



**Condensed Consolidated Financial Statements  
as at and for the half-year ended 30 June 2010  
(Un-audited)**

**Grameenphone Ltd.**

**Condensed Consolidated Statement of Financial Position (Un-audited)  
as at 30 June 2010**

<u>Assets</u>	<u>Notes</u>	As at 30 June 2010 Taka	As at 31 December 2009 Taka
<b>Non current assets:</b>			
Property, plant and equipment, net	4	74,610,255,433	79,287,993,919
Intangible assets, net	5	7,182,578,077	7,681,126,893
Long-term receivables and deposits		11,693,862	11,635,675
		81,804,527,372	86,980,756,487
<b>Current assets:</b>			
Inventories		498,847,973	430,870,209
Deferred cost of connection revenue		502,479,050	483,550,116
Accounts receivable, net		5,719,767,457	4,697,066,162
Advances, deposits and prepayments		1,926,612,224	1,968,937,232
Cash and cash equivalents	6	14,882,741,282	14,601,313,087
		23,530,447,986	22,181,736,806
<b>Total assets</b>		<b>105,334,975,358</b>	<b>109,162,493,293</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' equity:</b>			
Share capital		13,503,000,220	13,503,000,220
Share premium		7,840,225,942	7,840,225,942
Capital reserve		14,446,452	14,446,452
Deposit from shareholders		1,880,178	1,880,178
General reserve		2,139,729,365	2,139,729,365
Retained earnings		23,386,189,715	26,655,044,251
		46,885,471,872	50,154,326,408
<i>Non-controlling interest</i>		101	-
<b>Total equity</b>		<b>46,885,471,973</b>	<b>50,154,326,408</b>
<b>Non-current liabilities:</b>			
Loans and borrowings, net of current portion	8	-	917,924,127
Deposit from agents and subscribers		441,697,488	440,948,191
Finance lease obligations		5,019,805,838	5,019,805,838
Deferred tax liabilities	7	12,003,866,991	13,505,914,117
Long term payables and provisions		167,664,273	160,033,350
Employee benefits - provision for gratuity		26,134,561	11,454,139
		17,659,169,151	20,056,079,762
<b>Current liabilities:</b>			
Accounts payable		3,936,915,462	4,692,964,457
Payable to government, autonomous bodies and other operators	9	10,707,539,127	9,304,514,275
Income tax payable	10	13,872,223,488	12,228,778,445
Unearned revenue		2,159,354,343	1,679,152,352
VAT payable		2,755,406,542	2,234,779,133
Loans and borrowings - current portion	8	65,335,811	1,036,943,071
Deferred connection revenue		571,293,649	541,731,926
Accrued interest		116,523,998	66,356,035
Provision for expenses		6,601,644,754	7,078,349,758
Liabilities for share money refund		4,097,060	88,517,671
		40,790,334,234	38,952,087,123
<b>Total equity and liabilities</b>		<b>105,334,975,358</b>	<b>109,162,493,293</b>

The annexed notes 1 to 15 form an integral part of these condensed financial statements.



**Oddvar Hesjedal**  
Chief Executive Officer



**Raihan Shamsi**  
Deputy Chief Executive Officer &  
Chief Financial Officer

Dhaka, 15 July 2010

**Grameenphone Ltd.**

**Condensed Consolidated Statement of Comprehensive Income (Un-audited)  
for the half-year ended 30 June 2010**

	Notes	1 January to 30 June 2010 Taka	1 January to 30 June 2009 Taka	1 April to 30 June 2010 Taka	1 April to 30 June 2009 Taka
<b>Revenue</b>	11	35,809,552,182	32,042,910,129	18,768,013,312	16,270,726,915
<b>Cost of network operations:</b>					
Direct cost of network revenue		(7,723,920,410)	(6,440,055,300)	(4,365,908,118)	(3,251,261,918)
Network operation and maintenance expenses		(2,707,484,235)	(2,656,888,420)	(1,582,095,688)	(1,451,268,588)
Depreciation and amortisation		(7,527,339,536)	(7,391,170,445)	(3,801,924,208)	(3,750,560,398)
		(17,958,744,181)	(16,488,114,165)	(9,749,928,014)	(8,453,090,904)
<b>Gross profit</b>		17,850,808,001	15,554,795,964	9,018,085,298	7,817,636,011
Other income, net		22,348,535	22,350,400	10,730,865	7,045,305
<b>Operating expenses:</b>					
General and administrative expenses		(3,885,619,660)	(3,248,541,274)	(1,984,722,053)	(1,671,270,228)
Selling and distribution expenses		(4,107,731,599)	(715,341,514)	(2,875,479,529)	(269,801,454)
Depreciation and amortisation		(739,852,932)	(841,481,962)	(365,098,724)	(389,321,703)
		(8,733,204,191)	(4,805,364,750)	(5,225,300,306)	(2,330,393,385)
<b>Operating profit</b>		9,139,952,345	10,771,781,614	3,803,515,857	5,494,287,931
Finance income/(expense), net	12	506,315,617	(1,145,939,650)	270,619,649	(556,515,306)
Gain on sale of investment		-	7,960,532	-	1,038,330
Gain/(loss) on disposal of property, plant and equipment		7,960,048	292,043	(1,323,080)	(3,221,736)
<b>Profit before income tax</b>		9,654,228,010	9,634,094,539	4,072,812,426	4,935,589,219
Income tax expenses	13	(4,821,282,413)	(4,858,727,373)	(2,397,036,950)	(2,442,903,406)
<b>Profit for the period</b>		4,832,945,597	4,775,367,166	1,675,775,476	2,492,685,813
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		4,832,945,597	4,775,367,166	1,675,775,476	2,492,685,813
<b>Total comprehensive income attributable to:</b>					
<i>Owners of the company</i>		4,832,945,596	4,775,367,166	1,675,775,446	2,492,685,813
<i>Non-controlling interest</i>		1	N/A	30	N/A
<b>Earnings per share:</b>					
Basic earnings per share (par value Tk. 10 each)	14	3.58	3.93	1.24	2.05

The annexed notes 1 to 15 form an integral part of these condensed financial statements.



**Oddvar Hesjedal**  
Chief Executive Officer



**Raihan Shamsi**  
Deputy Chief Executive Officer &  
Chief Financial Officer

Dhaka, 15 July 2010

**Grameenphone Ltd.**

**Condensed Consolidated Statement of Changes in Equity (Un-audited)  
for the half-year ended 30 June 2010**

	<u>Share capital Taka</u>	<u>Share premium Taka</u>	<u>Capital reserve Taka</u>	<u>Deposit from shareholders Taka</u>	<u>General reserve Taka</u>	<u>Retained earnings Taka</u>	<u>Non-controlling interest Taka</u>	<u>Total Taka</u>
Balance as at 1 January 2009	12,151,747,970	13,743,987	14,446,452	1,882,996	2,139,729,365	13,266,605,231	-	27,588,156,001
Net profit for the period ended 30 June 2009	-	-	-	-	-	4,775,367,166	-	4,775,367,166
Final dividend for the year 2008	-	-	-	-	-	(1,579,727,236)	-	(1,579,727,236)
<b>Balance as at 30 June 2009</b>	<b>12,151,747,970</b>	<b>13,743,987</b>	<b>14,446,452</b>	<b>1,882,996</b>	<b>2,139,729,365</b>	<b>16,462,245,161</b>	<b>-</b>	<b>30,783,795,931</b>
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
Issuance of share of Grameenphone IT Ltd.	-	-	-	-	-	-	100	100
Net profit for the period ended 30 June 2010	-	-	-	-	-	4,832,945,596	1	4,832,945,597
Final dividend for the year 2009	-	-	-	-	-	(8,101,800,132)	-	(8,101,800,132)
<b>Balance as at 30 June 2010</b>	<b>13,503,000,220</b>	<b>7,840,225,942</b>	<b>14,446,452</b>	<b>1,880,178</b>	<b>2,139,729,365</b>	<b>23,386,189,715</b>	<b>101</b>	<b>46,885,471,973</b>

**Grameenphone Ltd.**

**Condensed Consolidated Statement of Cash Flows (Un-audited)  
for the half-year ended 30 June 2010**

	<u>1 January to 30 June 2010</u>	<u>1 January to 30 June 2009</u>
	<u>Taka</u>	<u>Taka</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from sales or for the performance of services	35,297,564,669	32,591,003,661
Payroll and other payments to employees	(3,342,697,445)	(1,912,825,288)
Payments to suppliers and contractors	(12,835,560,392)	(11,321,451,269)
Finance income received	638,834,981	24,207,921
Finance costs paid	(80,482,089)	(1,234,312,975)
Income tax paid	(4,679,884,497)	(3,864,235,706)
	(20,299,789,442)	(18,308,617,317)
<b><i>Net cash flow from operating activities</i></b>	<b><u>14,997,775,227</u></b>	<b><u>14,282,386,344</u></b>
<b>Cash flows from investing activities:</b>		
Payment for acquisition of property, plant and equipment	(4,317,046,858)	(7,177,828,709)
Proceeds from sale of property, plant and equipment	32,689,355	17,238,669
Payment for acquisition of intangible assets	(359,695,978)	(3,573,591,067)
Investment in fixed deposit receipt (FDR)	(58,187)	-
<b><i>Net cash used in investing activities</i></b>	<b><u>(4,644,111,668)</u></b>	<b><u>(10,734,181,107)</u></b>
<b>Cash flows from financing activities:</b>		
Local interest bearing short-term borrowings	-	(3,490,880,393)
Payment of loans and borrowings	(1,886,014,721)	(749,040,369)
Payment of dividend	(8,101,800,132)	-
Proceeds from issuance of share of Grameenphone IT Ltd.	100	-
Amount refunded to share applicants	(84,420,611)	-
<b><i>Net cash flow from financing activities</i></b>	<b><u>(10,072,235,364)</u></b>	<b><u>(4,239,920,762)</u></b>
<b><i>Net changes in cash and cash equivalents</i></b>	<b>281,428,195</b>	<b>(691,715,525)</b>
<b>Cash and cash equivalents at beginning</b>	<b>14,601,313,087</b>	<b>7,020,671,289</b>
<b>Cash and cash equivalents at closing</b>	<b><u>14,882,741,282</u></b>	<b><u>6,328,955,764</u></b>

# Grameenphone Ltd.

## Notes to the condensed consolidated financial statements as at and for the half-year ended 30 June 2010

### 1. Reporting entity

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 with its registered address at Celebration Point, Road 113/A, Gulshan, Dhaka, Bangladesh. GP was initially registered as a private limited company and was 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.

These condensed consolidated financial statements as at and for the half-year ended 30 June 2010 comprises of the Company and its subsidiary, Grameenphone IT Ltd. (GP IT) (together referred to as the "Group" and individually as "Group entities").

### 2. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International/Bangladesh Accounting Standard (IAS/BAS) 34: *Interim Financial Reporting* and relevant guidelines issued by Securities and Exchange Commission, Bangladesh, and should be read in conjunction with the financial statements as at and for the year ended 31 December 2009 of Grameenphone Ltd., the last period for which full Financial Statements were prepared.

### 3. Accounting policies

Except for the following, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the financial statements of Grameenphone Ltd. as at and for the year ended 31 December 2009.

#### 3.1 Consolidation

##### *Subsidiaries*

Subsidiaries are entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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.

##### *Consolidation procedure*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing condensed consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.2 Infrastructure sharing

During 2010, Grameenphone entered into infrastructure sharing arrangement with Orascom Telecom Bangladesh Limited (Banglalink), Axiata (Bangladesh) Ltd. (Robi) and few other internet service providers. As per the agreements, Grameenphone will share its infrastructure with the operators. The arrangements are in the nature of lease and have been accounted for in accordance with IAS 17: *Leases*.

#### 4 Property, plant and equipment, net

Name of assets	Cost				Depreciation				Carrying amount	
	As at 1 January 2010	Addition during the period	Disposal/ Adjustment during the period	As at 30 June 2010	As at 1 January 2010	Charged during the the period	Disposal/ Adjustment during the period	As at 30 June 2010	As at 30 June 2010	As at 31 December 2009
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Tangible assets in use	125,839,162,236	2,401,528,416	(129,866,782)	128,110,823,870	52,743,014,304	7,654,772,339	(105,160,563)	60,292,626,080	67,818,197,790	73,096,147,932
Capital work in progress	6,191,845,987	2,978,247,959	(2,378,036,303)	6,792,057,643	-	-	-	-	6,792,057,643	6,191,845,987
	<u>132,031,008,223</u>	<u>5,379,776,375</u>	<u>(2,507,903,085)</u>	<u>134,902,881,513</u>	<u>52,743,014,304</u>	<u>7,654,772,339</u>	<u>(105,160,563)</u>	<u>60,292,626,080</u>	<u>74,610,255,433</u>	<u>79,287,993,919</u>

#### 5 Intangible assets, net

Name of assets	Cost				Depreciation				Carrying amount	
	As at 1 January 2010	Addition during the period	Disposal/ Adjustment during the period	As at 30 June 2010	As at 1 January 2010	Charged during the the period	Disposal/ Adjustment during the period	As at 30 June 2010	As at 30 June 2010	As at 31 December 2009
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Intangible assets in use	10,423,488,377	99,682,323	-	10,523,170,700	3,070,937,290	612,420,129	-	3,683,357,419	6,839,813,281	7,352,551,087
Capital work in progress	328,575,806	113,871,312	(99,682,322)	342,764,796	-	-	-	-	342,764,796	328,575,806
	<u>10,752,064,183</u>	<u>213,553,635</u>	<u>(99,682,322)</u>	<u>10,865,935,496</u>	<u>3,070,937,290</u>	<u>612,420,129</u>	<u>-</u>	<u>3,683,357,419</u>	<u>7,182,578,077</u>	<u>7,681,126,893</u>

## 6 Cash and cash equivalents

	As at 30 June 2010 Taka	As at 31 December 2009 Taka
Cash in hand	5,956,530	7,422,192
Cash at bank	<u>14,876,784,752</u>	<u>14,593,890,895</u>
	<u>14,882,741,282</u>	<u>14,601,313,087</u>

## 7 Deferred tax liabilities

Taxable temporary differences	39,522,399,121	43,805,307,844
Deductible temporary differences	<u>(5,225,636,290)</u>	<u>(5,216,981,796)</u>
	34,296,762,831	38,588,326,048
Tax rate	35%	35%
Deferred tax liability	<u>12,003,866,991</u>	<u>13,505,914,117</u>

## 8 Loans and borrowings, net of current portion

IFC	-	206,389,257
ADB	-	152,690,367
NORFUND	-	71,782,052
Exportfinans ASA	21,778,586	49,037,159
NORAD	43,557,225	98,074,370
Local syndicated loan	<u>-</u>	<u>1,376,893,993</u>
	65,335,811	1,954,867,198
Current portion of loans and borrowings	<u>65,335,811</u>	<u>1,036,943,071</u>
	<u>-</u>	<u>917,924,127</u>

During June 2010, the loans from International Finance Corporation (IFC), Asian Development Bank (ADB) and Norwegian Investment Fund for Developing Countries (NORFUND) were fully repaid as per contractual obligation. In addition, Grameenphone also repaid early the syndicated loan availed from 16 local institutions through an arrangement made in 2007. GP did not incur any prepayment charge/penalty from the prepayment.

## 9 Payable to government, autonomous bodies and other operators

Bangladesh Telecommunications Regulatory Commission (BTRC)	1,514,279,395	1,344,046,469
Bangladesh Telecommunications Company Limited (BTCL)	5,370,973,454	4,522,243,479
Revenue sharing with content providers	64,333,435	51,675,839
Supplementary duty on SIM cards payable to National Board of Revenue	2,907,246,931	2,628,076,000
Sub lease rent payable to Bangladesh Railway	9,077,481	12,946,399
Interconnection charges payable to other operators	582,587,372	547,842,411
Receipt against bill pay service	<u>259,041,059</u>	<u>197,683,678</u>
	<u>10,707,539,127</u>	<u>9,304,514,275</u>

## 10 Income tax payable

Opening balance	12,228,778,445	10,077,565,649
Provision made for the period/year	<u>6,323,329,540</u>	<u>8,657,110,009</u>
	18,552,107,985	18,734,675,658
Paid during the period (including tax deducted at source)	<u>(4,679,884,497)</u>	<u>(6,505,897,213)</u>
	<u>13,872,223,488</u>	<u>12,228,778,445</u>

In 2010, income tax for the interim period has been accrued based on the estimated income tax rate of 35%. Income tax for the half-year ended 30 June 2009 was accrued on the basis of estimated income tax rate of 45% which was applicable at that time. The applicable income tax rate for the company has been reduced to 35% upon listing of the company's shares in Dhaka and Chittagong Stock Exchanges during November 2009.

<b>11 Revenue</b>	1 January to 30 June 2010 Taka	1 January to 30 June 2009 Taka	1 April to 30 June 2010 Taka	1 April to 30 June 2009 Taka
Traffic revenue	29,642,061,686	26,718,781,068	15,288,243,948	13,921,980,440
Subscription revenue	318,043,131	259,913,572	155,400,134	131,662,513
Connection revenue	130,603,008	151,993,796	54,869,328	68,666,194
Roaming revenue	203,479,586	177,803,091	100,052,506	91,133,111
Interconnection revenue	3,448,340,682	3,588,207,367	1,829,996,731	1,432,050,490
Value added services and data revenue (Note - 11.1)	1,389,581,523	1,038,152,895	749,829,796	538,738,113
Other non- mobile revenue (Note - 11.2)	677,442,566	108,058,340	589,620,869	86,496,054
	<u>35,809,552,182</u>	<u>32,042,910,129</u>	<u>18,768,013,312</u>	<u>16,270,726,915</u>

#### 11.1 Value added services and data revenue

Customer support revenue	4,988,606	5,714,696	2,458,698	2,786,641
VAS and SMS revenue	873,277,683	751,395,216	461,748,673	384,041,778
Data outgoing revenue	511,315,234	281,042,983	285,622,425	151,909,694
	<u>1,389,581,523</u>	<u>1,038,152,895</u>	<u>749,829,796</u>	<u>538,738,113</u>

#### 11.2 Other non- mobile revenue

Handset, data card and customer equipment	619,140,890	108,058,340	587,987,935	86,496,054
Infrastructure sharing	58,301,676	-	1,632,934	-
	<u>677,442,566</u>	<u>108,058,340</u>	<u>589,620,869</u>	<u>86,496,054</u>

#### 12 Finance income/(expense), net

Interest on long term loans	(3,402,510)	(71,471,700)	(699,981)	(29,162,721)
Interest on bonds	-	(316,684,028)	-	(162,621,528)
Interest and service charge on short-term debt	-	(196,803,191)	-	(72,872,364)
Foreign exchange (gain)/loss	276,242,954	(120,978,033)	168,474,125	(82,403,985)
Finance charge - lease	(383,276,378)	(451,962,777)	(191,264,337)	(217,260,171)
Interest (accretion) on ARO	(8,046,124)	(7,893,381)	(4,029,377)	(3,967,942)
Other finance charges	(40,232,777)	(50,505,073)	(26,288,769)	(25,271,588)
	<u>(158,714,835)</u>	<u>(1,216,298,183)</u>	<u>(53,808,339)</u>	<u>(593,560,299)</u>
Finance income	665,030,452	70,358,533	324,427,988	37,044,993
	<u>506,315,617</u>	<u>(1,145,939,650)</u>	<u>270,619,649</u>	<u>(556,515,306)</u>

During 2009, GP made an early settlement of its bond obligation. In addition, short term interest bearing borrowing from local banks and other financial institutions were also repaid. The effect of such repayment, as well as interest earned on short term investments resulted in a net finance income in the period ended 30 June 2010.

#### 13 Income tax expenses

Current tax expenses	6,323,329,540	6,049,696,768	3,119,411,301	2,986,847,985
Deferred tax income	(1,502,047,127)	(1,190,969,395)	(722,374,351)	(543,944,579)
	<u>4,821,282,413</u>	<u>4,858,727,373</u>	<u>2,397,036,950</u>	<u>2,442,903,406</u>

Applicable tax rates used for the periods were as follows:

	Tax rate
Half year ended 30 June 2009	45%
Half year ended 30 June 2010	35%

#### 14 Earnings per share

Profit attributable to ordinary shareholders	4,832,945,596	4,775,367,166	1,675,775,446	2,492,685,813
Weighted average number of outstanding ordinary shares during the period (par value Tk 10 each)	1,350,300,022	1,215,174,797	1,350,300,022	1,215,174,797
Basic earnings per share (par value Tk 10 each)	3.58	3.93	1.24	2.05

Weighted average number of outstanding ordinary shares have been computed using number of shares based on face value of Tk 10 for all periods.

No diluted earnings per share is required to be calculated for the periods presented as there was no scope for dilution.

#### 15 Related party disclosures

During the half-year ended 30 June 2010, revenue generated from transactions with Grameen Telecom (GTC) amounted to Tk 663,842,932. At 30 June 2010, total amount due from GTC stood at Tk 35,008,350.