	161,489,379
	<u>239,611,903</u>	<u>306,522,986</u>
6.00 ADVANCES,DEPOSITS AND PREPAYMENTS		
Advances -		
Employees(Note 6.01)	22,499,030	24,235,953
Suppliers	205,275,755	12,672,755
Others (Note 6.02)	16,274,211	47,416,467
	<u>244,048,996</u>	<u>84,325,175</u>
Deposits -		
Security deposits	4,980,369	4,980,369
Guarantee margins	15,149,877	15,149,877
Franking machine deposits	280,409	230,409
	20,410,655	20,360,655
	<u>264,459,651</u>	<u>104,685,830</u>

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
6.01 Employees		
Officers & staff (Shore)	17,965,832	19,853,783
Officers & staff (Afloat)	4,055,409	3,924,381
House building Loan	353,485	353,485
Crew advance	124,304	104,304
	<u>22,499,030</u>	<u>24,235,953</u>
6.02 Advances Others		
Chittagong dry dock	2,500,000	18,500,000
Masters' Control Account	12,619,888	27,749,703
Others	1,154,323	1,166,764
	<u>16,274,211</u>	<u>47,416,467</u>
7.00 OTHERS RECEIVABLES :		
Sundry Receivables		
Agents Control Account	352,418,670	328,786,115
Sundry Debtors	6,143,141	9,817,112
Interest on FDR	294,048,561	-
	<u>652,610,372</u>	<u>338,603,226</u>
7.01 Insurance Claims- not yet admitted		
Hull	135,205	6,041,315
Cargo	1,069,449	2,209,478
Medical	3,274,774	5,847,444
	<u>4,479,428</u>	<u>14,098,237</u>
	<u>657,089,800</u>	<u>352,701,463</u>
8.00 CASH AND BANK BALANCES		
Fixed Term Deposit :	728,950,000	1,011,450,000
Short Term Deposit :		
Local Currency Note-8.01	145,740,268	76,152,019
In Current Account		
Local Currency Note-8.02	4,313,047	12,124,121
Less: Bank overdraft Note-8.03	8,295,249	1,919,094
	<u>(3,982,203)</u>	<u>10,205,027</u>
Other Deposit Note-8.04	1,626,892	1,139,983
Foreign Currency Note-8.05	58,868,930	21,259,127
Cash in hand Note-8.06	681,521	590,767
	<u>57,195,139</u>	<u>33,194,904</u>
	<u>931,885,407</u>	<u>1,120,796,924</u>

	2009-2010 <u>TAKA</u>	2008-2009 <u>TAKA</u>
8.01 LOCAL CURRENCY (Short Term Deposit)		
Eastern Bank Ltd A/C No-00011040000499	384,635	10,452,957
Pubali Bank Ltd STD-4	349,149	710,652
Janata Bank Ltd A/C No-004000236	6,522,641	1,320,682
Janata Bank Ltd A/C No-269 (Feeder A/C)	70,727	68,670
Sonali Bank Ltd A/C No-801136000195	1,285,689	732,019
Sonali Bank Ltd A/C No-801136000212	10	10
Rupali Bank Ltd A/C No. 240000202	93,613	93,913
SCB A/C No-02247525101	543,253	529,966
SCB A/C No-02570057401	1,759	1,741
Agrani Bank Ltd A/C No-03	914,832	18,854,694
HSBC Bank A/C No- 004-(91633-011)		-
HSBC Bank A/C No-004-091638-067	120,297,431	16,455,884
Agrani Bank Ltd A/C No-1 (Khulna)	2,755,966	8,084,935
Janata Bank Ltd A/C No-00270320000261 (Khulna)	1,409,092	2,929,019
EBL A/C No- 200104133 (Khulna)	308,891	634,114
Pubali Bank Ltd A/C No-11 (Khulna)	257,481	249,308
Rupali Bank Ltd A/C No-01 (M/W)	10,501,756	13,991,513
Sonali Bank Ltd A/C No-36000369 (Dhaka)	43,341	41,942
	<u>145,740,268</u>	<u>75,152,019</u>

8.02 Local Currency (Current Accounts)

Agrani Bank Ltd A/C No-793	356,952	1,380,680
Janata Bank Ltd A/C No-001010835	1,102,080	2,851,578
EBL A/C No-20106637 (Khulna)	326,254	68,896
Pubali Bank Ltd A/C No-332-901-34085(BSC M/W)	276,701	79,227
Sonali Bank Ltd A/C No-33002731 (Dhaka)	1,787,538	3,721,920
Sonali Bank Ltd A/C No-200001645 (Dhaka)	182,918	182,918
Janata Bank Ltd A/C No- 11153 (Feeder A/C)	126,957	127,762
Pubali Bank Ltd A/C No-1593 (Khulna)	79,218	79,338
Rupali Bank Ltd A/C No-499 (BSC M/W)	-	3,274,052
SCB A/C No-012475-25101	4,917	7,205
Janata Bank Ltd A/C No- 00270110020242	68,375	350,545
Eastern Bank Ltd A/C No- 00011040000499	1,138	
HSBC A/C No- 004-091633-067		
Agrani Bank Ltd A/C No-2 (Khulna)		
	<u>4,313,047</u>	<u>12,124,121</u>

8.03 Bank Overdraft (Issued Cheque not yet Presented:

EBL A/C No- 000111060005899-CD	-	1,462,696
Agrani Bank Ltd A/C No-CD-2	107,474	43,123
HSBC Bank A/C No-004-091633-011	7,960,360	413,275
Pubali Bank Ltd A/C No-4993 BSC M/W	227,415	-
	<u>8,295,249</u>	<u>1,919,094</u>

8.04 **Other Deposits:**

Port Deposits	1,321,781	845,143
Custom Revolving Deposits	234,823	96,246
Custom Port Revolving Deposits	70,287	153,146
Feeder Port Revolving Deposits	-	45,448
	1,626,891	1,139,983

8.05 **Foreign Currency
(Current Accounts) :**

	Bank Balance as per Bank Books on 30-06-10			Balance as on 30-06-2010 After Conversion.(Taka)	Difference of Foreign currency fluctuation as on 30.06.2010 (Taka)
	Foreign Currency	Local Currency (Taka)	Rate of Exchange		
HSBC Singapore					
F/C A/C No-260361076-178	784,621	54,585,146	69.60	54,609,645	24,499
Rupali Bank, Karachi, Pakistan					
F/C A/C No-1-2-20311-715-11034	164,622	139,928	0.8088	133,146	(6,782)
Sonali Bank Ltd, Calcutta, India					
F/C A/C No-120	47,841	68,413	1.496	71,570	3,158
HSBC , London					
F/C A/C No-58751226	13,759	950,558	69.60	957,633	7,075
HSBC, Singapore					
F/C A/C No-041-420415-003	29,642	1,419,380	49.9272	1,479,963	60,583
HSBC, Singapore (Feeder)					
F/C A/C No-041-420415-002	32,387	1,498,099	49.9272	1,616,972	118,873
	1,072,872	58,661,525		58,868,930	207,405

8.06 **Cash in hand :**

Chittagong	325,648	256,444
Dhaka	31,500	98,133
Khulna	32,160	15,980
BSC M/WS	96,129	24,126
Other:-		
Imprest Account	153,146	153,146
Imprest Adhasive Stamps	42,938	42,938
	681,521	590,767

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
9.00 SHARE CAPITAL		
Authorised :		
25,00,000 Ordinary shares of Tk 100 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued,Subscribed and Paid - up :		
20,00,000 Ordinary shares of Tk.100 each fully paid up in cash	<u>200,000,000</u>	<u>200,000,000</u>
<u>Shareholders Position</u>		
This is made up as follows:		
<u>Perticular</u>	<u>Percentage</u>	
Govt. Share	0.875	
Public Share	0.125	
	<u>175,000,000</u>	<u>175,000,000</u>
	<u>25,000,000</u>	<u>25,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
10.00 GOVERNMENT OF BANGLADESH (GOB)		
EQUITY		
The following loans -		
Government of Bangladesh(Dnida)	403,206,522	403,206,522
French Credit (Part)	216,396,083	216,396,083
Norwegian Assistance	183,301,901	183,301,901
Swedish Internal Development Agency	136,587,994	136,587,994
Overseas Development Ministry (UK)	97,707,500	97,707,500
IDA credit	46,936,000	46,936,000
a) BD Government	480,359,595	480,359,595
b) OECF - JAPAN	64,655,302	64,655,302
c) Indian Credit	10,449,103	10,449,103
Janata Bank	376,600,000	376,600,000
Agrani Bank	355,100,000	355,100,000
Sonalli Bank	301,300,000	301,300,000
	<u>2,672,600,000</u>	<u>2,672,600,000</u>
Amount transferred to GOB equity on the authority of the undermentioned G.O letters to the extents as indicated below:		
1(T) 84/ship - 1/317 dated 11 July 1989	1,037,200,000	1,037,200,000
6(1) 94-ship -1(Part-3)/180 dated 22 June,1997	602,400,000	602,400,000
FM/FD/Moni/BSC/(Loan)/97/26 dt 3-8-98	1,033,000,000	1,033,000,000
	<u>2,672,600,000</u>	<u>2,672,600,000</u>

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
11.00 CAPITAL RESERVE		
Danish - Grant	215,043,478	215,043,478
Grant Portion of French Credit		
Adjusted in year 1982-83	97,050,240	97,050,240
Valuation of donated and impounded		
Vessels, Vac-u-vators and spares	29,398,902	29,398,902
Excess of assets over liabilities of Bangladesh	10,835,211	10,835,211
transport and Task Group on take over.		
Valuation of stores received at the time of	5,512,616	5,512,616
delivery of vessels		
Excess of assets over liabilities at BSC's formation	4,415,906	4,415,906
Excess of assets over liabilities at BSC's Marine		
Workshop on incorporation of the same in the	100,395	100,395
books of the Corporation.		
Banglar Shourah		
Profit /(Loss) on sale of fixed assets	(86,488,461)	(86,488,461)
	<u>275,868,287</u>	<u>275,868,287</u>
Penalty for late delivery		
Vessels	16,704,262	16,704,262
Vac-u-vators	1,218,276	1,218,276
	17,922,538	17,922,538
	<u>293,790,825</u>	<u>293,790,825</u>
12.00 RETAINED EARNINGS / (LOSS)		
Balance at July 01,2009	(1,084,966,918)	(930,100,287)
Add : Prior years' adjustment	(163,100,906)	(32,265,755)
	(1,248,067,824)	(962,366,042)
Add: Net Profit for the year	133,423,675	(102,600,876)
	(1,114,644,150)	(1,064,966,918)
Dividend/corporate tax paid	(3,170,316)	(20,000,000)
Balance as on June 30, 2010	<u>(1,117,814,466)</u>	<u>(1,084,966,918)</u>
13.00 LONG TERM LOANS:		
13.01 Overseas Economic Co-operation Fund, Japan	536,003,698	536,003,698
13.02 Janata Bank	-	7,324,333
13.03 Agrani Bank	15,248,290	22,872,418
13.04 Overdraft from Sonali Bank London	10,477,683	13,642,110
13.05 Sonali Bank A/C B. Shikha	66,379,515	92,931,321
13.06 BD Govt. loan	103,200,000	103,200,000
	<u>731,309,186</u>	<u>775,973,880</u>

- 13.01** The OECF Special Yen (Japan) credit of 9.00 billion is based on an agreement (BD) -P6) between the Government of the Peoples Republic of Bangladesh and the Overseas Economic Co-operation Fund (OECF) signed on April 20, 1979 for the procurement of four vessels. The principal sum is repayable in sixty half yearly instalments over a period of thirty years with a ten years grace period. Accordingly, the first instalment became due on April 20, 1989. The loan carries interest @ 2.75% per annum on the outstanding sum commencing from the date of disbursement. Out of above Tk. 6,46,55,302 equivalent to yen 0.97 billion have been converted to Govt equity as per G.O. No. 6 (1)/ 94 -Vessel-1(Part-3)/180 dated 22.06.97 leaving a balance of Tk. 53,60,03,698
- 13.02** The loan amounting to Tk. 156,416,048 was taken from Janata Bank, Corporate Branch, Laldighi East, Chittagong for payment of Instalments of M.V. 'Banglar Mookh' which carry interest at Bank's prevailing rate.
- 13.03** The loan amounting to Tk. 67,070,028 was taken from Agrani Bank, Agrabad C/A Branch, Chittagong for payment of Instalments of 'Banglar Doot' which carry interest at Bank's Prevailing rate. The break up of the amount is as follows:-
- 13.04** Bangladesh Shipping Corporation had been enjoying overdraft facilities from Sonali Bank London Branch since 1991. After closing of operation of this branch from July 1999 overdrafts amounting to USD 495,160 and PDS 196,557 remained unadjusted/unpaid till time.
- 13.05** The loan amounting to Tk.23,60,16,045 was taken from Sonali Bank, Agrabad Corporate Branch, Chittagong on 29-06-2003 for payment of outstanding USD 40,13,017 due to China National Machinery Import and Export Corporation against procurement of the vessel MV.Banglar Shikha. The loan carries interest at Bank's prevailing rate 14.50%.

As per Government interministerial decision a negotiated arrangement was made with concern banks for repayment of above loans in half yearly/quarterly instalment from May,2005. Accordingly loans of above three Banks are being paid by Bangladesh Shipping Corporation at the following rates of instalment :-

- 1.00 Agrani Bank Tk. 38,12,164.00 Half Yearly.
- 2.00 Janata Bank Tk. 73,24,332.00 Quarterly
- 3.00 Sonali Bank :
 - (a) London Overdraft A/C Tk.10,54,809 Quarterly
 - (b) B.Shikha loan A/C Tk.132,75,903 Half Yearly.

- 13.06** The loan amounting to Tk.103,200,000.00 received from Bangladesh Govt. for payment of retirement benefits of 140 employees retired under Self- retirement Scheme undertaken by management in 2002. The Loan is repayable after one year grace period with interest at the market prevailing rate +1% excess.

14.00 DEFERRED LIABILITY

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
Employees Gratuity :		
Opening Balance	263,011,171	286,043,216
Less : Paid during the year	43,978,206	41,708,395
	<u>219,032,965</u>	<u>244,334,821</u>
Provision made for the year	43,903,067	18,676,350
	<u>262,936,032</u>	<u>263,011,171</u>

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
15.00 CREDITORS AND ACCRUALS		
Creditors - Expenses	172,234,895	86,485,967
For Custom Duty on vessel	-	15,647,027
For other Finance (15.01)	220,492,548	109,194,475
	<u>392,727,443</u>	<u>211,327,470</u>
15.01 OTHER FINANCE:		
Security Deposits Received	19,921,773	28,707,273
Owners control Account (a/c BPC)	160,395,403	72,642,367
Income Tax- Contractors and Suppliers	-	(1,489,757)
VAT Account	231,233	659,398
Loan from GOB - Demurrage payment account BPC	32,200,000	-
Others	7,744,140	8,675,195
	<u>220,492,548</u>	<u>109,194,475</u>
16.00 INTEREST ON LONG TERM LOANS PAYABLE		
The Overseas Economic Co-operation Fund, Japan	319,826,404	305,086,302
Janata Bank	33,349,621	33,349,621
Agrani Bank	23,973,202	23,973,202
Sonali Bank	18,024,324	18,024,324
Bangladesh Government	43,344,000	37,152,000
	<u>438,517,551</u>	<u>417,585,449</u>
17.00 OPERATING INCOME		
17.01 Freight Earning :		
Own Vessels -		
Liner	114,185,015	276,421,231
Charter	617,306,329	925,990,985
Lighterage	443,352,877	325,925,378
	<u>1,174,844,221</u>	<u>1,528,337,594</u>
Chartered Tankers	1,032,022,624	994,340,826
	<u>2,206,866,845</u>	<u>2,522,678,420</u>
17.02 OTHER OPERATING INCOME		
Vac-u-vator Hire charges	1,357,847	-
Address Commission	48,795,141	63,481,166
Service Charges	50,821,434	49,252,340
Others (THC, FCL, LCL, NVOCC, H.C.etc.)	1,148,100	277,600
	<u>102,122,522</u>	<u>113,011,106</u>

	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
18.00 OPERATING EXPENSES		
18.01 Direct Expenses:		
Port,canal and custom dues	69,753,534	103,623,150
Fuel, oil and water	388,137,842	439,998,096
Stevedoring expenses	20,773,943	48,421,394
Insurance	110,402,028	157,537,376
Repairs,maintenance and special survey	187,208,566	184,120,484
Charter hire expenses-Mother Tanker	1,032,022,624	994,340,826
Afloat salary and allowances	309,347,213	347,346,111
Agency commission and brokerage	3,037,499	8,570,646
Spares	38,000,150	78,645,600
Deck and engine stores	15,830,707	68,968,745
Victualling expenses	43,951,089	43,077,729
Fleet communication	2,666,364	1,923,523
General expenses	7,992,880	7,526,451
Dunnage expenses	3,941,949	3,159,873
Foreign taxation	10,447,522	14,327,843
Vat expenses	10,090,458	9,174,352
Despatch/Demurrage	6,346,691	20,908,078
Equipment Hire	1,858,320	-
	<u>2,261,809,378</u>	<u>2,531,670,277</u>
18.02 Indirect Expenses:		
Shore Salary and allowances	87,109,684	98,910,936
Agent general expenses	340,816	280,736
Voyage completed in prior year	8,721,287	2,495,885
Exchange fluctuation	992,357	3,675,070
	<u>97,164,143</u>	<u>105,362,627</u>
19.00 VAC-U-VATOR EXPENSES		
Fuel	734,782	-
General establishment	3,527,340	4,796,281
Stores	-	97,207
	<u>4,262,122</u>	<u>4,893,488</u>
	2009-2010	2008-2009
	<u>TAKA</u>	<u>TAKA</u>
20.00 ADMINISTRATIVE EXPENSES		
Interest on govt. loan	6,192,000	6,192,000
Office general expensess	28,916,716	27,122,219
Gratuity and retirement benefits	24,397,164	1,646,105
Employees income tax	1,560,840	1,178,096
Depreciation - 35% of shore assets(Note: 3.05)	1,106,174	835,858
Annual audit fees and professional expenses	1,163,100	286,600
Insurance - shore assets	353,301	226,694
BSC anniversary celebration	527,378	620,423
Directors fees.	-	35,250
	<u>64,216,673</u>	<u>38,143,245</u>
21.00 Other Income		
Sundry Income - Scrap,tender,bond money etc.	20,261,794	29,864,107
Interest earnings	403,242,989	101,853,494
	<u>423,504,783</u>	<u>131,717,601</u>

3.00 Property, Plant & Equipment.

Particular	Balance on July 01, 2009	Addition during the year	CFI Adj/Disposal	Balance as at June,30,2010	Balance as at July 01,2009	Charged during the year	Adjustment Disposal	Total as on June 30,2010	W.D.V. as at June 30,2010
01	02	03	04	05	06	07	08	09	10
Fleet-Original cost (13 Vessels)	4,417,428,474	14,697,452		4,432,125,925	2,982,651,217	160,235,637		3,142,886,854	1,289,239,071
OTHER ASSETS									
Land	3,353,789			3,353,789					3,353,789
Building -(2.5%) & (15%)	108,272,891			108,272,891	45,262,495	1,590,267		46,852,761	61,420,130
Motor Vehicle-(20%)	19,468,382	4,199,000		23,667,382	18,356,271	1,062,222		19,418,493	4,248,889
Office Cycle-(20%)	26,687			26,687	26,602	17		26,619	68
Office Machine & Equipment-10%	15,083,608	728,931		15,812,539	10,390,482	542,206		10,932,687	4,879,851
Furniture & Fixture -(10%)	3,954,707	50,804		4,005,511	3,421,347	58,416		3,479,764	525,747
Workshop Machine-(15%)	20,953,067	350,000		21,303,067	20,768,581	80,173		20,848,754	454,313
Electric Installation -(20%)	132,984			132,984	132,574	82		132,656	328
Vacuvator-(10%)	116,968,563			116,968,563	106,288,781	1,067,978		107,356,759	9,611,804
Vacuvator Equipment-(10%)	3,271,347			3,271,347	1,706,672	156,468		1,863,139	1,408,208
Equipimet on Board-(10%)	154,877,531	696,000		155,573,531	72,971,315	8,260,222		81,231,536	74,341,994
SUB-TOTAL	446,363,556	6,024,735		452,388,291	279,325,119	12,818,050		292,143,170	160,245,121
2009-2010	4,863,792,029	20,722,187	-	4,884,514,216	3,261,976,334	173,053,687	-	3,435,030,024	1,449,484,192
2008-2009	4,757,220,061	301,030,361	(194,458,393)	4,863,792,029	3,265,858,699	190,576,028	(194,458,393)	3,261,976,334	1,601,815,695
3.01 Capital Work in Progress.									
Fleet Vessel	3,171,743			3,171,743					3,171,743
Building the Dhaka	1,032,121	564,015		1,596,136					1,596,136
Khulna Land Dece	346,731			346,730					346,731
2009-2010	4,550,595			5,114,610					5,114,610
2008-2009	4,449,477	101,118	-	4,550,595					4,550,595

A. Qasem & Co.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

BANGLADESH SHIPPING CORPORATION
CHITTAGONG
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

Particulars	Share Capital	Govt. of BD Equity	Capital Reserve	Retained Earnings	Total 2010
Balance as at July 01, 2009	200,000,000	2,672,600,000	293,790,825	(1,084,966,918)	2,081,423,907
Net profit for the year	-	-	-	133,423,675	133,423,675
Prior years adjustment	-	-	-	(163,100,906)	(163,100,906)
Corporate Tax paid	-	-	-	(3,170,316)	(3,170,316)
Balance as at June 30, 2010	200,000,000	2,672,600,000	293,790,825	(1,117,814,466)	2,048,576,359

Signed in terms of our separate report of even date annexed

Dated: Chittagong
November 30, 2010

Sd/-
A. Qasem & Co.
Chartered Accountants.

Sd/-
Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

Bangladesh Shipping Corporation
Statement of Ratio Analysis
for the year 2005-2006 to 2009-2010.

The following ratios have been computed from the audited financial statements of Bangladesh Shipping Corporation for the year ended June 30, 2005-2006 to 2009-2010.

Name of The Ratios	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
A.Liquidity Ratios					
1.Current Ratio(Times)	2.91	3.41	3.02	3.26	2.35
2.Quick Ratio(Times)	2.52	3.00	2.78	2.97	2.22
3.Times Interest Earned Ratio (Times)	N/A	N/A	393.02	85.50	121.28
4.Debt.to Equity Ratio(Times)	0.44	0.32	0.44	0.27	0.25
B.Operating Ratio					
1.Accounts Receivable Turnover Ratio	2.57	4.00	4.11	5.55	7.49
2.Inventory Turnover Ratio	7.77	10.96	15.65	13.10	22.64
3.Assets Turnover Ratio	0.60	0.70	0.94	0.76	0.83
C.Profitability Ratio					
1.Gross Margin Ratio %	N/A	N/A	11.36	11.21	15.34
2.Operating Income Ratio %	N/A	N/A	10.43	4.38	8.69
3.Net Income Ratio %	5.78	N/A	11.31	5.48	9.61
4.Return on Asset Ratio %	3.44	N/A	10.62	4.15	7.97
5.Return on Equity Ratio %	6.51	N/A	20.25	8.19	18.32
6.Earning Per Share	66.71	N/A	233.42	79.79	154.35

We have examined the calculation of the above ratios of Bangladesh Shipping Corporation for the year ended June 30, 2005-2006 to 2009-2010 and found correct. The details calculation is presented in annexure-1

Chittagong
December 29, 2010

Sd/-
A. QASEM & CO.,
Chartered Accountants

Sd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

Auditors' certificate regarding projected Earnings per share and net assets value per share as per rules 8(B)(16)(b)(iii) of the Public issue rules 2006 of the Securities and Exchange Commission

We, as statutory auditors of Bangladesh Shipping Corporation, have examined the following projected Earnings per share and net assets value per share of the Corporation for the next three years ending June 30, 2010-2011, 2011-2012 & 2012-2013 which have been prepared and presented by the management of Bangladesh Shipping Corporation based on their own assessment.

Particulars	2010-2011	2011-2012	2012-2013
Earning per share (Tk.)	0.46	11.98	22.14
Net Assets Value per share (Tk)	269.99	368.02	483.19

Chittagong
December 29, 2010

Sd/-
A. QASEM & CO.,
Chartered Accountants

Sd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

Tangible Assets Per Share**Assets:****Non Current Assets**

Property, Plant & Equipment

TAKA

1,449,484,192.00

Capital Work In Progress

5,114,610.00

Total Non-Currents Assets(A)(Excluding intangible Assets)**1,454,598,802.00****Current Assets:**

Inventories, Spares, Bunkers

326,421,008.00

Trade Debtors

239,611,903.00

Advance, Deposits, Prepayments

264,459,651.00

Other Receivable

657,089,800.00

Cash & Bank Balances

931,885,407.00

Total Current Assets B**2,419,467,769.00****Total Assets C=(A+B)****3,874,066,571.00****Liabilities:****Non Current Liabilities**

Long Term Loan

731,309,186.00

Deffered Liability

262,936,032.00

Total Non Current Liabilities(D)**994,245,218.00****Current Liabilities**

Creditors & Accruals

392,727,443.00

Interest on Longterm Loan

438,517,551.00

Total Current Liabilities(E)**831,244,994.00****Total Liabilities F=(D+E)****1,825,490,212.00****Total Nett Assets G=(C-F)****2,048,576,359.00****No of Share H****2,000,000.00****Net Tangible Asset Per Share I(G/H)****1,024.29**Chittagong
December 29, 2010Sd/-
A. QASEM & CO.,
Chartered AccountantsSd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

Auditors report in pursuance of section 135(1) under para 24(1) of part-ii of the Third schedule of companies Act 1994 for the period from July 01, 2005 to June 30, 2010. We, have examined the financial statements of Bangladesh Shipping Corporation for the year ended June 30, 2005-2006, 2006-2007, 2007-2008, 2009-2010. In pursuance of section 135(1) under paragraph 24(1) of part-ii of the 3rd schedule of the companies Act 1994, our report is as under.

Statement of Assets & Liabilities.

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Assets:					
NON CURRENT ASSETS:					
Property, Plant & Equipment	1,449,484,192	1,601,815,695	1,491,361,362	1,609,471,377	1,711,418,783
Capital Work in Progress	5,114,610	4,550,595	4,449,477	4,386,792	4,320,737
Total Non-Currents Assets	1,454,598,802	1,606,366,290	1,495,810,839	1,613,858,169	1,715,739,520
Current Assets					
Inventories, Spares, Bunkers	326,421,008	258,248,384	233,749,467	197,382,960	120,081,350
Trade Debtors	239,611,903	306,522,986	663,648,032	305,962,686	251,195,273
Advance, Deposits, Prepayments	264,459,651	104,685,830	79,012,867	64,529,438	175,527,862
Other Receivable	657,089,800	352,701,463	341,519,868	218,303,624	177,744,834
Cash & Bank Balances	931,885,407	1,120,796,924	1,580,937,718	1,443,930,806	1,430,748,709
Total Current Assets	2,419,467,769	2,142,955,587	2,898,867,952	2,230,109,514	2,155,298,028
Total Assets	3,874,066,571	3,749,321,877	4,394,678,791	3,843,967,683	3,871,037,548
<u>Equity & Liabilities:</u>					
Share Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Government of Bangladesh Equity	2,672,600,000	2,672,600,000	2,672,600,000	2,672,600,000	2,672,600,000
Capital Reserve	293,790,825	293,790,825	362,670,069	395,032,778	293,790,825
Retained Earnings	(1,117,814,466)	(1,084,966,918)	(930,100,287)	(1,317,980,979)	(1,481,319,840)
Total Equity	2,048,576,359	2,081,423,907	2,305,169,782	1,949,651,799	1,685,070,985
<u>Non Current Liabilities</u>					
Long Term Loan	731,309,186	775,973,880	843,666,379	911,358,679	979,051,179
Deffered Liability	262,936,032	263,011,171	286,043,216	298,623,128	290,525,817
Total Non Current Liabilities(D)	994,245,218	1,038,985,051	1,129,709,595	1,209,981,807	1,269,576,996
<u>Current Liabilities</u>					
Creditors & Accruals	392,727,443	211,327,470	554,470,638	286,385,133	526,499,215
Interest on Longterm Loan	438,517,551	417,585,449	405,328,776	397,948,944	389,890,352
Total Current Liabilities(E)	831,244,994	628,912,919	959,799,414	684,334,077	916,389,567
Total Equity & Liabilities	3,874,066,571	3,749,321,877	4,394,678,791	3,843,967,683	3,871,037,548

Sd/-
Chittagong
December 29, 2010

Sd/-
A. QASEM & CO.,
Chartered Accountants

Sd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

Statement of Operating Results

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Operating Income					
Freight Earning	2,206,866,845	2,522,678,420	3,969,943,009	2,814,963,408	3,112,063,130
Other Operating Income	102,122,522	113,011,106	156,401,184	97,147,319	98,974,901
	2,308,989,367	2,635,689,526	4,126,344,193	2,912,110,727	3,211,038,031
Less Operating Expenses					
Fleet Expense Direct	2,261,809,378	2,531,670,277	3,385,393,121	2,485,915,259	2,602,238,788
Fleet Expense Indirect	97,164,143	105,362,627	101,713,180	93,131,509	110,692,464
Vac-u-Vator Expense	4,262,122	4,893,488	4,357,324	6,759,457	5,444,917
Depreciation	171,618,160	189,429,296	166,122,349	157,975,933	161,250,837
	2,534,853,803	2,831,355,688	3,657,585,974	2,743,782,158	2,879,627,006
Operating Surplus Before Charging					
Administrative expenses & interest on Loans	(225,864,436)	(195,666,162)	468,758,219	168,328,569	331,411,025
Interest on Loans	-	509,070	1,187,832	1,866,592	2,545,352
Administrative Expenses	64,216,673	38,143,245	37,316,972	38,836,483	49,873,761
	64,216,673	38,652,315	38,504,804	40,703,075	52,419,113
Net Operating Income/(Loss)	(290,081,108)	(234,318,477)	430,253,415	127,625,494	278,991,912
Other Income	423,504,783	131,717,601	36,589,083	31,960,601	29,715,790
Net Income/(Loss)	133,423,675	(102,600,876)	466,842,498	159,586,095	308,707,702

Statment of cash flows:

	2009-10	2008-09	2007-08	2006-07	2005-06
A.Cash flow from operating activities:					
Cash Received from Customer & Others	2,799,405,234	3,124,532,173	3,680,622,386	3,213,455,408	3,188,630,361
Cash Paid to Suppliers & Employee	<u>(2,756,658,651)</u>	<u>(3,275,797,439)</u>	<u>(3,163,684,139)</u>	<u>(3,049,565,221)</u>	<u>(2,612,918,919)</u>
Cash Generated From Operation	42,746,583	(151,265,266)	516,938,247	163,890,187	575,711,442
Corporate Tax Paid	(3,170,316)	-	(24,093,682)	-	-
Prior Year Adjustment	<u>(163,100,906)</u>	<u>(32,265,755)</u>	-	-	-
Gratuity Paid	-	-	(37,948,612)	(25,650,590)	(16,743,942)
Net Cash Provided From/(Used in)					
Operating Activities	(123,524,639)	(183,531,021)	454,895,953	138,239,597	558,967,500
B.Cash flow from Investing activities:					
Purchase of Property,Plant,Equipment	<u>(20,722,185)</u>	<u>(120,038,030)</u>	<u>(230,196,741)</u>	<u>(57,365,001)</u>	<u>(68,879,038)</u>
Net Cash Provided From/(Used in)Investing Activities	(20,722,185)	(120,038,030)	(230,196,741)	(57,365,001)	(68,879,038)
Cashflow From Financing Activities:					
Long term loan Paid	(44,664,694)	(67,692,499)	(67,692,300)	(67,692,499)	(66,748,164)
Dividend Paid	-	(20,000,000)	(20,000,000)	-	-
Capital Reserve Realised	-	(68,879,244)	-	-	-
NetCash Provided From/(used in)Financing Activities	(44,664,694)	(156,571,743)	(87,692,300)	(67,692,499)	(66,748,164)
Net Increase/(Decrease) In Cash & Cash Equivalent	(188,911,518)	(460,140,794)	137,006,912	13,182,097	423,340,298
Cash & Cash Equivalent At Beginning of The Year	1,120,796,924	1,580,937,718	1,443,930,806	1,430,748,709	1,007,408,411
Cash & Cash Equivalent At End of The Year	931,885,407	1,120,796,924	1,580,937,718	1,443,930,806	1,430,748,709

Sd/-
Chittagong
December 29, 2010

Sd/-
A. QASEM & CO.,
Chartered Accountants

Sd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

Dividend Declared :
Cash Dividend

2010-09	2009-08	2008-07	2007-06	2006-05
10%	-	10%	10%	10%

1. The Company was established under president's order (po) no.10 of February 5, 1972 to carry on with shipping and ancillary business in international routes as national flag carrier. The registered office of the corporation is situated at BSC Bhaban, Saltgola, Chittagong as reported by the Corporation.
2. The Statement of Assets and liabilities (statement of financial position) as at 30 June, 2010, 2009, 2008, 2007, 2006, of the company has been duly certified by us.
3. We also certified that the statement of operating result (statement of comprehensive income) for the year ended 30 June 2010, 2009, 2008, 2007, 2006 of the company.
4. The statement of cash flows for the year ended 30 June 2010, 2009, 2008, 2007, 2006 of the company are enclosed and certified by us.
5. The company has no subsidiaries.
6. No Proceeds or part of proceeds of the issue of shares are applied directly or indirectly by the company in the purchase of any other business.
7. Figures related to previous years have been rearranged wherever considered necessary.

Chittagong
December 29, 2010

Sd/-
A. QASEM & CO.,
Chartered Accountants

Sd/-
KHAN WAHAB SHAFIQUE RAHMAN & CO.,
Chartered Accountants

“Interested persons are entitled to a prospectus, if they so desire. Copies of the prospectus may be obtained from the issuer and the issue manager”

BANGLADESH SHIPPING CORPORATION
APPLICATION FORM
APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHIS (S)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected.

The Chief Executive Officer

BANGLADESH SHIPPING CORPORATION

BSC Bhaban, Saltgola Road, Chittagong, Bangladesh

Bankers Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Corporation's Prospectus approved by the Securities and Exchange Commission subject to the Memorandum and Articles of Association of the Corporation. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Corporation and deposit the said ordinary shares in my Beneficiary Owner ("BO") account; I/we further authorize you to send a crossed (Account Payee only) cheque in respect of any Application money refundable to me/us by post/courier at my/our risk to the first applicant's address stated below:

- No. of Ordinary Sharesof Tk. 500 each including a premium of Tk. 400 each.
- Total subscription money of the amount of Tk. (in figures)Taka (in words)only deposited vide cash/Cheque/Draft/Pay Order No.Datedon..... Bank.....Branch
- Beneficiary Owner (BO) A/C No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(If you do not mention your valid BO A/C No. your application will be treated as invalid)
- I/we agree to fully abide by the instructions given herein.
- Particulars of Applicant :**

a) Sole/First Applicant

Name :	
Father's/Husband's Name :	
Mother's Name :	
Postal Address :	
Phone Number (if any):	
Occupation :	Nationality :
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch.	
For refund purpose: I/we want refund through <input type="checkbox"/> Bank Account <input type="checkbox"/> Hand Delivery/Courier (please put tick mark in which refund will be made)	
The applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.	
In Case of deposit into the applicant's bank account. the applicant will bear the applicable charge, if any, of the applicants banker and the issuer shall simultaneously issue a letter on intimation to the applicant consisting, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.	
Applicants Bank A/c no.	
Name of the Bank :	Branch :

b) Second Applicant

Name:	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Nationality

- I/we hereby declare that I/we have read the Prospectus of **BANGLADESH SHIPPING CORPORATION** and have willingly subscribed for No. of Ordinary Shares of 500/- each including a premium of Tk. 400 each.
- Specimen Signature(s) :

(i)	Name (in Block Letters)	Signature:
(ii)	Name (in Block Letters)	Signature:

BANKERS' ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figures)..... (in word) only from Mr./Mrs./Ms..... being the Application money for Ordinary Shares of **BANGLADESH SHIPPING CORPORATION**

Banker's SL. No.

Seal & Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) Account number in the Application form. If you do not mention your valid BO account number your application will be treated as invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Corporation's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than 5 Ordinary Shares and must be for a multiple of 5 Ordinary Shares. Any Application not meeting these criteria will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/Cheque/Bank Draft/Pay Order payable to one of the Bankers to the favoring A/C BANGLADESH SHIPPING CORPORATION and crossed "**A/C Payee only**" and must be drawn on a Bank in the same town as the Bank to which the Application Form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application Form for more than two persons will not be accepted. In case of Joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In the event an applicant makes more than two Applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, part or whole of application money may be forfeited by the Securities and Exchange Commission.**

10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgement to the Issue for Application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their RPO Application Forms are maintained with the bankers to the Issue, refund amount of those applicants will be directly credited in to the respective bank "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong , as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
13. Making of any false statement in the Application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of the share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purposes.
15. The Banker's to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- 16. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.**

Bankers to the Issue

<p>Investment Corporation of Bangladesh (ICB) NSC Tower, 62/3, Purana Paltan, Dhaka. Chittagong Br., Agrabad, Chittagong. Rajshahi Br., Shaheb bazar, Rajshahi Khulna Br., KDA C/A, Khulna. Barisal Br., 87/88, Hemayet Uddin Rd., Barisal. Sylhet Branch, Sylhet. Bogra Branch, Barogola, Bogra. Local Office, Kashfia Plaza, Nayapaltn, Dhaka</p> <p>Bank Asia Ltd. MCB Dilkusha Br., Dhaka. Corporate Br., Dhaka. Scotia Br. Karwan Bazar, Dhaka. Gulshan Br., Dhaka. MCB Banani Br., Dhaka. Uttara Br., Dhaka. Mitford Br., Dhaka. North South Rd Br., Dhaka. Dhanmondi Br., Dhaka. Bansundhara Br., Dhaka. Sylhet Main Br., Sylhet. Sylhet Uposahar Br., Sylhet. Agrabad Branch, Chittagong. Khatungonj Br. Chittagong. MCB Sk. Mujib Road Br, Agrabad, Chittagong. Bahaderhat Br., Chittagong. Moghbaraz Br., Dhaka. CDA Avenue Br., Chittagong. Station Road Br., Chittagong Rajshahi Br., Rajshahi. Khulna Br., Khulna. Mohakhali Br., Dhaka. Mirpur Br., Dhaka. Bogra Br., Bogra. Jessore Br., Jessore. Anderkilla Br., Chittagong. Shantinagar Br., Dhaka. Progati Sarani Br., Dhaka. Kamal Bazar Br., Chittagong. Ishwardi Branch, Pabna.</p> <p>BRAC Bank Ltd. Asad gate Br., Dhaka. Banani Br., Dhaka. Bansundhara Br., Dhaka. Donia Br., Dhaka. Eskaton Br., Dhaka. Graphics Building Br., Dhaka. Gulshan Br., Dhaka. Manda Br., Dhaka. Mirpur Br., Dhaka. Narayanganj Br., Narayanganj. Nawabpur Br., Dhaka. Rampura Br., Dhaka. Shyamoli Br., Dhaka. Uttara Br., Dhaka. Agrabad Br., Chittagong. CDA Avenue Br., Chittagong. Halishahar Br., Chittagong. Kazirdeuri Br., Chittagong. Momin Road Br., Chittagong. Bogra Br., Bogra. Rajshahi Br., Rajshahi. Jessore Br., Jessore. Khulna Br., Khulna. Barisal Br., Barisal. Zindabazar Br., Sylhet. Patia Branch, Chittagong.</p> <p>Social Islami Bank Ltd. Principal Branch, Dhaka Agrabad Branch, Chittagong Khulna Branch, Khulna Gulshan Branch, Dhaka Babu Bazar Branch, Dhaka Begum Rokeya Sarani Branch, Dhaka Sonargaon Branch, Narayanganj Ereign Exchange Branch, Dhaka Dhanmondi Branch, Dhaka Uttara Branch, Dhaka Mirpur Branch, Dhaka Banani Branch, Dhaka Islampur Branch, Dhaka Rampura Branch, Dhaka New Eskaton Branch, Dhaka Rajshahi Branch, Rajshahi Bogra Branch, Bogra Halishahar Branch, Chittagong</p> <p>The City Bank Ltd. B.B. Avenue Branch, Dhaka. Dhaka Chamber Branch, Dhaka. Dhanmondi Branch, Dhaka. Shaymoli Branch, Dhaka. Imamogonj Branch, Dhaka. Johnson Road Branch, Dhaka. Kawranbazar Branch, Dhaka.</p>	<p>New Market Branch, Dhaka. VIP Road Branch, Dhaka. Islampur Branch, Dhaka. Nawabgonj Branch, Dhaka. Nawabpur Branch, Dhaka. Pragati Sarani Br., Dhaka. Tanbazar Branch, Narayanganj. Zinzira Br., Dhaka. Tongi Branch, Gazipur. Agrabad Branch, Chittagong. Jubilee Road Branch, Chittagong. Khatungonj Branch, Chittagong. Anderkilla Br., Chittagong. Cox's Bazar Br., Chittagong. Chawkbazar Br., Chittagong. Pahartoli Br., Chittagong. Comilla Branch, Comilla. Narsingdi Br., Narsingdi. Zinda Bazar Branch, Sylhet. Bandar Bazar Branch, Sylhet. Amborkhana Br., Sylhet. Mouli Bazar Br., Sylhet. Rajshahi Branch, Rajshahi. Bogra Branch, Bogra. Rangpur Br., Rangpur. Sirajgonj Br., Sirajgonj. Khulna Branch, Khulna. Jessore Br., Jessore. Barisal Branch, Barisal.</p> <p>Jamuna Bank Limited Mohakhali Branch, Dhaka. Sonargaon Road Branch, Dhaka. Dilkusha Branch, Dhaka. Shantinagar Branch, Dhaka. Gulshan Branch, Dhaka. Dhanmondi Branch, Dhaka. Islampur Branch, Dhaka Ring Road Branch, Dhaka Kustia Branch, Kustia Motijheel Branch, Dhaka. Dholaikhal Branch, Dhaka. Banani Branch, Dhaka. Uttara Branch, Dhaka. Mirpur Branch, Dhaka. Malibagh Branch, Dhaka. Narayanganj Br, Narayanganj. Agrabad Branch, Chittagong. Rajshahi Branch, Rajshahi. Bogra Branch, Bogra. Jubilee Road Branch, Chittagong. Khatungonj Branch, Chittagong. Feni Branch, Feni. Jessore Branch, Jessore.</p> <p>Shahjalal Islami Bank Limited Dhaka Main Br., Dilkusha, Dhaka. Mitford Br., Mitford Road, Dhaka. Dhanmondi Br., Dhaka. Gulshan South Avenue Br., Gulshan, Dhaka. Agrabad Branch, Chittagong. Sylhet Branch, Sylhet. Khatungonj Branch, Chittagong. Gulshan Br., Gulshan, Dhaka. Foreign Ex. Br., Motijheel, Dhaka. College Gate Branch, Mirpur Road, Dhaka Kawran Bazar Br., Dhaka. Banani Br., Banani, Dhaka. Satmasjid Road Br., Dhanmondi, Dhaka. Eskaton Branch., New Eskaton, Dhaka Jubilee Road Br., Chittagong. Motijheel Br., Motijheel, Dhaka. Mirpur Br., Mirpur-10, Dhaka. Uttara Br., Uttara, Dhaka. Savar Br., Savar, Dhaka. Bangshal Br., Bangshal, Dhaka. Bijoynagar Br., Kakrail, Dhaka. Dargah Gate Branch, Sylhet.</p> <p>ONE Bank Limited Principal Branch, Dhaka. Motijheel Branch, Dhaka. Karwan Bazar Branch, Dhaka. Gulshan Branch, Dhaka. Mirpur Branch, Dhaka. Uttara Branch, Dhaka. Dhanmondi Branch, Dhaka. Banani Branch, Dhaka. Kakrail Branch, Dhaka. Progati Sarani Branch, Dhaka. Elephant Road Br., Dhaka. Jatrabari Branch, Dhaka. Nawabgonj Branch, Dhaka. Bangshal Branch, Dhaka. Ganakbari (EP2) Branch, Dhaka. Imamganj Branch, Dhaka. Narayanganj Branch, Narayanganj. Joypara Branch, Dhaka. Agrabad Branch, Chittagong. Khatungonj Branch, Chittagong.</p>	<p>CDA Avenue Branch, Chittagong. Nanupurbazar Branch, Chittagong. Cox's Bazar Br., Chittagong. Jubilee Road Br., Chittagong. Chowmuhani Branch, Noakhali. Chandragonj Branch, Lakshmpur. Feni Branch, Feni. Raipur Branch, Lakshmpur. Dagon Bhuiyan Branch, Feni. Sylhet Branch, Sylhet. Sherpur Branch, Mouli Bazar. Islampur Branch, Sylhet. Jessore Branch, Jessore. Bogra Branch, Bogra. Serajgonj Branch, Serajgonj Sadar. Laksham Branch, Laksham. Ramgonj Branch, Lakshmpur. Majidee Court Branch, Noakhali. Banashri Branch, Dhaka. Rajshahi Branch, Rajshahi. Shahjadpur Branch, Sirajgonj. Jagannathpur Branch, Nadda, Dhaka. Tongi Branch, Gazipur. Comilla Branch, Comilla. Basabo Branch, Sabujbag, Dhaka. Satkhira Branch, Satkhira Madhabdi Branch, Narsingdi Rangamati Branch, Rangamati Sitakunda Branch, Sitakunda Moghbaraz Branch, Dhaka</p> <p>Islami Bank Bangladesh Limited Local Office, Dhaka (Controlling Branch) Foreign Ex. Br., Dhaka. Farmgate Branch, Dhaka. Nawabpur Branch, Dhaka. Gulshan Br., Gulshan, Dhaka. Narayanganj Branch, Narayanganj. Mirpur Branch, Dhaka. C.M.B. Dhaka. Agrabad Branch, Chittagong. Khatungonj Branch, Chittagong. Cox's Bazar Branch, Cox's Bazar. Khulna Branch, Khulna. Barisal Branch, Barisal. Jessore Branch, Jessore. Bogra Branch, Bogra. Rajshahi Branch, Rajshahi. Dinajpur Branch, Dinajpur. Chomilla Branch, Comilla. Chowmuhoni Branch, Noakhali. Feni Branch, Feni. Sylhet Branch, Sylhet. New Market Branch, Dhaka. Mouchak Branch, Dhaka. Jatrabari Branch, Dhaka. Uttara Br., Uttara, Dhaka. Shyamoli Branch, Dhaka. Sitakunda Branch, Sitakunda. Mouli Bazar Branch, Mouli Bazar. Kushtia Branch, Kushtia. Pabna Branch, Pabna.</p> <p>Mutual Trust Bank Limited Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Dholaikhal Branch, Dhaka Dikusha Branch, Dhaka. Elephant Road Branch, Dhaka. Fulbaria Branch, Dhaka. Gulshan Branch, Dhaka. Mohammadpur Branch, Dhaka. MTB Corporate Center Branch, Dhaka. Pallabi Branch, Dhaka. Panthapath Branch, Dhaka. Principal Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Br., Savar, Dhaka. Shanir Akhra Branch, Dhaka. Tongi Branch, Gazipur Uttara Model Town Br., Uttara, Dhaka. Narayanganj Branch, Narayanganj. Sonargaon Branch, Narayanganj. Agrabad Branch, Chittagong. Alankar Mour Branch, Chittagong. CDA Avenue Branch, Chittagong. Jubilee Road Br., Chittagong. Khatungonj Branch, Chittagong. Feni Branch, Feni. Rajshahi Branch, Rajshahi. Rangpur Branch, Rangpur. Bogra Branch, Bogra. Pabna Branch, Pabna. Kushtia Branch, Kushtia. Sylhet Branch, Sylhet. Mouli Bazar Branch, Sylhet. Gournadi Branch, Barisal. Jessore Branch, Jessore.</p>	<p>Southeast Bank Ltd. Principal Branch, Dhaka Corporate Branch, Dhaka. Imamganj Branch, Dhaka. Dhanmondi Branch, Dhaka. Uttara Branch, Dhaka. New Elephant Road Br., Dhaka. Kakrail Branch, Dhaka Banani Branch, Dhaka Bangshal Branch, Dhaka New Eskaton Branch, Dhaka. Agargaon Branch, Dhaka Shaymoli Branch, Dhaka Ashulia Branch (Rural), Dhaka. Narayanganj Branch, Narayanganj. Joypara Branch (Rural), Dhaka Mouchak Branch, Dhaka. Bansundhara Branch, Dhaka. Mohammadpur Branch, Dhaka. Rajshahi Branch, Rajshahi Naogaon Branch, Naogaon Satmosjid Road Branch, Dhaka Pragati Sarani Br., Dhaka. Bandar Bazar Branch, Sylhet Moulvibazar Branch, Moulvibazar Hetingong Branch, Sylhet Chouhatta Br. Sylhet Laldighirpar Branch, Sylhet. Shahjalal Uposahar Br. Sylhet Kulaurapara Br (Rural), Moulvibazar Pathantula Branch, Sylhet. Khatungong Br. Chittagong Jubilee Road Br. Chittagong Halishahar Br., Chittagong CDA Avenue Br. Chittagong Cox's Bazar Branch, Cox's Bazar. Feni Branch, Feni. Pahartali Branch, Chittagong Bashurhat Br. (Rural), Noakhali Rangpur Branch, Rangpur. Bogra Branch, Bogra. Khulna Br. Khulna Barisal Branch, Barisal Madambibir Hat Br. Chittagong Comilla Branch, Comilla.</p> <p>Trust Bank Ltd. Principal Branch, Dhaka. SKB Branch, Dhaka Khatungonj Branch, Chittagong Gulshan Corporate Branch, Dhaka Dilkusha Corporate Branch, Dhaka CDA Avenue Branch, Chittagong Sylhet Corporate Branch, Sylhet Millennium Corporate Branch, Dhaka Uttara Corporate Branch, Dhaka Mirpur Branch, Dhaka Naval Base Branch, Chittagong Karwan Bazar Branch, Dhaka Feni Branch, Feni Narayanganj Branch, Narayanganj Narsingdi Branch, Narsingdi Joydebpur Branch, Gazipur Kafri Branch, Dhaka Tongi Branch, Gazipur Chowmohoni Branch, Noakhali Progati Sarani Branch, Dhaka</p> <p>National Bank Limited Bangshal Road Branch, Dhaka. Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Mirpur Branch, Dhaka. Elephant Road Branch, Dhaka. Foreign Exchange Br, Dhaka. Gulshan Branch, Dhaka. Imamogonj Branch, Dhaka. Islampur Branch, Dhaka. Jatrabari Branch, Dhaka. Kawranbazar Branch, Dhaka. Lake Circus Branch, Dhaka. Malibag Branch, Dhaka. Khatungonj Branch, Chittagong. Tongi Branch, Gazipur Rokeya Sarani Branch, Dhaka. Mohakhali Branch, Dhaka. Mohammadpur Branch, Dhaka. Motijheel Branch, Dhaka. Narayanganj Branch, Narayanganj. New Eskaton Branch, Dhaka. North Brooke Hall Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Branch, Dhaka. Uttara Branch, Dhaka. Z.H. Sikder M.C. Branch, Dhaka. Netagonj Branch, Narayanganj. Agrabad Branch, Chittagong. Chawkbazar Branch, Chittagong. Rifles Square Branch, Dhaka. Halishahar Branch, Chittagong.</p>
---	--	--	---

"Interested persons are entitled to a prospectus, if they so desire. Copies of the prospectus may be obtained from the issuer and the issue manager"

BANGLADESH SHIPPING CORPORATION
APPLICATION FORM
APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI
 (To be sent directly to the Corporation's Corporate Office)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected

The Chief Executive Officer
BANGLADESH SHIPPING CORPORATION
 BSC Bhaban, Saltgola Road, Chittagong, Bangladesh

Dear Sir

I/We apply for and request you to allot me/us number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Corporation's Prospectus approved by the Securities and Exchange Commission and subject to the Memorandum and Articles of Association of the Corporation. I/we authorize you to place my/our name(s) on the Register of Members of the Corporation and deposit the said ordinary shares in my/our Beneficiary Owner ("BO") account; I/we further authorize you to send a Crossed (Account payee only) Cheque in respect of any application money refundable to me/us by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares..... of Tk. 500 each including a premium of Tk. 400 each.
2. Total subscription money of the amount of Tk. (in figures),Taka (in words)..... only convertible into USD at the rate of US Dollar 1.00 = Tk./UK Pound Sterling 1.00 = Tk./ EURO 1.00= Tk.....
3. Payment by Draft/Cheque No.....date.....for US Dollar/UK Pound Sterling/EURO/Tk. drawn on..... Bankbranch.....

4.	Beneficiary Owner (BO) A/C No.																		
(If you do not mention your valid BO A/C No. your application will be treated as invalid)																			

5. I/we agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

a) Sole/First Applicant

Name :	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Passport No. :	Valid upto:
Date of Birth :	
For Refunds: Applicants Bank A/c no.	
Name of the Bank :	Branch :

The applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.

b) Second Applicant

Name :	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Passport No. :	Valid upto :
Date of Birth :	

Nominee's Name :	
Mailing Address:	

7. I/We hereby declare that I/we have read the Prospectus of **BANGLADESH SHIPPING CORPORATION** and have willingly subscribed for..... Ordinary Shares of Tk. 500 each including a premium of Tk. 400 each.

8. Specimen Signature(s):

Name in Block Letters	Signature
Sole/First Applicant :	
Second Applicant :	
Nominee :	

INSTRUCTIONS

1. As per provisions of Depository Act, 1999 and regulations made thereafter shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO Account number, your application will be treated as invalid.
2. All information must be written or typed in Block Letters in English and must not be abbreviated.
3. An Application must not be for less than 5 Ordinary Shares and must be for a multiple of 5 Ordinary Shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of Shares favoring BANGLADESH SHIPPING CORPORATION and crossed "ACCOUNT PAYEE ONLY".
5. Application shall be sent by the applicant directly to the Corporation within2011 so as to reach the Corporation within2011. Any Application sent after2011 or received by the Corporation after2011 will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through A/C Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Securities and Exchange Commission.
8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Corporation.
9. Joint Application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or Company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their RPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their RPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein on suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of the share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.

13. The intending NRB applicants shall deposit the share subscription money by a US \$/UK Pound Sterling/EURO demand draft drawn on any bank and payable in Dhaka, Bangladesh, or through a nominee paying out of a non-resident foreign currency deposit account maintained in Bangladesh or in Taka, supported by a foreign currency encashment certificate issued by the bank concerned, for the price of the ordinary shares applied for, through a crossed bank cheque marked "Account Payee only", such that the issuer's collecting bank can clear the proceeds and deposit the same into the issuer's account in time.
14. The spot buying rate (TT Clean) in US \$ / UK Pound Sterling / EURO of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non Resident Bangladeshi (NRB) applicants.
- 15. The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his/her being a NRB , dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him/her to travel to Bangladesh.**
16. In case of joint application, the joint applicant shall also submit supporting papers / documents in support of his being an NRB as mentioned in paragraph 15.
- 17. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In the event an applicant makes more than two Applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, part or whole of application money may be forfeited by the Securities and Exchange Commission.**
- 18. No issue of ordinary shares shall be made nor shall any money be taken from any person, in connection with such issue and subscription, until 25 days after the Prospectus has been published.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE CORPORATION 'S CORPORATE OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS
National House (1st Floor)
109, Agrabad Com. Area
Chittagong.
Phone : 711561, Fax : 723680
E-mail : basak_sbc@yahoo.com

RAHMAN MOSTAFA ALAM & CO.
CHARTERED ACCOUNTANTS
Taher Chamber (2nd Floor)
10, Agrabad Com. Area
Chittagong.
Phone : 725314

Dated: June 23, 201 .

TO WHOM IT MAY CONCERN

This is certify that **Bangladesh Shipping Corporation**, incorporated vide President Order No-10 of 1972 has increased its Authorised Capital to Tk.400.00 (four hundred) crore divided into 4,00,00,000 Ordinary Shares of Tk.100/- each reference to proclamation and passing of Bangladesh Shipping Corporation (Amendment) Bill, 2000 in the Bangladesh Parliament on 15-09-2006 and Gazette Notification dt.20-09-2006.

Sd/-
(SHAFIQ BASAK & CO.)
Joint Auditor

Sd/-
(RAHMAN MOSTAFA ALAM & CO.)
Joint Auditor

A.QASEM & CO.
Chartered Accountants

KHAN WAHAB SHAFIQUE RAHMAN CO.
Chartered Accountants

Auditors' Additional disclosures in considering of Government equity into Share capital for calculation of past and present EPS.

We as statutory auditors of Bangladesh Shipping Corporation have examined the projected financial statements and report under section 135(1), part 24-ii of the third schedule of Companies Act 1994 and considering of Government equity into share capital for calculation of past and present EPS which are given below:-

EPS in considering of Government equity into shares.

Particulars	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Net Profit/Loss	133,423,675	(102,600,876)	466,842,498	159,586,095	308,707,702
Existing Share	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Considering Government Equity into shares	53,45,200	53,45,200	53,45,200	53,45,200	53,45,200
Number of Shares	73,45,200	73,45,200	73,45,200	73,45,200	73,45,200
Earning Per Shares (EPS)	18.16	(13.97)	63.56	21.75	42.03

Sd/-
A. Qasem & Co.
Chartered Accountants

Sd/-
Khan Wahab Shafique Rahman Co.
Chartered Accountants

Dated: Chittagong
August 14, 2011.

Additional Disclosure by Management of BSC

1. **Non Compliance of BAS-8 In case of prior year adjustment at Tk. 163,100,906.**
The amount of Tk. 163,100,906.00 shown in the financial statement as a prior year adjustment to be reflected in the presentation of next year's financial statement.
2. **Non Compliance of BAS-16 In case of Loss on sale on fixed assets.**
Loss arising from the disposal of sale of fixed assets to be reflected in the presentation of next year's financial statement.
3. **No Interest Change of Long Term Loan.**
The payment of loan installments of the bank are being regularly made as per reschedule based on a decision of an Inter-Ministerial meeting dated 22-05-2004. The reschedule do not include imposed/ non-imposed interest which is still under negotiation with the banks and are expected to be waived.
4. **Non compliance of BAS-7 regarding inclusion of fixed term deposits under the head cash & cash equivalents.**
The accounts will reveal that no fixed deposit was made during the year. It is worthwhile to note that fixed terms deposits are automatically renewed on expire. However, the cash flow statement will be rearranged in next year.
5. **Reason for increase of interest income during 2009-2010.**
FDR interest of the Corporation has been calculated in this financial year. Other's interest income has been shown as per fundamental accounting system.
6. **Clarification regarding fleet expenses more than fleet earning.**
Due to world-wide economic recession especially that prevailing in the shipping sector, fleet expenses have increased to a great extent. On the other hand, revenue decreased sharply since the fleet experienced ideal times. Due to nature of business, overhead cost remained almost fixed.
7. **Clarification regarding increase of interest earning from Tk. 10.18 crore to Tk. 40.32 crore.**
Interest earning increased due to FDR interest earning that has been shown in this financial statement.
8. **Comments on Auditor's observation made in note 2.08 at the Annual Report'2009-2010.**
To be corrected in the next year's financial statement.
9. **Comments on Auditor's observation made in note 2.10 at the Annual Report'2009-2010.**
To be corrected in the next year's financial statement.

Sd/-
Commodore Moqsumul Quader
Managing Director
Bangladesh Shipping Corporation

Sd/-
Golam Hossain
Company Secretary
Bangladesh Shipping Corporation

Sd/-
Muhammad Yusuf
Assistant Manager (Accounts)
Bangladesh Shipping Corporation

Certificate for non-submission of RJSC Certification.

The undersigned states that unlike any other Public Limited Company, Bangladesh Shipping Corporation was established as a state-owned Government organization under President Order No. 10 of 1972. On the basis of this order, BSC commenced its business from 5th February, 1972 and has been functioning as a Corporation having its unique entity which is not similar with Public Limited Company.

02. As per provision of the said order, the Board of Directors of the Corporation consist of seven members headed by the Hon'ble Minister in charge of Shipping as its Chairman and Secretary, Ministry of Shipping, Joint-Secretary, Finance Division, Ministry of Finance, Managing Director including three other Executive Directors appointed by the Government, are the members of the board.
03. View above, necessary certifications from RJSC are not applicable in case of Bangladesh Shipping Corporation (BSC).

Sd/-

(Commodore Moqsumul Quader)

Managing Director

Bangladesh Shipping Corporation

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

REPORT: RR/594/10

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL followed Corporate Rating Methodology published in CRISL website www.crislbd.com

Address:
CRISL
Nakshi Homes
(4th Floor),
6/1A, Segunbagicha,
Dhaka-1000
Tel: 7173700-1
Fax: 88-02-9565783
Email:
crisl@bdonline.com

	Long Term	Short Term
As Government Supported Entity:	AAA	ST-1
Stand Alone Rating	BBB	ST-4
Outlook	Positive	
Date of Declaration	January 12, 2011	

Analysts:
Ruben Chowdhury
ruben@crisl.org

Md. Taheedul Anwar
taheed@crisl.org

Entity Rating:
**As Government
Supported Entity:**
Long Term: AAA
Short Term: ST-1

Stand Alone Rating:
Long Term: BBB
Short Term: ST-4

Outlook: Positive

Bangladesh Shipping Corporation

**PRINCIPAL
ACTIVITY**
Shipping Business

Incorporated in:
1973

Board Chairman:
Mr. Shajahan Khan, MP

Managing Director:
Commodore Moqsumul
Quader

Equity:
Tk. 2,048.58 million

Total Assets:
Tk. 3,874.08 million

1.0 RATIONALE

CRISL has rated Bangladesh Shipping Corporation (hereinafter referred as "BSC") from two distinct perspectives, firstly, as highly integrated Government Support Entity (GSE) and secondly, as a commercial entity on stand-alone basis. Under the above purview, CRISL has assigned "AAA" (Triple A) rating in the long term and ST-1 in the short term to BSC, only State Owned Shipping Company in the country. The above rating has been assigned in consideration of implied commitment of the Government of the People's Republic of Bangladesh to the entity. Government has also been utilizing the services of the corporation in many commercial and government purposes. In addition, Government has been providing support both in financial and policy matter and other areas to handle adverse situations which has been factored in the rating process. CRISL believes that the government would continue its utmost support towards the corporation's sustainability. BSC, the state owned shipping company bearing the national flag, has been considered as a highly integrated GSE due to its commitment to achieve national objectives / goals through Government's high integration with its operation. A significant amount of the debt fund has been converted as Government equity reflects the level of support of the Government towards BSC.

CRISL has also assigned the long term rating "BBB" (Pronounced as triple B) and short term rating "ST-4" to BSC, as a stand-alone commercial entity without considering the Government support or intervention on its commercial prudence. The above ratings have been done on the basis of its fundamentals arising as a commercial organization such as comfortable equity based capital structure, structured and established organization. However, the above rating has been moderated, by its low profitability, non-cost-effective operation, old aged fleet, small scale outbound operation arising from non-compliance of IMO rules, lack of sufficient human resources, irregular loan repayment history, etc.

The long term rating indicates that Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations. The short term rating indicates moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.

CRISL has placed the company with positive outlook considering that with the new share capital it may increase its capacity that ultimately may increase its revenue potentials.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

2.0 CORPORATE PROFILE

Only state-owned shipping company

2.1 The Genesis

Bangladesh Shipping Corporation was established under the President Order No. 10 of 1972 and started functioning by taking over all assets, properties, movable and immovable and all funds of the former National Shipping Corporation formed under Ordinance IV of 1963 within the territories now constituting Bangladesh. BSC is the national flag carrier in the maritime region and enjoys all support and patronage from the Government of Bangladesh (GOB) as the national flag carrier. BSC is now having a fleet of 13 numbers of ships. Starting with an initial paid-up share capital of Tk. 100.00 million divided into 1,000,000 shares fully owned by the Government of the People's Republic of Bangladesh, the corporation is now operating with a paid up capital of Tk. 200 Million against an authorized capital of Tk. 250 million. At present the government holds 87.5% shares and the balance 12.5% shares are held by public. BSC shares are listed with the Dhaka Stock Exchange and Chittagong Stock Exchange. Having a low market depth, the shares are traded at an average price of Tk. 4,084 as on 30 June 2010. However, the corporate office of BSC is located at BSC Bhaban, Soltgola Road, Chittagong.

2.2 Ownership and Control

As stated earlier GOB is the major shareholder of BSC. A history of the shareholding structure of BSC after its formation is stated below:

Major ownership controlled by the Govt.

Name of Owners	Number of shares owned	Percentage (%)
Govt. of the People's Republic of Bangladesh	1,750,000	87.50
Institutional Share Owners	213,902	10.70
General Public	36,098	1.80
Total	2,000,000	100.00

As a part of the policy to restructure BSC, the government has decided to raise the paid up capital through repeat public offering of shares and accordingly, the government restructured the capital structure of BSC in 2006 through "Bangladesh Shipping Corporation (Amendment) Act, 2006" dated 20 September 2006. With the above the authorized capital of the corporation was raised to Tk. 4,000 million divided into 40 million shares of Tk. 100 each. As on 30 June 2010, the issued and paid up capital was Tk. 200.00 million divided into 2 million shares of Tk. 100 each. With the above amendment, the government shareholding was also increased from Tk. 175 Million to Tk 2,847.60 million by converting government quasi-loan of Tk 2,672.60 Million into paid up capital. The above decision will significantly dilute the existing public shareholding from 12.5% to only 0.87%. The above unilateral decision of the majority shareholder (GOB) to convert the loan to equity (in the absence of Right offer) will have negative impact. With the repeat IPO although the public shareholding will be increased to 18.64%, it will not protect the dilution of the existing public shareholding.

2.3 Bangladesh Shipping Corporation as Government Supported Entity

Govt. supported entity

CRISL being a rating agency of Bangladesh, places due weight in rating the Government supported entities depending on the extent of support towards entity's obligations. Bangladesh Shipping Corporation as only national flag carrier in international sea route enjoyed some facilities from Government of Bangladesh like equity support, rebate of interest on loan, exclusive crude oil carrying service agreement with Bangladesh Petroleum Corporation (BPC) for importing crude oil, exclusive service facility of Bangladesh Food Ministry for importing food grain, availing donation to support CAPEX, conversion of loan into equity etc. Therefore the Government has national interest to keep this public entity solvent. Having strong track record of support to the entity, government can readily be mobilized to assist the entity in responding to its financial distress. However, with the above supportive of the government, there are also indication of unsupportive pricing against different services, imposing unprofitable tasks and policy which may sometimes implies credit risks and financial losses. In addition, Government expects the BSC to run on commercial basis. Under the above backdrop, CRISL considers BSC as a Government Supported Entity mandated to run on commercial basis and expects support from the Government in distress situation. The above have been highly factored in CRISL Rating process of Bangladesh Shipping Corporation.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

2.4 Nature of Operation

BSC is the national flag carrier in the maritime world and offers shipping related services round the globe. These services include Bangladesh-Pakistan-West Asia Gulf Liner service, Bangladesh/UK-Continent/Africa Liner service, Bangladesh/Far East/Japan Liner service, Chartering & Tramping service, Feeder service, Crude Oil carrying, Crude Oil lightening. Food Grain carrying, Food Grain lightening, Agency service and ship repair (in marine workshop owned by BSC) etc. The Corporation has the mandate of getting priority over private sector in the related business of the GOB and sector corporations.

2.5 Market Scenario

Bangladesh is known to the global maritime map for its important two ports namely Chittagong and Mongla. As a maritime nation, huge volume of sea borne trade is being executed in Bangladesh. Both public and private shipping companies jointly occupy very insignificant part of the total sea borne trade. Besides BSC as public shipping corporation, HRC Shipping Lines Ltd, Continental Liner Agency Ltd, Ben Marine Lines Ltd, Ben Ocean Lines Ltd, Midland Shipping Lines Ltd, Brave Royal Shipping Lines Ltd, S.R. Shipping Lines Ltd etc are involved in shipping at the private level. Recently, the Government has allowed some foreign shipping lines to operate for the time being defying rules relating to operation of cent percent foreign-owned companies in the country although earlier, Government made rules barring fully foreign owned shipping companies from operating in the country. At present, about seven foreign owned shipping companies under joint ventures (PIL, Sea Consortium and Orient Express Line) and three fully foreign owned companies (Maersk Line, APL and NYK. Maersk Line, Denmark-based shipping company), has been operating for a long time. APL is a wholly owned subsidiary of Singapore-based Neptune Orient Lines, a global transportation and logistics company engaged in shipping businesses in Bangladesh for long as well. The Japan-based NYK (Nippon Yusen Kaisha) is a leading shipping company, and it is mainly involved in transporting cars.

Huge market potentiality

3.0 CORPORATE PROFILE

3.1 Board of Directors

As per Ordinance 23 of 1989, the Board of BSC consists of seven members headed by Honorable Minister in-charge of Ministry of Shipping as its Chairman. Secretary, Ministry of Shipping, Joint Secretary, Finance division, Ministry of Finance, Govt. appointed Managing Director and three other Executive Directors are the members of the Board. Presently, Mr. Shajahan Khan (MP), Hon'able Minister, Ministry of Shipping is the Chairman of the Board as usual. Mr. Md. Abdul Mannan Howlader, Secretary, Ministry of Shipping presently representing in the Board as per the Ordinance. Commodore Moqsumul Quader, BN, is the present Managing Director of the corporation and also Ex-Officio Director of the Board. Dr. Chowdhury Saleh Ahmed, Director General (Monitoring Cell), Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh, Mr. Md. Golam Mawla, Executive Director (Finance), Mr. Mostafa Kamal Uddin, Executive Director (Commercial) and Mr. Md. Saeed Ullah, Executive Director (Technical-Current Charge) all are the Ex-Officio Directors of the Board of BSC. A summary of directors with other relevant information is delineated below.

Board of Directors mainly constituted by high level government employees of different ministry

Name of Directors	Position	Qualifications and experience
Mr. Shajahan Khan, MP	Chairman	Hon'ble Minister, Ministry of Shipping representing the board as Chairman as per Ordinance.
Mr. Md. Abdul Mannan Howlader	Director	Secretary, Ministry of Shipping representing as Director as per Ordinance.
Commodore Moqsumul Quader	Managing Director	Commodore Moqsumul Quader was commissioned in Bangladesh Navy on 1 st August 1981. During his career, he completed different courses namely psc, afwc, ndc etc and received training in different countries viz U.K., USA, India, China, and Sylhet etc in the fields of

**CREDIT RATING REPORT
ON
Bangladesh Shipping Corporation**

		Midshipman, Surface, Warfare Communication, Seminar Course and OWJTC.
Dr. Chowdhury Saleh Ahmed	Director	Dr. Ahmed completed his PhD in Economics in 1980. He has completed 25 years of Government service in various capacities and now is on a contractual service with Government. He is the Director General, Monitoring Cell, Finance Division, Ministry of Finance representing the Board as per Ordinance.
Mr. Md. Golam Mowla	Executive Director (Finance)	Mr. Mowla has a number of specialized training on administration and financial management aspect, project management, survey & settlement and other job related matters. He has long background in planning, organizing, implementing, monitoring, and evaluating of various development projects and programs aided by different international organizations.
Mr. Mostafa Kamal Uddin	Executive Director (Commercial)	Mr. Kamal joined in Bangladesh Civil Service in the year 1986. He got professional training from Sweden, Denmark, Japan, Thailand, Singapore, Pakistan & Netherlands in the field of Civil Administration and other related areas.
Mr. Md. Saeed Ullah	Executive Director (Technical) – Current Charge	Mr. Md. Saeed Ullah joined afloat establishment in BSC in the year 1979. He has about twelve years of experience on various ocean going vessels. He served as a Cadet Engineer & ultimately rose to the position of Chief Engineer from July 1979 to June 1991.

At present BSC does not have any board member representing the public shareholding. There is also no designated Independent member in the Board to comply with SEC requirement in respect of Corporate Governance of a listed company. The board also does not have professionals having experience of commercial shipping which is considered to be essential to make the corporation competitive with commercial prudence.

3.2 Corporate Management

A long experienced management team having wide exposure in the different field of shipping business has been looking after the overall activity of BSC. The Secretary Mr. Golam Hossain is a B.A. (Hons), M.A. (Economics) and has been serving the corporation since August 2009. Prior to that, he also served in Regulatory District Council as CEO and as Deputy Secretary in the Ministry of Establishment. Captain Md. Wahidur Rahaman, General Manager (Insurance & Claim) worked in different departments of BSC and has been serving the corporation from mid seventies. Mr. Md. Shah Alam, General Manager (Finance & Planning), Mr. A.B.M. Rezaul Karim, General Manager (Operation), Mr. A.H.M. Mamun, General Manager (Ship Personnel & DPA/CSO) are few recognized executives have been serving the corporation from early eighties and served in various departments of the corporation. The following table represents few top-level executives who are going to be retired soon or working on contractual basis.

**CREDIT RATING REPORT
ON
Bangladesh Shipping Corporation**

Major high level employees are working on contractual basis

Name	Designation	Date of Leave Preparatory to Retirement (LPR)
Mr. Md. Shah Alam	General Manager, Finance & Planning Department	30 th December 2010
Mr. Md. Abdu Latif	General Manager (Contractual), Accounts Department	2 nd April 2011
Mr. Syed Md. Shamsul Huda	General Manager (Contractual), Chartering and Tramping Department	31 st December 2010
Mr. Humayun Kabir Chowdhury	Deputy General Manager (Contractual), Secretariat Department	18 th September 2011
Mr. Md. Rafiqul Islam Khan	Deputy General Manager (Acting & Contractual), S.S.M. Department	15 th August 2012

In order to ensure the succession plan, the corporation is yet to have any concrete human resources planning to fill up the forthcoming vacant positions with efficient managers.

3.3 Human Resource Management

No immediate succession on human resource management

Human Resource of BSC is monitored according to Bangladesh Shipping Corporation (Officer & Staff) Service Rule-1997 at shore level and Bangladesh Shipping Corporation (Afloat Officer) Service Rule-1999 at afloat level, which cover various policies and employment conditions, performance appraisal, general behavior and discipline, salary and other perquisites, leave etc. The corporation suggests a pay scale, which is implemented after approval of the concerned ministry however, the salary structure of the corporation has been found below average in comparison to other private shipping companies. Incentive and other benefits may be different among the other Government & Semi-Government organizations. There is no separate Human Resources Department to look after different HR related policies including recruitment, performance evaluation, promotion, termination etc; however, different departments share these responsibilities. The corporation introduced performance appraisal system and promotion at the management level depends on the decision of Board. At present BSC does not have sufficiently qualified manpower at junior and mid level. This may create a vacuum on retirement of officials at the top level.

In afloat level, every year BSC recruits a reasonable number of Deck and Engineering cadets. Those cadets are given job training on board of BSC vessels and phase-III training in BSC Marine Workshop. Marine Academy also sends the trainees to BSC Marine Workshop for training. At present, the total human resource base of the corporation stood at 792 including shore & afloat. The human resource turnover of the corporation has been found almost insignificant in shore level however, substantial in afloat level. During last three years, 29 people joined and 43 people left from the corporation. In order to ensure the succession plan in the shore level, the corporation is yet to introduce human resources planning to fill up the forthcoming vacant positions with efficient managers.

3.4 IT Infrastructure and MIS

Poor IT infrastructure

IT infrastructure of BSC is poor. The corporation is yet to adopt any accounting software or any HRMS software although BSC was one of the pioneers to start computerized accounting system in 1980s. Each department maintains information without significant flow of such information for operational efficiency. BSC at this stage needs ERP solution to integrate its information for all operating professional for effective decision making. In absence of any IT infrastructure, BSC will face difficulty in running the corporation with commercial outlook.

3.5 Internal Control System

Internal control procedure is an integral part of financial and business processes, which acts as the safeguard of the assets, promotes operating efficiency and ensures compliance with applicable policies and regulations vis a vis adherence to the prescribed managerial policies. In line with the above, the business and financial operations of the corporation are yet to being conducted and exercised through an IT supported established internal control system. However, structured departmentalization process as well as separation of responsibilities of each department in the shore level makes the internal control sound. Though the Internal

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

*No in-house internal
audit department*

Audit Department is expected to review the functions of each Department, find the irregularities, and measure the variance of budgeted performance; functions of Internal Audit Department of BSC is different from the audit system of a commercial organization. Commercial Audit Department (CAD), Government of the People's Republic of Bangladesh conducts the internal audit of BSC and generates audit objection against the corporation and the key function of BSC's Internal Audit Department is to resolve those objections. CAD has generated total 1,380 nos audit objections so far from which total 1,216 nos objections have been resolved and the rest 164 nos objections have been remained unresolved yet.

In afloat, in order to keep the seagoing vessels seaworthy, it is extremely essential to maintain the hull & machinery of the vessels properly. Apart from routine maintenance of the hull and the machinery, this maintenance includes various periodical survey related repair-maintenance, breakdown maintenance, and docking of vessels. Since the BSC vessels play all over the world, it would not be possible for the vessels to trade in the international area unless they fulfill the requirements of the International Maritime Regulations. In addition, depending on this standard of maintenance, the vessels can maintain their various certificates issued the Flag Administration and the Classification Societies valid. In turn based on this validity of certificate the vessels gain access to/are considered fit for insurance coverage by the insurers and only the appropriately insured vessels are allowed to trade internationally by the concerned authorities. To look after Marine and Vessel Audit, Inspection, Technical Incident Investigation and all other issues, BSC has a completely separate directorate headed by Mr. Md. Saeed Ullah, Executive Director (Technical).

CRISL feels that BSC is required to have its own internal audit department responsible for internal control instead of relying on the Government audit, which, in many cases, does not understand the commercial prudence of the activities and transactions.

4.0 IPO PROCEEDS -UTILIZATION PLAN AND EARNING PROSPECT

*Over ambitious business
plan*

BSC has been trying for balancing and modernizing the national fleet under replacement and expansion scheme. Unfortunately, due to non-availability of fund BSC either from outside or from internal generation, it could not procure any ship according to the plan. Nevertheless, in accordance with present trend of the shipping trade BSC has been trying to acquire mother tanker and product carriers on priority basis. The basic aim of Repeat Public Offering (RPO) is to strengthen the capital base of the corporation on the one hand and modernize the existing fleet through replacement of old and uneconomic vessels on the other. Project for procurement of one big mother tanker having 100,000-125,000 DWT capacity, , two product carriers having 30,000-35,000 DWT capacity each, two bulk carriers and two container vessels not more than 10 years of age each are also targeted for implementation on priority basis. Above projects can be implemented subject to availability of fund from RPO and other sources of financing including GOB.

However, according to BSC's yearly earning prospect after adding the new vessels in the fleet is as follows:

(Figures In Million Tk.)			
Vessel	Earning	Expenses	Operating Profit
One Mother Tanker	1,116.50	580.40	536.10
Two Product Carrier	1,834.80	734.60	1,100.20
Two Bulk Carrier	756.20	226.40	529.80
Two Container Vessels	1,458.80	1,122.90	335.90
Total	5,166.30	2,664.30	2,502.00

BSC also expects that this earning will continue for 15 years in case of mother tanker and product carrier and 20 years in case of bulk and container vessels. According to BSC, the outcome of the project analysis furnished above on the basis of realistic information. Besides, some of the projects (mother tanker and product carriers) are based on secured Govt. cargo like crude oil and finished products of BPC. Moreover, the world-wide financial recession which

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

badly affected international shipping trade including BSC for the last two and half years has also been overcoming gradually. In view of the above, BSC feels that the above earning prospect seems to be quite pragmatic and also achievable. However CRISL perception is that forthcoming vacuum in the management hierarchy may create management inefficiency which ultimately would make obstacles in successful implementation of projected operation according to the above plan and failure of materializing the plan may restrain the capability of corporation providing dividend.

5.0 BUSINESS ANALYSIS

From 1980, BSC is regularly operating vessels in the Bangladesh-Pakistan-West Asia Gulf Liner route. BSC offers monthly sailing in this route. Since inception BSC has been operating liner service in the Bangladesh/UK-Continent/Africa route on regular basis. Due to rapid containerization of break bulk cargoes, the pattern of sea borne trade has changed radically over the last one decade and as such the traditional liner service of break-bulk cargo vessels between Bangladesh/UK-Continent and African routes became economically non-viable. Besides, due to the increasing number of regulations enacted by IMO the regulatory bodies in the European Union ratified their shipping policies and set a very high standard for the vessels calling European ports. It has become a rigorous task for the ship owners to maintain an aged traditional liner vessel up to such a high standard. Under the circumstances, BSC had to suspend its regular liner service between Bangladesh/UK-Continent ports and the Africa service since year 2000. However, procurement of new vessels may open opportunities in future to reopen the liner service subject to the inducement of sufficient cargo.

BSC started its regular liner service in the Bangladesh/Far East/Japan route from 1980. Nevertheless, due to scarcity of export cargo from Bangladesh to Far East BSC's service in Bangladesh/Far East/Japan route was suspended since 1998. In order to retain the membership of Benjap Conference BSC's sailing right has been sublet to an active Benjap Conference member Everett Orient Line.

BSC engages its vessels both on time and voyage charter. At present most of the vessels are under time charter to various local and foreign companies. With these vessels, charterers are operating tramp services in the ports of South America to East/West Africa and Sub-Continent to Middle East/Gulf region.

BSC started its feeder service in the Bangladesh-Singapore-Bangladesh trade from 1986 in the following routes.

- Chittagong-Singapore-Port Klang (Malaysia)-Chittagong [Fortnightly sailing]
- Chittagong-Colombo (Sri Lanka)-Chittagong [Fortnightly sailing]
- Chittagong-Port of Tanjung Pelapas (Malaysia)-Chittagong [Occasional sailing]

However, the above services have been suspended since November 2007 due to lack of container vessels.

According to the decision of the Bangladesh Government, BSC has been entrusted with the responsibility of carrying crude oil from Middle East and Persian Gulf region to Bangladesh. Since 1977, BSC has been providing Bangladesh Petroleum Corporation total transportation for carriage of crude oil very efficiently and reliably. With hired tankers, BSC has been carrying 1.3 million metric tons of Murban Crude Oil and Arab Light Crude Oil purchased from ADNOC, Jabel Dhana, Abu Dhabi and Aramco, Rastanura, Saudi Arab respectively in 13 separate parcels every year.

BSC provides crude oil lightening service to Bangladesh Petroleum Corporation (BPC) for carrying crude oil from the mother vessels anchored at Kutubdia outer anchorage to Eastern Refinery Limited (ERL) shore tank as their lighterage contractor with the two purpose built lighter vessels M.T. Banglar Jyoti and M.T. Banglar Shourabh.

Bangladesh Shipping Corporation provides Ministry of Food (MOF) total transportation solution

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

for carriage of food grain from Australia and Canada. BSC carries wheat in bulk from Australia and Canada once a year by hiring mother vessels. BSC as lighterage contractor provides food grain lightening service to Food Department under Ministry of Food of Bangladesh Government for carrying bulk wheat from the mother vessels anchored at Kutubdia or outer anchorage of Chittagong Port to Grain Silo Jetty at Chittagong or Khulna.

BSC acts as local agent of various nationalized and private shipping companies in Bangladesh. Moreover, BSC has its own marine workshop situated on the bank of the river Kharnaphully to carry out maintenance and repair of BSC vessels during vessel's stay at Chittagong. The workshop is well equipped and situated in a very good strategic place to provide repair service to the vessels calling Chittagong. BSC Marine Workshop not only provides repairing service to BSC vessels but also to local private vessels.

6.0 INDUSTRY OUTLOOK

Potential industry

Shipping business has undergone a revolutionary change from the late 16th century. At the beginning people used to deliver goods by roads, using horse carts or trailers pulled by tractors. Then gradually people started building ships/vessels for transporting goods across the world and later on built airplanes. Now shipping has become a very positive force making a major contribution to global prosperity in a way that has relatively small negative impact on the global environment while comparing to other forms of transportation of global trade. The imports and exports that generate global trade are all carried by sea and even the poor and rich countries can benefit from seaborne trade by generating income and creating wealth in the process.

Shipping sector plays significant role in Bangladesh carrying more than 90% of the export trade. Country depends heavily on the sea borne trade which, plays an important role in the world trade, commerce and economically. Being a maritime nation with two sea ports, namely the Chittagong port and the Mongla port, Bangladesh depends heavily on sea borne trade. More than 80% of total export-import of the country is being carried by sea. Both the public and the private sectors are equally engaged in the shipping business in Bangladesh totaling a cargo carrying capacity of about five lacs DWT. This capacity shares only 1.45% of total sea borne cargo carried in and out of Bangladesh. Moreover, cumulative cargo carrying capacity of public and private shipping companies has remained fairly static over the last twenty years, strongly suggesting that there are ample opportunities for further development of the shipping sector of Bangladesh.

7.0 OPERATIONAL PERFORMANCE

Decreasing operational performance

Commercial operation of BSC currently running with two segments-Liner Operations and Chartering/Tramping/Lighterage activities. Under liner operations, commercial routes of BSC are Bangladesh/UK-Continent/Africa Service, Bangladesh/Far-East/Japan Service and Bangladesh/Pakistan/West Asia Gulf Service. But due to failure of maintaining standard requirement and regulations enacted by IMO (International Maritime Organization) and other regulatory bodies of the European Union, the Bangladesh/UK-Continent/Africa route is kept suspended since 2000 and due to scarcity of export cargo from Bangladesh to Far East BSC's service in Bangladesh/Far-East/Japan route has been suspended since 1998 although in order to retain the membership of Benjap Conference BSC's sailing right has been subletted to an active Benjap Conference member line, M/s Everett Orient Line against commission which is now US\$3,000 per sailing. However, BSC's operation is now only running in Bangladesh/Pakistan/West Asia Gulf route and in this route (Mongla-Karachi) mainly uses for carrying raw jute and on return leg carries soda ash. But in view of recent economic recession freight earning and cargo quantity have been reduced to a great extent and in 2009-10 raw jute carried by only 2 voyages and balance 5 voyages were employed in Bangladesh-Myanmar-India-Bangladesh Route. The summarized operational performance of 4 years is delineated below:

**CREDIT RATING REPORT
ON
Bangladesh Shipping Corporation**

Particulars	2009-10	2008-09	2007-08	2006-07
A. Bangladesh/Pakistan/West Asia Gulf Service:				
Number of Sailing	7	8	13	8
Cargo handled (Shipping Tons)	44,393	78,405	137,894	78,574
Gross Earning (In Million Taka)	114.19	276.42	486.10	254.85
B. Container and Feeder Service:				
Number of Sailing	-	-	15	44
Number of Container carried	-	-	6,458	19,837
Gross Earning (In Million Taka)	-	-	96.96	344.07
C. Chartering/Tramping/Lighterage Activities Income: (Figures in Million Taka)				
From own tonnage	617.31	926.00	1,275.96	631.99
From crude oil transportation	1,032.02	994.34	1,692.14	1,276.59
From lighterage of crude oil	431.07	325.92	412.98	301.66
From lighterage of food grain	12.28	-	5.80	5.80
From vac-u-vators, address commission and service charge	100.97	112.73	155.39	97.15
From others	1.15	0.28	1.01	-
Total Operating Income (A+B+C)	2,308.99	2,635.69	4,126.34	2,912.11
Total Operating Expenses	2,534.85	2,831.36	3,657.58	2,743.78
Operating Profit/(Loss)	(225.86)	(195.67)	468.76	168.33

The revenue earning is consistently in downward trend. Total revenue earning of the corporation stood at Tk. 2,308.99 million in FY2009-10 compared to Tk. 2,635.69 million in FY2008-09 and Tk. 4,126.34 million in FY2007-08 resulting a decrease of 12.39% in FY2009-10 and 36.13% in FY2008-09. In addition to the above the operating expenses is higher than the revenue income and stood at Tk. 2,534.85 million and Tk. 2,831.36 million in FY2009-10 and FY2008-09 respectively resultantly operating loss of Tk. 225.86 million and Tk. 195.67 million in the said period. CRISL's analysis reveals that due to growing age of the vessels the operating cost has been increasing in terms of frequent repair and maintenance. The scarcity of spare parts for old machineries, high price of spare parts in the international market increased the repair cost. Besides, non-availability of repair berths in Chittagong, limitation in docking of vessels with a single dock in Bangladesh, crisis of certified seagoing officers, old age of BSC roaster ratings etc added the cost of operation. In order to run the corporation on profitable basis, BSC needs to run its operation after due consideration to voyage variable cost linked to income which needs full voyage costing before starting any voyage.

8.0 INTEGRATION WITH GOVERNMENT

Services of BSC are vital for national economy. As a mostly state owned and managed public sector Corporation, BSC enjoys different facilities from Government such as exemption of interest on term loan taken from the Government Banks as well as getting foreign finance with lower interest through the Government negotiation. Moreover, different rules like Flag Protection Rule also protect the interest of BSC and other Bangladeshi flag vessels also. BSC's revenue is also supported by an agreement with BPC for hiring mother tanker on behalf of BPC and lightering the crude oil from mother tanker to Eastern Refinery. It is also notable here that loan taken from different government commercial banks are also supported by government in favor of BSC by taking inter-ministerial decision to ease the loan repayment as the corporation was not capable to repay the loan obligation in stipulated timeframe so far. However, the corporation is repaying the rescheduled outstanding principal loan amount under the BSC's guarantee through mutual agreement. Therefore, BSC has been getting exemption from payment of interest.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

9.0 FINANCIAL PERFORMANCE

9.1 Profitability Analysis

The profitability of the corporation largely depends on number of voyage made, freight earning thereon, address commission, service charge, and chartering and export-import condition of the country as well as the economic condition of the globe.

Profitability highly sensitive with the operational performance

Profitability Indicators:	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06
Return on Average Assets (ROAA)%	3.50	(2.52)	21.25	8.30	15.95
Return on Average Equity (ROAE)%	6.46	(4.68)	40.50	16.37	36.64
Return on Average Capital Employed (ROACE)%	4.33	(3.13)	14.16	5.22	20.90
Operating Profit Margin%	(9.78)	(7.42)	11.36	5.78	10.32
Net Profit Margin%	5.78	(3.89)	11.31	5.48	9.61

Negative operating profit margin

BSC has been showing fluctuating financial performance in the last five years as depicted by its profitability indicators. The operating profit margin of the corporation continuously reflected negative trend in last two years which stood at (9.78)% in FY2010 against (7.42)% in FY2009 although the same was 11.36%, 5.78% and 10.32% in FY2008, FY2007 and FY2006 respectively. The Net Operating Loss of the corporation stood at Tk. 290.08 million in FY2010 compared to Tk. 234.32 million in FY2009 although the corporation earned profit from operation of Tk. 430.25 million in FY2008, Tk. 127.62 million in FY2007 and Tk. 279.00 million in FY2006. However, it earned a net profit of Tk. 133.42 million (after adding an other income of Tk. 423.50 million) in FY2010 against a net loss of Tk. 102.60 million in FY2009 although the preceding years it earned net profit i.e. Tk. 466.84 million, Tk. 159.58 million and Tk. 308.72 million in FY2008, FY2007 and FY2006 respectively. The net profit in percentage of total operational income stood at 5.78% in FY2010 against (3.89) % in FY2009 and 11.31% in FY2008 whereas the same was 5.48% and 9.61% in FY2007 and FY2006 respectively.

The profitability of BSC can also be measured in terms of Return on Average Assets (ROAA), Return on Average Equity (ROAE) and Return on Average Capital Employed (ROACE). ROAA stood at 3.50% at the YE2010 against (2.52)% at the YE2009, however, the same was 21.25%, 8.30% and 15.95% in YE2008, YE2007 and YE2006 respectively. With the same token, , ROAE stood at 6.46% at the YE2010 against (4.68)% at the YE2009 and the same was 40.50%, 16.37% and 36.64% in FY2008, FY2007 and FY2006 respectively. ROACE was 4.33% at the YE2010 against (3.13)% at the YE2009.

From the above point of view, profitability of the corporation showed a very uneven picture, the reason behind it for volatile earning of freight, number of voyage made in a year etc. It is notable here that Freight earning of BSC from Liner decreased significantly by Tk. 162.24 million in FY2010 (Tk. 114.18 million in FY2010 and Tk. 276.42 million in FY2009). In the same, Charter income also decreased by Tk. 308.68 million in FY2010 (Tk. 617.31 million in FY2010 and Tk. 925.99 million in FY2009); however, Lighterage income increased by Tk. 117.43 million in FY2010. Other Operating Income (Vac-u-vator Hire Charges, Address Commission, Service Charges and Others) also decreased slightly by Tk. 10.89 million in FY2010.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

9.2 Cost Efficiency Analysis

Old aged fleet increased the cost of operation substantially

Efficiency Analysis:	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06
Cost to Revenue Ratio %	109.78	107.42	88.64	94.22	89.68
Admin. Expenses to Revenue Ratio %	2.51	1.21	0.75	1.12	1.36
Finance Cost to Revenue Ratio %	0.27	0.25	0.18	0.28	0.27
Total Revenue to Total Assets Ratio %	0.60	0.70	0.94	0.76	0.83

The cost efficiency of the corporation is largely dependent on the Port, Canal and Custom Dues, Fuel Cost, Repairs and Maintenance Cost, Insurance, Spares and Depreciation. As the life of existing fleet of BSC already passed more than 25 years on average, the vessels require frequent repair and maintenance and consumed significant spares, which has contributed significantly in raising the cost of operation. Significant depreciation (Tk. 173.05 million in FY2010 and Tk. 190.58 million in FY2009) also affects the corporation materially compared to its earning. In view of the above the corporation's earning could not absorb the entire fixed cost. The Corporation fleet also could not be operated economically with all compliances for which BSC had to lease its own routes. Therefore, the corporation faced loss in operation in last two years. In FY2010, Cost to Revenue Ratio of BSC stood at 109.78% which was almost in line with the figure of FY2009 (107.42%); however, the same was 88.64% in FY2008, 94.22% in FY2007 and 89.68% in FY2006. The administrative expenses as percentage of revenue stood at 2.51%, 1.21% and 0.75% in FY2010, FY2009 and FY2008 respectively, which indicated a rising trend.. Finance cost to revenue ratio of the corporation stood at 0.27% in FY2010 compare to 0.25% in FY2009 and the same was 0.18% in FY2008, 0.28% in FY2007 and 0.27% in FY2006. It is mentionable here that the corporation is not require to pay any interest on loan from govt. banks (Janata Bank, Agrani Bank and Sonali Bank) as it gets relief to pay interest as per decision taken by the Govt. after several correspondence with the Govt. Banks. Loan from the Overseas Economic Co-operation Fund, Japan although interest bearing @2.75% per annum, the corporation paid Tk. 155.20 million earlier and subsequently is not providing any interest However, the corporation is paying interest as Tk. 6.19 million each on govt. loan in last 5 years. Total Revenue to Total Assets Ratio represented a downward trend in last three years and stood at 0.60%, 0.70% and 0.94% in FY2010, FY2009 and FY2008 respectively mainly due to continuous decrease of revenue income from operation.

A significant portion of the corporation's cost structure is occupied by fixed cost whereas a significant idle time is to calculate due to high aged vessels. However for lightering purpose the corporation is to face bidding with the private sector shipping agencies and gets priority due to having larger capacity than the competitors. But the corporation could not reap the said benefits due to high aged vessels which turn the corporation to retain its vessels in idle position and therefore could not overcome the fixed cost burden resultantly repeated loss from operation in last two consecutive years.

10.0 CAPITAL STRUCTURE AND LEVERAGE

Equity based concern

BSC is basically equity based entity though its capital structure contains specific Long Term Loan in addition to Deferred Liability. As on June 30, 2010 the net capital employed of the corporation stood at Tk. 3,042.83 million which was financed by share capital of Tk. 200.00 million (6.57%), Govt. of Bangladesh (GOB) Equity of Tk. 2,672.60 million (87.83%), Capital Reserve of Tk. 293.79 million (9.65%), negative Retained Earnings of (Tk. 1,117.81 million) (36.73%) and the balance Tk. 994.25 million (32.68%) as Long Term Loan and Deferred Liability.

**CREDIT RATING REPORT
ON
Bangladesh Shipping Corporation**

Bangladesh Shipping Corporation						(Figure in Million Taka)
Particulars	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06	
Current Assets	2,419.47	2,142.95	2,898.87	2,230.10	2,155.30	
Less: Current Liabilities	831.25	628.91	959.80	684.33	916.39	
Net current assets	1,588.22	1,514.04	1,939.07	1,545.77	1,238.91	
Non Current Assets	1,454.61	1,606.36	1,495.81	1,613.86	1,715.74	
Net Capital Employed	3,042.83	3,120.40	3,434.88	3,159.63	2,954.65	
Financed by:						
Long Term Loan	731.31	775.97	843.67	911.36	979.05	
Deferred Liability	262.94	263.01	286.04	298.62	290.53	
Adjusted Capital:						
Share Capital	200.00	200.00	200.00	200.00	200.00	
GoB Equity	2,672.60	2,672.60	2,672.60	2,672.60	2,672.60	
Capital Reserve	293.79	293.79	362.67	395.03	293.79	
Retained Earnings	(1,117.81)	(1,084.97)	(930.10)	(1,317.98)	(1,481.32)	
Total	3,042.83	3,120.40	3,434.88	3,159.63	2,954.65	

The leverage ratio of BSC considering all outside liabilities – stood at 0.89 times at YE2010 against 0.80 times at YE2009, 0.91 times at YE2008, 0.97 times at YE2007 and 1.30 times at YE2006; which reveals the corporation's solvency. Out of total external liabilities of Tk. 1,562.56 million, the Long Term Loan (Tk. 731.31 million) was the main contributor of BSC's leverage. However, internal capital generation rate of the company stood at 0.06% in FY2010 from (0.05%) in FY2009, which was 0.22%, 0.09% and 0.37% in FY2008, FY2007 and FY2006 respectively.

10.1 CRISL Review on Capital Restructure Process

Out of the above GOB Equity consists of various grants/loans taken from national and international source mainly for procuring vessels and the said loan subsequently transferred to GOB Equity on the authority of the under-mentioned G.O Letters:

1(T) 84/ship – 1/317 dated 11 July, 1989:	Tk. 1,037.20 million
6(1) 94-ship – 1/(Part-3)/180 dated 22 June, 1997:	Tk. 602.40 million
FM/FD/Moni/BSC/(Loan)/97/26 dated 03 August, 1998:	<u>Tk. 1,033.00 million</u>
	<u>Tk. 2,672.60 million</u>

As stated earlier, under capital restructuring process the above GOB Equity will be converted to share capital. Further issue of share capital equivalent to Tk. 627.40 million is expected to offer to General Public. Cumulatively the share capital base will be Tk. 3,500.00 million as per the Government instruction. Therefore, the new ownership pattern will be as follows:

Name of Owners	Present structure	Ownership Stake (%)	Proposed Addition	Re Structured Capital	Proposed Stake(%)
Govt. of the People's Republic of Bangladesh	175.00	87.50	2,672.60	2,847.60	81.36
General Public	25.00	12.50	627.40	652.40	18.64
Total	200.00	100.00	3,300.00	3,500.00	100.00
NAV per share of Tk 1,024 under present Structure			NAV per share of Tk 153 under Proposed Structure		

In result of the above capital restructuring process, NAV per share will fall significantly and the general shareholders (hereinafter the minority interest holders) will face a significant loss in their right over the assets of the company. Presently, NAV per share is Tk 1,024 whereas

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

the same will decline to Tk. 153 considering the same asset base. Besides, due to significant increase of share capital base, the earning prospect per share may also fall significantly. If BSC expects to provide @10% dividend it requires Tk. 350.00 million, whereas under present fundamentals it is almost impossible.

So, there is every possibility for dilution of right of the minority interest and in result, the Net asset Value Per share (NAV) may go down significantly. However, to protect the right of the minority shareholders, according to the clause 71 (1) of company Act 1994, under the para "Variation of Shareholders' Rights" it is specified as "if the holders of the less in the aggregate than ten percent of the issued shares of that class, being persons who did not consent to or vote in favor of the resolution for the variation, may apply to the court to have the variation cancelled, and where any such application is made, the variation shall not have effect unless and until it is confirmed by the court abrogation." In such case any application must be made within 14 days of resolution or consent on such issue.

Besides, Government, being a major shareholders, it can not involve in any means that may have impact on the price of the shares and impairs the right of the investors and capital market at large." In reference, to the above, CRISL views that decision of conversion of loan to share capital of BSC ultimately posed by Government may have negative impact on the rights of the minority shareholders of BSC.

11.0 LIQUIDITY AND FUND FLOW ANALYSIS

Liquidity Analysis:	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06	Jun-10
Current Ratio (X)	2.91	3.41	3.02	3.26	2.35	2.91
Quick Ratio (X)	2.52	3.00	2.78	2.97	2.22	2.52

BSC has been operating with good liquidity due to its relatively short cash conversion cycle, which stands at about 29 days on the year ended 30 June 2010. The average number of day's inventory in stock stood at 42 days as it is to maintain only spare parts as inventory although the same increased by 10 days compare to last year as the vessels are old aged, which requires frequent repair and maintenance. Moreover, the spare parts are not available and therefore it is to maintain a good stock. During FY2010, and FY2009 the current asset of the corporation was Tk. 2,419.47 million and Tk. 2,142.95 million respectively, of which around 12%-15% was stock materials. In addition, the average receivable collection period of the corporation has been decreased; which reached to 43 days in FY2010 from 67 days in FY2009. Against the above, the company had a long payable turnover, which turned the corporation in a comfort zone. The Current Ratio marginally decreased to 2.91 times at YE2010 compared to 3.41 times at YE2009. The Quick Ratio was 2.52 times at YE2010 compare to 3.00 times at YE2009.

In analyzing fund flow position it is observed that cash generated from operation stood at Tk. 42.74 million at the end of the year 30th June 2010. After adjusting the prior year payments and corporate tax net cash provided from operating activities reached to negative and stood at (Tk. 123.53) million though the corporation made a capital expenditure of Tk. 20.72 million. The corporation also paid Tk. 44.66 million as Long Term Loan. However, BSC could perform such as it had huge cash balance to support the same despite of negative cash generation from operation.

12.0 CREDIBILITY AND CREDITWORTHINESS

The cash flow of the corporation represents poor debt repayment capacity which is also reflected by its debt servicing history. As BSC could not generate adequate revenue to discharge its liability, it required rescheduling for its bank liability and after several times correspondence made with the government commercial banks the corporation got relief from paying imposed and un-imposed interest. However as per Government Inter-Ministerial

Poor debt servicing capacity

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

Decision a negotiated arrangement was made with concern banks for repayment of the loans in half yearly/quarterly installments from May, 2005. The profit generation of the corporation did not help to serve the debt service/interest obligation against the loan amount.

13.0 RISK MANAGEMENT

Yet to adopt structured credit risk management tools

13.1 Operational Risk

Shipping is a high-input and low-return capital-intensive industry and substantial risk factors are associated in the operational process. Thus, assessing operational risks correctly and taking appropriate preventive measures is inevitable and important for shipping enterprises to resist risks. The shipping industry has inherent operational risks that may not be adequately covered by insurance. Possessing the vessels with an average age of 25 years plus, services of BSC had been squeezed in line with the increasing volume of IMO regulations and due to scarcity of export cargo from Bangladesh to Far East. Number of sailing in Mongla-Karachi route has been also following decreasing trend over the years. Feeder service being stopped from 2007, presently the corporation is diverting from its basic operations and relying more on Chartering, Tramping, and Lighterage activities. In view of the above, it is badly required for BSC to add new vessel replacing the old and uneconomic vessels immediately.

13.2 Market Risk

Market force also plays a vital role in the shipping business. Shipping business is affected not only by the impact of world economy and trade, but also by political, natural and by other factors. These factors jointly enforce in price fluctuations through which the shipping market typically be stimulated. Fluctuations in freight supplies uncertainty of operations or even bring a huge economic loss to the charterer or the owner. Therefore, risk management and control of freight has become an important subject in shipping management. In materializing the BSC's deteriorating appearance, force of operational inefficiency as described in the operational risk is also associated by global recession in the near past. Thus, the shipping services are exposed with substantial markets risk.

13.3 Foreign Exchange Risk

For the shipping industry, exchange rate risk is exacerbated by freight rates fixed in US dollars, which must then be converted into local currency. The appreciation of the Taka against the US dollar has been such that Bangladeshi companies have been impelled to insulate themselves from exchange rate movements by natural hedging. In such cases, the market indicates that exchange rate risk is a significant factor in the determination of corporate performance. However, BSC is allowed to maintain a USD account outside Bangladesh, provides her a great advantage over Currency Adjustment Factor (CAF) which ultimately reduces foreign exchange risk.

13.4 Management Risk

Service life of most of the top management personnel of BSC is going to be expired. Few of them are working as contractual basis although their service tenure has been ended earlier. Nevertheless, next generation human resources base of the corporation is adequately qualified but not experienced enough to be the best alternative for filling up forthcoming vacant managerial positions.

13.5 Financial Risk

CRISL foresees low financial risk in consideration of leverage and liquidity. However, the corporation's net operating income was negative in the last two consecutive years though interest on FDR in the latest financial year is too substantial to make the net profit positive. Moreover, operational areas of the corporation are being constricted year after year. Under such situation values of financial indicators getting worsen and have little potentiality to get rid of in future without restructuring the present amenities.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

14.0 LIABILITY POSITION

Loan Liability Position of the corporation is constituted in last four years as per follows:

Particulars	(Figures in million taka)			
	2009-10	2008-09	2007-08	2006-07
Overseas Economic Co-operation Fund, Japan	536.00	536.00	536.00	536.00
Janata Bank	-	7.32	36.55	65.85
Agrani Bank	15.25	22.87	30.50	38.12
Overdraft from Sonali Bank, London	10.48	13.64	4.65	8.87
Sonali Bank A/C- B. Shikha	66.38	92.93	132.76	159.31
BD Govt. Loan	103.20	103.20	103.20	103.20
Total	731.31	775.97	843.67	911.36

Loan from Overseas Economic Co-operation Fund (OECF), Japan was received by Bangladesh Government and subsequently relented to BSC in 1979 for procuring four vessels and was repayable in sixty half yearly installments over a period of 30 years with a ten years grace period and the loan was being carried interest @2.75% per annum. Subsequently the government got relief from the said loan which was treated as 'Debt Relief Grant' although the corporation is being provided interest in the accounts and adjusted accordingly with the Prior Year Adjustment as the same facility has not yet extended to BSC. The management informed the procedure for getting relief from the said loan is going on with the Government. It is mentionable here that Tk. 64.65 million has been converted to GOB Equity as per G.O No. 6(1)/94 – Vessel-1(Part-3)/180 dated 22 June 1997 leaving a balance of Tk. 536.00 million which is now being carried forward. However BSC will take initiative to repay the above loan after discharging the bank liability.

Loan from Janata Bank was taken for payment of installment of M.V Banglar Mookh, principal liability of which discharged in full although interest of the said loan with a good portion (Tk.33.35 million) was being carried forward in last few years.

The loan amounting to Tk. 67.07 million was taken from Agrani Bank for payment of installment of 'Banglar Doot' which carry interest at Bank's prevailing rate. But the corporation could not repay the loan liability in a timely manner and after rescheduling BSC got rebate from interest and now adjusted the principal at Tk. 3.81 million on half yearly basis as per Government inter-ministerial decision.

BSC is now enjoying interest free overdraft facilities from Sonali Bank after rescheduling in 2003 and now repaying the principal at Tk. 1.05 million on quarterly basis as per Government inter-ministerial decision.

Loan from Sonali Bank amounting to Tk. 236.02 million was taken for procuring vessel namely Banglar Shikha and after rescheduling in 2008 BSC got relief from interest and now repaying the principal amount at Tk. 13.27 on half yearly basis as per Government inter-ministerial decision.

Loan amounting to Tk. 103.20 million was taken from Government for payment of retirement benefit of 140 employees which carries interest at the market prevailing rate+1% excess although repayment of the same was not made at all.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

15.0 OBSERVATION SUMMARY

<p>Rating Comforts:</p> <ul style="list-style-type: none"> • National Flag Carrier • Highly integrated Government support entity • Highly experienced management • Structured & established organization • Comfortable equity based capital structure • Getting priority in carrying of imported oil and food by the Government 	<p>Rating Concerns:</p> <ul style="list-style-type: none"> • Low profitability • Non- cost effective operation • Old-aged fleet • Very small scale outbound operation • Lack of human resources in commercial management • Lack of required human resources • Absence of IT based MIS/operation • Poor loan re-payment capacity
<p>Business Prospects:</p> <ul style="list-style-type: none"> • Prospective industry • Capacity expansion • Explore new area of business 	<p>Business Challenges:</p> <ul style="list-style-type: none"> • Complying with IMO rules and regulation • Sustain in the market with present fleet • Competing with the private sector carrier

16.0 PROSPECT

Shipping is the most efficient, secure and safe means of transporting more than 90 percent of global trade. For vast majority of cargoes like fuel, food, component parts, commodities and finished goods there is simply no viable alternative other than shipping. It is the least environmentally damaging form of commercial transport while taking into consideration the productive value of the activity. Any form of transport other than shipping to move some 90 percent of global trade would be unthinkable high while taking into consideration both the economic and environmental costs. The imports and exports that generate global trade are all carried by sea and shipping enterprises like BSC can, and do, become major participants in the industry itself, generating income and creating wealth in the process. Volume of international trade is getting bigger rapidly although the cumulative carrying capacity of public and private shipping companies of Bangladesh almost remained sticky for a long. Under such state of affairs, BSC can restore its indolent services adding more vessels in fleet thus grabbing hold of ample opportunity for further development of the sector.

End of the Report

[Information used herein is obtained from audit reports and officials of the group believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any error or omission or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any security. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement]

[We have examined, prepared, finalized and issues this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the SEC rules as prescribed by the Securities and Exchange Commission.]

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF CORPORATE	
RATING	DEFINITION
AAA Triple A (Highest Safety)	Investment Grade Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA- (Double A) (High Safety)	Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative Grade Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
CCC+, CCC, CCC- Triple C (Vulnerable)	Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
CC+, CC, CC- Double C (High Vulnerable)	Entities rated in this category are adjudged to be very highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
C+, C, C- (Extremely Speculative)	Entities rated in this category are adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group

SHORT-TERM CORPORATE RATING	
ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Moderate Grade Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
ST-5	Speculative Grade Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

CREDIT RATING REPORT ON Bangladesh Shipping Corporation

CRISL RATING SCALES AND DEFINITIONS	
RATING	DEFINITION
	BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM
	Investment Grade
<i>blr AAA</i> (<i>blr Triple A</i>) (Highest Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carries almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities.
<i>blr AA+, blr AA, blr AA-</i> (Double A) (High Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions.
<i>blr A+, blr A, blr A-</i> <i>blr Single A</i> (Adequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity has adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<i>blr BBB+, blr BBB, blr BBB-</i> <i>blr Triple B</i> (Moderate Safety)	Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment /fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
	Speculative/ Non investment Grade
<i>blrBB+, blrBB, blr BB-</i> <i>blr Double B</i> (Inadequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client is below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loan / facilities needs strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category.
<i>blrB+, blrB, blr B-</i> <i>blr Single B</i> (Somewhat Risk)	Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the installments.
	Risky Grade
<i>blr CCC+, blr CCC, bCCC-</i> <i>blr Triple C</i> (Risky)	Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loan / facilities needs strong monitoring from bankers side for recovery.
<i>blrCC+, blrCC, blr CC-</i> <i>blr Double C</i> (High Risky)	Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery.
<i>blr C+, blr C, blr C-</i> (Extremely Speculative)	Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loan/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<i>blr D</i> (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

SHORT-TERM RATINGS

<i>blrST-1</i>	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
<i>blrST-2</i>	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<i>blrST-3</i>	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<i>blrST-4</i>	Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
<i>blrST-5</i>	Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
<i>blrST-6</i>	Default Institution failed to meet financial obligations