

**Interim Condensed Financial Statements  
as at and for the period ended 31 March 2021  
(Un-audited)**

## Grameenphone Ltd.

### Interim condensed statement of financial position As at 31 March 2021

	Notes	31 March 2021 BDT (000)	31 December 2020 BDT (000)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	57,148,299	56,901,192
Intangible assets	5	2,367,061	2,316,587
Right-of-use assets	6	52,230,458	53,532,673
Contract cost	7	5,305,435	4,934,438
Other non-current assets	8	20,568,456	20,568,456
<b>Total non-current assets</b>		<b>137,619,709</b>	<b>138,253,346</b>
<b>Current assets</b>			
Inventories	9	365,642	201,068
Trade receivables and others	10	9,814,695	7,131,165
Cash and cash equivalents	11	7,530,339	2,598,738
<b>Total current assets</b>		<b>17,710,676</b>	<b>9,930,971</b>
<b>Total assets</b>		<b>155,330,385</b>	<b>148,184,317</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	13	13,503,000	13,503,000
Share premium	14	7,840,226	7,840,226
Capital reserve	15	14,446	14,446
Retained earnings		39,656,205	30,749,942
<b>Total equity</b>		<b>61,013,877</b>	<b>52,107,614</b>
<b>Non-current liabilities</b>			
Lease liabilities		13,175,625	14,146,840
Deferred tax liabilities	17	2,401,327	3,350,834
Employee benefits		1,747,530	1,641,383
Other non-current liabilities	18	276,453	281,272
<b>Total non-current liabilities</b>		<b>17,600,935</b>	<b>19,420,329</b>
<b>Current liabilities</b>			
Trade payables and others	19	24,085,351	23,988,115
Provisions		13,434,325	14,402,559
Lease liabilities		6,401,429	6,328,697
Loans and borrowings	16	-	1,240,000
Current tax liabilities	20	26,211,675	24,870,650
Other current liabilities	21	6,434,784	5,690,023
Unclaimed dividend		148,009	136,330
<b>Total current liabilities</b>		<b>76,715,573</b>	<b>76,656,374</b>
<b>Total equity and liabilities</b>		<b>155,330,385</b>	<b>148,184,317</b>

The annexed notes 1 to 36 form an integral part of these interim condensed financial statements.

Sd/-  
\_\_\_\_\_  
Chairman

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

Sd/-  
\_\_\_\_\_  
Chief Financial Officer

Sd/-  
\_\_\_\_\_  
Company Secretary

Dated: Dhaka, 19 April 2021

## Grameenphone Ltd.

### Interim condensed statement of profit or loss and other comprehensive income For the quarter ended 31 March 2021

	Notes	01 January to 31 March 2021 BDT (000)	01 January to 31 March 2020 BDT (000)
<b>Revenue</b>	22	34,812,571	36,168,518
Cost of material and traffic charges	23	(2,361,175)	(2,184,318)
Salaries and personnel cost	24	(2,430,226)	(2,332,938)
Operation and maintenance	25	(1,377,164)	(1,422,726)
Sales, marketing and commissions	26	(3,075,971)	(3,228,837)
Revenue sharing and spectrum charges		(2,435,022)	(2,586,440)
Other operating (expenses)/income	27	(1,479,865)	(1,502,683)
Depreciation and amortisation		(5,455,511)	(5,872,060)
		<u>(18,614,934)</u>	<u>(19,130,002)</u>
<b>Operating profit</b>		<b>16,197,637</b>	<b>17,038,516</b>
Finance (expense)/income	28	(534,486)	(606,404)
Foreign exchange gain/(loss)		5,210	802,251
		<u>(529,276)</u>	<u>195,847</u>
<b>Profit before tax</b>		<b>15,668,361</b>	<b>17,234,363</b>
Income tax expense	29	(6,762,098)	(6,544,583)
<b>Profit after tax</b>		<b>8,906,263</b>	<b>10,689,780</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>8,906,263</b>	<b>10,689,780</b>
<b>Earnings per share</b>			
Basic earnings per share (par value BDT 10 each in BDT)	30	<b>6.60</b>	<b>7.92</b>

The annexed notes 1 to 36 form an integral part of these interim condensed financial statements.

Sd/-  
\_\_\_\_\_  
Chairman

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

Sd/-  
\_\_\_\_\_  
Chief Financial Officer

Sd/-  
\_\_\_\_\_  
Company Secretary

Dated: Dhaka, 19 April 2021

## Grameenphone Ltd.

### Interim condensed statement of changes in equity For the quarter ended 31 March 2021

	Share capital BDT (000)	Share premium BDT (000)	Capital reserve BDT (000)	Deposit from shareholders BDT (000)	Retained earnings BDT (000)	Total BDT (000)
<b>Balance as at 01 January 2020</b>	13,503,000	7,840,226	14,446	1,880	16,987,853	38,347,405
Transfer of deposit from shareholder to other income:	-	-	-	(1,880)	-	(1,880)
Total comprehensive income for the quarter ended 31 March 2020:						
Profit for the period	-	-	-	-	10,689,780	10,689,780
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	-	<b>27,677,633</b>	<b>49,035,305</b>
<b>Balance as at 01 January 2021</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	-	<b>30,749,942</b>	<b>52,107,614</b>
Total comprehensive income for the quarter ended 31 March 2021:						
Profit for the period	-	-	-	-	8,906,263	8,906,263
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	-	<b>39,656,205</b>	<b>61,013,877</b>

## Grameenphone Ltd.

### Interim condensed statement of cash flows For the quarter ended 31 March 2021

	1 January to 31 March 2021	1 January to 31 March 2020
	BDT (000)	BDT (000)
<b>Cash flows from operating activities</b>		
Cash receipts from customers	34,952,941	36,192,244
Payroll and other payments to employees	(1,557,021)	(1,461,860)
Payments to suppliers, contractors and others	(10,288,668)	(21,095,504)
Interest received	4,063	30,919
Interest paid	(581,216)	(839,555)
Income tax paid	(6,370,579)	(8,994,307)
	(18,793,421)	(32,360,307)
<b>Net cash generated by operating activities</b>	<b>16,159,520</b>	<b>3,831,937</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment, right-of-use assets and intangible assets	(8,134,313)	(2,601,392)
Proceeds from sale of property, plant and equipment	12,858	26,888
<b>Net cash used in investing activities</b>	<b>(8,121,455)</b>	<b>(2,574,504)</b>
<b>Cash flows from financing activities</b>		
Payment of dividend	-	(5,820,926)
Payment of short-term loan	(1,240,000)	-
Payment of lease liabilities	(1,866,966)	(1,665,930)
<b>Net cash used in financing activities</b>	<b>(3,106,966)</b>	<b>(7,486,856)</b>
<b>Net change in cash and cash equivalents</b>	<b>4,931,099</b>	<b>(6,229,423)</b>
<b>Cash and cash equivalents as at 01 January</b>	<b>2,598,738</b>	<b>13,760,677</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>502</b>	<b>48</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>7,530,339</b>	<b>7,531,302</b>

# Grameenphone Ltd.

## Notes to the interim condensed financial statements As at and for the quarter ended 31 March 2021

### 1 Corporate information

Grameenphone Ltd. (hereinafter referred to as "Grameenphone"/"GP"/"the Company") is a public limited company incorporated in Bangladesh in 1996 under the Companies Act 1994 and has its registered address at GPHOUSE, Bashundhara, Baridhara, Dhaka 1229. Grameenphone was initially registered as a private limited company and subsequently converted into a public limited company on 25 June 2007. During November 2009, Grameenphone listed its shares with both Dhaka and Chittagong Stock Exchanges. The immediate parent of Grameenphone is Telenor Mobile Communications AS and the ultimate parent is Telenor ASA; both the companies are incorporated in Norway.

The Company is primarily involved in providing mobile telecommunication services (voice, data and other related services), along with digital services in Bangladesh. The company also provides international roaming services through international roaming agreements with various operators of different countries across the world.

### 2 Basis of preparation

These interim condensed financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh and should be read in conjunction with the financial statements of Grameenphone Ltd. as at and for the year ended 31 December 2020, the year for which the last full financial statements were prepared. These unconsolidated financial statements present the financial position and performance of Grameenphone and its investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 *Investment in Associates and Joint Ventures*.

In accordance with the requirements of IAS 36 *Impairment of Assets*, the carrying amount of investment in ACISL as at 31 October 2016 had been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 *Investment in Associates and Joint Ventures*. The assessment of recoverable amount from investment in associate remained unchanged as at 31 March 2021. Hence, for understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT'000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

#### Authorisation for issue

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company on 19 April 2021.

### 3 Significant accounting policies

The same accounting policies and methods of computation have been followed in these interim condensed financial statements as were applied in the preparation of the financial statements of Grameenphone Ltd. as at and for the year ended 31 December 2020.

4 Property, plant and equipment

Name of assets	Cost				Depreciation				Carrying amount	
	As at 01 January 2021	Addition during the period	Disposal/ Adjustment during the period	As at 31 March 2021	As at 1 January 2021	Charged during the period	Disposal/ Adjustment during the period	As at 31 March 2021	As at 31 March 2021	As at 31 December 2020
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land	1,054,130	15,506	-	1,069,636	-	-	-	-	1,069,636	1,054,130
Building	4,051,020	13,462	-	4,064,482	2,002,027	44,326	-	2,046,353	2,018,129	2,048,993
Base station	135,337,861	2,359,640	-	137,697,501	92,854,211	2,389,193	-	95,243,404	42,454,097	42,483,650
Transmission equipment	21,537,389	174,503	-	21,711,892	18,897,972	456,246	-	19,354,218	2,357,674	2,639,417
Computers and other IT equipment	7,457,619	178,892	(2,581)	7,633,930	5,226,439	206,641	(2,463)	5,430,617	2,203,313	2,231,180
Furniture and fixtures (including office equipment)	2,845,757	13,133	-	2,858,890	2,546,324	35,108	-	2,581,432	277,458	299,433
Vehicles	1,032,658	7,960	(69,277)	971,341	599,240	25,714	(55,422)	569,532	401,809	433,418
	173,316,434	2,763,096	(71,858)	176,007,672	122,126,213	3,157,228	(57,885)	125,225,556	50,782,116	51,190,221
Capital work in progress	5,710,971	3,418,309	(2,763,097)	6,366,183	-	-	-	-	6,366,183	5,710,971
	<b>179,027,405</b>	<b>6,181,405</b>	<b>(2,834,955)</b>	<b>182,373,855</b>	<b>122,126,213</b>	<b>3,157,228</b>	<b>(57,885)</b>	<b>125,225,556</b>	<b>57,148,299</b>	<b>56,901,192</b>

4.1 Change in estimates

Useful lives of Lithium-ion batteries (Base station) and IT hardware (Computers & other IT equipment) have been increased to 7 years from 3 years and to 5 years from 4 years respectively based on technical assessment. Impact of such change on expected depreciation for the current and future years is as follows:

	<u>2021</u> BDT'000	<u>2022</u> BDT'000	<u>2023</u> BDT'000	<u>2024</u> BDT'000	<u>2025</u> BDT'000	<u>Later</u> BDT'000
Base Station	(673,558)	(129,275)	193,197	241,169	227,812	140,655
Computer & other IT equipment	(148,595)	(96,693)	72,939	109,511	62,837	-
	<b>(822,154)</b>	<b>(225,967)</b>	<b>266,136</b>	<b>350,680</b>	<b>290,649</b>	<b>140,655</b>

5 Intangible assets

Name of assets	Cost				Amortisation				Carrying amount	
	As at 01 January 2021	Addition during the period	Disposal/ Adjustment during the period	As at 31 March 2021	As at 1 January 2021	Charged during the period	Disposal/ Adjustment during the period	As at 31 March 2021	As at 31 March 2021	As at 31 December 2020
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others	12,697,021	336,113	-	13,033,134	10,941,210	148,207	-	11,089,417	1,943,717	1,755,811
	12,697,021	336,113	-	13,033,134	10,941,210	148,207	-	11,089,417	1,943,717	1,755,811
Capital work in progress	560,776	198,681	(336,113)	423,344	-	-	-	-	423,344	560,776
	<b>13,257,797</b>	<b>534,794</b>	<b>(336,113)</b>	<b>13,456,478</b>	<b>10,941,210</b>	<b>148,207</b>	<b>-</b>	<b>11,089,417</b>	<b>2,367,061</b>	<b>2,316,587</b>

5.1 Change in estimates

Useful life of software (software & others) has been increased to 5 years from 3 years based on technical assessment. Impact of such change on expected amortisation for the current and future years is as follows:

	<u>2021</u> BDT'000	<u>2022</u> BDT'000	<u>2023</u> BDT'000	<u>2024</u> BDT'000	<u>2025</u> BDT'000
Software and others	(452,843)	(99,516)	250,678	239,729	61,952

## 6 Right-of-use assets

Name of assets	Cost				Depreciation				Carrying amount	
	As at 01 January 2021	Addition during the period	Disposal/ adjustment during the period	As at 31 March 2021	As at 01 January 2021	Charged during the period	Disposal/ adjustment during the period	As at 31 March 2021	As at 31 March 2021	As at 31 December 2020
	BDT (000)	BDT (000)		BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	10,651,922	59,687	-	10,711,609	6,679,902	144,898	-	6,824,800	3,886,809	3,972,020
Telecom licence, annual licence renewal fees and spectrum	75,200,846	(114,796)	-	75,086,050	35,000,421	1,382,087	-	36,382,508	38,703,542	40,200,425
Base transceiver station - Green Field	1,325,522	515,456	(12,032)	1,828,946	303,710	66,520	(4,921)	365,309	1,463,637	1,021,812
Base transceiver station - Roof Top	4,239,319	52,233	(27,412)	4,264,140	1,369,290	178,510	(11,642)	1,536,158	2,727,982	2,870,029
Infrastructure sharing site	7,340,201	321,398	(54,353)	7,607,246	2,388,854	328,412	(54,353)	2,662,913	4,944,333	4,951,347
Office/residential space	823,047	37,443	(3,591)	856,899	306,007	49,649	(2,912)	352,744	504,155	517,040
	<b>99,580,857</b>	<b>871,421</b>	<b>(97,388)</b>	<b>100,354,890</b>	<b>46,048,184</b>	<b>2,150,076</b>	<b>(73,828)</b>	<b>48,124,432</b>	<b>52,230,458</b>	<b>53,532,673</b>

### 6.1 Right-of-use assets addition

Right-of-use assets addition for the quarter ended 31 March 2021 is BDT 871,421,000. BDT 22,655,000 has been paid at the time of acquisition and has been classified as part of investing activities in the interim condensed statement of cash flows. The remaining amount of BDT 848,766,000 will be paid in the future when due for payment and shall be classified as part of financing activities.



**7 Contract cost**

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
Opening balance	4,934,438	4,480,157
Additions during the period	970,383	2,653,445
Amortisation during the period	(599,386)	(2,199,164)
	<u>5,305,435</u>	<u>4,934,438</u>

This includes deferred customer acquisition cost mainly in the form of SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

**8 Other non-current assets**

Other non-current assets include deposit of BDT 20,000,000,000 to Bangladesh Telecommunication Regulatory Commission (BTRC) in pursuant to the order of Hon'ble Appellate Division of the Supreme Court of Bangladesh.

**9 Inventories**

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
Handset, data card and other devices	195,924	53,122
SIM card	139,130	122,694
Scratch card	30,588	25,252
	<u>365,642</u>	<u>201,068</u>

**10 Trade receivables and others**

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
<b>Trade receivables</b>		
Trade receivables, gross	6,242,686	6,762,952
Impairment loss allowance	(1,743,185)	(1,741,410)
	<u>4,499,501</u>	<u>5,021,542</u>
<b>Other receivables</b>		
Interest receivable	41,113	-
Receivables from employees	17,373	1,175
Other non-interest-bearing receivables	1,896,739	1,892,978
Impairment loss allowance	(297,804)	(297,804)
	<u>1,657,421</u>	<u>1,596,349</u>
<b>Other non-financial assets</b>		
Prepaid expenses (Note 10.1)	3,657,773	513,274
<b>Total trade receivables and others</b>	<u>9,814,695</u>	<u>7,131,165</u>

**10.1** This includes BDT 3,324,198,954 (inclusive of VAT) paid to Bangladesh Telecommunication Regulatory Commission (BTRC) with regards to purchase of 0.4 MHz spectrum in 1800 MHz band and 10MHz spectrum in 2100 MHz band in the Radio Frequency Auction conducted by BTRC on 8 March 2021. The spectrum purchased will be effective from 9 April 2021.

**11 Cash and cash equivalents**

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
Cash in hand	71,597	78,141
Cash at bank	7,458,742	2,520,597
	<u>7,530,339</u>	<u>2,598,738</u>

**11.1 Restricted cash balance**

Cash at bank as at reporting date includes BDT 48,411,363 (2020: BDT 52,593,221) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at reporting date includes BDT 148,009,275 (2020: BDT 136,329,943) equivalent to dividend unclaimed amount, BDT 1,773,707,467 (2020: BDT 1,625,698,216) equivalent to unpaid dividend to foreign shareholders due to pending approval from Bangladesh Bank and BDT 43,345,518 (2020: BDT 12,759,497) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the Company until the dividend is claimed.

## 12 Net asset value per share

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
Net Asset (BDT)	61,013,877,000	52,107,614,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	<u>45.19</u>	<u>38.59</u>

## 13 Share capital

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
<b>Authorised:</b>		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued, subscribed, called up and paid up:</b>		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	<u>13,503,000</u>	<u>13,503,000</u>

The Company was initially registered with ordinary shares of BDT 43.00 each. These shares were subsequently converted into BDT 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009).

There has been no change in share capital during the current and comparative period.

### 13.1 Shareholding position

#### a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 31 March 2021	As at 31 December 2020	As at 31 March 2021	As at 31 December 2020	
Telenor Mobile Communications AS, Norway	55.80%	55.80%	7,534,081,540	7,534,081,540	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009 31 October 2019
Grameen Telecom, Bangladesh	34.20%	34.20%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.00%	0.00%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.00%	0.00%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, GP employees and institutions	10.01%	10.01%	1,351,254,150	1,351,254,150	28 October 2009 28 October 2019
	<u>100.00%</u>	<u>100.00%</u>	<u>13,503,000,220</u>	<u>13,503,000,220</u>	

A total of 430 shares had been transferred to Telenor Mobile Communications AS, Norway from Nye Telenor Mobile Communications II AS, Norway and Nye Telenor Mobile Communications III AS, Norway. Further, another 215 shares had been reclassified under institutional shareholders from Telenor Asia Pte Ltd, Singapore as per regulatory direction.

b) Classification of shareholders by range of number of shares held

Shareholding range	No. of shareholders		No. of shares	
	As at	As at	As at	As at
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
1-500	23,088	22,931	4,160,581	4,269,788
501-5,000	5,305	5,475	8,650,393	8,834,026
5,001-10,000	518	495	3,738,616	3,608,406
10,001-20,000	261	259	3,670,981	3,649,396
20,001-30,000	106	88	2,675,527	2,199,488
30,001-40,000	62	54	2,189,820	1,894,561
40,001-50,000	31	28	1,434,426	1,294,514
50,001-100,000	94	90	6,847,276	6,366,353
100,001-1,000,000	125	125	38,340,506	38,393,777
1,000,001-1,000,000,000	17	17	1,278,591,896	1,279,789,713
	<u>29,607</u>	<u>29,562</u>	<u>1,350,300,022</u>	<u>1,350,300,022</u>

14 Share premium

Total amount of BDT 8,384,003,437 was received as share premium in respect of shares issued to shareholders. Net issue cost of BDT 543,777,495 was set off against share premium as per IAS 32 *Financial Instruments: Presentation*.

15 Capital reserve

In 1999, Grameenphone issued 5,086,779 preference shares of BDT 45.84 each, which were converted into ordinary shares of BDT 43.00 each in 2004. The balance of BDT 2.84 per share was transferred to capital reserve account. The conversion was in accordance with provisions of Articles of Association of Grameenphone. This amount is not distributable as dividend as per the Companies Act 1994.

16 Loans and borrowings

Current portion of loans and borrowings includes short-term bank loan of BDT Nil (2020: 1,240,000,000).

17 Deferred tax liabilities

	As at 31 March 2021 BDT'000	As at 31 December 2020 BDT'000
Taxable temporary differences	31,630,188	34,413,810
Deductible temporary differences	(25,626,870)	(26,036,725)
Net taxable temporary differences	6,003,318	8,377,085
Deferred tax liabilities @ 40% tax rate	<u>2,401,327</u>	<u>3,350,834</u>

18 Other non-current liabilities

	As at 31 March 2021 BDT (000)	As at 31 December 2020 BDT (000)
Asset retirement obligations	151,946	151,400
Other non-current liabilities	124,507	129,872
	<u>276,453</u>	<u>281,272</u>

19 Trade payables and others

	As at 31 March 2021 BDT'000	As at 31 December 2020 BDT'000
<b>Financial liabilities</b>		
Trade payables including liability for capital expenditure	9,843,119	10,033,121
Accrued expenses	7,063,898	6,649,806
Indirect taxes	2,053,465	1,831,080
	<u>18,960,482</u>	<u>18,514,007</u>
<b>Other non-financial liabilities</b>		
Deferred connection revenue	9,572	13,805
Unearned revenue	5,115,297	5,460,303
	<u>5,124,869</u>	<u>5,474,108</u>
<b>Total trade payables and others</b>	<u>24,085,351</u>	<u>23,988,115</u>

**20 Current tax liabilities**

<b>As at</b>	<b>As at</b>
<b>31 March 2021</b>	<b>31 December 2020</b>
<b>BDT'000</b>	<b>BDT'000</b>

Movement of current tax liabilities is shown as under:

Opening balance	24,870,650	28,137,225
Provision made during the period including transactions for other comprehensive income	7,711,604	28,407,143
	<u>32,582,254</u>	<u>56,544,368</u>
Paid during the period (incl. tax deducted at source)	(6,370,579)	(30,432,387)
Adjustment for previous periods	-	(1,241,331)
Closing balance	<u><u>26,211,675</u></u>	<u><u>24,870,650</u></u>

**21 Other current liabilities**

<b>As at</b>	<b>As at</b>
<b>31 March 2021</b>	<b>31 December 2020</b>
<b>BDT'000</b>	<b>BDT'000</b>

Accruals for profit sharing plan	1,097,423	314,004
Payable for bills pay receipts	301,591	328,603
Security deposits from subscribers and channel partners	566,311	566,584
Dividend payable	1,625,698	1,625,698
Others	2,843,761	2,855,134
	<u><u>6,434,784</u></u>	<u><u>5,690,023</u></u>

**22 Revenue**

<b>01 January to 31 March 2021</b>	<b>01 January to 31 March 2020</b>
<b>BDT (000)</b>	<b>BDT (000)</b>

The following is an analysis of revenue for the period:

Revenue from contract with customers (Note 22.1)	34,405,462	35,784,971
Lease revenues	407,109	383,547
	<b>34,812,571</b>	<b>36,168,518</b>

**22.1 Disaggregation of revenue from contract with customers****Type of good/services**

Revenue from mobile communication	34,334,021	35,715,838
Revenue from customer equipment	46,540	31,810
Other revenues	24,901	37,323
	<b>34,405,462</b>	<b>35,784,971</b>

**Type of subscription**

Prepaid	32,793,588	34,119,880
Contract	1,540,433	1,595,958
Other	71,441	69,133
	<b>34,405,462</b>	<b>35,784,971</b>

**Type of customer**

Consumer	30,422,817	31,545,214
Business	3,982,645	4,239,757
	<b>34,405,462</b>	<b>35,784,971</b>

**23 Cost of material and traffic charges**

<b>01 January to 31 March 2021</b>	<b>01 January to 31 March 2020</b>
<b>BDT (000)</b>	<b>BDT (000)</b>

Traffic charges	1,888,834	1,901,646
Cost of materials and services	472,341	282,672
	<b>2,361,175</b>	<b>2,184,318</b>

**24 Salaries and personnel cost**

Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense includes BDT 69,366,821 (2020: BDT 10,302,800) for restructuring expense during the period. The WPPF expense for the period is BDT 783,418,098 (2020: BDT 861,718,146).

**25 Operation and maintenance**

<b>01 January to 31 March 2021</b>	<b>01 January to 31 March 2020</b>
<b>BDT (000)</b>	<b>BDT (000)</b>

Service maintenance fee	889,648	834,263
Vehicle maintenance expense	22,121	82,811
Other operation and maintenance	465,395	505,652
	<b>1,377,164</b>	<b>1,422,726</b>

**26 Sales, marketing and commissions**

	01 January to 31 March 2021	01 January to 31 March 2020
	BDT (000)	BDT (000)
Sales, marketing and representation costs	163,638	169,615
Advertisement expenses	277,038	258,940
Promotional expenses	45,373	39,551
Commissions	2,589,922	2,760,731
	<b>3,075,971</b>	<b>3,228,837</b>

**27 Other operating expenses/(income)**

	01 January to 31 March 2021	01 January to 31 March 2020
	BDT (000)	BDT (000)
Consultancy and professional services	155,895	227,830
Rental expense for property, plant and equipment	99,200	84,610
Fuel and energy costs	1,054,098	1,008,021
Impairment loss on trade receivables	48,115	40,063
Rental and other income	(49,069)	(50,726)
(Gain)/loss on disposal of assets	(965)	(17,840)
Others	172,591	210,725
	<b>1,479,865</b>	<b>1,502,683</b>

**28 Finance expense/(income)**

	01 January to 31 March 2021	01 January to 31 March 2020
	BDT (000)	BDT (000)
Interest income	(45,176)	(167,750)
Interest expense	73,623	219,774
Net interest cost on defined benefit obligation	26,488	22,925
Interest expenses on lease liabilities	462,720	498,602
Other finance expenses	16,831	32,853
	<b>534,486</b>	<b>606,404</b>

**29 Income tax expense**

	01 January to 31 March 2021	01 January to 31 March 2020
	BDT (000)	BDT (000)
<u>Current tax expense</u>		
Income tax expenses for the period	7,711,604	7,910,926
Adjustment for previous periods	-	(746,594)
	7,711,604	7,164,332
<u>Deferred tax (expense)/income</u>		
Deferred tax (expense)/income relating to origination and reversal of temporary differences, net	(949,506)	(619,749)
	<b>6,762,098</b>	<b>6,544,583</b>

**29.1 Reconciliation of effective tax rate**

	01 January to 31 March 2021		01 January to 31 March 2020	
	Percentage	BDT (000)	Percentage	BDT (000)
Profit before tax		15,668,361		17,234,363
Tax using the Company's tax rate	40.00%	6,267,344	40.00%	6,893,745
Tax effect of:				
Provision for non-deductible expenses	3.16%	494,754	2.31%	397,432
Adjustments / provision released during the period	0.00%		-4.33%	(746,594)
	<b>43.16%</b>	<b>6,762,098</b>	<b>37.97%</b>	<b>6,544,583</b>

**30 Earnings per share (EPS)**

	01 January to 31 March 2021	01 January to 31 March 2020
	BDT	BDT
Profit attributable to ordinary shareholders (BDT)	8,906,263,000	10,689,780,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Basic EPS (par value BDT 10 each) (BDT)	<b>6.60</b>	<b>7.92</b>

No diluted earnings per share is required to be calculated for the periods presented as Grameenphone has no dilutive potential ordinary shares.

**31 Reconciliation of net operating cash flow**

	<b>01 January to 31 March 2021</b>	<b>01 January to 31 March 2020</b>
	<b>BDT (000)</b>	<b>BDT (000)</b>
<b>Profit after tax</b>	8,906,263	10,689,780
Income tax expense	6,762,098	6,544,583
<b>Profit before tax</b>	<u>15,668,361</u>	<u>17,234,363</u>
<b>Adjustment for:</b>		
Depreciation & Amortization	5,455,511	5,872,060
(Gain)/Loss on sale of property, plant and equipment	(965)	(17,840)
Finance (expense)/income, net	534,486	606,404
Other adjustments	155,428	(9,519,043)
	<u>21,812,821</u>	<u>14,175,944</u>
<b>Changes in:</b>		
Inventories	(164,574)	34,575
Trade receivables and others	677,163	(808,865)
Trade payables and others	820,086	(624,072)
Provisions	(794,684)	145,601
Other current liabilities	756,440	711,697
Cash generated from operating activities	<u>23,107,252</u>	<u>13,634,880</u>
Interest received	4,063	30,919
Interest paid	(581,216)	(839,555)
Income tax paid	(6,370,579)	(8,994,307)
<b>Net cash generated by operating activities</b>	<u><b>16,159,520</b></u>	<u><b>3,831,937</b></u>

**32 Net operating cash flow per share**

	<b>01 January to 31 March 2021</b>	<b>01 January to 31 March 2020</b>
	<b>BDT (000)</b>	<b>BDT (000)</b>
Net operating cash flow (BDT)	<u>16,159,520,000</u>	<u>3,831,937,000</u>
Weighted average number of ordinary shares outstanding during the period	<u>1,350,300,022</u>	<u>1,350,300,022</u>
Net operating cash flow per share (par value BDT 10 each) (BDT)	<u><b>11.97</b></u>	<u><b>2.84</b></u>



### 33 Related party disclosures

During the quarter ended 31 March 2021, the company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures /(revenue)/, receivables/(payables)] and amounts thereof have been set out below in accordance with the provisions of IAS 24 *Related Party Disclosures*. Nature of relationship and significance of the amounts have been considered in giving this disclosure.

#### 33.1 Related party transactions during the period [expense/(income)]

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	<u>01 January to</u>	<u>01 January to</u>
			<u>31 March 2021</u>	<u>31 March 2020</u>
			<u>BDT (000)</u>	<u>BDT (000)</u>
Telenor Mobile Communications AS	Shareholder	Dividend payment	-	5,820,920
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	-	2
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	-	2
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	-	2
Grameen Telecom	Shareholder	Commission expense	45,137	55,220
		Connection revenue	-	(2,350)
Telenor ASA	Telenor group entity	Consultancy, professional and technical support service fee	256,302	230,191
Telenor Global Services AS	Telenor group entity	Consultancy, professional and technical support service fee	12,604	10,396
		A2P Project Revenue and professional service fee	(230,673)	(55,944)
Telenor Global Shared Services AS	Telenor group entity	Consultancy, professional and technical support service fee	55,493	182,815
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	26,761	42,168
Telenor Digital AS	Telenor group entity	Consultancy, professional and technical support service fee	18,569	7,471
Telenor Procurement Company	Telenor group entity	Consultancy, professional and technical support service fee	261,392	162,836
		Software acquisition cost	95,422	197,039
Telenor Norway	Telenor group entity	Roaming revenue net of discount	(8)	(152)
		Roaming cost net of discount	2	15
Telenor Norge AS	Joint venture of Telenor group	Consultancy, professional and technical support service fee	74,751	65,053
Tapad Incorporation	Associated companies of Telenor group	Consultancy, professional and technical support service fee	-	20,462
DiGi Telecommunications Sdn Bhd	Telenor group entity	Consultancy, professional and technical support service fee	2,044	-

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	<u>01 January to</u>	<u>01 January to</u>
			<u>31 March 2021</u>	<u>31 March 2020</u>
			<u>BDT (000)</u>	<u>BDT (000)</u>
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	(12)	(65)
		Roaming cost net of discount	2	9
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	(105)	(178)
		Roaming cost net of discount	1	28
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(0)	(3)
		Roaming cost net of discount	3	12
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount	(27)	(15)
		Roaming cost net of discount	0	19
Dtac Thailand	Telenor group entity	Roaming revenue net of discount	(138)	(23)
		Roaming cost net of discount	53	427
Digi Malaysia	Telenor group entity	Roaming revenue net of discount	(133)	(1,523)
		Roaming cost net of discount	12	154
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products	-	72
		Purchase of handsets	-	-
Grameen Communication	Related to Grameen Telecom	Software solution and maintenance	176	78
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Consultancy, professional and technical support service fee	-	450
Grameen Telecom Trust	Grameenphone's board members nominated by Grameen Telecom are trustee of the entity	Receivable from Commission Expense	1249	32,667

### 33.2 Receivables/(payables) with other related parties

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	As at	As at
			31 March 2021	31 December 2020
			BDT (000)	BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payable	(1,625,698)	(1,625,698)
Grameen Telecom	Shareholder	Accounts receivable	5	5
		Accounts payable	(200)	(200)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	5,084	5,084
		Accounts payable	(6,360)	(6,360)
Telenor ASA	Telenor group entity	Accounts receivable	47,502	47,502
		Accounts payable	(4,003,460)	(3,763,750)
Telenor Consult AS	Telenor group entity	Accounts payable	(2,018)	(2,021)
Telenor Global Services AS	Telenor group entity	Accounts receivable	151,168	127,130
		Accounts payable	(133,686)	(127,903)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,211,223)	(1,153,765)
Telenor Go Pte Ltd	Telenor group entity	Accounts receivable	77,034	77,034
		Accounts payable	(266,503)	(239,134)
Telenor Digital AS	Telenor group entity	Accounts receivable	181,514	181,514
		Accounts payable	(711,414)	(693,603)
Telenor Health AS	Telenor group entity	Accounts receivable	248	248.42
		Accounts payable	-	-
Telenor Procurement Company	Telenor group entity	Accounts payable	(926,793)	(860,580)
DiGi Telecommunications Sdn Bhd	Telenor group entity	Accounts payable	(16,882)	(14,801)
Telenor Norge AS	Telenor group entity	Accounts receivable	853	853
		Accounts payable	(761,810)	(687,740)
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(145,011)	(144,644)

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	<u>As at</u>	<u>As at</u>
			<u>31 March 2021</u>	<u>31 December 2020</u>
			<u>BDT (000)</u>	<u>BDT (000)</u>
Tapad Incorporation	Telenor group entity	Accounts payable	(64,704)	(146,065)
Telenor Norway	Telenor group entity	Accounts receivable	4	13
		Accounts payable	(0)	(1)
Telenor Sweden	Telenor group entity	Accounts receivable	3	7
		Accounts payable	(2)	(1)
Telenor Denmark	Telenor group entity	Accounts receivable	51	16
		Accounts payable	(0)	(0)
Telenor Pakistan	Telenor group entity	Accounts receivable	0	0
		Accounts payable	(6)	(2)
Telenor India	Telenor group entity	Accounts receivable	3,616	3,616
Telenor Myanmar	Telenor group entity	Accounts receivable	30	9,606
		Accounts payable	(0)	(0)
Dtac Thailand	Telenor group entity	Accounts receivable	208	52
		Accounts payable	(62)	(8)
Digi Malaysia	Telenor group entity	Accounts receivable	151	48
		Accounts payable	(9)	(4)
Grameen Solutions Limited	Related to Grameen Telecom	Accounts payable	(26)	(26)
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Accounts payable	-	-
Grameen Telecom Trust	Grameenphone's board members nominated	Accounts receivable	41,329	40,080
		Accounts payable	-	-
Grameen Communication	Related to Grameen Telecom	Accounts payable	(123)	-

### 34 Commitments

	<b>As at 31 March 2021</b>	<b>As at 31 December 2020</b>
	<b>BDT (000)</b>	<b>BDT (000)</b>
Capital commitment (open purchase order) for Property, plant and equipment	3,781,538	4,183,108
Capital commitment (open purchase order) for Intangible assets	521,474	71,549

### 35 Contingencies

Except as disclosed below there has been no significant development of the events disclosed in the financial statements for the year ended 31 December 2020.

#### (a) BTRC audit

Regarding the 2011 audit, the hearing of the application for summary dismissal (maintainability petition) of the case was fixed on 8 April 2021 at the District Court. Due to Govt. declared lockdown and consequent Supreme Court notification regarding courts' limited operation, the hearing did not take place and the next date is yet to be fixed.

Regarding the 2016 audit, the Original Title suit is pending at the District Court and the next date is fixed on 1 June 2021 for the BTRC and auditors to submit reply.

#### (b) VAT rebate on 2G licence renewal fee

As per the Court direction, on 7 March 2021 Grameenphone submitted its Concise Statements (point of arguments) for 3 (three) separate Appeals.

#### (c) Interest for delayed payment of Guaranteed Annual Rent to Bangladesh Railway

Against the petition filed by Grameenphone denying the liability in the Certificate Case on 5 November 2020, Bangladesh Railway (BR) submitted a response on 22 February 2021. The Certificate Case was fixed for hearing on 6 April 2021. Due to Govt. declared lockdown and consequent Supreme Court notification regarding courts' limited operation, the hearing did not take place and the next date is yet to be fixed.

Following Grameenphone's Arbitration Notice dated 24 December 2020, on 24 January 2021 BR in reply requested Grameenphone to withdraw the Arbitration Notice without appointing any arbitrator on their behalf. Against this backdrop, on 7 March 2021 Grameenphone filed two applications before the HCD. One is an injunction application under section 7KA of the Arbitration Act 2001 seeking stay on the proceedings of the Certificate Case. Another is an application under section 12 of the Arbitration Act 2001 for appointment of BR's arbitrator. On 14 March 2021, the HCD has admitted both the applications and issued Rule (show cause).

### 36 Other disclosures

#### 36.1 Purchase of spectrum

On 8 March 2021, Bangladesh Telecommunication Regulatory Commission (BTRC) conducted a Radio Frequency Auction for 2\*7.4 MHz in 1800 MHz band and 2\*15 MHz in 2100 MHz band to existing telecom operators. GP participated in that auction and secured 0.4 MHz in 1800 MHz band and 10MHz in 2100 MHz band effective from 9 April 2021 to 10 November 2026.

The total amount to be paid for the assigned spectrum is BDT 12,365,112,387 and 7.5% non-recoverable VAT to be added to this amount which leads to a total of BDT 13,292,495,816 including VAT. GP paid BDT 3,323,123,954 and rest of the amount will be paid in 5 equal yearly instalments of BDT 1,993,874,372 (including VAT) starting from 9 April 2022 till 9 April 2026. GP also had to pay BDT 1,075,000 (including VAT) as application processing fee for participating in the auction.