Auditors' Report & Audited Financial Statements of Grameenphone Ltd.

KPMG

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Auditors' Report
to the shareholders of
Grameenphone Ltd.

Introduction

We have audited the accompanying financial statements of Grameenphone Ltd, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and all related consolidated financial statements of Grameenphone Ltd and its subsidiary (together referred to as "the group").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements including consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's/group's affairs as at 31 December 2011 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the company and its subsidiary so far as it appeared from our examination of these books;

c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account and returns; and

d) the expenditure incurred was for the purposes of the company's/group's business.

Emphasis of matter

Without qualifying our opinion above, we draw attention to Notes 1 and 52 to the financial statements, where management explains the circumstances of the renewal of Mobile Cellular Licence and recent claims from Bangladesh Telecommunication Regulatory Commission and management's position on the same.

Auditors
Rahman Rahman Huq
Dhaka, February 07, 2012

Grameenphone Ltd.
Consolidated Statement of Financial Position
as at 31 December 2011

Assets	Notes	31 December 2011 Taka	31 December 2010 Taka	1 January 2010 Taka
Non current assets				
Property, plant and equipment, net	4	69,461,932,244	71,696,092,118	79,287,993,919
Intangible assets, net	5	7,021,940,747	6,991,416,098	7,681,126,893
Long term deposit	7	-	12,594,949	11,635,675
		76,483,872,991	78,700,103,165	86,980,756,487
Current assets				
Inventories	8	354,023,249	834,355,326	430,870,209
Deferred cost of connection revenue	9	422,857,544	484,842,481	483,550,116
Accounts receivable, net	10	5,361,944,431	5,247,945,772	4,697,066,162
Other receivables	11	916,325,024	928,020,269	762,323,315
Advances, deposits and prepayments	12	17,129,182,496	1,621,637,839	1,206,613,917
Short term investment	13	181,856,969	2,753,729,110	500,000,000
Cash and cash equivalents	14	8,054,596,992	18,931,502,552	14,101,313,087
		32,420,786,705	30,802,033,349	22,181,736,806
Total assets		108,904,659,696	109,502,136,514	109,162,493,293
Equity and Liabilities				
Equity attributable to owners of the company				
Share capital	15	13,503,000,220	13,503,000,220	13,503,000,220
Share premium	16	7,840,225,942	7,840,225,942	7,840,225,942
Capital reserve	17	14,446,452	14,446,452	14,446,452
Deposit from shareholders	18	1,880,178	1,880,178	1,880,178
General reserve	19	2,139,729,365	2,139,729,365	2,139,729,365
Retained earnings		15,383,607,640	26,874,256,053	28,996,754,822
		38,882,889,797	50,373,538,210	52,496,036,979
Non controlling interest	20	80	268	-
Total Equity		38,882,889,877	50,373,538,478	52,496,036,979
Non current liabilities				
Loans and borrowings, net of current portion		-	-	917,924,127
Deposit from agents and subscribers	21	455,775,978	444,639,879	440,948,191
Finance lease obligation	22	5,019,805,838	5,019,805,838	5,019,805,838
Deferred tax liabilities	23	10,242,988,130	11,201,083,512	13,505,914,117
Long term provisions	24	104,716,420	162,876,392	171,487,489
		15,823,286,366	16,828,405,621	20,056,079,762
Current liabilities				
Accounts payable	25	10,840,334,043	5,296,447,777	4,865,966,538
Payable to government and autonomous bodies	26	4,814,105,945	4,860,343,669	4,161,431,025
Unearned revenue	27	2,486,767,295	2,248,977,889	1,679,152,352
Loans and borrowings - current portion		-	-	1,036,943,071
VAT payable	28	2,699,959,350	2,451,869,531	2,234,779,133
Income tax provision	29	17,806,349,160	13,396,693,877	9,887,067,874
Accrued interest	30	226,869,648	155,699,144	66,356,035
Other liabilities	31	98,549,866	57,641,141	126,480,541
Deferred connection revenue	32	542,973,536	581,904,397	541,731,927
Provisions	33	14,682,574,610	13,250,614,990	12,010,468,056
		54,198,483,453	42,300,192,415	36,610,376,552
Total equity and liabilities		108,904,659,696	109,502,136,514	109,162,493,293

The annexed notes 1 to 53 form an integral part of these financial statements.

Director | Director | Chief Executive Officer | Company Secretary

Dhaka, February 07, 2012

As per our report of same date

Auditors

Grameenphone Ltd.
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Revenue	34	89,059,616,926	74,733,076,434
Cost of network operations			
Direct cost of network revenue	35	(17,652,504,844)	(15,065,442,394)
Network operation and maintenance expenses	36	(6,486,131,957)	(5,605,681,662)
Depreciation and amortisation	37	(13,700,217,335)	(15,331,945,675)
		(37,838,854,136)	(36,003,069,731)
Gross profit		51,220,762,790	38,730,006,703
Other income, net	38	81,649,697	60,416,193
Operating expenses			
General and administrative expenses	39	(9,309,840,841)	(8,634,334,234)
Selling and distribution expenses	40	(8,082,356,764)	(8,487,233,821)
Depreciation and amortisation	37	(1,337,717,281)	(1,461,626,378)
		(18,729,914,886)	(18,583,194,433)
Operating profit		32,572,497,601	20,207,228,463
Finance income/(expense), net	41	989,596,123	593,473,110
Foreign exchange gain/(loss)	42	(648,552,533)	99,963,540
Gain on disposal of property, plant and equipment	43	92,720,963	12,091,065
Profit before income tax		33,006,262,154	20,912,756,178
Income tax expenses	44	(14,115,160,260)	(10,207,404,570)
Profit for the year		18,891,101,894	10,705,351,608
Other comprehensive income		-	-
Total comprehensive income for the year		18,891,101,894	10,705,351,608
Total comprehensive income attributable to			
Owners of the company		18,891,102,082	10,705,351,440
Non controlling interest		(188)	168
		18,891,101,894	10,705,351,608
Earnings per share			
Basic and diluted earnings per share (par value Tk 10 each)	45	13.99	7.93

The annexed notes 1 to 53 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

Dhaka, February 07, 2012

As per our report of same date

Auditors

Grameenphone Ltd.
Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Share capital	Share premium	Capital reserve	Deposit from shareholders	General reserve	Retained earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2010	13,503,000,220	7,840,225,942	14,446,452	1,880,178	2,139,729,365	26,655,044,251	-	50,154,326,408
Adjustment for reversal of income tax provision (Note 29)	-	-	-	-	-	2,341,710,571	-	2,341,710,571
Adjusted balance as at 1 January 2010	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**28,996,754,822**	**-**	**52,496,036,979**
Transactions with the shareholders:								
Issuance of share of Grameenphone IT Ltd.	-	-	-	-	-	-	100	100
Final dividend for 2009	-	-	-	-	-	(8,101,800,132)	-	(8,101,800,132)
Interim dividend for 2010	-	-	-	-	-	(4,726,050,077)	-	(4,726,050,077)
Total comprehensive income for 2010								
Profit for the year	-	-	-	-	-	10,705,351,440	168	10,705,351,608
Other comprehensive income	-	-	-	-	-	-	-	-
Balance as at 31 December 2010	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**26,874,256,053**	**268**	**50,373,538,478**
Transactions with the shareholders:								
Final dividend for 2010	-	-	-	-	-	(11,477,550,187)	-	(11,477,550,187)
Interim dividend for 2011	-	-	-	-	-	(18,904,200,308)	-	(18,904,200,308)
Total comprehensive income for 2011								
Profit for the year	-	-	-	-	-	18,891,102,082	(188)	18,891,101,894
Other comprehensive income	-	-	-	-	-	-	-	-
Balance as at 31 December 2011	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**15,383,607,640**	**80**	**38,882,889,877**

The annexed notes 1 to 53 form an integral part of these financial statements.

Grameenphone Ltd.
Consolidated Statement of Cash Flows
for the year ended 31 December 2011

	2011 Taka	2010 Taka
Cash flows from operating activities		
Cash receipts from performance of services/sales	89,180,282,352	74,646,490,419
Payroll and other payments to employees	(5,786,478,150)	(6,087,982,677)
Payments to suppliers, contractors and others	(33,346,912,822)	(28,986,804,748)
Finance income received	2,092,898,027	1,337,225,663
Finance expenses paid for short term loans	(137,533,205)	-
Other finance expenses paid	(708,726,155)	(630,004,573)
Income tax paid	(10,663,600,361)	(9,002,609,172)
	(48,550,352,666)	(43,370,175,507)
Net cash flow from operating activities	**40,629,929,686**	**31,276,314,912**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(9,405,803,195)	(8,774,249,937)
Proceeds from sale of property, plant and equipment	45,346,713	59,884,296
Payment for acquisition of intangible assets	(777,252,430)	(648,524,052)
Payment of first instalment for 2G licence renewal	(13,584,598,000)	-
Proceeds from/(investment in) long term deposits	12,594,949	(959,274)
Short term investments	2,571,872,141	(2,253,729,110)
Net cash used in investing activities	**(21,137,839,822)**	**(11,617,578,077)**
Cash flows from financing activities		
Payment of long term borrowings	-	(1,950,443,211)
Payment of dividend	(30,365,699,043)	(12,791,086,003)
Proceeds from issue of share to non controlling interest	-	100
Amount refunded to IPO share applicants	(3,296,381)	(87,018,256)
Net cash used in financing activities	**(30,368,995,424)**	**(14,828,547,370)**
Net changes in cash and cash equivalents	(10,876,905,560)	4,830,189,465
Cash and cash equivalents at 1 January	18,931,502,552	14,101,313,087
Cash and cash equivalents at 31 December	**8,054,596,992**	**18,931,502,552**

The annexed notes 1 to 53 form an integral part of these financial statements.

Grameenphone Ltd.
Statement of Financial Position
as at 31 December 2011

Assets	Notes	31 December 2011 Taka	31 December 2010 Taka	1 January 2010 Taka
Non current assets				
Property, plant and equipment, net	4	68,954,986,787	71,519,269,716	79,287,993,919
Intangible assets, net	5	7,013,607,468	6,887,927,919	7,681,126,893
Investment in subsidiary	6	74,999,900	74,999,900	-
Long term deposit	7	-	12,594,949	11,635,675
		76,043,594,155	78,494,792,484	86,980,756,487
Current assets				
Inventories	8	331,379,759	834,355,326	430,870,209
Deferred cost of connection revenue	9	422,857,544	484,842,481	483,550,116
Accounts receivable, net	10	5,350,043,235	5,237,659,409	4,697,066,162
Other receivables	11	1,154,555,501	1,230,518,097	762,323,315
Advances, deposits and prepayments	12	17,486,245,071	1,718,961,429	1,206,613,917
Short term investment	13	181,856,969	2,753,729,110	500,000,000
Cash and cash equivalents	14	7,628,173,494	18,674,929,826	14,101,313,087
		32,555,111,573	30,934,995,678	22,181,736,806
Total assets		108,598,705,728	109,429,788,162	109,162,493,293
Equity and Liabilities				
Shareholders' equity				
Share capital	15	13,503,000,220	13,503,000,220	13,503,000,220
Share premium	16	7,840,225,942	7,840,225,942	7,840,225,942
Capital reserve	17	14,446,452	14,446,452	14,446,452
Deposit from shareholders	18	1,880,178	1,880,178	1,880,178
General reserve	19	2,139,729,365	2,139,729,365	2,139,729,365
Retained earnings		15,419,028,177	26,748,081,080	28,996,754,822
		38,918,310,334	50,247,363,237	52,496,036,979
Non current liabilities				
Loans and borrowings, net of current portion		-	-	917,924,127
Deposit from agents and subscribers	21	455,775,978	444,639,879	440,948,191
Finance lease obligation	22	5,019,805,838	5,019,805,838	5,019,805,838
Deferred tax liabilities	23	10,242,988,130	11,201,083,512	13,505,914,117
Long term provisions	24	104,716,420	162,876,392	171,487,489
		15,823,286,366	16,828,405,621	20,056,079,762
Current liabilities				
Accounts payable	25	10,723,625,931	5,253,726,342	4,865,966,538
Payable to government and autonomous bodies	26	4,814,105,945	4,860,343,669	4,161,431,025
Unearned revenue	27	2,485,682,907	2,248,977,889	1,679,152,352
Loans and borrowings - current portion		-	-	1,036,943,071
VAT payable	28	2,696,138,778	2,451,869,531	2,234,779,133
Income tax provision	29	17,805,122,197	13,396,161,393	9,887,067,874
Accrued interest	30	226,869,648	155,699,144	66,356,035
Other liabilities	31	80,973,694	53,107,357	126,480,541
Deferred connection revenue	32	542,973,536	581,904,397	541,731,927
Provisions	33	14,481,616,392	13,352,229,582	12,010,468,056
		53,857,109,028	42,354,019,304	36,610,376,552
Total equity and liabilities		108,598,705,728	109,429,788,162	109,162,493,293

The annexed notes 1 to 53 form an integral part of these financial statements.

Director | Director | Chief Executive Officer | Company Secretary

Dhaka, February 07, 2012

As per our report of same date

Auditors

Grameenphone Ltd.
Statement of Comprehensive Income
for the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Revenue	34	89,006,700,775	74,724,497,824
Cost of network operations			
Direct cost of network revenue	35	(17,669,029,979)	(15,065,442,394)
Network operation and maintenance expenses	36	(6,763,599,444)	(5,924,040,604)
Depreciation and amortisation	37	(13,624,535,441)	(15,331,928,871)
		(38,057,164,864)	(36,321,411,869)
Gross profit		50,949,535,911	38,403,085,955
Other income, net	38	109,013,237	75,314,120
Operating expenses			
General and administrative expenses	39	(8,954,458,359)	(8,454,044,918)
Selling and distribution expenses	40	(8,037,021,580)	(8,480,676,834)
Depreciation and amortisation	37	(1,325,858,351)	(1,461,626,378)
		(18,317,338,290)	(18,396,348,130)
Operating profit		32,741,210,858	20,082,051,945
Finance income/(expense), net	41	982,380,903	591,748,373
Foreign exchange gain/(loss)	42	(651,424,847)	99,963,540
Gain on disposal of property, plant and equipment	43	92,776,720	12,091,065
		423,732,776	703,802,978
Profit before income tax		33,164,943,634	20,785,854,923
Income tax expenses	44	(14,112,246,042)	(10,206,678,456)
Profit for the year		19,052,697,592	10,579,176,467
Other comprehensive income		-	-
Total comprehensive income for the year		19,052,697,592	10,579,176,467
Earnings per share			
Basic and diluted earnings per share (par value Tk 10 each)	45	14.11	7.83

The annexed notes 1 to 53 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

Dhaka, February 07, 2012

As per our report of same date

Auditors

Grameenphone Ltd.
Statement of Changes in Equity
for the year ended 31 December 2011

	Share capital	Share premium	Capital reserve	Deposit from shareholders	General reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2010	13,503,000,220	7,840,225,942	14,446,452	1,880,178	2,139,729,365	26,655,044,251	50,154,326,408
Adjustment for reversal of income tax provision (Note 29)	-	-	-	-	-	2,341,710,571	2,341,710,571
Adjusted balance as at 1 January 2010	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**28,996,754,822**	**52,496,036,979**
Transactions with the shareholders:							
Final dividend for 2009	-	-	-	-	-	(8,101,800,132)	(8,101,800,132)
Interim dividend for 2010	-	-	-	-	-	(4,726,050,077)	(4,726,050,077)
Total comprehensive income for 2010							
Profit for the year	-	-	-	-	-	10,579,176,467	10,579,176,467
Other comprehensive income	-	-	-	-	-	-	-
Balance as at 31 December 2010	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**26,748,081,080**	**50,247,363,237**
Transactions with the shareholders:							
Final dividend for 2010	-	-	-	-	-	(11,477,550,187)	(11,477,550,187)
Interim dividend for 2011	-	-	-	-	-	(18,904,200,308)	(18,904,200,308)
Total comprehensive income for 2011							
Profit for the year	-	-	-	-	-	19,052,697,592	19,052,697,592
Other comprehensive income	-	-	-	-	-	-	-
Balance as at 31 December 2011	**13,503,000,220**	**7,840,225,942**	**14,446,452**	**1,880,178**	**2,139,729,365**	**15,419,028,177**	**38,918,310,334**

The annexed notes 1 to 53 form an integral part of these financial statements.

Grameenphone Ltd.
Statement of Cash Flows
for the year ended 31 December 2011

	2011 Taka	2010 Taka
Cash flows from operating activities		
Cash receipts from performance of services/sales	89,140,210,778	74,646,490,419
Payroll and other payments to employees	(5,196,283,125)	(5,827,353,840)
Payments to suppliers, contractors and others	(34,329,207,490)	(29,366,578,247)
Finance income received	2,085,126,783	1,335,500,926
Finance expenses paid for short term loans	(137,533,205)	-
Other finance expenses paid	(708,170,131)	(630,004,573)
Income tax paid	(10,661,380,622)	(9,002,415,542)
	(48,947,447,790)	(43,490,851,276)
Net cash flow from operating activities	**40,192,762,988**	**31,155,639,143**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(9,151,452,165)	(8,835,146,894)
Proceeds from sale of property, plant and equipment	45,307,859	59,884,296
Payment for acquisition of intangible assets	(764,248,680)	(648,524,052)
Payment of first instalment for 2G licence renewal	(13,584,598,000)	-
Investment in subsidiary	-	(74,999,900)
Proceeds from/(investment in) long term deposits	12,594,949	(959,274)
Short term investments	2,571,872,141	(2,253,729,110)
Net cash used in investing activities	**(20,870,523,896)**	**(11,753,474,934)**
Cash flows from financing activities		
Payment of long term borrowings	-	(1,950,443,211)
Payment of dividend	(30,365,699,043)	(12,791,086,003)
Amount refunded to IPO share applicants	(3,296,381)	(87,018,256)
Net cash used in financing activities	**(30,368,995,424)**	**(14,828,547,470)**
Net changes in cash and cash equivalents	(11,046,756,332)	4,573,616,739
Cash and cash equivalents at 1 January	18,674,929,826	14,101,313,087
Cash and cash equivalents at 31 December	**7,628,173,494**	**18,674,929,826**

The annexed notes 1 to 53 form an integral part of these financial statements.

1. Corporate information

Grameenphone Ltd (hereinafter referred to as "GP"/"Grameenphone"/"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. GP was initially registered as a private limited company and subsequently converted into a public limited company on 25 June 2007. During November 2009, GP listed its shares with both Dhaka and Chittagong Stock Exchanges. The immediate parent of GP is Telenor Mobile Communications AS and the ultimate parent is Telenor ASA; both the companies are incorporated in Norway. On 28 January 2010, Grameenphone formed a wholly owned subsidiary namely Grameenphone IT Ltd (hereinafter referred to as "GPIT"/ "the subsidiary company"), to provide IT services to GP and to external customers. GPIT launched its commercial operation on 1 April 2010.

These financial statements as at and for the year ended 31 December 2011 include consolidated and separate financial statements. The consolidated financial statements comprise the company and its subsidiary (together referred to as "GP group"/"the group"). The separate financial statements present the financial position and performance of Grameenphone Ltd. Statement of financial position as at the beginning of 1 January 2010 represents individual financial statement of Grameenphone Ltd as it had no subsidiary at that date.

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

The Mobile Cellular License of Grameenphone, which was acquired in 1996, expired on 10 November 2011 and is due for renewal immediately thereafter. As per the License Renewal Guidelines issued by MoPT (Ministry of Posts and Telecommunications), Grameenphone has made necessary applications and also made payment of all requisite fees in regard to the said application. However, disagreements arose between Bangladesh Telecommunication Regulatory Commission (BTRC) and the renewing operators on the issues of applicable VAT deduction on license fees and application of Market Competition Factor (MCF) to spectrum acquired in 2008. Grameenphone, among other operators, referred these two issues to Supreme Court for clarification, on which the license renewal process became pending. However, the Supreme Court has made it clear that GP operation is to continue without any hindrance or obstruction whatsoever. Following from the Supreme Court instruction, BTRC also issued letter to GP assuring that our operation will continue as is until these two issues are sorted out by the Court, upon which renewed license will be forthcoming. GP management believes that the license will definitely be renewed in course of time, because both BTRC and Grameenphone have interest in renewing the licence and license renewal per se is not the issue in contention. On 18 January 2012, the hearing of this case in High Court commenced with the participation of both GP and BTRC counsels, which is expected to be concluded within a very short time. Management therefore does not believe that there is any significant uncertainty about the entity's ability to continue as a going concern. These financial statements accordingly have been prepared on the basis of going concern assumption.

2. Basis of preparation

2.1 Statement of compliance

These financial statements (including consolidated and separate financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh.

The Articles of Association of Grameenphone require that the financial statements be prepared in accordance with International Accounting Standards (IAS)/IFRS. The requirements of IFRS and BFRS, to the extent relevant to these financial statements, do not vary from each other.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the company on 07 February, 2012

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for the following items in the statement of financial position:

(a) Employee benefit plan is measured based on actuarial valuation.

(b) Finance lease obligation and assets under finance lease are measured at present value of minimum lease payments.

(c) Asset Retirement Obligations (ARO) are measured at present value of expected future expenditure.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is also the functional currency of the group. The amounts in these financial statements have been rounded off to the nearest Taka.

2.4 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 9: Deferred cost of connection revenue (estimation of subscribers' relationship period)

Note 22: Finance lease obligations (classification and measurement)

Note 23: Deferred tax liabilities (manner of recovery of temporary differences for determination of deferred tax liabilities)

Note 24 Long term provisions (estimation of future cash outflow and determination of appropriate discount rate)

Note 32: Deferred connection revenue (estimation of subscribers' relationship period)

Note 33 Provisions

Note 34 Revenue (allocation of revenue among multiple elements, determination of percentage of completion for services rendered)

Note 44 Income tax expenses

In addition to the above, determination of the group's liability for gratuity involves the use of estimates regarding demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rate).

3. Significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the group. Control is achieved where the company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

(b) Consolidation procedure

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Total comprehensive income of subsidiary is attributed to owners of the company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Financial statements of subsidiary are adjusted where necessary to ensure consistency with the policies adopted by the group.

3.2 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The costs of obligations for dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS/BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgrading of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP is not yet available for use.

Depreciation on other items of property, plant and equipment is recognized on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. For addition to property, plant and equipment, depreciation is charged from the date of capitalisation up to the month immediately preceding the month of disposal. Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	2011 Year	2010 Year
Own assets		
Building	10 -50	10 -50
Base station - equipments	3-10	3-10
Base station - tower, fibre optic network and related assets	7- 20	7- 20
Transmission equipment	5-10	5-10
Computers and other IT equipment	4	4
Furniture and fixtures (including office equipment)	3-5	3-5
Vehicles	4	4
Leased asset		
Fibre Optic Network	22.5	22.5

(d) Gains or losses on disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceed and the carrying amount of the asset and is recognized in profit or loss.

(e) Capital work in progress

Capital work in progress consists of acquisition costs of network plant and machinery, capital components and related installation cost until the date placed in service. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the group, i.e. at the time shipment is confirmed by the supplier.

(f) Capitalisation of borrowing costs

As per the requirements of IAS/BAS 23: Borrowing Costs, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.3 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS/BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Other development expenditure is recognized in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

(b) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives are as follows:

	2011 Year	2010 Year
Pulse Code Modulation (PCM)	5	5
Software and others		
Billing software	5	5
Other operational software	3-7	3-7
Network management software	10	10
Telecom licence - spectrum	18	18

Amortisation methods, useful lives and residual values are reviewed yearly and adjusted, if appropriate.

(c) Derecognition

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognized in profit or loss.

3.4 Financial instruments

3.4.1 Financial assets

The group initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the group becomes a party to the contractual provisions of the transaction.

The group derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, short term investments, accounts receivable, other receivables and deposits.

(a) Accounts receivable

Accounts receivable represent the amounts due from mobile telephony subscribers for telecom services, other operators for interconnection services and infrastructure sharing, customers for FON connectivity and receivables for IT related services and includes both billed and unbilled portion of such services at the date of statement of financial position. Accounts receivables are stated net of provision for doubtful debts.

(b) Short term investments

Short term investments comprise investment in Fixed Deposit Receipts (FDR) with original maturity of more than three months. Short term investments assets are recognised initially at cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(c) Other receivables

Other receivables comprise other non-mobile receivables and interest receivables. Other receivables are stated net of provision for doubtful debts, if any.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents.

3.4.2 Financial liabilities

The group initially recognises financial liabilities on the transaction date at which the group becomes a party to the contractual provisions of the liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include finance lease obligation, accounts payable, payable to government and autonomous bodies, deposits from agents and subscribers, VAT payables, accrued interests and other payables.

(a) Finance lease obligations

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used.

(b) Accounts payable and other financial liabilities

Accounts payable and other financial liabilities (payable to government and autonomous bodies, accrued interest, VAT payables and other liabilities) are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

3.5 Impairment

(a) Financial assets

The group considers evidence of impairment for financial assets (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective asset level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc. Accordingly, 100% provision is made over the amount outstanding (after considering security deposits) from churned post paid subscribers.

As per the existing credit policy, provisions for doubtful debt is recognized on receivables for post paid mobile services when a subscriber is barred if his usage exceeds approved credit limit or any non-payment of invoice. A subscriber is considered churned after three months of barring. For the other classes of financial assets, provision for doubtful debts is made after analysing the recoverability of the amount from the concerned parties. The provision for doubtful debts is written off as bad debts after one year from the date of recognition.

(b) Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories consisting of scratch cards, SIM cards, mobile handsets, data cards, other devices and IT accessories are valued at lower of cost and net realisable value. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Employee benefits

The group maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. Both of the plans are supported by separate registered funds.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognized as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employee render the services are discounted to the present value.

The group contributes to a registered provident fund scheme (defined contribution plan) for employees of the group eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the group also makes equal contribution.

The group recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

(b) Defined benefit plan (gratuity)

A defined benefit is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of any plan assets are deducted. The rate used to discount post employment benefit obligations is determined by reference to market yields at the date of statement of financial position on treasury bills.

The employees gratuity fund is considered as defined benefit plan as it meets the recognition criteria. The group's obligation is to provide the agreed benefits to current and former employees as per condition of the fund.

Present value of defined benefit obligation and the fair value of the plan assets are determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position. When the calculation results in a benefit to the group, the recognized asset is limited to the total of any unrecognized past service cost and the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contribution to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the group. An economic benefit is available to the group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The expected return on plan assets is based on market expectation and is one of the components of expenses recognised in profit or loss. Total expenses recognised in profit or loss comprise of current service cost, interest cost and expected return on plan assets.

Past-service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The group recognises gains or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any changes in the present value of defined benefit obligation, any related actuarial gains or losses and past service cost that had not previously been recognized.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

(c) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is created for the amount of annual leave encashment based on the latest basic salary.

3.8 Income tax

Income tax expenses comprise current and deferred taxes. Income tax expenses are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting periods are as follows:

Year	Tax rate
2010	35%
2011	35%

Being a private limited company, applicable tax rate for GPIT is 37.5%. However IT enabled services provided by GPIT are exempted from income taxes until 30 June 2013 as per Finance Act 2011.

(b) Deferred tax

Deferred tax is recognised in compliance with IAS/BAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each date of statement of financial position and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Provisions

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Asset retirement obligations (ARO)

Asset retirement obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The group recognises ARO in respect of roof-top base station and office space based on the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

3.10 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

Contingent liabilities and assets are not recognised in the statement of financial position of the group.

3.11 Revenue recognition

Revenues are measured at fair value of the consideration received or receivable, net of discount and sales related taxes and VAT. Revenues are reported gross with separate recording of expenses to vendors of products or services. However, when the group acts only as an agent or broker on behalf of suppliers of products or services, revenues are reported on a net basis. Revenues of the group comprise:

(i) Sale of goods:

The group sells handset, data card and other device, and software to its customers. Revenue from sale of goods is recognized when the persuasive evidence exists that the significant risk and reward has been transferred to the customer, recovery of consideration is probable, the associated cost and the possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Rendering of services:

Revenue from rendering of services includes traffic fees, subscription and connection fees, interconnection fees, various customer support revenues, value added service revenues, infrastructure sharing and IT related services. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(a) Traffic revenue -Postpaid

Post paid traffic revenue is recognised on accrual basis and recorded as income (exclusive of VAT) as services are rendered.

(b) Traffic revenue -Prepaid

Prepaid traffic revenue is recognised (exclusive of VAT) as per the actual usage from the prepaid cards and electronic recharge system (ERS). The unused portion of the prepaid cards and ERS remains as unearned revenue (exclusive of VAT) and is reported as liability.

(c) Subscription revenue

Subscription revenue represents fixed line rent charged to post paid customers for voice, content and other communication services. It is billed in advance and recognised evenly over the subscription period.

(d) Connection revenue

Connection revenue represents the revenue arising from sale of connection to the subscribers through new SIM which is recognised over the estimated period of customer relationship. The estimated period of customer relationship is based on past history of subscriber being churned and expected development of relationship period. Expected development reflects the recent development in customer churn in the industry as well as in other group entities.

(e) Roaming revenue

International roaming revenue is recognised on accrual basis as services are rendered.

(f) Interconnection revenue

Interconnection revenue from other operators is recognised when GP subscribers receive calls from other operators' subscribers.

(g) Other mobile revenue

Other mobile revenue comprises revenue from customers support services, VAS (Value Added Services), SMS (Short Message Services), MMS (Multimedia Message Services) and revenue from content providers and is recognised in the same manner as corresponding prepaid traffic revenue and post-paid traffic revenue recognition policy.

(h) Non mobile revenue

Non mobile revenue includes revenue earned from services like bill pay services, fund remittance, etc, in addition to revenue earned from sale of device, infrastructure sharing and commission income. Revenue from such non-mobile services is recognised when services are rendered.

(i) Infrastructure sharing

Revenue from infrastructure sharing comprises revenue from lease of telecom infrastructure, including base station shelter, generators, and charges for fuel and power support. Leases are recognised as per IAS/BAS 17: Leases. Other revenues are recognised on accrual basis based on actual usage/consumption by the customers.

(j) Sub lease of optical fibre network

Rental income from sub-lease of optical fibre network is recognised on accrual basis in accordance with the provisions of relevant agreements.

(k) Rendering IT service

Revenue from IT service is recognised on a percentage of completion basis. Percentage of completion of service is determined upon periodic review and usually evidenced by work completion certificate. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity.

(l) Commissions

When the group acts in capacity of an agent rather than the principal in a transaction, the revenue recognized is the net amount of commission made by the group.

(iii) Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, revenue from construction contracts is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion of a contract is determined in a variety of ways depending on the nature of the contract. The entity uses the method that measures reliably the work performed. The methods include cost-to-cost, survey of work performed and completion of physical proportion of the contract work.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of recoverable contract costs incurred and contract costs are recognized as an expense in the period in which they are incurred. An expected loss on the construction contract is recognized as an expense immediately.

3.12 Deferred connection revenue

Deferred connection revenue represents the portion of connection revenue which is deferred over the remaining period of estimated customer relationship.

3.13 Deferred cost of connection revenue

Connection costs in excess of connection revenue are charged as expenses when incurred. Connection costs up to connection revenue are deferred and amortised over the period of estimated customer relationship.

3.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of lease transfer substantially all the risk and rewards of the ownership to the lessee. All other leases are classified as operating leases.

(a) The group as lessee

Asset held under finance leases are initially recognized as asset of the group at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance expenses are immediately recognized in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the period in which they incur.

Operating lease payments are recognized as an expense on straight line basis over the lease term, except where another systemic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as liability. The aggregate benefit of incentives is recognized as a reduction of rental expenses on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(b) The group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of group's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating lease is recognised on straight line basis over the term of relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to carrying amount of leased assets and recognised on a straight line basis over the lease term.

3.15 Foreign currency transactions

Transactions in foreign currencies are recorded in the books at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into Bangladesh taka at the rate of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS/BAS 21: The Effects of Changes in Foreign Exchange Rates.

3.16 Earnings per share

The group/company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group/company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.17 Events after the reporting period

Events after the reporting period that provide additional information about the group's/company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

4 Property, plant and equipment, net

Year 2011 (consolidated)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2011	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 1 January 2011	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land (Note 4.1)	806,395,924	317,400	-	806,713,324	-	-	-	-	806,713,324
Building	4,058,115,969	-	-	4,058,115,969	78,992,732	198,729,042	-	277,721,774	3,780,394,195
Base station (Note 4.2)	88,893,751,049	19,172,848,885	(35,962,466,228)	72,104,133,706	47,774,586,908	9,320,521,856	(22,791,591,056)	34,303,517,708	37,800,615,998
Transmission equipment (Note 4.2)	27,194,522,924	10,838,905,993	(13,476,036,327)	24,557,392,590	12,736,422,879	3,159,466,090	(5,159,574,536)	10,736,314,433	13,821,078,157
Computers and other IT equipment	3,433,698,479	562,423,707	(154,170,419)	3,841,951,767	2,694,171,292	481,845,895	(152,862,191)	3,023,154,996	818,796,771
Furniture and fixtures (including office equipment)	2,287,147,480	136,544,032	(68,826,566)	2,354,864,946	1,752,092,954	222,086,844	(68,145,818)	1,906,033,980	448,830,966
Vehicles	1,035,397,194	263,297,572	(31,551,505)	1,267,143,261	606,457,084	123,656,283	(17,606,393)	712,506,974	554,636,287
	127,709,029,019	30,974,337,589	(49,693,051,045)	108,990,315,563	65,642,723,849	13,506,306,010	(28,189,779,994)	50,959,249,865	58,031,065,698
Capital work in progress (Note 4.3)	4,139,246,428	33,108,000,275	(30,972,397,319)	6,274,849,384	-	-	-	-	6,274,849,384
	131,848,275,447	64,082,337,864	(80,665,448,364)	115,265,164,947	65,642,723,849	13,506,306,010	(28,189,779,994)	50,959,249,865	64,305,915,082
Fibre Optic Network under finance lease (Note 4.4)	7,678,321,508	-	-	7,678,321,508	2,187,780,988	334,523,358	-	2,522,304,346	5,156,017,162
	139,526,596,955	**64,082,337,864**	**(80,665,448,364)**	**122,943,486,455**	**67,830,504,837**	**13,840,829,368**	**(28,189,779,994)**	**53,481,554,211**	**69,461,932,244**

Property, plant and equipment (contd..)

Year 2010 (Consolidated)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2010	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 1 January 2010	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 31 December 2010
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land (Note 4.1)	806,395,924	-	-	806,395,924	-	-	-	-	806,395,924
Building	39,495,738	4,018,620,231	-	4,058,115,969	11,253,642	67,739,090	-	78,992,732	3,979,123,237
Base station (Note 4.2)	86,207,212,938	2,829,904,349	(143,366,238)	88,893,751,049	37,000,262,825	10,893,690,046	(119,365,963)	47,774,586,908	41,119,164,141
Transmission equipment (Note 4.2)	24,936,637,035	2,257,885,889	-	27,194,522,924	9,325,226,987	3,411,195,892	-	12,736,422,879	14,458,100,045
Computers and other IT equipment	3,243,271,828	315,331,460	(124,904,809)	3,433,698,479	2,248,602,195	568,804,223	(123,235,126)	2,694,171,292	739,527,187
Furniture and fixtures (including office equipment)	2,044,818,734	463,486,552	(221,157,806)	2,287,147,480	1,761,079,790	208,373,406	(217,360,242)	1,752,092,954	535,054,526
Vehicles	883,008,531	196,675,019	(44,286,356)	1,035,397,194	543,331,235	89,109,584	(25,983,735)	606,457,084	428,940,110
	118,160,840,728	10,081,903,500	(533,715,209)	127,709,029,019	50,889,756,674	15,238,912,241	(485,945,066)	65,642,723,849	62,066,305,170
Capital work in progress (Note 4.3)	6,191,845,987	8,012,459,718	(10,065,059,277)	4,139,246,428	-	-	-	-	4,139,246,428
	124,352,686,715	18,094,363,218	(10,598,774,486)	131,848,275,447	50,889,756,674	15,238,912,241	(485,945,066)	65,642,723,849	66,205,551,598
Fibre Optic Network under finance lease (Note 4.4)	7,678,321,508	-	-	7,678,321,508	1,853,257,630	334,523,358	-	2,187,780,988	5,490,540,520
	132,031,008,223	**18,094,363,218**	**(10,598,774,486)**	**139,526,596,955**	**52,743,014,304**	**15,573,435,599**	**(485,945,066)**	**67,830,504,837**	**71,696,092,118**

Property, plant and equipment (contd..)

Year 2011 (Separate)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2011	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 1 January 2011	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land (Note 4.1)	806,395,924	317,400	-	806,713,324	-	-	-	-	806,713,324
Building	4,058,115,969	-	-	4,058,115,969	78,992,732	198,729,042	-	277,721,774	3,780,394,195
Base station (Note 4.2)	88,893,751,049	19,172,848,885	(35,962,466,228)	72,104,133,706	47,774,586,908	9,320,521,856	(22,791,591,056)	34,303,517,708	37,800,615,998
Transmission equipment (Note 4.2)	27,194,522,924	10,838,905,993	(13,476,036,327)	24,557,392,590	12,736,422,879	3,159,466,090	(5,159,574,536)	10,736,314,433	13,821,078,157
Computers and other IT equipment	3,425,491,235	14,798,184	(154,063,657)	3,286,225,762	2,694,154,488	399,277,172	(152,850,040)	2,940,581,620	345,644,142
Furniture and fixtures (including office equipment)	2,287,147,480	123,149,148	(68,826,566)	2,341,470,062	1,752,092,954	221,090,835	(68,145,818)	1,905,037,971	436,432,091
Vehicles	1,035,397,194	239,297,572	(31,551,505)	1,243,143,261	606,457,084	121,050,236	(17,606,393)	709,900,927	533,242,334
	127,700,821,775	30,389,317,182	(49,692,944,283)	108,397,194,674	65,642,707,045	13,420,135,231	(28,189,767,843)	50,873,074,433	57,524,120,241
Capital work in progress (Note 4.3)	3,970,614,466	32,691,611,830	(30,387,376,912)	6,274,849,384	-	-	-	-	6,274,849,384
	131,671,436,241	63,080,929,012	(80,080,321,195)	114,672,044,058	65,642,707,045	13,420,135,231	(28,189,767,843)	50,873,074,433	63,798,969,625
Fibre Optic Network under finance lease (Note 4.4)	7,678,321,508	-	-	7,678,321,508	2,187,780,988	334,523,358	-	2,522,304,346	5,156,017,162
	139,349,757,749	**63,080,929,012**	**(80,080,321,195)**	**122,350,365,566**	**67,830,488,033**	**13,754,658,589**	**(28,189,767,843)**	**53,395,378,779**	**68,954,986,787**

Property, plant and equipment, net (Contd...)

Year 2010 (Separate)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2010	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 1 January 2010	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 31 December 2010
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land (Note 4.1)	806,395,924	-	-	806,395,924	-	-	-	-	806,395,924
Building	39,495,738	4,018,620,231	-	4,058,115,969	11,253,642	67,739,090	-	78,992,732	3,979,123,237
Base station (Note 4.2)	86,207,212,938	2,829,904,349	(143,366,238)	88,893,751,049	37,000,262,825	10,893,690,046	(119,365,963)	47,774,586,908	41,119,164,141
Transmission equipment (Note 4.2)	24,936,637,035	2,257,885,889	-	27,194,522,924	9,325,226,987	3,411,195,892	-	12,736,422,879	14,458,100,045
Computers and other IT equipment	3,243,271,828	307,124,216	(124,904,809)	3,425,491,235	2,248,602,195	568,787,419	(123,235,126)	2,694,154,488	731,336,747
Furniture and fixtures (including office equipment)	2,044,818,734	463,486,552	(221,157,806)	2,287,147,480	1,761,079,790	208,373,406	(217,360,242)	1,752,092,954	535,054,526
Vehicles	883,008,531	196,675,019	(44,286,356)	1,035,397,194	543,331,235	89,109,584	(25,983,735)	606,457,084	428,940,110
	118,160,840,728	10,073,696,256	(533,715,209)	127,700,821,775	50,889,756,674	15,238,895,437	(485,945,066)	65,642,707,045	62,058,114,730
Capital work in progress (Note 4.3)	6,191,845,987	7,835,620,512	(10,056,852,033)	3,970,614,466	-	-	-	-	3,970,614,466
	124,352,686,715	17,909,316,768	(10,590,567,242)	131,671,436,241	50,889,756,674	15,238,895,437	(485,945,066)	65,642,707,045	66,028,729,196
Fibre Optic Network under finance lease (Note 4.4)	7,678,321,508	-	-	7,678,321,508	1,853,257,630	334,523,358	-	2,187,780,988	5,490,540,520
	132,031,008,223	**17,909,316,768**	**(10,590,567,242)**	**139,349,757,749**	**52,743,014,304**	**15,573,418,795**	**(485,945,066)**	**67,830,488,033**	**71,519,269,716**

4.1 Land

Land represents freehold land acquired for office premises and base stations.

4.2 Base station and transmission equipment

Base station and transmission equipment which form the major part of the telecommunication network include Radio Base Station (RBS) and related accessories, Base Station Controllers (BSC), Trans-Receiver Unit (TRU), GSM antenna, tower, site infrastructure, civil works, microwave links, Mobile Switching Centres (MSC), Home Location Register (HLR) and other equipment and accessories.

In September 2010, an agreement was signed between Grameenphone and Huawei for supply of network equipment and related maintenance services. Under the agreement, existing base stations and transmission equipment of Grameenphone were replaced by new equipment supplied by Huawei. The above transaction has commercial substance in terms of its impact on configuration of future cash flows. However in absence of reliable information regarding fair value of the assets acquired or the assets given up, cost of the assets acquired were measured at the carrying amount of the assets given up plus any cash consideration paid.

Exchange of assets under the contract started in February 2011 and completed in December 2011.

4.3 Capital work in progress (CWIP)

This represents primarily the cost of network equipment under construction and capital inventories. The components of network equipment were procured mostly from Ericsson and Huawei.

4.3.1 Capital work in progress transferred

The amount of CWIP completed and transferred during the year to the corresponding items of property, plant and equipment was as follows:

	Consolidated		Separate	
Name of assets	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Land	317,400	-	317,400	-
Building	-	4,018,620,231	-	4,018,620,231
Base station	19,172,340,529	2,814,553,658	19,172,340,529	2,814,553,658
Transmission equipment	10,838,905,993	2,257,885,889	10,838,905,993	2,257,885,889
Computers and other IT equipment	562,423,707	315,331,460	14,798,184	307,124,216
Furniture and fixtures	135,112,118	461,969,932	121,717,234	461,969,932
Vehicles	263,297,572	196,675,019	239,297,572	196,675,019
CWIP transferred	30,972,397,319	10,065,036,189	30,387,376,912	10,056,828,945
Adjustment/write off	-	23,088	-	23,088
Total transfer/adjustment of CWIP	30,972,397,319	10,065,059,277	30,387,376,912	10,056,852,033

4.3.2 Capital work in progress - components

Capital work in progress as at 31 December 2011 for separate and consolidated figures includes capital inventory of Tk 2,443,958,253 (2010: Consolidated Tk 1,647,029,014 and Separate Tk 1,478,397,052), and base station, transmission and other telecom equipment, and civil works of Tk 3,808,736,758 (2010: Tk 2,492,217,414).

4.4 Fibre Optic Network under finance lease

This represents the fibre optic network acquired under finance lease from Bangladesh Railway (BR). The lease agreement with BR is valid until June 2027.

4.5 Allocation of depreciation charged during the year

	Consolidated		Separate	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Cost of network operation (Note 37)	13,113,781,076	14,736,928,488	13,039,469,227	14,736,911,684
Operating expenses (Note 37)	727,048,292	836,507,111	715,189,362	836,507,111
	13,840,829,368	15,573,435,599	13,754,658,589	15,573,418,795

5 Intangible assets, net

Year 2011 (Consolidated)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2011	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 1 January 2011	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Pulse Code Modulation (PCM)	73,698,000	-	-	73,698,000	60,973,307	7,139,303	-	68,112,610	5,585,390
Software and others (Note 5.1)	4,937,813,847	810,447,610	-	5,748,261,457	3,513,879,522	861,077,057	-	4,374,956,579	1,373,304,878
Telecom licence - Spectrum (Note 5.2)	5,920,000,000	-	-	5,920,000,000	713,491,195	328,888,888	-	1,042,380,083	4,877,619,917
	10,931,511,847	810,447,610	-	11,741,959,457	4,288,344,024	1,197,105,248	-	5,485,449,272	6,256,510,185
Capital work in progress (Note 5.3)	348,248,275	1,227,629,897	(810,447,610)	765,430,562	-	-	-	-	765,430,562
	11,279,760,122	**2,038,077,507**	**(810,447,610)**	**12,507,390,019**	**4,288,344,024**	**1,197,105,248**	**-**	**5,485,449,272**	**7,021,940,747**

Year 2010 (Consolidated)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2010	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 1 January 2010	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 31 December 2010
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Pulse Code Modulation (PCM)	64,550,000	9,148,000	-	73,698,000	50,517,442	10,455,865	-	60,973,307	12,724,693
Software and others (Note 5.1)	4,438,938,377	501,605,190	(2,729,720)	4,937,813,847	2,635,817,541	880,791,701	(2,729,720)	3,513,879,522	1,423,934,325
Telecom licence - Spectrum (Note 5.2)	5,920,000,000	-	-	5,920,000,000	384,602,307	328,888,888	-	713,491,195	5,206,508,805
	10,423,488,377	510,753,190	(2,729,720)	10,931,511,847	3,070,937,290	1,220,136,454	(2,729,720)	4,288,344,024	6,643,167,823
Capital work in progress (Note 5.3)	328,575,806	530,425,659	(510,753,190)	348,248,275	-	-	-	-	348,248,275
	10,752,064,183	**1,041,178,849**	**(513,482,910)**	**11,279,760,122**	**3,070,937,290**	**1,220,136,454**	**(2,729,720)**	**4,288,344,024**	**6,991,416,098**

Intangible assets, net (contd..)

Year 2011 (Separate)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2011	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 1 January 2011	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2011	As at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Pulse Code Modulation (PCM)	73,698,000	-	-	73,698,000	60,973,307	7,139,303	-	68,112,610	5,585,390
Software and others (Note 5.1)	4,937,813,847	780,992,568	-	5,718,806,415	3,513,879,522	859,707,012	-	4,373,586,534	1,345,219,881
Telecom licence - Spectrum (Note 5.2)	5,920,000,000	-	-	5,920,000,000	713,491,195	328,888,888	-	1,042,380,083	4,877,619,917
	10,931,511,847	780,992,568	-	11,712,504,415	4,288,344,024	1,195,735,203	-	5,484,079,227	6,228,425,188
Capital work in progress (Note 5.3)	244,760,096	1,321,414,752	(780,992,568)	785,182,280	-	-	-	-	785,182,280
	11,176,271,943	**2,102,407,320**	**(780,992,568)**	**12,497,686,695**	**4,288,344,024**	**1,195,735,203**	**-**	**5,484,079,227**	**7,013,607,468**

Year 2010 (Separate)

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2010	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 1 January 2010	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2010	As at 31 December 2010
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Pulse Code Modulation (PCM)	64,550,000	9,148,000	-	73,698,000	50,517,442	10,455,865	-	60,973,307	12,724,693
Software and others (Note 5.1)	4,438,938,377	501,605,190	(2,729,720)	4,937,813,847	2,635,817,541	880,791,701	(2,729,720)	3,513,879,522	1,423,934,325
Telecom licence - Spectrum (Note 5.2)	5,920,000,000	-	-	5,920,000,000	384,602,307	328,888,888	-	713,491,195	5,206,508,805
	10,423,488,377	510,753,190	(2,729,720)	10,931,511,847	3,070,937,290	1,220,136,454	(2,729,720)	4,288,344,024	6,643,167,823
Capital work in progress (Note 5.3)	328,575,806	426,937,480	(510,753,190)	244,760,096	-	-	-	-	244,760,096
	10,752,064,183	**937,690,670**	**(513,482,910)**	**11,176,271,943**	**3,070,937,290**	**1,220,136,454**	**(2,729,720)**	**4,288,344,024**	**6,887,927,919**

5.1 Software and others

Software includes business software and network management software. Business software includes mainly billing software, Oracle financial software and other business software. Network management software represents PPS, Paso link, minilink etc.

5.2 Telecom licence - spectrum

This represents the cost of spectrum licence obtained from BTRC. In September 2008, GP acquired licence for use of additional 7.4 MHz spectrum for subsequent 18 years in consideration for BDT 800 million per MHz.

5.3 Capital work in progress (CWIP)

CWIP includes cost of software in process of installation/implementation and also software under testing phase awaiting users' acceptance.

CWIP of the company includes Tk 284,409,215 (2010: nil) representing cost of Network Engineering Resource Management (NERM) software in process of installation by GPIT for GP. Cost of the software for the group stood at Tk 264,657,497 (2010: Tk 103,488,179) after elimination of unrealised gain of Tk 20,866,082 by GPIT from delivery of first phase of the project.

5.4 Allocation of amortisation expense during the year

	Consolidated		*Separate*	
	2011 Taka	2010 Taka	2011 Taka	2010 Taka
Cost of network operation (Note 37)	586,436,259	595,017,187	585,066,214	595,017,187
Operating expenses (Note 37)	610,668,989	625,119,267	610,668,989	625,119,267
	1,197,105,248	1,220,136,454	1,195,735,203	1,220,136,454

6 Investment in subsidiary

This represents GP's investment in GPIT, a subsidiary of GP. GPIT was incorporated on 28 January 2010 with the objective of providing IT related services to GP and other external parties. GPIT was registered as a private limited company with an authorised share capital of Tk 7,500,000,000 divided into 75,000,000 shares of Tk 100 each. As at 31 December 2011, paid up capital of GPIT was Tk. 75,000,000 representing 750,000 shares, out of which 749,999 shares (99.99% of total share capital) were subscribed by GP at face value.

7 Long term deposit

This represented the deposit maintained with Southeast Bank Limited as lien against bank guarantees issued in favour of Bangladesh Railway for lease of optical fibre network. This amount was refundable upon cancellation of guarantee. The guarantee was cancelled on 28 March 2011, and the deposit was consequently released.

8 Inventories

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Handset, data card and other device	50,293,444	133,374,666	50,293,444	133,374,666
SIM card	247,653,281	633,598,995	247,653,281	633,598,995
Scratch card	33,433,034	67,381,665	33,433,034	67,381,665
IT accessories and services	22,643,490	-	-	-
	354,023,249	834,355,326	331,379,759	834,355,326

8.1 Movement of inventories

	IT accessories	Handset, data card and other device	SIM card	Scratch card
		Taka	Taka	Taka
Balance as at 1 January 2010	-	55,362,359	363,659,067	11,848,783
Purchase during 2010	-	1,187,172,203	805,866,013	72,949,983
Issue during 2010	-	(1,058,734,515)	(532,711,300)	(17,376,328)
	-	183,800,047	636,813,780	67,422,438
Adjustment/write-off	-	(50,425,381)	(3,214,785)	(40,773)
Balance as at 31 December 2010	-	133,374,666	633,598,995	67,381,665
Purchase/addition during 2011	48,550,100	1,067,056,791	747,608,518	155,826,699
Issue during 2011	(25,906,610)	(1,064,955,334)	(1,130,416,634)	(189,775,330)
	22,643,490	135,476,123	250,790,879	33,433,034
Adjustment/write-off	-	(85,182,679)	(3,137,598)	-
Balance as at 31 December 2011	22,643,490	50,293,444	247,653,281	33,433,034

8.2 Number of inventories

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Units	Units	Units	Units
Handset, data card and other device	34,238	136,081	34,238	136,081
SIM card	4,342,348	6,221,301	4,342,348	6,221,301
Scratch card	52,583,288	44,681,581	52,583,288	44,681,581

8.3 SIM card

As at 31 December 2011, GP had 4,342,348 SIM cards (2010: 6,221,301 SIM cards) out of which 1,231,296 SIM cards (2010: 1,505,220 SIM cards) were intended to be issued with new connection to subscribers. Each new connection currently attracts Tk 605 as VAT and Supplementary Duty to be paid to Govt. exchequer.

9 Deferred cost of connection revenue

Balance as at 1 January	484,842,481	483,550,116	484,842,481	483,550,116
Addition during the year	155,771,288	210,567,585	155,771,288	210,567,585
	640,613,769	694,117,701	640,613,769	694,117,701
Amortisation during the year	(217,756,225)	(209,275,220)	(217,756,225)	(209,275,220)
Balance as at 31 December	422,857,544	484,842,481	422,857,544	484,842,481

10 Accounts receivable, net

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Receivables for interconnection (Note 10.1)	4,573,833,235	4,877,394,453	4,573,833,235	4,877,394,453
Receivables for post paid and others (Note 10.2)	430,164,458	180,435,548	430,164,458	180,435,548
Receivables for infrastructure sharing (Note 10.3)	311,685,379	153,522,463	311,685,379	153,522,463
Receivables for sub lease of fibre optic network(Note 10.4)	29,062,072	22,995,771	29,062,072	22,995,771
Other receivables for non-mobile service (Note 10.5)	17,199,287	13,597,537	5,298,091	3,311,174
	5,361,944,431	5,247,945,772	5,350,043,235	5,237,659,409

10.1 Receivables for interconnection

Accounts receivable	4,791,993,644	5,095,844,311	4,791,993,644	5,095,844,311
Provision for doubtful debts	(218,160,409)	(218,449,858)	(218,160,409)	(218,449,858)
	4,573,833,235	4,877,394,453	4,573,833,235	4,877,394,453

10.2 Receivables for post paid and others

Accounts receivable	474,547,063	234,980,149	474,547,063	234,980,149
Provision for doubtful debts	(44,382,605)	(54,544,601)	(44,382,605)	(54,544,601)
	430,164,458	180,435,548	430,164,458	180,435,548

Receivables for post paid and others include receivables from post paid subscribers, content providers, and channel partners.

10.3 Receivables for infrastructure sharing

Accounts receivable	311,685,379	153,522,463	311,685,379	153,522,463
Provision for doubtful debts	-	-	-	-
	311,685,379	153,522,463	311,685,379	153,522,463

10.4 Receivables for sub lease of fibre optic network

Accounts receivable- sublease	34,947,224	30,351,110	34,947,224	30,351,110
Provision for doubtful debt	(5,885,152)	(7,355,339)	(5,885,152)	(7,355,339)
	29,062,072	22,995,771	29,062,072	22,995,771

10.5 Other receivables for non-mobile service

Other receivables for non-mobile service include receivables against broadband internet service, bill pay service of GP and receivables against IT services provided by GPIT.

10.6 Provision for doubtful debts

Balance as at 1 January	280,349,798	145,360,821	280,349,798	145,360,821
Provision made during the year	42,622,969	251,991,051	42,622,969	251,991,051
	322,972,767	397,351,872	322,972,767	397,351,872
Written off during the year	(54,544,601)	(117,002,074)	(54,544,601)	(117,002,074)
Balance as at 31 December	268,428,166	280,349,798	268,428,166	280,349,798

10.7 Security against accounts receivable

Good and secured	410,160,978	402,024,879	410,160,978	402,024,879
Good with personal security	4,951,783,453	4,845,920,893	4,939,882,257	4,835,634,530
Doubtful and bad	268,428,166	280,349,798	268,428,166	280,349,798
Gross accounts receivable	5,630,372,597	5,528,295,570	5,618,471,401	5,518,009,207
Provision for bad and doubtful debts	(268,428,166)	(280,349,798)	(268,428,166)	(280,349,798)
Accounts receivable, net	5,361,944,431	5,247,945,772	5,350,043,235	5,237,659,409

10.8 Debts due by directors, officers and other related parties

As at 31 December 2011, accounts receivable do not include any receivable from:

(a) the directors and other officers of the company/group;

(b) firms or private limited companies respectively in which any director of the group is a partner, director or member, other than those disclosed in note 48.2; and

(c) companies under the same management.

11 Other receivables

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Interest receivable	22,142,478	156,269,520	22,142,478	156,269,520
Receivable from Ericsson	462,964,658	428,123,981	462,964,658	428,123,981
Receivable from other Telenor entities (Note 11.1)	260,695,250	182,467,922	260,695,250	182,467,922
Receivable from GPIT (Note 11.2)	-	-	250,767,772	304,773,298
Receivable from other external parties	170,522,638	161,158,846	157,985,343	158,883,376
	916,325,024	928,020,269	1,154,555,501	1,230,518,097

11.1 Receivable from other Telenor entities

Receivable from other Telenor entities includes reimbursable expenses incurred on behalf of Telenor and its subsidiaries as well as other inter company receivables.

11.2 Receivable from GPIT

Receivable from GPIT includes receivable for reimbursable cost for computers and other IT equipments of Tk 127,337,217 (2010: Tk 168,631,953) and other reimbursable operating expenses and relevant VAT.

12 Advances, deposits and prepayments

Advances				
Advance to employees (Note 12.1)	5,051,544	78,945,026	1,755,828	70,281,406
Advance to Bangladesh Railway	560,002	5,545,166	560,002	5,545,166
Advance for capital expenditure (Note 12.2)	16,291,728,470	343,053,611	16,291,728,470	321,809,991
Advance to GPIT for NERM project	-	-	-	161,032,225
Advance VAT (Note 12.3)	-	30,016,625	-	-
Other advances	853,156	1,006,311	853,156	853,156
	16,298,193,172	458,566,739	16,294,897,456	559,521,944
Deposits				
Deposits for bank guarantee (Note 12.4)	129,157,944	127,957,944	126,457,944	127,957,944
Security deposit for utilities and services	77,353,046	60,483,786	73,321,638	60,483,786
	206,510,990	188,441,730	199,779,582	188,441,730
Prepayments				
Prepayment against rent (Note 12.5)	333,766,889	295,451,291	333,766,889	295,451,291
Prepayment against expenses (Note 12.6)	290,711,445	679,178,079	657,801,144	675,546,464
	624,478,334	974,629,370	991,568,033	970,997,755
	17,129,182,496	1,621,637,839	17,486,245,071	1,718,961,429

12.1 Advance to employees

This includes advances made to employees in relation to official travel, training, office utility bills, other office running expenses etc.

12.2 Advance for capital expenditure

This includes payment of the first instalment to BTRC (Tk 15,981,880,000) for renewal of 2G licence. Given the facts as explained in note 1 to these financial statements, the licence has not been recognised in the financial statements as per IAS/BAS 38: Intangible Assets.

12.3 Advance VAT

This represents advance VAT of GPIT and includes debit balance of VAT current account, and VAT deducted at source (which can be claimed as rebate) by customers from GPIT's bills against which VAT deduction certificates and/or copy of treasury challans are yet to be received.

12.4 Deposits for bank guarantee

This represents the guarantee margins with different banks against guarantee provided by them favouring Commissioner of Customs and other parties.

12.5 Prepayment against rent

This represents payment of rent in advance for base stations and office locations.

12.6 Prepayment against expenses

This includes prepaid insurance premium, payment to suppliers for operating inventories, spare parts, software support maintenance and others.

12.7 Security against advances

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Good and secured	309,848,470	343,053,611	309,848,470	321,809,991
Good with personal security	15,988,344,702	115,513,128	15,985,048,986	237,711,953
Doubtful and bad	-	-	-	-
	16,298,193,172	458,566,739	16,294,897,456	559,521,944
Provision for bad and doubtful amount	-	-	-	-
Total advances	16,298,193,172	458,566,739	16,294,897,456	559,521,944

12.8 Loans and advances to subsidiaries, directors, officers and other related parties

Other than those mentioned in note 12.1 and 48.2, there were no loans or advances to-

(a) Directors of the company/group;

(b) Firms or private limited companies respectively in which any director of Grameenphone Ltd. is a partner, director or member; and

(c) Subsidiaries or companies under the same management.

13 Short term investment

This includes the amount of Fixed Deposits Receipts (FDR) of Tk. 98,897,594 (2010: Tk 1,161,620) with Southeast Bank Limited, Tk. 46,132,500 (2010: nil) with One Bank Ltd and Tk. 36,826,875 (2010: Tk 2,752,567,490) with other banks as at the statement of financial position date having original maturity of three months or more. The interest rates on these FDRs range from 8.25% to 13.75% (2010: 8.25% to 11%). Out of this total amount, Tk 135,459,375 (2010: Tk 135,459,375) is restricted to the settlement of bills pay liabilities.

14 Cash and cash equivalents

Cash in hand	4,424,850	3,737,483	4,424,850	3,697,741
Cash at bank (Note 14.1)	8,050,172,142	18,927,765,069	7,623,748,644	18,671,232,085
	8,054,596,992	18,931,502,552	7,628,173,494	18,674,929,826

14.1 Cash at bank

Consolidated cash at bank includes cash of Tk 3,196,335,960 (2010: Tk 1,790,754,085) at Citibank N.A. , Tk 444,441,720 (2010: Tk 260,262,726) at The City Bank Limited , Tk 2,493,754 (2010: Tk 1,141,777,137) at Shahjalal Islami Bank Limited , Tk 479,586,146 (2010: Tk 1,355,012,298) at Southeast Bank Limited and cash at other banks.

Cash at bank also includes utility bill pay service collection accounts amounting to Tk. 416,563,884 (2010: Tk. 418,184,172). Use of this amount is restricted to settlement of payable for bills pay receipts as mentioned in note 26.

15 Share capital

	Consolidated		Separate	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Authorised:				
4,000,000,000 ordinary shares of Tk. 10 each	40,000,000,000	40,000,000,000	40,000,000,000	40,000,000,000
	40,000,000,000	40,000,000,000	40,000,000,000	40,000,000,000
Issued, subscribed, called up and paid up:				
1,350,300,022 ordinary shares of Tk. 10 each	13,503,000,220	13,503,000,220	13,503,000,220	13,503,000,220
	13,503,000,220	13,503,000,220	13,503,000,220	13,503,000,220

The company was initially registered with ordinary shares of Tk 43.00 each. These shares were subsequently converted into Tk 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 years 2010 and 2011.

15.1 Shareholding position

a) Percentage of shareholdings

	% of holding		Value of shares (Taka)	
	As at	As at	As at	As at
Name of shareholders	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150
Telenor Asia Pte Ltd, Singapore	0.0%	0.0%	2,150	2,150
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220
General public, GP employees and institution	10.0%	10.0%	1,351,252,000	1,351,252,000
	100%	100%	13,503,000,220	13,503,000,220

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

	No. of shareholders		No. of shares	
	As at	As at	As at	As at
Shareholding range	31 December 2011	31 December 2010	31 December 2011	31 December 2010
1-500	68,470	81,024	15,227,428	17,945,880
501-5,000	16,547	17,159	23,941,792	24,439,298
5,001-10,000	1,099	1,089	7,980,838	7,853,255
10,001-20,000	524	527	7,324,730	7,481,613
20,001-30,000	141	121	3,458,975	2,917,988
30,001-40,000	82	73	2,849,538	2,565,305
40,001-50,000	46	46	2,118,778	2,091,771
50,001-100,000	89	85	6,403,346	6,156,150
100,001-1,000,000	93	90	26,703,195	23,516,430
1,000,001-1,000,000,000	14	12	1,254,291,402	1,255,332,332
	87,105	100,226	1,350,300,022	1,350,300,022

16 Share premium

In 2009, total amount of Tk 8,370,259,450 was received as share premium in respect of shares issued to shareholders. Net issue cost of Tk 543,777,495 was set off against share premium as per IAS/BAS 32: Financial Instruments: Presentation

17 Capital reserve

In 1999, Grameenphone issued 5,086,779 preference shares of Tk 45.84 each, which were converted into ordinary shares of Tk 43.00 each in 2004. The balance Tk 2.84 per share was transferred to capital reserve account. The conversion was in accordance with clauses 41 to 44 of Memorandum and Articles of Association of GP. This amount is not distributable as dividend as per the Companies Act 1994.

18 Deposit from shareholders

Deposit from shareholders as at the statement of financial position date represents balance of the share money received from Telenor Mobile Communications AS, Norway, which has not been used against issuance of shares.

19 General reserve

Grameenphone availed tax holiday benefits from 1 June 2001 to 31 May 2006 as per the provisions of Income Tax Ordinance 1984. A tax holiday reserve was created during the Tax Holiday period to ensure investment in compliance with the said ordinance. The reserve was subsequently transferred to general reserve upon fulfilment of necessary conditions.

20 Non controlling interest

Non controlling interest is the equity in GPIT not attributable, directly or indirectly, to GP. This includes the amount of paid up capital and proportionate share of accumulated profit/loss of GPIT attributable to shareholders of GPIT other than GP.

21 Deposit from agents and subscribers

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Security deposits from subscribers (Note 21.1)	410,160,978	402,024,879	410,160,978	402,024,879
Security deposits from dealers and agents (Note 21.2)	45,615,000	42,615,000	45,615,000	42,615,000
	455,775,978	444,639,879	455,775,978	444,639,879

21.1 Security deposits from subscribers

This represents security money obtained from post paid subscribers against their dues and can be used in full or in part to adjust any unpaid portion of such dues. Any unadjusted amount of security deposits is refundable to subscribers on termination of customer relationship or on demand.

21.2 Security deposits from dealers and agents

Security deposits from dealers and agents represent security money obtained from channel partners (i.e. dealer, distributor, outlet agent). These deposits can be used in full or in part to adjust any amount due and are refundable at the termination of contract.

22 Finance lease obligation

Grameenphone entered into a lease agreement with Bangladesh Railway (BR) in 1997 for the right to use the optical fibre network along with its ancillary facilities. The lease was treated as operating lease until the end of 2004. Following an amendment to the lease agreement in 2004, it has been reclassified as finance lease and has been treated as such since 1 January 2005. The lease agreement was further amended on 13 June 2007 with Guaranteed Annual Rental (GAR) being revised and lease term being extended up to June 2027.

Obligation under finance lease was initially measured at an amount equal to the present value of minimum lease payments. The effect of change in lease agreement in 2007 was accounted for as an adjustment of the leased asset and obligation by the amount equal to the difference between the present value of revised minimum lease payments and the carrying amount of lease obligation at that date. GP's incremental borrowing rate, which was 15% at the inception of the lease, was used to calculate the present value of minimum lease payments, as it was impracticable to determine the implicit interest rate at that time.

Finance lease obligation	5,019,805,838	5,019,805,838	5,019,805,838	5,019,805,838
Less: Current portion (Note 22.1)	-	-	-	-
	5,019,805,838	5,019,805,838	5,019,805,838	5,019,805,838

Finance lease obligation as at 31 December 2011 is payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
	Taka	Taka	Taka
(i) Not later than one year	738,296,891	738,296,891	-
(ii) Later than one year but not later than five years	3,254,533,236	3,254,533,236	-
(iii) Later than five years	10,833,376,835	5,813,570,997	5,019,805,838
	14,826,206,962	9,806,401,124	5,019,805,838

Finance lease obligation as at 31 December 2010 was payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
	Taka	Taka	Taka
(i) Not later than one year	708,162,324	708,162,324	-
(ii) Later than one year but not later than five years	3,133,994,968	3,133,994,968	-
(iii) Later than five years	11,692,211,996	6,672,406,158	5,019,805,838
	15,534,369,288	10,514,563,450	5,019,805,838

22.1 Current portion of finance lease obligation

Current portion of finance lease obligation represents the principal amount of lease obligation included in the minimum lease payments falling due within 12 months from the end of the reporting period. Minimum lease payments for fibre optic network were revised in June 2007 with an annual escalation clause resulting in higher lease payments in later parts of the lease tenure. Such increasing cash flow pattern has led to higher amount of interest expense being recognised in the earlier periods and minimum lease payments falling short of the interest amount. Accordingly, current portion of finance lease obligation was nil for 2011 and 2010.

23 Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS/BAS 12: Income Taxes. Related deferred tax expense/(income) have been disclosed in note 44. Deferred tax assets and liabilities for separate financial statements are attributable to the following:

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 31 December 2011			
Property, plant and equipment (excluding land and CWIP and leased assets) (Note 4)	56,717,406,917	24,371,533,908	32,345,873,009
Property, plant and equipment under finance lease (Note 4)	5,156,017,162	-	5,156,017,162
Difference for vehicle (Note 23.1)	(74,547,280)	-	(74,547,280)
			37,427,342,891
Accounts receivable (Note 10)	5,350,043,235	5,499,444,974	(149,401,739)
Finance lease obligation (Note 22)	(5,019,805,838)	-	(5,019,805,838)
Accrued interest on finance lease obligation (Note 30)	(215,643,579)	-	(215,643,579)
Asset retirement obligations	(47,619,576)	-	(47,619,576)
Provisions	(14,481,616,392)	(11,752,424,605)	(2,729,191,787)
Net taxable temporary difference			29,265,680,372
Applicable tax rate (Note 3.8)			35%
Deferred tax liabilities			10,242,988,130
As at 31 December 2010			
Property, plant and equipment (excluding land and CWIP and leased assets) (Note 4)	61,251,718,806	29,220,855,793	32,030,863,013
Property, plant and equipment under finance lease (Note 4)	5,490,540,520	-	5,490,540,520
Difference for vehicle (Note 23.1)	(117,530,099)	-	(117,530,099)
	66,624,729,227	29,220,855,793	37,403,873,434
Accounts receivable (Note 10)	5,237,659,409	5,426,305,053	(188,645,644)
Finance lease obligation (Note 22)	(5,019,805,838)	-	(5,019,805,838)
Accrued interest on finance lease obligation (Note 30)	(144,706,628)	-	(144,706,628)
Asset retirement obligations	(47,619,576)	-	(47,619,576)
Net taxable temporary difference			32,003,095,748
Applicable tax rate (Note 3.8)			35%
Deferred tax liabilities			11,201,083,512

As per the provisions of Income Tax Ordinance 1984 (ITO), any income derived from the business of software development and Information Technology Enabled Services (ITES) is subject to tax exemption until 30 June 2013 and hence deferred tax liability for GPIT is not considered.

23.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by GP. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of cost exceeding such limits.

24 Long term provisions

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Asset retirement obligations (Note 24.1)	104,716,420	162,876,392	104,716,420	162,876,392
Employee benefits - provision for gratuity (Note 24.2)	-	-	-	-
	104,716,420	162,876,392	104,716,420	162,876,392

24.1 Asset retirement obligations (ARO)

Balance as at 1 January	162,876,392	160,033,350	162,876,392	160,033,350
Provision made during the year	24,189,972	18,105,501	24,189,972	18,105,501
	187,066,364	178,138,851	187,066,364	178,138,851
Adjustment/payment made during the year	(82,349,944)	(15,262,459)	(82,349,944)	(15,262,459)
Balance as at 31 December	104,716,420	162,876,392	104,716,420	162,876,392

Grameenphone Ltd. recognises asset retirement obligations (ARO) in respect of roof-top base stations and office space for any constructive and/or legal obligations for dismantlement, removal or restoration incurred by the company as a consequence of installing or constructing the sites. ARO is measured at the present value of expected cash out flows required to settle such obligations. Unwinding of the discount is charged as financial expense in the profit or loss.

24.2 Employee benefits - provision for gratuity

Balance as at 1 January	-	11,454,139	-	11,454,139
Provisions made during the year	365,599,706	361,074,926	345,240,164	342,551,685
	365,599,706	372,529,065	345,240,164	354,005,824
Transfer to fund during the year	(365,599,706)	(372,529,065)	(345,240,164)	(354,005,824)
Balance as at 31 December	-	-	-	-

25 Accounts payable

Liability for capital expenditure	5,666,817,629	2,254,497,329	5,645,629,609	2,246,290,076
Payable for expenses:				
Interconnection charges (Note 25.1)	32,468,286	28,402,068	32,468,286	28,402,068
Revenue sharing with content providers	211,002,698	113,692,440	233,864,396	113,692,440
International roaming services	69,331,739	63,481,362	69,331,739	63,481,362
Training and travel expenses	38,141,067	28,761,409	36,481,195	27,387,721
Sales and promotional expenses	151,785,409	96,973,807	150,195,815	96,973,807
Consultancy and professional fees	3,381,308,109	1,671,648,455	3,278,699,664	1,671,648,455
Cost of SIM card, scratch card, handsets etc.	249,980,238	217,699,901	249,980,238	217,699,901
Office and general expenses	203,824,590	101,903,913	194,689,584	79,932,199
PCM related expenses	56,996,185	48,764,725	56,996,185	48,764,725
Network operations and maintenance	364,378,386	325,338,658	360,989,513	314,169,878
	4,759,216,707	2,696,666,738	4,663,696,615	2,662,152,556
Payable for others:				
Tax deducted at source from suppliers	244,368,578	190,429,664	244,368,578	190,429,664
VAT deducted at source from suppliers	105,660,831	95,765,284	105,660,831	95,765,284
Payables for bills pay receipt	21,236,584	33,631,522	21,236,584	33,631,522
Retention money from suppliers	43,033,714	25,457,240	43,033,714	25,457,240
	414,299,707	345,283,710	414,299,707	345,283,710
	10,840,334,043	5,296,447,777	10,723,625,931	5,253,726,342

25.1 Interconnection charges

These represent accrued interconnection charges with respect to off-net local calls and international calls. According to prevailing BTRC policies, each operator is liable to pay interconnection charges to other operators for outgoing off-net calls.

26 Payable to government and autonomous bodies

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Bangladesh Telecommunication Regulatory Commission (BTRC)				
Frequency and spectrum charges (Note 26.1)	295,992,451	226,000,964	295,992,451	226,000,964
Revenue sharing (Note 26.2)	1,620,995,267	1,388,092,365	1,620,995,267	1,388,092,365
	1,916,987,718	1,614,093,329	1,916,987,718	1,614,093,329
Supplementary duty on SIM payable to NBR	2,535,910,188	2,869,736,536	2,535,910,188	2,869,736,536
Share of sub-lease rent payable to Bangladesh Railway	7,516,089	10,908,544	7,516,089	10,908,544
Payable for Bills Pay receipt	353,691,950	365,605,260	353,691,950	365,605,260
	4,814,105,945	4,860,343,669	4,814,105,945	4,860,343,669

26.1 Frequency and spectrum charges

This relates to charges payable to BTRC for use of frequency and spectrum allocated to the company and roaming line rent.

26.2 Revenue sharing

As per the operating licence agreement as amended on 16 April 2006, GP shares 5.5 % of its collected rent and call charges with BTRC. Under the 2G licence renewal guidelines, additional 1% of revenue has been imposed as contribution to Social Obligation Fund. Revenue sharing and Social Obligation Fund under the renewal guidelines will be effective from the date of licence renewal.

27 Unearned revenue

This includes mainly the unused portion of scratch cards, flexi load and advance post paid bills received for which services have not yet been provided.

28 VAT payable

This represents VAT amount payable to NBR arising from provision of services by the company that are subject to VAT.

29 Income tax provision

Movement of income tax provision is shown as under:

	Consolidated		
	2011	2010	1 January 2010
	Taka	Taka	Taka
Opening balance	13,396,693,877	9,887,067,874	12,228,778,445
Adjustment for reversal of income tax provision (Note 29.1)	-	-	(2,341,710,571)
Adjusted opening balance	13,396,693,877	9,887,067,874	9,887,067,874
Provision made during the year	15,073,255,644	12,512,235,175	-
	28,469,949,521	22,399,303,049	9,887,067,874
Paid during the year (including tax deducted at source)	(10,663,600,361)	(9,002,609,172)	-
Closing balance	17,806,349,160	13,396,693,877	9,887,067,874

	Separate		
	2011	2010	1 January 2010
	Taka	Taka	Taka
Opening balance	13,396,161,393	9,887,067,874	12,228,778,445
Adjustment for reversal of income tax provision (Note 29.1)	-	-	(2,341,710,571)
Adjusted opening balance	13,396,161,393	9,887,067,874	9,887,067,874
Provision made during the year	15,070,341,426	12,511,509,061	-
	28,466,502,819	22,398,576,935	9,887,067,874
Paid during the year (including tax deducted at source)	(10,661,380,622)	(9,002,415,542)	-
Closing balance	17,805,122,197	13,396,161,393	9,887,067,874

29.1 Current tax provision amounting to Tk. 2,341,710,571 was found to be in excess of requirement in a periodic review performed by the management in June 2011. The excess provision resulted mainly from failure to reverse a portion of unutilized provision upon completion of the final assessment for 2004 and 2005. This was treated as a prior period error and accordingly was corrected by restating the opening balances of the earliest prior period presented, i.e. 2010.

30 Accrued interest

Accrued interest includes Tk. 215,643,579 (2010 : Tk. 144,706,628) representing interest on finance lease obligation.

31 Other liabilities

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Unclaimed dividend	52,815,658	36,764,206	52,815,658	36,764,206
Other external liabilities (Note 31.1)	45,734,208	20,876,935	28,158,036	16,343,151
	98,549,866	57,641,141	80,973,694	53,107,357

31.1 Other external liabilities

Other external liabilities include group's payables to Telenor Start II AS for Cellbazaar operations, withholding tax and VAT, liabilities for share money refund, advance from customer etc.

32 Deferred connection revenue

Balance as at 1 January	581,904,397	541,731,926	581,904,397	541,731,926
Addition during the year	221,969,943	290,789,714	221,969,943	290,789,714
	803,874,340	832,521,640	803,874,340	832,521,640
Recognised as revenue during the year	(260,900,804)	(250,617,243)	(260,900,804)	(250,617,243)
Balance as at 31 December	542,973,536	581,904,397	542,973,536	581,904,397

33 Provisions

International roaming services	35,858,883	8,705,560	35,858,883	8,705,560
Commission and other operational expenses	86,210,595	81,400,216	86,210,595	81,400,216
Cost of SIM card, scratch card, handsets etc.	1,467,605,297	1,302,991,773	1,467,605,297	1,302,991,773
Interconnection cost	1,952,012,266	4,938,280,452	1,952,012,266	4,938,280,452
Personnel expenses (Note-33.1)	3,817,247,153	2,046,160,454	3,721,394,434	1,979,970,377
Employee provident fund	-	26,643,930	-	26,643,930
Training and travelling expenses	71,457,383	62,799,455	70,906,726	48,389,507
Sales and promotional expenses	837,556,535	776,568,213	837,556,535	776,568,213
Consultancy and professional fees	254,114,389	703,307,972	231,153,891	703,307,972
Network operations and maintenance	1,884,811,891	711,382,083	1,808,695,969	895,141,717
Capital expenditure	3,376,793,523	1,945,390,245	3,376,793,523	1,945,390,245
Office and general expenses (Note-33.2)	889,188,708	642,196,637	883,710,286	640,651,620
Lease rent to Power Grid Company of Bangladesh Ltd.	9,717,987	4,788,000	9,717,987	4,788,000
	14,682,574,610	13,250,614,990	14,481,616,392	13,352,229,582

33.1 Personnel expenses

This includes provision for bonus, earned leave encashment, any unpaid salary, and other personnel related expenses.

33.2 Office and general expenses

Provision for office and general expenses includes provision for vehicle running expenses, stationery, utility, communication expenses, etc.

34 Revenue

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Traffic revenue				
-Post paid	2,671,896,715	2,601,806,772	2,671,896,715	2,601,806,772
-Prepaid	69,746,817,670	58,804,470,026	69,746,817,670	58,804,470,026
	72,418,714,385	61,406,276,798	72,418,714,385	61,406,276,798
Subscription revenue				
-Post paid	566,479,749	632,968,125	566,479,749	632,968,125
Connection revenue				
-Post paid	3,902,385	11,215,442	3,902,385	11,215,442
-Prepaid	262,344,039	235,311,520	262,344,039	235,311,520
	266,246,424	246,526,962	266,246,424	246,526,962
Roaming revenue				
-Inbound	417,108,357	211,251,659	417,108,357	211,251,659
-Outbound	321,584,002	253,026,794	321,584,002	253,026,794
	738,692,359	464,278,453	738,692,359	464,278,453
Interconnection revenue				
-Post paid	132,963,093	130,314,299	132,963,093	130,314,299
-Prepaid	8,543,517,399	7,292,825,149	8,543,517,399	7,292,825,149
	8,676,480,492	7,423,139,448	8,676,480,492	7,423,139,448
Other mobile revenue				
-Customer support revenue	11,715,274	9,939,263	11,715,274	9,939,263
-SMS and MMS revenue	953,238,279	940,054,489	953,238,279	940,054,489
-Internet and data revenue	1,560,131,157	1,199,732,065	1,560,131,157	1,199,732,065
-VAS and other revenue (Note 34.1)	1,586,704,168	876,590,604	1,586,704,168	876,590,604
	4,111,788,878	3,026,316,421	4,111,788,878	3,026,316,421
Non- mobile revenue				
-Sale of handset	826,107,532	720,457,284	826,107,532	720,457,284
-Sale of data card	279,900,439	417,901,222	279,900,439	417,901,222
-Sale of vehicle tracking systems	18,929,131	4,488,791	18,929,131	4,488,791
-Infrastructure sharing revenue	1,086,281,712	366,748,338	1,086,281,712	366,748,338
-Commissions	1,945,796	4,323,941	1,945,796	4,323,941
-Broadband internet revenue	387,996	291,005	387,996	291,005
-Bills pay service	14,745,882	10,781,036	14,745,882	10,781,036
-IT service maintenance fee (Note 34.2)	52,916,151	8,578,610	-	-
	2,281,214,639	1,533,570,227	2,228,298,488	1,524,991,617
	89,059,616,926	74,733,076,434	89,006,700,775	74,724,497,824

34.1 VAS and other revenue

Value Added Service (VAS) revenue includes revenue from content sale (e.g. medical services and music download services, news services, and other contents), call block service, mobile back-up service etc.

34.2 IT service maintenance fee

This represents revenue earned by the group on account of IT services provided to external customers, both foreign and local.

35 Direct cost of network revenue

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Cost of interconnection (Note 35.1)	3,816,501,489	3,220,716,202	3,816,501,489	3,220,716,202
Cost of SIM card, scratch card, handset etc. (Note 35.2)	2,362,735,807	2,313,553,976	2,362,735,807	2,313,553,976
International roaming cost (Note 35.3)	226,833,866	218,580,685	226,833,866	218,580,685
Licence fees and spectrum charges (Note 35.4)	775,692,609	713,715,145	775,692,609	713,715,145
Revenue sharing with BTRC (Note 35.5)	4,779,925,045	3,811,231,491	4,779,925,045	3,811,231,491
Dealers' and agents' commission	5,427,228,305	4,768,977,779	5,427,228,305	4,768,977,779
Revenue sharing with content providers and others	263,587,723	18,667,116	280,112,858	18,667,116
	17,652,504,844	15,065,442,394	17,669,029,979	15,065,442,394

35.1 Cost of interconnection

This represents the amount payable to the other operators (including interconnection exchange and international gateway operators) for outgoing off-net calls (including international calls) made by GP subscribers.

Rates for interconnection charges are guided by BTRC directives. Cost of interconnection is measured on the basis of actual outgoing off-net t raffic information.

35.2 Cost of SIM card, scratch card, handset etc.

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
SIM card	1,128,784,262	1,197,437,835	1,128,784,262	1,197,437,835
Scratch card	146,622,839	49,596,375	146,622,839	49,596,375
Handset, data card and other device	1,087,328,706	1,066,519,766	1,087,328,706	1,066,519,766
	2,362,735,807	2,313,553,976	2,362,735,807	2,313,553,976

35.3 International roaming cost

This represents the roaming charges payable to the roaming partners for use of roaming partners' network by GP subscribers.

35.4 Licence fees and spectrum charges

This represents operating licence fee and spectrum charges payable to BTRC as per licence agreement.

35.5 Revenue sharing with BTRC

As per the operating licence agreement as amended on 16 April 2006, GP shares 5.5 % of its collected rent and call charges with BTRC. Under the 2G licence renewal guidelines, additional 1% of revenue has been imposed as contribution to Social Obligation Fund. Revenue sharing and Social Obligation Fund under the renewal guidelines will be effective from the date of licence renewal.

36 Network operation and maintenance expenses

Rent (Note 36.1)	730,650,954	645,947,505	730,650,954	645,947,505
Electricity charges (Note 36.2)	1,298,616,406	1,384,933,652	1,298,616,405	1,384,933,652
Operation and maintenance - base station	916,432,229	736,012,502	916,432,229	736,012,502
Operation and maintenance - switch	1,374,529,390	766,172,089	1,374,529,390	766,172,089
Operation and maintenance - optical fibre network	50,967,789	43,678,791	50,967,789	43,678,791
Network quality maintenance expenses (Note 36.3)	1,924,216,734	1,813,743,149	2,201,684,222	2,132,102,091
PCM operation and maintenance (Note 36.4)	8,519,947	10,306,363	8,519,947	10,306,363
Lease rent for submarine cable	182,198,508	204,887,611	182,198,508	204,887,611
	6,486,131,957	5,605,681,662	6,763,599,444	5,924,040,604

36.1 Rent

Rent includes location rent for base stations, mobile switching centres (switch) and other locations. Future minimum lease payments under non cancellable operating lease agreements for such locations are payable as follows:

(i) Not later than one year	494,108,833	452,829,940	494,108,833	452,829,940
(ii) Later than one year but not later than five years	1,818,562,622	1,970,092,627	1,818,562,622	1,970,092,627
(iii) Later than five years	3,423,705,657	3,421,268,732	3,423,705,657	3,421,268,732
	5,736,377,112	5,844,191,299	5,736,377,112	5,844,191,299

36.2 Electricity charges

These represent electricity charges for base stations, mobile switching centres (switch), other transmission equipment etc. This also includes such expenses incurred in connection with maintenance of fibre optic network at selected offices of Bangladesh Railway.

36.3 Network quality maintenance expenses

Network quality maintenance expenses include consultancy charges and other operation and maintenance fees incurred for telecom network.

36.4 PCM operation and maintenance

PCM operation and maintenance expenses include rental and maintenance charges for PCM and microwave link.

37 Depreciation and amortisation

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Cost of network operation				
Depreciation of property, plant and equipment	13,113,781,076	14,736,928,488	13,039,469,227	14,736,911,684
Amortisation of intangible assets	586,436,259	595,017,187	585,066,214	595,017,187
	13,700,217,335	15,331,945,675	13,624,535,441	15,331,928,871
Operating expenses				
Depreciation of property, plant and equipment	727,048,292	836,507,111	715,189,362	836,507,111
Amortisation of intangible assets	610,668,989	625,119,267	610,668,989	625,119,267
	1,337,717,281	1,461,626,378	1,325,858,351	1,461,626,378
	15,037,934,616	16,793,572,053	14,950,393,792	16,793,555,249

38 Other income, net

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Rental income from sublease of fibre optic network, net	75,212,038	47,385,022	75,212,038	47,385,022
Rental income from GPIT	-	-	27,363,540	14,897,927
Franchisee fees and others	6,437,659	13,031,171	6,437,659	13,031,171
	81,649,697	60,416,193	109,013,237	75,314,120

39 General and administrative expenses

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Personnel expenses	7,153,425,191	6,357,733,483	6,911,063,252	6,271,935,440
Employee training and ancillary expenses	97,865,470	45,956,956	97,865,470	45,956,956
Rent (Note 39.1)	288,626,433	396,214,903	279,334,425	382,578,015
Office maintenance and running expenses	698,916,489	718,505,421	690,932,783	712,498,019
Travelling expenses	130,876,971	158,099,188	119,269,855	137,276,620
Vehicle running expenses	507,164,688	423,339,553	483,160,790	412,930,925
Telephone and communication	77,522,440	71,612,442	77,522,440	68,214,866
Printing, postage and stationery	138,663,492	100,990,936	132,232,634	92,612,077
Legal and professional fees (Note 39.2)	98,839,798	60,818,647	46,274,429	29,512,505
Audit fees	2,325,000	2,325,000	1,800,000	1,800,000
Meeting expenses (Note 39.3)	67,602,757	45,978,161	67,602,757	45,969,951
Entertainment expenses	18,819,621	15,716,391	18,207,033	15,716,391
Revenue collection charges	13,891,795	18,836,311	13,891,795	18,836,311
Bad debt expense (Note 39.4)	15,300,696	218,206,842	15,300,696	218,206,842
	9,309,840,841	8,634,334,234	8,954,458,359	8,454,044,918

39.1 Rent

Rent includes rent for office, warehouse, Grameenphone Center (GPC), Grameenphone Service Desk (GPSD), info-centre and guest houses.

Future minimum lease payments under non cancellable operating lease agreements for such locations are payable as follows:

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
(i) Not later than 1 year	242,291,241	251,781,202	239,828,522	248,035,702
(ii) Later than 1 year but not later than 5 years	777,732,575	656,510,119	769,215,673	656,510,119
(iii) Later than 5 years	550,358,799	428,937,973	550,358,799	428,937,973
	1,570,382,615	1,337,229,294	1,559,402,994	1,333,483,794

39.2 Legal and professional fees

Legal and professional fees include fees for legal advice and other professional services received time to time from lawyers, auditors and other professionals.

During the year 2011, the group paid Tk 5,261,016 (2010: Tk 2,344,784) to auditors for professional services in connection with issuance of certificate for repatriation of fees and review of interim financial statements etc.

39.3 Meeting expenses

These include expenses for board meetings of the group amounting to Tk. 2,720,704 (2010: Tk. 3,299,672), and other meetings of the group (including AGM) Tk 64,882,053 (2010 : Tk 42,669,029).

39.4 Bad debt expense

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Provision made during the year	42,622,969	251,991,051	42,622,969	251,991,051
Recovery of bad debt during the year	(27,322,273)	(33,784,209)	(27,322,273)	(33,784,209)
Bad debt expense	15,300,696	218,206,842	15,300,696	218,206,842

Provision for doubtful debts has been made as per policy of the group mentioned in Note 3.5.

40 Selling and distribution expenses

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Sales, marketing and representation costs (Note 40.1)	6,555,229,928	7,318,184,187	6,555,229,928	7,318,184,187
Advertisements	988,117,456	734,460,277	956,851,883	727,903,290
Business development and promotional expenses	539,009,380	434,589,357	524,939,769	434,589,357
	8,082,356,764	8,487,233,821	8,037,021,580	8,480,676,834

40.1 Sales, marketing and representation costs

This primarily represents subsidies provided by GP in connection with acquiring new subscribers.

41 Finance income/(expense), net

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Interest on long term loans	-	(4,463,240)	-	(4,463,240)
Finance charge - lease	(779,099,154)	(768,429,911)	(779,099,154)	(768,429,911)
Interests and service charges on short term loans	(137,774,686)	(2,581,366)	(137,774,686)	(2,581,366)
Other finance charges	(52,301,022)	(80,093,566)	(51,744,998)	(79,881,999)
	(969,174,862)	(855,568,083)	(968,618,838)	(855,356,516)
Finance income	1,958,770,985	1,449,041,193	1,950,999,741	1,447,104,889
	989,596,123	593,473,110	982,380,903	591,748,373

42 Foreign exchange gain/(loss)

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Realised gain/ (loss)	(140,512,723)	91,384,591	(140,401,481)	91,384,591
Unrealised gain/ (loss)	(508,039,810)	8,578,949	(511,023,366)	8,578,949
	(648,552,533)	99,963,540	(651,424,847)	99,963,540

43 Gain on disposal of property, plant and equipment

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Disposal proceeds	118,220,726	59,884,296	118,181,872	59,884,296
Carrying amount of the assets disposed off	(25,499,763)	(47,793,231)	(25,405,152)	(47,793,231)
	92,720,963	12,091,065	92,776,720	12,091,065

44 Income tax expenses

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Current tax expenses (Note 3.8)	15,073,255,644	12,512,235,175	15,070,341,426	12,511,509,061
Deferred tax expenses/(income)	(958,095,384)	(2,304,830,605)	(958,095,384)	(2,304,830,605)
	14,115,160,260	10,207,404,570	14,112,246,042	10,206,678,456

45 Earnings per share

	Consolidated 2011	Consolidated 2010	Separate 2011	Separate 2010
Profit for the year (Taka)	18,891,102,082	10,705,351,440	19,052,697,592	10,579,176,467
Weighted average number of shares (Note 45.1)	1,350,300,022	1,350,300,022	1,350,300,022	1,350,300,022
Basic and diluted earnings per share (Note 3.16)	13.99	7.93	14.11	7.83

45.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

45.2 Diluted earnings per share

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

46 Financial risk management

The management has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the group's activities. This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

46.1 Credit risk

Credit risk is the risk of a financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from subscribers, interconnect operators, roaming partners, dealers and IT service customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are mainly related to the group's subscribers/customers, interconnect operators and roaming partners for provision of services, while other receivables represent receivable for accrued interest and receivables arising from external parties other than for services. The group's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of post paid subscribers and interconnect operators. Interconnection receivables are normally realised within 3 months from when they are invoiced. The group employs financial clearing house to minimise credit risk involving collection of roaming receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Accounts receivable, net				
Receivables for interconnection	4,573,833,235	4,877,394,453	4,573,833,235	4,877,394,453
Receivables for post paid and others	430,164,458	180,435,548	430,164,458	180,435,548
Receivables for infrastructure sharing	311,685,379	153,522,463	311,685,379	153,522,463
Receivables for sub lease of fibre optic network	29,062,072	22,995,771	29,062,072	22,995,771
Others receivable for non-mobile service	17,199,287	13,597,537	5,298,091	3,311,174
	5,361,944,431	5,247,945,772	5,350,043,235	5,237,659,409
Other receivables				
Other receivables- other than Telenor entities	655,629,774	745,552,347	893,860,251	1,048,050,175
Receivable from other Telenor entities	260,695,250	182,467,922	260,695,250	182,467,922
	916,325,024	928,020,269	1,154,555,501	1,230,518,097
Long term deposits	-	12,594,949	-	12,594,949
Deposit for bank guarantee	129,157,944	127,957,944	126,457,944	127,957,944
Security deposits for utilities and services	77,353,046	60,483,786	73,321,638	60,483,786
Short term investment	181,856,969	2,753,729,110	181,856,969	2,753,729,110
Cash at bank	8,050,172,142	18,927,765,069	7,623,748,644	18,671,232,085
	14,716,809,556	28,058,496,899	14,509,983,931	28,094,175,380

Exposure to credit risk (Contd..)

The maximum exposure to credit risk for accounts receivable as at the statement of financial position date by geographic regions was:

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Domestic	5,075,800,911	5,156,379,116	5,071,087,730	5,148,390,405
Asia	103,373,043	46,331,342	103,373,043	46,331,342
Europe	120,732,219	37,142,575	113,544,204	34,844,923
Australia	25,303,518	1,271,770	25,303,518	1,271,770
Americas	34,551,809	5,695,687	34,551,809	5,695,687
Africa	2,182,931	1,125,282	2,182,931	1,125,282
	5,361,944,431	5,247,945,772	5,350,043,235	5,237,659,409

b) Ageing of receivables

i) The ageing of gross interconnection receivables as at the statement of financial position was:

Not past due	807,439,188	708,430,082	807,439,188	708,430,082
0-30 days past due	815,513,748	725,657,334	815,513,748	725,657,334
31-60 days past due	668,525,928	558,026,984	668,525,928	558,026,984
61-90 days past due	258,366,626	260,484,947	258,366,626	260,484,947
91-180 days past due	683,144,151	495,165,272	683,144,151	495,165,272
181-365 days past due	1,068,850,713	598,856,982	1,068,850,713	598,856,982
over 365 days past due	490,153,290	1,749,222,710	490,153,290	1,749,222,710
	4,791,993,644	5,095,844,311	4,791,993,644	5,095,844,311

ii) The ageing of gross receivable for post paid and others as at the statement of financial position date was:

Not past due and 0-30 days past due	169,019,171	121,714,993	169,019,171	121,714,993
31-60 days past due	78,401,168	34,177,510	78,401,168	34,177,510
61-90 days past due	34,172,586	17,635,416	34,172,586	17,635,416
91-180 days past due	44,291,898	31,063,246	44,291,898	31,063,246
181 days and above	148,662,240	30,388,984	148,662,240	30,388,984
	474,547,063	234,980,149	474,547,063	234,980,149

iii) The ageing of gross receivables for infrastructure sharing as at the statement of financial position date was:

Not past due	205,715,835	97,472,039	205,715,835	97,472,039
0-30 days past due	84,955,412	55,482,002	84,955,412	55,482,002
31-60 days past due	10,428,967	568,422	10,428,967	568,422
61-90 days past due	7,619,721	-	7,619,721	-
91-180 days past due	455,620	-	455,620	-
181-365 days past due	2,419,409	-	2,419,409	-
over 365 days past due	90,415	-	90,415	-
	311,685,379	153,522,463	311,685,379	153,522,463

iv) The ageing of gross receivables for sub lease of fibre optic network as at the statement of financial position date was:

Not past due	293,166	-	293,166	-
0-30 days past due	8,359,316	-	8,359,316	-
31-60 days past due	9,232,431	13,507,647	9,232,431	13,507,647
61-90 days past due	2,796,388	3,234,482	2,796,388	3,234,482
91-180 days past due	6,197,015	4,816,507	6,197,015	4,816,507
181-365 days past due	708,182	4,507,074	708,182	4,507,074
over 365 days past due	7,360,726	4,285,400	7,360,726	4,285,400
	34,947,224	30,351,110	34,947,224	30,351,110

c) Impairment losses

Impairment losses on the above receivables were recognised as per the group policy mentioned in Note 3.5. Quantitative disclosure for such impairment losses has been given in Note 10.1 to Note 10.6 of these financial statements.

46.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. Typically, the group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast. Moreover, the group seeks to maintain short term lines of credit with scheduled commercial banks (Note 50) to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

In extreme stressed conditions, the group may get support from the ultimate parent company (Telenor) in the form of shareholder's loan.

The following are the contractual maturities of financial liabilities of the group:

As at 31 December 2011

	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	Taka			Taka	Taka	Taka	Taka	Taka	Taka
Finance lease obligations	5,019,805,838	June 2027	15%	14,826,206,962	361,614,804	376,682,087	768,431,459	2,486,101,777	10,833,376,835
Accounts payable									
Liability for capital expenditure	5,666,817,629	December 2012	N/A	5,666,817,629	3,736,456,884	1,930,360,745	-	-	-
Payable for expenses	4,759,216,707	December 2012	N/A	4,759,216,707	2,731,709,764	2,027,506,943	-	-	-
Payable for others	414,299,707	December 2012	N/A	414,299,707	311,615,443	102,684,264	-	-	-
Payable to government and autonomous bodies									
Payable to BTRC	1,916,987,718	December 2012	N/A	1,916,987,718	1,916,987,718	-	-	-	-
Payable to Bangladesh Railway	7,516,089	December 2012	N/A	7,516,089	7,516,089	-	-	-	-
Payable for Bills Pay receipt	353,691,950	December 2012	N/A	353,691,950	353,691,950	-	-	-	-
VAT payable	2,699,959,350	December 2012	N/A	2,699,959,350	2,699,959,350	-	-	-	-
Accrued interest	226,869,648	December 2012	N/A	226,869,648	226,869,648	-	-	-	-
Other liabilities	98,549,866	December 2012	N/A	98,549,865	98,549,865	-	-	-	-
	21,163,714,502			30,970,115,625	12,444,971,515	4,437,234,039	768,431,459	2,486,101,777	10,833,376,835

Exposure to liquidity risk in respect of the separate financial statements at 31 December 2011 does not vary significantly from above.

Liquidity risk (contd...)

	As at 31 December 2010								
	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	Taka			Taka	Taka	Taka	Taka	Taka	Taka
Finance lease obligations	5,019,805,838	June 2027	15%	15,534,369,288	346,547,520	361,614,804	1,506,728,350	2,486,101,777	10,833,376,837
Accounts payable									
Liability for capital expenditure	2,254,497,329	December 2011	N/A	2,254,497,329	1,345,981,299	908,516,030	-	-	-
Payable for expenses	2,696,666,738	December 2011	N/A	2,696,666,738	1,585,712,501	1,110,954,237	-	-	-
Payable for others	345,283,710	December 2011	N/A	345,283,710	207,170,226	138,113,484	-	-	-
Payable to government and autonomous bodies									
Payable to BTRC	1,614,093,329	December 2011	N/A	1,614,093,329	1,614,093,329	-	-	-	-
Payable to Bangladesh Railway	10,908,544	December 2011	N/A	10,908,544	10,908,544	-	-	-	-
Payable for Bills Pay receipt	365,605,260	December 2011	N/A	365,605,260	365,605,260	-	-	-	-
VAT payable	2,451,869,531	December 2011	N/A	2,451,869,531	2,451,869,531	-	-	-	-
Accrued interest	155,699,144	December 2011	N/A	155,699,144	155,699,144	-	-	-	-
Other liabilities	57,641,141	December 2011	N/A	57,641,141	57,641,141	-	-	-	-
	14,972,070,564			25,486,634,014	8,141,228,495	2,519,198,555	1,506,728,350	2,486,101,777	10,833,376,837

46.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

a) Currency risk

The group is exposed to currency risk on certain revenues and purchases such as roaming revenues and expenses, telecom equipment purchases, network related costs and interest expense and repayments relating to borrowings incurred in foreign currencies. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of capital items from abroad. The group also has exposure in NOK relating to business service costs and consultancy costs and foreign currency loans. The group maintains a USD bank account where all receipts from international roaming services are deposited and all corresponding payments are made.

i) Exposure to currency risk

The group's exposure to foreign currency risk was as follows based on notional amounts (in Taka):

	As at 31 December 2011					As at 31 December 2010				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivable from other Telenor entities	335,258,710	-	-	-	-	188,611,302	-	-	-	-
Accounts receivable	148,271,773	-	5,965,707	2,388,019	-	107,078,115	-	5,507,509	3,782,447	-
Cash at bank	378,199,408	-	-	-	-	143,798,951	-	-	-	
	861,729,891	-	5,965,707	2,388,019	-	439,488,368	-	5,507,509	3,782,447	-
Foreign currency denominated liabilities										
Payable to other Telenor entities*	(361,434,962)	(184,432,037)	-	-	-	(2,004,050,196)	-	-	-	-
Trade and other payables for expenses	(2,210,062,718)	-	-	(73,174,264)	(6,326,857)	(1,791,972,054)	-	-	(35,965,784)	(83,819,373)
	(2,571,497,680)	(184,432,037)	-	(73,174,264)	(6,326,857)	(3,796,022,250)	-	-	(35,965,784)	(83,819,373)
Net exposure	(1,709,767,789)	(184,432,037)	5,965,707	(70,786,245)	(6,326,857)	(3,356,533,882)	-	5,507,509	(32,183,337)	(83,819,373)

* Payable to other Telenor entities represents payable for business service costs, consultancy fees etc. which are included mainly in accounts payable.

Exposure to currency risk as at 31 December 2011 in respect of the separate financial statements does not vary significantly from above.

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Dec 2011	31 Dec 2010
	Taka	Taka
US Dollar (USD)	82.40	71.40
Norwegian Kroner (NOK)	15.64	13.85
Great Britain Pound (GBP)	128.83	113.23
EURO (EUR)	108.03	96.94
Japanese Yen (JPY)	1.11	0.93

Market risk (Contd..)

ii) **Foreign exchange rate sensitivity analysis for foreign currency expenditures**

A change of 10 basis points in foreign currencies would have increased/ (decreased) equity and profit or loss of the group by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		*Equity*	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
2011	Taka	Taka	Taka	Taka
Expenditures denominated in USD	(1,709,768)	1,709,768	(1,709,768)	1,709,768
Expenditures denominated in NOK	(184,432)	184,432	(184,432)	184,432
Expenditures denominated in GBP	5,966	(5,966)	5,966	(5,966)
Expenditures denominated in EURO	(70,786)	70,786	(70,786)	70,786
Expenditures denominated in JPY	(6,327)	6,327	(6,327)	6,327
Exchange rate sensitivity	(1,965,347)	1,965,347	(1,965,347)	1,965,347
2010				
Expenditures denominated in USD	(3,356,534)	3,356,534	(3,356,534)	3,356,534
Expenditures denominated in NOK	-	-	-	-
Expenditures denominated in GBP	5,508	(5,508)	5,508	(5,508)
Expenditures denominated in EURO	(32,183)	32,183	(32,183)	32,183
Expenditures denominated in JPY	(83,819)	83,819	(83,819)	83,819
Exchange rate sensitivity	(3,467,029)	3,467,029	(3,467,029)	3,467,029

b) **Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The group is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Profile

As at 31 December 2011, the interest rate profile of the group's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2011	As at 31 December 2010
	Taka	Taka
Fixed rate instruments		
Financial assets		
Long term deposits	-	12,594,949
Short term investment	181,856,969	2,753,729,110
Cash at bank	7,623,748,644	18,927,765,069
Financial liabilities		
Finance lease obligation	5,019,805,838	5,019,805,838
Accrued interest	226,869,648	155,699,144

Fair value of financial assets and liabilities of the group together with carrying amount shown in the statement of financial position are as follows:

	As at 31 December 2011		As at 31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets				
Long term deposits	-	-	12,594,949	12,594,949
Short term investment	181,856,969	181,856,969	2,753,729,110	2,753,729,110
Loans and receivables				
Accounts receivable, net	5,361,944,431	5,361,944,431	5,247,945,772	5,247,945,772
Other receivables	916,325,024	916,325,024	928,020,269	928,020,269
Available for sale financial assets				
Deposit for bank guarantee	129,157,944	129,157,944	127,957,944	127,957,944
Security deposit for utilities and services	77,353,046	77,353,046	60,483,786	60,483,786
Financial liabilities				
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Loans and borrowings	-	-	-	-
Finance lease obligation	5,019,805,838	5,019,805,838	5,019,805,838	5,019,805,838
Accounts payable	10,840,334,043	N/A*	5,296,447,777	N/A*
Payable to government and autonomous bodies	4,814,105,945	N/A*	1,944,753,714	N/A*
VAT payable	2,699,959,350	N/A*	2,451,869,531	N/A*
Accrued interest	226,869,648	N/A*	155,699,144	N/A*
Deposit from agents and subscribers	455,775,978	N/A*	444,639,879	N/A*
Other liabilities	98,549,866	N/A*	57,641,141	N/A*

Interest rates used for determining amortised cost

The interest rates used to discount estimated cash flows, when applicable were as follows:

	Consolidated		Separate	
	2011	2010	2011	2010
Finance lease obligations	15.00%	15.00%	15.00%	15.00%
Short term investment	8.50%-13.75%	8.25%-11%	8.50%-13.75%	8.25%-11%

* Determination of fair value is not required as per the requirements of IFRS/BFRS 7 : Financial Instruments: Disclosures (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

47 Capital management

Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity attributable to the equity holders of the parent. The Board of Directors monitors the level of capital as well as the level of dividend to the ordinary shareholders.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividend, return capital to shareholders, issue new shares or obtain long-term debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 31 December 2010.

The group is not subject to any externally imposed capital requirement.

48 Related party disclosures

During the year ended 31 December 2011, group entered into a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and amount thereof have been set out below in accordance with the provisions of IAS/BAS 24: Related Party Disclosures.

48.1 Related party transactions during the year

Name of related parties	Nature	Nature of transactions	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Telenor Mobile Communications AS	Shareholder	Dividend payment	16,951,673,790	7,157,373,378	16,951,673,790	7,157,373,378
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	4,838	2,043	4,838	2,043
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	4,838	2,043	4,838	2,043
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	4,838	2,043	4,838	2,043
Grameen Telecom	Shareholder	Commission expense	167,727,003	121,883,391	167,727,003	121,883,391
		Dividend payment	10,389,744,203	4,386,780,886	10,389,744,203	4,386,780,886
		Revenue	6,121,565	134,126,628	6,121,565	134,126,628
Grameen Kalyan	Shareholder	Dividend payment	495	209	495	209
Grameen Shakti	Shareholder	Dividend payment	495	209	495	209
Grameenphone IT Ltd.	Subsidiary	IT service maintenance charge	-	-	856,328,939	633,428,614
		Purchase of Software	-	-	267,534,496	-
		Rental income	-	-	29,826,253	-
Telenor Start II AS	Telenor group entity	Cell Bazaar revenue sharing	1,578,035	665,746	-	-
Telenor ASA	Telenor group entity	Sharing of Microsoft licence fee	301,265,756	194,038,860	301,265,756	194,038,860
		Consultancy service fee	625,021,255	622,971,462	625,021,255	622,971,462
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee	697,400,171	643,459,582	594,659,938	643,459,582
Telenor Key Partner AS	Telenor group entity	Consultancy fee	1,279,005	1,698,750	1,279,005	1,698,750
Telenor Bedrift	Telenor group entity	Service fee	13,634,402	20,537,449	13,634,402	20,537,449

			Consolidated		Separate	
			2011	2010	2011	2010
Name of related parties	Nature	Nature of transactions	Taka	Taka	Taka	Taka
Digi Telecommunication	Telenor group entity	Roaming revenue	2,637,333	1,251,786	2,637,333	1,251,786
		Roaming expenses	7,051,614	3,119,827	7,051,614	3,119,827
Kyivstar GSM - Ukraine	Telenor group entity	Roaming revenue	223,810	154,199	223,810	154,199
		Roaming expenses	155,624	20,857	155,624	20,857
Telenor d.o.o (YUGMT)	Telenor group entity	Roaming revenue	334,302	61,112	334,302	61,112
		Roaming expenses	59,086	348,926	59,086	348,926
Pannon - GSM	Telenor group entity	Roaming revenue	403,161	51,837	403,161	51,837
		Roaming expenses	329,234	103,674	329,234	103,674
Sonofone	Telenor group entity	Roaming revenue	2,568,789	1,272,695	2,568,789	1,272,695
		Roaming expenses	524,569	483,108	524,569	483,108
Telenor Mobil AS	Telenor group entity	Roaming revenue	10,980,261	3,752,207	10,980,261	3,752,207
		Roaming expenses	1,076,652	1,116,690	1,076,652	1,116,690
Telenor Pakistan	Telenor group entity	Roaming revenue	660,590	180,957	660,590	180,957
		Roaming expenses	311,937	265,219	311,937	265,219
TAC (Total Access Communication)	Telenor group entity	Roaming revenue	712,572	1,403,520	712,572	1,403,520
		Roaming expenses	2,005,959	9,800,618	2,005,959	9,800,618
Telenor Sverige (Europolitan AB)	Telenor group entity	Roaming revenue	2,060,633	1,037,783	2,060,633	1,037,783
		Roaming expenses	630,560	252,155	630,560	252,155
ProMonte GSM, Serbia and Montenegro YUGPM	Telenor group entity	Roaming revenue	40,308	11,859	40,308	11,859
		Roaming expenses	9,808	88	9,808	88
Sonofon DNKT2	Telenor group entity	Roaming revenue	62	644	62	644
Unitech Wireless	Telenor group entity	Roaming revenue	901,986	920,790	901,986	920,790
		Roaming expenses	756,458	99,781	756,458	99,781
Telenor Broadcast Holding AS	Telenor group entity	IT service revenue	6,068,558	-	-	-
Telenor Serbia	Telenor group entity	IT service revenue	9,327,210	-	-	-

48.2 Receivables/(payables) with related parties

Name of related parties	Nature	Nature of transactions	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Grameen Telecom	Shareholder	Accounts receivable	9,674,390	10,970,099	9,674,390	10,970,099
		Accounts payable	(14,597,354)	(11,591,510)	(14,597,354)	(11,591,510)
Grameenphone IT Ltd.	Subsidiary	Receivable for IT equipment	-	-	127,337,217	168,631,962
		Receivable for rent, office running expense, maintenance and others	-	-	123,430,555	136,141,336
		Advance for NERM/others	-	-	391,114,950	161,032,225
		Payable for IT service	-	-	(161,674,105)	(210,935,580)
		Payable for reimbursable expense	-	-	(3,999,110)	-
Telenor ASA	Telenor group entity	Accounts payable	(2,317,511,402)	(1,288,457,824)	(2,317,511,402)	(1,288,457,824)
		Accounts receivable	1,565,499	1,905,281	1,464,289	1,905,281
Telenor Consult AS	Telenor group entity	Accounts payable	(703,409,238)	(462,764,109)	(600,804,237)	(462,764,109)
		Accounts receivable	247,604,773	172,227,093	237,009,722	172,227,093
Telenor International Center	Telenor group entity	Accounts receivable	13,447,237	6,037,058	13,447,237	6,037,058
Telenor Key Partner AS	Telenor group entity	Accounts payable	(3,197,512)	(2,557,560)	(3,197,512)	(2,557,560)
Telenor Bedrift	Telenor group entity	Accounts payable	(32,326,637)	(20,704,411)	(32,326,637)	(20,704,411)
Digi Telecommunication	Telenor group entity	Accounts payable	(2,301,481)	(380,525)	(2,301,481)	(380,525)
		Accounts receivable	1,613,410	269,047	1,613,410	269,047
Kyivstar GSM - Ukraine	Telenor group entity	Accounts payable	(6,560)	(2,034)	(6,560)	(2,034)
		Accounts receivable	98,698	10,974	98,698	10,974
Telenor d.o.o (YUGMT)	Telenor group entity	Accounts payable	(1,600)	34,340	(1,600)	34,340
		Accounts receivable	41,823	-	41,823	-
Pannon - GSM	Telenor group entity	Accounts payable	(81,554)	(19,809)	(81,554)	(19,809)
		Accounts receivable	347,261	28,622	347,261	28,622
Sonofone	Telenor group entity	Accounts payable	(243,483)	(15,122)	(243,483)	(15,122)
		Accounts receivable	835,050	156,497	835,050	156,497
Telenor Norge AS Bedrift	Telenor group entity	Accounts payable	(399,638)	(103,349)	(399,638)	(103,349)
		Accounts receivable	2,251,838	682,881	2,251,838	682,881

Name of related parties	Nature	Nature of transactions	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Telenor Pakistan	Telenor group entity	Accounts payable	(36,744)	(12,582)	(36,744)	(12,582)
		Accounts receivable	954,736	201,655	954,736	201,655
TAC (Total Access Communication)	Telenor group entity	Accounts payable	(3,978,274)	(967,388)	(3,978,274)	(967,388)
		Accounts receivable	10,620,210	282,324	10,620,210	282,324
Telenor Sverige (Europolitan AB)	Telenor group entity	Accounts payable	(37,733)	(17,537)	(37,733)	(17,537)
		Accounts receivable	993,163	2,350,643	993,163	2,350,643
ProMonte GSM, Serbia and Montenegro YUGPM	Telenor group entity	Accounts payable	(9,896)	(87)	(9,896)	(87)
		Accounts receivable	8,316	1,706	8,316	1,706
Sonofon DNKT2	Telenor group entity	Accounts receivable	11	584	11	584
Unitech Wireless	Telenor group entity	Accounts payable	(2,023,581)	(232,721)	(2,023,581)	(232,721)
		Accounts receivable	6,868,945	895,668	6,868,945	895,668
Telenor Broadcast Holding AS	Telenor group entity	Accounts receivable	-	2,297,658	-	-
		Accounts payable	(824,000)	-	-	-
Telenor Serbia	Telenor group entity	Accounts receivable	7,194,201	-	1,613,014	-
Telenor Start II AS	Telenor group entity	Receivable for cell Bazaar revenue sharing	1,942,244	-	-	-
		Payable for cell Bazaar revenue sharing	(710,395)	-	-	-

48.3 Key management personnel compensation

	Consolidated 2011 Taka	Consolidated 2010 Taka	Separate 2011 Taka	Separate 2010 Taka
Short term employee benefits (salary and other allowances)	1,055,975,292	1,191,881,187	931,307,570	1,075,167,947
Post employment benefits (provident fund, gratuity etc.)	147,800,435	90,090,555	131,819,375	82,029,590
Termination benefits	-	30,139,977	-	30,139,977
Other long term benefits	17,586,648	11,408,688	15,490,623	11,408,688
	1,221,362,375	1,323,520,407	1,078,617,568	1,198,746,202

Key management personnel includes employees of the rank of Deputy General Manager (DGM), DGM equivalent and above.

49 Expense/expenditure and revenue in foreign currency during the year

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
CIF value of imports				
SIM card and scratch card	564,982,116	268,734,995	564,982,116	268,734,995
Telecommunication equipment	6,100,542,456	4,795,853,024	6,100,542,456	4,795,853,024
NERM software and other equipment	58,951,028	96,164,211	-	-
Expenditure in foreign currency				
Consultancy fee	949,647,478	1,029,465,734	817,259,881	1,029,465,734
Consultancy fee - expatriate	594,659,938	613,259,692	594,659,938	613,259,692
Other fee (travel and training)	33,212,941	33,184,341	33,212,941	33,184,341
Technical know how	566,933,450	379,757,774	566,933,450	379,757,774
International roaming cost	275,719,219	218,580,685	275,719,219	218,580,685
Software (NERM) implementation support	-	21,243,620	-	-
Foreign earnings				
Revenue from roaming partners	432,180,316	209,779,078	432,180,316	209,779,078
IT service revenue	19,092,656	2,297,652	-	-

50 Credit facilities available as at 31 December 2011

The group enjoys both funded and non funded short term working capital facilities with 15 banks (2010: 16 banks). The non funded facilities include Letters of Credit (LC), Letters of Guarantee and foreign exchange forward contracts (FX Forward). The funded facilities include overdraft facility, short term loan and import loan. The aggregate amount of available short term working capital facilities is Tk 26,085 million (Mn) (2010: Tk 27,565 Mn) of which non funded limit is Tk 23,097 Mn (2010: Tk 22,039 Mn) and funded limit is Tk 11,978 Mn (2010: Tk 13,236 Mn).

A detail of the total facilities is enumerated below:

(a) Standard Chartered Bank

i) L/C facility - Tk 1,500 Mn (2010: Tk 1,500 Mn)
ii) Overdraft / short term loan facility - Tk 1,500 Mn (2010: Tk 1,500 Mn).

(b) Citibank, N.A.

i) Sight/usance LC facility - Tk 3,000 Mn (2010: Tk 2,800 Mn).
ii) Overdraft/ short term loan facility -Tk 1,035 Mn (2010: Tk 2,100 Mn) with inner limit of LC Tk 3,000 Mn (2010: Tk 2,800 Mn).

The short term loan and the overdraft limits are interchangeable. Total funded exposure under the short-term loan and the overdraft facility, however, may not exceed Tk 3,000 Mn (2010: Tk 2,100 Mn) at any point of time.

(c) The Hongkong and Shanghai Banking Corporation Limited

i) Sight/usance LC facility -Tk 1,600 Mn (2010: Tk 1,600 Mn).
ii) Short term loan facility - Tk 700 Mn (2010: Tk 700 Mn) with inner limit of LC Tk 1,600 Mn (2010: Tk 1,600 Mn).
iii) Overdraft facility - Tk 150 Mn (2010: Tk 150 Mn) with inner limit of LC Tk 1,600 Mn (2010: Tk 1,600 Mn).
iv) Foreign exchange line - Tk 10 Mn (2010: Tk 10 Mn).

However, combined funded exposure is limited to Tk 700 Mn (2010: Tk 700 Mn) at any point of time.

(d) Eastern Bank Limited

i) Sight/usance LC facility - Tk 2,700 Mn (2010: Tk 2,000 Mn).
ii) Short term loan/LTR facility - Tk 1,000 Mn. (2010: Tk 1,000 Mn) with inner limit of LC Tk 2,000 Mn (2010: Tk 2,000 Mn).
iii) Overdraft facility - Tk 100 Mn (2010: Tk 100 Mn) with inner limit of LC Tk 2,000 Mn (2010: Tk 2,000 Mn).
iv) Bank guarantee - Tk 800 Mn (2010: Tk 800 Mn) with inner limit of LC Tk 2,000 Mn (2010: Tk 2,000 Mn).

However, combined funded exposure is limited to Tk 1,100 Mn at any point of time.

(e) BRAC Bank Limited

i) Sight/usance LC facility - Tk 1,300 Mn (2010: Tk 1,300 Mn).
ii) Overdraft/short term loan facility - Tk 900 Mn (2010: Tk 900 Mn) with inner limit of L/C Tk 1,300 Mn (2010: Tk 1,300 Mn).
iii) Bank guarantee - Tk 1,300 Mn (2010: Tk 1,300 Mn) with inner limit of LC Tk 1,300 Mn (2010: Tk 1,300 Mn).

(f) Dutch-Bangla Bank Limited

i) Sight/usance LC facility - Tk 1,600 Mn (2010: Tk 1600 Mn).
ii) Short term loan/LTR/overdraft facility - Tk 685 Mn (2010: Tk 685 Mn) with inner limit of LC Tk 1,600 Mn (2010: Tk 1,600 Mn).

(g) Woori Bank

i) Sight/usance LC facility - Tk 504 Mn (2010: Tk 414 Mn).
ii) Overdraft facility for Tk 288 Mn (2010: Tk 206 Mn).

(h) The City Bank Limited

i) Sight/usance LC facility - Tk 2,800 Mn (2010: Tk 660 Mn).
ii) Overdraft/ short term loan facility - Tk 1,200 Mn (2010: Tk 420 Mn).
iii) Bank guarantee facility - Tk 1,080 Mn (2010: Tk 660 Mn) with inner limit of LC Tk 2,800 Mn (2010: Tk 660 Mn).

(i) Pubali Bank Ltd.

i) Sight/usance LC facility - Tk 1,000 Mn (2010: Tk 1,000 Mn).
ii) Overdraft facility - Tk 1,000 Mn (2010: Tk 1,000 Mn).

(j) Mutual Trust Bank Ltd.

i) Sight/usance LC facility - Tk 890 Mn (2010: Tk 890 Mn).
ii) Overdraft facility - Tk 400 Mn (2010: Tk 650 Mn).
iii) Bank guarantee facility - Tk. 890 Mn (2010: Tk 890 Mn) with inner limit of LC Tk 890 Mn (2010: Tk 890 Mn).

(k) Southeast Bank Limited

i) Sight/usance LC facility - Tk 1,400 Mn (2010: Tk 1,400 Mn).
ii) Overdraft facility - Tk 1,400 Mn (2010: Tk 1,400 Mn).
iii) Bank guarantee facility - Tk 1,400 Mn (2010: Tk 1,400 Mn) with inner limit of LC Tk 1,400 Mn (2010: Tk 1,400 Mn).

(l) United Commercial Bank Ltd.

i) Sight/usance LC facility -Tk 2,100 Mn (2010: Tk 2,100 Mn).
ii) Overdraft/LTR facility - Tk 900 Mn (2010: Tk 900 Mn) with inner limit of LC Tk 2,100 Mn (2010: Tk 2,100 Mn).
iii) Bank guarantee facility - Tk 2,100 Mn (2010: Tk 2,100 Mn) with inner limit of LC Tk 2,100 Mn (2010: Tk 2,100 Mn).

(m) Bank Alfalah Ltd.

i) Sight/usance LC facility - Tk 525 Mn (2010: Tk 525 Mn)
ii) Cash finance facility - Tk 150 Mn (2010: Tk 225 Mn) with inner limit of LC Tk 525 Mn (2010: Tk 525 Mn).
iii) Bank guarantee facility - Tk 300 Mn (2010: Tk 300 Mn) with inner limit of LC Tk 525 Mn (2010: Tk 525 Mn).

(n) Trust Bank Limited

i) Sight/usance LC facility - Tk 1,200 Mn
ii) Overdraft facility - Tk 300 Mn

(o) Premier Bank Limited

i) Sight/usance LC facility - Tk 977.6 Mn
ii) Overdraft facility - Tk 420 Mn (2010: Tk 660 Mn) with inner Limit of Non Funded Limit for Tk 977.6 Mn (2010: Tk 910 Mn)

As per the approval of Board of Directors of GP, the total amount of short term credit facilities from the above banks is limited to a maximum outstanding limit of USD 210 million equivalent.

Security against short term credit facilities

The short term credit facilities are unsecured and backed by standard charge documents as per terms and conditions set by respective banks and financial institutions.

51 Capital commitments

As at the reporting date the group has the following purchased order placed for the acquisition of capital items:

	Consolidated		*Separate*	
	2011	2010	2011	2010
	Taka	Taka	Taka	Taka
Purchase orders	4,591,538,463	3,982,891,459	4,227,036,267	3,918,377,435
2G licence renewal fees	16,530,120,000	-	16,530,120,000	-

52 Contingencies

The Company and its subsidiaries are currently, and may be from time to time, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed below and in Note 1, the Company and its subsidiaries are not currently involved in any legal or arbitration proceedings which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of the Company and its subsidiaries.

52.1 BTRC audit

BTRC had an audit carried out of the information system of Grameenphone from April 2011 and issued a letter on 3 October 2011 claiming an amount of Tk. 30,341,108,581 on various grounds. Grameenphone during and after the audit clarified to both BTRC and auditors appointed by BTRC that those observations were framed on wrong basis. Grameenphone disagrees with the claims made by BTRC and responded to the letter requesting BTRC to review the notice. No impact has been given in the financial statements in this regard.

53 Other disclosures

53.1 Number of employees

As at 31 December 2011 number of regular employees receiving remuneration of Tk. 36,000 or above per annum was 3,887 for GP (2010: 3,930), and 4,267 (2010: 4,286) for the group.

53.2 Comparatives

Comparative information in the following major areas has been rearranged to conform with current period's presentation:

i. **Accounts receivable, net**

A part of receivable for post paid and others (Note 10.2) has been reclassified as other receivable for non-mobile services (Note 10.5) as the receivable is related to non-mobile services.

ii. **Payable to government and autonomous bodies**

Advance receipt for bills pay service which was presented under payable to govt and autonomous bodies (Note 26) has been reclassified as accounts payables (Note 25).

iii. **Provisions**

Liability against purchase of inventories and interconnection charges has been reclassified as accounts payable under note 25. In 2010, these amounts were presented as provisions under note 33.

iv. **Revenue**

Broad band internet revenue, which was presented as a part of internet and data revenue in 2010, has been presented separately in note 34.

53.3 Events after the reporting period

The Board of Directors of GP, at its 119th meeting held on 7 February 2012, proposed BDT 6.50 per share, amounting to a total of BDT 8,776,950,143 as final dividend for the year ended 31 December 2011, which represents 65% of the paid up capital. Total dividend for the year ended 31 December 2011 including the interim dividend @ BDT 14.00 per share of BDT 10 each thus comes to BDT 27,681,150,451, which is 205% of the paid up capital. These dividends are subject to final approval by th shareholders at the forthcoming Annual General Meeting of the company.