

**Interim Condensed Financial Statements  
as at and for the period ended 30 September 2019  
(Un-audited)**

## Grameenphone Ltd.

### Interim condensed statement of financial position (Un-audited)

As at 30 September 2019

	Notes	30 September 2019	31 December 2018	1 January 2018
		BDT (000)	BDT (000) Restated	BDT (000) Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	63,183,601	69,775,619	70,483,407
Intangible assets	5	1,546,982	47,311,582	35,229,998
Right-of-use assets	6	56,085,639	-	-
Contract cost	7	4,242,950	4,438,240	5,030,346
Other non-current assets		4,360,574	3,819,233	3,848,495
<b>Total non-current assets</b>		<b>129,419,746</b>	<b>125,344,674</b>	<b>114,592,246</b>
<b>Current assets</b>				
Inventories	8	251,112	224,359	462,440
Trade receivables and others	9	7,883,466	7,212,047	6,922,091
Cash and cash equivalents	10	9,264,748	5,932,292	12,414,668
<b>Total current assets</b>		<b>17,399,326</b>	<b>13,368,698</b>	<b>19,799,199</b>
<b>Total assets</b>		<b>146,819,072</b>	<b>138,713,372</b>	<b>134,391,445</b>
<b>Equity and liabilities</b>				
<b>Shareholders' equity</b>				
Share capital	12	13,503,000	13,503,000	13,503,000
Share premium	13	7,840,226	7,840,226	7,840,226
Capital reserve	14	14,446	14,446	14,446
Deposit from shareholders	15	1,880	1,880	1,880
Retained earnings		7,712,572	15,476,847	12,706,682
<b>Total equity</b>		<b>29,072,124</b>	<b>36,836,399</b>	<b>34,066,234</b>
<b>Non-current liabilities</b>				
Lease liabilities		16,003,881	4,708,977	4,930,194
Loans and borrowings	16	-	2,894,157	8,539,290
Deferred tax liabilities	17	3,360,584	6,032,336	7,731,449
Employee benefits		1,405,833	1,599,122	426,466
Other non-current liabilities	18	412,414	3,678,998	423,735
<b>Total non-current liabilities</b>		<b>21,182,712</b>	<b>18,913,590</b>	<b>22,051,134</b>
<b>Current liabilities</b>				
Trade payables and others	19	24,630,504	26,393,337	24,225,379
Provisions		18,706,884	19,423,795	19,033,499
Lease liabilities		3,026,783	-	-
Loans and borrowings	16	5,949,921	5,759,145	5,679,626
Current tax liabilities	20	32,116,000	28,563,588	26,392,380
Other current liabilities	21	12,134,144	2,823,518	2,943,193
<b>Total current liabilities</b>		<b>96,564,236</b>	<b>82,963,383</b>	<b>78,274,077</b>
<b>Total equity and liabilities</b>		<b>146,819,072</b>	<b>138,713,372</b>	<b>134,391,445</b>

The annexed notes 1 to 35 form an integral part of these Interim Condensed Financial Statements.

Chairman

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

As per our report of same date.

Dated:  
Dhaka, 20 October 2019

**A. Qasem & Co.**  
Chartered Accountants

## Grameenphone Ltd.

### Interim condensed statement of profit or loss and other comprehensive income (Un-audited)

For the nine months ended 30 September 2019

		01 January to 30 September 2019	01 January to 30 September 2018	01 July to 30 September 2019	01 July to 30 September 2018
		BDT (000)	BDT (000)	BDT (000)	BDT (000)
	Notes		Restated		Restated
<b>Revenue</b>	22	107,493,907	98,130,415	36,593,373	34,311,870
Cost of material and traffic charges	23	(6,370,878)	(5,289,084)	(2,317,583)	(1,848,076)
Salaries and personnel cost	24	(7,105,889)	(6,226,861)	(2,166,114)	(2,250,315)
Operation and maintenance	25	(4,211,934)	(4,399,622)	(1,208,604)	(1,379,282)
Sales, marketing and commissions	26	(9,868,611)	(10,232,195)	(3,303,840)	(3,148,893)
Revenue sharing, spectrum charges and licence fees	26	(7,506,228)	(7,434,178)	(2,619,242)	(2,545,877)
Other operating (expenses)/income	27	(4,708,495)	(6,190,501)	(1,448,002)	(2,228,647)
Depreciation and amortisation		(17,565,186)	(17,504,391)	(5,968,887)	(5,540,029)
		(57,337,221)	(57,276,832)	(19,032,272)	(18,941,119)
<b>Operating profit</b>		<b>50,156,686</b>	<b>40,853,583</b>	<b>17,561,101</b>	<b>15,370,751</b>
Finance (expense)/income	28	(1,865,876)	(1,331,549)	(852,016)	(493,001)
Foreign exchange (loss)/gain		(2,933)	(280,742)	267,715	(44,435)
		(1,868,809)	(1,612,291)	(584,301)	(537,436)
<b>Profit before tax</b>		<b>48,287,877</b>	<b>39,241,292</b>	<b>16,976,800</b>	<b>14,833,315</b>
Income tax expense	29	(22,969,802)	(14,428,849)	(9,707,986)	(6,400,481)
<b>Profit after tax</b>		<b>25,318,075</b>	<b>24,812,443</b>	<b>7,268,814</b>	<b>8,432,834</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>25,318,075</b>	<b>24,812,443</b>	<b>7,268,814</b>	<b>8,432,834</b>
<b>Earnings per share</b>					
Basic earnings per share (par value BDT 10 each in BDT)	30	18.75	18.38	5.38	6.25

The annexed notes 1 to 35 form an integral part of these Interim Condensed Financial Statements.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Company Secretary

As per our report of same date.

Dated:  
Dhaka, 20 October 2019

\_\_\_\_\_  
**A. Qasem & Co.**  
Chartered Accountants

## Grameenphone Ltd.

### Interim condensed statement of changes in equity (Un-audited)

For the nine months ended 30 September 2019

	Share capital BDT (000)	Share premium BDT (000)	Capital reserve BDT (000)	Deposit from shareholders BDT (000)	Retained earnings BDT (000)	Total BDT (000)
					Restated	
<b>Balance as at 01 January 2018</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	<b>1,880</b>	<b>13,761,900</b>	<b>35,121,453</b>
Adjustment on initial application of IFRS 15 as at 01 January 2018	-	-	-	-	2,678,149	2,678,149
Impact of correction of errors	-	-	-	-	(3,733,367)	(3,733,367)
<b>Adjusted Balance as at 01 January 2018</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	<b>1,880</b>	<b>12,706,682</b>	<b>34,066,235</b>
Transactions with the equity holders:						
Final dividend for 2017	-	-	-	-	(13,503,000)	(13,503,000)
Interim dividend for 2018	-	-	-	-	(16,878,750)	(16,878,750)
Total comprehensive income for the nine months ended 30 September 2018:						
Profit for the period	-	-	-	-	24,812,443	24,812,443
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at 30 September 2018</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	<b>1,880</b>	<b>7,137,375</b>	<b>28,496,928</b>
<b>Balance as at 01 January 2019</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	<b>1,880</b>	<b>15,476,847</b>	<b>36,836,399</b>
Transactions with the equity holders:						
Final dividend for 2018	-	-	-	-	(20,929,650)	(20,929,650)
Interim dividend for 2019	-	-	-	-	(12,152,700)	(12,152,700)
Total comprehensive income for the nine months ended 30 September 2019:						
Profit for the period	-	-	-	-	25,318,075	25,318,075
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at 30 September 2019</b>	<b>13,503,000</b>	<b>7,840,226</b>	<b>14,446</b>	<b>1,880</b>	<b>7,712,572</b>	<b>29,072,124</b>

## Grameenphone Ltd.

### Interim condensed statement of cash flows (Un-audited) For the nine months ended 30 September 2019

	01 January to 30 September 2019 BDT (000)	01 January to 30 September 2018 BDT (000)
<b>Cash flows from operating activities</b>		
Cash receipts from customers	107,657,927	98,201,730
Payroll and other payments to employees	(5,473,130)	(4,079,892)
Payments to suppliers, contractors and others	(30,899,140)	(32,385,279)
Interest received	380,075	271,301
Interest paid	(1,979,134)	(1,072,456)
Income tax paid	(22,089,142)	(16,984,180)
	<u>(60,060,471)</u>	<u>(54,250,506)</u>
<b>Net cash generated by operating activities</b>	<b>47,597,456</b>	<b>43,951,224</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of Property, plant and equipment, Right-of-use assets and intangible assets	(12,665,206)	(25,204,548)
Proceeds from sale of Property, plant and equipment	169,064	139,482
<b>Net cash used in investing activities</b>	<b>(12,496,142)</b>	<b>(25,065,066)</b>
<b>Cash flows from financing activities</b>		
Payment of Lease liabilities	(2,552,650)	(436,188)
Proceeds from/(repayment of) short-term bank loan	-	4,997,000
Payment of long-term loan	(2,917,085)	(2,908,380)
Payment of dividend	(26,301,675)	(30,381,750)
<b>Net cash used in financing activities</b>	<b>(31,771,410)</b>	<b>(28,729,318)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,329,904</b>	<b>(9,843,160)</b>
<b>Cash and cash equivalents as at 01 January</b>	<b>5,932,292</b>	<b>12,414,668</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>2,552</b>	<b>2,507</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>9,264,748</b>	<b>2,574,015</b>

# Grameenphone Ltd.

## Notes to the interim condensed financial statements For the nine months ended 30 September 2019

### 1 Corporate information

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

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

### 2 Basis of preparation

These interim condensed financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission and other applicable laws in Bangladesh and should be read in conjunction with the financial statements of Grameenphone Ltd. as at and for the year ended 31 December 2018, the year for which the last full financial statements were prepared. These unconsolidated financial statements present the financial position and performance of Grameenphone and Grameenphone's investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 has been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 Investment in Associates and Joint Ventures. The assessment of recoverable amount from investment in associate remained unchanged as at 30 September 2019. Hence, for understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

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

#### Authorisation for issue

These interim condensed financial statements were authorised for issue by the Board of Directors of the company on 20 October 2019.

### 3 Significant accounting policies

Other than the disclosed accounting policies as a result of adoption of IFRS 16 Leases which is effective from 1 January 2019, same accounting policies and methods of computation have been followed in these condensed interim Financial Statements as were applied in the preparation of the financial statements of Grameenphone as at and for the year ended 31 December 2018.

### 3.1 Changes in significant accounting policies

#### 3.1.1 IFRS 16 Leases

##### 3.1.1.1 Nature and effect of changes

###### (a) Definition of a lease

Previously, Grameenphone determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, Grameenphone assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.1.1.2.

On transition to IFRS 16, Grameenphone evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

###### As a Lessee

As a lessee, Grameenphone previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Grameenphone. Under IFRS 16, Grameenphone recognises right-of-use assets and lease liabilities for all leases.

###### (i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Grameenphone's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

###### (ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17.

###### As a lessor

Grameenphone is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

###### Telecom licence and spectrum

Grameenphone decided to apply IFRS 16 on telecom licence and spectrum and reclassified the carrying amounts of intangible assets to right-of-use assets at 1 January 2019. Annual licence renewal fees for the remaining of the licence periods have also been capitalized as right-of-use assets at 1 January 2019.

###### Impacts on financial statements

Grameenphone has lease contracts related to the mobile networks (mainly space in BTS), land, rooftop, buildings and fiber optic network. The table below show the impacts arising from IFRS 16 on the opening balance.

Leases	As at 01 January 2019 in BDT (000)			
	Lease liabilities	Prepayments	Lease Equalization Reserve	ROU assets
Annual licence renewal fees	864,156	89,105	-	953,261
Base transceiver station - Green Field	1,448,156	130,050	814,400	763,806
Base transceiver station - Roof Top	2,735,928	235,113	128,717	2,842,324
Infrastructure sharing site	5,923,282	-	-	5,923,282
Office/residential space	609,725	112,224	41,031	680,918
	<b>11,581,247</b>	<b>566,492</b>	<b>984,148</b>	<b>11,163,591</b>
<b>Transfer/Reclassification</b>				
Fiber optical network (Bangladesh railway)	4,931,494	-	-	4,826,005
Telecom licence and spectrum	4,743,695	-	-	45,693,526
	<b>9,675,189</b>	-	-	<b>50,519,531</b>
<b>Total</b>	<b>21,256,436</b>	<b>566,492</b>	<b>984,148</b>	<b>61,683,122</b>

As at 1 January 2019:

- Right-of-use assets of BDT 61,683,122,418 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of BDT 4,826,005,298 that were reclassified from property, plant and equipment and telecom license and spectrum of BDT 45,693,526,284 that were reclassified from Intangible assets.

- Additional lease liabilities of BDT 11,581,245,963 were recognised and liabilities related to spectrum of BDT 4,743,694,827 was reclassified to lease liabilities.
- Lease liabilities of BDT 9,675,189,146 for fiber optical network and telecom licence and spectrum were reclassified from trade payables and others to lease liabilities.
- Prepayments of BDT 566,492,544 and lease equalisation reserve of BDT 984,147,671 related to previous operating leases were adjusted with lease liability to arrive at right-of-use asset.

When measuring lease liabilities, Grameenphone discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10.10%.

Operating lease commitments disclosed applying IAS 17 as of 31 December 2018 discounted using the incremental borrowing rate as of 1 January 2019 amounts to BDT 2,636,776,023. Lease liabilities recognised in the statement of financial position as of 1 January 2019 amounts to BDT 21,256,435,109. The difference between these amounts is due to lease liabilities of BDT 8,080,314,292 arising from the remaining period of the lease term other than non-cancellable period, lease liabilities of BDT 864,155,648 arising from annual licence renewal fees, finance lease liabilities of BDT 4,931,494,319 and reclassified liability for spectrum of BDT 4,743,694,827.

#### Reconciliation

	In BDT (000)
Operating lease commitment as at 31 December as disclosed in the financial statements	4,147,111
<b>Discounted using the incremental borrowing rate at 01 January 2019</b>	<b>2,636,776</b>
Finance lease liabilities recognised as at 31 December 2018	4,931,494
Liability for spectrum acquisition	4,743,695
Lease liabilities for remaining lease term other than non-cancellable period	8,080,314
Lease liability for annual licence renewal fees	864,156
<b>Lease liabilities recognised as at 01 January 2019</b>	<b>21,256,435</b>

- (b) The following summarises the impacts of adopting IFRS 16 on the Grameenphone's Interim condensed statement of financial position as at 30 September 2019, interim condensed statement of profit or loss and other comprehensive income and interim condensed statement of cash flows for the period then ended for each of the line items affected.

#### Impact on the interim condensed statement of financial position As at 30 September 2019 in BDT (000)

	As reported	Adjustments	Amounts without adoption of IFRS 16
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	63,183,601	4,415,373	67,598,974
Intangible assets	1,546,982	41,866,079	43,413,061
Right of Use Assets	56,085,639	(56,085,639)	-
<b>Total non-current assets</b>	<b>129,419,746</b>	<b>(9,804,187)</b>	<b>119,615,559</b>
<b>Current assets</b>			
Trade receivables and others	7,883,466	470,949	8,354,415
<b>Total current assets</b>	<b>17,399,326</b>	<b>470,949</b>	<b>17,870,275</b>
<b>Total assets</b>	<b>146,819,072</b>	<b>(9,333,238)</b>	<b>137,485,834</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Retained earnings	7,712,572	117,064	7,829,636
<b>Total equity</b>	<b>29,072,124</b>	<b>117,064</b>	<b>29,189,188</b>
<b>Non-current liabilities</b>			
Lease liabilities	16,003,881	(11,503,253)	4,500,628
Deferred tax liabilities	3,360,584	78,043	3,438,627
Other non-current liabilities	412,414	2,220,438	2,632,852
<b>Total non-current liabilities</b>	<b>21,182,712</b>	<b>(9,204,772)</b>	<b>11,977,940</b>
<b>Current liabilities</b>			
Trade payables and others	24,630,504	2,781,251	27,411,755
Lease liabilities	3,026,783	(3,026,783)	-
<b>Total current liabilities</b>	<b>96,564,236</b>	<b>(245,532)</b>	<b>96,318,704</b>
<b>Total equity and liabilities</b>	<b>146,819,072</b>	<b>(9,333,240)</b>	<b>137,485,832</b>



**Impact on the interim condensed statement of profit or loss and other comprehensive income  
For the nine months ended 30 September 2019 in BDT (000)**

	As reported	Adjustments	Amounts without adoption of IFRS 16
<b>Revenue</b>	107,493,907	-	107,493,907
Operation and maintenance	(4,211,934)	(8,262)	(4,220,196)
Revenue sharing, spectrum charges and licence fees	(7,506,228)	(110,730)	(7,616,958)
Other operating (expenses)/income	(4,708,495)	(2,363,364)	(7,071,859)
Depreciation and amortisation	(17,565,186)	1,847,887	(15,717,299)
Others	(23,345,378)	-	(23,345,378)
	<u>(57,337,221)</u>	<u>(634,469)</u>	<u>(57,971,690)</u>
<b>Operating profit</b>	<b>50,156,686</b>	<b>(634,469)</b>	<b>49,522,217</b>
Finance (expense)/income	(1,865,876)	829,576	(1,036,300)
Foreign exchange (loss)/gain	(2,933)	-	(2,933)
	<u>(1,868,809)</u>	<u>829,576</u>	<u>(1,039,233)</u>
<b>Profit before tax</b>	<b>48,287,877</b>	<b>195,107</b>	<b>48,482,984</b>
Income tax expense	(22,969,802)	(78,043)	(23,047,845)
<b>Profit after tax</b>	<b>25,318,075</b>	<b>117,064</b>	<b>25,435,139</b>
<b>Total comprehensive income for the period</b>	<b>25,318,075</b>	<b>117,064</b>	<b>25,435,139</b>

**Impact on the Interim Condensed Statement of Cash Flows  
For the nine months ended 30 September 2019 BDT (000)**

	As reported	Adjustments	Amounts without adoption of IFRS 16
<b>Cash flows from operating activities</b>			
Cash receipts from customers	107,657,927	-	107,657,927
Payments to suppliers, contractors and others	(30,899,140)	(2,064,672)	(32,963,812)
Interest paid	(1,979,134)	546,096	(1,433,038)
<b>Net cash generated by operating activities</b>	<b>47,597,456</b>	<b>(1,518,576)</b>	<b>46,078,880</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of property, plant and equipment, right of use and intangible assets	-	99,660	99,660
<b>Net cash used in investing activities</b>	<b>(12,496,142)</b>	<b>99,660</b>	<b>(12,396,482)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	(2,552,650)	1,418,916	(1,133,734)
<b>Net cash used in financing activities</b>	<b>(31,771,410)</b>	<b>1,418,916</b>	<b>(30,352,494)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,329,904</b>	<b>-</b>	<b>3,329,904</b>
<b>Cash and cash equivalents as at 01 January</b>	<b>5,932,292</b>	<b>-</b>	<b>5,932,292</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>2,552</b>	<b>-</b>	<b>2,552</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>9,264,748</b>	<b>-</b>	<b>9,264,748</b>

### 3.1.1.2 Accounting policy

Grameenphone has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of changes is disclosed in Note 3.1.1.1 (b).

#### Policy applicable from 1 January 2019

At inception of a contract, Grameenphone assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Grameenphone assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- Grameenphone has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Grameenphone has the right to direct the use of the asset. Grameenphone has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Grameenphone has the right to direct the use of the asset if either:
  - (i) Grameenphone has the right to operate the asset; or
  - (ii) Grameenphone designed the asset in a way that predetermines how and for what purpose it will be used.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on the reassessment of a contract that contains a lease component, Grameenphone allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a practical expedient, fixed non-lease components embedded in the lease contract are not separated and recognised as part of lease liabilities and right-of-use assets.

#### Telecom licence and spectrum

Grameenphone has chosen to apply IFRS 16 on telecom license and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

#### Grameenphone as a lessee

Grameenphone recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Grameenphone's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Grameenphone is reasonably certain to exercise, lease payments in an optional renewal period if Grameenphone is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Grameenphone is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Grameenphone's estimate of the amount expected to be payable under a residual value guarantee, or if Grameenphone changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

Grameenphone presents right of use assets and lease liabilities as separate captions in the statement of financial position.

#### **Short-term leases and leases of low-value assets**

Grameenphone has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets for which the underlying asset is of BDT 400,000 or less. Grameenphone recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

#### **Significant judgement in determining the lease term of contracts with renewal options**

Grameenphone determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Grameenphone applies judgement in evaluating whether it is reasonably certain to exercise an option not to terminate the lease and an option to renew a lease contract. Grameenphone considers all relevant factors before exercising any option. After the commencement date, Grameenphone reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options (e.g. a change in business strategy).

Grameenphone considered the lease term for active leases at the date of initial application as maximum of 5 years or remaining non-cancellable period from 1 January 2019 by considering changes in technology, development in regulatory environment etc. Leases which will expire before 5 years from 1 January 2019, the lease term has been considered upto the expiry of lease.

Leases which commence on or after 1 January 2019, the lease term will be limited to either their non-cancellable period or 31 December 2023 whichever is later.

#### **Grameenphone as a lessor**

When Grameenphone acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Grameenphone makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Grameenphone considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, Grameenphone applies IFRS 15 to allocate the consideration in the contract.

Grameenphone recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

### **Sub lease**

When Grameenphone is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which Grameenphone applies the exemption described in "Short-term leases and leases of low-value assets", then it classifies the sub-lease as an operating lease.

Grameenphone as an intermediate lessor accounts for the sublease as follows:

- (i) if the sublease is classified as an operating lease, Grameenphone continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or
- (ii) if the sublease is classified as a finance lease, Grameenphone derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. Grameenphone, as the sublessor, recognizes a net investment in the sublease.

The accounting policies applicable to Grameenphone as a lessor in the comparative period were not different from IFRS 16. However, when Grameenphone was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

#### **3.1.1.3 Customer loyalty programme**

Nature and timing of satisfaction of performance obligations

Customers who purchase GP's products or services and fulfill certain conditions enter the Company's customer loyalty programme and earn points. The points are redeemable against any future purchases of the Company's or third party's products or services at customers' discretion. The loyalty points accumulate on cumulative basis and expire after two years from the date of earning respective points.

Revenue recognition

GP segregates the monetary value equivalent of the loyalty points as unearned revenue. At subsequent redemption of the loyalty points, nature wise revenue is recognized i.e. where such points are used by customers. Where customer chooses to avail third party goods or services then accounting is done after analyzing agent principal relationship. For expired loyalty points, revenue is recognized at expiry.

### 3.2 Correction of errors

Grameenphone has discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses for prior periods. As a consequence, its sales, marketing and commission expenses and associated non-deductible costs were understated. The errors have been corrected by restating each of the affected financial statements line items.

The following tables summarizes the impacts on the GP's financial statements.

#### Statement of financial position

1 January 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
<i>In BDT (000)</i>			
<b>Total assets</b>	134,391,445	-	134,391,445
Provisions	15,257,270	3,776,229	19,033,499
Current tax liabilities	26,435,242	(42,862)	26,392,380
Others	54,899,332	-	54,899,332
<b>Total liabilities</b>	96,591,844	3,733,367	100,325,211
Retained earnings	16,440,049	(3,733,367)	12,706,682
Others	21,359,552	-	21,359,552
<b>Total equity</b>	37,799,601	(3,733,367)	34,066,234

31 December 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
<i>In BDT (000)</i>			
<b>Total assets</b>	138,713,372	-	138,713,372
Provisions	14,906,423	4,517,372	19,423,795
Current tax liabilities	27,550,278	1,013,310	28,563,588
Others	53,889,590	-	53,889,590
<b>Total liabilities</b>	96,346,291	5,530,682	101,876,973
Retained earnings	21,007,529	(5,530,682)	15,476,847
Others	21,359,552	-	21,359,552
<b>Total equity</b>	42,367,081	(5,530,682)	36,836,399

#### Statement of profit or loss and other comprehensive income

For the period from 1 July to 30 September 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
<i>In BDT (000)</i>			
Sales, marketing and commissions	(2,994,398)	(154,495)	(3,148,893)
Finance (expense)/income	(462,076)	(30,925)	(493,001)
Income tax expense	(6,127,190)	(273,291)	(6,400,481)
Other	18,475,209	-	18,475,209
<b>Profit</b>	8,891,545	(458,711)	8,432,834
<b>Total comprehensive income</b>	8,891,545	(458,711)	8,432,834

#### For the nine months ended 30 September 2018

	Impact of correction of error		
	As previously reported*	Adjustments	As restated
<i>In BDT (000)</i>			
Sales, marketing and commissions	(9,778,181)	(454,014)	(10,232,195)
Finance (expense)/income	(1,213,566)	(117,983)	(1,331,549)
Income tax expense	(13,723,020)	(748,691)	(14,471,711)
Other	50,805,035	-	50,805,035
<b>Profit</b>	26,090,268	(1,320,688)	24,769,580
<b>Total comprehensive income</b>	17,198,724	(1,320,688)	15,878,036

\*Balance as of 1 January 2018 includes adjustment and reclassification on initial application of IFRS 15 as at 1 January 2018.

4 Property, plant and equipment

Name of assets	Cost					Depreciation					Carrying amount	
	As at 01 January 2019	Reclassification	Addition during the period	Disposal/ Adjustment during the period	As at 30 September 2019	As at 1 January 2019	Reclassification	Charged during the period	Disposal/ Adjustment during the period	As at 30 September 2019	As at 30 September 2019	As at 31 December 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land	807,050	-	-	-	807,050	-	-	-	-	-	807,050	807,050
Building	4,048,914	-	10,588	-	4,059,502	1,603,206	-	159,410	-	1,762,616	2,296,886	2,445,708
Base station	130,659,066	-	8,818,663	(7,568,460)	131,909,269	84,989,725	-	7,807,018	(7,468,313)	85,328,430	46,580,839	45,669,341
Transmission equipment	37,321,905	-	599,180	(4,686,329)	33,234,756	31,180,206	-	2,027,327	(4,686,214)	28,521,319	4,713,437	6,141,699
Computers and other IT equipment	7,965,572	-	570,178	(463,097)	8,072,653	6,061,439	-	736,001	(462,325)	6,335,115	1,737,538	1,904,133
Furniture and fixtures (including office equipment)	3,014,847	-	110,354	(141,686)	2,983,515	2,573,176	-	156,114	(141,686)	2,587,604	395,911	441,671
Vehicles	1,835,407	-	23,121	(376,804)	1,481,724	1,190,735	-	105,755	(296,666)	999,824	481,900	644,672
	185,652,761	-	10,132,084	(13,236,376)	182,548,469	127,598,487	-	10,991,625	(13,055,204)	125,534,908	57,013,561	58,054,274
Capital work in progress	6,895,340	-	9,406,783	(10,132,083)	6,170,040	-	-	-	-	-	6,170,040	6,895,340
	192,548,101	-	19,538,867	(23,368,459)	188,718,509	127,598,487	-	10,991,625	(13,055,204)	125,534,908	63,183,601	64,949,614
Fibre Optic Network under finance lease (Note 6)	10,384,982	(10,384,982)	-	-	-	5,558,977	(5,558,977)	-	-	-	-	4,826,005
	<b>202,933,083</b>	<b>(10,384,982)</b>	<b>19,538,867</b>	<b>(23,368,459)</b>	<b>188,718,509</b>	<b>133,157,464</b>	<b>(5,558,977)</b>	<b>10,991,625</b>	<b>(13,055,204)</b>	<b>125,534,908</b>	<b>63,183,601</b>	<b>69,775,619</b>

5 Intangible assets

Name of assets	Cost					Amortisation					Carrying amount	
	As at 01 January 2019	Reclassification	Addition during the period	Disposal/ Adjustment during the period	As at 30 September 2019	As at 1 January 2019	Reclassification	Charged during the period	Disposal/ Adjustment during the period	As at 30 September 2019	As at 30 September 2019	As at 31 December 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others	10,245,735	-	600,670	-	10,846,405	8,924,554	-	656,761	-	9,581,315	1,265,090	1,321,181
Telecom licence and spectrum (Note 5.1)	70,187,066	(70,187,066)	-	-	-	24,493,540	(24,493,540)	-	-	-	-	45,693,526
	80,432,801	(70,187,066)	600,670	-	10,846,405	33,418,094	(24,493,540)	656,761	-	9,581,315	1,265,090	47,014,707
Capital work in progress	296,875	-	585,687	(600,670)	281,892	-	-	-	-	-	281,892	296,875
	<b>80,729,676</b>	<b>(70,187,066)</b>	<b>1,186,357</b>	<b>(600,670)</b>	<b>11,128,297</b>	<b>33,418,094</b>	<b>(24,493,540)</b>	<b>656,761</b>	<b>-</b>	<b>9,581,315</b>	<b>1,546,982</b>	<b>47,311,582</b>

5.1 Telecom licence and spectrum

IFRS 16 permits recognition of telecom licence and spectrum as Right-of-use assets instead of recognition as intangible assets. Accordingly, Grameenphone decided to recognize its telecom licence and spectrum as Right-of-use assets.

## 6 Right-of-use assets

Name of assets	Cost						Depreciation				Carrying amount		
	As at 01 January 2019	Reclassification	Adjustment on initial application of IFRS 16 as at 01 January 2019	Addition during the period	Disposal/ adjustment during the period	As at 30 September 2019	As at 01 January 2019	Reclassification	Charged during the period	Disposal/ adjustment during the period	As at 30 September 2019	As at 30 September 2019	As at 31 December 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network (Note 4)	-	10,384,982	-	23,354	(23,354)	10,384,982	-	5,558,977	410,633	-	5,969,610	4,415,372	-
Telecom licence, annual licence renewal fees and spectrum (Note 5)	-	70,187,066	953,260	-	(226,864)	70,913,462	-	24,493,540	3,710,784	-	28,204,324	42,709,138	-
Base transceiver station - Green Field	-	-	763,806	54,376	(11,968)	806,214	-	-	123,499	(2,290)	121,209	685,005	-
Base transceiver station - Roof Top	-	-	2,842,324	378,927	(87,817)	3,133,434	-	-	548,518	(23,846)	524,672	2,608,762	-
Infrastructure sharing site	-	-	5,923,282	119,249	-	6,042,531	-	-	921,463	-	921,463	5,121,068	-
Office/residential space	-	-	680,918	109,356	(74,259)	716,015	-	-	185,399	(15,678)	169,721	546,294	-
	-	<b>80,572,048</b>	<b>11,163,590</b>	<b>685,262</b>	<b>(424,262)</b>	<b>91,996,638</b>	-	<b>30,052,517</b>	<b>5,900,296</b>	<b>(41,814)</b>	<b>35,910,999</b>	<b>56,085,639</b>	-

### 6.1 Right-of-use assets addition

Right-of-use assets addition for the nine month period ended 30 September 2019 is BDT 685,262,000. BDT 99,660,001 has been paid at the time of acquisition and has been classified as part of investing activities in the Interim Condensed Statement of Cash Flows. The remaining amount of BDT 585,601,999 is paid when falls due and is classified as part of financing activities.

**7 Contract cost**

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000)
Opening balance	4,438,240	-
Adjustment on initial application of IFRS 15 as at 1 January 2018	-	4,171,201
Reclassification of deferred costs related to connection revenue	-	859,145
Additions during the period	1,475,036	2,193,703
Amortisation during the period	(1,670,326)	(2,785,809)
	<u>4,242,950</u>	<u>4,438,240</u>

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

**8 Inventories**

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000)
Handset, data card and other devices	84,318	89,437
SIM card	150,678	117,263
Scratch card	16,116	17,659
	<u>251,112</u>	<u>224,359</u>

**9 Trade receivables and others**

**Trade receivables**

Trade receivables, gross	6,967,798	7,196,312
Impairment loss allowance	(1,742,698)	(1,763,556)
	<u>5,225,100</u>	<u>5,432,756</u>

**Other receivables**

Interest receivable	72,880	-
Receivables from employees	5,111	5,530
Other non-interest-bearing receivables	1,873,887	1,183,343
	<u>1,951,878</u>	<u>1,188,873</u>

**Other non-financial assets**

Prepaid expenses	706,488	590,418
	<u>7,883,466</u>	<u>7,212,047</u>

**10 Cash and cash equivalents**

Cash in hand	2,717	6,898
Cash at bank	9,262,031	5,925,394
	<u>9,264,748</u>	<u>5,932,292</u>

**10.1 Restricted cash balance**

Cash at bank as at 30 September 2019 include BDT 45,188,868 (31 December 2018: BDT 25,893,574) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at 30 September 2019 include BDT 116,937,408(31 December 2018: BDT 111,272,241) equivalent to dividend unclaimed amount and BDT 12,761,511 (31 December 2018: same) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the company until the dividend is claimed.

**11 Net asset value per share**

	As at 30 September 2019 BDT	As at 31 December 2018 BDT
		Restated
Net Asset (BDT)	29,072,124,000	36,836,399,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	<u>21.53</u>	<u>27.28</u>

**12 Share capital**

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000)
<b>Authorised:</b>		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued, subscribed, called up and paid up:</b>		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	<u>13,503,000</u>	<u>13,503,000</u>



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

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

## 12.1 Shareholding position

a) Percentage of shareholdings	% of holding		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018	
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Telenor Asia Pte Ltd, Singapore	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, GP employees and institutional	10.0%	10.0%	1,351,252,000	1,351,252,000	28 Oct 2009
	<b>100%</b>	<b>100%</b>	<b>13,503,000,220</b>	<b>13,503,000,220</b>	

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

Shareholding range	No. of shareholders		No. of shares	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
1-500	24,154	24,438	4,493,723	4,658,294
501-5,000	5,437	5,680	8,611,747	9,108,800
5,001-10,000	469	492	3,374,134	3,557,895
10,001-20,000	221	252	3,077,531	3,591,203
20,001-30,000	87	82	2,159,277	2,020,320
30,001-40,000	46	40	1,620,927	1,392,897
40,001-50,000	36	33	1,644,165	1,544,832
50,001-100,000	69	82	5,044,266	6,194,611
100,001-1,000,000	122	120	37,896,785	36,400,256
1,000,001-1,000,000,000	20	21	1,282,377,467	1,281,830,914
	<b>30,661</b>	<b>31,240</b>	<b>1,350,300,022</b>	<b>1,350,300,022</b>

## 13 Share premium

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

#### 14 Capital reserve

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

#### 15 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.

#### 16 Loans and borrowings

Loans and borrowings include a long-term syndicated loan led by the International Finance Corporation (IFC) of USD 345 Million at 6-month-LIBOR + 3.5% interest rate. The full loan amount of USD 345 Million has been drawn down in multiple tranches, the repayment of which is in 10 installments. The first eight installments have been repaid since October 2015 and principal portion of outstanding loan balance is USD 69 Million at 30 September 2019 (31 December 2018: USD 103.50 Million). The final installment is scheduled to be paid in April 2020. The syndicate members include IFC, DEG, FMO, Proparco, CDC and OFID. This financial liability has been recognized at amortized cost as per IFRS 9 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings include part of the above long-term syndicated loan falling due for repayment in next 12 months. As at 30 September 2019, there was no short-term bank loan (2018: Nil).

#### 17 Deferred tax liabilities

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000)
Taxable temporary differences	35,698,584	28,533,218
Deductible temporary differences	<u>(27,297,123)</u>	<u>(13,452,379)</u>
	8,401,461	15,080,839
Deferred tax liabilities @ 40% tax rate	<u><u>3,360,584</u></u>	<u><u>6,032,336</u></u>

#### 18 Other non-current liabilities

Liability for spectrum acquisition (Note 18.1)	-	3,445,913
Asset retirement obligations	150,962	144,275
Other non-current liabilities	261,452	88,810
	<u><u>412,414</u></u>	<u><u>3,678,998</u></u>

#### 18.1 Liability for spectrum acquisition

The liability for spectrum acquisition fees related to 4G amounting to BDT 3,445,913,416 has been reclassified to non-current portion of Lease liabilities as at 01 January 2019.

#### 19 Trade payables and others

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000)
<b>Financial liabilities</b>		
Trade payables including liability for capital expenditure	11,965,085	12,450,949
Accrued expenses	5,645,539	6,274,734
Finance lease obligation	-	222,517
Indirect taxes	1,635,690	1,766,718
	<u><u>19,246,314</u></u>	<u><u>20,714,918</u></u>
<b>Other non-financial liabilities</b>		
Deferred connection revenue	290,177	581,943
Unearned revenue	5,094,013	5,096,476
	<u><u>5,384,190</u></u>	<u><u>5,678,419</u></u>
<b>Total trade payables and others</b>	<u><u>24,630,504</u></u>	<u><u>26,393,337</u></u>

#### 20 Current tax liabilities

	As at 30 September 2019 BDT (000)	As at 31 December 2018 BDT (000) Restated
Movement of current tax liabilities is shown as under:		
Opening balance	28,563,588	26,392,380
Provision made during the period including transactions for other comprehensive income	<u>23,792,558</u>	<u>26,118,963</u>
	52,356,146	52,511,343
Paid during the period (incl. tax deducted at source)	<u>(22,089,142)</u>	<u>(20,872,955)</u>
Adjustment for previous periods	1,848,996	(3,074,800)
<b>Closing balance</b>	<u><u>32,116,000</u></u>	<u><u>28,563,588</u></u>

#### 21 Other current liabilities

Accruals for profit sharing plan	2,414,394	277,946
Payable for bills pay receipts	732,687	541,580
Dividend unclaimed	116,937	111,272
Security deposits from subscribers and channel partners	519,718	491,614
Others	8,350,408	1,401,106
	<u><u>12,134,144</u></u>	<u><u>2,823,518</u></u>

## 22 Revenue

	01 January to 30 September 2019 BDT (000)	01 January to 30 September 2018 BDT (000)	01 July to 30 September 2019 BDT (000)	01 July to 30 September 2018 BDT (000)
The following is an analysis of revenue for the period:				
Revenue from contract with customers (Note 22.1)	106,333,993	96,892,345	36,228,808	33,911,616
Lease revenues	1,159,914	1,238,070	364,565	400,254
	<b>107,493,907</b>	<b>98,130,415</b>	<b>36,593,373</b>	<b>34,311,870</b>

### 22.1 Disaggregation of revenue from contract with customers

<b>Type of good/ services</b>				
Revenue from mobile communication	105,855,854	96,687,447	35,884,386	33,928,230
Revenue from customer equipment	145,044	29,454	57,205	(8,172)
Other revenues	333,095	175,444	287,217	(8,442)
	<b>106,333,993</b>	<b>96,892,345</b>	<b>36,228,808</b>	<b>33,911,616</b>
<b>Type of subscription</b>				
Prepaid	101,415,790	93,040,222	34,338,656	32,638,772
Contract	4,440,064	3,647,225	1,545,730	1,289,458
Other	478,139	204,898	344,421	(16,614)
	<b>106,333,993</b>	<b>96,892,345</b>	<b>36,228,807</b>	<b>33,911,616</b>
<b>Type of customer</b>				
Consumer	93,358,370	84,162,979	31,637,240	29,765,591
Business	12,975,623	12,729,366	4,591,567	4,146,024
	<b>106,333,993</b>	<b>96,892,345</b>	<b>36,228,807</b>	<b>33,911,615</b>

## 23 Cost of material and traffic charges

Traffic charges	5,486,011	4,556,472	1,970,880	1,603,676
Cost of materials and services	884,867	732,612	346,703	244,400
	<b>6,370,878</b>	<b>5,289,084</b>	<b>2,317,583</b>	<b>1,848,076</b>

## 24 Salaries and personnel cost

Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense for the nine months period ended 30 September 2019 includes BDT 556,860,084 (2018: BDT 19,260,496) for voluntary retirement of employees during the period. The WPPF expense for the nine months ended 30 September 2019 is BDT 2,414,393,813 (2018: BDT 1,990,664,420).

	01 January to 30 September 2019 BDT (000)	01 January to 30 September 2018 BDT (000)	01 July to 30 September 2019 BDT (000)	01 July to 30 September 2018 BDT (000)
<b>25 Operation and maintenance</b>				
Service maintenance fee	2,618,126	3,241,882	816,693	982,707
Vehicle maintenance expense	281,738	259,033	92,075	76,056
Other operation and maintenance	1,312,070	898,707	299,836	320,519
	<b>4,211,934</b>	<b>4,399,622</b>	<b>1,208,604</b>	<b>1,379,282</b>
<b>26 Sales, marketing and commissions</b>				
	01 January to 30 September 2019 BDT (000)	01 January to 30 September 2018 BDT (000)	01 July to 30 September 2019 BDT (000)	01 July to 30 September 2018 BDT (000)
		<b>Restated</b>		<b>Restated</b>
Sales, marketing and representation costs	(67,318)	1,518,763	(256,964)	498,416
Advertisement and promotional expenses (gain)	1,127,992	536,185	337,947	(181,573)
Commissions	8,807,937	8,177,247	3,222,857	2,832,050
	<b>9,868,611</b>	<b>10,232,195</b>	<b>3,303,840</b>	<b>3,148,893</b>
<b>27 Other operating expenses/(income)</b>				
Consultancy and professional services	722,209	709,516	184,027	282,014
Rental expense for Property, plant and equipment	334,005	2,392,309	92,003	831,352
Fuel and energy costs	2,936,295	2,646,510	985,817	918,790
Impairment loss on trade receivables	104,621	133,516	47,396	43,952
Rental and other income	(99,753)	(133,125)	(28,340)	(39,657)
(Gain)/loss on disposal of Property, plant and equipment and Right-of-use assets	(17,106)	(65,012)	(73,778)	(20,846)
Others	728,224	506,787	240,877	213,042
	<b>4,708,495</b>	<b>6,190,501</b>	<b>1,448,002</b>	<b>2,228,647</b>

28 Finance expense/(income)	01 January to	01 January to	01 July to	01 July to
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
	Restated			Restated
Interest income	(452,955)	(343,852)	(85,892)	(95,303)
Interest expense	528,106	1,548,940	353,996	547,438
Net interest cost on defined benefit obligation	84,025	29,900	28,008	9,458
Interest expenses on Lease Liabilities	1,606,170	-	519,760	-
Other finance expenses	100,530	96,561	36,144	31,408
	<b>1,865,876</b>	<b>1,331,549</b>	<b>852,016</b>	<b>493,001</b>
29 Income tax expense	01 January to	01 January to	01 July to	01 July to
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
	Restated			Restated
<b>Current tax expense</b>				
Income tax expenses for the period	25,830,065	20,566,629	10,775,755	7,151,079
Provision released during the period	(188,510)	(3,074,800)	-	(205,062)
	25,641,555	17,491,829	10,775,755	6,946,017
<b>Deferred tax expense/(income)</b>				
Deferred tax expense/(income) relating to origination and reversal of temporary differences, net	(2,671,753)	(3,062,980)	(1,067,769)	(545,536)
	<b>22,969,802</b>	<b>14,428,849</b>	<b>9,707,986</b>	<b>6,400,481</b>
30 Earnings per share	BDT	BDT	BDT	BDT
Profit attributable to ordinary shareholders (BDT)	25,318,075,000	24,812,443,000	7,268,814,000	8,432,834,000
Weighted average number of ordinary shares	1,350,300,022	1,350,300,022	1,350,300,022	1,350,300,022
Basic earnings per share (par value BDT 10 each) (BDT)	<b>18.75</b>	<b>18.38</b>	<b>5.38</b>	<b>6.25</b>

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

### 31 Reconciliation of net operating cash flow

	<b>01 January to 30 September 2019 BDT (000)</b>	<b>01 January to 30 September 2018 BDT (000) Restated</b>
<b>Profit after tax</b>	25,318,075	24,812,443
Income tax expense	22,969,802	14,428,849
<b>Profit before tax</b>	48,287,877	39,241,292
<b>Adjustment for:</b>		
Depreciation & Amortization	17,565,186	17,504,391
(Gain)/Loss on Sale of Fixed Assets	(17,106)	(65,012)
Finance (expense)/income, net	1,865,876	1,331,549
Other adjustments	113,210	(440,148)
	67,815,043	57,572,072
<b>Changes in:</b>		
Inventories	(26,753)	348,164
Trade receivables and others	(671,419)	845,572
Trade payables and others	2,355,746	548,111
Provisions	(716,911)	902,519
Other current liabilities	2,529,951	1,520,121
Cash generated from operating activities	71,285,657	61,736,559
Interest received	380,075	271,301
Interest paid	(1,979,134)	(1,072,456)
Income tax paid	(22,089,142)	(16,984,180)
<b>Net cash generated by operating activities</b>	<b>47,597,456</b>	<b>43,951,224</b>

### 32 Net operating cash flow per share

Net operating cash flow (BDT)	47,597,456,000	43,951,224,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net operating cash flow per share (par value BDT 10 each) (BDT)	<b>35.25</b>	<b>32.55</b>

### 33 Commitments

	<b>As at 30 September 2019 BDT (000)</b>	<b>As at 31 December 2018 BDT (000)</b>
Capital commitment (open purchase order) for Property, plant and equipment	2,497,317	3,813,197
Capital commitment (open purchase order) for Intangible assets	229,912	313,252

### 34 Related party disclosures

During the nine months ended 30 September 2019, the company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures/(revenue)/, receivables/(payables)] and the amounts thereof have been set out below in accordance with the provisions of IAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in giving this disclosure.

#### 34.1 Related party transactions during the period

Name of related parties	Nature	Nature of transactions	01 January to	01 January to
			30 September 2019	30 September 2018
			BDT (000)	BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	10,510,038	16,951,674
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	3	5
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	3	5
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	3	5
Grameen Telecom	Shareholder	Dividend payment Commission expense	9,050,622 57,601	10,389,744 139,137
Grameen Kalyan	Shareholder	Dividend payment	0.4	0.5
Grameen Shakti	Shareholder	Dividend payment	0.4	0.5
Telenor ASA	Telenor group entity	Consultancy and professional service fee IT support cost	781,707 -	826,576 77,798
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	43,512	26,369
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	277,239	284,065
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	201,876	198,636
Telenor Digital AS	Telenor group entity	Consultancy and professional service fee	156,688	490,756
Telenor Health AS	Telenor group entity	Cost of service	84,745	7,483
Telenor Procurement Company	Telenor group entity	Cost of service	301,564	196,597

Name of related parties	Nature	Nature of transactions	01 January to	01 January to
			30 September 2019	30 September 2018
			BDT (000)	BDT (000)
Telenor Norge AS	Joint venture of Telenor group	Consultancy and professional service fee	162,768	113,417
Tapad Incorporation	Telenor group entity	Consultancy and professional service fee	60,946	42,133
Telenor Southeast Asia Investment Limited	Telenor group entity	Technical and Support Maintenance Fees	77,371	2,409
Telenor India Private Limited	Telenor group entity	Technical and Support Maintenance Fees	5,347	9,456
Telenor Norway	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(163) 73	(524) 9
Telenor Sweden	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(347) 34	(462) 4
Telenor Denmark	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(347) 237	668 3
Telenor Hungary	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	- -	(1) 2
Telenor Serbia	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	- -	122 1
Telenor Montenegro	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	- -	(2) 1
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(9) 42	(1) 16
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	9 78	(265) 21
Dtac Thailand	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(134) 2,553	(303) 1,098
Digi Malaysia	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(6,843) 642	(4,325) 222
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products	403	-
Grameen Communications	Common board member	Content provider	78	-

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

Name of related parties	Nature	Nature of transactions	As at	As at
			30 September 2019 BDT (000)	31 December 2018 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payable	(6,780,670)	-
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payable	(2)	-
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payable	(2)	-
Telenor Asia Pte. Ltd.	Shareholder	Dividend payable	(2)	-
Grameen Telecom	Shareholder	Accounts receivable	3,170	-
		Accounts payable	(17,792)	(15,758)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	5,084	6,360
		Accounts payable	(6,360)	(6,360)
Telenor ASA	Telenor group entity	Accounts receivable	25,739	11,371
		Accounts payable	(2,440,892)	(1,714,261)
Telenor Consult AS	Telenor group entity	Accounts payable	(1,895)	(2,089)
Telenor Global Services AS	Telenor group entity	Accounts receivable	48,458	44,228
		Accounts payable	(88,515)	(57,517)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,402,293)	(1,499,612)
Telenor Go Pte Ltd	Telenor group entity	Accounts receivable	50,191	50,191
		Accounts payable	(54,502)	(61,969)
Telenor Digital AS	Telenor group entity	Accounts receivable	7,686	3,290
		Accounts payable	(660,978)	(572,054)
Telenor Health AS	Telenor group entity	Accounts receivable	150,197	110,194
		Accounts payable	(77,530)	(15,661)
Telenor Procurement Company	Telenor group entity	Accounts payable	(588,172)	(348,551)
Telenor Norge AS	Telenor group entity	Accounts payable	(291,640)	(159,694)
Tapad Incorporation	Telenor group entity	Accounts payable	(124,026)	(62,397)
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(141,736)	(63,758)



Name of related parties	Nature	Nature of transactions	As at	As at
			30 September 2019	31 December 2018
			BDT (000)	BDT (000)
Telenor India Pvt Limited	Telenor group entity	Accounts payable	-	(15,614)
Telenor Norway	Telenor group entity	Accounts receivable	71	1,291
		Accounts payable	-	(9)
Telenor Sweden	Telenor group entity	Accounts receivable	180	442
		Accounts payable	-	(1)
Telenor Denmark	Telenor group entity	Accounts receivable	28	319
		Accounts payable	-	(2)
Telenor Pakistan	Telenor group entity	Accounts receivable	1	0.6
		Accounts payable	-	(9)
Telenor India	Telenor group entity	Accounts receivable	3,616	3,616
Telenor Myanmar	Telenor group entity	Accounts receivable	9,730	5,959
		Accounts payable	(1)	(16)
Dtac Thailand	Telenor group entity	Accounts receivable	1,425	896
		Accounts payable	(12)	(431)
Digi Malaysia	Telenor group entity	Accounts receivable	8,295	9,139
		Accounts payable	(4,993)	(517)
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Accounts payable	-	(81)
Grameen Solutions Limited	Related to Grameen Telecom	Accounts payable	(26)	(146)
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Accounts payable	-	(273)
Grameen Communications	Common board member	Accounts payable	(78)	-

## 35 Contingencies

Except as disclosed below there has been no development of the events disclosed in the financial statements for the year ended 31 December 2018.

### (a) BTRC audit

Regarding the latest audit, on 02 April 2019, Grameenphone has received a demand of BDT 125,799,476,135 from Bangladesh Telecommunication Regulatory Commission (BTRC) for payment of BDT 84,940,104,730 (including interest of BDT 61,943,079,371 till Dec 2017) to BTRC and BDT 40,859,371,405 to National Board of Revenue (NBR) within 10 (ten) working days. Grameenphone disputed the claim and on 16 April 2019, replied against the demand requesting BTRC to withdraw the demand and to engage in discussions with a view to find an amicable resolution. On 12 May 2019, BTRC further directed Grameenphone to make the full payment without any further delay. On 20 June 2019, BTRC again asked Grameenphone to pay the full amount within 10 days. Thereafter, on 23 June 2019, as a legal recourse Grameenphone has served a notice of arbitration upon BTRC. On 30 June 2019, Grameenphone again sent a letter to the Telecom Secretary, seeking his support in resolving the matter through arbitration process.

On 04 July 2019, keeping aside the arbitration proceedings BTRC directed International Interconnection Gateway operators to reduce Grameenphone's bandwidth capacity roughly by 30% for not making the demanded payment which was subsequently withdrawn on 17 July 2019 considering the impact on subscribers. However, on 22 July 2019, BTRC imposed operational restrictions through stopping No Objection Certificates (NOCs) for approvals on products and services and equipment import. In order to resolve the dispute, on 30 July 2019, two arbitration applications were moved by GP before the Hon'ble High Court Division (HCD) for appointment of BTRC arbitrator and for injunction against the suspension of approval & NOCs by the BTRC. The HCD is yet to provide a decision.

In the meantime, on 14 August 2019, a proposal letter has been sent to BTRC for withdrawal of earlier demand based on 2011 audit and discontinuation of earlier case to remove any perceived road block to arbitration on current audit demand. The letter remains unanswered.

On 26 August 2019, GP filed a Title Suit against the Audit Demand and on 28 August 2019 GP moved an application for injunction in the learned District Court with the prayer to stay the suspension of NOCs and to restrain BTRC from taking any steps based on, or pursuant to, or for the realization or enforcement of the demand which was rejected by the District Court. Against the rejection order, on 17 September 2019, GP filed a civil appeal before the HCD.

On 5 September 2019, BTRC issued a show cause notice to GP as to why GP's 2G & 3G licenses should not be cancelled. GP responded timely to the show cause notice on 3 October 2019.

In parallel, GP has been continuing engagement with the authorities with a view to find a transparent and amicable resolution. On 18 September 2019, the Finance Minister in the presence of Minister of Post and Telecommunication, NBR Chairman, BTRC Chairman and representatives of GP, got involved to pursue a constructive path towards resolving the issue. There it was expressed that BTRC would withdraw the show Cause and impositions to resume normal operations immediately and that GP would suspend its legal efforts to facilitate a transparent process towards an amicable solution. Despite these constructive efforts BTRC had not lifted any of its operational impositions and the show cause notice.

On 17 October, 2019, based on the civil appeal filed earlier by GP, the Hon'ble High Court Division has passed an order restraining BTRC, for a period of two months, from taking any steps on the basis of, or pursuant to, or for the realization of or enforcement of the demand dated 02 April 2019. The Hon'ble High Court also stayed, for a period of two months, operation of the BTRC letter dated 22 July, 2019 (regarding suspension of NOC for importation of equipment/software and suspension of tariff/service package etc. approvals). The matter has been fixed for hearing on 05 November 2019.

### (b) SIM tax on replacement SIMs

Regarding the demand for the period from July 2012 to June 2015, the Tribunal passed judgment against Grameenphone and on 27 June 2019 Grameenphone filed appeal before the High Court Division. On 27 August 2019, the HCD stayed the operation of the judgment passed by the Tribunal.

Regarding the demand for the period January 2012 to June 2012, the hearing before the LTU-VAT Commissioner concluded on 31 January 2019 and Grameenphone is waiting for the decision.

### (c) Interest on SIM Tax during 24 August 2006 to 27 March 2007

In January 2019, International Financial Reporting Interpretations Committee (IFRIC) published Committee's agenda decisions addressing accounting treatment for the deposits relating to indirect taxes. After a thorough analysis, the appeal deposit of 10% has been reinstated to long term receivables by crediting profit or loss account.

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

For the demand of BDT 1,316,513,243, after assessment, Grameenphone decided to resolve the dispute through arbitration and Grameenphone is now taking preparation to initiate arbitration proceedings. However, after assessment, Grameenphone has decided not to pursue for Review Petition against the decision of the Appellate Division.

### (e) LTU-VAT audit

In October 2018, LTU-VAT authorities initiated a VAT audit covering the period from January 2014 to June 2018. On 18 September 2019, LTU-VAT authorities issued an audit report covering the period from January 2014 to December 2018. Based on the report, LTU-VAT served four show cause notices asking why they will not collect the demanded BDT 6,884,626,451. GP has responded to the notices on 3 October 2019. GP has provided for BDT 2,872,305,045 of which BDT 2,709,572,194 was provided for in its half yearly audited financial statements of 2019.