grameenphone

4G LTE

Reimagine The World



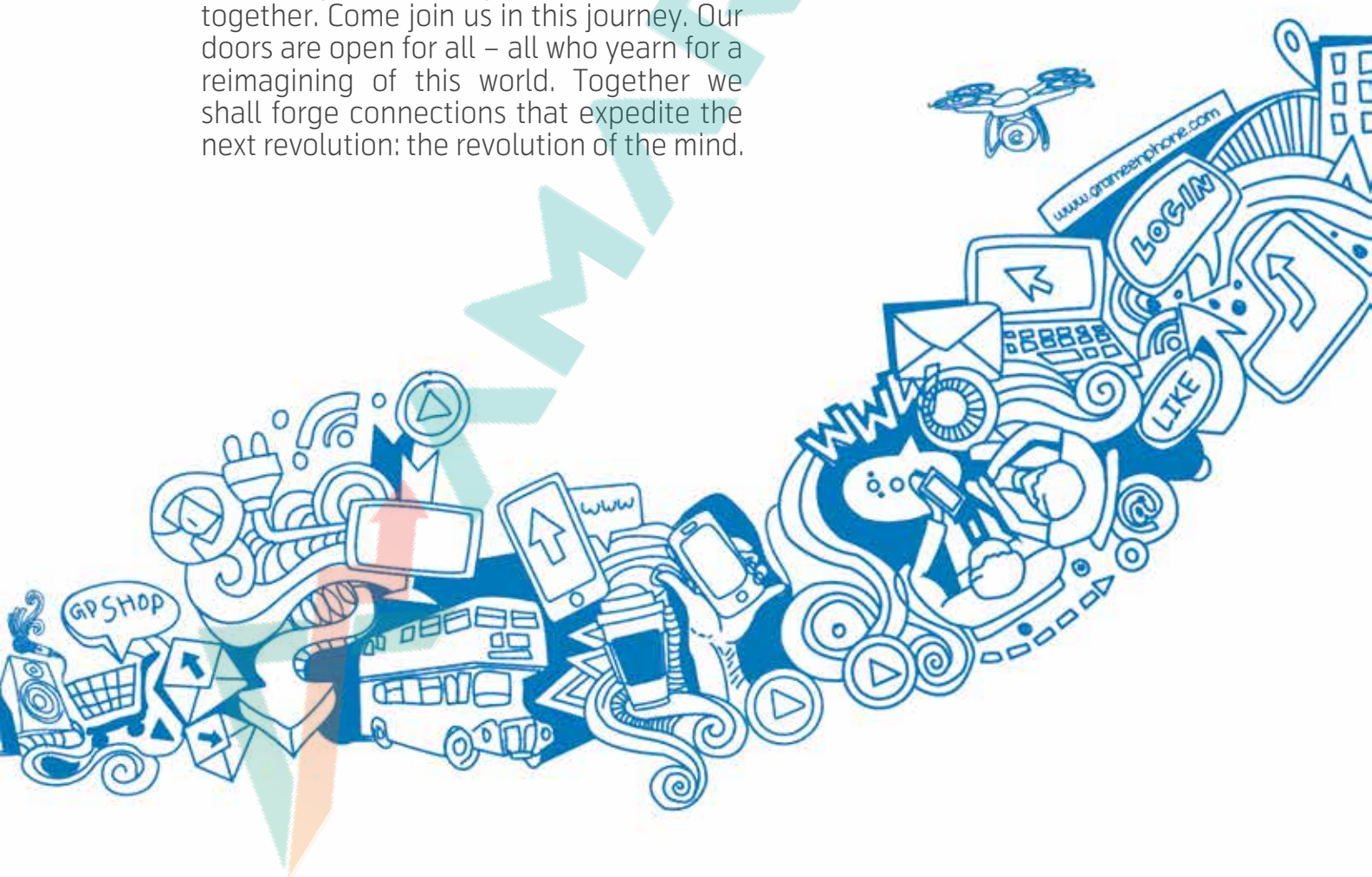
Annual Report 2017

AMARSTOCK

RE**IMAGINE** THE WORLD

Imagine how barriers break down when information is democratised, and when knowledge becomes instantaneous. Imagine how our children are now empowered with real-time access to all the world's knowledge. Imagine how new freedoms arise, and new relationships form, when ignorance and misinformation is forever banished. Now, imagine all this coming to life, right before your eyes.

At Grameenphone, we are investing in technologies to bring minds and ideas together. Come join us in this journey. Our doors are open for all – all who yearn for a reimagining of this world. Together we shall forge connections that expedite the next revolution: the revolution of the mind.



STOCK

Welcome to our Annual Report 2017

This report aims to inform stakeholders about our financial and non-financial performance in 2017. This includes a look at how we create value over time and how our strategy addresses the challenges, risks and opportunities Grameenphone faces in a fast-changing world.

View Our Report Online



Annual Report 2017
Go green and help reduce carbon footprints.

Visit: **www.grameenphone.com**
to view the online version of this Annual Report.

WHAT'S INSIDE

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An introduction to our report with a snapshot of our business, key events and achievements in 2017

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How We Create Value

As technology transforms every industry and has the power to make a difference in the lives of everyone. Grameenphone believes that connected societies are empowered societies. We focus not only on connecting people and business but also creating value for our customers, our investors, our people and the communities in which we operate.

For Our Customers

Our 3G population coverage is the widest in Bangladesh at **92.6%**



We covers **99.5%** of the Bangladeshi population

65.3 MILLION SUBSCRIBERS

31.2 MILLION MOBILE DATA USERS

UP **27%** from last year

We have invested

BDT **313b** since our inception

BDT **14.5b** in 2017 to rollout 3G sites, improve 2G coverage, capacity enhancement, and enhancing network and IT readiness

Digitising the Customer Journey

#1 Telco Brand ON FACEBOOK

gpmusic 227 K MAU	
GP Online Shop 1.7 million MAU	wowbox 3.1 million MAU
FlexiPlan 1.5 million MAU	bioscope 1.9 million MAU
MyGP 1.6 million MAU	TONIC 4.2 million MAU

*MAU- Monthly Average User

2 GP Lounges for Customer experience of Digital Services

366,000+ POINT OF SALES

6,890 GP EXPRESS STORES

For Our Investors

OVER **30,000** SHAREHOLDERS

Last 5-years total shareholder returns **+252%**

*As of 28 December 2017

Best Brand in Bangladesh awarded by Bangladesh Brand Forum

205% dividend Including Interim Dividend 2017

BDT 20.5 per share

ACCOLADES

- Best presented Annual Report 2016 by SAFA and ICAB
- Best Corporate Governance Excellence award 2016 by ICSB

We have contributed BDT **585.2b** to the National Exchequer since our inception

Directly Employed **2,397** full-time equivalent employees

and a large number of indirect jobs through suppliers, retailers, vendors & other business partners

For Our Employees

Invested
BDT 20m
in people development

2,200+ employees participated

Introduced new digital learning platforms

coursera

lynda.com

edX

76%
Employee Engagement Scores

2,397
regular employees nationwide

153
new workforce joined

18%
employee growth (career progression)

For Our Societies

Child online safety

Directly educated more than
52,000 Students
in over 250 schools of 54 districts

Over
400
employees volunteered to participate

GP Accelerator Program

To encourage innovation and empower tech start-ups, we have created a platform under GP Accelerator program

we supported
10
start-ups organisations with over
BDT 5.9m
in cash grants
BDT 25m+
non-financial support

Disaster Response

We contributed over
BDT 116m
to support more than **300,000 people** during disaster interventions

BDT 2.5m
contribution by 1,050 employees

Reimagine Exploration

Imagine the joy of self-discovery



Vision, Mission & Values



Vision

Empower Societies

We provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all.

Mission

We are here to help our customers

We exist to help our customers get the full benefit of being connected. Our success is measured by how passionately they promote us.



Values

We're creative. We bring energy and imagination to our work. Everything we produce should look fresh and modern.

Be Inspiring

Make It Easy

Everything we produce should be easy to understand and use. We should always remember that we try to make customers' lives easier.

We acknowledge and respect local cultures. We want to be a part of local communities wherever we operate. We want to help customers with their specific needs in a way that suits the way of their life best.

Be Respectful

Keep Promises

Everything we do should work perfectly. If it doesn't, we're there to put things right. We're about delivery, not over-promising. We're about actions, not words.

History & Milestones

1997
March 26
The Journey begins on the Independence Day of Bangladesh

1998
Launched Mobile to Mobile Service (without PSTN Access)

1999
Introduced first ever Pre-Paid products

2001
Launched WAP service on small screen

2003
- A family of 1 million subscribers
- Launched Prepaid Product with PSTN Connectivity

2004
Family of 2 million subscribers under the Grameenphone umbrella

2005
- Launched djuice brand
- Sharing our smiles with 5 million subscribers
- Revolution in electronic recharge
- Launched EDGE
- Voice SMS for the 1st time in Bangladesh

2006
- Expanding horizons with 10 million subscribers
- Introduced new Grameenphone logo
- New era with classified sites
- Journey of Cellbazaar begins
- Bill Pay service added

2007
Introduced Pay For Me service

Converted to a Public Limited Company

2008
Catering to a massive family of 20 million subscribers

2009
Launched Grameenphone branded handset & Internet Modem

Successfully listed on the Stock Exchanges in Bangladesh

2010
Launched 'MobiCash' financial service brand, Ekota for SME

2011
- More customer centricity
- Launched customer experience lab and e-care solution
- Swapped the entire network
- Advancing towards the future with network swap

2012
Providing communication solutions to 40 million subscribers

2013
Launched 3G services in Bangladesh

2014
Soaring like an eagle with 50 million subscribers

2015
- Launched EasyNet
- Launched Grameenphone KrishiSheba (27676)

2016
- Launched GP Online Shop
- Introduced MyGP App
- WowBox has reached more than 6 million users
- Revamped Healthline (789) service under the name "Tonic"
- Rebranded financial services under the name "GPAY"

2017
- Celebrated 20 years of operation
- Introduced Digital Product Delevery Platform (DPDP)
- Launched operator agnostic marketplace `Shoparu'
- Launched `MyPlan', a complete Postpaid solutions

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Products & Services

INTERNET

Volume Based Packs: (4 MB, 35 MB, 60MB, 75 MB,100 MB, 250 MB, 500 MB, 1.5GB, 2.5 GB, Night 2GB, 4 GB, 8 GB, 12 GB, 20 GB) **Social Packs:** (Facebook: 1 Day, 7 Days, 28 Days Packs, **Viber:** 1 Day Pack) **Video Packs:** (Weekly Video pack, Daily Heavy Video pack) **Smart Plans:** (Midi Plan, Mega Plan) **Wi-Fi Hotspots** around Dhaka City

ROAMING

- Outbound Roaming (Basic, Data, SMS, Economic SMS)
- Inbound Roaming (Basic, Data, SMS, Travelling Connect Loyalty Program)
- International SMS

GP STAR Program

- Attractive discounts in 100+ best lifestyle outlets in all over Bangladesh
- Lifestyle privilege on national or special days
- STAR Iftar Party
- Buy Data Pack or increase usage to be STAR
- Free service at GP physical & digital channels
- Priority in GPCs & recognition by call center
- Attractive Benefits while buying handsets
- Special discounts while buying special number

ENTERPRISE SOLUTION

- Corporate Bulk SMS
- Voice Message Broadcast
- Vehicle Tracking System
- Team Tracker
- Buddy Tracker
- Train Tracking
- M-Reporting
- M2M Plans

M4D

- mHealth:
- Tonic
- Nirvoy
- mAgri
- GP Krishisheba

DEVICE

- GP Cobranded Device: Micromax Q345, Lava 505, ITEL IT 1401, Symphony G20
- Flagship positioning total 5 Campaigns: iPhone X, iPhone 8/8+, Samsung Galaxy S8, Samsung Galaxy Note 8, Nokia
- Joint Promotion Campaign: Samsung, Huawei, Xiaomi, Oppo etc.
- CPE (3G Modem & router) and wearable's (Fitbit)

PREPAID

- Nishchinto
- Bondhu
- Djuice
- Smile
- Village Phone
- BPO
- GP Public Phone
- Business Solution
- Shofol
- Ekota
- Emergency Balance
- 1 Paisa offer
- Minute Bundles
- Hourly minute packs
- Flexi-plan

POSTPAID

- Xplore
- Xplore Legend
- GP Public Phone
- MyPlan
- Business Solution
- Ekota
- Internet SIM

VALUE ADDED SERVICE

- Pay for Me
- Miss Call Alert
- Call Block
- Facebook
- Voice SMS
- SMS
- MMS
- Voice Chat
- Online Mobile Games
- Welcome Tune
- Icche Tune
- Music Radio
- Video Store
- Audio-Video Content
- News Alert
- Job Alert
- Sports Alert
- Health Tips
- Education Tips
- Matrimonial Service
- Religious Service
- Entertainment Services
- Downloadable Content
- Infotainment
- Business Tune

DIGITAL CHANNELS

- MyGP
- FlexiPlan
- GP Online Shop
- E-Retail
- EasyNet
- Opera GameBox
- 3rd Party Digital Distribution
- Online Recharge
- GPAY

Digital Services

- GP Music
- Bioscope
- WowBox
- Whiteboard
- YouTube Pack
- Youtube Data Upsell
- Data Sponsorship
- GSMA Mobile Connect
- Facebook Freebasic
- Facebook Retail
- Whatsapp Pack
- Viber Pack
- Whatsapp Data Pack
- Wikipedia Zero
- Viber sticker pack
- GameBox

ADJACENT BUSINESS

Infrastructure Services*

Financial Services

- GPAY wallet: Payment solution for *Utility Payment Services: *Bill Pay *Flexiload, *Offer pack and *Train Ticketing *Collection, *Disbursement, *Agent banking
- MobiCash: Retail for GPAY Cash in, Partner Bank

**In compliance with BTRC guidelines, Grameenphone is sharing its passive infrastructure with other licensees under 'Infrastructure Services'.*

Another milestone of commitment to excellence & Strengthening trust

Grameenphone always strives to leave a mark of excellence in any endeavor it undertakes. The number of awards won in the prestigious occasion is yet another proof of that. We are humbled by the recognition and motivated to do even better in the future.

Best Presented Annual Report 2016

Won the awards from the following organisations in recognition of our transparency, accountability and compliance with local and international standards.

- SAFA (South Asian Federation of Accountants) Best Presented Annual Report Awards 2016
- ICAB (Institute of Chartered Accountants of Bangladesh) Best Presented Annual Report 2016
- ICSB (Institute of Chartered Secretaries of Bangladesh) National Award 2016 for Corporate Governance Excellence

Best Brand Award 2017

Received top awards in the "Best Overall Brand"; "Best Telecom Brand" and "Most Consistent Brand" for its acceptance among consumers, the awards were presented by Bangladesh Brand Forum in partnership with world's leading brand research company Kantar Millward Brown.

Global Telecoms Business Awards 2017

Grameenphone and Huawei Technologies jointly received a recognition award at the Global Telecom Business Awards 2017 for Infrastructure Service Innovation.

Digital Marketing Award 2017

Grameenphone and its 2 partner agencies (Magnito Digital Ltd. & Asiatic Mindshare Ltd.) have won 9 awards in 7 categories out of 13 in Digital Marketing Award 2017 organised by Bangladesh Brand Forum.



Performance Highlights 2017

Figures in BDT

Revenue
128.4 Bn
11.8%

Operating Profit
50.0 Bn
20.2%

Net Profit After Tax
27.4 Bn
21.7%

Earnings Per Share
20.31
21.8%

Profit Before Tax
47.3 Bn
24.0%

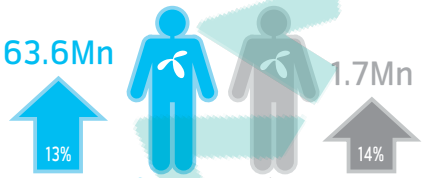
NAV Per Share
26.01
4.6%

NOCF Per Share
42.79
25.2%

NAV- Net Asset Value; NOCF- Net Operating Cash Flow

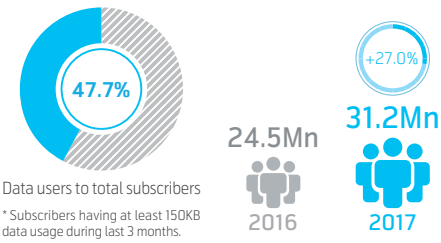
Number of Subscribers

65.3 (million)



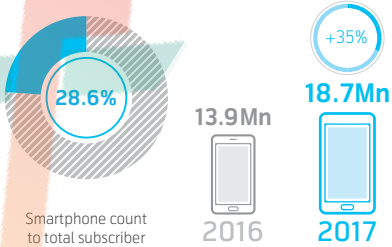
Mobile Data Users*

31.2 (million)



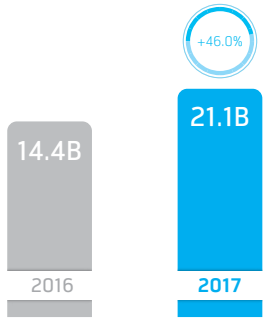
Smartphone Users

18.7 (million)



Mobile Data Revenue

21.1 (billion BDT)



Reimagine Bonding

Imagine making new connections in the most unlikely places



Corporate Information

Company Name
Grameenphone Ltd.

Company Registration No.
C-31531 (652)/96

Board of Directors

Chair
Petter Boerre Furberg

Directors
M Shahjahan
Md. Ashraful Hassan
Witold Sitek
Haakon Bruaset Kjoel
Hans Martin Hoegh Henrichsen
Oivind Burdal
Parveen Mahmud

Independent Directors
Rokia Afzal Rahman
Prof. (Dr.) Jamilur Reza Choudhury

Company Secretary
S M Imdadul Haque

Audit Committee
Rokia Afzal Rahman (Chair)
M Shahjahan
Oivind Burdal
S M Imdadul Haque (Secretary)

Treasury Committee
M Shahjahan (Chair)
Pal Stette
Karl Erik Broten
S M Imdadul Haque (Secretary)

Human Resources Committee
Hans Martin Hoegh Henrichsen (Chair)
M Shahjahan
Quazi Mohammad Shahed
S M Imdadul Haque (Secretary)

Legal Form
A public listed company with limited liability. Incorporated as private limited company on 10 October 1996 and subsequently converted to a public limited company on 25 June 2007. Listed on the Dhaka and Chittagong Stock Exchanges on 11 November 2009.

Health, Safety, Security & Environment Committee
Hans Martin Hoegh Henrichsen (Chair)
M Shahjahan
Quazi Mohammad Shahed
Hasanur Rahman Rakib (Secretary)

Management Team
Michael Patrick Foley, Chief Executive Officer
Yasir Azman, Deputy CEO and Chief Marketing Officer
Karl Erik Broten, Chief Financial Officer
Rade Kovacevic, Chief Technology Officer
Quazi Mohammad Shahed, Chief Human Resources Officer
Mahmud Hossain, Chief Corporate Affairs Officer
Andreas Frandevi, Chief Strategy Officer
Nehal Ahmed, Head of Communications
Naser Fazley Azam, Divisional Head, Customer Experience & Service
Kazi Mahboob Hassan, Head of Transformation

Head of Internal Audit
Hasan Faisal

Statutory Auditors
Rahman Rahman Huq
Chartered Accountants

Registered Office
GP House
Bashundhara, Baridhara
Dhaka-1229, Bangladesh

* The information in this section is as at 30 January 2018

Quarterly Business Highlights 2017

Q1

- During March 2017, Grameenphone celebrated its 20th anniversary. 20 years on, Grameenphone's vision is the full digitalisation of society and the creation of new solutions to simplify the lives of its customers. Given the relentless conviction of the Company to improve lives, its tools for progress at one's disposal, today and beyond, no dream is too big and no destination is too far.
- Optimized the Start up offer with 512MB of data for BDT 9 and total 3GB data in 5 months.
- Introduced BDT 10 internet scratch card nationally for 35MB of data with 3 days validity.
- Rolled out 776 3G sites throughout the country during the quarter. With this, 95% of total sites became 3G enabled.
- To increase brand loyalty of Grameenphone Star customers co-branded credit card was launched in partnership with Standard Chartered Bangladesh.
- JAAGO Foundation won ICT in Education award of UNESCO for implementing Online School. JAAGO Foundation has been operating 10 Online Schools in Bangladesh in partnership with Grameenphone and Agni Systems Ltd.



- Grameenphone stood beside a total of 5,400 families in Sylhet region, coastal areas and in Rangamati area during the quarter that marked heavy rainfall, cyclones and landslides. Relief operation was conducted with direct support from Bangladesh Red Crescent Society and the local authorities.
- Launch of new brand name "My Plan" under consumer postpaid segment. It is the new postpaid solution with the best 3G network. Any new or existing postpaid customer can avail this offer. Prepaid customer can also enjoy this offer by migrating to My Plan without changing their number.



- Rationalized data offers with 3 new packs.
  - 250MB 3 days at BDT 31, 1.5GB monthly at BDT 229 & 4GB Weekly at BDT 179
- 20% volume bonus on all data packs was offered during Eid festival.
- Launched co-branded smart phone LAVA (BDT 2,945) and Micromax (BDT 3,999).
- National Demo day, first time in Bangladesh, was jointly organized with ICT Division, Venture Capital Association of Bangladesh, Uber and Better Stories during 22nd to 25th May.
- Grameenphone, as part of Telenor Group, is also helping local startups expand to new markets beyond the border. Grameenphone sent two startups – Sheba and Cramstack – to Digital Winners Asia in Singapore to compete for NOK 100,000 as seed money for expansion.

Q2

Q3

- The quarter was particularly a challenging one due to heavy rainfall and the disastrous flooding that affected much of the country. Grameenphone stood beside the flood affected in response to ease the distress. The Company supported in 3 major areas: water purification, medical support and food relief. In partnership with Bangladesh Red Crescent Society the Company was able to stand beside more than 200,000 distressed lives.

- Launched 3 new offers during Eid Festival with attractive propositions and offered 20% volume bonus in 2GB and 4GB data packs.



- First ever Digital Marketing Awards was organised by Bangladesh Brand Forum. Grameenphone and its 2 partner agencies (Magnito Digital Ltd. & Asiatic Mindshare Ltd.) clinched 9 awards in 7 categories out of 13
  - 1 Grand Prix, 4 Gold and 4 Silver
  - Won all 3 awards in Best App category
    - MyGP: Grand Prix
    - WowBox: Gold
    - GP Music: Silver

- Revised the start-up offer with 6GB data volume.

- Added 2.9 million new data subscribers during the quarter.

- Launched a minute pack of 60 minutes for BDT 33 with 7 days validity.

- Telecom ministry published 2 guidelines on 4G operating license and spectrum auction & technology neutrality on 4 July 2017 and 10 July 2017 respectively.

Q4

- To boost revenue, launched an offer to win a smartphone every 5 minutes on first BDT 33 or BDT 59 recharge.

- Buy 2 get 1 data campaign was launched to minimize the seasonal impact of lower activity during winter. The start-up offer was also revised higher data volume of 10 GB.

- To establish an enriched 4G device portfolio a joint promotional campaign was done with Apple for iPhone X and Samsung for Note 8. Joint promotional campaign was also done with Walton, the first ever made smartphone in Bangladesh.

- Launched Grameenphone M2M - country's first complete Machine-to-Machine (M2M) connectivity plan for IoT applications. This included various data packs, M2M self-service portal, industrial SIM cards and telco-grade security features to empower the customers with more choices, control and visibility.

- Created awareness on online safety among school children, guardians and teachers. Directly educated more than 52,000 students in over 250 schools of 54 districts. 20 BRAC trainers were trained to ensure ownership and to create resource pool. BRAC trainers conducted the sessions in schools. Over 400 employees participated voluntarily as well.

- Grameenphone clinched three (3) awards at the 9th Best Brand Awards. The Company won the "Best Overall Brand", "Best Telecom Brand" and "Most Consistent Brand" award at the Best Brand Award 2017. Bangladesh Brand Forum (BBF) and Kantar Millward Brown, Bangladesh, the world's leading brand research company organized the event.

- 477 2G and 491 3G sites were rolled out during the quarter, taking the total number of 2G and 3G sites to 12,994 and 12,332 respectively.



MESSAGE FROM **THE CHAIR** AND **THE CEO**



Dear Shareholders,

2017 was a year of superior performance as Grameenphone further consolidated its position as the flagship telecommunication service provider in Bangladesh. The Company delivered strong business results amidst a very competitive environment and challenging operating conditions. We were able to achieve this growth through a single minded focus on our strategic ambitions and solid execution in the market.

Chair
Petter Boerre Furberg

Chief Executive Officer
Michael Patrick Foley

The Company recorded revenue of BDT 128.4 billion for 2017, up 11.8% from last year. Data revenue grew by 46.4% along with voice revenue growth of 9.5%. Net profit of the Company grew by 21.74% in 2017, compared with the previous year, because of rising data usage by subscribers. The Company's net profit increased by BDT 4.9 billion to BDT 27.4 billion in 2017 against BDT 22.5 billion net profit in 2016.

Higher revenue coupled with improved operating efficiency has delivered BDT 76.2 billion in Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), being an indicator of financial performance. As a result, Earnings per Share (EPS) stand at BDT 20.31 for the year 2017, against BDT 16.68 for 2016.

Grameenphone continued to deliver market leading performance with respect to revenue growth, network development and service excellence in 2017. All these are reflected in Grameenphone's SIM market share, which has been stable at 45.0% despite fierce market competition. The Company acquired 7.4 million new subscribers during the year, registering a 12.7% growth from 2016. At the end of the year, total subscriber base reached 65.3 million. The Company also acquired 6.6 million internet users during the same period; which means that 47.7% of total subscribers are now using Grameenphone internet services. With 31.2 million data users, Grameenphone is now the largest Internet Service Provider (ISP) in Bangladesh.

Grameenphone continued to make aggressive investments in consolidating its network leadership in terms of broadening its nationwide telecommunication footprint and the application of cutting edge technology across its business streams. The Company invested BDT 14.5 billion during the year to rollout 3G sites, improving 2G coverage, capacity enhancement, as well as enhancing network and IT readiness for future business. Since inception, Grameenphone has invested more than BDT 313 billion in Bangladesh. Grameenphone, the largest contributor to National Exchequer has paid BDT 61.8 billion, comprising 48.1% of total revenue, to the National exchequer during the year in the form of taxes, VAT, duties and license fees.

With improved topline growth and profitability, Grameenphone delivered another year of steady returns for shareholders. The Board of Directors of Grameenphone Ltd. has recommended final dividend for the year 2017 in cash at the rate of 100% of the paid-up capital (i.e. BDT 10 per share of BDT 10 each). With this, the total cash dividend stands at 205% of paid-up capital, which represents 101% of Profit After Tax for the year 2017 (including 105% interim cash dividend). These results evidently show that we remain consistent in delivering our long-term shareholder value commitment.

We live in a world of unprecedented constant technological disruption, where the scope and reach of digitisation is altering every aspect of our lives. Grameenphone continued on its evolutionary journey towards being a digital lifestyle brand. Grameenphone's product innovation and digital capabilities received its fair share of interest in 2017. To address unfulfilled communication needs with affordable and innovative products and services, Grameenphone has offered the most relevant products to its customers. Further, expansion in its distribution quality and depth has helped Grameenphone get closer to customers, while its online shop has taken service to the customers' fingertips.

In 2017, we have introduced several customer care and lifestyle applications for our customers that have seen encouraging adoption. Smart phone and smart device penetration have increased significantly in 2017 mainly thanks to the proliferation and availability of affordable devices. Grameenphone took a leading role in such initiatives by partnering with local and international device manufacturers to introduce co-branded devices that were not only affordable but also provided customers a great data experience.

Grameenphone has played a pioneering role in facilitating the digital transformation process in Bangladesh, to attain both the Government's and people's visions of a 'Digital Bangladesh'. Grameenphone is working to establish an overall eco-system that complements the digital lifestyle of our customers. To drive the digitalisation journey forward, we have been supporting local technology startups through our GP Accelerator and Digital Winners platform to innovate and come up with better digital services and solutions. Our Whiteboard and Telenor Youth Forum platforms are also actively promoting innovation through digitalisation among the youths.

In 2017, Grameenphone won a number of prestigious accolades, which include the Best Brand Award.

A number of regulatory initiatives are already in the pipeline for implementation in 2018. The 4G operating license, spectrum auction & technology neutrality, tower co. licensing, mobile number portability services are some regulatory opportunities worth mentioning here. We would like to reiterate our commitments towards meaningful consultations, between industry and Government, which can enrich the industry service propositions further. Such consultations in-effect has the added benefit to facilitate the current economic growth momentum of the country.

The mobile industry is evolving at an unprecedented pace. Competition has not let up and regulatory challenges continue. However, riding on the growth potential of the market and the ongoing focus on efficiency and simplification initiatives, the Company is very optimistic about delivering profitable growth going forward. Our ambition is to bring in greater agility and speed in our execution machinery with a sharper focus on our proven strategic priorities and create more value for our shareholders.

As always, we would like to thank our Board for their continued guidance, the Government and regulators for their co-operation and facilitation, and our stakeholders –shareholders, partners, collaborators and media for their continuing trust and support. More importantly, a special thanks to all our employees who have worked hard to create more value for our customers every day.

We sincerely look forward to welcoming you at our 21st Annual General Meeting (AGM).

29 January 2018

Reimagine Wellness

Imagine healthcare at your convenience



Management Discussion & Analysis

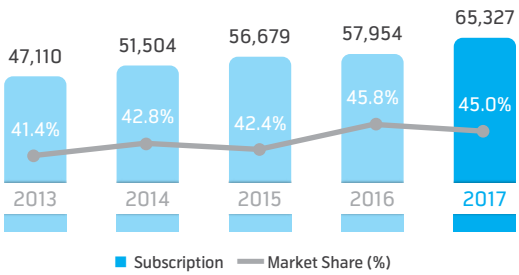
2017 Key Highlights

In 2017 Grameenphone generated BDT 128.4 billion in revenue (2016: BDT 114.9 billion), representing growth of 11.8%, and generated net profit after tax of BDT 27.4 billion (2016: BDT 22.5 billion). Grameenphone ended the year with 65.3 million active subscriptions registering a 12.7% growth in active subscriptions. During the year Grameenphone also acquired 6.6 million internet users increasing the total internet user to 31.2 million at the end of 2017. Grameenphone also invested BDT 14.5 billion mainly for network coverage growth, as a result of which 95.0% of our network is 3G enabled. Our continued focus on Operational Excellence also resulted in a 19.5% growth in EBITDA with a robust margin of 59.2%.

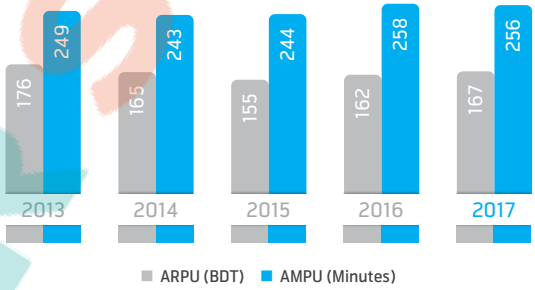
2017 has been an exceptional year for Grameenphone with significant growth in voice, data and bundle supported by a strong focus on OPEX, simplified customer centric offers and services along with strengthening its data positioning through 3G coverage expansion.

Customers and Average Revenue/Minutes per User (ARPU & AMPU)

Total Subscription ('000) : 65,327



ARPU & AMPU



On an annual basis, the subscription base increased by 7.4 million (2016: 1.3 million). The continued acquisition drive in the market throughout the year resulted in a total subscription base of 65.3 million (2016: 58.0 million) and the subscription market share stood at 45.0% at the end of the year.

In 2017, ARPU increased by 2.9% to BDT 167 (2016: BDT 162), mainly due to growth in data revenue. Although in 2016 we saw a growth in AMPU, this was predominantly due to biometric re-registration, and in 2017 higher subscription acquisition from the low usage segment continues to drive lower AMPU.

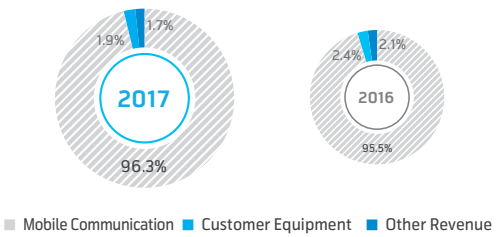
Revenue Performance

Total revenue reached BDT 128.4 billion in 2017 (2016: BDT 114.9 billion), with 11.8% growth over 2016. This was mainly driven by growth in voice, data and bundle revenue.

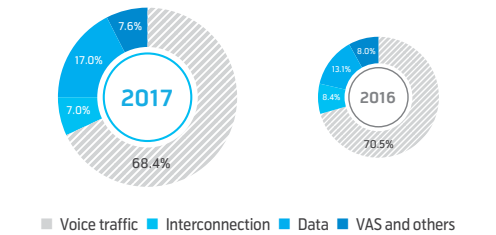
Revenue from mobile communication grew by 12.8% in 2017 to BDT 123.7 billion (2016: BDT 109.7 billion). The growth was mainly driven by Voice and Data and partly offset by interconnection revenue compared to 2016.

Data revenue increased by BDT 6.7 billion to BDT 21.1 billion (2016: BDT 14.4 billion). At the end of 2017, Data revenue accounted for 16.4% (2016: 12.5%) of mobile communication revenue. The growth in data revenue is mainly driven by 27.0% increase in internet users and higher contribution from high volume data pack usage. This was driven by our continued investment in 3G network coverage and increased smartphone penetration in our subscriber base, where Grameenphone sold 474,586 smartphones.

Revenue Composition



Mobile Communication Revenue Composition



Voice revenue experienced 9.5% increase in 2017 mainly due to 12.7% growth in subscription base. Rate cutters and voice bundle offers positively contributed to voice revenue growth in 2017 and voice usage per subscription has increased by 4.9% compared to previous year.

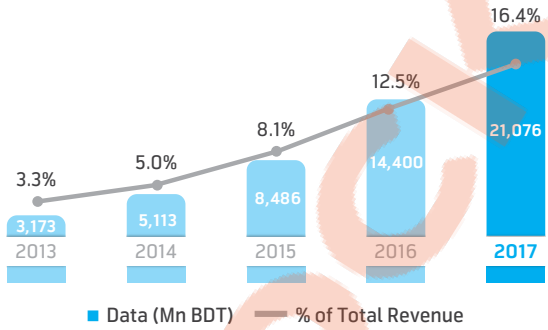
Grameenphone observed decline in interconnection revenue in 2017 compared to last year due to a decrease in incoming minutes from international and local operators. In addition, Grameenphone observed an increase in On-net calls which has also contributed to a reduction in interconnection revenue, whilst at the same time contributing to an increase in voice revenue.

Cost and Margin Review

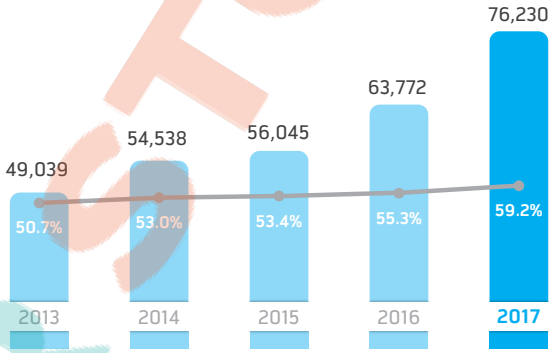
For the year 2017, total cost base of Grameenphone increased by 7.1% to BDT 78.5 billion (2016: BDT 73.3 billion), mainly due to higher depreciation & amortisation, consultancy and regulatory expenses, partly offset by reduction in advertising and promotional expenses. Like previous years, Grameenphone continued its focus on Operational Excellence in 2017 which resulted in savings of BDT 3.1 billion.

The impact of revenue growth and efficient cost management resulted in a 19.5% growth in EBITDA to BDT 76.2 billion (2016: BDT 63.8 billion) and with a robust EBITDA margin of 59.2% (2016: 55.3%).

Data Revenue Contribution



EBITDA & EBITDA Margin

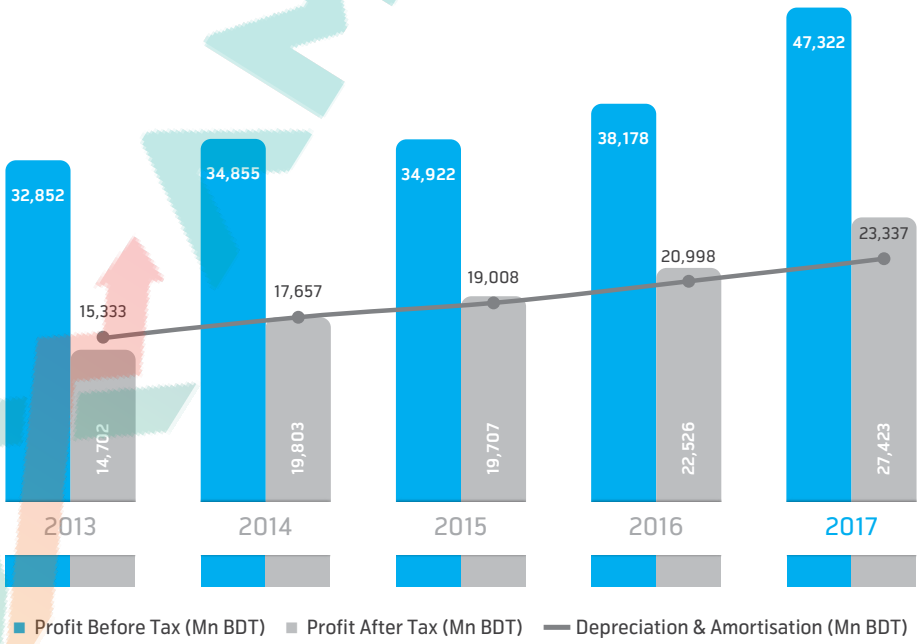


* EBITDA before other items

Profit after Tax

Profit after tax for 2017 stood at BDT 27.4 billion (2016: BDT 22.5 billion) which increased by BDT 4.9 billion due to higher EBITDA and lower Finance expense, partly offset by higher tax, depreciation & amortisation, and foreign exchange loss. Net profit margin for 2017 stood at 21.4% (2016: 19.6%).

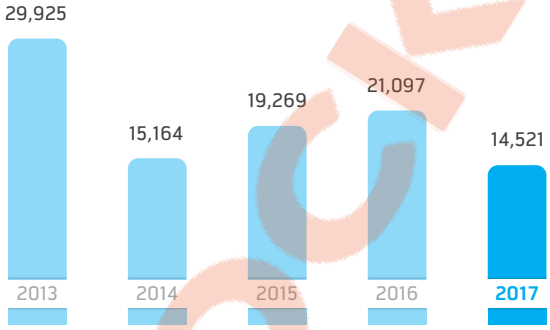
Profit Before Tax, Profit After Tax and Depreciation & Amortisation



Capital Expenditure (Capex) and Network Updates

In 2017, Grameenphone invested BDT 14.5 billion (2016: BDT 21.1 billion) with capex to sales at 11.3% (2016: 18.3%). The majority of the investment was for the expansion of 2G and 3G coverage along with capacity up-gradation to support higher data and voice traffic and to drive superior customer experience. Grameenphone rolled out 1,776 3G sites and 1,010 2G sites in 2017, increasing the 3G population coverage to 92.6% (2016: 90.2%). With 12,994 sites across the country, Grameenphone currently provides its telecommunication services covering 99.5% of the total population of the country.

Capex (Mn BDT)



Balance Sheet

Total asset base remained stable at BDT 130.2 billion (2016: BDT 130.5 billion). However non-current assets decreased mainly due to depreciation & amortisation which was offset by increase in current assets from cash and cash equivalents.

Total liabilities decreased during 2017 mainly due to payments of 4th and 5th installment of long term loan from IFC and short term loans partly offset by higher current tax payable.

Total equity increased to BDT 35.1 billion (2016: BDT 33.6 billion) due to increased profit. The net profit generated from operations during the year 2017 was BDT 27.4 billion (2016: BDT 22.5 billion), partly offset by payment of final dividend for the year 2016 and interim dividend for the year 2017 along with a net reduction of BDT 0.5 billion from re-measurement of Defined Benefit Obligations reported in Other Comprehensive Income.

Sustainability and Partnership to Reduce Inequalities

With the vision of empowering societies, Grameenphone has the ability to deliver solutions which can address social, economic and environmental problems in order to close the inequality gap in the countries it operates in. In 2016, Telenor Group has made a commitment to the UN SDG #10 – Reduced Inequalities. This commitment is based on the fact that Telenor is able leverage digital services and connectivity in innovative ways to address social and environmental challenges.

The sustainability agenda for Grameenphone is clearly defined by global directions – mitigate business risks, design digital solutions to empower society at large and anchor our agenda within the framework of SDG #10. Within that framework Grameenphone's commitment to the society is to partner with responsible and impactful social partners to reduce inequality and empower society within the field of expertise.

Partnering to promote safe digital participation and Create Access to Quality Education

In line with Grameenphone's new Sustainability Direction, we aim to create opportunities for meaningful and safe digital participation for everyone. Bangladesh has a large and relatively young population of 74.65 million young people under the age of 24 who are starting their digital journey. Being the largest mobile ISP in the country it is imperative that we ensure a safer internet experience.



In 2017 alone, Grameenphone reached out to more than 52,000 school children in over 250 schools across the country to create awareness and educate children on personal online safety, in partnership with BRAC, with its Child Online Safety Program. Since 2014, Grameenphone has educated over 140,000 children through 600 schools across Bangladesh and directly engaged with 35,000 parents, teachers and guardians. 400 of our employees participated in the program directly in different regions as ambassadors to the program.

Supporting Book Reading Program

Grameenphone's commitment to supporting SDG #10 has specific goals to use our connectivity to reduce inequalities through scalable and sustainable initiatives. "Alor Pathshala" (School of Enlightenment: www.alorpathshala.org) is the first online book reading program launched by Bishwo Shahitto Kendro (BSK), with support from Grameenphone, on 19 March 2014. Under this service, students have the opportunity to read local and international classics published online by the BSK. Till the end of 2017, the site has had a total of 1,134,717 books downloaded and more than 1,215,605 visitors. Grameenphone has also supported the School Book Reading Program and recognized 19,647 students amongst 185,678 students from 1,453 schools.

Online School

Grameenphone has been a partner in bringing Online School concept since 2011 where teachers take classes using video conferencing technology in ten remote schools across the country. Today there are 1,200 students studying in 10 Online Schools for free.

Supporting through Disaster Response

In 2017 Bangladesh was hit by series of disasters starting from Cyclone Mora in the coastal belt of Chittagong, landslide in Chittagong Hill Track, to devastating floods that swept through more than half of the country. As a responsible corporate citizen, Grameenphone has stepped forward to provide support during all the calamities in different forms. Through the emergency disaster response activities Grameenphone has reached out to over 300,000 people. Bangladesh Red Crescent Society (BDRCS) was the implementation partner.

Employees voluntarily assisted directly in the relief distribution efforts in the affected areas. Moreover, more than 1,000 employees have also stepped up to provide financial support along with the contribution provided by Grameenphone.



Leading Dialogues for Private Sector Participation in UN Sustainable Development Goals

Grameenphone and Telenor Group jointly hosted events titled "Partnering for Reduced Inequalities: How business can contribute to the UN SDGs" at GPHouse. A range of stakeholders, including government agencies, development organisations, and private sector companies were brought together to discuss the way forward in achieving together the UN SDG targets for Bangladesh. The importance of participation of the private sector for the implementation of the Sustainable Development Goals (SDGs) was emphasized and concrete arenas of work were identified. UNICEF, UNDP, BRAC, A2i, FICCI, Telenor, Grameenphone and DNet participated in the discussion. GP has actively sought out arenas where telecommunication and Information Technology entities can contribute to achieve the targets set for the country.

Efforts for the Environment

To deal with the energy crisis in Bangladesh, Grameenphone initiated the renewable energy project in 2007 to ensure uninterrupted voice and data communication services to its customers. By end of 2017, 1,200 base station sites are running on solar power.

Grameenphone manages its obsolete electronic wastes following the international policy and fully complying with laws of the country. Till the end of 2017, more than 642 tons of e-waste (GSM and microwave antennas and other electronic accessories) has been recycled through our recycle partner. The recycling is completed in Bangladesh and overseas in accordance to ISO 14000, OSHAS 18000, and R2 standards.

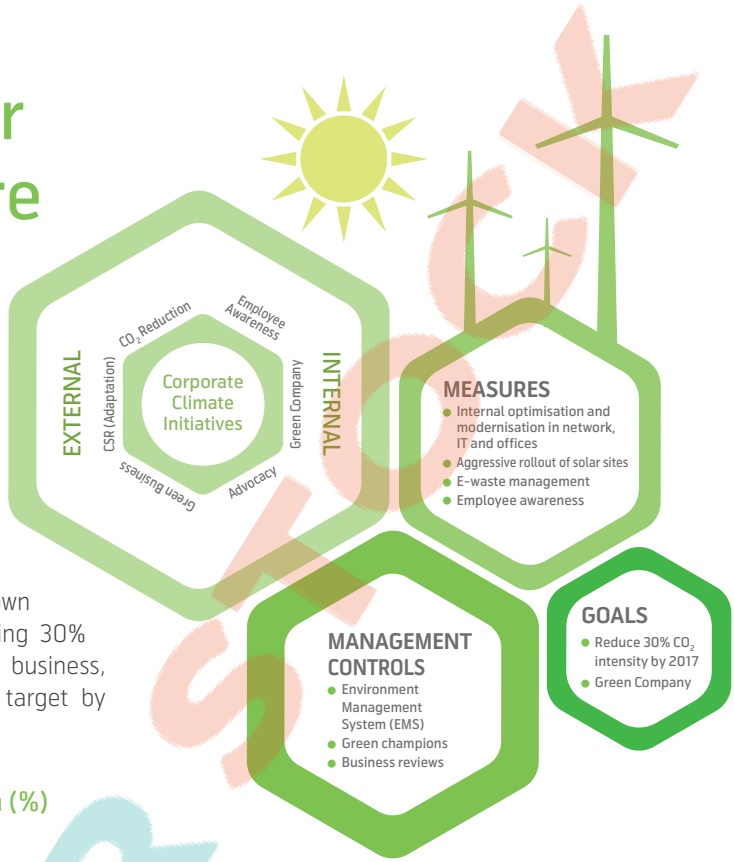
Grameenphone Accelerator Program

Grameenphone Accelerator continues to position itself as the epicenter of startup ecosystem in Bangladesh and aims to be the gateway for Bangladeshi startups for expansion and sourcing of investments to/from rest of the world. The initiative was launched in October 2015 to empower tech startups with the resources they need to build, grow, and Go Beyond. The program graduates have made strides in different national and global competitions - 3 out of 10 winners of the National Demo Day, 2 out of 3 for Bangladesh StartUp Awards and Slush Local Round winners.

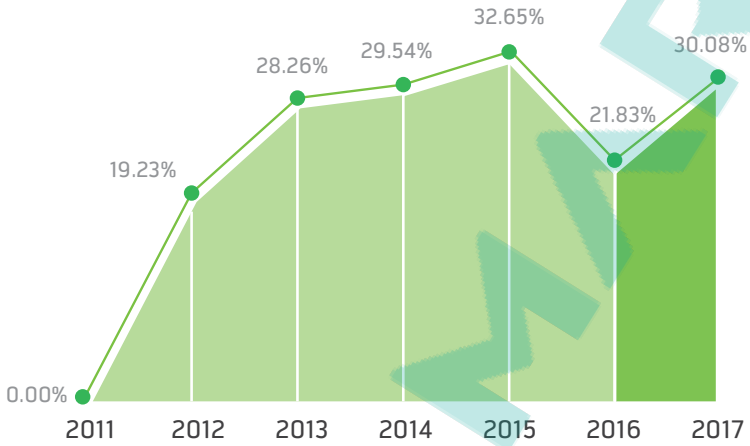
It has also become a platform for engagement with key government stakeholders at Ministerial and private sectors. The Valuation has grown 16 times from the startup phase to BDT 40.8 million currently (up to batch-3) with tech initiatives focusing on online service channeling, education, health, data analytics and mobile marketing.

Climate Change Endorsing Green for a Sustainable Future

Grameenphone continuously strives to reduce the carbon footprint of its operations to safeguard the environment and fight climate change. Grameenphone is not only reducing carbon emissions but also actively working to create a sustainable green momentum in the community by engaging employees and customers to adopt green practices. The Company has an environmental roadmap which aims to promote a low-carbon society, and the first priority is to take responsibility for the CO_2 emission generated by its own operations. Grameenphone has set a target of reducing 30% carbon emission intensity (CO_2) within 2017 from the business, considering 2011 as the baseline, and achieved the target by reducing 30.08% CO_2 intensity in 2017.



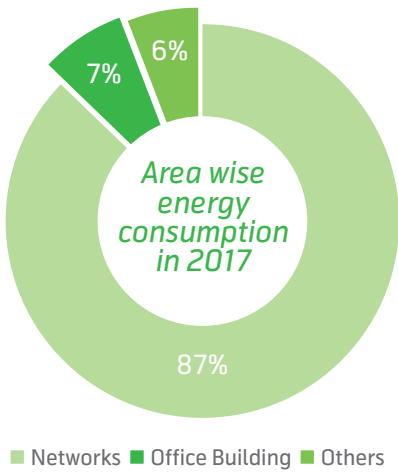
Year wise CO_2 Intensity Reduction (%)



Total Energy Consumption



Grameenphone has deployed solar power in around 10% of its BTS throughout the country and launched a "Mobile Handset Recycling" campaign in 2017. This initiative to recycle handsets has added a new dimension to environmental conservation in Bangladesh. Grameenphone's effort and initiatives around green business has been recognized through a nomination to the highly prestigious global GSMA Green Mobile Awards 2017.



As a continuation of this environmental roadmap, in the year 2017, Grameenphone took the below major initiatives:

Green Initiatives

Mobile Handset Recycling

In 2017, Grameenphone has launched a 'Mobile Handset Recycling' campaign. Through this campaign, Grameenphone urged interested patrons to deposit their unused/discarded mobile handset in a drop box located at their nearest Grameenphone Centre. Grameenphone recycled these unused or discarded handsets, to ensure that all recyclable materials and any potentially harmful substances inside the device were processed properly. All GPC's around the country and Grameenphone Circle offices receives handsets for recycling around the year. This initiative to recycle handset has added a new dimension to the environment conservation in Bangladesh. As of 31 December 2017, Grameenphone has received more than 860 discarded mobile handset for recycling.



Hybrid BTS

In 2017, Grameenphone has converted 100 Generator+Solar to Commercial Power+Solar Hybrid Sites. The newly introduced hybrid sites will provide additional savings of 400,000 liters of fuel which is around 540 tons of CO_2 reduction per year.

Solar Powered BTS

As of 2017, solar has been deployed in 1,200 sites in electricity constrained zones which are producing 6.11 GWh solar powered electricity annually. These solar sites save approx. 2 million liters of fuel, which is a yearly reduction of over 5,300 tons of CO_2.



E-waste Recycling

As of 31 December 2017, more than 76.5 tons of e-waste (GSM and microwave antennas and other electronic accessories) has been recycled through our recycle partner. The recycling is completed in Bangladesh and abroad in accordance to ISO 14000, OSHAS 18000, and R2 standards.

Battery Recycling

Recycling of used lead acid batteries has been set as our internal KPI. So far, we have recycled 32,726 old batteries in 2017.



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Supply Chain Sustainability

Ambition

Grameenphone strives for high standards on sustainability and continuous improvement in its operations throughout the supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognized standards, including requirements on human rights, health and safety, labour rights, environment and anti-corruption. It is mandatory for all Grameenphone contracting parties to agree to these principles.

Supplier Code Endorsement

All suppliers and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone`s Supplier Conduct Principles (SCP). An Agreement on Responsible Business Conduct (ABC) legally obliges the supplier to comply with the SCP and certain requirements set out in the ABC Agreement. All suppliers are required to extend the principles further down in their own supply chain.

Supply Chain Capacity Building

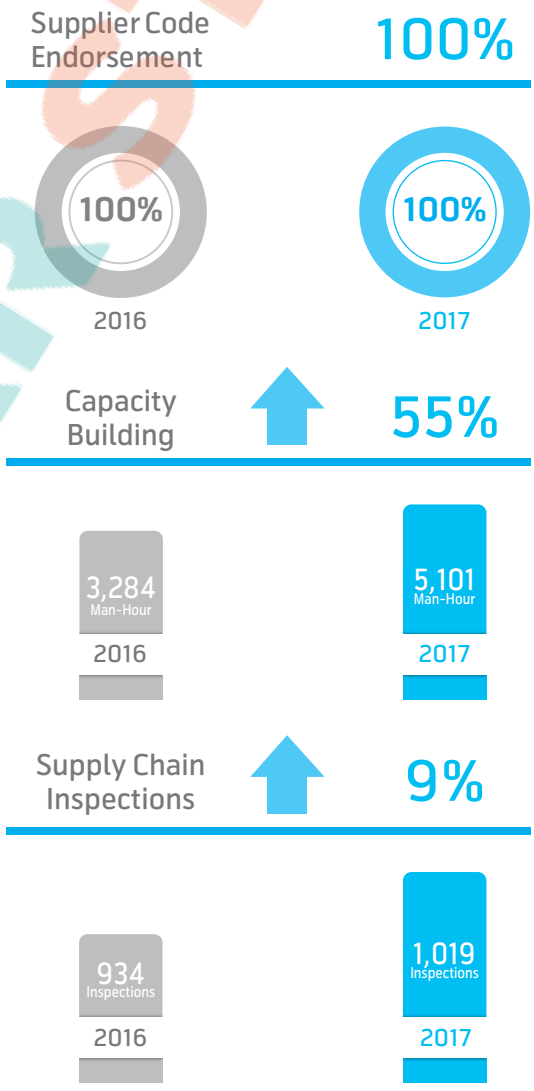
Grameenphone conducted 5,101 man-hours of supply chain capacity building programs in 2017. The initiative involved various efforts to proactively build capacity of the suppliers and sub-suppliers in order to drive continuous improvement in the supply chain. The activities vary from supplier to supplier depending on the overall risk picture of the operation. Typical activities include on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides, etc. The capacity building is customized according to the practical situation and according to the real need of the suppliers, focusing on awareness of Grameenphone Supplier Conduct Principles issues as well as specific activities related to skill development (e.g. tower climbing). Typical topics include labour rights, health and safety, anti-corruption, green initiatives, women empowerment and diversity.

Supply Chain Monitoring

Grameenphone carries out inspections in order to monitor compliance with the requirements on responsible business conduct. In 2017, Grameenphone carried out 1,019 inspections (ranging from simple site visits to more comprehensive inspections or audits) across the supply chain. More than 70 percent of the inspections were carried out unannounced.

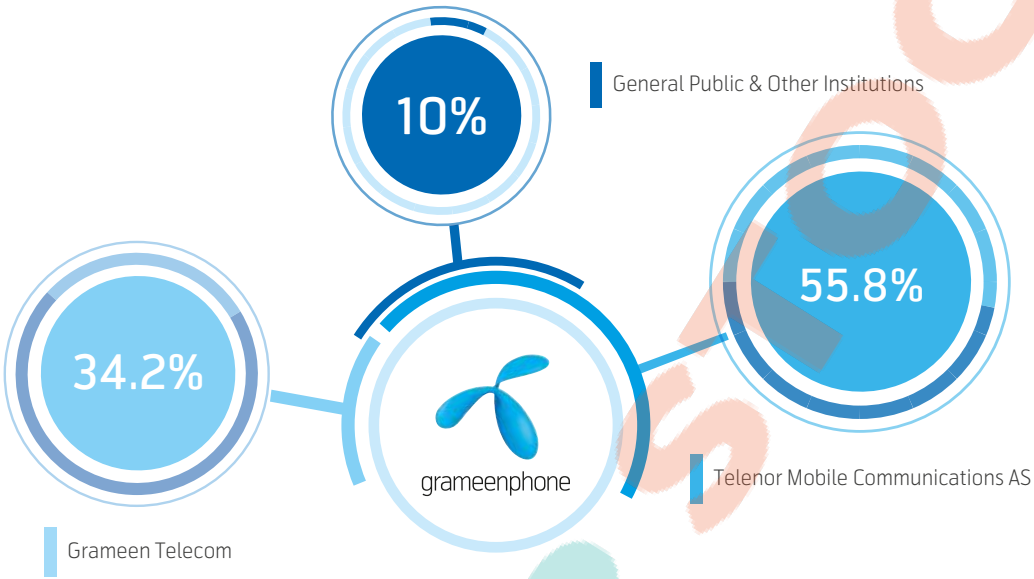
Going Forward

Inspections, audits, capacity building and long-term risk reduction will continue to stay high on Grameenphone's responsible supply chain agenda. In 2018, audit, inspection and capacity building activities will continue at least at the same level compared to 2017. Further, Grameenphone shall strive towards long-term risk reduction focusing on continual improvement in supply chain.



The Shareholders

The shareholding structure comprises of mainly two sponsor shareholders, namely, Telenor Mobile Communications AS (55.80%) and Grameen Telecom (34.20%). The rest 10.00% shareholding includes General Public (2.03%), Foreign (3.42%) and other institutions (4.55%), as on 31 December 2017.



Telenor Mobile Communications AS (TMC)

TMC is an indirectly wholly-owned subsidiary of Telenor ASA. Telenor ASA is the leading Telecommunications Company of Norway listed on the Oslo Stock Exchange. TMC owns 55.80% shares of Grameenphone Ltd. Telenor was founded in 1855 and builds on over a 160 years of telecom experience from Norway. Through international expansion, Telenor today has mobile operations with solid market positions in Scandinavia, Central and Eastern Europe and Asia. Telenor had, as of 31 December 2017, 178 million mobile subscribers across its footprint, as well as 2 million fixed broadband and 2 million TV customers in Scandinavia.

In addition to Norway and Bangladesh, Telenor owns mobile telephony companies in Sweden, Denmark, Hungary, Serbia, Montenegro, Bulgaria, Thailand, Malaysia, Pakistan and Myanmar. Telenor uses the expertise it has gained at its home and international markets for the development of emerging markets like Bangladesh.

As part of the conversion of Grameenphone from a private limited to a public limited company, Telenor Mobile Communications AS transferred ten (10) shares each on 31 May 2007 to its three (3) affiliate organisations, namely Nye Telenor Mobile Communications II AS, Norway; Telenor Asia Pte. Ltd., Singapore; and Nye Telenor Mobile Communications III AS, Norway.

Grameen Telecom (GTC)

Grameen Telecom, which owns 34.20% of the shares of Grameenphone Ltd., is a not-for-profit company in Bangladesh established by Professor Muhammad Yunus, winner of the Nobel Peace Prize 2006.

GTC's mandate is to provide easy access to GSM cellular services in rural Bangladesh and create new opportunities for income generation through self-employment by providing villagers, mostly the poor rural women, with access to modern information and communication-based technologies.

Grameen Telecom, with its field network, administers the Village Phone Program, through which Grameenphone provides its services to the fast growing rural customers. Grameen Telecom trains the operators and handles all service-related issues.

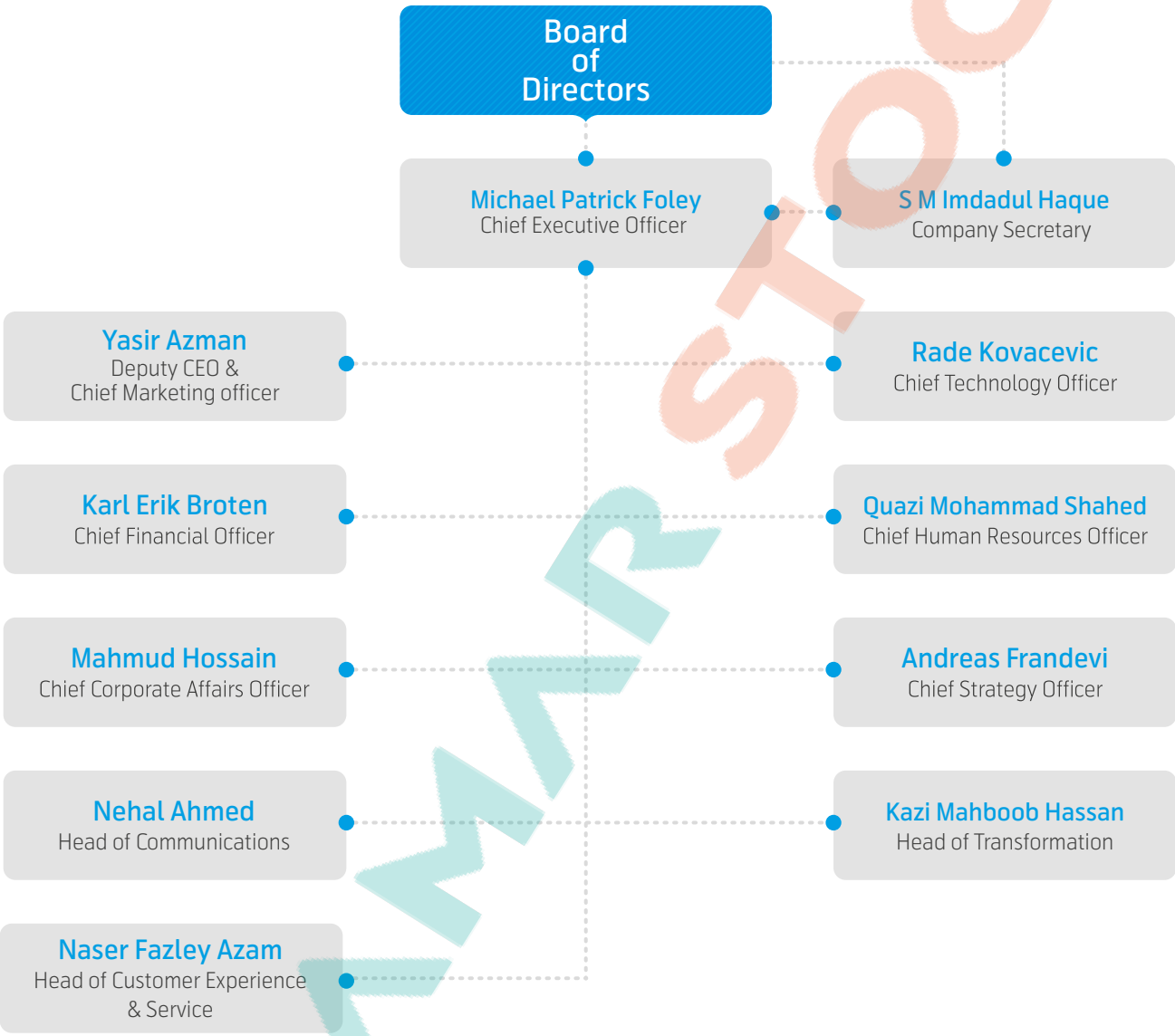
GTC has been acclaimed for its innovative Village Phone Program. GTC and its Chairman, Nobel Peace Prize laureate, Professor Muhammad Yunus have received several awards which include; First ITU World information Society Award in 2005; Petersburg Prize for Use of the IT to improve Poor People's Lives" in 2004; GSM Association Award for "GSM in Community Service" in 2000.

As part of the conversion of Grameenphone from a private limited to a public limited company, Grameen Telecom transferred one (1) share each on 31 May 2007 to Grameen Kalyan and Grameen Shakti.

Top Twenty Shareholders as on 31 December 2017

Sl. No.	Name of Shareholders	Number of Ordinary Shares Held	Percentage
1	Telenor Mobile Communications AS	753,407,724	55.80%
2	Grameen Telecom	461,766,409	34.20%
3	Grameen Bank Borrower's Investment Trust	11,037,221	0.82%
4	Investment Corporation of Bangladesh	9,912,577	0.73%
5	Government of Norway	8,608,964	0.64%
6	A.K. Khan & Co Limited	5,507,250	0.41%
7	ICB Unit Fund	4,215,549	0.31%
8	AB Investment Limited-Investors Discretionary Account: I2320	2,790,000	0.21%
9	NTC A/C Prince Street Institutional Ltd.	2,607,655	0.19%
10	IDLC Investments Ltd. - Omnibus	2,338,656	0.17%
11	JPMCB NA for JPM Lux A/C Schroder International Selection Fund	2,023,511	0.15%
12	Mellon Bank N.A. A/C Acadien Frontier Markets Equity Fund	1,959,933	0.15%
13	Delta Life Insurance Co. Ltd.	1,820,453	0.13%
14	United Commercial Bank Ltd.	1,702,422	0.13%
15	SSBT A/C Morgan Stanley Institutional Fund, Inc. -Frontier Emerging Markets Portfolio	1,504,390	0.11%
16	SSBT FOR SSB LUX A/C Morgan Stanley Asset Management Acting of behalf of Morgan Stanley Galaxy Fund	1,432,430	0.11%
17	Grameen One : Scheme Two	1,400,000	0.10%
18	NTC A/C Harding Loevner Frontier Emerging Markets Portfolio	1,331,600	0.10%
19	The Bank of New York Mellon AF UPS Group Trust	1,314,800	0.10%
20	IDLC Securities Limited	1,271,330	0.09%
	Total	**1,277,952,874**	**94.65%**

Organisational Structure



* The information in this section is as at 30 January 2018

Board of Directors

"Our business is led by our Board of Directors ('the Board'). They bring years of experience with them. Their breadth of knowledge guides our decisions and actions."



STANDING

From right to left

Parveen Mahmud
Non-Executive Director

Haakon Bruaset Kjoel
Non-Executive Director

Petter Boerre Furberg
Non-Executive Director and Chair

Prof. (Dr.) Jamilur Reza Choudhury
Independent Director

Witold Sitek
Non-Executive Director

SITTING

From left to right

Oivind Burdal
Non-Executive Director

M Shahjahan
Non-Executive Director

Rokia Afzal Rahman
Independent Director

Hans Martin Hoegh Henrichsen
Non-Executive Director

Md. Ashraful Hassan
Non-Executive Director

Directors' Profile



Petter Boerre Furberg

Non-Executive Director and Chair

Date of Appointment
26 May 2017

Nationality
Norwegian

Committee Membership
None

Mr. Petter Boerre Furberg was appointed to the Board on 26 May 2017 and is also the Chair of Grameenphone Board. Mr. Furberg is Executive Vice President and Head of Emerging Asia Cluster, Telenor Group. He also served as interim Chief Executive Officer (CEO) of Grameenphone during November 2016 to May 2017. Before joining Grameenphone as the interim CEO, he was the Senior Vice President Telenor Digital Businesses, based in Bangkok. Prior to that, Mr. Furberg served as CEO of Telenor Myanmar for three years. Since joining Telenor in 1998, he has held a number of executive positions, including Chief Financial Officer and Chief Marketing Officer of dtac, Thailand, and Head of Financial Services at Telenor Group. Mr. Furberg holds a degree in Economics and Business Administration based on a four year program from the Norwegian School of Economics and is a Certified European Financial Analyst (AFA/CEFA).



M Shahjahan

Non-Executive Director

Date of Appointment
26 June 2006

Last Re-elected
19 April 2016

Nationality
Bangladeshi

Committee Membership
Audit Committee, Treasury Committee
HR Committee, HSSE Committee

Mr. M Shahjahan was appointed to the Board on 26 June 2006 and is also Chair of the Company's Treasury Committee. He is the former Managing Director of Grameen Bank. He acted as the Managing Director of Grameen Bank from 14 August 2011 to 30 October 2014. Now, he is on retirement. Earlier, he served as the Deputy Managing Director, the General Manager and Head of the Accounts, Finance, Planning, Monitoring and Evaluation Division, the Chief of the Audit Department, and the Zonal Manager of Grameen Bank. Mr. Shahjahan is a member of the Board of Directors of several companies that work in the fields of health, education, agriculture, welfare, renewable energy and telecommunications. He obtained a Bachelor of Commerce (Honours) degree in Accounting from the University of Dhaka in 1976, as well as a Master's degree in Accounting in 1977 and a Master's degree in Finance in 1981. He was awarded ICAB Medal (Silver) for passing the 'C.A. Intermediate' examination at the earliest eligible chance in 1981.



Md. Ashraful Hassan

Non-Executive Director

Date of Appointment
20 January 2010

Last Re-elected
20 April 2017

Committee Membership
None

Nationality
Bangladeshi

Mr. Md. Ashraful Hassan was appointed to the Board on 20 January 2010. He currently serves as Managing Director of Grameen Telecom and is engaged in promoting and providing easy access to GSM cellular services in rural Bangladesh. He also serves as Managing Director of Grameen Distribution Ltd. and Grameen Shamogree. He has a profound knowledge in sales channels and product sourcing. He keeps his own signature tune in Grameen Distribution with a broad experience in the concept of business development and supply chain management. He has extensive and diversified knowledge in various industrial sectors, especially in the field of textile focusing on resource efficient, and energy saving production. He has wide exposure in industrial management, local & export market, labour management, developing rural artists & artisan goods and so on. Mr. Ashraf also acquired wide range of experience for different kinds of project development and industrial setup. He has an extensive knowledge in the field of construction engineering. He started his career in Grameen Bank in 1984. During his 15 years of tenure with the Bank, he held various key positions including the Chief of Engineering section. He extended notable contribution to the infrastructural development of Grameen Bank. He serves as a member of the Board of Directors of several enterprises that play commendable role in the fields of renewable energy, health care, food & nutrition, information and communication technology, employment generation and so forth. He holds a Bachelor of Science degree in Engineering from Khulna University of Engineering and Technology, Bangladesh.



Witold Sitek

Non-Executive Director

Date of Appointment
30 January 2018

Nationality
Norwegian

Committee Membership
None

Mr. Witold Sitek was appointed to the Board on 30 January 2018. Mr. Witold Sitek joined Telenor in 2004. He is now Senior Vice President Transformation in Telenor ASA. Recently he has held positions in Telenor ASA as SVP Technology Strategy from 2014 to 2015, SVP Technology 2011 - 2014 and CTO Nordic 2009 – 2010. He has been Board member in Telenor Norway, Telenor Sweden, Telenor Denmark, Telenor Myanmar, Telenor Global Services and Telenor Shared Services as well as in Net4Mobility, a joint venture with Tele2 in Sweden. Before joining Telenor, he was partner in Accenture within Communications and High Tech and responsible for Global Architecture and Core Technologies in Scandinavia. He holds a Master of Science in Computer Science.



Haakon Bruaset Kjoel

Non-Executive Director

Date of Appointment
14 September 2011

Last Re-elected
21 April 2015

Nationality
Norwegian

Committee Membership
None

Mr. Haakon Bruaset Kjoel was appointed to the Board on 14 September 2011. He is Senior Vice President and Head of Group Public & Regulatory Affairs, Telenor Group. Mr. Kjoel joined the Telenor Group in 1995, beginning his career in the domestic mobile operations in Norway. Since then, he contributed to the Group's growing international presence through his involvement in Telenor's international mobile activities where he in his early years played significant roles in operational development and merger and acquisition activities both in Europe and Asia. For the last 16 years, Mr. Kjoel has served in key roles in the development of the Group's strategy for Asia and managing the Asia business environment to include the areas of public affairs, regulatory management, government relations, strategic communications and corporate responsibility. He assumed his current global role in September 2016. Mr. Kjoel is a former student of the Norwegian School of Management majoring in Marketing and Communications. He holds a Master of Business Administration from BI Norwegian Business School, Oslo. Mr. Kjoel has been living in Asia since 2001 and currently resides in Singapore.



Hans Martin Hoegh Henrichsen

Non-Executive Director

Date of Appointment
22 January 2014

Last Re-elected
20 April 2017

Committee Membership
HR Committee, HSSE Committee

Nationality
Norwegian

Mr. Hans Martin Hoegh Henrichsen was appointed to the Board on 22 January 2014 and is Chair of the Company's Human Resources Committee, and Health, Safety, Security & Environment Committee. He is Senior Vice President in Telenor Asia and serves as Chief Representative Officer for Bangladesh. Mr. Henrichsen has professional experiences in the financing and telecommunications industries. He joined Telenor in 2000 and has since then held several senior positions in the Company. During the past 14 years, Mr. Henrichsen has worked with project financing and mobile acquisition projects in markets new to Telenor, most recently with Telenor's expansion into Myanmar. He holds a degree in Economics and Business Administration from the Norwegian School of Economics.



Parveen Mahmud

Non-Executive Director

Date of Appointment
17 October 2012

Last Re-elected
21 April 2015

Committee Membership
None

Nationality
Bangladeshi

Ms. Parveen Mahmud FCA was appointed to the Board on 17 October 2012. Ms. Mahmud serves in various Boards including the Chairperson of Shasha Denims Ltd., and MIDAS (Micro Industries Development Assistance and Services). She was the Vice Chairperson, Underprivileged Children Education Program (UCEP) and was the Chairperson of Acid Survivors Foundation. She is the Council member and Past President of the Institute of Chartered Accountants of Bangladesh (ICAB). In her diversified professional career, Ms. Mahmud worked in the development sector and was a practicing chartered accountant. Ms. Mahmud started her career with BRAC, and was the Deputy Managing Director of Palli Karma-Sahayak Foundation (PKSF). She was a partner of ACNABIN, Chartered Accountants. She was the first female President of ICAB for the year 2011 and also the first female Board member in the South Asian Federation of Accountants (SAFA), the apex accounting professional body of the SAARC. She is the Chairperson, CA Female Forum, ICAB. She was the member of National Advisory Panel for SME Development of Bangladesh and founding Board member of SME Foundation and Convener, SME Women's Forum. Ms. Mahmud is also a member of the International Chamber of Commerce (ICC), Bangladesh. She is the Managing Director of Grameen Telecom Trust. She received "Women at Work-2017" Award from BASIS and "Women of Inspiration Awards"-2017 from the BOLD Bangladesh. She was awarded Begum Rokeya Shining Personality Award 2006 for women's empowerment by the Narikantha Foundation, Bangladesh.



Rokia Afzal Rahman

Independent Director

Date of Appointment
06 December 2012

Last Re-elected
19 April 2016

Nationality
Bangladeshi

Committee Membership
Audit Committee

Ms. Rokia Afzal Rahman was appointed to the Board on 06 December 2012 as an Independent Director and is also Chairperson of the Company's Audit Committee. She is a former Adviser to the Caretaker Government of Bangladesh. Ms. Rahman started her agro-based company in 1980 and further diversified her businesses into insurance, media, finance and real estate. She is currently the Vice President of International Chamber of Commerce (ICC) Bangladesh and Trustee Board Member of Transparency International Bangladesh (TIB). Ms. Rahman is founder President of Bangladesh Federation of Women Entrepreneurs (BFWE) and a former President of Metropolitan Chamber of Commerce and Industries (MCCI), Dhaka. Her commitment to development brings her to the Board of a number of development organisations. She is also the Chair and Managing Director of R. R. Group of Companies, Chair and Managing Director of Arlinks Group of Companies. Ms. Rahman did her Post Graduate Diploma in Banking.



Prof. (Dr.) Jamilur Reza Choudhury

Independent Director

Date of Appointment
06 December 2012

Nationality
Bangladeshi

Committee Membership
None

Prof. (Dr.) Jamilur Reza Choudhury was appointed to the Board on 15 June 2016 as an Independent Director. He is one of the leading engineers and academics in the country. He started his career in 1963 as a Lecturer in Department of Civil Engineering at Bangladesh University of Engineering and Technology (BUET) and was appointed as Professor in 1976. He was Head of the Department (1978-79, 1981-83), Dean of the Faculty of Civil Engineering at BUET (1983-85) and Director of Computer Centre at BUET (1982-92), the largest computing facility in the country. He received his Ph.D. from University of Southampton, UK, in 1968 and was awarded the Doctor of Engineering (Honoris Causa) degree by University of Manchester, UK, in 2010. He has been involved with planning, design and construction of some of the largest infrastructure projects in Bangladesh (ports, airports, buildings and bridges). He was the President of Institution of Engineers, Bangladesh (1992-93). He was elected as Fellow of Institution of Civil Engineers, UK, in 1995. He was an Adviser (Minister) to the Caretaker Government of Bangladesh in 1996 and was in charge of Ministry of Energy and Mineral Resources and Ministry of Water Resources. He was Chairman of the Board of Bangladesh Shilpa Bank (1996-98). He has headed a large number of Committees and Task Forces formed by the Government to formulate ICT Policies and Plans (1997, 2001, 2007). He was the first Vice Chancellor of BRAC University (2001-10) and since 2012, he has been the Vice Chancellor of University of Asia Pacific.



Oivind Burdal

Non-Executive Director

Date of Appointment
18 May 2016

Nationality
Norwegian

Committee Membership
Audit Committee

Mr. Oivind Burdal was appointed to the Board on 18 May 2016. In 2004, he joined the Legal Department of Telenor ASA where he has practiced and held managerial positions within several areas. In August 2017, he was appointed Vice President, Head of Legal in Telenor Asia (IHQ) Ltd. after having served as Senior Vice President, Head of Legal in Telenor Myanmar Ltd. since July 2015. After obtaining his law degree, he joined Thommessen Krefting Greve Lund, one of the major law firms in Norway, in 1998 focusing on M&A and TMT. Mr. Burdal obtained his Law degree (Cand. Jur.) from the University of Oslo, Norway, his degree in Business Administration (Bedriftsokonom BI) from BI Norwegian Business School Oslo, Norway and his masters' degree (LLM, Master of Corporate and Commercial Law) from London School of Economics and Political Science in London, England.

Companies (other than Grameenphone Ltd.) in which Grameenphone Directors hold directorship and committee memberships:

Sl. No	Name of Director	Directorship	Member of Board Committees
1	Mr. Petter Boerre Furberg	Total Access Communication PLC ('dtac'), Thailand Telenor Myanmar Ltd., Myanmar Telenor Pakistan Ltd., Pakistan Telenor Microfinance Bank Telenor Health Digital Money Myanmar Ltd., Myanmar	Telenor Myanmar Ltd., Myanmar *Audit Committee* Telenor Pakistan Ltd., Pakistan *Audit Committee*
2	Mr. M Shahjahan	Grameen Telecom Grameen Shakti Grameen Fund Grameen Mothso O Poshu-Shampad Foundation Grameen Kalyan Grameen Fabrics & Fashions Ltd. Grameen Credit Agricole Microfinance Foundation Grameen Employment Services Limited (GES) Grameen Knitwear Ltd. Grameen Shikkha Grameen Communications Grameen Shakti Samajik Byabosa Ltd. Grameen Shamogree Grameen Capital Management Grameen Healthcare Services Ltd. Grameen Solutions Grameen Italia Team Accessories Ltd. Grameen Distribution Samajik Health Science Institute and Research Center Limited **Member of Board of Trustees** Nobel Laureate Trust Grameen Telecom Trust Grameen Healthcare Trust	None
3	Mr. Md. Ashraful Hassan	Grameen Shakti Grameen Kalyan Grameen Telecom Grameen Knitwear Ltd. Grameen Solutions Ltd. Grameen Distribution Ltd. Grameen Veolia Water Ltd. Grameen Danone Foods Ltd. Grameen Fabrics and Fashions Ltd. Grameen Health Care Services Ltd. Grameen Employment Services Ltd. Grameen Shakti Samajik Byabosa Ltd. **Member of Board of Trust** Grameen Telecom Trust	None

Sl. No	Name of Director	Directorship	Member of Board Committees
4	Mr. Witold Sitek	None	None
5	Mr. Haakon Bruaset Kjoel	Telenor Pakistan Ltd., Pakistan Telenor Asia Pte. Ltd., Singapore Telenor South Asia Investment Pte. Ltd., Singapore Telenor South East Asia Investment Pte. Ltd., Singapore Telenor GO Pte. Ltd., Singapore Total Access Communication PLC ('dtac'), Thailand Telenor Asia (IHQ) Limited, Thailand Telenor Myanmar Ltd., Myanmar Digi Telecommunications Sdn Bhd, Malaysia Digi.com Berhad, Malaysia	dtac, Thailand *Nomination Committee* *Remuneration Committee* Digi.com, Berhad, Malaysia *Nomination Committee*
6	Mr. Hans Martin Hoegh Henrichsen	International Project Development AS, Norway Sea Resources AS, Norway	None
7	Ms. Parveen Mahmud	Shasha Denims Ltd. Shasha Textiles Ltd. Shasha Spinning Ltd. Shasha Apparels Ltd. Linde Bangladesh Ltd. International Chamber of Commerce- Bangladesh BRAC (Association Member) BRAC International Palli Karma Sahayak Foundation (PKSF) Under Privileged Children Education Program (UCEP)Bangladesh Manusher Jonno Foundation (MJF) MIDAS Campaign for Popular Education (CAMPE) Rangpur Dinajpur Rural Services (RDRS)- Bangladesh Syeda Anjuman Ara Girls School, Jagannath Dighi, Chauddagram, Comilla Ghashful Grameen Danone Foods Ltd. Grameen Krishi Foundation Grameen Fisheries and Livestock Ltd. Grameen Health Care Services Ltd. Grameen Fabrics & Fashions Ltd. Grameen Knitwear Ltd. Grameen Distribution Ltd. Grameen Shamogri Ltd. Grameen Samajik Byabsha Ltd.	Linde Bangladesh Ltd. *Audit Committee* BRAC International *Audit Committee* BRAC *Audit Committee* CAMPE *Audit Committee*
8	Ms. Rokia Afzal Rahman	R.R. Cold Storage Ltd. R.R. Estates Ltd. Imaan Cold Storage Ltd. Aris Holdings Ltd. Arlinks Limited Mediaworld Ltd. (owning company of "The Daily Star") MIDAS Financing Ltd. MIDAS Mediastar Ltd. (owning company of "Prothom Alo"). ABC Radio. Bangladesh Lamps Ltd. Marico Bangladesh Ltd. **Governing Body Member** BRAC. Banchte Shekha, Jessore DNeT **Member of Board of Trustees** Transparency International - Bangladesh (TIB) Presidency University	None
9	Prof. (Dr.) Jamilur Reza Choudhury	Grameen Communications	None
10	Mr. Oivind Burdal	Telenor Pensjonskasse, Norway (Deputy Director) Telenor Pakistan Ltd., Pakistan Telenor Myanmar Ltd., Myanmar	Telenor Myanmar Ltd., Myanmar *Audit Committee* Telenor Pakistan Ltd., Pakistan *Audit Committee*

Management Team

"The key roles of the Management Team, headed by the Chief Executive Officer, include running the day-to-day business of the Company. Collectively, they inspire our teams and steer the success of our business."



STANDING

From left to right

Nehal Ahmed
Head of Communications

Karl Erik Broten
Chief Financial Officer

Rade Kovacevic
Chief Technology Officer

Naser Fazley Azam
Head of Customer Experience & Service

Kazi Mahboob Hassan
Head of Transformation

Andreas Frandevi
Chief Strategy Officer

SITTING

From right to left

Mahmud Hossain
Chief Corporate Affairs Officer

Yasir Azman
Deputy CEO & Chief Marketing Officer

Michael Patrick Foley
Chief Executive Officer

Quazi Mohammad Shahed
Chief Human Resources officer

Management Team Profile



Michael Patrick Foley
Chief Executive Officer

Mr. Michael Patrick Foley was appointed as Chief Executive Officer (CEO) effective from 26 May 2017. Before joining Grameenphone he was CEO of Telenor Bulgaria. A Canadian by birth, he joined Telenor in 2014 as CEO of Telenor Pakistan. He has more than 30 years of sales, marketing and operational experience in the telecom, retail and gaming sectors from both advanced and growth markets. He is a Graduate of McGill University in Montreal with BA in Organisational Psychology.



Yasir Azman
Deputy CEO & CMO

Mr. Yasir Azman was appointed as Deputy Chief Executive Officer (DCEO) effective from 26 May 2017. He also serves as Chief Marketing Officer (CMO) from 15 June 2015. Mr. Azman is an experienced professional with vast international experience in multiple countries and cultures. Before joining as CMO Grameenphone, Mr. Azman served as Telenor Group's Head of Distribution & eBusiness and worked across all Telenor Operations. He has also worked in Telenor India operations as EVP & Circle Business Head for Orisssa and Karnataka circles during 2010-2012. In his previous tenure in Grameenphone, Mr. Azman played a leading role to set up Grameenphone sales and distribution organisation and to transform Grameenphone distribution structure. Throughout his career, Mr. Azman has a proven track record as a leader of transformation, change management and business development. He has an MBA from Institute of Business Administration, Dhaka University, and also attended several executive educational programs in the London Business School and INSEAD France.



Karl Erik Broten
Chief Financial Officer

Mr. Karl Erik Broten was appointed as Chief Financial Officer (CFO) effective from 01 September 2017. Prior to joining Grameenphone he has been serving as CFO of Telenor's Malaysian operation Digi Telecommunication since May 2013. Earlier, he was CFO at Telenor Pakistan and Telenor Hungary (formerly, Pannon GSM). With over 20 years of experience in Telenor Group he has also held leadership positions in Telenor Norway, Telenor Business Solutions and in Telenor-owned operations in Russia, among others. Karl holds a Degree in Business Administration based on a four year program (Siviløkonom), major area of study in International Management from Agder University College, Norway.



Rade Kovacevic
Chief Technology Officer

Mr. Rade Kovacevic was appointed as Chief Technology Officer (CTO) effective from 30 January 2018. Earlier, he was serving as the Interim CTO in Grameenphone from 18 June 2017. Prior to joining Grameenphone, Mr. Rade was working as Head of IT Asia (acting), Technology & Services of Telenor Group. Prior to that, he also worked as Head of Sourcing at Telenor India. He has over 17 years of experience in telecom industry working in different senior positions. Mr. Rade has an MSc in Electronics and Computer Science from University of Montenegro.



Quazi Mohammad Shahed
Chief Human Resources officer

Mr. Quazi Mohammad Shahed was joined Grameenphone for the second time as Chief Human Resources Officer (CHRO) on 01 April 2017. His journey in Telenor started in 2012 as the CHRO of Grameenphone, after which, he went on to take up the role of CHRO of Telenor India, which is one of the most challenging market Telenor operates in. Prior to Telenor, he was employed by British American Tobacco (BAT) as HR Lead in Global SAP Project in UK. After obtaining his Bachelor's Degree in Mechanical Engineering from BUET, he started his career in BAT Bangladesh and subsequently completed his MBA. Early in his career, he worked in different roles within Operations and subsequently assumed the Head of HR role of BAT Bangladesh. He then moved out as an international staff and worked in Iran, UAE, SAA (South Asia Area), Malaysia and UK in different HR leadership and global project roles. During his career he has gone through various learning interventions in leading business schools namely INSEAD, IMD. In his HR career he led many change initiatives, involved in business setup, global process and system design, business process outsourcing, and built one of the strongest employer brands in the country.



Mahmud Hossain
Chief Corporate Affairs Officer

Mr. Mahmud Hossain was appointed as Chief Corporate Affairs Officer (CCAO) effective from 08 March 2010. He started his career in 1990 when he joined the technical team of the erstwhile Hutchison BD Telecom Ltd. He worked for Grameenphone, at his first spell with the Company, as Additional General Manager at Technology Operations during 2000-2001. In his credibly long career, he also worked for few other telecom operators before rejoining Grameenphone in August 2009. He obtained his B.Sc. in Electrical & Electronic Engineering from Bangladesh University of Engineering and Technology (BUET). He obtained his MBA from the Institute of Business Administration (IBA), Bangladesh. He also holds a Master's (Telecom) degree from Concordia University, Canada.



Nehal Ahmed
Head of Communications

Mr. Nehal Ahmed was appointed as Senior Director, Head of Communications effective from 01 December 2015. He was Director Marketing of Grameenphone prior to this appointment. Previously, he has also held the position as Executive VP for Brand and Marketing Communications at Robi Axiata Ltd. He also has over 20 years of international experience working in senior management roles as CMO at QUBEE; Global Marketing Manager at Bacardi; European Brand Director at MARS Snack Foods; and International Brand Manager at British American Tobacco Plc. He holds a bachelor's degree in Industrial Engineering and Operations Research from the University of Massachusetts at Amherst, USA.



Andreas Frandevi
Chief Strategy Officer

Mr. Andreas Frandevi was appointed as Chief Strategy Officer (CSO) on 01 July 2016. He brings more than 14 years of professional experience from the Technology, Telecommunication and Media (TMT) Industry from a strategy and management consultancy perspective. Prior to joining Telenor, Mr. Andreas worked for 5 years in Etisalat Group's Corporate Strategy department in UAE of which 3 was in the capacity as a Director, with a primary focus on Etisalat's African assets. Before that, Mr. Andreas worked for more than 6 years as a strategy and management consultant at various firms, including Deloitte Strategy in Europe and in the MENA region and Capgemini (Sogeti) in Sweden. Mr. Andreas holds a Master of Science degree in EE Industrial Engineering and Management from Lund Institute of Technology in Sweden and is certified in the field of Strategic Business Planning through the George Washington University and has taken additional courses at INSEAD and Ashridge Business School.

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Naser Fazley Azam
Head of Customer Experience & Service

Mr. Naser Fazley Azam was appointed as Head of Customer Experience & Service effective from 12 July 2015. He comes with 18 years of professional experience in Sales. He joined Grameenphone in April 2006 as Head of Trade Marketing. Subsequently, he led Retail Channel Management function, Retail Channel Management & Trade Marketing function until he took over the role of Director, Distribution & Retail Sales in November, 2010. After completing his MBA, he started his career in British American Tobacco (BAT) Bangladesh as Territory Officer in November 1997 and later played the roles as Area Manager and Regional Manager till he joined Grameenphone.



Kazi Mahboob Hassan
Head of Transformation

Mr. Kazi Mahboob Hassan was appointed as Head of Transformation effective from 01 February 2016. Prior to Grameenphone, he was a Senior Management Consultant at Deloitte UK responsible for leading business transformation programs for clients across a variety of sectors including Telecom, Oil & Gas, Consumer Business and Financial Services. Prior to Deloitte, he held senior positions in Finance and Marketing with IBM UK and BAT Bangladesh. He is an MBA degree from University of Oxford, a Fellow Chartered Certified Accountant (FCCA) with professional accountancy body ACCA, UK and a BBA from University of Dhaka (IBA).



S M Imdadul Haque
Company Secretary

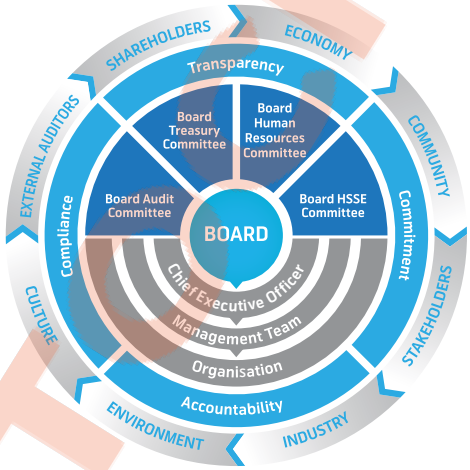
PROFILE OF COMPANY SECRETARY

Mr. S M Imdadul Haque was appointed as Company Secretary effective from 21 April 2017. Mr. Imdad joined Grameenphone on May 2004 and started his journey with Internal Audit function. Then he moved to the Department of Company Secretary on August 2006 and has been working there for more than twelve (12) years. During his long tenure in the Department of Company Secretary of such a big company like Grameenphone, he gathered vast knowledge on Company Secretarial function, Corporate Governance, Regulatory Management, Public Communications etc. Before joining Grameenphone, he was associated with *KPMG* Rahman Rahman Huq, Chartered Accountants during 1998 to 2004. Mr. Imdad holds a Master's degree in Commerce. He attended educational program at INSEAD and training programs at different Institutions.

Corporate Governance in Grameenphone

Corporate Governance Framework

Being a technology oriented business entity, Grameenphone emphasizes on transparency, accountability and compliance, which are the essence of corporate governance. Grameenphone's high standards of corporate governance plays an important part towards the Company's continued growth and success. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses in an ethical manner will create trust with the public and ultimately create shareholder value for the Company. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.



Corporate Governance Practices

As part of its governance pursuits, Grameenphone is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make Grameenphone a thoroughly transparent Company.

The Board is of the view that throughout the year ended 31 December 2017, the Company has complied with the applicable conditions set out in the Corporate Governance Guidelines 2012 issued by the Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's corporate governance practices and makes necessary changes at an appropriate time. At Grameenphone, our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success.

Board Formation & Structure

a) Role of the Board

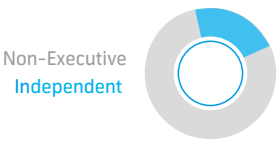
The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that Grameenphone Policies & Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control of Company activities.

In addition to other regulatory guidelines, the Board has also adopted the 'Rules of Procedure for the Board of Directors' for ensuring better governance in the work and administration of the Board. The Board is also guided by a Delegation of Authority that spells out the practices and processes in discharging its responsibilities.

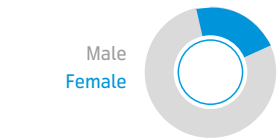
b) Board Composition and Diversity

As at the date of this Annual Report, the Grameenphone Board is comprised of ten (10) Directors, with eight (8) Non-Executive Directors and two (2) Independent Directors. The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participate in Board and Committee meetings. The Directors provide independent judgment and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Guidelines. We believe that our Board has the optimum level of knowledge, composure and technical understanding about the Company's business, which combined with its diversity of culture and background, stands as the perfect platform to perform and deliver. A list of Directors and their respective biographies are set out on pages 30 to 34 of this Annual Report.

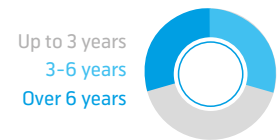
Composition



Gender



Tenure



c) Board Meetings

The Articles of Association (AoA) of the Company requires the Board to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board, accordingly met fourteen (14) times during the year 2017. Dates for Board Meetings in a year are decided in advance and notice of each Board Meeting is served in writing well ahead of the meeting. The notice contains the detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. A record of the Directors' attendance at Board meetings during 2017 is set out on page 72 of this Annual Report.

d) The Chair and the Chief Executive Officer (CEO)

The Chair of the Board is a Non-Executive Director. The Chair and the CEO of Grameenphone are separate persons. The roles of the Chair and Chief Executive Officer are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. To that end, Grameenphone has also adopted 'Rules of Procedure for Chief Executive Officer'. The Chair leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that Grameenphone operates its business as per the Articles of Association, decisions are made by the Board and Shareholders, as well as according to Grameenphone Policies and Procedures and applicable regulatory laws and legislations.

e) Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. Throughout their tenure in office, the Directors are continually updated on the Company's business and the regulatory and industry specific environments in which it operates. These updates are transmitted to them by way of written briefings and meetings with Senior Executives and, where appropriate, external sources.

Board Committees

For better, quicker and furnished flow of information and thereby exercising effective governance, the Board has also constituted four (4) sub-committees, viz: Audit Committee; Treasury Committee; Human Resources Committee; and Health, Safety, Security & Environment Committee and has delegated certain responsibilities to the Committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and appraise in the respective areas and then to advise and make recommendations to the Board. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the Committees time to time. The Board appoints the members and Chair of each Committee. A brief description of each Committee is presented below:

AUDIT COMMITTEE

1 Independent Director, and
2 Non-Executive Directors

CHAIR
Rokia Afzal Rahman

Key Objectives

Assist the Board in discharging its supervisory responsibility with respect to internal control, financial reporting, risk management, auditing matters, and monitoring compliance.

TREASURY COMMITTEE

1 Non-Executive Director
1 Group Treasury Member, and
1 Management Team Member

CHAIR
M Shahjahan

Key Objectives

Assist the Board in discharging its supervisory responsibility with respect to all significant financial matters which concern the Board.

THE BOARD OF GRAMEENPHONE

2 Independent Directors, and
8 Non-Executive Directors

Key Objectives
To create value for Shareholders and to ensure the long-term success of the Company.

HUMAN RESOURCES COMMITTEE

2 Non-Executive Directors, and
1 Management Team Member

CHAIR
Hans Martin Hoegh Henrichsen

Key Objectives

Assist the Board in discharging its supervisory responsibility with respect to Company's Human Resources policy.

HEALTH, SAFETY, SECURITY AND ENVIRONMENTCOMMITTEE

2 Non- Executive Directors, and
1 Management Team Member

CHAIR
Hans Martin Hoegh Henrichsen

Key Objectives

Assist the Board in discharging its supervisory responsibility with respect to Health, Safety, Security and Environment (HSSE) issues.

a) Audit Committee

The Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction all over the Company. The Audit Committee is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC guidelines. The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit are permanent invitees to the Audit Committee meetings.

The Audit Committee assists the Board in discharging its supervisory responsibilities with respect to internal control, financial reporting, risk management, auditing matters and Grameenphone's processes of monitoring compliance with applicable legal & regulatory requirements and the Code of Conduct. The Audit Committee Charter, as approved by the Board, defines the purpose, authority, composition, meetings, duties and responsibilities of the Audit Committee. The detailed activities of the Audit Committee during 2017 are given on page 51 of this Annual Report.

The Audit Committee met eight (8) times during the year 2017 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
Rokia Afzal Rahman	8/8
Tore Johnsen	8/8
M Shahjahan	8/8

b) Treasury Committee

This Committee consists of three (3) members who are appointed by the Grameenphone Board. All significant financial matters which concern the Board are discussed in this committee meeting in detail. Upon endorsement of the Treasury Committee, such issues are forwarded to the Board for their final review and approval.

The Treasury Committee met four (4) times during the year 2017 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
M Shahjahan	4/4
Pal Stette	4/4
Dilip Pal	3/3
Karl Erik Broten	1/1

c) Human Resources Committee

This Committee consists of three (3) members who are appointed by the Grameenphone Board. The Committee supports the Board in discharging its supervisory responsibilities with respect to the Company's Human Resources policy, including employee performance, motivation, retention, succession matters, rewards and Code of Conduct.

The Human Resources Committee met two (2) times during the year 2017 and attendance of the Committee members in the meeting was as follows:

Name	Attendance
Hans Martin Hoegh Henrichsen	2/2
M Shahjahan	2/2
Mohammed Shariful Islam	2/2

d) Health, Safety, Security and Environment Committee

This Committee consists of three (3) members who are appointed by the Grameenphone Board. The Committee meets whenever necessary and supports the Board in fulfilling its legal and other obligations with respect to Health, Safety, Security and Environment (HSSE) issues. The Committee also assists the Board in obtaining assurance that appropriate systems are in place to mitigate HSSE risks in relation to the general environment, Company, employees, vendors, etc.

The HSSE Committee met one (1) time during the year 2017 and attendance of the Committee members in the meeting was as follows:

Name	Attendance
Hans Martin Hoegh Henrichsen	1/1
M Shahjahan	1/1
Quazi Mohammad Shahed	1/1

Company Secretary

To ensure effective assimilation and timely flow of information required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), also require a listed Company to appoint Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles & responsibilities. In Grameenphone, among other functions, the Company Secretary:

- Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information streams towards the Shareholders/Board.
- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- Acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

Management Team

The Management Team is the Executive Committee of Grameenphone. Headed by the CEO, the Management Team is responsible for managing and running the affairs of the Company. All other key Managers across the Company are members of the Management Team. The Management Team works to achieve the strategic goals & mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Team meets on a weekly basis to monitor the business performance of the Company.

The Control Environment in Grameenphone

In implementing and ensuring good governance in Grameenphone, the Board and Management Team ensure the following:

a) Beyond Budgeting Management Model

Grameenphone employs a Beyond Budgeting strategic management model ensuring a more agile organisation which gives the flexibility to adapt to dynamic business environments. Each year, the Company reviews its strategy for the next three (3) years and sets annual and quarterly targets on key KPIs for the upcoming year. The quarterly targets are subject to rigorous monitoring thereby ensuring a performance driven culture focused on attaining the targets and steering the Company towards fulfilling its strategic ambitions.

Furthermore, every quarter, the Company also prepares a realistic rolling forecast for the next five quarters providing management guidance on future direction for the organisation. The Company continually assesses performance, forecasts, gap with yearly ambitions while also focusing on initiatives to minimize the gap between the targets (KPIs) and forecasts.

The corporate level initiatives are cascaded down to divisional as well as individual levels. The resource allocations are dynamic and are based on the intended actions linked with the target and strategy. It aims to build a culture of freedom through responsibility and thereby leading to increased responsiveness to surrounding changes.

b) Financial Reporting

Grameenphone has strong financial reporting procedures. Financial statements are prepared in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable financial legislations. All financial transactions are recorded in the Oracle Enterprise Resource Planning (ERP) system, financial reports extracted from ERP are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by Head of Financial Accounting and Reporting, CFO and CEO respectively and then by the Board Audit Committee on a quarterly basis. In each quarter the external auditors review the quarterly financial statements. The annual audit is conducted by the external auditors, who are

appointed by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting. Details of Internal Control over Financial Reporting are described on page 48 of the Annual Report.

c) Operational Excellence (OE)

In the pursuit of operational excellence, Grameenphone sustains a dual focus on cost-efficiency and digital transformation. Within our framework, we ensure that all operational improvement initiatives are conceived and measured in terms of their direct business contribution.

Operational Excellence is an organisation spread multifaceted function which combines innovation and sustainability while targeting maximisation of value. The Company follows a structured yet dynamic approach for smart spending; ensuring faster time to market, enhancement of service quality with resource efficiency.

Operational Expenditure effectiveness, Cost of Goods Sold, Working Capital Management, Capital Expenditure Efficiency, Business Process Efficiency, Smart Spend Management are some of the corner stones of the scope of work. The concerted effort from these streams has enabled Grameenphone to meet the business targets. The Operational Excellence function works together with an empowered cross functional transformation project named 'Fund the Journey' to analyze and review the need and expected outcome of spending in detail to ensure the priority of business needs and optimize the result. Progress of the milestones and efficiency are subject to assessment by Management and reflection in the financial results. The progress of the efficiency initiatives are also reported to the Board of Directors on a monthly basis. A global cost benchmarking by an external organisation indicated Grameenphone's cost position and recommended actions are examined in detail, rigorously analyzed and implemented where applicable.

d) Business Reviews and Financial Reviews

Business reviews and financial reviews are conducted on a quarterly basis. The purpose of business reviews is to monitor progress of strategic initiatives versus longer term strategic plans and objectives, whilst also taking into consideration the changing market and regulatory environment. The purpose of the financial review is to monitor the financial performance and position of the company versus its annual financial targets.

In addition to quarterly business and financial review, the CEO and CFO review financial results on a monthly basis to ensure Grameenphone is on track to deliver its annual financial targets or to identify corrective action required, if and when required.

e) Management of Assets

Grameenphone, in its pursuit of best quality network for its subscribers, has been investing in cutting-edge telecom technology since its inception. Transparency and accountability are ensured at all stages from acquisition to disposal to protect the interest of Shareholders. Internationally accepted safety measures have been implemented and periodic physical verification is undertaken on a test basis to safeguard the assets and to ensure accuracy and authenticity of the reported number of assets. All the assets are adequately insured against industrial risks with local and international insurance companies.

f) Statutory Audit and Certification

Auditing of the Company is governed by the Companies Act, 1994 and Securities and Exchange Rules 1987 and conducted in accordance with Bangladesh Standards on Auditing (BSA). As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC). Statutory auditors are not engaged in non-audit services as this may compromise auditor independence, unless otherwise required by the regulators. The Board Audit Committee reviews the Financial Statements before submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication of any issues. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company.

Further, to ensure adequate regulatory discharge, a Compliance Certificate is obtained from licensed practicing professional who certify that the Company has duly complied with all the regulatory requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC).

Moreover, for remittance of technical assistance fees and consultancy fees, auditors also certify payable amount and calculation for each remittance.

g) Internal Audit

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. In order to ensure organisational independence of Internal Audit, the Head of Internal Audit reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer. Internal Audit activity is governed by the Internal Audit Charter, which is approved by the Board. Grameenphone Internal Audit is empowered to carry out its assigned activities in all aspects of the Company and have unrestricted access to any relevant information. Grameenphone Internal Audit department discharges its assurance and consulting activities through management of three distinct audit streams: Finance, Technology & IT and General Business. Additionally, the team also performs quality assurance and improvement program, aligned with International Standards. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and major risks surrounding Grameenphone, while considering pervasive audit needs. Grameenphone Internal Audit also works closely with Telenor Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables.

h) Internal Control Over Financial Reporting (ICFR)

Preparing reliable financial information in accordance with applicable accounting standards and relevant laws and regulations is a key responsibility of Grameenphone Management. Grameenphone has implemented necessary Internal Controls to ensure that the financial statements prepared are free from material misstatement, whether due to fraud or error and the financial statements are compliant with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, and the Securities and Exchange Rules 1987.

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. The Management has also established appropriate accountability structure with defined roles and responsibilities for control performers, control owners and process owners with overall responsibility lying with CEO and CFO. A dedicated Internal Control Team is also in place for conducting internal control related activities.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Accordingly, Management assessed the effectiveness of the Company's internal control over financial reporting engaging an independent audit firm, using the criteria established in Internal Control - Integrated Framework (2013) issued by the COSO and concluded that the Company maintained effective internal control over financial reporting throughout the year ended 31 December 2017.

i) Related Party Transactions

The Board Audit Committee reviews all the related party agreements and payments before submission to the Board of Directors for approval. Abiding by the laws, a Board Director, who has an interest in a transaction, discloses his interest in such transaction and abstains from deliberations and voting on the relevant resolution in respect of the transactions at the Board meetings. Details of significant related party transactions are disclosed in notes in the Financial Statements as per the requirements of IAS/BAS 24 Related Party Disclosures.

j) Dividend Policy

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Grameenphone to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the Shareholders to make informed investment decisions.

k) Enterprise Risk Management & Risk Mitigation

Risk Management at Grameenphone is concerned with earning competitive returns from the Company's various business initiatives at an acceptable risk level. It supports the Company's competitiveness by developing a culture, practice and structure that systematically recognises and addresses future opportunities whilst managing adverse effects (i.e. threats) by recognising risk and responding appropriately to it. The Company follows well defined risk management manuals and processes to mitigate enterprise level risks. This aspect is discussed more elaborately at the 'Enterprise Risk Management' section of the Annual Report on page 49.

l) Revenue Assurance and Fraud Management

Revenue Assurance function is accountable to ensure the accuracy, completeness, integrity & timeliness of all revenue related events; transactions and revenue driving primary cost components. Along with providing support to give assurance on correct revenue recognition and reporting, this function also performs continuous monitoring to prevent revenue leakages. The Fraud Management systems and processes are in place to ensure innovative and effective defense mechanisms to prevent losses from internal/external telecom frauds.

m) Compliance with Rules & Regulations of the Country

Compliance helps build trust among the Board Members, Shareholders, Customers and other stakeholders including the regulators. As leaders of a compliant Company, the Management Team members of Grameenphone adopted strategies that assure compliance with all relevant legal and regulatory requirements. This ensures that good governance cascades right throughout the Company. Grameenphone is subject to close monitoring process of regulatory bodies that focus on transparency and require that Grameenphone provides accurate and periodic reporting of issues/events and certification where necessary. In this context, Grameenphone regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Telecommunication Regulatory Commission (BTRC), the Bangladesh Investment Development Authority (BIDA) and all other relevant bodies and authorities. Further, in order to conduct day-to-day business in a compliant way, Grameenphone renders its best efforts to comply with the laws of the land. Grameenphone also takes various initiatives to conduct awareness sessions on existing and proposed laws to ensure compliance throughout the Company. Overall, Grameenphone has always strived to remain a fully compliant Company accommodating every possible way and strategy to ensure the same.

n) Business Continuity and Crisis Management (BCCM)

Grameenphone continually strives to improve its Business Continuity Management (BCM) capabilities by enhancing its disaster management readiness and plans for Crisis Management. Identify the risks and necessary proactive readiness both in terms of process and infrastructure is very important for Grameenphone to secure its business operation in disaster situations and continued telecom services for the people of Bangladesh.

Keeping focus on disaster management readiness, Grameenphone has built a robust and protected network infrastructure. It has protected optical fiber transmission both through highways and railways and distributed switching centers. The journey is continuously progressing and we always try to enhance organisational resiliency by increasing the disaster recovery capabilities for critical services. Recently we have implemented a geo-DR for electronic recharge platform and have planned to distribute Data Core (Internet) in different seismic zones to prevent network disruption.

Bangladesh is prone to many natural disasters like cyclone, heavy rainfall, flood, earthquake etc. Each and every year mobile operations are impacted during these disasters due to severe power crisis. Having a capable organisation in circles, collaborations with partners and by proper infrastructure dimensioning Grameenphone managed several crises throughout the year and took the advantage of quick recovery from these crises by utilizing the effective BCM processes in place. Last year the natural calamities were intensified including the consecutive torrential rainfall in October, where one point of time 47% of Grameenphone base stations were running without commercial power for a longer period of time, but Grameenphone was able to ensure basic mobile services in the affected areas where the other operators struggled. Grameenphone practices the periodic update of its Business Continuity and Crisis Management Plans. Not only updating but also performs drills or exercises for enhancing the disaster recovery capabilities. This preparedness will help the Company and the country to ensure uninterrupted telecommunication services under unforeseen circumstances, which is a very important tool for managing any scale of disaster.

Having proper BCM processes in place, capable organisation in regions and proper infrastructure dimensioning, Grameenphone had the advantage of quick recovery when the massive Nor'wester cyclones hit consecutively last summer. At one point of time, 62% of Grameenphone sites were running without commercial power, 24% for more than 5 days, but Grameenphone was able to ensure its basic services in the affected areas where the competitors struggled. Grameenphone has continuous focus on developing organisational resilience through Disaster Recovery (DR) infrastructure in Network and IT domain. Not only the deployment but also these DR platforms are drilled for ensuring its functionality in a disaster situation. This preparedness will help the Company and the country ensure uninterrupted telecommunication services under any unforeseen circumstances, which is a very important tool for managing any scale of disaster.

o) Supply Chain Sustainability

Supply Chain Sustainability is a part of business strategy of Grameenphone that strives for high labour standards and continuous improvement in its own operations and throughout its entire supply chain. The focus of Grameenphone is to ensure ethical and responsible business practices in its supply chain through structured risk based sustainability operations that include supplier code endorsement, supply chain capacity building and periodic audits and inspections. All suppliers

and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone`s Supplier Conduct Principles (SCP). In addition, all suppliers are obliged to extend the supplier requirements further down in their own supply chain. Considering the local market context and long-term risk reduction, Grameenphone emphasizes on Supply Chain Capacity Building and enhancement of skills. Grameenphone believes that decent working conditions, respect for human rights and the environment as well as willingness to improve standards amongst our suppliers is the only viable route forward. Grameenphone also carries out systematic inspections and audits in order to monitor compliance with the requirements on responsible business conduct. Any identified gaps are shared with the respective suppliers for the purpose of development. Grameenphone believes supply chain sustainability is a journey to empower and reducing inequalities in the supply chain.

p) Ethics and Behaviour

i. Code of Conduct

Grameenphone Code of Conduct sets standard in the workplace for its employees' so that they know what could be expected of them to ensure best possible ethical environment. Grameenphone Code of Conduct strives to bring together the values and culture so as dilemma can be eliminated from the workplace. It reflects the core values of Grameenphone and provides a clear guideline and principles for fair business practices. It also emphasizes internal employees' and external business partners, government and community. It is one of the governance documents, which helps employees to safeguard from any breach within the organisation. Numbers of careful and well planned actions are being followed on a yearly basis to safeguard employees from potential breaches. Methods include, employees go through web based "E learning - Living the Values", Signing Code of Conduct itself once in a year, employee takes help of 'anonymous compliance hotline / whistle blow' mechanism to raise their concern, conduct surveys to evaluate ethical environment of the company, ensure transparent and function based training and sessions as per incident analytics' findings. A structured compliance program is being executed every year by careful assessment of relevant Governance aspects. Ethical stand is of human heart & mind - ensuring good heart & mind in workplace is the utmost ambition: Grameenphone finds effective Code of Conduct merely one of its pivotal Governance documents to chase the ambition.

ii. Restrictions on dealings in Grameenphone Shares by Insiders

The Company has established a detailed policy relating to trading in Grameenphone shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in Grameenphone shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading periods.

iii. Supplier Conduct Principles

The Supplier Conduct Principles ('SCP') outline the standards for ethical and business conduct expected from suppliers and contractors in their relationship with the Company. The SCP are binding on the Company's suppliers through the confirmation and signing of the Agreement on Responsible Business Conduct to ensure high standards of business ethics amongst all suppliers of the Company.

iv. Anti-Corruption Policy

"Zero Tolerance" is the firm and foremost slogan in Grameenphone while combatting with corruption. Grameenphone's Anti-Corruption policy applies to the Board members, employees and others with the authority to act on behalf of Grameenphone. Anti-Corruption journey in a developing nation comes with different folds. A structured and systematic approach is a must to win against all odds while devising appropriate framework and ensuring right people never easy. Effective self-assessment is being done on a yearly basis to assess the possibilities and dimensions. The Anti-Corruption policy clearly states that bribes are strictly prohibited and that employees shall never offer, give, ask for, accept nor receive any form of bribe. Regular awareness sessions are arranged throughout the year for better understanding of the policy requirements, especially in regards to (but not limited to), gifts & business courtesies, arrangements, sponsorships & donations, public approvals, suppliers and lobbyist.

Grameenphone conducts effective assessment in all of its organisational processes in line with corruption possibilities. Extensive corruption risk assessment is being conducted on a yearly basis with the ambition of safeguarding Grameenphone from all kinds of corruption risk and chances. This risk assessments exercise being done by all functions of the Company, helps identify the possibilities of corruption risks, design best possible mitigating actions and also assist to monitor and report. Leaders and relevant managers are being anchored with the ownership, accountability and are also responsible for implementing mitigating actions. Grameenphone believes anti-corruption is a part of Governance ecosystem and not an isolated phenomenon: it is continuously transforming and revamping its techniques and philosophies to enhance Governance environment as a whole. Thus we can say good bye to corruption, embed fairness in the Company and assist the nation to embrace Anti-Corruption.

q) Investor Relations (IR)

As the largest public listed corporate house in Bangladesh, Grameenphone Ltd. always placed high importance to the investment community and catered to their various information requirements.

With a vision of establishing the most effective two way communication between the company and financial markets of the relevant and necessary information which enables the investment community to consistently make an informed judgement about the fair value of a company's shares, a dedicated Investor Relations functionality is in practice.

IR as a specialised function has maintained close contact with both local and international investors, analysts, market experts and financial community on a proactive basis. Through this, the relevant stakeholders were kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions while objectively sharing the associated risk and reward profile. This also reflects Grameenphone's commitment towards developing the Capital Market of the country by introducing global best practices and ensuring transparency, accountability and compliance. Notable events that IR conducted during the year were quarterly results release, analyst call conferences, foreign non-deal road shows, participation in frontier market conferences and knowledge sharing sessions on 'IR Best Practices' with local corporates preparing to get listed.

r) Shareholders

i) Communications with Shareholders

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the Company, including the owners of the Company–the Shareholders. Information is communicated to the Shareholders regularly through a number of forums and publications. The Company has adopted a detailed policy on information disclosure and communication. In compliance with continuous disclosure requirements, the Company's policy is that Shareholders will be informed in a routine manner of all major developments that impact the business of the Company and also be able to make informed decisions.

ii) Information Disclosure

In accordance with the disclosure requirements, the Company follows these three main forms of information disclosure:

- Continuous disclosure – which is its core disclosure and primary method of informing the market and Shareholders;
- Periodic disclosure – in the form of quarterly and yearly reporting of financial results and other issues; and
- Event based disclosure – as and when required, of administrative and corporate developments, usually through stock exchanges & press releases.

All information provided to BSEC and stock exchanges are immediately made available to the Shareholders and the market on the Company's Investor Relations section of the website: **www.grameenphone.com**

iii) General Meeting

The General Meeting of the Shareholders is the supreme governing forum in Grameenphone. The Company recognizes the rights of Shareholders and the Shareholders' interests are primarily ensured through Grameenphone's Annual General Meeting (AGM). The Company also encourages shareholders' active participation in AGM and other General Meetings. The Company's General Meetings provide a transparent and open platform for the shareholders to communicate with the Board. The Board Members and Statutory Auditors attend AGM to respond to the Shareholders' queries on the result or any other aspect of the Company, if any.

iv) Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted on the Investor Relations section of the Company's website: **www.grameenphone.com**

v) Shareholders' Queries

Whilst the Company aims to provide sufficient information to Shareholders and Investors about the Company and its activities, it also recognises that Shareholders may have specific queries relating to their shareholding. These queries may be directed at 01711555888 or mailed to Grameenphone Share Office at **shareoffice@grameenphone.com**

Grameenphone believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. The Company also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adapted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.

Internal Control Over Financial Reporting (ICFR)

Establishing adequate internal control and ensuring effective control environment is high on Grameenphone Management agenda. Grameenphone has instituted Internal Control over Financial Reporting (ICFR) and established monitoring mechanism to ensure operational effectiveness of such controls. In Grameenphone, internal controls are specifically designed to address the risks related to financial reporting. Internal controls over financial reporting are intended to provide reasonable assurance that Grameenphone's financial statements are not materially misstated and give true and fair view of transactions and financial position of the company.

Grameenphone has adopted internal control model developed by Committee of Sponsoring Organisations of the Treadway Commission (COSO), which is widely recognized as a definitive standard for measurement of effectiveness of internal control system. Internal controls in Grameenphone are part of Grameenphone's overall corporate governance structure and are very much embedded in the business processes affecting the financial reporting.



Figure 1: COSO Internal Control Framework

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. Currently, the entire financial reporting of Grameenphone encompasses 19 inter-related processes. Risk assessment exercise is performed for each of the processes on annual basis. As part of the risk assessment, each process is evaluated through probability and impact matrix and categorized into a three-point ordinal scale (High, Medium, and Low). Internal controls are designed and deployed to mitigate identified risks to an acceptable level.

Operating effectiveness of controls is monitored throughout the year. Effectiveness of the controls tested in two different phases, i.e. Interim Testing and Year-end Testing. Independent audit firm is engaged to test the effectiveness and adequacy of instituted controls.

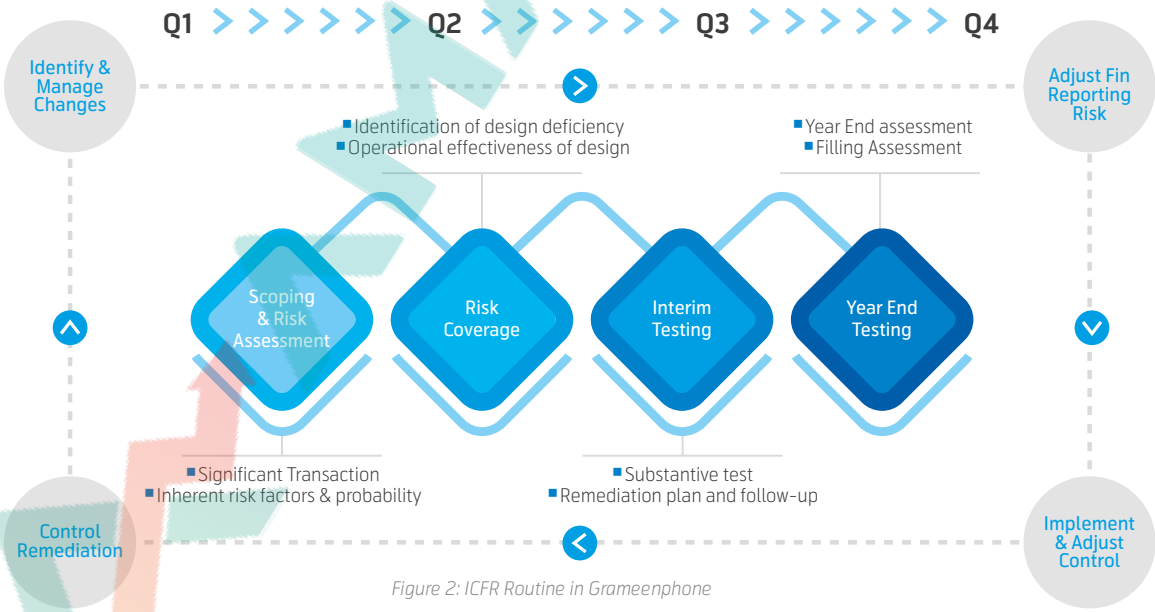


Figure 2: ICFR Routine in Grameenphone

Grameenphone has a dedicated Internal Control Team is in place, accountable for conducting activities related to internal controls over financial reporting. The team is adequately resourced and empowered to deliver its responsibilities. ICFR team works independent of but closely with Internal Audit and Ethics & Compliance team to ensure risks are identified reported and mitigated timely.

Enterprise Risk Management

No undertaking is free from risks and concerns that might arise both from internal as well as external fronts. While operating in a dynamic industry and highly competitive market, Grameenphone is also exposed to a range of risks that may affect its business. Apart from the ever uncertainties stemming from an unstable regulatory regime, Grameenphone has always to remain prepared for highly fluctuating policy decisions at the national or global levels, operational issues, legal knots, interest and exchange rate volatilities etc. The Company aims to earn competitive returns at acceptable risk levels.

Risk management is a continuous process and an integrated part of business throughout the entity. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day to day business processes. The Risk Management Forum established within the Company ensures active participation from different functional areas to increase and augment its effectiveness.

During the financial year under review, the significant risks in the Company's business were reviewed, monitored and reported through Risk Management Forum and mitigating measures were evaluated by the Board and Management on a regular basis. This is with a view to ensuring that the Company's risk management framework continues to effectively promote and enable the identification, management and monitoring of risks across the organisation.

The key risks that are identified in the Company are as follows :

Financial Risk

Financial risk includes credit risks, liquidity risks, currency risks and exchange and interest rate risks. The Company's exposure to financial risks is disclosed in detail under note 36 of the financial statements.

Regulatory Risk

Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.

The Company depends on licenses, access to spectrum and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring spectrum licenses or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may cause disruption in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations will affect growth and sustainability of the company as well as the industry either positively or negatively.

Transformation Risk

The introduction of new technologies and changing consumer behavior open up for new business models in the telecom sector, leading to structural changes and increased industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the dynamics, and to drive a change agenda to meet mature and developing demands in the market and society will impact the Company's position in the value chain, service offerings and customer relationships.

Further, revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Grameenphone's ability to attract or retain customers may be impaired.

Operational Risk

The quality and reliability of Grameenphone's telecommunications services depends on the stability of its network. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and ability to attract and retain subscribers.

Grameenphone handles substantial volumes of confidential information. Loss, mismanagement or unauthorized disclosure of such information, may adversely affect the Company's business, reputation as well as sustainability.

Political instability and violence including social unrest, terrorist attacks etc. may prevent the company from operating its business effectively.

In short, Grameenphone's business continuity, network reliability and overall sustainability are all dependent on its effective risk identification and management and on which the Company pays great importance, attention and emphasis.

Reimagine Landscapes

Imagine gray spaces
replaced by blossoms



Audit Committee Report

The Audit Committee of Grameenphone, being one of its prime Board sub-committees, assists the Board in discharging its governance responsibilities. A brief of the Audit Committee and its roles, responsibilities and functions are as under:

Composition and Meetings

The Audit Committee of Grameenphone comprises 02 (two) Non-Executive Directors and 01 (one) Independent Director. All members possess adequate qualifications as determined in the Corporate Governance Guidelines promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The Committee includes:

1. Ms. Rokia Afzal Rahman, Chair
2. Mr. M Shahjahan, Member
3. Mr. Tore Johnsen, Member

The Independent Director, Ms. Rokia Afzal Rahman acts as Chair of the Committee. As per regulatory guidelines, the Company Secretary, Mr. S M Imdadul Haque acts as Secretary to the Committee. The Audit Committee, accordingly, performs in coherence and ensures compliance with the Corporate Governance Guidelines promulgated by the BSEC.

A total of eight (8) meetings were held during 2017. Mr. Md. Ashraful Hassan (Managing Director, Grameen Telecom) and Mr. Hans Martin Hoegh Henrichsen (Chief Representative Officer, Telenor Group in Bangladesh) attended the meetings as special invitees. A record of the Members' attendance at Audit Committee meetings during 2017 is set out on page 41. Permanent invitees to the meetings were the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary. Relevant heads of divisions and other members of the Management and internal audit team also attended the meetings at occasions as required.

Major Responsibilities of the Audit Committee

The purpose, authority, composition, duties and responsibilities of the Audit Committee are delineated in its Charter. Some of the major responsibilities of the Audit Committee are as follows:

- Review the annual, half-yearly and quarterly Financial Statements and other financial results, and upon its satisfaction of the review, recommend the same to the Board for approval.
- Review the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the Company's processes for monitoring compliance with laws and regulations and the Codes of Conduct.
- Recommend appointment, termination and determination of audit fees for statutory auditors. Consider the scope of work, and oversee and evaluate the works performed by statutory auditors. Review permitted non-audit services performed by statutory auditors.
- Exercise its oversight of the work of Grameenphone Internal Audit. Review the effectiveness of internal audit functions including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and material weaknesses and monitor implementation of audit action plans.

Major Activities of the Audit Committee during the reporting period

- Reviewed and recommended the quarterly and annual Financial Statements for the year ended 31 December 2017.
- Approved the Internal Audit Plan, monitored the progress and effected revisions when necessary.
- Discussed Internal Audit reports and findings and guided completion of annual audit plan.
- Monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of action plans.
- Reviewed and recommended related party transactions for foreign remittance.
- Reviewed compliance of Code of Conduct of the Company.
- Reviewed Management Letter issued by the External Auditors in their presence.
- Considered and made recommendation to the Board on the appointment and remuneration of new statutory auditors, A Qasem & Co, Chartered Accountants. A member firm of EY for the year 2018.
- Reviewed and received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
- Reviewed other matters and incidents of significance as per Audit Committee Charter.

For and on behalf of the Board Audit Committee of Grameenphone Ltd.

Rokia Afzal Rahman
Chair
Audit Committee
29 January 2018

Five Years' Financial Summary

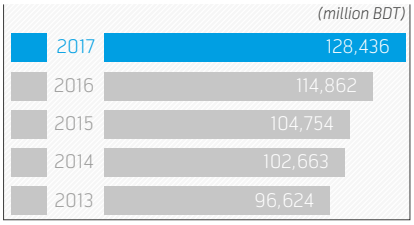
	2017	2016	2015	2014	2013
	Individual				
Operational Results in million BDT					
Revenue	128,436	114,862	104,754	102,663	96,624
Operating Profit	49,954	41,566	36,964	36,896	33,199
Profit before tax	47,322	38,178	34,922	34,855	32,852
Net Profit after tax	27,423	22,526	19,707	19,803	14,702
Financial Position in million BDT					
Paid-up Capital	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	35,121	33,572	30,625	31,365	31,141
Total assets	130,220	130,500	132,450	130,673	135,221
Total liabilities	95,099	96,927	101,824	99,308	104,080
Current assets	20,658	10,941	11,928	14,865	16,993
Current liabilities	74,541	68,079	67,625	61,402	78,580
Non current assets	109,562	119,558	120,522	115,808	118,227
Non current liabilities	20,558	28,848	34,199	37,906	25,500
Financial Ratios					
Current Asset to Current Liability	0.28	0.16	0.18	0.24	0.22
Debt to Equity	0.40	0.56	0.80	0.95	0.55
Operating Profit Margin	39%	36%	35%	36%	34%
Net Profit Margin	21%	20%	19%	19%	15%
Return on Equity	80%	70%	64%	63%	44%
Return on Total Assets	21%	17%	15%	15%	12%
Ordinary Shares Information					
Ordinary Shares outstanding (in million)	1,350	1,350	1,350	1,350	1,350
Face Value per share (BDT)	10	10	10	10	10
Cash Dividend on paid up capital[1]	205%	175%	140%	160%	140%
Dividend payout[1]	101%	105%	96%	109%	129%
NAV per Share[2] (BDT)	26.01	24.86	22.68	23.23	23.06
Net Operating Cash Flow per Share[3] (BDT)	42.79	34.18	28.73	23.15	27.46
Earnings Per Share[3] (BDT)	20.31	16.68	14.59	14.67	10.89

*Gain/loss on disposal of property, plant and equipment has been included in operating profit.
[1] Including proposed dividend
[2] Based on BDT 10 equivalent ordinary share outstanding at 31 December
[3] Based on weighted average number of share of BDT 10 each.

Revenue

+11.8% YOY

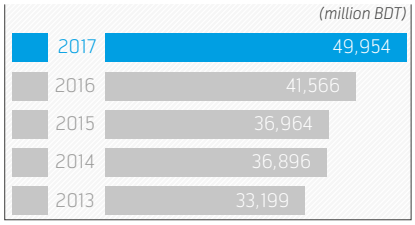
BDT 128,436 Mn



Operating Profit

+20.2% YOY

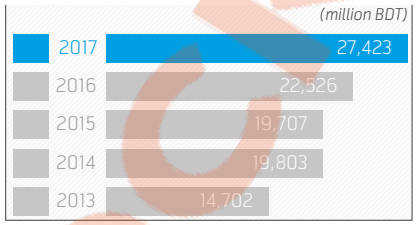
BDT 49,954 Mn



Net Profit After Tax

+21.7% YOY

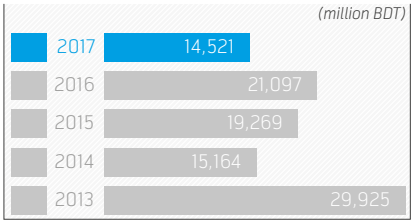
BDT 27,423 Mn



CAPEX

-31.2% YOY

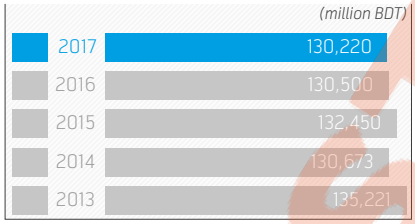
BDT 14,521 Mn



Total Assets

-0.2% YOY

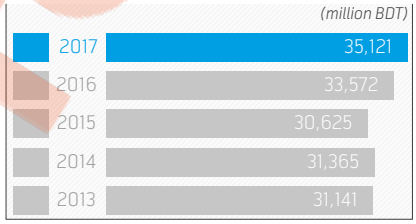
BDT 130,220 Mn



Total Equity

+4.6% YOY

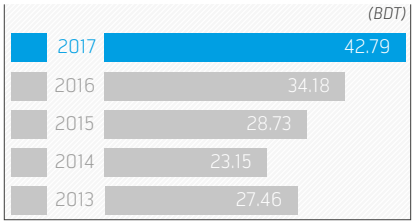
BDT 35,121 Mn



Net Operating Cash Flow Per Share

+25.2% YOY

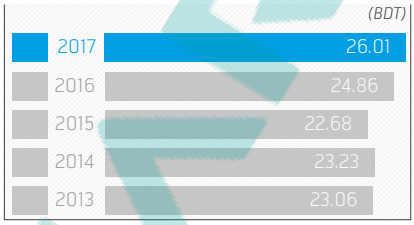
BDT 42.79



Net Asset Value Per Share

+4.6% YOY

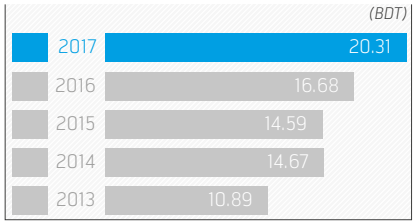
BDT 26.01



Earnings Per Share

+21.8% YOY

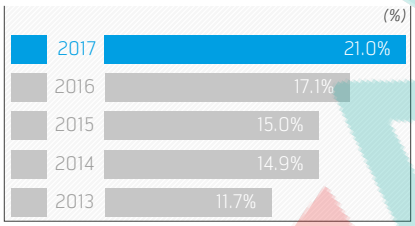
BDT 20.31



Return on Assets %

+3.9% pp

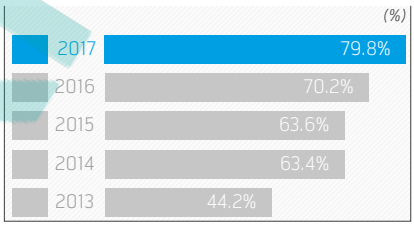
21.0%



Return on Equity %

+9.7% pp

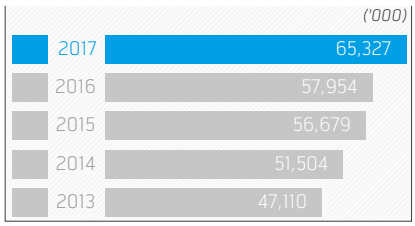
79.8%



Subscriber ('000)

+12.7% YOY

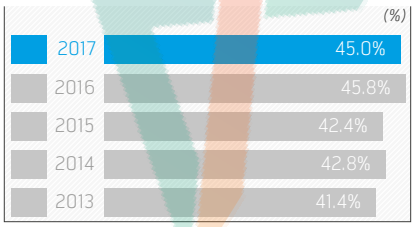
65,327



Market Share %

-0.8% pp

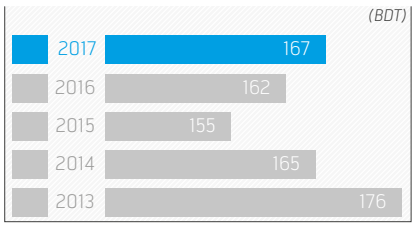
45.0%



ARPU* (BDT)

+2.9% YOY

BDT 167

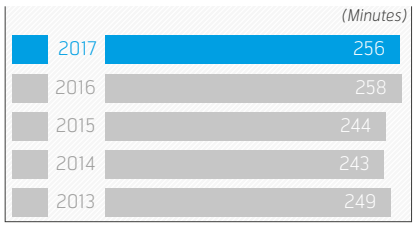


** ARPU - Average Revenue Per User*

AMPU** (Minutes)

-0.7% YOY

256 Minutes



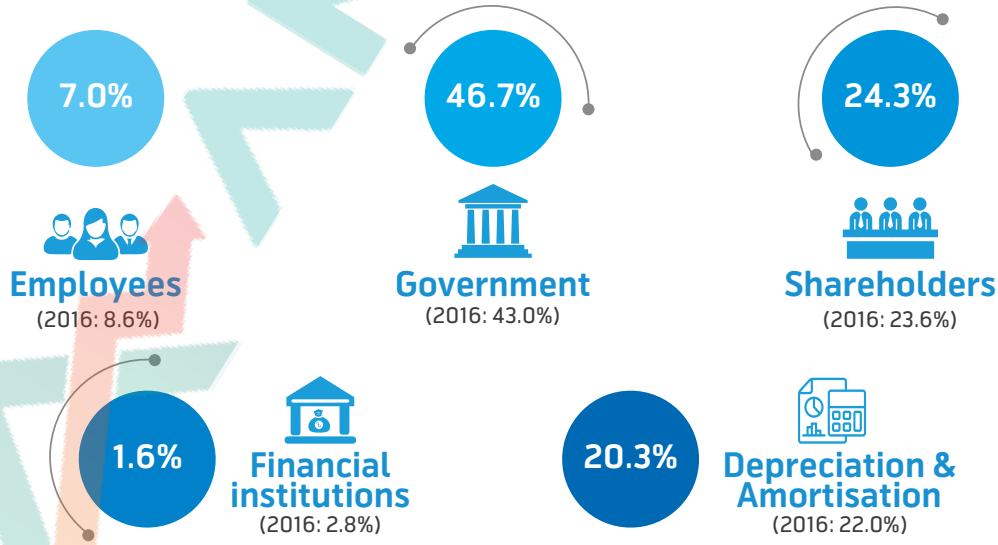
*** AMPU - Average Minutes Per User*

Value Added Statement 2017

in '000 BDT

	2017	%	2016	%
Value Added				
Revenue	128,435,814		114,862,160	
Other income including interest income	683,662		419,337	
Share of profit/(loss) of associate	-		(223,815)	
Impairment loss on investment in associate	-		(486,828)	
Indirect taxes	25,142,161		18,156,599	
	154,261,637		132,727,453	
Less: Cost of network and services	39,484,865		37,219,020	
Available for distribution	**114,776,772**	**100%**	**95,508,433**	**100%**
Distributions				
Employees	8,063,884	7.0%	8,276,016	8.6%
Government	53,631,124	46.7%	41,057,503	43.0%
Providers of finance:				
Financial institutions	1,865,155	1.6%	2,650,357	2.8%
Shareholders	27,880,018	24.3%	22,526,376	23.6%
	91,440,181	79.7%	74,510,253	78.0%
Value reinvested and retained				
Depreciation and amortisation	23,336,591	20.3%	20,998,180	22.0%
Retained profit	-	-	-	-
	23,336,591	20.3%	20,998,180	22.0%
	114,776,772	**100%**	**95,508,433**	**100%**

Distribution of Value Added (2017 & 2016)



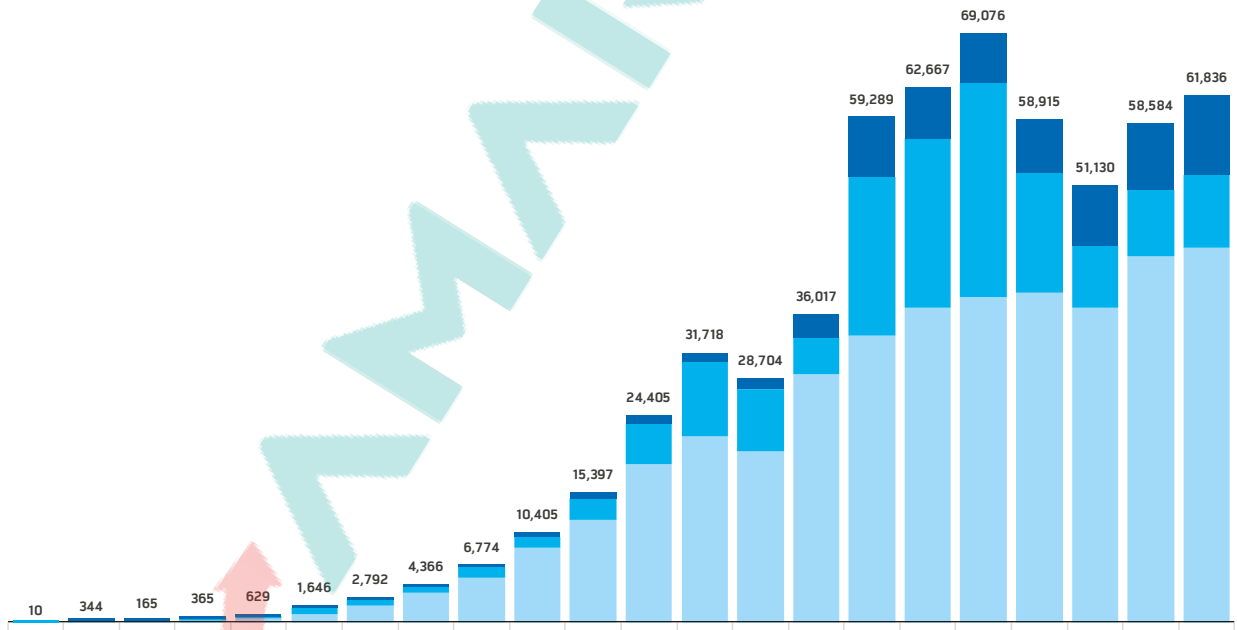
Contribution to the National Exchequer

The collective contribution to the National Exchequer since inception up until December 2017 was BDT 585.2 billion, of which BDT 61.8 billion was made in 2017. Out of total BDT 585.2 billion, BDT 527.9 billion was made on account of direct tax, VAT and duties through National Board of Revenue (NBR) and Bangladesh Telecommunication Regulatory Commission (BTRC) including BDT 33.9 billion on account of renewal of 2G license and spectrum in 2011-13, purchase of additional spectrum in 2008 and BDT 17.2 billion on account of 3G license and spectrum fee for 10MHz in 2013-14 and BDT 57.3 billion as indirect payments on account of local and foreign staff income taxes and withholding taxes on operating expenditure payments. Grameenphone has been recognized by the National Board of Revenue as the largest corporate taxpayer in the Telecommunication sector, in 2015 and 2016.

Grameenphone has also generated direct and indirect employment for a large number of people over the years. As at 31 December 2017, the Company had 2,397 permanent full time employees in addition to the many people who are directly and indirectly dependent on Grameenphone for their livelihood, working for the distributors, retailers, suppliers, vendors, contractors and other business partners.

With the payment of taxes and the investment in the network, Grameenphone is making a significant contribution to the country's growth and development.

Year-wise Contribution to the National Exchequer as of 31 December 2017



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Withholding Taxes	-	11	18	22	28	36	82	143	256	445	748	1,130	1,185	1,398	2,575	7,107	5,998	5,933	6,173	6,909	7,774	9,342
BTRC	10	34	32	75	213	575	712	650	1,168	1,239	2,523	4,766	8,794	7,166	4,308	18,637	19,866	24,983	14,179	7,300	7,904	8,545
NBR	-	298	115	268	388	1,035	1,999	3,572	5,350	8,721	12,126	18,509	21,739	20,140	29,134	33,545	36,803	38,159	38,564	36,922	42,906	43,949
Total Payment	10	344	165	365	629	1,646	2,792	4,366	6,774	10,405	15,397	24,405	31,718	28,704	36,017	59,289	62,667	69,076	58,915	51,130	58,584	61,836

Figures in BDT million

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Directors' Report

For the Year Ended 31 December 2017

Dear Shareholders,

On behalf of the Board of Directors and Management, I welcome you all to the 21st Annual General Meeting (AGM) of Grameenphone Ltd. We have the pleasure to place herewith the Directors' Report and the Auditor's Report, together with the Audited Financial Statements of the Company, for the year ended 31 December 2017 for your valued consideration, approval and adoption.

2017 a Great Year for Grameenphone

2017 once again saw the delivery of consistent, competitive, profitable and responsible growth, a trend that has been firmly established at Grameenphone. Despite the challenging business environment, Grameenphone's overall operations remained resilient and continued its growth momentum and maintained healthy profitability throughout the year.

Grameenphone delivered strong revenue growth in all segments of the business and recorded consolidated revenue of BDT 128.4 billion for 2017, representing Year on Year (YoY) growth of 11.8%. The Company ended the year with 65.3 million subscribers, a 12.7% growth from the previous year.

Grameenphone continued to innovate and transform itself to strengthen its leadership as the best digital service provider in Bangladesh, serving the escalating demand for data amongst customers. During the year, Grameenphone's data customers hit a landmark 30 million users, which is 47.7% of the total subscriber base. The active internet subscriber base stood at 31.2 million, up 27.0% from 2016.

Consistent with previous years, the financial outcomes for 2017 were underpinned by a concerted focus on operational excellence, customer service, market performance and innovation. Whilst there was growth in revenue due to the increased subscriber base, the Company also focused on driving usage with prudently executed marketing promotions. The products and services portfolio revamp included launching app-based offers for choosing voice and data packages, a Digital Product Delivery Platform (DPDP), a new platform for VAS and 'Shoparu'- operator agnostic e-commerce marketplace. These initiatives have contributed to further accelerating Grameenphone's growth.

Grameenphone has always played a pioneering role in facilitating the digital transformation process in Bangladesh, to meet both the Government's and the people's aspirations of a "Digital Bangladesh". Over the years, the Company has clearly established its reputation and credentials as a leading digital services provider in addition to being a telecom operator.

2017 was also the year that Grameenphone saw itself challenged to prepare the organisation and its infrastructure, product & service and people capabilities to meet the challenges and opportunities of an upcoming 4G digital era. In line with that, the Company will continue to invest in network and skill development ahead of demand to ensure a leading customer experience.

Our vision to empower societies extends to our sustainable initiatives. We strive to use our technology, employees, voice and data services to improve people's lives by enabling them access to the benefits and opportunities technology can offer.

2017: Socio- Economic Growth Trajectory Continues

2017 has been a mixed year of achievements and challenges for Bangladesh. Structural reforms coupled with solid macroeconomic fundamentals saw Bangladesh continue its growth trajectory. Breaking the six percent cycle that continued for a decade or so, the economic growth reached a record high 7.28%, riding on buoyant exports and robust agricultural outputs.

Growth in 2017 was higher than expected as consumption picked up in response to rising income and increased public investment. A major boost has come from the industrial sector, followed by the services sector. Per capita income rose to USD 1,602, up from USD 1,466 in the last fiscal year. However, poor infrastructure, governance challenges, combined with high complexity of doing business remains the major setbacks to Bangladesh's vast economic potentials. The current account posted a shortfall with a wider trade deficit and lower remittances. Moreover, higher growth is yet to be translated into generation of sustainable income for the poor, employment creation, access to quality education and better healthcare for all, and most importantly, reducing societal inequality.

The year 2018 looks to be a turning point for Bangladesh in many ways. The politically changed environment of a national election, ongoing infrastructure challenges, labor among others will be the material challenges. The country will continue its journey on the path to middle-income economy status along with implementation of the sustainable development goals (SDGs). Looking ahead, broader development goals, based on pro-business reforms, accelerated resource mobilisation, expanded tax base and improvements in infrastructure, should help Bangladesh continue on a path of inclusive economic growth and sustainable development.

Telecommunication Industry Scenario

Bangladesh is a frontier market and considered to be among the next emerging economies with a projected GDP growth above 5% YoY till 2020. A large population of around 171 million and a rapid growing middle class has significantly raised the demands for connectivity and digital services. The market size has expanded and counts about 143 million active mobile phone subscriptions and 60 million active mobile internet users by the end of 2017. However, the industry still finds room for growth, with more than 70 million people still not subscribing to any mobile services.

Bangladeshis' are embracing the mobile-centric lifestyle that has become evident around the world. This transformation is facilitated by mass access to data services at an affordable price and a widespread 3G coverage provided by the Mobile Network Operators. The mobile internet penetration stands at 33% at the end of 2017, up from 7% in 2010. Though 90% of country's population has been covered with 3G network by 2017, only 25% of total connections access today; but this number is expected to increase to more than 50% of connections by 2020. Additionally, smartphone adoption has also increased around 30% in 2017, and is expected to grow to around 55% by 2020.

The telecommunication industry experienced an eventful year throughout 2017; launching a number of new digital services and offering personalized experiences to customers. Grameenphone has maintained a strong revenue growth in 2017 and lead the market with around 45.0% share of total connections with a customer base of 65.3 million.

Telecom Regulatory Environment

The overall regulatory environment remains largely unpredictable continuing the trends of the past, and remains subject to political intervention and license carve-outs. The merger of Robi-Airtel and the demise of Citycell added new dimensions to the competitive landscape. This could may lead to authorities seek ways to instill further competition into the market. The industry paid around 50% of total sector's revenue as tax and other payables to the Government Exchequer in 2017 (this excludes one-off spectrum and license fees); taxes which are imposed at higher rates than in other industries. The mobile sector is still treated as a low-hanging fruit for revenue collection; resulting in more penalties, increases in revenue sharing schemes with Government, and high spectrum prices.

In 2017, multiple initiatives for regulatory revisions and new directives created additional uncertainty. The draft National Telecom Policy (2016) has yet to be published and the Bangladesh Telecommunication Regulatory Act requires modernisation. Regulations are also in development for new digital verticals which risks being equally rigid as for telecoms, and in some instance limiting MNO's participation altogether. The Mobile Number Portability (MNP) policy was being shaped up in 2017 and expected to be launched in Q1 of 2018. Moreover, at the end of 2017, BTRC has also issued directives de-activating additional SIM against each NID. The key regulatory issues that emerged in 2017 are: 4G licensing and spectrum auction, technology neutrality, data sharing and localisation, Tower Sharing guidelines, active sharing, cost modeling exercise to regulate data prices, MVNO framework, Bangladesh Telecommunication Regulatory Commission (BTRC) Audit, growing financial disputes with National Board of Revenue (NBR) such as SIM replacement VAT for 2011-2015 and continued challenges with VAT registration of BTRC.

Industry Outlook and Possible Future Developments

Both the Government and the mobile industry have demonstrated strong commitment to supporting progress by collaborating more closely on win–win opportunities with an aim to bring socioeconomic transformation through Information and Communication Technology (ICT). Both the Government and the mobile telecom industry have exciting opportunities to unlock a digital transformation for millions of citizens. The mobile telecom sector will play a vital role to materialize the Government's "Digital Bangladesh" ambition, for which there are four key priorities: 1) developing human resources ready for the 21st century; 2) connecting citizens in ways most meaningful to them; 3) taking services to citizens' doorsteps; and 4) making the private sector and market more productive and competitive through the use of digital technology.

It is anticipated that, the license for 4G/LTE services, introduction of technology neutrality for all spectra along with additional spectrum allocation for the mobile industry by early 2018 will further accelerate the desired digital transformation and support the growth of the Bangladesh's untapped potential. From shopping to entertainment to socializing to managing the household, mobile-centric technologies are already shaping up the industries and consumers in Bangladesh. The future competitiveness of the Bangladesh economy will be, in no small way, dependent on mobile technologies and mobile internet.

The mobile industry is yet to full benefit from what it invested and built over the last number of years. However, the future elements of a mobile-centric and integrated digital economy (for example—data analytics and the Internet of Things (IoT)), promise both social progress and the likelihood of further market expansion. Grameenphone has already started enabling future products and operating models with successful launches of new apps, digital services, personalized customer experience, IoT and M2M platforms to capitalize on their future potential.

Capital Market Overview 2017

The Bangladesh stock market witnessed a good year in 2017 in continuation of the turnaround seen during the latter part of 2016. The telecommunication, banking, NBFI and pharmaceutical sectors were among the sectors that posted the highest returns. The year witnessed the highest recorded foreign turnover, posting the 5th consecutive year of growth.

On the Dhaka Stock Exchange (DSE), the broad and free float weighted index DSEX gained 24.0% (1,208.5 points) against 8.8% gain in 2016, and closed at 6,244.52 points. Daily average turnover value increased by 74.7% compared to the preceding year.

Grameenphone share price increased by 65.7%, closing at BDT 470.8 at the year-end with a daily average turnover value of BDT 103.5 million (BDT 10.35 crore). During the year, the highest value of Grameenphone share price was BDT 506.9 and the lowest was BDT 281.5. Grameenphone market capitalisation on 28 December 2017 stood at BDT 635.72 billion (BDT 63,572 crore), representing 17.5% of the DSE's total equity market capitalisation.

*Source: Dhaka Stock Exchange

Enhancing & Modernising Customers Day-to-Day Life

Grameenphone has always sought to be ahead of the competition, quickly adapting to change and positioning to modernise our customers' day to day life in the digital era, and serving them in the most relevant way. In 2017, Grameenphone further focused on customer simplicity, ease of communication and digitised telecommunication needs to bring efficiency through all types of products and segments.

The core strength of Grameenphone's products is simplicity and relevance. We offer the most relevant products to our customers and the easiest way to manage their mobile needs. As a further boost, the Company has focused on digital self-care apps. MyGP, the online self-care app, has taken digitising self-care to new heights and has been downloaded more than 10 million times. Digital lifestyle app WowBox, which has also crossed 10 million downloads, allows customers enjoy telecom products, lifestyle products and benefits as well as participate in trending discussions and activities. FlexiPlan; the first app in the industry where users can make their own core product has crossed more than 8 million downloads already.

In 2017, Grameenphone-managed voice services has seen close to double digit year-on-year growth and considering the previous few years, a remarkable overall performance. The focus is to develop customer-centric products and to modify existing products to make them more user-friendly. For ease of activation, we introduced additional recharge based activations for our voice products.

2017 saw the launch of "MyPlan", a complete postpaid solution for customers seeking the ultimate convenience and value. To simplify life for our customers, existing postpaid customers can migrate to MyPlan through MyGP. MyPlan customers can also choose different plans and access exclusive discounted internet pack offers straight from the app.

Grameenphone has added close to 7 million new internet users, taking Grameenphone's internet penetration close to 48.0%, and making it the largest ISP by far in the country. New 4GB and 250MB packs were introduced alongside previous data packs, and monthly packs were redesigned to meet the changing needs of customers. At the same time Grameenphone optimised its network to offer data users a better Facebook and YouTube experience.

In value added services, we have simplified product modality and features for Welcome Tune, one of the favourite VAS services, and started offering unlimited tune downloads free of cost. Additionally, Grameenphone introduced a Digital Product Delivery Platform (DPDP) to manage VAS services with enhanced business monitoring, reporting and promotion capabilities.

As a part of our simplification drives, we have also retired 8 major voice and data products to make our portfolio leaner and more relevant.

Our effort to digitise the Bangladesh market, we have become the first operator to launch an operator agnostic marketplace 'Shoparu'. Customers can purchase a wide range of products from this marketplace, moreover Grameenphone's robust distribution network will ensure that the product can be quickly delivered to every corner of the country.

Grameenphone has taken a big step in further expanding its distribution quality and coverage in 2017 as well. We have considered geographical differences and have adopted a more localised approach in order to reach out to customers better and solve their issues in a more practical manner. Our Business Circle concept is now paying off and bringing customers closer; deep rural and remote locations are, for us, no longer "remote" .

Enhancing Customer Experience

Grameenphone is always striving to provide better customer experience, emphasising on customer value and investing in enhanced quality of services. In 2017, we worked to empower customers by digitising our core services through MyGP and the GP Shop. This has made the customers' interaction with Grameenphone much easier and simpler. We have also upgraded our front line system and order management system for enhanced service delivery to customers. This has enabled us to execute customer requests much faster. It has also enabled our front line agents to serve our customers quicker. We have worked hard and invested time to eliminate customer pain points and further simplify our product portfolio. As a result, customer perception has improved and the Company has been able to maintain industry-leading customer satisfaction rates, along with the lowest complaint rates.

Network & IT Readiness for Future Business

We strengthened coverage footprint, enhanced operational efficiency, increased customer centricity, network resilience and virtualisation. IT transformation had been the main focus areas in technology for 2017. Maintaining network superiority over competitors has been our driving force and innovation was a prime key to ensure the best delivery.

1,010 2G sites and 1,776 3G sites were rolled out in 2017. This investment increased the overall network coverage and service quality position for Grameenphone. Grameenphone has the most number of sites in Bangladesh with the tally reaching about 13,000 sites. New light structure site design has been adopted to ensure lower CapEx.

For the first time in Bangladesh, Grameenphone deployed smart radio access network solutions such as 18 sector antennas, and nine sector antennas for better customer experience in large gatherings. Fast action has been taken in Cox's Bazar by installing six temporary sites to support communication needs of aid workers working with the Rohingya refugees.

Investment has also been made to modernise and virtualise the Core and VAS (Value Added Services) platforms to enhance efficiency and readiness for future technology adoption and faster time to market in the service of our customers. Process simplification and innovations resulted in faster customer complaint resolution. Optimisations have been completed, with a specific focus on Facebook. This has resulted in the best Facebook experience on the Grameenphone network.

A new IT vendor has been introduced in 2017. Migration from Accenture to Wipro generated 45% efficiency with all engagement terms being improved.

2017 has also been a year with severe natural calamities and prolonged rains. This had caused huge power disruption across the country. During these interruptions the network has proven its resilience with minimum disruption to customer experience.

As part of regulatory compliance, in 2017, Grameenphone delivered Central Biometric Monitoring System server connectivity with BTRC & the EC (Election Commission).

In Q4'17, the Company initiated an intensive program to improve services in areas of the country, specifically Dhaka where network congestion is degrading the customer's experience.

GP Accelerator: A Major Enabler of Digital Growth

Startups have been a big element of the success for our ecosystem, particularly over the last 12 months. One of the ingredients of digital transformation for a country is local innovation—to put it simply, local entrepreneurs addressing local everyday demands using technology that we interact with every day.

The startup ecosystem of Bangladesh is young and has just started to take shape. Presently, e-commerce is the largest revenue driver with a new breed of startups pushing digitalisation of the service industry with success. Through GP Accelerator program, we too have played a role in shaping it. We have actively engaged with every player in Bangladesh and abroad as partners in building the ecosystem here. These partners include —the likes of Startup Bangladesh, Better Stories, SD Asia and international partners such as Seed stars and Slush.

Creating Future Fit Organisation for New Digital Era

In its journey towards digital ambition, Grameenphone has focused on innovation, collaboration, agility and ethics to create a future fit organisation for the new digital era. The highly engaged and enabled team of Grameenphone creates a sustainable competitive advantage that results in superior business performance and delighted customers.

Grameenphone brands itself as a millennial-friendly tech employer with strong innovation friendly ecosystem. The Company focuses on employee experience which takes into account the physical environment the employees work in, the tools and technologies that enable and enhance their productivity and create a learning journey for the employees to up-skill and re-skill their competencies. The Company has created a culture that is shaped by its values and high ethical standards. In parallel, across all forms of employment models (own employees, outsourced, contractors apprentices etc.) we have reduced the overall headcount by approximately 2,500 people in 2017. All of these are aimed towards developing the organisational capabilities and business models to make Grameenphone a strong competitive operator.

Sustainability Initiatives Towards Reducing Inequalities

Connectivity has led to ultimate empowerment of our people. This has been the basis upon which our services have integrated communities with the opportunities that await them – evolving the way we live, work, learn, share and solve challenges. Grameenphone's vision of Empowering Societies is the core to Sustainability Initiatives. Keeping that in mind, it has renewed its ambitions towards sustainability with focus on social development goals and responsible business practices.

In 2017, we have renewed our focus in three main areas in order to drive Grameenphone's Sustainability Direction – creating innovative digital social interventions, reducing inequalities through collaboration and strengthening management of

sustainability risks. We have educated over 52,000 school children across the country on Online Safety. We have partnered to create online access to quality education for marginalised children. During disasters we have stood beside the affected communities with immediate interventions that has made a difference in the lives of 350,000 people. Grameenphone continued to contribute in shaping standards across the business value chain to ensure responsible operations through over a 1,000 inspections and over 5,000 man hours of training.

Our Green Business

Grameenphone continuously strives to reduce the carbon footprint of its operations to safeguard the environment and fight climate change. We are not only reducing carbon emissions but also actively working to create a sustainable green momentum in the community by engaging employees, our supply chain and customers to adopt green practices.

Grameenphone has deployed solar power in around 10% of its BTS throughout the country and launched a "Mobile Handset Recycling" campaign. This initiative to recycle handsets has added a new dimension to environmental conservation in Bangladesh. Grameenphone's effort and initiatives around green business has been recognised through our nomination to the highly prestigious global GSMA Green Mobile Awards 2017. Detailed information of our initiatives is provided in the Climate Change section of the Annual Report on page 22.

Occupational Health & Safety (OHS) and Employee Wellness

Continuous improvement in health, safety and wellness of stakeholders is an integral part of Grameenphone's core business principles. Grameenphone promotes a healthy and safe working environment that ensures health and safety into everything that it does.

The Company puts utmost priority on occupational safety by promoting positive and pre-emptive behavior among employees and stakeholders. This is applied rigorously from the very early stages of designing facilities in order to implement safe systems and procedures throughout the organisation.

In 2017, Grameenphone continued its effort to strengthen its occupational health and safety standards and employee wellness initiatives to ensure productivity, efficiency and sustainability across the value chain. To prevent road accidents, an extensive safety awareness campaign on road and travel safety was rolled out across the organisation in 2017 covering 2,512 employees. Along with reinforcing safety rules, strict monitoring mechanism has been introduced as a preventive measures. In addition to 24/7 safety hotline, 'OneGP'-a mobile application has also been launched to help the employees address and mitigate potential hazards.

Circle safety committees have been revamped to monitor OHS performance and enhance safety culture among the employees working in the regions. Additionally, a series of safety awareness campaigns, safety inspections and surveillance programs have been conducted to mitigate workplace risk.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance and to that end the Directors confirm to the best of their knowledge that :

a. The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
b. Proper books of account of the Company have been maintained;
c. Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
d. International Financial Reporting Standards (IFRSs), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
e. The system of internal control is sound in design and has been effectively implemented and monitored;
f. There is no doubt upon the Company's ability to continue as a going concern.

As required under BSEC's Corporate Governance Guidelines, the Directors further confirm that the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board the following:

i. They have reviewed the Financial Statements and that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii. They have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards and applicable laws; and
iii. There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

Corporate Governance

We believe a well-practiced governance regime is essential to success and sustainability. Accordingly, the Board of Directors and Management of Grameenphone are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of Grameenphone has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in future as well.

In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Guidelines issued on 07 August 2012 by BSEC. In this connection, the status of compliance has been annexed to this report as Annexure-I. Further, a certificate of compliance from M/s Al-Muqtadir Associates, Chartered Secretaries & Consultants, confirming compliance of conditions of Corporate Governance, as stipulated under condition 7(i) of the BSEC Guidelines is also annexed to this report as Annexure-IV.

Other Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Guidelines 2012

• Segment/Product Wise Performance

Grameenphone essentially provides similar products and services to customers across the country. Grameenphone reviews revenue performance of different services, which have been disclosed under notes to the Financial Statements.

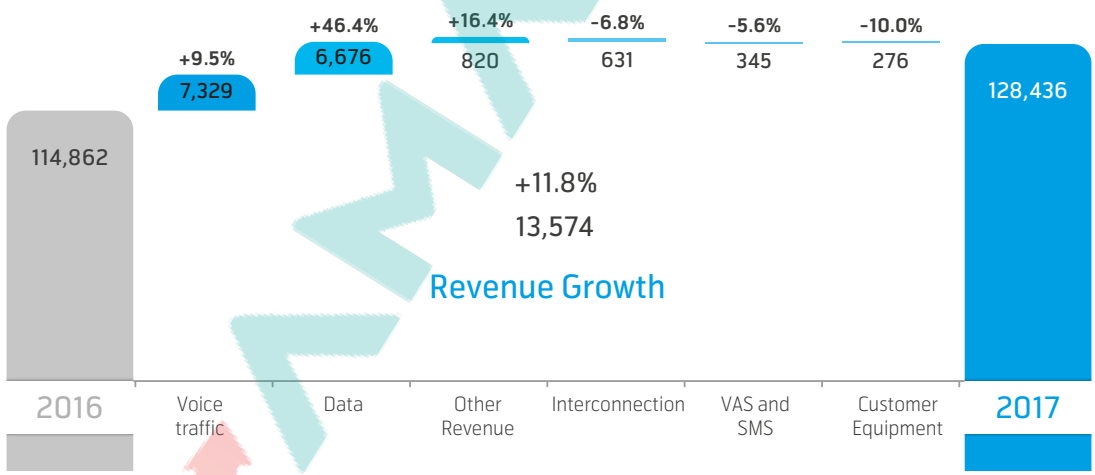
Grameenphone posted BDT 128.4 billion of total revenue for the year 2017 with 11.8% increase compared to the previous year. The growth in revenue was mainly driven by voice, data, and bundle, partly offset by lower interconnection revenue.

Voice revenue has increased by 9.5% from 2016 due to a 15.1% increase in outgoing minutes driven by promotional activities and higher customer acquisition.

Data revenue has increased by 46.4% from 2016 mainly driven by 27.0% growth in the number of data users and 69.5% growth in data usage volume in 2017. This data growth was enabled through 3G coverage expansion by adding 1,776 sites and effective micro campaigns in 2017.

Revenue from customer equipment mainly includes sale of mobile devices, i.e. handsets, branded internet modems and VTS.

Figures in BDT million



Other mobile revenue includes revenues mainly from telecom infrastructure sharing, mobile financial services etc.

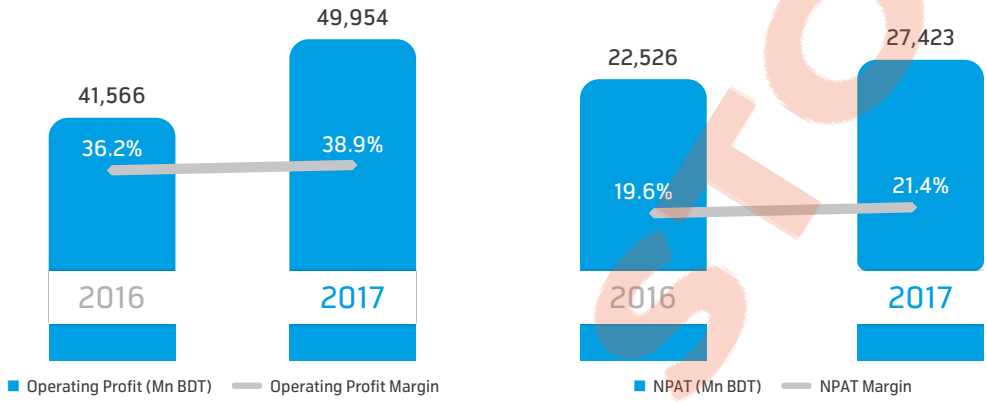
Interconnection revenue is generated from the incoming traffic through the calls generated from outside Grameenphone network. Interconnection revenue was lower in 2017 compared to 2016 following a decrease in incoming minutes from international and local operators. Also, higher on-net calls have led to the decrease in interconnection revenue.

VAS and SMS includes Content service, SMS and MMS revenue. VAS and SMS revenue fell by 5.6% from 2016 mainly from content service.

• **Review on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin**

Operating expenses consist of material cost, personnel expense, network operation and maintenance, selling & distribution cost, dealers' commission & marketing expense, revenue sharing & frequency charges to regulator and depreciation & amortisation. Operating expense for 2017 was BDT 78.5 billion with 7.1% increase compared to last year. The increase is mainly due to higher depreciation, commission, regulatory and Operation and Maintenance expense, partly offset by lower Sales, marketing and representation costs and Advertisement and Promotional expenses.

As an effect of the higher revenue growth compared to the growth in operating expenses, operating profit for the year 2017 increased by BDT 8.4 billion from last year. Profit before tax for 2017 also increased by BDT 9.1 billion from last year mainly because the prior year profit before tax was negatively impacted by Impairment of investment in associate and share of loss from associate.



Net profit margin for the year 2017 was 21.4% compared to 19.6% in last year. Net profit after tax in 2017 increased by 21.7% due to higher growth in revenue compared to expenditure in 2017. As a result, Earnings Per Share (EPS) for the year 2017 stood at BDT 20.31 compared to BDT 16.68 of 2016.

- All transactions with related parties have been made on a commercial basis. Details of related parties and related party transactions have been disclosed in note 38 to the Financial Statements as per requirements of relevant IFRS.
- The Grameenphone Initial Public Offering (IPO) was made in 2009 and the fund raised thereby has already been utilized by 30 June 2010 as reported to the regulators. No further equity instrument has been issued since then.
- The financial results of the Company have continued to improve since the IPO in 2009 as reflected in the yearly Financial Statements.
- As per IAS 1, Presentation of Financial Statements, no items of income and expense are presented as 'extraordinary gain or loss' in the Financial Statements. Accordingly, no gain or loss has been presented as 'extraordinary gain or loss' in the Financial Statements.
- No significant variations have occurred between quarterly and final financial performances of the Company during 2017.
- No remuneration is given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2017, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,296,122 (2016: BDT 875,840). However, payments to Foreign Directors, not remitted as yet, have been provided for in the accounts of the relevant year.
- The key operating and financial data for the last five years has been disclosed in this Annual Report on page 52.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2017.
- During 2017, a total of 14 (fourteen) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-II to this report.
- Shareholding pattern of the Company as on 31 December 2017 is shown in Annexure-III of this report.

Annual Results and Allocations

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2017 and recommended the appropriation as mentioned in the 'Appropriation of Profit' table below:

Figures in BDT million

	2017	2016
Profit available for Appropriation*		
Profit/ (Loss) after tax	27,423	23,099
Other comprehensive income (loss), net of tax	457	0
Un-appropriated profit brought forward from previous year	12,213	8,693
Total Amount available for Appropriation	**40,093**	**31,792**
Appropriation		
Final Dividend Paid for Previous Year	12,153	8,102
Interim Dividend Paid for Current Year	14,178	11,478
Closing Retained Earnings at year end (before Proposed Final Dividend)	**13,762**	**12,213**
Proposed Final Dividend for the year (2017: 100% cash and 2016: 90% cash)	13,503	12,153
Retained Earnings after Proposed Dividend	**259**	**60**

*Based on separate Financial Statements of Grameenphone Ltd.

Contribution to the National Exchequer

Being one of the largest contributors to the National Exchequer for the last several consecutive years, the collective contribution of Grameenphone from inception up to December 2017 was BDT 585.2 billion. During 2017 alone, the Company contributed BDT 61.8 billion to the national exchequer which represents about 48.1% of Grameenphone's total revenue of 2017. Grameenphone has paid BDT 14.7 billion corporate taxes during 2017.

Dividend

For the year ended 31 December 2017, the Board of Directors of the Company has paid an Interim Cash Dividend @ 105% of the paid-up capital amounting to BDT 14,178,150,231 which was BDT 10.5 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 100% of the paid-up capital amounting to BDT 13,503,000,220 which is BDT 10 per share of BDT 10 each for the year 2017 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 105% paid already, this would make a cumulative total dividend @ 205% of the paid-up capital of the Company which represents 101% of the Profit After Tax for the year 2017 amounting to BDT 27,681,150,451.

The above recommendation of dividend is as per the Board approved dividend policy.

Board of Directors

The composition of the Board of Directors who held office during the year was as below:

1. Mr. Petter Boerre Furberg, Telenor Mobile Communications AS, Director and Chair (effective from 26 May 2017)
2. Mr. Tore Johnsen, Telenor Mobile Communications AS, Director
3. Mr. Hans Martin Hoegh Henrichsen, Telenor Mobile Communications AS, Director
4. Mr. Haakon Bruaset Kjoel, Telenor Mobile Communications AS, Director
5. Mr. Oivind Burdal, Telenor Mobile Communications AS, Director
6. Mr. M Shahjahan, Grameen Telecom, Director
7. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
8. Ms. Parveen Mahmud, Grameen Telecom, Director
9. Ms. Rokia Afzal Rahman, Independent Director
10. Prof. (Dr.) Jamilur Reza Choudhury, Independent Director

Changes in the Board and Appointment of New Chair

During the period under review, Mr. Petter Boerre Furberg joined the Board on 26 May 2017 as a Director in place of Mr. Christopher Adam Laska. Grameenphone also announced the appointment of Mr. Petter Boerre Furberg as Chair of the Board, replacing Mr. Christopher Adam Laska with effect from 26 May 2017 and expects that his dynamic leadership would take the Company to further heights in the future.

The Board would also take this opportunity to profoundly thank and bid farewell to Mr. Christopher Adam Laska, for his inspiring leadership which has helped the Board discharge its governing responsibilities towards the Company. The Board wishes him the very best for future.

Directors' Appointment & Re-Appointment

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act. 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at this Annual General Meeting. They are, however, eligible for re-appointment:

1. Mr. M Shahjahan
2. Mr. Haakon Bruaset Kjoel
3. Ms. Parveen Mahmud

Brief profiles of the Directors being proposed for re-appointment are given on page 30 of the Annual Report, which fulfill condition 1.5 (xxii) of the Corporate Governance Guidelines of BSEC.

Appointment of Chief Executive Officer (CEO)

The Board has appointed Mr. Michael Patrick Foley as the Chief Executive Officer of Grameenphone, with effect from 26 May 2017 in place of Mr. Petter Boerre Furberg, who served the Company for 7 months. On this occasion, the Board of Directors would like to thank Mr. Petter Boerre Furberg for his dedication to the Company.

Appointment of Auditors

As per the Companies Act 1994 and the Articles of Association of Grameenphone, the statutory auditors of the Company, Rahman Rahman Huq, Chartered Accountants, shall retire at this AGM. As per BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July, 2011, an audit firm cannot be engaged for more than three (3) consecutive years as statutory auditors of the same company. Rahman Rahman Huq has been the statutory auditors of the Company since 2015. In compliance with the BSEC order, we are required to appoint new statutory auditors for the Company. A Qasem & Co, Chartered Accountants has offered their willingness to be appointed as statutory auditors of Grameenphone. On the suggestion of the Audit Committee, the Board recommends their appointment for the year 2018 and continuation till the next AGM at a fee of BDT 2.5 million plus VAT.

Risk and Concern

As with other co-existing companies, Grameenphone business is also exposed to diverse risks that arise both from internal as well as the external fronts. Apart from uncertainties stemming from an unstable regulatory regime, the Company has always remained itself prepared for concerns from the competing markets, operational issues, legal knots, interest and exchange rate volatilities and potential changes in policies at the national or global level. However, Grameenphone has a befitting risk management policy and a periodic monitoring system to address the concerns and uncertainties that are likely to hit the Company's business activities, operations, liquidity and financial position for future performances. This aspect is discussed at the "Enterprise Risk Management" section of the Annual Report on page 49.

Outlook: Business Transformation for Digitalisation and Agility

The digital era ahead is abundant in opportunity but also filled with challenges and disruption. Sitting on the cusp of a digital revolution, powered by data connectivity, it is important that infrastructure and business models undergo transformation to get the best benefits of digitalisation. Bangladesh has already started on this transformation and Grameenphone is well placed to capture the emerging digital opportunities while at the same time reshaping the core communications business.

Strategically we are on the right trajectory with the focused set of strategic initiatives we have set for 2018 and we are confident in our ability to continue developing customer and shareholder value.

Going forward, Grameenphone wants to continue making a positive impact on the lives of the people of Bangladesh by not only providing them with new and innovative digital services but also by ensuring access to a greater range of affordable devices. To drive the digitalisation journey forward, Grameenphone will continue to support local technology startups to innovate and come up with more digital services and solutions.

Grameenphone strongly believes in incredible possibilities, driven by innovative, affordable solutions for customers, and an explosion of value-added adjacent services to empower societies and enhance the international competitiveness of the local economy.

Finally, harvesting the full benefits of digital technologies requires an equally modern policy framework focused on facilitating innovation, healthy competition and removing barriers to efficient delivery processes. Looking ahead, it is imperative that both the industry and authorities work hand-in-hand to further strengthen the operating environment to meet the opportunities and challenges of delivering "Digital Bangladesh".

A Note of Thanks

The Board of Directors firmly believes that Grameenphone has the necessary strengths, resources and commitments to enable the Company to grow and further its contribution to Bangladesh. The performance of the Company during period under review demonstrates the resolves and determination of the Board, Management and our employees to empower society. On this occasion, the Board expresses on record its appreciation to the partners of Grameenphone, shareholders, suppliers, customers, bankers, regulators, media and all other well-wishers for their support and patronage to bring the Company to this level and we will continue to partner with them to build a healthy and conducive ecosystem to accelerate Bangladesh's transformation into a digital nation.

For and on behalf of the Board of Directors of Grameenphone Ltd.



Petter Boerre Furberg
Chair
29 January 2018

AMARSTOCK

Annexure I

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance,1969:

(Report under condition no. 7.00)

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.	**Board of Directors (BoD)**			
1.1	Board's Size (number of Board members – minimum 5 and maximum 20)	√		There are 10 (Ten) members in the Company Board
1.2	**Independent Directors**			
1.2(i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	√		There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors
1.2(ii)	**Independent Director means a Director:**			
1.2(ii)(a)	who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company	√		The IDs have submitted declarations about their compliances
1.2(ii)(b)	who is not a sponsor of the Company and is not connected with any sponsor of the Company's or Director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company	√		-do-
1.2(ii)(c)	who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/ associated companies	√		-do-
1.2(ii)(d)	who is not a member, Director or officer of any stock exchange	√		-do-
1.2(ii)(e)	who is not a shareholder, Director or officer of any member of stock exchange or an intermediary of the capital market	√		-do-
1.2(ii)(f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the Company's statutory audit firm	√		-do-
1.2(ii)(g)	who shall not be an Independent Director in more than 3 (three) listed companies	√		-do-
1.2(ii)(h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	√		-do-
1.2(ii)(i)	who has not been convicted for a criminal offence involving moral turpitude	√		-do-
1.2(iii)	Independent Director(s) shall be appointed by BoD and approved by the shareholders in the Annual General Meeting (AGM)	√		The appointments are duly approved
1.2(iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days	√		No such event in the reporting year
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		There is a written Code of Conduct and all Board members and employees are obliged to comply with

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.2(vi)	The tenure of office of an independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		The IDs are in their regular term of office
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		The qualification and background of IDs justify their abilities as such
1.3(ii)	Independent Director should be a Business Leader/ Corporate leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences	√		-do-
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission	None		
1.4	The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	√		The Chair and CEO are different individuals with clearly defined roles and responsibilities
1.5	**The Directors' Report shall include the following additional statements:**			
1.5(i)	Industry outlook and possible future developments in the industry	√		Included in the Directors' Report
1.5(ii)	Segment-wise or product-wise performance	√		-do-
1.5(iii)	Risks and concerns	√		-do-
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit and Net Profit Margin	√		-do-
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		-do-
1.5(vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report	√		-do-
1.5(vii)	Utilisation of proceeds from public issues, rights issues and/ or through any other instruments	√		-do-
1.5(viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO)	None		-do-
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements & Management explanation thereof	None		-do-
1.5(x)	Remuneration to directors including Independent Directors	√		-do-
1.5(xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		-do-
1.5(xii)	Proper books of account have been maintained	√		-do-
1.5(xiii)	Adaptation of appropriate accounting policies & estimates	√		-do-
1.5(xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	√		-do-
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	√		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5(xvi)	Going Concern (ability to continue as a going concern)	√		Included in the Directors' Report
1.5(xvii)	Highlight and explain significant deviations from the last year's operating results	√		-do-
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarised	√		Given on Page 52 of the Annual Report
1.5(xix)	Reason for non declaration of Dividend	None		No such case
1.5(xx)	The number of Board meetings held during the year and attendance by each Director	√		Included in the Directors' Report
1.5(xxi)	**Pattern of shareholding and name wise details (disclosing aggregate number of shares):**			
1.5(xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties	√		Included in the Directors' Report
1.5(xxi)(b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	√		-do-
1.5(xxi)(c)	Executives	√		-do-
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company	√		-do-
1.5(xxii)	**In case of the appointment/re-appointment of a director, disclose:**			
1.5(xxii)(a)	a brief resume of the director	√		Given on Page 30 of the Annual Report
1.5(xxii)(b)	nature of his/her expertise in specific functional areas	√		-do-
1.5(xxii)(c)	names of Companies in which the person also holds the Directorship and the membership of committees of the Board	√		Given on Page 33 of the Annual Report
2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	√		The CFO, HIA and CS are different individuals and their roles and responsibilities are separately defined
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	√		The CFO and CS participate in all Board meetings
3	**Audit Committee**			
3(i)	The Company shall have an Audit Committee as a sub-committee of the BoD	√		Audit Committee is established as per BSEC guidelines
3(ii)	The Audit Committee shall assist the BoD in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	√		The Audit Committee discharges as per given guidelines
3(iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	√		The duties of the Audit Committee are clearly defined in the Board approved Audit Committee Charter as per BSEC's guidelines
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members	√		Audit Committee comprises of 3 members
3.1(ii)	The BoD shall appoint members of the Audit Committee who shall be Directors of the Company and shall include at least 1 (one) Independent Director	√		Members of Audit Committee are Directors which includes one ID, all appointed by the Board

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.1(iii)	All members of the Audit Committee should be 'financially literate' and at least 1 (one) member shall have accounting or related financial management experience	√		The profiles of the members demonstrate their capabilities as such
3.1(iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	None		No such case during reporting year
3.1(v)	The Company Secretary shall act as the secretary of the Audit Committee	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	√		
3.2(i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	√		The Chairman of Audit Committee is an ID as selected by the Board
3.2(ii)	Chairman of the Audit Committee shall remain present in the AGM	√		Was present in the AGM held in 2017
3.3	**Role of Audit Committee**			
3.3(i)	Oversee the financial reporting process	√		The Audit Committee performs as per BSEC's guidelines
3.3(ii)	Monitor choice of accounting policies and principles	√		-do-
3.3(iii)	Monitor Internal Control Risk management process	√		-do-
3.3(iv)	Oversee hiring and performance of external auditors	√		-do-
3.3(v)	Review the annual Financial Statements before submission to the Board for approval	√		-do-
3.3(vi)	Review the quarterly and half yearly Financial Statements before submission to the Board for approval	√		-do-
3.3(vii)	Review the adequacy of internal audit function	√		-do-
3.3(viii)	Review statement of significant related party transactions submitted by the Management	√		-do-
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		-do-
3.3(x)	Disclosure to the Audit Committee about the uses/ applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, shall prepare a statement of funds utilised for the purposes other than those stated in the prospectus	None		No IPO was made in the year 2017
3.4.1(i)	Reporting to BoD on the activities of the Audit Committee	√		
3.4.1(ii)(a)	Reporting to BoD on conflicts of interests	None		
3.4.1(ii)(b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	None		
3.4.1(ii)(c)	Reporting to BoD on suspected infringement of laws	None		
3.4.1(ii)(d)	Reporting to BoD on any other matter	None		
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	None		
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	√		Activities of the Audit Committee are reported on page 51 of the Annual Report

MARKET STOCK

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
4	**External / Statutory Auditors**			
4(i)	Non-engagement in appraisal or valuation services or fairness opinions	√		As declared by Auditors
4(ii)	Non-engagement in designing and implementation of Financial Information System	√		-do-
4(iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	√		-do-
4(iv)	Non-engagement in Broker-Dealer services	√		-do-
4(v)	Non-engagement in Actuarial services	√		-do-
4(vi)	Non-engagement in Internal Audit services	√		-do-
4(vii)	Non-engagement in any other services that the Audit Committee determines	√		-do-
4(viii)	No partner or employees of the external audit firms shall possess any share of the Company during the tenure of their assignment	√		-do-
4(ix)	Non-engagement in audit/certification services on compliance of corporate governance as required under clause (i) of condition no. 7	√		-do-
5	**Subsidiary Company**			
5(i)	Provisions relating to the composition of the BoD of the holding Company shall be made applicable to the composition of the BoD of the subsidiary Company	Not applicable		Grameenphone does not have any subsidiary Company as on reporting date
5(ii)	At least 1 (one) Independent Director on the BoD of the holding Company shall be a Director on the BoD of the subsidiary Company.	Not applicable		-do-
5(iii)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company	Not applicable		-do-
5(iv)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also	Not applicable		-do-
5(v)	The Audit Committee of the holding Company shall also review the Financial Statements, in particular the investments made by the subsidiary company	Not applicable		-do-
6	**The CEO and CFO shall certify to the Board that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief:**			
6(i)(a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		The CEO and CFO have duly certified to the Board
6(i)(b)	these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws	√		-do-
6(ii)	there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct	√		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
7(i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		Given on page 74 of the Annual Report
7(ii)	Directors statement in the directors' report whether the Company has complied with these conditions	√		Detailed status of compliance is given in the Compliance Schedule as published with the Directors' Report

Annexure II

Board Meeting and attendance during the year ended 31 December 2017

Name of Directors	Board Member Since	Number of meetings attended during 2017
Mr. Petter Boerre Furberg	26 May 2017	09/09
Mr. Tore Johnsen	10 December 2013	14/14
Mr. Haakon Bruaset Kjoel*	14 September 2011	11/14
Mr. Hans Martin Hoegh Henrichsen	22 January 2014	14/14
Mr. Oivind Burdal*	18 May 2016	11/14
Mr. M Shahjahan	26 June 2006	14/14
Mr. Md. Ashraful Hassan*	20 January 2010	12/14
Ms. Parveen Mahmud*	17 October 2012	12/14
Ms. Rokia Afzal Rahman*	6 December 2012	12/14
Prof. (Dr.) Jamilur Reza Choudhury*	15 June 2016	09/14
Mr. Christopher Adam Laska*	29 September 2016	05/05

**Mr. Christopher Adam Laska retired from the Board on 25 May 2017.*

**In compliance with the law, the Board granted leave of absence to the members who were unable to attend Board meetings.*

Annexure-III

The Pattern of Shareholding as on 31 December 2017

Name of Shareholders	Status	Shares Held	Percentage
i) Parent/Subsidiary/Associate Companies			
Telenor Mobile Communications AS	-	753,407,724	55.80%
Nye Telenor Mobile Communications II AS	-	215	0.00%
Nye Telenor Mobile Communications III AS	-	215	0.00%
Telenor Asia Pte. Ltd.	-	215	0.00%
Grameen Telecom	-	461,766,409	34.20%
Grameen Kalyan	-	22	0.00%
Grameen Shakti	-	22	0.00%
ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children			
Mr. Petter Boerre Furberg	Chair	-	-
Mr. Tore Johnsen	Board Member	-	-
Mr. Haakon Bruaset Kjoel	Board Member	-	-
Mr. Hans Martin Hoegh Henrichsen	Board Member	-	-
Mr. Oivind Burdal	Board Member	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashraful Hassan	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Ms. Rokia Afzal Rahman	Board Member	-	-
Prof. (Dr.) Jamilur Reza Choudhury	Board Member	-	-
Mr. Michael Patrick Foley	Chief Executive Officer	-	-
Mr. Karl Erik Broten	Chief Financial Officer	-	-
Mr. S M Imdadul Haque	Company Secretary	-	-
Mr. Hasan Faisal	Head of Internal Audit	195	0.00%
iii) Executives (as explained in the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)			
Mr. Yasir Azman	Deputy CEO & Chief Marketing Officer	24,083	0.00%
Mr. Mahmud Hossain	Chief Corporate Affairs Officer	-	-
Mr. Andreas Frandevi	Chief Strategy Officer	-	-
Mr. Quazi Mohammad Shahed	Chief Human Resources Officer	325	0.00%
Mr. Rade Kovacevic	Chief Technology Officer	-	-
iv) Shareholders holding ten percent or more voting interest			
Telenor Mobile Communications AS	-	753,407,724	55.80%
Grameen Telecom	-	461,766,409	34.20%

Al-Muqtadir Associates
Chartered Secretaries & Consultants

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Certificate of Compliance to the Shareholders of Grameenphone Ltd.

(As required under the BSEC Corporate Governance Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance by Grameenphone Ltd. for the year ended 31st December 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification and an independent audit on compliance of the conditions of Corporate Governance as regulated by BSEC.

In our opinion and to the best of our information and according to the explanations or representations provided to us, we certify that, subject to the remarks and observations as reported in the attached Compliance Statement, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company. This is also no endorsement about quality of contents in the Annual Report of the Company for 2017.



Al-Muqtadir Associates
Chartered Secretaries & Consultants

Dhaka, 29 January 2018

AMARSTOCK

Auditor's Report & Audited Financial Statements

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka-1212, Bangladesh

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Independent Auditor's Report to the shareholders of Grameenphone Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Grameenphone Ltd, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other 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.

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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 our judgment, 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 give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS).

Emphasis of matter

We draw users' attention to Note 42 to the financial statements, where management explains the circumstances of claim from Bangladesh Telecommunication Regulatory Commission (BTRC), claim from National Board of Revenue (NBR) for SIM tax on replacement SIMs, the uncertainties of getting rebate of input VAT related to 2G licence renewal fee and claim from Large Taxpayers Unit (LTU) - VAT based on assessment by office of the Comptroller and Auditor General (C&AG), interest claim on SIM tax from NBR and management's position on the same. Our opinion is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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 so far as it appeared from our examination of these books;

c) the statement of financial position and statement of profit or loss and other comprehensive income 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 business.

Rahman Rahman Huq
Chartered Accountants
Dhaka, 29 January 2018

Grameenphone Ltd.
Statement of financial position
as at 31 December 2017

	Notes	31 December 2017 BDT'000	31 December 2016 BDT'000
Assets			
Non-current assets			
Property, plant and equipment, net	4	70,483,407	76,787,577
Intangible assets, net	5	35,229,998	38,183,422
Other non-current assets	7	3,848,495	4,587,271
Total non-current assets		109,561,900	119,558,270
Current assets			
Inventories	8	462,440	565,404
Trade and other receivables	9	7,781,236	7,463,977
Cash and cash equivalents	10	12,414,668	2,911,860
Total current assets		20,658,344	10,941,241
Total assets		130,220,244	130,499,511
Equity and liabilities			
Shareholders' equity			
Share capital	11	13,503,000	13,503,000
Share premium	12	7,840,226	7,840,226
Capital reserve	13	14,446	14,446
Deposit from shareholders	14	1,880	1,880
Retained earnings		13,761,900	12,212,732
Total equity		35,121,452	33,572,284
Non-current liabilities			
Finance lease obligation	15	4,930,194	5,093,612
Loans and borrowings	16	8,539,290	13,556,284
Deferred tax liabilities	17	6,238,396	8,235,939
Employee benefits	18	426,466	1,335,086
Other non-current liabilities	19	423,735	198,956
Total non-current liabilities		20,558,081	28,419,877
Current liabilities			
Trade and other payables	20	24,225,379	25,363,165
Provisions	21	15,257,271	14,274,056
Loans and borrowings	16	5,679,626	8,100,084
Current tax payable	22	26,435,242	18,942,559
Other current liabilities	23	2,943,193	1,827,486
Total current liabilities		74,540,711	68,507,350
Total equity and liabilities		130,220,244	130,499,511

The annexed notes 1 to 43 form an integral part of these financial statements.

Director | Director | Chief Executive Officer | Company Secretary

As per our report of same date.

Auditor

Dhaka, 29 January 2018

AMAR STOCK

Grameenphone Ltd.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

	Notes	2017 BDT'000	2016 BDT'000
Revenue	24	128,435,814	114,862,160
Operating expenses			
Cost of material and traffic charges	25	(10,322,076)	(10,661,819)
Salaries and personnel cost	26	(8,826,168)	(8,276,052)
Operation and maintenance	27	(4,011,750)	(3,757,496)
Sales, marketing and commissions	28	(11,256,660)	(12,497,326)
Revenue sharing, spectrum charges and licence fees	29	(9,816,951)	(8,902,203)
Other operating (expenses)/income, net	30	(10,911,229)	(8,202,961)
Depreciation and amortisation	31	(23,336,591)	(20,998,180)
		(78,481,425)	(73,296,037)
Operating profit		49,954,389	41,566,123
Share of profit/(loss) of associate	32	-	(223,815)
Impairment loss on investment in associate	6	-	(486,828)
Finance (expense)/income, net	33	(1,467,214)	(2,591,068)
Foreign exchange (loss)/gain		(1,164,885)	(86,006)
		(2,632,099)	(3,387,717)
Profit before tax		47,322,290	38,178,406
Income tax expense	34	(19,899,642)	(15,652,051)
Profit after tax		27,422,648	22,526,355
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	18	762,284	35
Related taxes		(304,914)	(14)
		457,370	21
Total comprehensive income for the year		27,880,018	22,526,376
Earnings per share			
Basic and diluted earnings per share (par value BDT 10 each in BDT)	35	20.31	16.68

The annexed notes 1 to 43 form an integral part of these financial statements.

Director | Director | Chief Executive Officer | Company Secretary

As per our report of same date.

Auditor

Dhaka, 29 January 2018

Grameenphone Ltd.
Statement of changes in equity
for the year ended 31 December 2017

	Share capital	Share premium	Capital reserve	Deposit from shareholders	Retained earnings	Total
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Balance as at 1 January 2016	13,503,000	7,840,226	14,446	1,880	9,265,706	30,625,258
Transactions with the equity holders:						
Final dividend for 2015	-	-	-	-	(8,101,800)	(8,101,800)
Interim dividend for 2016	-	-	-	-	(11,477,550)	(11,477,550)
Total comprehensive income for 2016						
Profit for the year	-	-	-	-	22,526,355	22,526,355
Other comprehensive income	-	-	-	-	21	21
Balance as at 31 December 2016	13,503,000	7,840,226	14,446	1,880	12,212,732	33,572,284
Balance as at 1 January 2017	13,503,000	7,840,226	14,446	1,880	12,212,732	33,572,284
Transactions with the equity holders:						
Final dividend for 2016	-	-	-	-	(12,152,700)	(12,152,700)
Interim dividend for 2017	-	-	-	-	(14,178,150)	(14,178,150)
Total comprehensive income for 2017						
Profit for the year	-	-	-	-	27,422,648	27,422,648
Other comprehensive income	-	-	-	-	457,370	457,370
Balance as at 31 December 2017	13,503,000	7,840,226	14,446	1,880	13,761,900	35,121,452

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Grameenphone Ltd.
Statement of cash flows
for the year ended 31 December 2017

	2017 BDT'000	2016 BDT'000
Cash flows from operating activities		
Cash receipts from customers	127,506,605	115,707,956
Payroll and other payments to employees	(8,581,995)	(8,345,516)
Payments to suppliers, contractors and others	(44,981,195)	(42,531,964)
Interest received	397,940	153,435
Interest paid	(1,848,595)	(2,662,556)
Income tax paid	(14,709,416)	(16,169,852)
	(69,723,261)	(69,556,453)
Net cash generated by operating activities	**57,783,344**	**46,151,503**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment and intangible assets	(13,086,584)	(19,962,199)
Proceeds from sale of property, plant and equipment	241,347	122,894
Investment in preference shares	(99,000)	-
Net cash used in investing activities	**(12,944,237)**	**(19,839,305)**
Cash flows from financing activities		
Proceeds from/(payment) of short-term bank loan	(2,688,200)	(1,911,800)
Payment of long-term loan	(5,653,890)	(5,402,010)
Payment of dividend	(26,330,850)	(19,579,350)
Payment of finance lease obligation	(663,359)	(660,278)
Net cash used in financing activities	**(35,336,299)**	**(27,553,438)**
Net change in cash and cash equivalents	9,502,808	(1,241,240)
Cash and cash equivalents as at 1 January	2,911,860	4,153,100
Cash and cash equivalents as at 31 December	**12,414,668**	**2,911,860**

Grameenphone Ltd.
Notes to the financial statements
for the year ended 31 December 2017

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) 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 financial statements are unconsolidated financial statements (also known as individual financial statements) of Grameenphone as at and for the year ended 31 December 2017. 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/BAS) 28 Investment in Associates and Joint Ventures.

For understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income has been appended to these financial statements as supplementary information.

These 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 requirements of IFRS and BFRS, to the extent relevant to these financial statements, do not vary from each other.

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.

Authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the company on 29 January 2018.

2.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. 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.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

1. The company has a lease agreement with Bangladesh Railway for Fibre Optic Network (FON) and this lease has been treated as finance lease. For details, please see Note 15 to these financial statements.
2. The company has significant influence over Accenture Communications Infrastructure Solutions Ltd.
3. The company has entered into lease agreements for base stations, switch locations and office space. After evaluation of the terms and conditions of these agreements the company has determined that it does not have substantial risks and rewards related to the assets. For operating lease commitments, please see Note 30.2 to these financial statements.

Estimates and assumptions

Key estimates and assumptions used in preparation of these financial statements are:

1. Applicable tax rate for Income Year 2017 will be declared by Finance Act 2018. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2017 as well.
2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary tomeasure defined benefit obligation as at 31 December 2017.
3. key assumptions about the likelihood and magnitude of outflow of resources have been used to recognize and measure provisions and contingencies.
4. Recoverable amount of Investment in associate.

3 Significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.1 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
ii) expected to be realised within twelve months after the reporting period, or
iii) held primarily for the purpose of trading, or
iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

i) expected to be settled in normal operating cycle, or
ii) due to be settled within twelve months after the reporting period, or
iii) held primarily for the purpose of trading, or
iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Offsetting

The company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short are presented net in the statement of cash flows.

3.3 Cash dividend to the equity holders

The company recognises a liability to make cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.4 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 obligations for costs of 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 major 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 upgradation 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 company 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 has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful life 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 company will obtain ownership by the end of the lease term. Depreciation method, useful lives and residual values are reviewed at each year-end 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:

	2017	2016
	Years	Years
Own assets		
Building	10 -50	10 -50
Base station - equipment	3-10	3-10
Base station - tower, fibre optic network and related assets	7- 30	7- 30
Transmission equipment	5-10	5-10
Computers and other IT equipment	3-4	4
Furniture and fixtures (including office equipment)	3-5	3-5
Vehicles	4	4
Leased asset		
Fibre Optic Network (FON)	22.5 - 30	22.5 - 30

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company.

(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 recognised in profit or loss in the period in which they are incurred.

3.5 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the company 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 recognised 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 company can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognised 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 placed in service. It is amortised over the period of expected future economic benefits. 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. The estimated useful lives are as follows:

	2017	2016
	Years	Years
Software and others		
Pulse Code Modulation (PCM)	5	5
Billing software	5	5
Other operational software	3-7	3-7
Network management software	7	7
Telecom licence and spectrum		
Spectrum-2008	18	18
Telecom licence and spectrum -2011	15	15
3G licence and spectrum.	15	15

Amortisation methods, useful lives and residual values are reviewed at each year-end and adjusted, if appropriate.

(d) Derecognition

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

3.6 Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the investor's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of the investee is presented as part of the investor's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the investor recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the investor and the associate are eliminated to the extent of the interest in the associate.

Share of profit/loss of associate is not recognised in Grameenphone's separate financial statements until is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

These financial statements have been prepared considering unaudited financial performance of the associate (ACISL) for the same reporting period as Grameenphone's. The financial statements of ACISL are also prepared following Bangladesh Financial Reporting Standards (BFRS).

3.7 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7.1 Financial assets

The company classifies non-derivative financial assets into financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' financial assets, 'loans and receivables' or 'available-for-sale' financial assets.

The company 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. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate financial asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

i. Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. A financial asset is designated as fair value through profit or loss if the company manages such investments and make purchase and sale decisions based on their fair value in accordance with company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value and changes there in, which takes into account any dividend income, are recognised in the profit or loss.

As at the date of statement of financial position the company had no financial assets at fair value through profit or loss.

ii. Held-to-maturity financial assets

If the company has positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity financial assets. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Short-term investments are classified as held-to-maturity financial assets. Short term investments comprise investment in Fixed Deposit Receipts (FDR) with original maturity of more than three months.

iii. Loans and receivables

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in the active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. This is the most relevant category of financial asset to the company and includes trade and other receivables. Trade receivables with no stated interest rate are recognised at the original invoice amount when the impact of discounting is not material.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Subsequent to initial recognition, they are measured at fair value and changes there in, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

As at the date of statement of financial position the company had no financial assets available-for-sale.

3.7.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Company's financial liabilities mainly include trade and other payables, loans and borrowings.

i. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS/BAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS/BAS 39 are satisfied.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value with gains or losses arising on remeasurement are recognised in profit or loss. The company has not designated any financial liabilities as at fair value through profit or loss.

ii. **Other financial liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Other financial liabilities include loans and borrowings, trade and other payables.

3.7.3 Equity instruments

An equity instrument is any contract that gives rise to a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs. No gain or loss is recognised in profit or loss on the sale , repurchase or cancellation of the company's own equity instruments.

3.8 Impairment

(a) Financial assets

A financial asset, not classified as fair value through profit or loss, is assessed at each reporting date to determine whether there is an objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets, and the loss event(s) had an impact on the estimated future cash flows of that assets that can be estimated reliably.

i. **Financial assets measured at amortised cost**

The company 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.

In assessing collective impairment, the company uses historical trend of probability of default, timing of recoveries and amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in the allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

As per the existing credit policy, 100% impairment allowance is recognised on receivables from permanently disconnected post-paid subscribers. Post-paid subscribers are permanently disconnected if they fail to make any payment within 90 days of temporary disconnection. Any post-paid receivables remaining uncollected after one year of allowance creation are written-off. Other accounts receivable are written-off when there is no reasonable expectation of future recovery.

ii. **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of reversal recognised in profit or loss.

(b) Non-financial assets

The carrying amounts of the company'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 company 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, the company considers Grameenphone as the smallest identifiable groups of assets (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 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.

3.9 Inventories

Inventories consisting of scratch cards, SIM cards, mobile handsets, data cards and other devices are valued at lower of cost and net realisable value. Cost 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 amount 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.

3.10 Employee benefits

The company 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 trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(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 recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised 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 employees render the services are discounted to the present value.

Grameenphone has a separate recognised provident fund scheme. All permanent employees of Grameenphone contribute 10% of their basic salary to the provident fund and the company makes matching contributions.

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

(b) Defined benefit plan (gratuity)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

i) the present value of defined benefit obligation; less
ii) the fair value of plan assets; adjusted for
iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation is 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.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) are recognised in profit or loss. Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

i) actuarial gains and losses;
ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and
iii) any change in the affect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

(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. A provision is recognised for the amount of annual leave encashment based on the latest basic salary.

3.11 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is 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 rates used for the reporting periods are as follows:

Year	Tax rate
2016	40%
2017	40%

(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 purpose and amounts used for taxation purpose. 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 year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3.12 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) Provisions

A provision is recognised in the statement of financial position when the company 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 reporting date. Where the company 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 recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected 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 company recognises ARO in respect of roof-top base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) 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 company; 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 company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

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

3.13 Revenue recognition, measurement and presentation

Revenues are recognised when goods are delivered or services rendered, to the extent that it is probable that the economic benefits from the transactions will flow to the company and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. These taxes are regarded as collected on behalf of the authorities.

Revenues primarily comprise sale of:

- Services: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for leased lines and leased networks.
- Customer equipment is primarily mobile devices/phones and data card.

(a) Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards expire or are forfeited.

(b) Connection fees

Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the expected period of the customer relationship and is based on past history of churn.

(c) Customer equipment

Revenues from sales of customer equipment are normally recognised when the equipment, including the related significant risks and rewards of ownership, is transferred to the buyer and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(d) Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the company or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses.

(e) Multiple element arrangements

When the company delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable components if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of undelivered items. The consideration is allocated between the elements based on their relative fair values, and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

(f) Interest and dividend income

Interest income is accrued on a time proportion basis that reflects an effective yield on the financial asset. Dividend income from an investment is recognised when the company's rights to receive payment is established (declared by the Annual General Meeting of the investee or otherwise).

Presentation

The determination of whether the company is acting as a principal or as an agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services and setting prices and the underlying financial risks and rewards. Where the company acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the company acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are recognised gross in line with generally accepted accounting principles within the telecommunications industry.

Licence fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as operating costs because the company is considered to be the primary obligor.

3.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and 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 ownership to the lessee. All other leases are classified as operating leases.

(a) The company as lessee

Assets held under finance leases are initially recognised as asset of the company 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 recognised in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the period in which they incur.

Operating lease payments are recognised 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 recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as liability. The aggregate benefit of incentives is recognised 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 company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of company'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 company'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 costs 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

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate 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 BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate 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 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 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

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

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4 Property, plant and equipment, net

31 December 2017

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2017	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2017	As at 1 January 2017	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2017	As at 31 December 2017
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Land (Note 4.1)	807,050	-	-	807,050	-	-	-	-	807,050
Building	4,050,657	-	(1,743)	4,048,914	1,204,901	198,078	-	1,402,979	2,645,935
Base station	110,501,615	9,290,617	(2,835,887)	116,956,345	66,422,116	11,652,069	(2,691,591)	75,382,593	41,573,752
Transmission equipment	33,573,136	1,763,300	-	35,336,436	21,822,928	5,173,852	-	26,996,781	8,339,656
Computers and other IT equipment	6,440,528	722,620	(60,945)	7,102,203	4,536,567	843,947	(57,724)	5,322,790	1,779,413
Furniture and fixtures (including office equipment)	2,787,604	135,385	(39,714)	2,883,275	2,345,144	120,061	(39,714)	2,425,491	457,784
Vehicles	1,998,059	162,497	(176,247)	1,984,308	1,124,788	229,629	(128,125)	1,226,291	758,017
	160,158,649	12,074,418	(3,114,536)	169,118,531	97,456,444	18,217,636	(2,917,155)	112,756,924	56,361,607
Capital work in progress (Note 4.2)	9,306,246	12,125,457	(12,447,392)	8,984,311	-	-	-	-	8,984,311
	169,464,895	24,199,875	(15,561,928)	178,102,842	97,456,444	18,217,636	(2,917,155)	112,756,924	65,345,917
Fibre Optic Network under finance lease	9,267,245	868,904	-	10,136,149	4,488,119	510,540	-	4,998,659	5,137,490
	178,732,140	25,068,779	(15,561,928)	188,238,991	101,944,563	18,728,176	(2,917,155)	117,755,583	70,483,407

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4 Property, plant and equipment, net

31 December 2016

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2016	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2016	As at 1 January 2016	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2016	As at 31 December 2016
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Land (Note 4.1)	807,497	-	(447)	807,050	-	-	-	-	807,050
Building	4,058,116	58,690	(66,149)	4,050,657	1,114,566	156,485	(66,149)	1,204,901	2,845,756
Base station	96,724,395	15,352,135	(1,574,914)	110,501,615	57,277,698	10,695,330	(1,550,913)	66,422,116	44,079,500
Transmission equipment	28,070,339	5,502,798	-	33,573,136	17,468,725	4,354,203	-	21,822,928	11,750,208
Computers and other IT equipment	5,145,846	1,312,939	(18,257)	6,440,528	3,786,535	768,112	(18,080)	4,536,567	1,903,961
Furniture and fixtures (including office equipment)	2,681,971	139,198	(33,565)	2,787,604	2,244,545	134,164	(33,565)	2,345,144	442,460
Vehicles	1,872,699	339,530	(214,171)	1,998,059	1,077,825	220,317	(173,354)	1,124,788	873,270
	139,360,863	22,705,290	(1,907,503)	160,158,649	82,969,894	16,328,611	(1,842,060)	97,456,444	62,702,205
Capital work in progress (Note 4.2)	13,082,473	19,241,950	(23,018,177)	9,306,246	-	-	-	-	9,306,246
	152,443,336	41,947,239	(24,925,679)	169,464,895	82,969,894	16,328,611	(1,842,060)	97,456,444	72,008,451
Fibre Optic Network under finance lease	8,757,398	509,847	-	9,267,245	4,026,309	461,810	-	4,488,119	4,779,126
	161,200,734	42,457,086	(24,925,679)	178,732,140	86,996,202	16,790,421	(1,842,060)	101,944,563	76,787,577

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4.1 Land

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

4.2 Capital work in progress (CWIP)

This represents primarily the cost of network equipment under construction and capital inventory.

4.2.1 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:

Name of assets	2017 BDT'000	2016 BDT'000
Building	-	58,690
Base station	9,290,617	15,352,135
Transmission equipment	1,763,300	5,502,798
Computers and other IT equipment	722,620	1,312,939
Furniture and fixtures	135,385	139,198
Vehicles	162,497	339,530
	12,074,418	22,705,290

Total transfer of CWIP during 2017 also includes capital inventory write off/adjustment of BDT 372,973,680 (2016: BDT 312,887,161).

4.2.2 Capital work in progress - components

Capital work in progress as at 31 December 2017 included capital inventory of BDT 4,002,677,696 (2016: BDT 3,024,436,050) and work in progress of BDT 4,981,632,920 (2016: BDT 6,281,809,639).

4.3 Change in estimates

Useful life of base station-civil works was increased to 20 years from 10 years based on technical assessment. Impact of such change on current year and expected depreciation is as follows:

	2017 BDT'000	2018 BDT'000	2019 BDT'000	2020 BDT'000	2021 BDT'000	Later BDT'000
(Decrease)/increase in depreciation expense	(134,287)	(557,827)	(402,582)	(339,075)	(321,276)	1,755,047

5 Intangible assets, net

31 December 2017

Name of assets	Cost				Amortisation				Carrying amount
	As at 1 January 2017	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2017	As at 1 January 2017	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2017	As at 31 December 2017
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Software and others (Note 5.1)	8,352,333	1,065,252	-	9,417,585	6,969,481	1,088,318	-	8,057,799	1,359,786
Telecom licence and spectrum (Note 5.2)	53,049,258	-	-	53,049,258	16,322,005	3,520,097	-	19,842,102	33,207,156
	61,401,592	1,065,252	-	62,466,844	23,291,486	4,608,415	-	27,899,901	34,566,942
Capital work in progress (Note 5.3)	73,317	1,654,991	(1,065,252)	663,056	-	-	-	-	663,056
	61,474,908	2,720,244	(1,065,252)	63,129,900	23,291,486	4,608,415	-	27,899,901	35,229,998

31 December 2016

Name of assets	Cost				Amortisation				Carrying amount
	As at 1 January 2016	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2016	As at 1 January 2016	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2016	As at 31 December 2016
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Software and others (Note 5.1)	6,908,532	1,443,801	-	8,352,333	6,281,819	687,662	-	6,969,481	1,382,852
Telecom licence and spectrum (Note 5.2)	53,049,258	-	-	53,049,258	12,801,908	3,520,097	-	16,322,005	36,727,253
	59,957,790	1,443,801	-	61,401,592	19,083,727	4,207,759	-	23,291,486	38,110,105
Capital work in progress (Note 5.3)	171,482	1,345,636	(1,443,801)	73,317	-	-	-	-	73,317
	60,129,273	2,789,437	(1,443,801)	61,474,908	19,083,727	4,207,759	-	23,291,486	38,183,422

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5.1 Software and others

Software includes business software and network management software. Business software includes mainly billing software, oracle financial software, data mining software, campaign automation software etc.

5.2 Telecom licence and spectrum

In 2013, Grameenphone, acquired 3G licence and related 10 MHz of spectrum for 15 years effective from 12 September 2013.

The tenure of Mobile Cellular Licence and 14.6 MHz of spectrum acquired in 1996 expired on 10 November 2011. The tenure of this 2G licence and spectrum was renewed for another 15 years on 7 August 2012. This 2G licence and spectrum was recognised in accordance with IAS/BAS 38 Intangible Assets and was measured at the cash equivalent price being the present value of the instalments. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

Total cost of telecom licence and spectrum also includes cost of 7.4 MHz of spectrum acquired in 2008 for 18 years.

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.

6 Investment in associate

Grameenphone disposed of 51% of its stake in its only subsidiary, Grameenphone IT Ltd. now known as ACISL on 1 September 2013 and retains significant influence over ACISL with its remaining 49% stake. Grameenphone's remaining stake in ACISL has been measured at fair value at the date when 51% of ACISL was disposed. The fair value (BDT 540,235,154) has been determined based on the transaction price of 51% after adjustment for factors such as control premium. This fair value is regarded as the cost on initial recognition of 'investment in associate'. Initial carrying amount of investment has increased/(decreased) by Grameenphone's share of investee's post-acquisition profit/loss not yet distributed.

In accordance with the requirements of IAS/BAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 was re-assessed for impairment considering the financial performance of ACISL for the period to 31 October 2016 and estimated the recoverable amount from the investment. Based on the assessment, the carrying amount investment in ACISL (BDT 486,828,493) has been fully impaired. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2017 and 31 December 2016.

7 Other non-current assets

	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Trade receivables, net of impairment loss (Note 7.1)	-	741,617
Input VAT claim (Note 7.2)	3,807,204	3,807,204
Security deposits for utility services and other investments	41,291	38,450
	3,848,495	4,587,271

7.1 Trade receivables, net of impairment loss

This represents the amount of trade receivable recovery of which is expected to take more than one year and accordingly recognised at amortised cost. The amount has been re-classified as current receivables (under Note 9) and fully impaired upon an assessment of recoverability as at 31 December 2017.

7.2 Input VAT claim

This represents input VAT claim against VAT already deposited at the time of 2G licence acquisition in accordance with the order of the High Court referred to under Note 42(c). Considering the fact that resolution of such issues in the regular legal process often takes considerable amount of time, this amount has been classified as non-current asset.

8 Inventories

	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Handset, data card and other devices	323,169	431,912
SIM card	119,605	88,208
Scratch card	19,666	45,284
	462,440	565,404

8.1 Movement of inventories

	Handset, data card and other device BDT'000	SIM card BDT'000	Scratch card BDT'000
Balance as at 1 January 2016 (Gross)	326,427	184,156	80,080
Purchase during 2016	2,729,427	457,537	405,276
Issue during 2016	(2,534,494)	(497,760)	(423,052)
	521,360	143,933	62,304
Adjustment/write-off	(89,448)	(55,725)	(17,020)
Balance as at 31 December 2016 (Net)	431,912	88,208	45,284
Balance as at 1 January 2017 (Gross)	521,360	143,933	62,304
Purchase during 2017	2,256,431	914,261	292,817
Issue during 2017	(2,384,541)	(929,345)	(335,422)
	393,250	128,849	19,699
Adjustment/write-off	(70,081)	(9,244)	(33)
Balance as at 31 December 2017 (Net)	323,169	119,605	19,666

8.2 Number of inventories

	As at 31 December 2017 Units	As at 31 December 2016 Units
Handset, data card and other device	65,497	70,705
SIM card	5,847,659	3,733,641
Scratch card	134,522,778	146,679,479

8.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Both new connection and replacement SIM attract SIM tax. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

9 Trade and other receivables

	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Trade receivables		
Trade receivables, gross (Note 9.1)	6,806,204	4,294,404
Provision for bad debts/impairment (See Note 36.1)	(1,718,669)	(255,476)
Total trade receivables	5,087,535	4,038,928
Other current receivables		
Receivables from employees	4,366	6,330
Other non-interest-bearing receivables	1,162,466	1,135,946
Total other current receivables	1,166,832	1,142,276
Prepayments		
Deferred costs related to connection revenue	859,145	1,164,876
Prepaid expenses	667,724	1,117,897
Total prepayments	1,526,869	2,282,773
Total trade and other receivables	7,781,236	7,463,977

9.1 Trade receivables, gross

This included interconnection receivables of BDT 3,933,867,239 as at 31 December 2017 (2016: BDT 2,220,930,877). The ageing of gross interconnection receivables as at the statement of financial position date was:

Not past due	1,873,714	1,899,019
0-30 days past due	105,118	166,463
31-60 days past due	93,520	41,961
61-90 days past due	16,738	2,320
91-180 days past due	61,994	6,198
181-365 days past due	274,309	10,795
over 365 days past due	1,508,474	94,175
	3,933,867	2,220,931

Other trade receivables as at 31 December 2017 was BDT 2,872,337,585 (2016: BDT 2,073,472,831). The ageing of other trade receivables as at the statement of financial position date was:

Not past due	1,235,127	897,789
0-30 days past due	969,906	472,792
31-60 days past due	134,581	142,217
61-90 days past due	79,869	107,785
91-180 days past due	131,537	147,687
181-365 days past due	193,687	146,410
over 365 days past due	127,631	158,793
	2,872,338	2,073,473

Total not past due trade receivables (gross) as at 31 December 2017 include receivables of BDT 1,307,850,541 (2016: 1,836,372,568) from customers against whom receivables of BDT 1,509,119,354 (2016: BDT 239,988,614) became over 365 days past due and provision for bad debt of BDT 1,471,401,591 (2016: BDT 12,367,695) provided against those customers. However, as per BTRC guidelines Grameenphone is obligated to provide services to the interconnection service providers.

9.2 Security against trade receivables

	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Good and secured	496,563	433,679
Good with personal security/unsecured	4,590,972	3,605,249
Doubtful and bad	1,718,669	255,476
Gross trade receivables	6,806,204	4,294,404
Provision for bad and doubtful debts	(1,718,669)	(255,476)
Trade receivables, net	5,087,535	4,038,928

9.3 Future minimum lease payments receivables

Future minimum lease payments receivables during non-cancellable period from operating leases are as follows:

(i) Not later than one year	733,650	940,865
(ii) Later than one year but not later than five years	521,529	274,201
(iii) Later than five years	-	-
	1,255,179	1,215,066

10 Cash and cash equivalents

Cash in hand	9,961	7,958
Cash at bank	12,404,707	2,903,902
	12,414,668	2,911,860

10.1 Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.

10.2 Restricted cash balance

Cash at bank as at 31 December 2017 includes BDT 18,982,159 (2016: BDT 12,216,838) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, cash at bank as at 31 December 2017 included BDT 102,840,174 (2016: BDT 93,058,154) equivalent to dividend unclaimed amount and BDT 12,777,564 (2016: BDT 12,867,366) 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 Share capital

Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	40,000,000	40,000,000
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	13,503,000	13,503,000

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 year.

11.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
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 institutional	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

Shareholding range	No. of shareholders		No. of shares	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
1-500	23,964	27,809	4,618,667	5,680,606
501-5,000	5,250	6,547	8,443,991	10,249,805
5,001-10,000	450	557	3,271,249	4,053,176
10,001-20,000	238	256	3,392,632	3,652,905
20,001-30,000	76	65	1,846,202	1,596,958
30,001-40,000	56	54	1,954,986	1,898,182
40,001-50,000	22	31	1,013,502	1,448,791
50,001-100,000	65	79	4,664,490	5,939,381
100,001-1,000,000	115	126	36,535,713	37,768,926
1,000,001-1,000,000,000	28	25	1,284,558,590	1,278,011,292
	30,264	35,549	1,350,300,022	1,350,300,022

12 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/BAS 32 Financial Instruments: Presentation.

13 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 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.

14 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.

15 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. Grameenphone'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.

Apart from the above, Grameenphone has obtained total 1,135.18 Km of fibre optic network (FON) from Summit Communications Limited against a lease contract for 30 years. This lease has been treated as finance lease as per IAS/BAS 17 Leases. Total lease obligation as of 31 December 2017 for this FON amounted to BDT nil (2016: BDT 129,416,363).

	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Finance lease obligation	5,413,283	5,336,563
Less: Current portion (Note 20)	483,089	242,951
	4,930,194	5,093,612

	Future minimum lease payments	Interest	Present value of minimum lease payments
	BDT'000	BDT'000	BDT'000
Future minimum lease payments and their present value as at 31 December 2017 were as follows:			
(i) Not later than one year	1,238,775	755,686	483,089
(ii) Later than one year but not later than five years	3,977,763	2,646,899	1,330,864
(iii) Later than five years	5,047,540	1,448,210	3,599,330
	10,264,078	4,850,794	5,413,283
Future minimum lease payments and their present value as at 31 December 2016 were as follows:			
(i) Not later than one year	1,018,386	775,436	242,951
(ii) Later than one year but not later than five years	3,857,225	2,818,624	1,038,600
(iii) Later than five years	6,087,183	2,032,170	4,055,012
	10,962,794	5,626,230	5,336,563

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 five installments have been repaid since October 2015 and current outstanding loan balance is USD 172.50 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 amortised cost as per IAS/BAS 39 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings includes part of the above long-term syndicated loan falling due for repayment in next 12 months and as at 31 December 2017 there was no short-term bank loan (2016: BDT 2,688,200,000).

17 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 34. The components of deferred tax assets and liabilities are given below:

	Carrying amount BDT'000	Tax base BDT'000	Taxable/(deductible) temporary difference BDT'000
As at 31 December 2017			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	55,554,556	36,443,874	19,110,683
Property, plant and equipment under finance lease (Note 4)	5,137,490	-	5,137,490
Difference for vehicle (Note 17.1)	(152,845)	-	(152,845)
			24,095,328
Telecom licence, spectrum, software and others	34,566,942	35,271,271	(704,328)
Trade receivables (Note 9)	5,087,535	6,806,204	(1,718,670)
Finance lease obligation including current portion (Note 15)	(5,413,283)	-	(5,413,283)
Other current liabilities (profit sharing plan)	(236,591)	-	(236,591)
Employee benefit plans (funded)	(426,466)	-	(426,466)
Net taxable temporary difference			15,595,990
Deferred tax liability @40% tax rate (Note 3.11)			6,238,396
Deferred tax liabilities (Note 17.2)			6,238,396
As at 31 December 2016			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	61,895,155	37,360,423	24,534,732
Property, plant and equipment under finance lease (Note 4)	4,779,126	-	4,779,126
Difference for vehicle (Note 17.1)	(141,009)	-	(141,009)
			29,172,849
Trade receivables, net of impairment loss	741,617	1,483,234	(741,617)
Telecom licence, spectrum, software and others	38,110,105	38,940,547	(830,442)
Trade receivables (Note 9)	4,038,928	4,170,347	(131,419)
Finance lease obligation including current portion (Note 15)	(5,336,563)	-	(5,336,563)
Other current liabilities (profit sharing plan)	(207,876)	-	(207,876)
Employee benefit plans (funded)	(1,335,086)	-	(1,335,086)
Net taxable temporary difference			20,589,846
Deferred tax liability @40% tax rate (Note 3.11)			8,235,939
Deferred tax liabilities (Note 17.2)			8,235,939

17.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by Grameenphone. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently BDT 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

17.2 Actuarial gain/loss from re-measurement of defined benefite obligations

Deferred tax liabilities as of 31 December 2017 include net deferred tax asset of BDT 170,586,508 (2016: BDT 534,034,217) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

18 Employee benefits

	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Amounts recognized in the statement of financial position		
Defined benefit obligation	(3,598,814)	(4,000,142)
Fair value of plan assets	3,172,347	2,665,056
Net defined benefit obligation	(426,466)	(1,335,086)
Change in benefit obligation		
Benefit obligation at end of prior year	(4,000,142)	(3,768,429)
Current service cost	(285,354)	(304,977)
Interest expense	(265,560)	(259,060)
Benefit payments from plan assets	49,866	34,693
Benefit payments from employer	-	586
Settlement payments from plan assets	407,769	337,710
Remeasurements due to change in demographic assumptions	187,458	72,809
Remeasurements due to change in financial assumptions	566,007	(224,826)
Remeasurements due to experience adjustments	(258,858)	111,352
Defined benefit obligation at end of year	(3,598,814)	(4,000,142)
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	2,665,056	2,323,788
Interest income	184,254	177,753
Total employer contributions:		
(i) Employer contributions	512,994	495,218
(ii) Employer direct benefit payments	-	586
Benefit payments from plan assets	(49,866)	(34,693)
Benefit payments from employer	-	(586)
Settlement payments from plan assets	(407,769)	(337,710)
Remeasurements for return on assets (excluding interest income)	267,677	40,700
Fair value of plan assets at end of year	3,172,347	2,665,056
Fair value of plan assets		
Cash and cash equivalents	780,000	388,118
Debt instruments	2,392,347	2,276,938
Total	3,172,347	2,665,056
Components of Defined Benefit Cost (DBO)		
Current service cost	285,354	304,977
Interest expense on DBO	265,560	259,060
Interest (income) on plan assets	(184,254)	(177,753)
Defined benefit cost included in profit or loss	366,659	386,284
Remeasurements (recognized in other comprehensive income (OCI))		
Due to change in demographic assumptions	(187,458)	(72,809)
Due to change in financial assumptions	(566,007)	224,826
Due to change in experience adjustments	258,858	(111,352)
(Return) on plan assets (excl. interest income)	(267,677)	(40,700)
Total remeasurements in OCI	(762,284)	(35)
Total defined benefit cost recognized in profit or loss and OCI	(395,625)	386,249
Net defined benefit liability (asset) reconciliation		
Opening balance of net defined benefit liability (asset)	1,335,086	1,444,641
Defined benefit cost included in profit or loss	366,659	386,284
Total remeasurements included in OCI	(762,285)	(35)
Employer contributions	(512,994)	(495,218)
Employer direct benefit payments	-	(586)
Net defined benefit liability (asset) as of end of year	426,466	1,335,086

	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Expected cash flows for following year		
Expected employer contributions	350,000	250,000
Expected total benefit payments		
Year 1	417,476	285,338
Year 2	340,788	299,339
Year 3	374,711	337,134
Year 4	404,500	375,322
Year 5	431,056	395,635
Next 5 years	2,503,270	2,310,804

	As at 31 December 2017	As at 31 December 2016
Significant actuarial assumptions		
Discount rate in %	7.25%	6.90%
Future salary growth in %	8.5%	10.0%
Future turnover in %		
Up to age 30	12%	11%
Age 31-45	10%	10%
Above 45	10%	5%
Expected average remaining working lives of employees	9 years	10 years

Sensitivity analysis

A change of 50 basis points in following significant assumptions would have increased/(decreased) defined benefit obligation of the company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	As at 31 December 2017		As at 31 December 2016	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT'000	BDT'000	BDT'000	BDT'000
Discount rate in %	(138,872)	149,007	(204,396)	222,448
Future salary growth in %	138,204	(130,214)	205,387	(191,103)

Significant characteristics of plan

Plan sponsor	:	Grameenphone Ltd.
Nature of benefits	:	Final salary defined benefit plan
Risks associated with the plan	:	Plan sponsor bears interest rate risks associated of the plan
Vesting criteria	:	5 year of continuous service
Applicable salary	:	Last drawn monthly salary
Maximum limit of benefit paid	:	No upper limit on benefit
Basis of gratuity	:	Accrued benefit
Normal retirement age	:	60 years
Benefit calculation	:	- Past service of 5 years to 5.5 years: 1 month applicable basic salary for each completed years of service - Upto 10 years: 1.5 month applicable basic salary for each completed years of service - More than 10 years: 2 month applicable basic salary for each completed years of service

19 Other non-current liabilities

	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Asset retirement obligations (Note 19.1)`	139,651	124,073
Other non-current liabilities	284,084	74,883
	423,735	198,956

Security deposits from subscribers and channel partners have been reclassified as other current liabilities in 2017 (under Note 23) based on an assessment of contractual terms to determine maturity date.

19.1 Asset retirement obligations (ARO)

Opening balance	124,157	126,699
Provision made during the year	19,442	20,164
	143,599	146,863
Provision released during the year	(3,948)	(22,706)
Closing balance	139,651	124,157

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of roof-top base stations and office space for any constructive and/or legal obligations for dismantling, 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 outflows required to settle such obligations. Unwinding of the discount is charged as finance expense in the profit or loss.

20 Trade and other payables

Trade payables including liability for capital expenditure	11,293,719	12,135,515
Accrued expenses	5,122,408	5,871,661
Finance lease obligation	483,089	242,951
	16,899,216	18,250,127
Indirect taxes	1,645,305	1,512,521
Deferred connection revenue	953,712	1,291,941
Unearned revenue	4,727,146	4,308,576
	24,225,379	25,363,165

21 Provisions

Provisions includes provision for BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.

22 Current tax payable

Movement of income tax provision is shown as under:

Opening balance	18,942,559	19,785,655
Provision made during the year including transactions for other comprehensive income	22,320,271	16,005,063
	41,262,830	35,790,718
Paid during the year (incl. tax deducted at source)	(14,709,415)	(16,169,852)
Provision released during the year	(118,173)	(678,307)
Closing balance	26,435,242	18,942,559

23 Other current liabilities

Other current liabilities mainly include accruals for profit sharing plan BDT 236,590,686 (2016: BDT 207,853,964), payable for bills pay receipts BDT 694,199,181 (2016: BDT 756,539,891), dividend unclaimed BDT 102,840,174 (2016: BDT 93,058,154) and Security deposits from subscribers and channel partners BDT 455,708,942 (2016: 428,015,857). Security deposits from subscribers and channel partners were classified as non-current liabilities in 2016.

24 Revenue

	2017 BDT'000	2016 BDT'000
The following is an analysis of revenue for the year:		
Revenue from mobile communication (Note 24.1)	123,716,181	109,691,382
Revenue from customer equipment (Note 24.2)	2,475,132	2,750,952
Other revenues (Note 24.3)	2,244,501	2,419,826
	128,435,814	114,862,160

24.1 Revenue from mobile communication

This includes revenue from voice and non-voice traffic, subscription and connection fee and interconnection revenue.

24.2 Revenue from customer equipment

This mainly includes revenue from sale of mobile handsets/devices and data cards.

24.3 Other revenues

This mainly includes revenue from telecom facility sharing and commission income.

25 Cost of material and traffic charges

Traffic charges	(5,599,981)	(5,732,536)
Cost of materials and services	(4,722,095)	(4,929,283)
	(10,322,076)	(10,661,819)

Traffic charges mainly include national and international interconnection cost.

Cost of materials and services includes cost of SIM card, scratch card, devices and contents.

26 Salaries and personnel cost

Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), training and other related costs. Additionally, gratuity expense includes BDT 1,062,079,853 (2016: BDT 944,605,087) for voluntary retirement of 276 (2016: 348) employees during the year.

26.1 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 2,397 as at 31 December 2017 and 2,651 as at 31 December 2016.

27 Operation and maintenance

Service maintenance fee	(2,588,980)	(1,767,564)
Vehicle maintenance expense	(298,131)	(368,010)
Other operation and maintenance	(1,124,639)	(1,621,922)
	(4,011,750)	(3,757,496)

Service maintenance fee includes costs related to operation and maintenance of serviceability of mobile communication network.

28 Sales, marketing and commissions

Sales, marketing and representation costs	(344,021)	(1,768,930)
Advertisement and promotional expenses	(867,029)	(1,903,281)
Commissions	(10,045,610)	(8,825,115)
	(11,256,660)	(12,497,326)

Sales, marketing and representation costs include costs related to trade marketing and subscriber acquisition.

29 Revenue sharing, spectrum charges and licence fees

Grameenphone shares 5.5% of its revenue as 'revenue sharing' and 1.0% of its revenue as 'contribution to social obligation fund' with BTRC as per licencing conditions. Licencing conditions also require Grameenphone to pay annual licence fee and annual spectrum fee and charges.

30 Other operating (expenses)/income, net

	2017 BDT'000	2016 BDT'000
Consultancy and professional services (Note 30.1)	(2,191,038)	(963,853)
Statutory audit fees	(2,500)	(2,000)
Rental expense for property, plant and equipment (Note 30.2)	(3,323,749)	(2,698,401)
Fuel and energy costs	(2,885,095)	(3,080,001)
Bad debt expense (Note 30.3)	(1,013,599)	(204,515)
Rental and other income	285,721	360,048
Gain/(loss) on disposal of assets	(200,183)	(255,118)
Others (Note 30.4)	(1,580,786)	(1,359,121)
	(10,911,229)	(8,202,961)

30.1 Consultancy and professional services

This includes fees for accounting and legal services, technical and business consultancy, costs related to settlement of contract and other professional services.

30.2 Rental expense for property, plant and equipment

Rent includes location rent for base stations, mobile switching centres (switch), shared sites for base stations and other locations. Future minimum lease payments during non-cancellable period for such locations are as follows:

(i) Not later than one year	1,398,676	1,353,644
(ii) Later than one year but not later than five years	-	-
(iii) Later than five years	-	-
	1,398,676	1,353,644

30.3 Bad debt expense

Provision (made)/reversed during the year	(1,043,747)	(238,764)
Recovery of bad debt during the year	30,148	34,249
Bad debt expense	(1,013,599)	(204,515)

Provision for doubtful debts has been made as per policy of the company mentioned in Note 3.8.

30.4 Others

This includes office supplies, printing and postage, travelling, subscriptions, meeting, insurance etc.

31 Depreciation and amortisation

Depreciation of property, plant and equipment	(18,728,176)	(16,790,421)
Amortisation of intangible assets	(4,608,415)	(4,207,759)
	(23,336,591)	(20,998,180)

32 Share of profit/loss of associate

Share of profit/loss of associate represents Grameenphone's share of Accenture Communications Infrastructure Solutions Ltd.'s (previously known as GPIT) profit/loss for ten month period ended 31 October 2016. Thereafter, the carrying amount of investment in associate has been fully impaired as disclosed in Note 6 and recognition of Grameenphone's share of further losses has been discontinued.

33 Finance (expense)/income, net

	2017 BDT'000	2016 BDT'000
Interest income	397,940	152,879
Unwinding/(rewinding) of discount on non-current trade receivable (Note 36.1)	-	(93,590)
Interest expense	(1,637,392)	(2,499,797)
Net interest cost on defined benefit obligation	(81,306)	(81,306)
Other finance expenses	(146,456)	(69,254)
	(1,467,214)	(2,591,068)

34 Income tax expense

Current tax expense		
Income tax expenses for the year (Note 3.11)	(22,378,805)	(16,048,893)
Provision released during the year	118,173	678,307
	(22,260,632)	(15,370,586)
Deferred tax (expense)/income		
Deferred tax (expense)/income relating to origination and reversal of temporary differences	2,360,990	(281,465)
	(19,899,642)	(15,652,051)

35 Earnings per share

Profit for the year (in BDT)	27,422,648,473	22,526,355,043
Weighted average number of shares (Note 35.1)	1,350,300,022	1,350,300,022
Basic and diluted earnings per share (Note 3.16) (in BDT)	20.31	16.68

35.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year 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 year.

35.2 Diluted earnings per share

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

36 Financial risk management

Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors. Company's principal financial assets include trade and other receivables, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade and other payables, finance lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. The company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments.

36.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's exposure to credit risk primarily relates to trade receivables and balances with banks including short and long term deposits.

Customer credit risk, where appropriate, is assessed by using qualitative and quantitative criteria. Outstanding trade receivables are regularly monitored and appropriate impairment charge is considered as per company's policy.

Credit risk relating to balances with banks is managed by treasury department in accordance with company's policy. Minimizing counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved by the Board of Directors.

Company's maximum exposure to credit risk for the components of the statement of financial position was represented by the carrying amounts as illustrated below:

	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Trade receivables - non-current	-	741,617
Trade receivables - current	5,087,535	4,038,928
Other current receivables		
Receivables on Employees - Non-Interest Bearing	4,366	6,330
Other non-interest-bearing receivables	1,162,466	1,135,946
	1,166,832	1,142,276
Cash at bank	12,404,707	2,903,902
	18,659,074	8,826,723

Movement of the provisions and allowances against trade receivables during the year was as follows:

Opening balance	997,093	1,626,930
Provision made during the year	1,043,747	238,764
Adjustment due to rewinding/(unwinding) of discount	-	93,590
	2,040,840	1,959,284
Amounts written off	(322,171)	(962,191)
Closing balance	1,718,669	997,093

The above provisions and allowances include both provision for uncollectibles and allowances for impairment of receivables from delayed collection.

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

Domestic	5,007,870	4,706,851
Asia	54,255	39,136
Europe	16,894	30,772
Australia	1,289	573
America	6,813	2,615
Africa	414	598
	5,087,535	4,780,545

36.2 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its financial obligations as they fall due. The company forecasts its cash flow requirements and ensures that it has sufficient cash and cash equivalents and loan facilities to cover expected needs for liquidity during the next 12 months. The company maintains a balanced maturity profile of debt obligations and in general minimizes current excess cash.

The table below gives the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2017

	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
	BDT'000			BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Finance lease obligation (including current portion)	5,413,283	June 2027	15%	10,264,078	452,019	786,756	949,239	1,988,881	6,087,183
Loans and borrowings - long-term	8,539,290	April 2020	6-month-LIBOR+3.5%	8,994,784	-	-	6,069,094	2,925,689	-
Loans and borrowings - short-term									
Foreign	5,679,626	October 2018	6-month-LIBOR+3.5%	6,358,585	3,215,578	3,143,006	-	-	-
Local	-	-	-	-	-	-	-	-	-
Trade and other payables									
Trade payables including liability for capital expenditure	11,293,719	December 2018	N/A	11,293,719	4,785,402.00	6,508,316.93	-	-	-
Accrued expenses	5,122,408	December 2018	N/A	5,122,408	2,919,772.78	2,202,635.61	-	-	-
Other current liabilities	2,943,193	December 2018	N/A	2,943,193	2,943,193	-	-	-	-
	38,991,519			44,976,766	14,315,966	12,640,715	7,018,333	4,914,571	6,087,183

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As at 31 December 2016

	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
	BDT'000			BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Finance lease obligation (including current portion)	5,336,563	June 2027	15%	10,962,793	566,368	452,019	919,104	2,938,120	6,087,183
Loans and borrowings - long-term	13,556,284	April 2020	6-month-LIBOR+3.5%	14,599,659	-	-	6,036,984	8,562,676	-
Loans and borrowings - short-term									
Foreign	5,411,884	October 2017	6-month-LIBOR+3.5%	6,295,631	3,181,678	3,113,954	-	-	-
Local	2,688,200	January 2017	3.70% - 4.15%	2,697,307	2,697,307	-	-	-	-
Trade and other payables									
Trade payables including liability for capital expenditure	12,135,515	December 2017	N/A	12,135,515	5,142,090	6,993,425	-	-	-
Accrued expenses	5,871,661	December 2017	N/A	5,871,661	3,346,847	2,524,814	-	-	-
Other current liabilities	1,827,486	December 2017	N/A	1,827,486	1,827,486	-	-	-	-
	46,827,593			54,390,053	16,761,775	13,084,212	6,956,088	11,500,796	6,087,183

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36.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a) Currency risk

Foreign currency risk is the risk of changes in the fair value or future cash flows of an exposure due to changes in foreign exchange rates. The company's exposure to foreign currency risk relates primarily to the company's operating activities (consultancy, roaming revenue and expense) and financing activities (borrowing in foreign currency). The company is mainly exposed to changes in USD and NOK rates. The company's exposure to foreign currency changes for other currencies is not material.

i) Exposure to currency risk

The company's exposure to monetary assets and liabilities denominated in foreign currencies was as follows (BDT in thousand):

	As at 31 December 2017					As at 31 December 2016				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivable from Telenor entities	196,036	-	-	-	-	107,500	-	-	-	-
Accounts receivable	177,722	-	-	-	-	71,961	-	-	-	-
Cash at bank	287,349	-	-	-	-	125,819	-	-	-	-
	661,106	-	-	-	-	305,279	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	(14,218,915)	-	-	-	-	(19,248,303)	-	-	-	-
Payable to other Telenor entities*	(1,573,605)	(2,187,195)	-	(2)	-	(921,848)	(1,566,816)	-	-	-
Trade and other payables for expenses	(351,527)	-	(9,695)	(64,750)	(924)	(1,200,405)	-	-	-	-
	(16,144,047)	(2,187,195)	(9,695)	(64,752)	(924)	(21,370,556)	(1,566,816)	-	-	-
Net exposure	(15,482,941)	(2,187,195)	(9,695)	(64,752)	(924)	(21,065,276)	(1,566,816)	-	-	-

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

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2017	31 December 2016
	BDT	BDT
US Dollar (USD)	82.69	78.92
Norwegian Kroner (NOK)	10.08	9.13
Great Britain Pound (GBP)	111.93	97.08
EURO (EUR)	99.45	82.91
Japanese Yen (JPY)	0.73	0.67

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 company 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
31 December 2017	BDT'000	BDT'000	BDT'000	BDT'000
Expenditures denominated in USD	(15,483)	15,483	(15,483)	15,483
Expenditures denominated in NOK	(2,187)	2187	(2,187)	2,187
Expenditures denominated in GBP	(10)	10	(10)	10
Expenditures denominated in EURO	(65)	65	(65)	65
Expenditures denominated in JPY	(1)	1	(1)	1
Exchange rate sensitivity	(17,746)	17,746	(17,746)	17,746
31 December 2016				
Expenditures denominated in USD	(21,065)	21,065	(21,065)	21,065
Expenditures denominated in NOK	(1,567)	1,567	(1,567)	1,567
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	-	-	-	-
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	(22,632)	22,632	(22,632)	22,632

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instruments subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate risk management for Grameenphone is to reduce financial cost and ensure predictability.

Profile

As at 31 December 2017, the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2017	As at 31 December 2016
	BDT'000	BDT'000
Fixed rate instruments		
Financial assets		
Short-term investment	-	-
Financial liabilities		
Loans and borrowings	-	2,688,200
Floating rate instruments		
Financial liabilities		
Loans and borrowings	14,218,915	18,968,168

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

	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	BDT'000	BDT'000	BDT'000	BDT'000
Financial assets				
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets				
Short term investment	-	-	-	-
Loans and receivables				
Trade and other receivables	7,781,236	7,781,236	7,463,977	7,463,977
Financial liabilities				
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Finance lease obligation	5,413,283	5,413,283	5,336,563	5,336,563
Loans and borrowings - long-term	8,539,290	8,539,290	13,556,284	13,556,284
Trade and other payables	24,225,379	N/A*	25,363,165	N/A*
Loans and borrowings - short-term	5,679,626	5,679,626	8,100,084	8,100,084
Other current liabilities	2,943,193	N/A*	1,827,486	N/A*

Interest rates used to determine amortised cost

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

	2017	2016
Finance lease obligation	15.00%	15.00%
Loans and borrowings		
Foreign	6-month-LIBOR + 3.5%	6-month-LIBOR + 3.5%
Local	-	3.70% - 4.15%

*Fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

37 Capital management

For the purpose of company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of company's capital management is to support long-term strategic ambitions of the company.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividend, return capital to shareholders, issue new shares or obtain long-term debt. Company has capital structure and dividend policy approved by its Board of Directors.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2017.

38 Related party disclosures

During the year ended 31 December 2017, 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 dividend payments] and amounts are set out below in accordance with the provisions of IAS/BAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

38.1 Key management personnel compensation

	2017 BDT'000	2016 BDT'000
Short term employee benefits	552,806	471,337
Post employment benefits	58,122	49,790
Other long term benefits	18,893	13,795
	629,821	534,922

Key management personnel compensation includes benefits for employees of the rank of Director and above. No remuneration is given to the Board of Directors apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2017, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,296,122 (2016: BDT 875,840).

38.2 Debts due from and due to key management personnel

Attendance fees of Board of Directors which are not yet paid, includes BDT 3,729,456 as at 31 December 2017 (2016: BDT 3,143,166). Other than that no debts were due from and due to key management personnel of the company.

Key management personnel of Grameenphone, may use mobile communication services of Grameenphone. These services may be charged on the arm's length basis after a certain usage limit and trade and other receivables may include receivables for providing mobile communication services to them.

38.3 Other related party transactions during the year

Name of related parties	Nature	Nature of transactions	2017 BDT'000	2016 BDT'000
Telenor Mobile Communications AS	Shareholder	Dividend payment	14,691,451	10,924,412
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	4	3
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	4	3
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	4	3
Grameen Telecom	Shareholder	Dividend payment	9,004,445	6,695,613
		Commission expense	190,755	177,358
Grameen Kalyan	Shareholder	Dividend payment	0.4	0.3
Grameen Shakti	Shareholder	Dividend payment	0.4	0.3
Accenture Communications Infrastructure Solutions Ltd.	Associate	Purchase of IT service, equipments and softwares	636,361	1,196,310
		Rental income and other income	(25,344)	(62,412)
		Investment in preference shares	99,000	-

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Name of related parties	Nature	Nature of transactions	2017 BDT'000	2016 BDT'000
Telenor ASA	Telenor group entity	Consultancy and professional service fee	684,252	382,819
		IT support cost	301,343	66,136
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	-	5,977
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	38,343	28,174
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	579,770	435,050
Telenor GO	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	314,258	227,944
Telenor Digital AS	Telenor group entity	Consultancy and professional service fee	(99,136)	99,136
Telenor Health AS	Telenor group entity	Cost of service	42,399	5,549
Telenor Procurement Company	Telenor group entity	Cost of service	21,530	-
Telenor Norway	Telenor group entity	Roaming revenue net of discount	(482)	(360)
		Roaming cost net of discount	216	17
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	(249)	(108)
		Roaming cost net of discount	72	(11)
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	264	(83)
		Roaming cost net of discount	87	21
Telenor Hungary	Telenor group entity	Roaming revenue net of discount	(22)	(4)
		Roaming cost net of discount	0.4	9
		Capital expenditure	-	14,947
Telenor Serbia	Telenor group entity	Roaming revenue net of discount	82	(2)
		Roaming cost net of discount	3	(0.4)
Telenor Montenegro	Telenor group entity	Roaming revenue net of discount	(3)	(0.3)
		Roaming cost net of discount	0.0	0.2
Telenor Bulgaria	Telenor group entity	Roaming revenue net of discount	(1)	(9)
		Roaming cost net of discount	1	2

AMARSTOCK

Name of related parties	Nature	Nature of transactions	2017 BDT'000	2016 BDT'000
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(4)	(3)
		Roaming cost net of discount	26	10
Telenor India	Telenor group entity	Roaming revenue net of discount	21	1,613
		Roaming cost net of discount	(61)	(1,517)
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount	(102)	(44)
		Roaming cost net of discount	(6)	(3)
Dtac Thailand	Telenor group entity	Roaming revenue net of discount	(166)	(275)
		Roaming cost net of discount	724	530
Digi Malaysia	Telenor group entity	Roaming revenue net of discount	(5,970)	(4,076)
		Roaming cost net of discount	2,019	(112)
SNT holdings	Joint venture of Telenor group till 30 June 2017	Revenue from mobile communication	(1,272)	(3,760)
VEON Ltd.	Associated companies of Telenor group till 7 April 2017	Roaming revenue net of discount	(218)	(505)
		Roaming cost net of discount	36	388
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Purchase of handsets	734,076	987,271

AMARSTOCK

38.4 Receivables/(payables) with other related parties

Name of related parties	Nature	Nature of transactions	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Grameen Telecom	Shareholder	Accounts receivable	3,170	3,170
		Accounts payable	(15,852)	(14,859)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	26,149	34,020
		Accounts payable	(27,649)	(798,646)
Telenor ASA	Telenor group entity	Accounts receivable	-	25,918
		Accounts payable	(2,102,569)	(1,342,333)
Telenor Consult AS	Telenor group entity	Accounts payable	(2,051)	(1,859)
Telenor Global Services AS	Telenor group entity	Accounts receivable	11,080	-
		Accounts payable	(38,343)	(73,000)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,317,342)	(851,008)
Telenor GO	Telenor group entity	Accounts receivable	50,191	10,372
		Accounts payable	(245,449)	(100,706)
Telenor Digital AS	Telenor group entity	Accounts receivable	1,131	-
		Accounts payable	-	(99,136)
Telenor Health AS	Telenor group entity	Accounts receivable	109,070	49,026
		Accounts payable	(17,212)	(5,549)
Telenor Procurement Company	Telenor group entity	Accounts receivable	-	-
		Accounts payable	(21,530)	-
Telenor International Centre AS	Telenor group entity	Accounts receivable	12,324	11,145
Telenor Sweden	Telenor group entity	Accounts receivable	257	
		Accounts payable	(6)	-
Telenor Norway	Telenor group entity	Accounts receivable	270	101
		Accounts payable	(5)	(9)
Telenor Sweden	Telenor group entity	Accounts receivable	257	26
		Accounts payable	(6)	(1)
Telenor Denmark	Telenor group entity	Accounts receivable	62	17
		Accounts payable	(2)	(6)

SHUTTERSTOCK

Name of related parties	Nature	Nature of transactions	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Telenor Hungary	Telenor group entity	Accounts receivable	28	1
		Accounts payable	(15,663)	(14,950)
Telenor Serbia	Telenor group entity	Accounts receivable	1	1
		Accounts payable	0.2	-
Telenor Montenegro	Telenor group entity	Accounts receivable	3	1
		Accounts payable	(1)	(0.2)
Telenor Bulgaria	Telenor group entity	Accounts receivable	0.1	5
		Accounts payable	(2)	-
Telenor Pakistan	Telenor group entity	Accounts receivable	0.3	1
		Accounts payable	(13)	(4)
Telenor India	Telenor group entity	Accounts receivable	3,616	9,305
		Accounts payable	-	(21)
Telenor Myanmar	Telenor group entity	Accounts receivable	59	21
		Accounts payable	(1)	-
Dtac Thailand	Telenor group entity	Accounts receivable	273	10
		Accounts payable	(434)	(61)
Digi Malaysia	Telenor group entity	Accounts receivable	4,387	1,357
		Accounts payable	(153)	(21)
SNT holdings	Joint venture of Telenor group till 30 June 2017	Accounts receivable	Not applicable	255
VEON Ltd.	Associated companies of Telenor group till 7 April 2017	Accounts receivable	Not applicable	164
		Accounts payable		(1)
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Accounts receivable	-	-
		Accounts payable	-	(261,266)

AMARSTOCK

38.5 Transactions with post-employment benefit plan

No other transaction incurred with post-employment benefit plan other than those disclosed in Note 18.

39 (Expense/expenditure) and revenue in foreign currency during the year

	2017 BDT'000	2016 BDT'000
CIF value of imports		
Telecommunication equipment	(6,019,419)	(10,830,000)
Expenditure in foreign currency		
Consultancy fee	(743,854)	(462,531)
Consultancy fee - expatriate	(314,258)	(233,921)
Other fee (travel and training)	(110,231)	(136,093)
Technical know how	(1,209,331)	(858,517)
International roaming cost net of discount	(48,522)	(54,947)
Interest on foreign loan	(852,166)	(966,458)
Foreign earnings		
Revenue net of discount from roaming partners	101,661	169,147

40 Short-term credit facilities available as at 31 December 2017

The company enjoys composite working capital facilities including both funded and non-funded facilities from 18 banks (2016: 18 banks). The non-funded facilities include Letters of Credit (LC), Shipping Guarantee, Letters of Guarantee and Foreign Exchange Forward Contracts. The funded facilities include overdraft facility and short term loan. Import loans, though funded in nature, have been incorporated under non-funded facilities given that they are availed solely for the purpose of settlement of LC. The aggregate amount of arranged composite working capital facilities is BDT 38,106 million (2016: BDT 39,312 million) of which non-funded limit is BDT 21,714 million (2016: BDT 23,929 million) and funded limit is BDT 24,202 million (2016: BDT 23,758 million).

As per the approval of the Board of Directors of Grameenphone, the total amount of short-term funded facilities are limited to BDT 25,500 million (2016: BDT 25,500 million).

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.

41 Commitments

	As at 31 December 2017 BDT'000	As at 31 December 2016 BDT'000
Capital commitment (open purchase order) for property, plant and equipment	3,381,325	4,955,689
Capital commitment (open purchase order) for intangible assets	67,683	104,769

The company as lessee has finance and operating lease commitments as disclosed in Note 15 and Note 30.2.

42 Contingencies

The company is currently involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, the company is not currently involved in any legal or arbitration proceedings which may have a significant effect on the financial position or profitability of the company but for which any provision has not been recognised in these financial statements.

(a) BTRC audit

From April 2011, BTRC carried out an information system audit of Grameenphone through BTRC's appointed auditor and issued a Notice to Grameenphone on 3 October 2011 claiming an amount of BDT 30,341,108,581 as outstanding dues on various categories. During and after the audit, Grameenphone clarified to both BTRC and their auditors, that those observations were framed on wrong basis. Thereafter, Grameenphone disagrees to the claim made by BTRC and responded to the letter requesting BTRC to withdraw the notice. Subsequently, Grameenphone filed a Title Suit before the learned Judge Court, Dhaka challenging the BTRC demand. In an Appeal arising out of the Title Suit, the Hon'ble High Court Division passed an order of status quo on the demand, which is effective till disposal of the matter at the Hon'ble High Court Division.

It is to be noted that in a separate Writ Petition filed by another audit firm challenging the auditor appointment process of BTRC, the appointment of the said auditor by BTRC was declared illegal by the Hon'ble High Court Division for non-compliance with the relevant procurement laws which was later on upheld by the Hon'ble Appellate Division.

In 2015, BTRC appointed a new auditor through a fresh appointment process to conduct an information system audit on Grameenphone since inception to 2014. As part of the audit process, BTRC appointed auditor shared a summary of the draft audit observations for Grameenphone's feedback on 11 December 2017. Grameenphone has provided feedback clarifying its position against the observations on 18 January 2018. As part of its feedback, Grameenphone also sought further clarity on a number of observations. As of 29 January 2018, authorisation date for these financials, BTRC auditor has not replied to Grameenphone's feedback, neither have we received a final audit report or any demand from BTRC.

(b) SIM tax on replacement SIMs

Large Taxpayers' Unit (LTU)-VAT through a letter dated 16 May 2012 claimed SIM tax of BDT 15,804,391,570 including interests of BDT 5,454,810,667 for all replacement SIMs issued during the period from July 2007 to December 2011 alleging that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs. The said demand was made based on extrapolating the outcome of only 5 (five) randomly purchased SIMs by LTU-VAT. Grameenphone challenged the demand by a Writ Petition before the Hon'ble High Court Division and the Hon'ble High Court Division on 6 June 2013 disposed of the Writ Petition directing the Commissioner, LTU-VAT to decide on this matter within 120 days and make no demand in the meantime. Consequently a SIM Replacement Review Committee was constituted by the Commissioner. The LTU-VAT authority in January 2014 finalized their observations without changing their earlier position significantly.

The mobile operators expressed their dissatisfaction over the findings and the way LTU-VAT members of the Review Committee disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review.

Thereafter, the Commissioner, LTU-VAT issued an order dated 18 May 2015 purporting to dispose of the show cause notice and finalize the demand at BDT 10,232,331,083 as SIM tax. The revised demand includes substantially all replacements done by Grameenphone between July 2007 and December 2011.

At this juncture, Grameenphone filed an appeal before the Customs, Excise & VAT Appellate Tribunal under Section 42(1)(Kha) of the VAT Act 1991 against the demand order. Even though Grameenphone believes that the claim against it is not likely to be legally enforceable, 10% of the disputed amount had to be deposited at the time of appeal as part of the appeal procedure prescribed by law. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. We have considered the deposit as a contingent asset under (IAS/BAS) 37 Provisions, Contingent Liabilities and Contingent Assets.

The hearing before the Customs, Excise and VAT Appellate Tribunal took place on various occasions. On 5 June 2017, the VAT Appellate Tribunal dismissed the Appeals filed by Grameenphone and other mobile operators. The judgment was communicated to Grameenphone on 18 July 2017. Subsequently on 19 July 2017, challenging the said Judgment & Order of the Tribunal, Grameenphone filed a VAT Appeal before the Hon'ble High Court Division wherein the Hon'ble High Court Division has stayed the operation of the Judgment & Order of the Tribunal.

Further, in July 2017 without conducting any investigation and based on the assumption that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs, LTU-VAT issued a show cause notice of BDT 3,789,537,820 to Grameenphone for the period July 2012 to June 2015. Grameenphone replied to the show cause notice stating, inter alia, a similar claim relating to an earlier period of July 2007 to December 2011 is now pending for adjudication before the Hon'ble High Court Division in an earlier filed VAT appeal. Subsequently, the Commissioner of LTU-VAT issued the final demand for BDT 3,789,537,820. Now GP is in process to file appeal before at the Hon'ble VAT Appellate Tribunal within the

time stipulated by law. So the aggregated demand for the period from July 2007 to December 2011 and July 2012 to June 2015 stands BDT 14,021,868,903.

Subsequently during November 2017, the commissioner of LTU-VAT issued a separate show-cause notice for the similar issue but for the period of January 2012 to June 2012 amounting BDT 823,342,916. As per provision of the VAT Act-1991, LTU-VAT cannot claim any due beyond 5 years, hence the claim is time barred. Grameenphone has replied to the show cause notice accordingly.

(c) VAT rebate on 2G licence renewal fee

Grameenphone was under legal obligation to deduct 15% VAT at source from the payments to any licensing authorities including BTRC pursuant to insertion of Rule 18(Uma) in Value Added Tax Rules, 1991 which became effective from 1 July 2010. Since then Grameenphone complied with the same and BTRC accepted such deductions. However, the dispute arose in 2011 at the time of Grameenphone's 2G License Renewal when BTRC stipulated in License Renewal Guideline to make the payment 'without any deduction'. In 2011 mobile operators including Grameenphone challenged such stipulation in separate Writ Petitions before the Hon'ble High Court Division wherein the Court allowed Grameenphone to exercise the right to claim rebate of VAT. However, Grameenphone, BTRC and NBR filed separate Civil Petition for Leave to Appeals before the Hon'ble Appellate Division. The Appellate Division granted leave and accordingly Grameenphone filed Civil Appeal.

It should be noted that after amendments in Value Added Tax Rules, 1991, in 2012 at the time of making payment for 2nd installment of 2G Spectrum Assignment Fee, Grameenphone exercised its right to claim rebate of VAT which was subsequently cancelled by the LTU-VAT since BTRC, not being a VAT registered entity, could not provide legally required VAT Challan i.e. Mushak-11. Grameenphone challenged such cancellation by another Writ Petition which is still pending before the Hon'ble High Court Division.

100% of the Licence Renewal Fee has been capitalised based on the assumption that Grameenphone's VAT exposure will be nil. This assumption is based on the Hon'ble High Court's verdict which allowed Grameenphone to exercise its right to claim rebate against the VAT paid.

However, the lawsuit over the VAT rebate mechanism is still pending before the Appellate Division. If the Hon'ble Appellate Division rules that Grameenphone would be required to pay VAT and would not be able to exercise the right to claim rebate for this VAT, Grameenphone's financial exposure on capitalised License Renewal Fee for this would increase by 15% (i.e. BDT 4,876,800,000).

(d) Claim for VAT based on C&AG audit

Large Taxpayers' Unit (LTU)-VAT on 14 May 2014 issued 8 demand-cum-show cause notices for a total amount of BDT 16,597,269,891 referring to an audit report prepared by Local and Revenue Audit Directorate of Comptroller and Auditor General (C&AG) office of Bangladesh. C&AG office made this audit report for the fiscal year 2010-11 and 2011-12. Grameenphone disagreed to the findings of the audit report referred by LTU-VAT due to lack of jurisdiction of C&AG office to conduct audit on the matters of private entity under the Constitution of Bangladesh. Moreover, improper procedures were followed during the course of the assessment and relevant facts as well as legal provisions were misconstrued in reaching the conclusion. Grameenphone challenged the notices by filing a Writ Petition before Hon'ble High Court Division and the Hon'ble High Court Division, on 15 December 2014, passed the judgment by making the rule absolute in favour of Grameenphone and setting aside the demand notices.

Thereafter, NBR filed a Civil Petition for Leave to Appeal before the Hon'ble Appellate Division and on 5 March 2017 the Hon'ble Appellate Division disposed of the said Civil Petition for Leave to Appeal. Subsequently in connection with the demand-cum-show cause notices dated 14 May 2014 Grameenphone provided information and documentation to the VAT authority which they have reviewed, which we believe should be to their satisfaction.

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

NBR through a General Order dated 9 June 2005 fixed Tariff Value determining SIM Tax (Supplementary Duty and VAT) on SIM Card at BDT 2,172.20. Challenging the legality of such imposition of SIM Tax one subscriber filed a Writ Petition before the Hon'ble High Court Division and the Hon'ble High Court Division on 25 June 2005 by an interim order stayed the operation of the General Order. Accordingly the mobile operators including Grameenphone could not collect SIM Tax from the customers since the collection of SIM Tax was suspended. Subsequently, on 24 August 2006 Hon'ble High Court Division passed judgment declaring the imposition of SIM Tax on SIM Card as illegal. Upon a Civil Petition filed by the NBR, the judgment of the Hon'ble High Court Division was initially stayed by the Hon'ble Appellate Division on 27 March 2007

and finally on 1 August 2012 the Hon'ble Appellate Division reversed the judgment of Hon'ble High Court Division declaring the imposition of SIM Tax as legal. NBR issued a demand notice after the judgment of the Hon'ble Appellate Division and BDT 3,480,971,703 was paid by Grameenphone on 12 September 2012 on protest.

Thereafter, on 9 May 2016 Large Tax Payers' Unit (LTU)-VAT issued a show cause notice on Grameenphone for interest amounting BDT 4,525,263,202 for the delay in payment of SIM Tax on sale of SIM during the period August 2006 to March 2007 for a period of 65 months, i.e. the period between 1 April 2007 and the day before the date of the payment made by Grameenphone, i.e. 11 September 2012 during which the matter was pending before the Hon'ble Appellate Division for disposal. Subsequently, NBR issued a demand notice on 22 June 2016 for the same amount which was challenged by Grameenphone through filing an appeal before the Hon'ble Customs, Excise & VAT Appellate Tribunal. Even though Grameenphone believes that the claim against Grameenphone is not likely to be legally enforceable, 10% of the disputed amount had to be deposited at the time of filing such appeal as part of the appeal procedure prescribed by law. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. We have considered the deposit as a contingent asset under (IAS/BAS) 37 Provisions, Contingent Liabilities and Contingent Assets. The appeal was heard before the Hon'ble Customs, Excise and VAT Appellate Tribunal on 28 March 2017. Now, the Tribunal is expected to pass its judgment.

43 Other disclosures

43.1 Segment information

Grameenphone essentially provides similar products and services to customers across the country and its products and services essentially have similar risk profile. Grameenphone's business is not organised in product or geographical components and its operating result is reviewed as a whole by its management. Hence, segment information is not relevant.

43.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 189th meeting held on 29 January 2018 recommended a final cash dividend amounting to BDT 13,503,000,220 being 100% of the paid-up capital (i.e. BDT 10 per share) for the year 2017. Total cash dividend including this final cash dividend stands at 205% of the paid-up capital (i.e. BDT 20.5 per share) for the year 2017. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

43.3 Accounting standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Grameenphone's financial statements are disclosed below. Grameenphone intends to adopt these standards, if applicable, when they become effective.

(a) IFRS/BFRS 15 Revenue from Contracts with Customers

IFRS/BFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS/BFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue related requirements under IFRS/BFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Grameenphone will adopt the new standard using the modified retrospective method.

Grameenphone has assessed the estimated impact of the initial application of IFRS/BFRS 15 on its financial statements. As per Grameenphone's assessment adoption of IFRS/BFRS 15 will not have any significant impact in recognition of revenue. However, customer acquisition cost mainly in the form of SIM cost, different commissions and other directly attributable costs related to acquisition of customers of BDT 4,171,201,397 which was expensed in earlier periods up until 31 December 2017 will now be deferred and recognized as Contract cost. Deferment of these expenses will result in an increased retained earnings balance by BDT 2,678,148,571 on 1 January 2018.

(b) IFRS/BFRS 16 Leases

IFRS/BFRS 16 replaces existing leases guidance, including IAS/BAS 17 Leases, IFRIC/BFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS/BFRS 15 at or before the date of initial application of IFRS/BFRS 16.

IFRS/BFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Grameenphone has identified the areas of potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS/BFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including Grameenphone's borrowing rate at 1 January 2019, the composition of its lease portfolio at that date, its latest assessment of whether it will exercise any lease renewal options and the extent to which it chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that Grameenphone will recognize new assets and liabilities for its operating leases of site sharing contract, BTS sites, GPC/office space, house rent etc.

In addition, the nature of expenses related to those leases will now change as IFRS/BFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. No significant impact is expected on Grameenphone's existing finance leases.

As a lessee, Grameenphone can either apply the standard using a retrospective approach or modified retrospective approach with optional practical expedients. The lessee applies the election consistently to all of its leases. Grameenphone plans to apply IFRS/BFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS/BFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS/BAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. Grameenphone is assessing the potential impact of using these practical expedients.

Grameenphone is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

(c) IFRS/BFRS 9 Financial Instruments

IFRS/BFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS/BAS 39 Financial Instruments: Recognition and Measurement and is effective from 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

Grameenphone will adopt the new standard and will not restate comparative information. During 2017, Grameenphone has performed a detailed impact assessment of all the aspects of IFRS/BFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to Grameenphone in 2018. Overall, Grameenphone expects no significant impact on its statement of financial position and equity.

Supplementary information

Separate statement of profit or loss and other comprehensive income of Grameenphone Ltd. for the year ended 31 December 2017.

	2017 BDT'000	2016 BDT'000
Revenue	128,435,814	114,862,160
Operating expenses		
Cost of material and traffic charges	(10,322,076)	(10,661,819)
Salaries and personnel cost	(8,826,168)	(8,276,052)
Operation and maintenance	(4,011,750)	(3,757,496)
Sales, marketing and commissions	(11,256,660)	(12,497,326)
Revenue sharing, spectrum charges and licence fees	(9,816,951)	(8,902,203)
Other operating (expenses)/income, net	(10,911,229)	(8,202,961)
Depreciation and amortisation	(23,336,591)	(20,998,180)
	(78,481,425)	(73,296,037)
Operating profit	49,954,389	41,566,123
Share of profit/(loss) of associate	-	-
Impairment loss on investment in associate	-	(36,751)
Finance (expense)/income, net	(1,467,214)	(2,591,068)
Foreign exchange (loss)/gain	(1,164,885)	(86,006)
	(2,632,099)	(2,713,825)
Profit before tax	47,322,290	38,852,298
Income tax expense	(19,899,642)	(15,753,134)
Profit after tax	27,422,648	23,099,164
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	762,284	35
Income taxes	(304,914)	(14)
	457,370	21
Total comprehensive income for the year	27,880,018	23,099,185
Earnings per share		
Basic and diluted earnings per share (par value BDT 10 each in BDT)	20.31	17.11


4G
LTE

Useful Information for Shareholders

1. General

Authorised Capital	:	BDT 40,000,000,000
Issued and Fully Paid-up Capital	:	BDT 13,503,000,220
Class of Shares	:	Ordinary Shares of BDT 10.00 each
Voting Rights	:	One vote per Ordinary Share

2. Stock Exchange Listing

The Ordinary Shares of the Company are listed on the Dhaka and Chittagong Stock Exchanges. Company trading code is [GP].

3. Distribution Schedule of the shares as on 31 December 2017

Range of Shareholdings	Number of Shareholders	Total Number of Shares	Percentage
001 to 500	23,964	4,618,667	0.63%
501 to 5,000	5,250	8,443,991	0.24%
5,001 to 10,000	450	3,271,249	0.25%
10,001 to 20,000	238	3,392,632	0.14%
20,001 to 30,000	76	1,846,202	0.14%
30,001 to 40,000	56	1,954,986	0.07%
40,001 to 50,000	22	1,013,502	0.35%
50,001 to 100,000	65	4,664,490	2.71%
100,001 to 1,000,000	115	36,535,713	95.13%
1,000,001 to 1,000,000,000	28	1,284,558,590	100
Total	**30,264**	**1,350,300,022**	**100%**

4. Dividend

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2017	100% (Proposed Final Dividend)	10.00	10.00	Cash
	105% (Interim Dividend)	10.50	10.00	Cash
2016	90% (Proposed Final Dividend)	9.00	10.00	Cash
	85 % (Interim Dividend)	8.50	10.00	Cash
2015	60% (Final Dividend)	6.00	10.00	Cash
	80 % (Interim Dividend)	8.00	10.00	Cash
2014	65% (Final Dividend)	6.50	10.00	Cash
	95 % (Interim Dividend)	9.50	10.00	Cash
2013	50% (Final Dividend)	5.00	10.00	Cash
	90 % (Interim Dividend)	9.00	10.00	Cash

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5. Credit Rating

The Company's credit rating was reaffirmed by Credit Rating Agency of Bangladesh Ltd. (CRAB) on 01 Janurary 2018.

Long Term	Short Term
AAA	ST-1

6. Associate Company

Name of the Company	Holding	Activity
Accenture Communications Infrastructure Solutions Ltd. (Formerly known as Grameenphone IT Ltd.)	49%	IT Company

7. Grameenphone Share Performance at Stock Exchanges

I. Monthly high, low and close share price and volume of the Company's Shares traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2017:

Month	DSE				CSE			
	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)
January	309.0	281.5	301.6	7,962,552	309.0	282.0	301.5	590,609
February	321.0	301.0	309.0	5,107,374	321.0	301.1	307.5	364,272
March	334.5	308.6	332.1	4,252,456	333.9	307.0	333.3	214,510
April	352.9	328.1	337.6	4,261,284	351.0	330.0	338.0	246,535
May	341.2	325.2	328.7	2,390,623	345.0	325.0	328.8	88,120
June	344.6	329.2	344.4	3,420,667	346.0	329.0	345.6	234,290
July	382.0	335.0	379.5	10,542,799	383.0	345.6	378.5	401,499
August	394.8	370.0	389.6	5,385,289	400.0	370.0	390.6	117,303
September	435.0	390.5	415.3	6,180,056	444.0	393.0	414.7	293,753
October	453.3	408.0	438.3	5,215,249	452.5	408.5	438.0	604,051
November	506.9	438.0	471.4	8,013,022	506.0	438.0	473.7	465,618
December	492.0	460.1	470.8	4,823,008	491.5	461.0	470.9	412,440
Total shares traded during the year				**67,554,379**				**4,033,000**

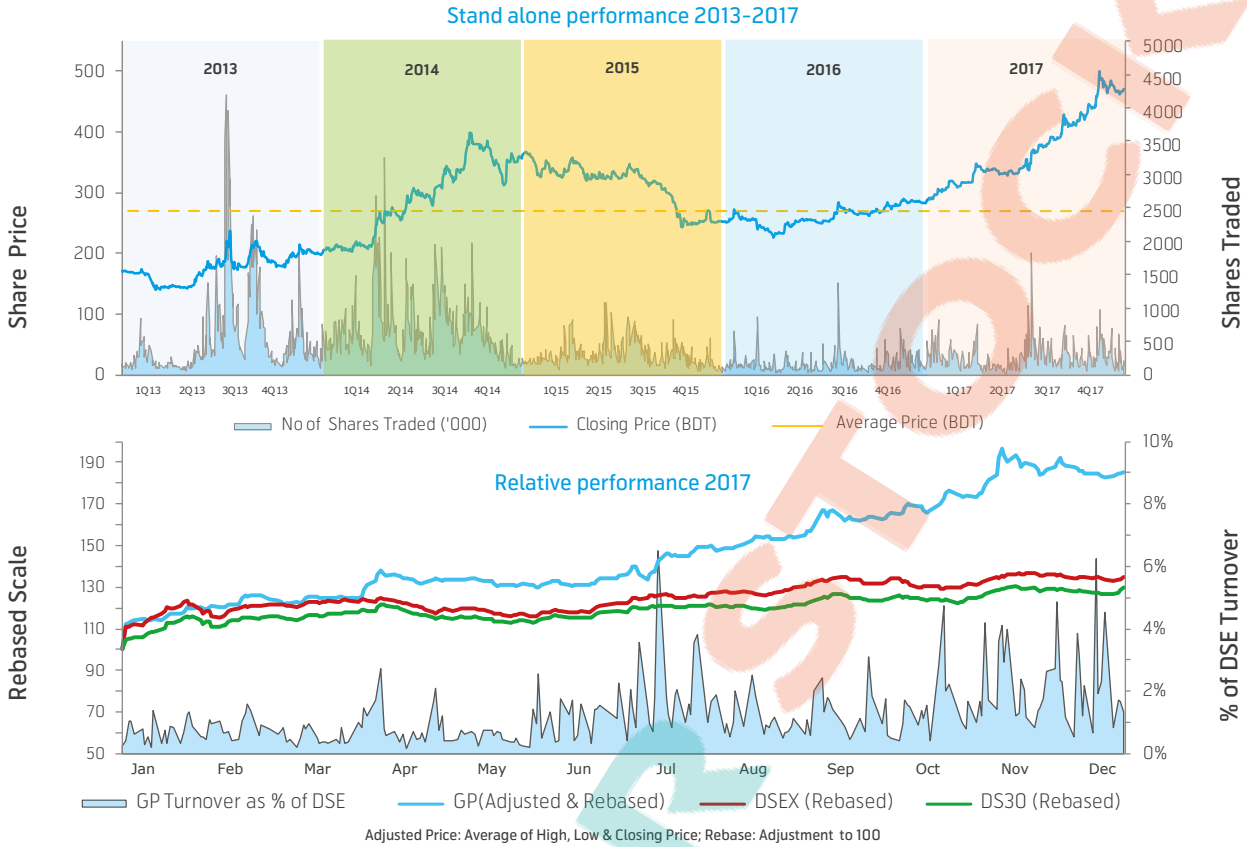
II. Quarterly high-low price history of the Company's share traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2017 and 2016:

Period	DSE				CSE			
	2017		2016		2017		2016	
	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)
Quarter 1	334.5	281.5	274.0	224.5	333.9	282.0	273.0	226.0
Quarter 2	352.9	325.2	258.0	226.9	351.0	325.0	260.0	228.1
Quarter 3	435.0	335.0	286.0	250.0	444.0	345.6	285.5	249.0
Quarter 4	506.9	408.0	292.0	265.6	506.0	408.0	294.0	267.0

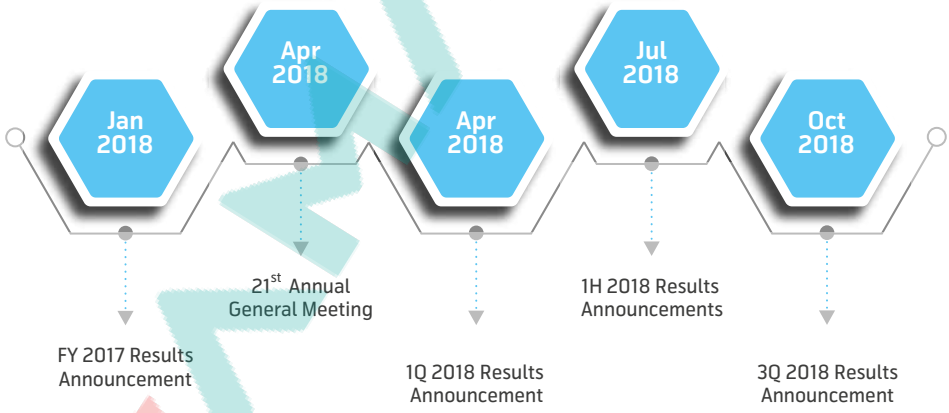
III. GP Share Price Trend Year wise traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange during the year 2017 and 2016:

	DSE		CSE	
	2017	2016	2017	2016
Highest Price (BDT)	506.9	292.0	506.0	294.0
Lowest Price (BDT)	281.5	224.5	282.0	226.0

IV. GP Share Performance in DSE: 2013 – 2017



8. Financial Calendar 2018



* Subject to change, please check **www.grameenphone.com/about/investor-relations** for latest updates

9. Company Website

Anyone can get information regarding Company's activities, products & services or can view Annual Report 2017 at **www.grameenphone.com**

10. Investor Relations

Institutional investors, security analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company website: www.grameenphone.com

11. Shareholder Services

If you have any queries relating to your shareholding and dividend, please contact at **01711555888** or mail to Grameenphone Share Office at **shareoffice@grameenphone.com**

Glimpse of 20th Annual General Meeting



Grameenphone Ltd.

Registered Office: GPHouse, Bashundhara, Baridhara, Dhaka-1229
Share Office: Zahurul Tower, Plot#9, Road#113/A, Gulshan-2, Dhaka-1212

Notice of the 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of Grameenphone Ltd. will be held on **Thursday, 19 April 2018 at 10:30 am at International Convention City, Bashundhara (ICCB), Hall-1 (Gulnaksha), Joar Sahara, Khilkhet, Dhaka-1229** to transact the following businesses:

AGENDA

1. Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon.
2. Declaration of Dividend for the year ended 31 December 2017 as recommended by the Board of Directors.
3. Election/Re-election of Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board of Directors
Sd/-
S M Imdadul Haque
Company Secretary

24 March 2018

Notes:

- Members whose names appeared on the Members/Depository Register as on **"Record Date"** i.e. **19 February 2018** are eligible to attend the 21st Annual General Meeting (AGM) and receive dividend.
- A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead.
- The "Proxy Form", duly filled and stamped at **BDT 20** must be deposited at the Company's Share Office located at **Zahurul Tower, Road #113/A, Plot #9, Gulshan-2, Dhaka-1212** not later than 72 hours before commencement of the AGM.
- Members/Proxies are requested to record their entry in the AGM well in time on **19 April 2018.** The registration counter will open at 9:30 am on the AGM date.
- In case of non-receipt of Annual Report 2017 of the Company sent through courier, Members may collect the same from the Company's Share Office within **18 April 2018.** No additional Annual Report will be distributed at the AGM venue. The Annual Report is available in Investor Relations section of the Company's website: **www.grameenphone.com**
- Members are requested to submit their written option to receive dividend to the Company's Share Office on or before **04 April 2018.** In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- Grameenphone is concerned about the environment and utilizes natural resources in a sustainable way. We request the members to update their email address and contact number (mobile/fixed phone) with their respective Depository Participant (DP) for quicker and easier communication. Such cooperation will help conserve paper and minimize the impact on the environment.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কুপন এর ব্যবস্থা থাকবে না।

Grameenphone Ltd.

Registered Office: GPHouse, Bashundhara, Baridhara, Dhaka-1229

Proxy Form

I/We.....of.....
..... being Member of Grameenphone Ltd. do hereby appoint
Mr./Ms. ..... of .....
as my/our PROXY to attend and vote on my/our behalf at the **21st Annual General Meeting** of the Company to be held on Thursday, 19 April 2018 at 10:30 am at International Convention City, Bashundhara (ICCB), Hall-1 (Gulnaksha), Joar Sahara, Khilkhet, Dhaka-1229 and at any adjournment thereof.

Signed this ..... day of 2018

.....
Signature of the Member(s)

.....
Signature of the PROXY

Number of Shares held .....

BO ID No.																

Revenue Stamp BDT 20

Notes:

- *The Proxy Form, duly filled and stamped, must be deposited at the Company's Share Office located at* **Zahurul Tower, Plot#9, Road #113/A, Gulshan-2, Dhaka-1212** *not later than 72 hours before commencement of the AGM.*
- *Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company.*

Signature Verified by

.....
Authorised Signatory of the Company

Grameenphone Ltd.

Registered Office: GPHouse, Bashundhara, Baridhara, Dhaka-1229

Attendance Slip

I/We do hereby record my/our attendance at **21st Annual General Meeting** of the Company to be held on Thursday, 19 April 2018 at 10:30 am at International Convention City, Bashundhara (ICCB), Hall-1 (Gulnaksha), Joar Sahara, Khilkhet, Dhaka-1229.

Name of the Member/Proxy (in Block Letter)																
BO ID No.																

Signature Verified by

.....
Signature of the Member/Proxy

.....
Authorised Signatory of the Company

Note: *Please present this Attendance Slip* ***at the registration counter*** *on the AGM date.*

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Disclaimer

This report contains statements regarding the future in connection with Grameenphone's growth initiatives, profit levels, outlook strategies and obejectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors may lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.



www.grameenphone.com

Here you will find downloadable PDFs of:

- Annual Report 2017
- Proxy Form
- Notice of 21st AGM

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linkedin.com/company-beta/14043

Visit our YouTube channel
youtube.com/user/grameenphone

Grameenphone Ltd.
GPHouse
Bashundhara, Baridhara, Dhaka-1229, Bangladesh
Tel: +880-2-9882990, Fax: +880-2-9882970
Website: www.grameenphone.com



Grameenphone wants to contribute to meet climate challenges and aims to reduce the consumption of resources and overall impact on the environment. In an effort to minimize paper consumption, we limit the scope of the printed annual report within regulatory requirement. Grameenphone's website provides extensive information about the Company and its current activities: www.grameenphone.com

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