



EXPLORE MORE

ANNUAL REPORT 2018



EXPLORE MORE

We live in a world where pocket-sized devices have become the gateway for limitless exploration and unbound resources, something previously unimaginable. Now knowledge, wisdom and opportunities are just a few clicks away, heralding a new horizon of technological empowerment.

At Grameenphone, we help overcome boundaries through digitalisation. Our products' platforms serve as a catalyst to realising dreams. We believe in continuous innovation and ensuring the best customer experience in everything we do.

Welcome to our Annual Report 2018

This report aims to inform stakeholders about our financial and non-financial performances in 2018. 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.

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An introduction to our report with a snapshot of our business, key events and achievements in 2018

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22ND

**ANNUAL GENERAL MEETING
OF GRAMEENPHONE LTD.**

Place : International Convention City
Bashundhara (ICCB), Hall-1 (Gulnaksha)
Joar Sahara, Khilkhet, Dhaka-1229

Time : 10:30 AM

Date : 23 April 2019

> See page 154 for AGM notice

**View Our
Report Online**



Annual Report 2018

*Go green and help reduce
carbon footprints.*

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

HOW WE CREATE VALUE

For Our Customers

We have invested
BDT 347.4b
since our inception

BDT 34b

in 2018 to rollout more than five thousand 4G LTE sites, expanding 2G and 3G coverage, capacity enhancement, as well as building higher IT readiness



Technological evolution has led us all to experience an increasingly virtual life, connected to every corner of the globe. The easy access and benefits of connectivity are leaving an indelible mark on our lives. Grameenphone believes that connected societies are empowered societies. We focus not only on connecting people and businesses but also creating value for our customers, our investors, our people and the communities in which we operate.



We cover
99.5%
of the Bangladeshi population

Our 3G population coverage is the widest in Bangladesh at

95.2%



72.7 MILLION
SUBSCRIBERS

37.1 MILLION
MOBILE DATA USERS



5,000+
4G Sites

20%+
data traffic on 4G



10.7m

4G Devices on the Grameenphone network at the end of 2018

Digitising the Customer Journey



qpmusic

251 K MAU



wowbox

3.38 million MAU



bioscope

2.44 million MAU



GP Online Shop

1.49 million MAU



5.55 million Sub Base



FlexiPlan

1.85 million MAU



myGP

4.54 million MAU



GP Online Shop

1.49 million MAU

* MAU - Monthly Average User

Superior
Retail
Presence



2 GP Lounges
for Customer
experience of
Digital Services

376,285

UNIQUE RECHARGE
OUTLETS

6,836

GP EXPRESS STORES

For Our Investors

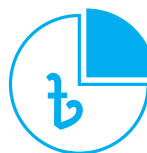


Best Telecom Brand in
Bangladesh
awarded by
Bangladesh Brand Forum



OVER
31,000
SHAREHOLDERS

280%
dividend
Including Interim
Dividend 2018



BDT 28
Per Share



Last 5-years
Total Shareholder
Return
+129%

* As of 31 December 2018



ACCOLADES

- Best presented Annual Report 2017 by SAFA and ICAB
- Best Corporate Governance Excellence award 2017 by ICSB

For Our Employees



One of the first app of its kind for HR and admin services offering over 15 services in one digital platform

Partnership with leading learning platforms to provide employees with Company sponsored diverse eLearning library

coursera



Linux Academy

telenor campus

tmforum

LinkedIn LEARNING

58+

Average Hours per employee spent on e-learning



Launched GPHRBot- a telegram messenger BOT to provide 'one-stop-solution' to all employee queries on policies, benefits and HR services on-the-GO!



Employees spent

10,500

Hours on Classroom Learning

70+

Children accommodated in Day Care Centre



For Our Society



Child online safety directly educated more than

400,000 Students

in over 208 schools

Sensitised over

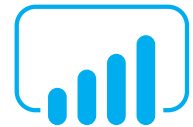
73,000

Teachers/Parents

Social Media Campaign Generated More than

10m

Views



We have contributed
BDT 669.5b
to the National Exchequer since our inception

GP Accelerator Program

To help and encourage early stage social innovation and tech start-ups, we have created a platform under GP Accelerator program



We supported

26

start-ups throughout the program and

5

this year with over

BDT 2.98m

in cash grants

BDT 14m+

non-financial support

Nationwide Enrichment Program and Alor Pathshala

Over
185,000

students from 1,453 schools participated across the country in book reading program, of which 19,647 students were recognised

More than

1.5m

books downloaded while over 1.35m people visited alorpathshala.org

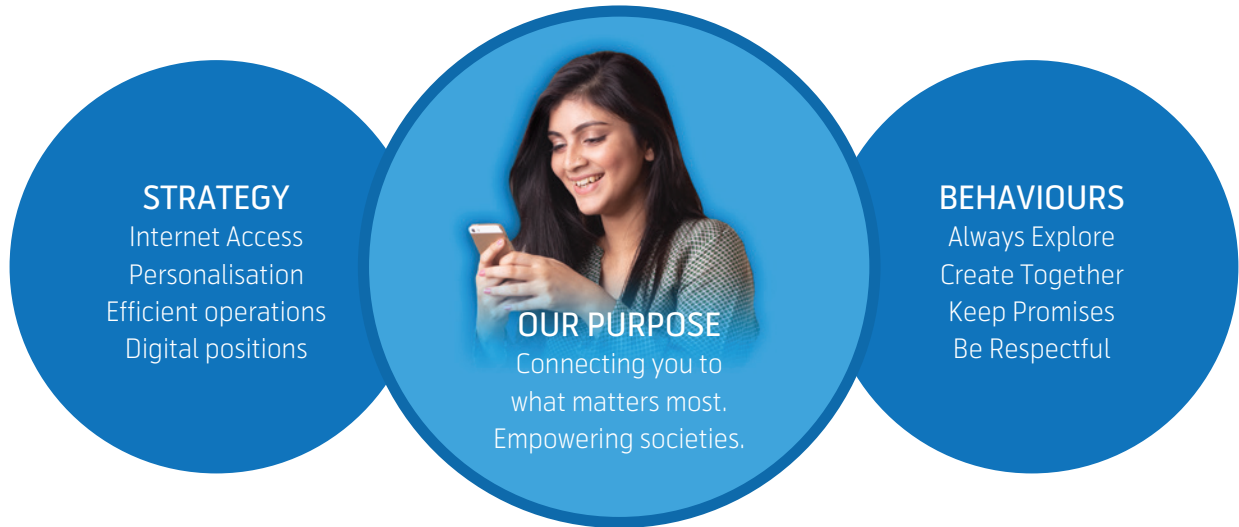
DREAM MORE



Dreams that push the boundary of possibilities are the ones that end up changing the world. Grameenphone commits itself to reducing inequalities through technology. Making education based services the catalyst, Grameenphone is determined to make positive changes in how people learn and enlighten their communities.

OUR CULTURE

Our strategy spells out what we do; our behaviours explain how we deliver; and our purpose is our reason for existence. Being a part of or a partner to Grameenphone means sharing our commitment and passion for these key elements that shape our culture.



Our purpose

Connecting you to what matters most | Empowering Societies

Connecting customers to what matters most has been the core of our business. Today internet connectivity impacts nearly every part of our lives, and we believe in making it personalised and relevant for our customers. It's about more than good business; it's empowering societies.

Our behaviours

We have four behaviours that guide the way we work:



Always Explore

We believe growth comes from learning every day. We're curious and we dare to challenge, test, fail fast and pivot.

We believe diverse teams find better solutions. We seek different perspectives, share, involve and help each other succeed.



Create Together



Keep Promises

We believe that trust is key in all our relationships. We take ownership and pride in delivering with precision and integrity.

We believe in the unique human ability to understand what matters for people. We meet everyone at eye level, listen and show that we care.



Be Respectful

In addition to our purpose and behaviours, everyone working with or for Grameenphone is required to commit to, abide by and annually renew their signature on our Code of Conduct.

OUR ETHICAL CONDUCT

The Code of Conduct is the foundation of our corporate culture and sets out high standards of integrity on how we do business. Our Code guides us through day-to-day dilemmas and is the basis for how we behave as guardians of Grameenphone's integrity. It helps us to make informed decisions and explains where to go for more information and guidance. The Code sets four key principles that are the basis of our ethical culture and define the core of our business conduct.

Our Principles

We play by the rules

We follow laws, regulations and our policies and, if in conflict, we uphold the highest standard

We are accountable for our actions

We actively seek information, understand our responsibilities, and recognise our wider impact on the societies in which we operate

We are transparent and honest

We are open and truthful about our challenges

We speak up

We ask questions when in doubt and raise concerns without concern of retaliation

2018 HIGHLIGHTS

● New Code of Conduct

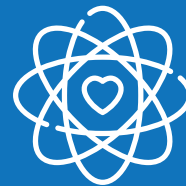
The new Code of Conduct covers all possible compliance aspects and provides proper guidance. It helps us carry out our duties in an ethical and responsible manner.

● E-learning training module

A dilemma based compliance training module was launched in November to enhance our understanding of the Code of Conduct.

● Ethics & Compliance Community

We successfully laid down the foundations of a cross-company community of compliance professionals from different local and multinational businesses operating in Bangladesh.



OUR STRATEGY

At Grameenphone, we are investing in technologies to bring minds and ideas together. While continuing to grow responsibly, we connect you to what matters most and empower Bangladesh.



1

We will continue to invest in our 4G network position to deliver superior network experience and activate profitable growth from digital areas and scaling business segments. Driving this is our rollout to ensure coverage in new markets with a focus on a high-quality, consistent voice and data network experience across Bangladesh, with increased focus on digital services made accessible through our growing digital channels.



2

We are focused on managing our resources in a smarter, more efficient way with a view to reducing customer pain points. We do this by continuing to enhance our digital tools such as MyGP, delivering better customer experience and personalisation. We will also continue to optimise our network and IT assets, prioritise financial discipline, pursue process simplification and streamline the way we work, creating value for our Shareholders.



3

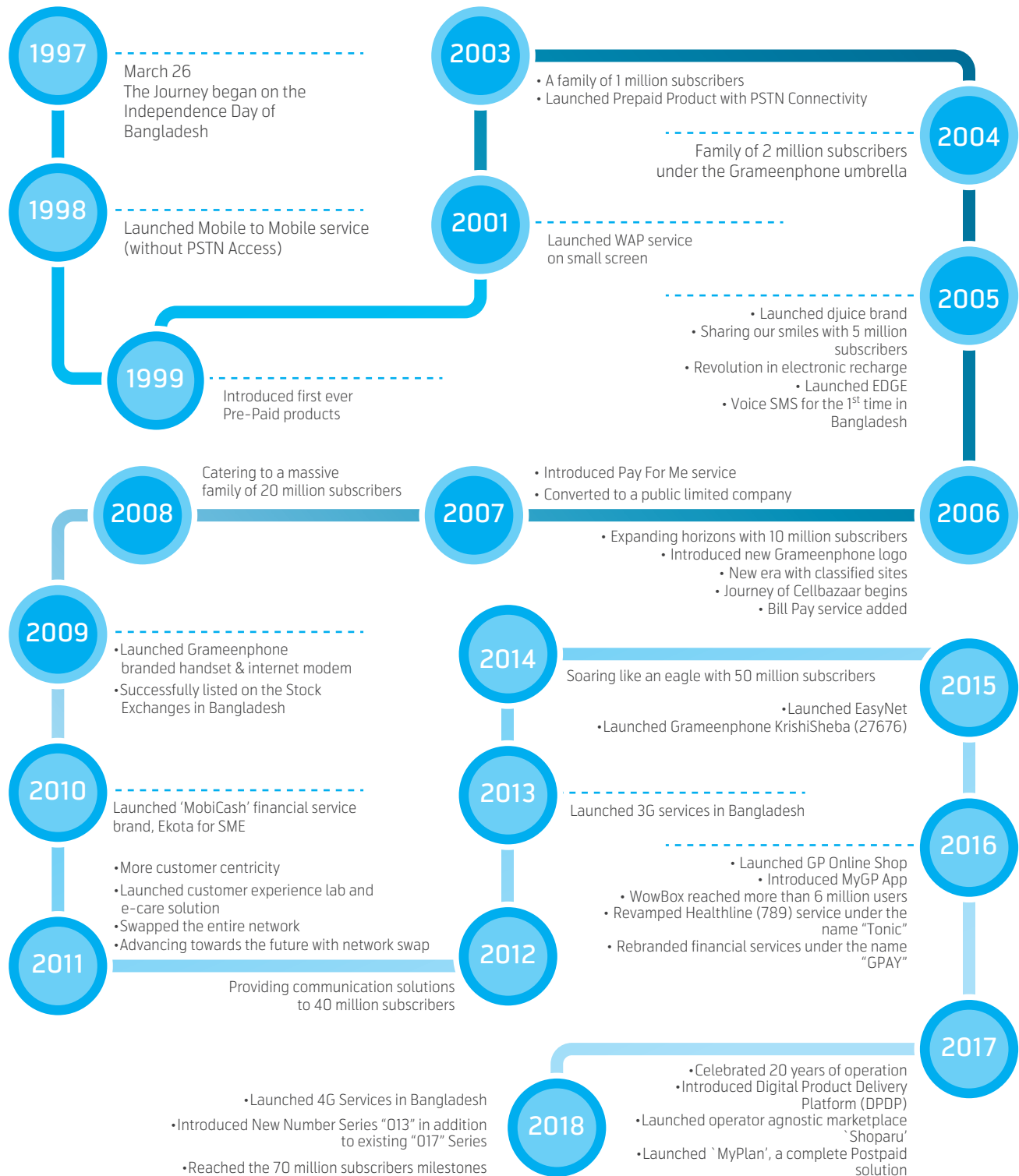
We will continue to contribute to the economic, environmental and social development of Bangladesh, acting with accountability and transparency and reducing inequalities through our presence and services. We drive the United Nations Sustainable Development Goal (SDG) of reducing inequality within Bangladesh, working with large numbers of children and parents. We also ensure our supply chain ecosystem is driving quality and helping us grow responsibly.



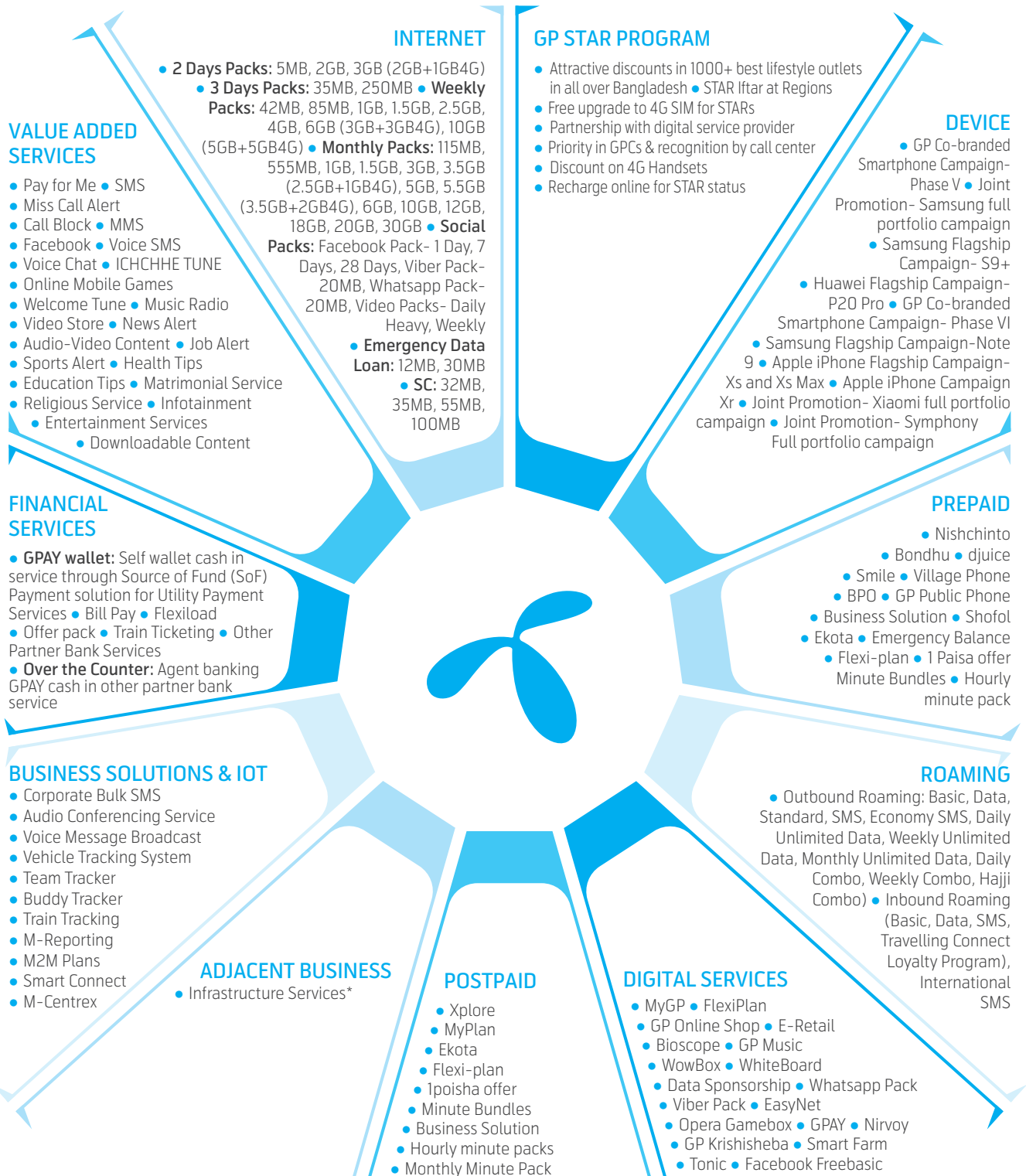
4

Our people are key to our performance and success. We are determined to continue building an inclusive, dynamic workplace that nurtures a learning, agile, collaborative and innovative culture. Each Grameenphone employee has already invested more than forty hours in identified key competency areas. This is envisioned to continue in 2019 as we continue developing digital competencies and exercise the freedom to innovate to deliver on our purpose to connect our customers to what matters most to them.

OUR JOURNEY



PRODUCTS & SERVICES



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

OUR RECOGNITIONS 2018

Grameenphone always strives to leave a mark of excellence in any endeavour 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/ CORPORATE GOVERNANCE AWARD

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



ICAB (The Institute of Chartered Accountants of Bangladesh) Best Presented Annual Report 2017



ICSB (Institute of Chartered Secretaries of Bangladesh) National Award 2017 for Corporate Governance Excellence



SAFA (South Asian Federation of Accountants) Best Presented Annual Report Awards 2017

BRAND/ADVERTISING AWARDS

Received top awards in the "Best Telecom Brand" and "Overall No. 4 Best Brand" for acceptance among consumers. The awards were presented by Bangladesh Brand Forum in partnership with the leading brand research company Nielsen Bangladesh



Best Brand Award

Grameenphone and its 3 partner agencies (Magnito Digital Ltd., Asiatic Mindshare Ltd., & Asiatic Experiential Marketing Limited.) have won 11 awards in 16 categories in The Digital Marketing Award 2018 organised by Bangladesh Brand Forum



Digital Marketing Award

Received Superbrands award, Bangladesh's Choice 2018 from Superbrand Bangladesh as the top brand in The Telecommunication category



Superbrands Award

TECHNOLOGY AWARDS

GP Music received the Champion Award in the Media & Entertainment category at the BASIS National ICT Awards 2018



ICT Awards 2018

Grameenphone has been recognised as the "Fastest Mobile Network" in Bangladesh by the global leader in internet testing and analysis Ookla, for Q1-Q2 2018



Speedtest Awards 2018

Received Honorable Mention in the category: Best Innovation in Product Development at the Bangladesh Innovation Award 2018 for its digital livestock solution



Bangladesh Innovation Award 2018

Received Honorable Mention in the category: Best Technology Innovation at the Bangladesh Innovation Award 2018 for its fuel sensing IoT solution that helps fleet managers to save fuel cost by tracking fuel usage, preventing theft and receipt forgery



Bangladesh Innovation Award 2018

OTHER AWARDS

Received "Tax Card Honor Certificate" from National Board of Revenue (NBR) Bangladesh for highest payer of income tax in telecommunication sector for the year 2017-2018



Highest Tax payer

Won the award for Innovation in Corporate Social Responsibility practices at the Bangladesh CSR Leadership Awards 2018. We were recognised for our innovative approach in designing and deploying sustainability initiatives for the community



CSR Leadership Awards

Won the Customer Award 2018, among all Telenor business units for driving excellence in the customer experience dimension



Customer Award



INSPIRE MORE

Taking the first step can often be the most daunting. Grameenphone's digital innovations and partnerships help make it all the more worthwhile.

CORPORATE INFORMATION

Company Name

Grameenphone Ltd.

Company Registration No.

C-31531 (652)/96

Legal Form

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

”

Board of Directors

Chair

Petter Boerre Furberg

Directors

M Shahjahan

Md. Ashraful Hassan

Haakon Bruaset Kjoel

Parveen Mahmud

Oivind Burdal

Witold Sitek

Gunnar Johan Bertelsen

Independent Directors

Prof. (Dr.) Jamilur Reza Choudhury

Dr. Salehuddin Ahmed

Health, Safety, Security & Environment Committee

Gunnar Johan Bertelsen (Chair)

M Shahjahan

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

Syed Tanvir Husain, Chief Human Resources Officer

Ole Bjorn Sjulstad, Chief Corporate Affairs Officer

Mahmud Hossain, Chief Business Officer

Kazi Mahboob Hassan, Chief Strategy & Transformation Officer

Company Secretary

S M Imdadul Haque

Audit Committee

Dr. Salehuddin Ahmed (Chair)

M Shahjahan

Oivind Burdal

S M Imdadul Haque (Secretary)

Head of Internal Audit & Investigation

Hasan Faisal

Head of Ethics & Compliance

Ivan Georgiev Dimitrov

Nomination and Remuneration Committee

Prof. (Dr.) Jamilur Reza Choudhury (Chair)

Haakon Bruaset Kjoel

Md. Ashraful Hassan

S M Imdadul Haque (Secretary)

Statutory Auditors

A Qasem & Co

Chartered Accountants

Corporate Governance Compliance Auditors

ACNABIN

Chartered Accountants

Treasury Committee

M Shahjahan (Chair)

Pal Stette

Karl Erik Broten

S M Imdadul Haque (Secretary)

Registered Office

GPHouse

Bashundhara, Baridhara

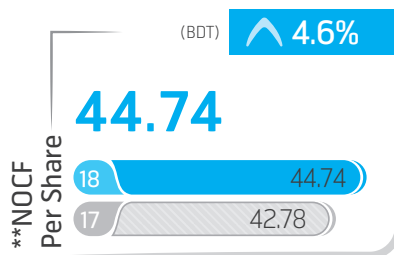
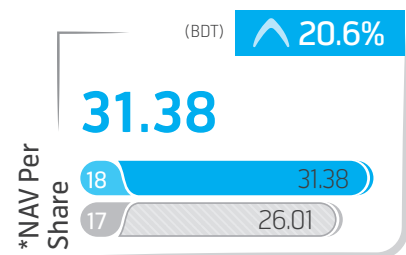
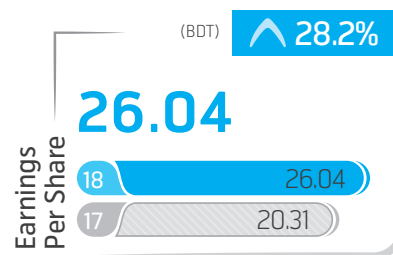
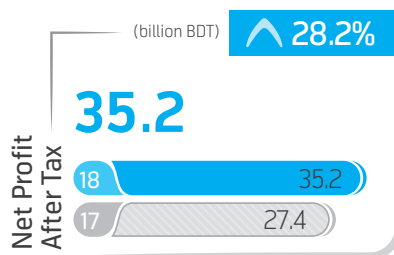
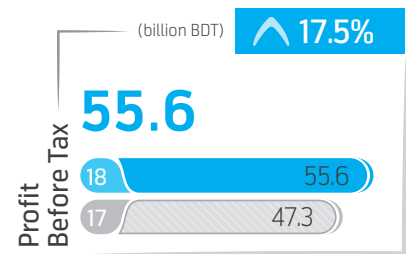
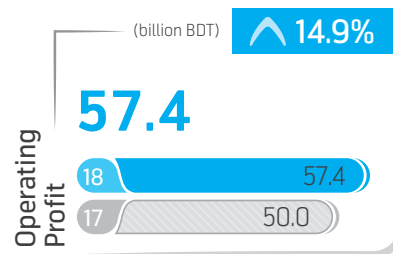
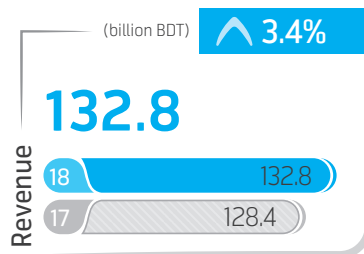
Dhaka-1229, Bangladesh

The essence to a happy life lies in health and fulfillment. The convergence of health services on Grameenphone's network promotes a healthy lifestyle for all.

The essence to a happy life lies in health and fulfillment. The convergence of health services on Grameenphone's network promotes a healthy lifestyle for all.



OUR PERFORMANCE 2018

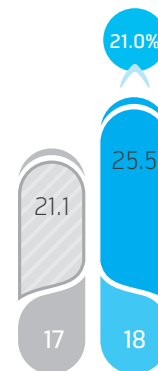


*NAV- Net Asset Value; **NOCF- Net Operating Cash Flow

Mobile Data Revenue

25.5

(billion BDT)



Number of
Subscribers

72.7

(million)

69.2Mn

11.5%



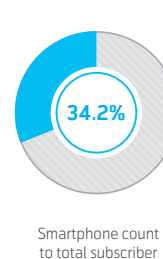
3.5Mn

8.6%

Smartphone Users

24.8

(million)



18.7Mn

2017

24.8Mn

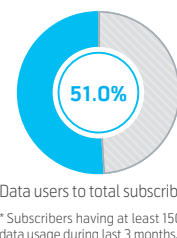
32.8%

2018

Mobile Data Users*

37.1

(million)



31.2Mn

2017

37.1Mn

18.9%

2018

QUARTERLY BUSINESS HIGHLIGHTS 2018

Q1

January

February

March

Q2

April

May

June



- On 19 February 2018, Grameenphone obtained approval and became the first mobile operator to launch 4G services in Bangladesh.
- Grameenphone acquired 2x5MHz 4G licence in the 1800MHz frequency band, along with technology neutrality, for its remaining spectrum holdings on 13 February 2018.
- With the aim to provide the best 4G experience, Grameenphone offered 4G SIM replacement with 1.5 GB free data, along with free replacement for high value customers with the help of reinforced market machineries for faster replacement of 4G SIMs.
- 2 co-branded 4G smartphones were launched, offering the most affordable 4G handsets in the market.
- We rolled out 691 sites by March focusing on seamless experience, bringing 43% of the total base under 4G coverage. Modernisation & LTE launch started, reducing power consumption, enhancing capability for coverage expansion both in rural and urban areas.
- Revised startup offer with 0.5 paisa on-net and 1 paisa off-net, strengthening voice proposition 1.5 GB offer at BDT 104.
- Simplified and digitised all customer facing processes to create value, with focus on self-service transformation to increase uptake and reduce call center volume.



- Challenging business environment due to unprecedented rainfall and thunderstorms, along with intense competition in the industry.
- In the quarter, Bangladesh experienced 37% more rainfall with significantly more days of thunderstorm. Storms led to 2.8 times increased incidents of grid power unavailability of more than 8 hours. There were 24% higher commercial power outages in Grameenphone sites.
- We experienced an adverse effect on voice due to Ramadan and World Cup.
- The industry continued to remain very competitive; however, Grameenphone was able to acquire quality subscribers amid the competition, improving annualised churn rates to 13.3%.
- The regulator adjusted the Pay Per Use limit to BDT 5 from BDT 200, adversely affecting our data revenue. We introduced one of our CMP (Contextual Marketing Platform) offers, providing high volume data with low validity, such as 1GB for 12 Hours @ BDT 16, 2GB for 2 days @ BDT 42 and 6GB for 7 days @ BDT 199. We witnessed a 7% growth in daily data users.
- Due to aggressive competition, we saw APPMB (Average Price Per Mega Byte) erosion quarter over quarter of 15.1%.
- In this quarter, we rolled out over 3,000 4G sites along with network modernisation of single RAN (Radio Access Network). We observed a 27% growth in data volume post migration to 4G, along with an improvement on average data active days. We simultaneously reinforced our market machineries for faster replacement of 4G SIMs.
- We enriched our single self-care digital channel for customers, MyGP, and provided access to all Grameenphone services, offers, bonus and rewards. We provided cross channel promotion of Bioscope and WowBox, and also introduced contextual product offering. This led to contribution in revenue and savings.

Q3

July

August

September

Q4

October

November

December



- This was a challenging quarter in terms of competition aggression and the number of regulatory directives implemented.
- Some of the most notable regulatory directives implemented were the reduction of VAT on data, lowered from 15% to 5%. The regulator also unified floor tariff for on-net and off-net voice calls to BDT 0.45 per minute and ceiling tariff set to BDT 2 per minute. Terminating operator will get BDT 0.1 per minute and ICX (Inter Connection Exchange) operator will continue to get BDT 0.04 per minute.
- The introduction of the unified tariff led to aggressive competition on data prices, contributed to significant growth in voice revenue along with growth in APPM (Average Price Per Minute).
- We revised our voice portfolio to engage our customers, launching 135 Mins, 7 Days @ BDT 78 and 200 mins, 10 days @ BDT 113. We also launched a scratch card of 15 Mins, 12 Hours @ BDT 9, which received very positive response from the market.
- Grameenphone focused on system and process readiness for MNP as well as staff training while the industry as a whole also geared up for MNP (Mobile Number Portability) implementation from 01 October 2018.
- During this quarter Grameenphone added 2.2 million subscribers and reached 3.8 million 4G subscribers.
- There was fierce competition in this quarter causing APPMB erosion of 10.8% from the previous quarter, despite growth in data revenue.
- We reached 4 million unique 4G subscribers this quarter, witnessing growth in 4G volume from conversion, along with growth in 3G volume as well. We also increased the number of replacement points and renewed our drive on 4G SIM replacement.
- This quarter we witnessed the highest ever data revenue of one day of BDT 112 million, observed on the day of Eid-ul-Adha.



- The regulator awarded tower sharing licence to four firms, edotco, Summit, ISON and AB High Tech. The companies were allowed till 20 October 2018 to form their companies.
- We put extensive drive on hero voice product 350 min @ BDT 199, and data product of 2GB @ BDT 38, leading to a boost in revenue for the quarter. We revised our daily and weekly packs to monthly packs in order to upgrade customers.
- With continued network modernisation, we reached over 5,000 4G sites at the end of the year, covering 54.6% of our sub-base under 4G. 20% of our daily traffic is now carried over the 4G network. In the quarter we rolled out 429 new 4G, 497 new 3G and 404 new 2G sites. At the end of the year we reached 14,521 2G sites and 14,687 3G sites.
- We added 0.7 million new data subscribers in the quarter, amounting to 37.1 million data customers, 51% of our total sub-base.
- On 13 October 2018, Grameenphone launched its new number series, 013. Proving to be very popular in the market, we acquired 2.9 million subscribers by the end of the year.
- We experienced an early winter effect in November. With focus on basics and quality of execution, we were able to continue acquiring quality subscribers by providing lucrative offers to our retailers with a renewed drive on 4G. We reached 6.3 million 4G SIM replacements at the end of the year.

MESSAGE FROM THE CHAIR AND THE CEO



Chief Executive Officer
Michael Patrick Foley

Chair
Petter Boerre Furberg

Dear Shareholders,

Despite the highly competitive, fast-paced and challenging market environment, Grameenphone has delivered another record year of sound financial and operational performance and has sustained its subscriber base market leadership. We launched 4G in Bangladesh in February 2018 followed by a rapid expansion of our coverage, ushering in a new era of digitalisation and the promise of high-speed internet for our customers.

Grameenphone demonstrated commendable growth during the year driving strategic priorities with speed and agility. The Company reported total revenue of BDT 132.8 billion for 2018, registering an annual growth of 3.4%. Data revenue grew by 21% and voice revenue by 6.6%. As a result of the strong revenue performance and alongside operating cost efficiencies, operating profit for the year 2018 increased by BDT 7.4 billion from last year. Profit before tax for 2018 also increased by BDT 8.3 billion from last year, mainly due to higher EBITDA and lower foreign exchange loss, partly offset by higher tax and finance expenses.

Net profit margin for 2018 grew significantly to reach 26.5% compared to 21.4% last year. Net Profit After Tax in 2018 grew by 28.2% resulting from higher revenue and significant savings in operating expenses of BDT 3.0 billion. This resulted in higher Earnings Per Share (EPS) for the year 2018, which stood at BDT 26.04 compared to BDT 20.31 in 2017.

Message from the Chair and the CEO

Grameenphone recorded a healthy growth of its subscriber base and correspondingly of reported usage. The Company acquired 7.4 million new subscribers, an 11.3% YoY growth. Adding 5.9 million internet subscribers to its network, Grameenphone closed the year with 37.1 million internet subscribers, which is 19.0% higher than that of the previous year. 51.0% of our total subscribers are using internet services on the fastest internet network in the country.

One of the most important foundations upon which we deliver services to our customers is our network. In 2018, Grameenphone made significant investment in new 4G technology, spectrum acquisition and network capacity building. The Company invested BDT 34.0 billion to rollout more than five thousand 4G LTE sites, to expand 2G and 3G coverage, to effect capacity enhancement, as well as to build higher IT readiness. In total the Company has invested BDT 347.4 billion in Bangladesh since inception. As one of the largest contributors, Grameenphone contributed BDT 84.2 billion to the national exchequer in 2018 which represents about 63.4% of Grameenphone's total revenue for the year. By the end of 2018, the total contribution to the state by Grameenphone since inception reached BDT 669.5 billion.

To achieve high levels of customer satisfaction, Grameenphone has continuously enhanced its product portfolio, including digital products and services, where innovation, relevance and simplicity are the cornerstones. We continued enhancing our digital self-care apps portfolio. MyGP, the online self-care app, is the first app in the industry where users can design their own core product. In 2018, a large number of regulatory directives were implemented, the most notable being the unified tariff for on and off net calling, Mobile Number Portability (MNP) and reduction of VAT on data from 15% to 5%.

The nature of our business puts us in the heart of the digital revolution that is transforming enterprises and the daily lives of our people. Focusing on innovation and collaboration, Grameenphone has been contributing to build and support a digital ecosystems enabling the country to remain relevant in the digital world.

We believe that incredible things will happen when the power of our people is unleashed by fueling their aspirations with corresponding opportunities. Keeping this in mind, the Company has been working closely with the local community of developers, innovators and startups via the outside-in platform called GP Accelerator and inside-out window known as Whiteboard. Grameenphone has also partnered with different stakeholders to reduce the price of internet-enabled devices and introduce digital services.

Grameenphone's journey to simplify digitalisation initiatives and offer relevant products and services has driven healthy financial performance, which ultimately finds positively impacts shareholder returns. We are happy to announce that the Board of Directors of Grameenphone Ltd. has recommended final dividend for the year 2018 in cash at the rate of 155% of the paid-up capital (i.e. BDT 15.5 per share of BDT 10 each). With this, the total cash dividend stands at 280% of paid up capital, which represents 108% of Profit After Tax for the year 2018 (including 125% interim cash dividend).

Grameenphone aims to bring together the realms of advanced digital connectivity and stay relevant to deliver a revolutionary suite of products and services, which will in turn expand the scope for digitalisation in Bangladesh. We will continue to echo responsible leadership behind every aspect of our strategies, commit to delivering superior network performance, and provide a world-class customer experience. With the growth potential of the market and our focus on operational efficiency, simplification, and driving value for our customers, we are optimistic in delivering profitable growth going forward.

There are many regulatory initiatives of significance currently in the discussion phase for implementation during 2019. Some initiatives of note are the anticipated regulations on SMP (Significant Market Power), Tower Sharing Licencing, and Quality of Service (QoS). We would like to reiterate our commitment to meaningful consultations between industry and government that can enrich the industry service propositions further, which in-effect will facilitate the current economic growth momentum of the country.

Finally, we would like to extend our appreciation to our Board for their continued guidance and active engagement, the Government, regulators and shareholders for their co-operation and facilitation. We are humbled by the trust that our Customers have placed on our network and services. We are always committed to maintaining high standards and delivering the best for our Customers. We also extend our sincere thanks to our Management Team and our employees for their hard work and commitment. We sincerely look forward to welcoming you at our 22nd Annual General Meeting (AGM).

27 January 2019

SUSTAINABILITY AND PARTNERSHIP TO REDUCE INEQUALITIES

Empowering societies by connecting them to what matters most has always been at the heart of what we do. Since its inception in 1997, Grameenphone has always been upholding high ethical standards in its business while delivering on its social obligations. We are committed to UN Sustainable Development Goals (SDGs), with specific focus on Goal#10 – Reducing Inequalities. We want to enable societies to unlock, and experience the benefits of the digital revolution and achieve their fullest potential with connectivity. The sustainability agenda for Grameenphone is clearly defined by global directions, design digital solutions to empower society at large, mitigate business risks 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. Grameenphone is equally committed to maintaining responsible business practices throughout its entire supply chain, ensuring that its partners maintain the same standards.

We are committed to UN Sustainable Development Goals (SDGs), with specific focus on Goal#10 – Reducing Inequalities. We want to enable societies to unlock, and experience the benefits of the digital revolution and achieve their fullest potential with connectivity.

Partnering to Promote Safer Digital Participation and Create Access to Quality Education

In line with Grameenphone's Sustainability strategy, we aim to create opportunities for meaningful and safe digital participation for everyone. At the core of that ambition lies the access to quality education, regardless of gender, location and socio-economic background. The Child Online Safety initiative is all about creating safe learning opportunities while simultaneously addressing both economic and gender inequality. As the largest ISP in Bangladesh, we are working on creating a safer online space to support the development of society and reduce inequalities. This enables students from all communities to compete on a level playing field with their counterparts in the urban areas as well as across the world.

In 2018, our partnership with UNICEF, the globally recognised child rights organisation and Telenor Group, emerged as the biggest collaboration in Bangladesh in the private development sector. The unique partnership allowed us to reach more than 400,000 students and sensitise 70,000 parents, guardians and teachers about online safety. Additionally, the Child Helpline 1098 has been expanded to work in parallel with the program to provide support on Child Online Safety issues. To further strengthen our commitment to this cause, our social advocacy campaign created mass awareness on social media around safety and precaution measures for children while using the internet. This campaign reached more than 10 million people on social media.

2018 culminated with a panel discussion on Child Online Safety with leading educationalists and public sector specialists to initiate more dialogue around this critically important issue and to explore national level safety measures. Grameenphone actively seeks opportunities where technology can contribute to achieve the targets set for the country.



Supply Chain Sustainability

Grameenphone is vigilant about ensuring responsible business conduct across the entire Supply Chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption. It is mandatory for all Grameenphone contracting parties to agree to these principles. All suppliers and parties with a direct contractual relationship with Grameenphone must comply with our 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 and cascade them down in their own supply chain. Currently, 100% suppliers and partners have endorsed the agreement on responsible business conduct.

Grameenphone conducts annual supply chain capacity building through on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides to ensure our suppliers and sub-suppliers follow the same continuous improvement process. Capacity building is customised and caters to realistic practical situations and the actual need of the suppliers, with a particular focus on awareness of Grameenphone Supplier Conduct Principles issues as well as specific activities related to skill development (e.g. tower climbing). Topics generally include labour rights, health and safety, anti-corruption, green initiatives, women empowerment and diversity. In 2018, Grameenphone conducted a total of 6,139 man-hours of supply chain capacity building to promote responsible business practices at work.

To monitor compliance with the requirements on responsible business conduct, Grameenphone carries out regular inspections and audits across its supply chain. In 2018, Grameenphone conducted 905 supply chain inspections of which 90% were unannounced.

Going forward, inspections, audits, capacity building and long-term risk reduction will remain a priority in Grameenphone's responsible supply chain agenda. Furthermore, Grameenphone will strive towards long-term risk reduction through continually reinforcing the importance of supply chain improvement.

Supporting the Book Reading Program

Grameenphone is committed to supporting SDG#10 by leveraging its 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) and Grameenphone, on 19 March 2014. Alor Pathshala enables students to enjoy local and international classics. By the end of 2018, the site had more than 1.5 million downloads and more than 1.3 million visitors. Grameenphone has also supported the Book Reading Program and recognised 19,647 voracious readers out of 185,678 students from 1,453 schools.

Support for Distressed People

Grameenphone extended its support to victims during the cold wave in January 2018 which impacted around 10,000 people in the northern and southern districts of the country.

Bangladesh CSR Leadership Awards 2018

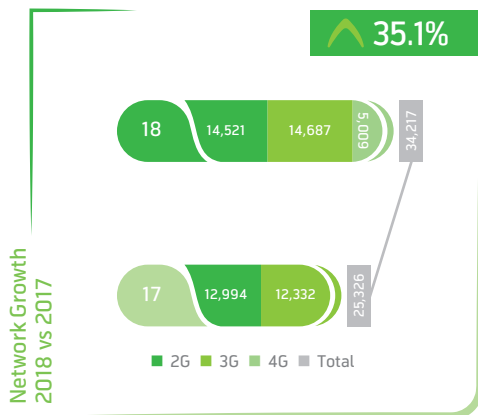
Grameenphone was awarded for "Innovation in Corporate Social Responsibility Practices" at the Bangladesh CSR Leadership Awards 2018. We were recognised for our innovative approach in designing and deploying sustainability initiatives for the community. The CSR Leadership Awards recognise corporate entities and individuals that have made a significant and positive impact on the lives of people around them, through their involvement in corporate social responsibility programs that respect communities, the environment and people. All of our sustainability projects such as the Child Online Safety and Supply Chain Sustainability initiatives are based on a successful marriage between technology and innovation.



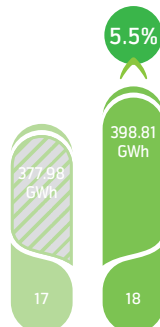
CLIMATE CHANGE MOVING TOWARDS GREEN

Grameenphone being a responsible corporate entity, is committed to a long-term sustainable approach to caring for and safeguarding the environment and climate impact. In order to safeguard the environment, the Company conducts its business in such a way so as to prevent pollution and to minimise the adverse impact of its activities on the environment. Grameenphone continually improves its performance against targets associated with its environmental aspects to comply with all applicable environmental legislations.

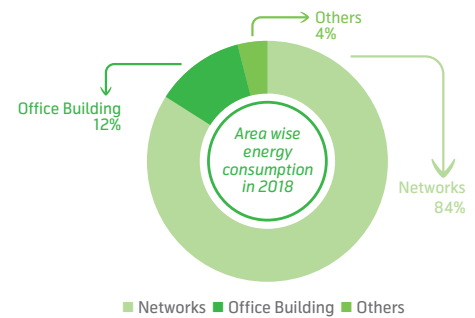
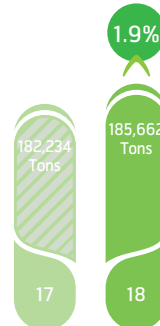
In line with its sustainability journey, Grameenphone has taken a number of initiatives to reduce its carbon footprint through individual and collective efforts. All the initiatives ensure CO₂ reduction through energy efficiency, increased use of solar energy over fossil fuel, limiting the use of valuable resources, reducing travel requirement for operations, as well as creating greater environmental awareness among employees and stakeholders.



Total Energy Consumption
2017 Vs 2018



Total CO₂ Emission
2017 Vs 2018



As a continuation of this environmental roadmap, in the year 2018, Grameenphone took the major initiatives listed below:

Green Initiatives

Hybrid BTS

In 2018, Grameenphone has converted 70 Generator+Solar to Commercial Power+Solar Hybrid Sites. The newly introduced hybrid sites will provide additional savings of 280,000 litres of fuel which is around 378 tons of CO₂ reduction per year.

Electricity Generated From Solar Sites



E-waste Recycling

As of 31 December, 2018, more than 467 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 with ISO 14000, OSHAS 18000, and R2 standards.

Battery Reuse & Recycling

Recycling and reuse of 100% used lead acid batteries has been set as our internal KPI. So far we have recycled more than 24,000 nos. of old batteries in 2018.



Sustainability is an integral part of our business strategy and we have embedded it into all our business processes. Our Environmental Management System (EMS) policy was documented, implemented and communicated to all employees in 2010. Since 2008, successful initiatives have helped Grameenphone reduce carbon intensity and consumption of valuable resources, such as fuel, paper, and electricity.



ENJOY MORE

The joy and freedom of doing what you like, especially with your loved ones is priceless. Grameenphone's entertainment services help make the good times great.



HUMAN RESOURCES MANAGEMENT

Grameenphone is not only the leader of the telecom industry, but also one of the most attractive employers in the country. We develop and promote our employees, motivate talented youth and attract experienced professionals. Achieving our strategic objectives and maintaining our growth is closely related to creating an engaging work environment. In 2018, we have introduced several new features and launched new products under digital HR portfolio.

Gamified Recruitment

Moving beyond conventional assessment tools, Grameenphone launched Talent Games, which tests candidates' cognitive abilities and leadership competencies through a gameplay of real-life business situations. Based on demonstrated behaviour and aptitude during the game, a complete profile of the candidate is formed through Artificial Intelligence, which helps the recruiters take more informed decisions to select the right candidate.

Telenor Youth Forum

Telenor Youth Forum is an initiative by Telenor in association with the Nobel Peace Center to empower the youth to solve problems of the society using technology. Grameenphone provides the opportunity to bright minds of the country to showcase their talent on a global platform. Workshops on digital skills, presenting solutions and career grooming are held in universities around the country followed by mentorship and specialised workshops for the candidates shortlisted from around 2,000 applications each year. In 2018, 2 winners represented Bangladesh in the Global Rounds.



Next Business Leaders (NBL) program

The 6th batch of Next Business Leaders joined Grameenphone in 2018 after rigorous assessments where the top 16 were selected from over 6,000 applicants. The management trainee program provides a fast-track career platform for fresh graduates where they receive development interventions, mentorship and a 10-month rotational training from the very beginning that sets the foundation to build them into leaders of the future.

Digital Ninja

In 2018, Grameenphone launched Digital Ninja which is a platform for coders and developers to get involved with Grameenphone. It is based on the principle of reducing the time and removing the barriers to employment of resources in the corporate sector, particularly for those with technical skillsets.



By creating a pre-assessed pool and completing several rounds of screening online, Digital Ninja aims at making the opportunities accessible to a wider range of talents across Bangladesh. As the nature of employment is flexible, the incumbents can work on multiple projects simultaneously. This leads to greater income prospects, reducing the need to look for freelancing opportunities out of the country.

Digital Onboarding

Grameenphone believes that a strong employee experience begins from the very first day at work. New joiners take part in exciting and interactive online inductions, market visits and interactions with the leadership team. There is a dedicated digital platform where employees can access lessons, policies, information and reach out for queries.

Learning and Development

At Grameenphone, we believe that an integral part of staying relevant in the 4th Industrial Revolution is making learning an intrinsic way of work. 40 hours a year are dedicated for learning for every employee across all levels. The company sponsors online courses from renowned platforms such as Coursera, Lynda and Udacity. Specialised certificate courses are designed in partnership with INSEAD and foreign trainers. Grameenphone also hosts 'Learning Weeks' where veteran industry experts train employees on practical application of latest concepts and technologies.

Digital Employee Experiences

As part of Digital Employee Experiences in Grameenphone, over 15 employee services are offered through self-service in an app called 'OneGP'. Design-thinking and agile methodology being its core way of work, this app removes dependencies on multiple systems and has digitised processes of Approval Management, Utility Services, Business Trip, Health, Safety & Security and many more. Going one step further, in early 2019, Grameenphone launched an HR Bot as a one-stop solution for personal queries on company policies, benefits and HR services, allowing smoother employee experiences while maintaining privacy, and optimising operational workload management.

Agile Workforce and Winning Teams

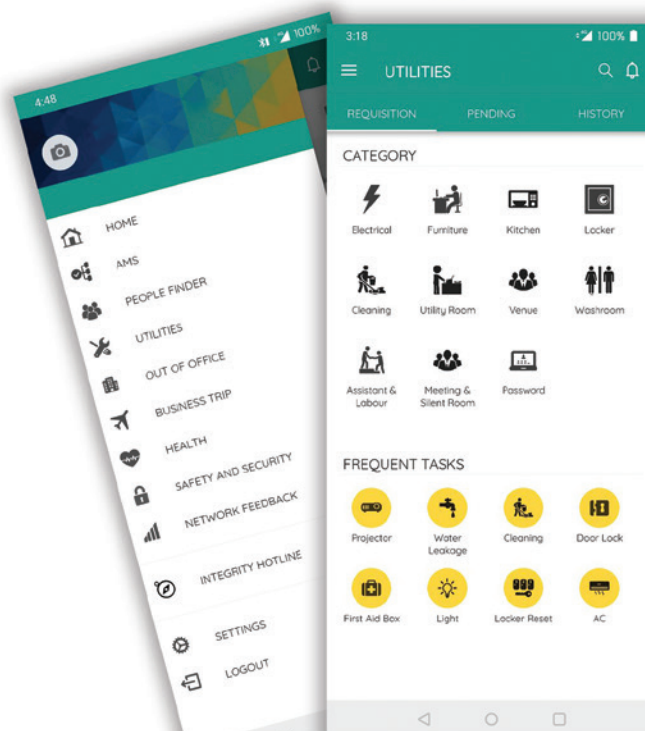
To match the dynamic market scenario, agility in way of work continues to be a core focus for Grameenphone. The aim is to encourage rapid experimentation with the right collaborative measures. The framework supports matching people's expertise with project requirements allowing faster decision making and reduced time-to-market.

Grameenphone also fosters a culture that allows individuals to bring along new ideas and perspectives and collaborate to provide the best solutions for customers. From recruitment to reward and performance management, the 4 behaviours of Telenor- Be Respectful, Keep Promises, Create Together and Always Explore- guide every action and decision in the Company.

Safety and Security

Grameenphone focuses on continuous improvement of health, safety and security to establish a safe and healthy work environment. Special emphasis is given on designing every establishment and plant through adequate placement of safe, healthy & secure systems and procedures. With the ambition of leading the industry in terms of Health, Safety & Security (HS&S), Grameenphone has aimed to be certified on ISO 45001:2018.

In the year 2018, extensive focus has been given to road traffic safety through training and awareness, proactive and reactive monitoring and e-communication. Safety rules have been incorporated in policy and manual to reinforce road traffic safety. The gym and recreation facilities aim at ensuring employee wellness and healthy work-life balance. Training on emergency preparedness and evacuation drills are conducted at all circles. Risk mapping and assessment, vehicle inspections, background verification for recruitment, hazard reporting and mitigation are some of the regular measures taken to uphold HS&S culture.



Gender Diversity

Grameenphone is committed to attracting and developing more women leaders and experts across the company because we believe that increased gender equality is a competitive advantage and creates shareholder value. There is a focused Gender Diversity project with active and regular involvement from the senior management team that is playing the role to sensitise the culture and strengthen the female pipeline, and to create a support system that builds women up for success.

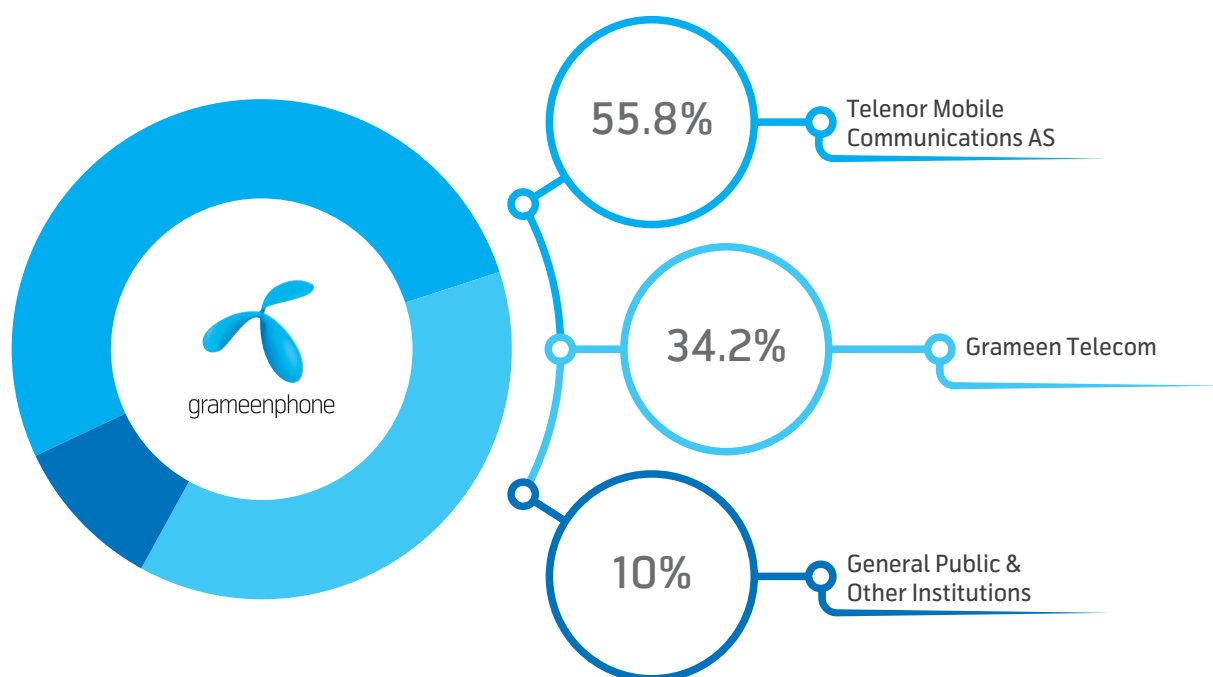
The broad horizon of initiatives can be distilled into three distinct areas; Leadership Pipeline, Improvements in Culture and Building Women for Success. In 2018, Grameenphone saw increased female representation in Higher Management roles, focused on training initiatives, steps to prevent female attrition and focused on retention plan of critical resources. To tackle gaps in culture, the business impact of diversity have been established in Grameenphone along with the introduction of a Leaders' Toolkit that the leaders can use to become more supportive.

In 2018, further work was also done to support Maternity leave period and mitigate crucial areas of distress during rejoining. Alongside health insurance benefits, the scope of in-house day care facilities were also enhanced this year. To sensitise and improve the overall working environment, a tailor made e-learning module 'A Better Workplace of Everyone' highlighting the challenges women face in the workplace and how it can be solved was introduced for all Grameenphone employees.



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 (2.13%), Foreign (3.64%) and other institutions (4.23%), as on 31 December 2018.



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, today Telenor has mobile operations with solid market positions in Scandinavia and Asia. Telenor had, as of 31 December 2018, 174 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, 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.

The Shareholders

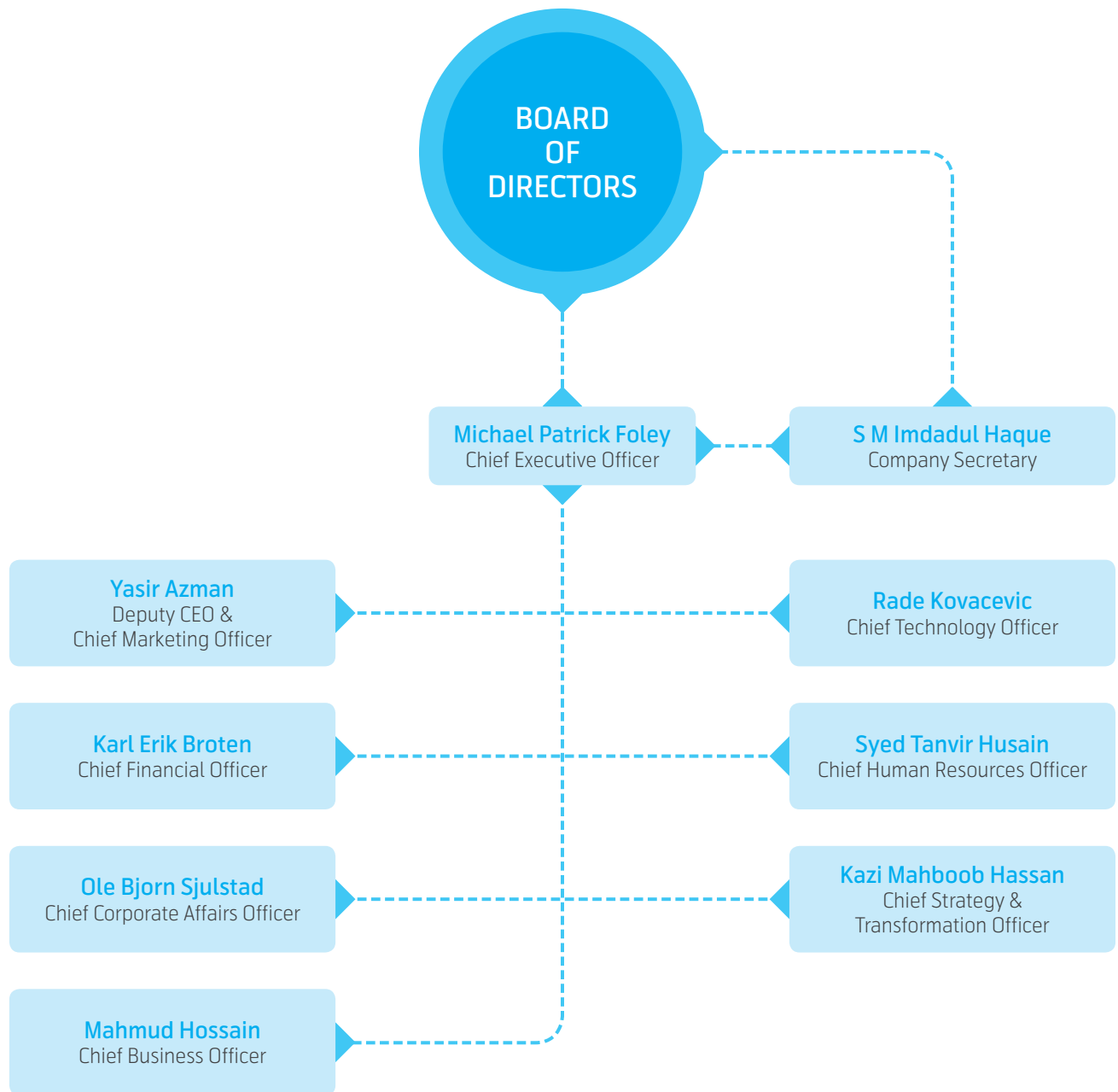
GTC has been acclaimed for its innovative Village Phone Program. GTC and its Chairman, Nobel Peace Prize laureate, Professor Muhammad Yunus, have received several awards which include; First ITU World Information Society Award in 2005; Petersburg Prize for Use of the IT to improve Poor People's Lives" 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 2018

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	BBH A/C Matthews Asia Dividend Fund	16,109,639	1.19%
4	Grameen Bank Borrower's Investment Trust	11,037,221	0.82%
5	Government of Norway	8,637,674	0.64%
6	A K Khan & Company Ltd.	8,297,250	0.61%
7	ICB Unit Fund	4,895,493	0.36%
8	Investment Corporation of Bangladesh	3,663,322	0.27%
9	BBH A/C Japan Trustee Services Bank Ltd. as Trustee of SMTB Global Impact Mother Fund	2,412,090	0.18%
10	Mellor Bank N.A. A/c Acadian Frontier Markets Equity Fund	1,748,370	0.13%
11	1st Bangladesh Fixed Income Fund	1,405,634	0.10%
12	Grameen One : Scheme Two	1,400,000	0.10%
13	Delta Life Insurance Co. Ltd.	1,281,781	0.09%
14	IDLC Investments Ltd. - Omnibus	1,262,632	0.09%
15	BBH (Lux) S.A. A/c Matthews Asia Funds- Asia Dividend Fund	1,237,373	0.09%
16	SSBT A/c Wellington Management Funds (Ireland) Public Limited Company- Wellington Global Impact Fund	1,185,010	0.09%
17	JPMCB NA for JPM Lux A/C Schroder International Selection Fund	1,045,792	0.08%
18	Bangladesh Fund	1,037,500	0.08%
19	The Bank of New York Millon AF Pension Reserves Investment Trust Fund	923,521	0.07%
20	Pubali Bank Limited	915,075	0.07%
	Total	1,283,669,510	95.06%

ORGANISATIONAL STRUCTURE



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

Gunnar Johan Bertelsen

Non-Executive Director

Prof. (Dr.) Jamilur Reza Choudhury

Independent Director

SITTING

From left to right

Dr. Salehuddin Ahmed

Independent Director

Witold Sitek

Non-Executive Director

M Shahjahan

Non-Executive Director

Md. Ashraful Hassan

Non-Executive Director

Oivind Burdal

Non-Executive Director

DIRECTORS' PROFILE



Petter Boerre Furberg

Non-Executive Chair

Date of Appointment

26 May 2017

Nationality

Norwegian

Committee Membership

None

Mr. M Shahjahan was appointed to the Board on 26 June 2006 and he 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.



M Shahjahan

Non-Executive Director

Date of Appointment

26 June 2006

Last Re-elected

19 April 2018

Nationality

Bangladeshi

Committee Membership

Audit Committee, Treasury Committee
HSSE Committee



Md. Ashraful Hassan

Non-Executive Director

Date of Appointment

20 January 2010

Last Re-elected

20 April 2017

Nationality

Bangladeshi

Committee Membership

NRC Committee

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 year tenure with the Bank, he held various key positions, including the Chief of Engineering section. He made 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 and nutrition, information and communication technology, employment generation and so forth. He holds Bachelor of Science degree in Engineering from Khulna University of Engineering and Technology, Bangladesh.

Mr. Haakon Bruaset Kjoel was appointed to the Board on 14 September 2011. He is Senior Vice President, Partner and External Relations Asia in Telenor Group. Mr. Kjoel joined Telenor Group in 1995, beginning his career in the domestic mobile operation in Norway. Since then, he has contributed to Telenor Group's growing international presence through his involvement in Telenor's international mobile operations where he played significant roles in operational development, and merger and acquisition activities both in Europe and Asia. For the last 18 years, he has been based in Asia, where he has played a key role in the development of Telenor's Group strategy for Asia, and managing the Asia business environment including in the areas of public affairs, government relations, strategic communications and corporate responsibility. Mr. Kjoel was Acting Executive Vice President and Chief Corporate Affairs Officer for Telenor Group from July until October 2018, in addition to his global responsibility for the Telenor Group's public and regulatory affairs activities, a role he assumed in September 2016. He assumed his current role on 01 November 2018. Mr. Kjoel holds a Master of Business Administration degree (Executive) and studies in public relations from BI Norwegian Business School in Oslo, Norway.


Haakon Bruaset Kjoel

Non-Executive Director

Date of Appointment

14 September 2011

Last Re-elected

19 April 2018

Nationality

Norwegian

Committee Membership

NRC Committee


Parveen Mahmud

Non-Executive Director

Date of Appointment

17 October 2012

Last Re-elected

19 April 2018

Nationality

Bangladeshi

Committee Membership

None

awarded Begum Rokeya Shining Personality Award 2006 for women empowerment by the Narikantha Foundation, Bangladesh.

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 in 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 Limited since July 2015. After obtaining his law degree, in 1998, he joined Thommessen Krefting Greve Lund, one of the major law firms in Norway, 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 (Bedriftsøkonom 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.


Oivind Burdal

Non-Executive Director

Date of Appointment

18 May 2016

Nationality

Norwegian

Committee Membership

Audit Committee

**Prof. (Dr.) Jamilur Reza Choudhury**

Independent Director

Date of Appointment

15 June 2016

Nationality

Bangladeshi

Committee Membership

NRC Committee

Prof. (Dr.) Jamilur Reza Choudhury was appointed to the Board on 15 June 2016 as an Independent Director and he is also Chair of the Company's Nomination and Remuneration Committee (NRC). 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 (HonorisCausa) 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 the 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. The Government of Bangladesh appointed him as a National Professor in 2018.

Mr. Gunnar Johan Bertelsen was appointed to the Board on 11 June 2018. Mr. Bertelsen is Vice President of Public and Regulatory Affairs Group Asia, Telenor Group. Prior to that, Mr. Bertelsen served as CCAO of Telenor Myanmar for five years. Since joining Telenor in 1997, he has held a number of executive positions, including Managing Director Telenor Ireland Ltd, VP Telenor Asia and Head of Regulatory dtac. Currently Board member of dtac, Thailand and Thai Telco Holding, Thailand. Mr. Bertelsen holds a Master Degree in Business Administration and A Dip Advanced Management from University College Dublin Ireland.

**Gunnar Johan Bertelsen**

Non-Executive Director

Date of Appointment

11 June 2018

Nationality

Norwegian

Committee Membership

HSSE Committee

**Dr. Salehuddin Ahmed**

Independent Director

Date of Appointment

12 December 2018

Nationality

Bangladeshi

Committee Membership

Audit Committee

Dr. Salehuddin Ahmed was appointed to the Board on 12 December 2018 as an Independent Director and he is also Chair of the Company's Audit Committee. He was appointed as the Governor of the Bangladesh Bank (Central Bank) on May 2005, for a term of four years up to 30 April 2009. He started his career as a lecturer in Economics at Dhaka University in 1970. Joining the erstwhile Civil Service of Pakistan (CSP), he served in various capacities in the field of administration of the Government of Bangladesh. He worked in the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), a regional inter-governmental organisation with its headquarters in Dhaka. Dr. Ahmed was the Director General of Bangladesh Academy for Rural Development (BARD), Cumilla and also Director General of the NGO Affairs Bureau of the Office of the Prime Minister. During 1996-2005, Dr. Salehuddin Ahmed was the Managing Director of Palli Karma Sahayak Foundation (PKSF), the apex

funding agency of micro credit operations in Bangladesh. He has authored several books, reports and journal articles which have been published at home and abroad. He is on Governing Bodies of several Government and Non-Government agencies and universities in Bangladesh. Dr. Ahmed was awarded Nawab Sir Salimullah Foundation Gold Medal for contributions in Economics in 2006. He also received the Distinguished Alumni Award from McMaster University, Canada at the Convocation held in Hamilton, Ontario, Canada in November 2006. Besides these, he was given several other awards by different bodies. Dr. Ahmed did his Master Degrees in Economics from Dhaka University and McMaster University in 1969 and 1974 respectively and obtained his Ph.D. in Economics from McMaster University, Canada in 1978. Presently, he is working as a Professor at BRAC Business School, BRAC University, Dhaka, Bangladesh.

**Witold Sitek**

Non-Executive Director

Date of Appointment

30 January 2018

Committee Membership

None

Nationality

Norwegian

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 Customer Strategy in Telenor ASA. Recently he has held positions in Telenor ASA as SVP Transformation 2016-2018, SVP Technology Strategy 2014-2015, 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 degree in Computer Science.

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 Limited, Myanmar Telenor Pakistan (Pvt.) Limited, Pakistan Telenor Microfinance Bank Telenor Health Digital Money Myanmar Ltd., Myanmar	Telenor Myanmar Limited, Myanmar <i>Audit Committee</i> Telenor Pakistan (Pvt.) Limited, Pakistan <i>Audit Committee</i>
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 Grameen Solutions Grameen Italia Team Accessories Ltd. Grameen Distribution Samajik Health Science Institute and Research Center Limited Grameen Krishi Foundation Member of Board of Trustees Nobel Laureate Trust Grameen Telecom Trust Grameen Healthcare Trust	None
3	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. Samajik Health Science Institute and Research Center Limited Member of Board of Trust Grameen Telecom Trust	None



Sl. No	Name of Director	Directorship	Member of Board committees
4	Mr. Haakon Bruaset Kjoel	Telenor Pakistan (Pvt.) Limited, 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 Limited, Myanmar Digi Telecommunications Sdn Bhd, Malaysia Digi.com Berhad, Malaysia	dtac, Thailand <i>Nomination Committee</i> <i>Remuneration Committee</i> <i>Corporate Governance Committee</i> Digi.com, Berhad, Malaysia <i>Nomination Committee</i> <i>Remuneration Committee</i> Telenor Pakistan (Pvt.) Limited, Pakistan <i>Audit Committee</i> Telenor Myanmar Limited, Myanmar <i>Audit Committee</i>
5	Ms. Parveen Mahmud	Shasha Denims Ltd. Shasha Textiles Ltd. Shasha Spinning Ltd. Shasha Apparels Ltd. Shasha Garments Ltd. Shasha Millners & Textiles Ltd. Saburo Indigo Ltd. Linde Bangladesh Ltd. MIDAS Financing Ltd. (MFL) MIDAS Palli Karma Sahayak Foundation (PKSF) BRAC (Association Member) BRAC International Manusher Jonno Foundation (MJF) Campaign for Popular Education (CAMPE) Rangpur Dinajpur Rural Services (RDRS)- Bangladesh 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 Capital Management Ltd. Grameen Shamogri Ltd. Grameen Samajik Byabsha Ltd.	Linde Bangladesh Ltd. <i>Audit Committee</i> BRAC International <i>Audit Committee</i> BRAC <i>Audit Committee</i> CAMPE <i>Audit Committee</i>
6	Mr. Oivind Burdal	Telenor Pensjonskasse, Norway (Deputy Director) Telenor Pakistan Ltd., Pakistan Telenor Myanmar Ltd., Myanmar	Telenor Myanmar Limited, Myanmar <i>Audit Committee</i> Telenor Pakistan (Pvt.) Ltd., Pakistan <i>Audit Committee</i>
7	Prof. (Dr.) Jamilur Reza Choudhury	Grameen Communications	None
8	Mr. Gunnar Johan Bertelsen	Total Access Communication PLC ('dtac'), Thailand Thai Telco Holding, Thailand	Total Access Communication PLC ('dtac'), Thailand <i>Remuneration Committee</i> <i>Nomination Committee</i>
9	Dr. Salehuddin Ahmed	None	None
10	Mr. Witold Sitek	None	None

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 right to left

Ole Bjorn Sjulstad

Chief Corporate Affairs Officer

Syed Tanvir Husain

Chief Human Resources Officer

Mahmud Hossain

Chief Business Officer

Kazi Mahboob Hassan

Chief Strategy and Transformation Officer

Rade Kovacevic

Chief Technology Officer

SITTING

From left to right

Karl Erik Broten

Chief Financial Officer

Michael Patrick Foley

Chief Executive Officer

Yasir Azman

Deputy CEO and Chief Marketing Officer

Management Team

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.

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 Orissa 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. As a CMO in Grameenphone, Azman has transformed Grameenphone towards a high performing and a digital centric organisation. 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.



Yasir Azman

Deputy CEO & CMO



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 had served 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), and major area of study in International Management from Agder University College, Norway.

Mr. Syed Tanvir Husain was appointed as Chief Human Resources Officer (CHRO) effective from 12 June 2018. His journey with Grameenphone started as the Head of Leadership & People Development in mid-2013. He later went on to lead the Center of Expertise and then Shared Services organisations within People & Organisation Division. A pioneer in the Digitalisation of HR, he is notable for building stronger stakeholder relationships and driving agility across the organisation. Prior to Grameenphone, he held roles of the Head of HR in Citibank N.A. and the CHRO in Airtel Bangladesh, where he led the acquisition and merger with regard to employees with Warid Telecom. He has also worked in the USA for KBR and Aramark. An MBA graduate from IBA, University of Dhaka, Mr. Tanvir began his career as a management trainee in BAT Bangladesh, where he created his legacy by initiating the gender diversity drive, strengthening talent pipeline and by signing two Long Term Agreements with the CBA in his 7.5 years tenure.


Syed Tanvir Husain
Chief Human Resources Officer

Ole Bjorn Sjulstad
Chief Corporate Affairs Officer

Mr. Ole Bjorn Sjulstad was appointed as Chief Corporate Affairs (CCAO) effective from 02 December 2018. He joined Telenor Asia Pte Ltd. Singapore, as Vice President in 2000 and served as its Managing Director from 2002 till 2004. After, relocation to Norway he served as Senior Vice President of Telenor, Asia region, until April 2007. In 2007, he joined the Telenor CEE regional unit. He led the representative office in Moscow for six years, followed by a two-year posting as Chief Corporate Development Officer in Telenor Hungary. Before joining Grameenphone he was CEO of Telenor Bulgaria. In his more than 18 years of experience with Telenor Group he has served as a member in the Board of Directors in Grameenphone (Bangladesh), Digi (Malaysia), UCOM (Thailand), Telenor Bulgaria (Bulgaria) and Vimpelcom (now VEON). Prior to joining Telenor Group, Mr. Sjulstad held various leadership and project management positions within the Information and Telecommunications sector, as well as Subsea Engineering & Production business relating to the oil and gas industry. He has earned his Business Administration and Mechanical Engineering degree from Kongsberg Ingeniorhogskole, Norway in 1983. In addition, he has completed the Executive Development Program at IMD, Switzerland, in 2008.

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. Kovacevic 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 the telecom industry, working in different senior positions. Mr. Kovacevic has an MSc in Electronics and Computer Science from University of Montenegro.


Rade Kovacevic
Chief Technology Officer

**Mahmud Hossain**

Chief Business Officer

Mr. Mahmud Hossain was appointed Chief Business Officer (CBO) effective from 24 October 2018. He previously served Grameenphone as Chief Corporate Affairs Officer (CCAO) from 8 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 in his first spell with the Company as Additional General Manager at Technology Operations during 2000-2001. In his incredibly long career, he also worked for few other telecom operators before rejoining Grameenphone in August 2009. Mahmud Hossain 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.

Mr. Kazi Mahboob Hassan was appointed as Chief Strategy and Transformation Officer (CSTO) effective from 1 April 2018. Previously he had been serving as Head of Transformation for the Company since 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 has an MBA degree from University of Oxford, is a Fellow Chartered Certified Accountant (FCCA) with professional accountancy body ACCA, UK and has a BBA degree from University of Dhaka (IBA).

**Kazi Mahboob Hassan**

Chief Strategy and Transformation Officer

**S M Imdadul Haque**

Company Secretary

PROFILE OF COMPANY SECRETARY

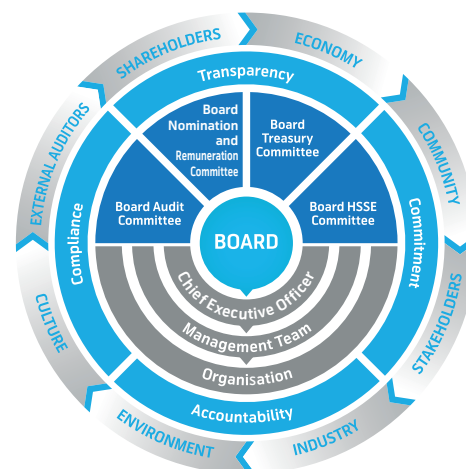
Mr. S M Imdadul Haque was appointed as Company Secretary effective from 21 April 2017. Mr. Imdad joined Grameenphone on May 2004 and started his journey with Internal Audit function. Then he moved to the Department of Company Secretary on August 2006 and has been working there for more than twelve (12) 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

The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to ensure the sustainability of the company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the company. The Board believes these practices are key to continue delivering long-term shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence.

Corporate Governance Framework

Being a technology oriented business entity, Grameenphone emphasises 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 2018, the Company has complied with the applicable conditions set out in the Corporate Governance Code 2018 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 Matters

a) Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are 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.

b) Rules of Procedure for the Board

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.

c) Salient features of the Rules of Procedure for the Board

- | | |
|--|---|
| <ul style="list-style-type: none"> • Purpose • Matters reserved for the Board • Principal Roles and Responsibility of the Board • Specific focus areas | <ul style="list-style-type: none"> • Division of work between the Board and CEO • Proceedings of Board Meetings • Conflict of Interest • Chair's Roles & Responsibilities |
|--|---|

d) Key Features of our Board

- All Board Members are Non-Executive Directors;
- Separation of the roles of Chair of the Board and the CEO;
- No Independent Directors have served more than six (6) years;
- Chair of the Audit Committee and NRC Committee are Independent Directors; and
- Management do not sit on the Board.

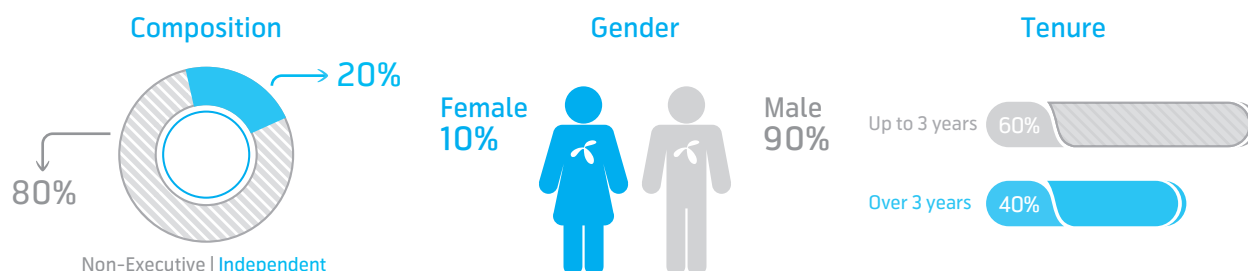
e) Board Composition

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 participating 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 Code.

f) Board Diversity

The Board recognises the importance of diversity in deliberations and decision-making and has established its efforts to establish a diverse Board. We believe that our Board has optimum 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 32 to 36 of this Annual Report.

**g) 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 2018. 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 2018 is set out on page 84 of this Annual Report.

h) 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.

i) Delegation of authority

Responsibility or authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authority which ensures that delegated authority levels flow through the proper governance channels. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change to ensure relevance and applicability. Amendments to these documents are reviewed and approved by the Board.

j) Code of Conduct

The Board adopted the Code of Conduct for the Chair of the Board, other Board members and Chief Executive Officer of Grameenphone to support Company's objectives, vision and values. This Code of Conduct is in compliance with the requirement of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC). The Code is available on the Company's website at www.grameenphone.com.

k) Access to Information

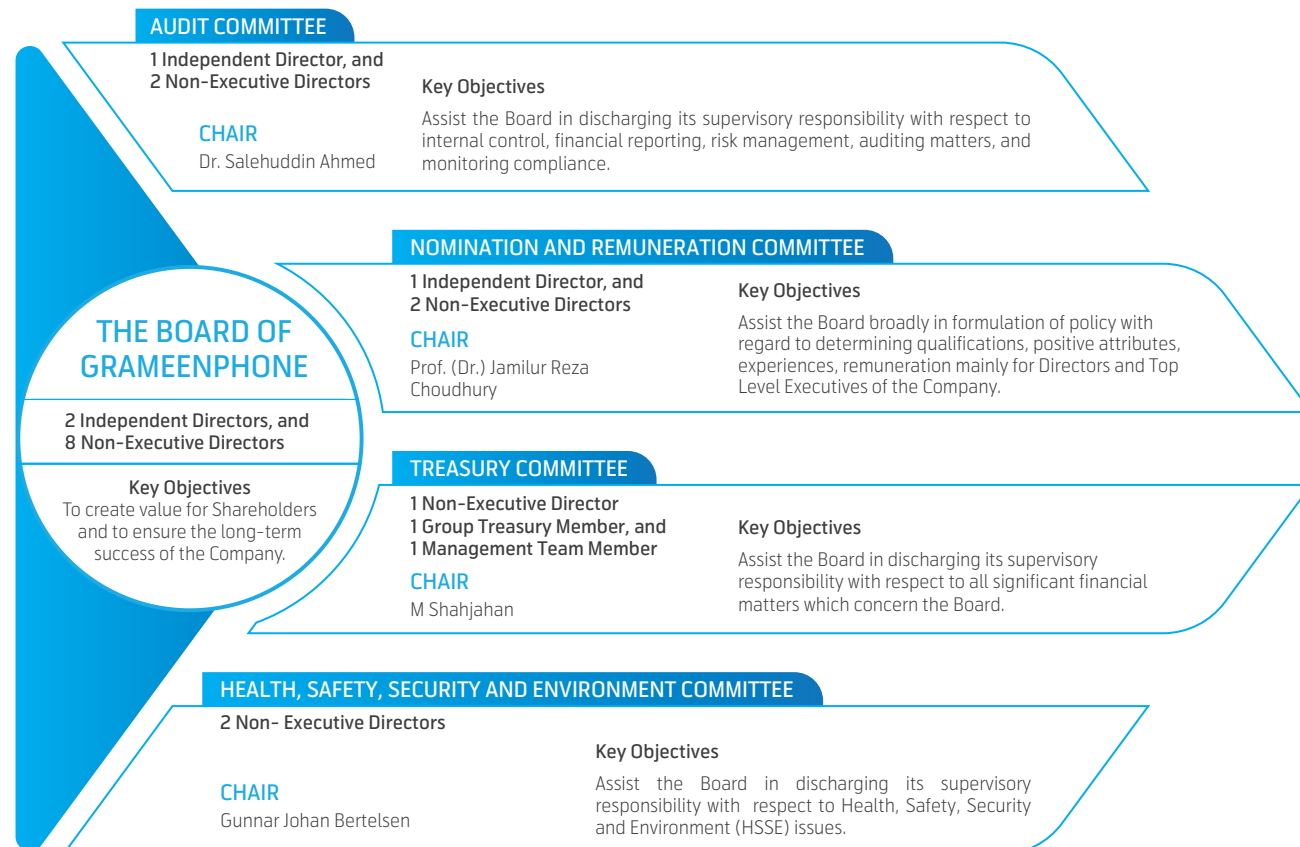
The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. Throughout their tenure in office, the Directors are continually updated on the Company's business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

l) Evaluation of the Board

To establish and improve the operating effectiveness of the Board, the Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The Board evaluation was performed in March 2018 and the result was dealt by the Board at its Board Meeting in April 2018.

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; Nomination and Remuneration Committee; Treasury 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:



a) Audit Committee

The Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction over all 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 Corporate Governance Code. 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 2018 are given on page 55 of this Annual Report.

The Audit Committee met nine (9) times during the year 2018 and attendance of the Committee members in the meetings was as follows:

Name	Attendance	Remarks
Dr. Salehuddin Ahmed	0/0	Effective from 12 December 2018
M Shahjahan	9/9	
Oivind Burdal	7/8	Effective from 30 January 2018
Rokia Afzal Rahman	7/8	Term Expired on 5 December 2018
Tore Johnsen	1/1	Retired on 29 January 2018

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established on 11 December 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC 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 Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives.

Since the NRC was constituted as a sub-committee of the Board on 11 December 2018, no meeting of NRC was held during the reporting period. The detailed activities of the NRC during 2018 are given on page 56 of this Annual Report

c) 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 two (2) times during the year 2018 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
M Shahjahan	2/2
Pal Stette	2/2
Karl Erik Broten	2/2

d) Health, Safety, Security and Environment Committee

This Committee consists of two (2) 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 two (2) times during the year 2018 and attendance of the Committee members in the meeting was as follows:

Name	Attendance	Remarks
Gunnar Johan Bertelsen	1/1	Effective from 11 June 2018
M Shahjahan	2/2	
Hans Martin Hoegh Henriksen	1/1	Retired on 10 June 2018

Company Secretary

To ensure effective assimilation and timely flow of information that is 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 Code issued by the Bangladesh Securities and Exchange Commission (BSEC), also requires 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 and the 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 long term strategy which ranges from 3 to 5 year plan; 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 minimise 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 Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Commission Rules 1987 and other applicable financial reporting regulations. All the financial transactions are recorded in the Oracle Enterprise Resource Planning (ERP) systems. Financial reports extracted from ERP are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by Head of Reporting, 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 at the Annual General Meeting. Details of Internal Control over Financial Reporting are described on page 51 of the Annual Report.

c) Operational Excellence (OE)

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

In 2018, Grameenphone brought additional focus on structural change to Modernise its way of doing business which has a sustainable efficiency impact. Operational excellence now being run under 'Office of Strategic Initiative' department that deals with both regular business operation excellence programs along with top strategic initiatives of Grameenphone related to Business Model change and Transformation. This 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, on Network Operation, Market spend, Capital Expenditure Efficiency, efficiency in admin & other overhead spend, Business Process Efficiency, Smart Spend Management, Functional Cost benchmarking 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 team works together with empowered cross functional teams to analyse and review the need and expected outcome of spending in detail to ensure the priority of business needs and optimise results. 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 and Management Team on a regular basis.

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 critical 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 Bangladesh Securities and Exchange Commission Rules 1987 and conducted in accordance with International Standards on Auditing (ISA). 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 licenced 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 and its 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: Core Business and Digital, Governance and Third Parties, and IT & Cyber Security. Additionally, the team also performs quality assurance and improvement program, aligned with the Institute of Internal Auditors' Standards. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and major business 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 and objectives.

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), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and Corporate Governance Code 2018.

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.

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 2018.

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 of the Financial Statements as per the requirements of IAS 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 risks and responding appropriately to them. The Company follows well defined risk management manuals and processes to mitigate enterprise level risks. This aspect is discussed more elaborately in the 'Enterprise Risk Management' section of the Annual Report on page 52.

l) Revenue Assurance and Fraud Management

Revenue Assurance function is accountable to ensure the accuracy, completeness, integrity and 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 service frauds.

m) Compliance with Rules & Regulations of the Country

In Grameenphone, we believe that compliance is the key towards a sustainable business. Therefore, being respectful and compliant to the laws of the land is a priority for us in Grameenphone.

As the leaders of a compliant Company, the Management Team members of Grameenphone adopted strategies that assure compliance with all legal and regulatory requirements. This ensures that good governance is properly cascaded throughout the Company. Grameenphone is subject to close monitoring of the regulatory bodies that focus on transparency and requires 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 manner, Grameenphone renders its best efforts to comply with the laws of the land.

n) Business Continuity and Crisis Management (BCCM)

Grameenphone continually strives to improve its Business Continuity Management (BCM) capabilities by identify potential threats, its impact on business operation and takes necessary measures both in terms of process and infrastructure.

Grameenphone has a robust and protected network where its optical fibre transmission is protected by redundant links and its switching centres are distributed. Moreover, due to increase vulnerability in fibre links, numbers of redundant path for tertiary level protections have been introduced to secure fibre connectivity. We always incorporate new technologies and utilise its advantages for increasing the network resilience. Recently we have upgraded core network to virtualised platform and distributed it in two different seismic zones to have higher resilience in telecommunication services.

Bangladesh is prone to many natural calamities like thunderstorm, nor'wester storm, cyclone, heavy rainfall and flood etc. Each and every year mobile operations are impacted during these disasters due to severe power crisis and transportation. 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 by utilising the effective BCM processes in place. We also perform exercises for enhancing the Crisis Management capabilities in situation like data breach and other areas where employee safety and security are in concern. This preparedness helps the Company to also ensure uninterrupted telecommunication services under unforeseen circumstances, which is a very important tool for managing disasters.

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 emphasises 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 reduce inequalities in the supply chain.

p) Ethics and Behaviour

i. Code of Conduct

Code of Conduct is a baseline and foundation for us. It is the basis for how we behave as guardians of Grameenphone's integrity. This year Grameenphone has adopted a new Code of Conduct approved by the Board of Directors. It promotes four key principles and those are 1. We play by the rules; 2. We are accountable for our actions; 3. We are transparent and honest; 4. We speak up. The four Code principles are designed to set clear expectations regarding our business conduct and to help us deal with dilemmas and challenges we may face in our day to day work. The Code provides clear rules and guidance, with further reference to relevant policy areas. It provides precise direction on conducting business and interacting with the competitors, business partners and public officials. It also includes guidance on disclosure of conflict of interest situations, maintaining confidentiality, information handling, privacy, human rights and labour rights. The Code further emphasises on the duty to speak up whenever there is a potential breach of the legislation or the Code itself. Grameenphone has a web-based reporting channel named "Integrity Hotline" that is operated by an international independent company which is designed to protect the privacy of individuals who report a concern, and individuals who are the subject of a reported concern.

In 2018, Grameenphone also conducted a mandatory e-learning course for all employees to enhance employee knowledge to abstain from any kind of ethical misconduct. In addition all employees signed the new Code of Conduct electronically. This process reminds the employees of their rights and obligations as personnel of Grameenphone.

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

Grameenphone has zero tolerance for any form of corruption. The company has a robust Anti-Corruption Policy that applies to the Board of Directors, the management and all employees. As part of the anti-corruption programme, the company conducts a mandatory yearly assessment of the external and internal corruption risks that might impact its operations. Based on the assessment, Grameenphone implements a structured mitigation plan to prevent any exposure to corruption including, bribery, facilitation of payments or trading in influence. The top management regularly demonstrates a visible and active commitment to its 'zero tolerance' approach against corruption. Grameenphone expects its business partners to meet its anti-corruption standards and exercises due care before engaging any of them. The company organises regular compliance and anti-corruption awareness sessions for both internal and external stakeholders.

q) Investor Relations (IR)

Grameenphone is one of the largest listed corporate entities in Bangladesh, and therefore places high importance to the investment community both within and outside of the country. With the purpose of establishing the most effective two way communication with financial markets and the Company, there is a dedicated Investor Relations function in practice in Grameenphone Ltd.

The Investor Relations function aims to provide relevant and necessary information to the investment community in order to enable them to make an informed judgement about the fair value of a company's shares. IR as a specialised function maintains close contact with both local and international investors, analysts, market experts and financial community on a proactive basis. Through this, the relevant stakeholders are 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.

r) Shareholders

i) Communications with Our 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. We value the importance of effective communication with our Shareholders and Investors. 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 and 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) Annual General Meeting (AGM)

The General Meeting of the Shareholders is the supreme governing forum in Grameenphone. The Company recognises 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 AGM provides a useful forum for our Shareholders to engage directly with Grameenphone's Board of Directors and Management. The Board Members and Statutory Auditors attend AGM to respond to the Shareholders' queries on the result or any other aspect of the Company.

In order to encourage the participation of shareholders at its general meeting, we organised our 21st AGM at an easily accessible location in Dhaka, Shareholders are allowed to vote via proxy if they are unable to attend the general meetings. The Company will continue to explore leveraging on technology to facilitate shareholders' participation and enhance proceedings of General Meetings.

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 +88 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 a monitoring mechanism to ensure operational effectiveness of those controls. At 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 the Committee of Sponsoring Organisations of the Treadway Commission (COSO), which is widely recognised 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.

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 categorised into a four-point ordinal scale (Very High, High, Medium and Low). Internal controls are designed and deployed to mitigate identified risks to an acceptable level.



Figure 1: COSO Internal Control Framework

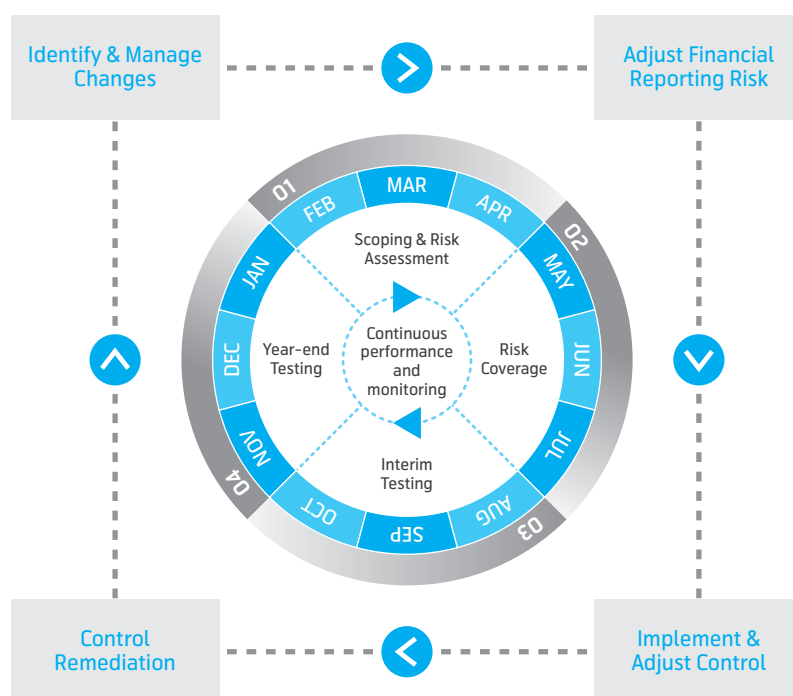


Figure 2: ICFR Routine in Grameenphone

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

Grameenphone has a dedicated internal control team, 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 Telenor Group ICFR team to ensure risks are identified, reported and mitigated timely.



ENTERPRISE RISK MANAGEMENT

While operating in a dynamic industry and highly competitive market, Grameenphone is exposed to a wide range of risks that may affect its business. 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 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 to ensure that the Company's risk management framework continues to effectively promote and enable the identification, management and monitoring of risks across the organisation.

Below are the key risk areas identified at Grameenphone:

Financial Risk

Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. The company's exposure to financial risks is disclosed in detail under note 39 of the financial statements.

Regulatory Risk

Grameenphone's operations are subject to requirements through sector specific laws, regulations and national licences. 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 licences, access to spectrum and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring spectrum licences 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 behaviour open up new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.

Grameenphone competes on several dimensions, e.g. product portfolio, price, network quality, network coverage, reliability, sales, distribution and brand. The Company's ability to differentiate through these dimensions largely impact the ability to attract and retain customers and drive usage.

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 depend on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and ability to attract and retain subscribers. Grameenphone depends on key suppliers and third-party providers for supply and maintenance of equipment and services. Problems that manifest in relation to the supply chain may adversely affect the Company's business and results of operations.

Grameenphone handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.

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

Safety, Sustainability and Compliance

Grameenphone strives for high standards and continuous improvement in its own operations and throughout the entire supply chain to ensure responsible business conduct where there are risks for breach of internationally recognised standards related to health and safety, human rights, labour rights, environment and anti-corruption. Engaging with and monitoring of suppliers to ensure long term risk reduction is a priority.

The market in which Grameenphone operates, however, is an emerging economy with potentially complex and sensitive political and social contexts. Risks such as corruption, human rights and other issues will continue to stay high on the Company's agenda.

Our future generation, our children, are the key to a better tomorrow. While technology is poised to be a boon, its misuse can have dire consequences to the development of young minds. Through its "Safer Internet" initiative Grameenphone is proactively making the digital world safer for the younger generation.

SUSTAIN MORE



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 of two (2) Non-Executive Directors and one (1) Independent Director. All members possess adequate qualifications as determined in the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The Committee includes:

1. Dr. Salehuddin Ahmed, Chair [effective from 12 December 2018]
2. Mr. M Shahjahan, Member
3. Mr. Oivind Burdal, Member [effective from 30 January 2018]

The Independent Director, Dr. Salehuddin Ahmed acts as Chair of the Committee. As per the 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 Code promulgated by the BSEC.

A total of nine (9) meetings were held during 2018. Mr. Md. Ashraful Hassan (Managing Director, Grameen Telecom) attended the meetings as a special invitee. A record of the Members' attendance at the Audit Committee meetings during 2018 is set out on page 44 of this Annual Report. Permanent invitees to the meetings were the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Head of Internal Audit and the Company Secretary. Relevant heads of divisions and other members of the Management and the internal audit team also attended the meetings on 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 Code 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.
- Exercise its oversight of the work of Grameenphone Ethics & Compliance. Review the Compliance Plan.

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 2018.
- Approved the Internal Audit Plan 2018 and its subsequent revision and monitored the progress.
- 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 statutory auditors, A Qasem & Co, Chartered Accountants.
- 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.



Dr. Salehuddin Ahmed
Chair
Audit Committee

27 January 2019

NOMINATION AND REMUNERATION COMMITTEE REPORT

In compliance with the Corporate Governance Code 2018, the Board of Directors at its meeting held on 11 December 2018 constituted the Nomination and Remuneration Committee ("NRC") to assist the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives. A brief of the NRC and its roles, responsibilities and functions are appended below:

Composition and Meetings

The NRC of Grameenphone comprises of three (3) members who will exclusively be Non-Executive Directors, including one (1) Independent Director. The Committee includes:

1. Prof. (Dr.) Jamilur Reza Choudhury, Chair
2. Mr. Haakon Bruaset Kjoel, Member
3. Mr. Md. Ashraful Hassan, Member

The Independent Director, Prof. (Dr.) Jamilur Reza Choudhury 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 NRC, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC).

Permanent invitees to the meetings are the Chief Executive Officer (CEO), the Chief Human Resources Officer (CHRO), and the Company Secretary. Relevant heads of divisions and other members of the Management team will also attend the meetings at occasions, as required.

Major Responsibilities of NRC

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

- Recommend a policy on Board's diversity taking into consideration age, gender, experience, education and nationality;
- Formulate the criteria for determining qualification and independence of Directors;
- Identify persons who are qualified to become Directors and in top level executives and recommend their appointment and removal;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board;
- Recommend a policy to the Board relating to the remuneration of the Directors, and top level executives;
- Assess that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
- Evaluate that remuneration to Directors and top level executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- Recommend and review annually the Company's human resources and training policies;
- Recommend the remuneration policy of the Company, particularly in relation to the yearly increment principle; and
- Recommend the Code of Conduct for the Chair of the Board, other Board Members and Chief Executive Officer of the Company.

Nomination, Election and Selection of Directors

The NRC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous. The Board places great emphasis on ensuring its membership reflecting diversity in broader sense. A combination of age, gender, experience,

ethnicity, educational background, nationality and other relevant personal attributes in the Board is important in providing a range of perspectives, insights and challenges needed to support right decision making. Recruitment and selection processes for Board members identify candidates with the most suitable skills, knowledge, experiences and personal values. Qualifications stated explicitly in Grameenphone's corporate governance promote the equitable and unbiased selection.

Evaluation of the Board

The NRC is responsible for ensuring the effectiveness of the Board. The Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The evaluation process is led by the Chair of the Board and assisted by the Company Secretary. Each Director is required to complete a confidential pre-set questionnaire. The evaluation includes a review of the administration of the Board and its committees covering their operations, agenda, reports, and information produced for consideration, and relationship with Management.

Top Level Executive Selection and Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Top Level Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The recruitment process for Top Level Executives shall be transparent, non-discriminatory, diversified and in alignment with the Codes of Conduct. Recruitment standards shall support Grameenphone's reputation as an attractive employer.

The objective of Grameenphone's remuneration policy is to secure that reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Grameenphone behaviour.

Remuneration for Board of Directors

Each Director shall receive reasonable remuneration from the Company for every meeting attended, plus travelling expenses from and to usual place of residence and an allowance per day for the number of days spent attending, travelling to and returning from Board meetings. The amounts will be determined by the Shareholders at the General Meeting.

Activities of the NRC during the reporting period

Since the NRC was constituted as a sub-committee of the Board on 11 December 2018, no meeting of NRC was held during the reporting period.

For and on behalf of the Nomination and Remuneration Committee of Grameenphone Ltd.



Prof. (Dr.) Jamilur Reza Choudhury
Chair
Nomination and Remuneration Committee

27 January 2019

SIX YEARS' FINANCIAL SUMMARY

	2018	2017	2016	2015	2014	2013
Financial Performance in million BDT						
Revenue	132,832	128,436	114,862	104,754	102,663	96,624
Operating Profit	57,379	49,954	41,566	36,964	36,896	33,199
Profit before Tax	55,589	47,322	38,178	34,922	34,855	32,852
Net Profit after Tax	35,160	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	13,503
Shareholders' Equity	42,367	35,121	33,572	30,625	31,365	31,141
Total Assets	138,713	130,220	130,500	132,450	130,673	135,221
Total Liabilities	96,346	95,099	96,927	101,824	99,308	104,080
Current Assets	13,369	20,658	10,941	11,928	14,865	16,993
Current Liabilities	77,433	74,541	68,079	67,625	61,402	78,580
Non current Assets	125,345	109,562	119,558	120,522	115,808	118,227
Non current Liabilities	18,914	20,558	28,848	34,199	37,906	25,500
Cash Flows in million BDT						
Net Cash generated from Operating Activities	60,413	57,771	46,152	38,791	31,255	37,081
Net Cash used in Investing Activities	(30,200)	(12,944)	(19,839)	(19,907)	(20,069)	(28,111)
Net Cash used in Financing Activities	(36,699)	(35,336)	(27,553)	(19,491)	(10,972)	(7,727)
Financial Ratios						
Current Asset to Current Liability	0.17	0.28	0.16	0.18	0.24	0.22
Debt to Equity	0.43	0.56	0.81	1.12	1.08	0.80
Operating Profit Margin	43%	39%	36%	35%	36%	34%
Net Profit Margin	26%	21%	20%	19%	19%	15%
Return on Equity	91%	80%	70%	64%	63%	44%
Return on Assets	26%	21%	17%	15%	15%	12%
Ordinary Shares Information						
Ordinary Shares Outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per Share (BDT)	10	10	10	10	10	10
Cash Dividend on Paid up Capital ¹	280%	205%	175%	140%	160%	140%
Dividend payout ¹	108%	101%	105%	96%	109%	129%
Net Asset Value per Share ² (BDT)	31.38	26.01	24.86	22.68	23.23	23.06
Net Operating Cash Flow per Share ³ (BDT)	44.74	42.78	34.18	28.73	23.15	27.46
Earnings Per Share ³ (BDT)	26.04	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

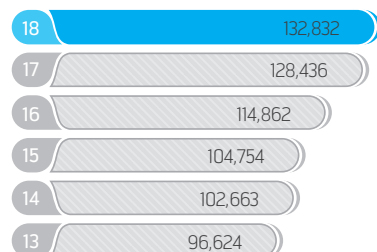
¹ Including proposed dividend

² Based on BDT 10 equivalent ordinary share outstanding at 31 December

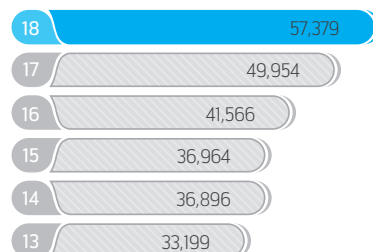
³ Based on weighted average number of share of BDT 10 each

Revenue
(million BDT)

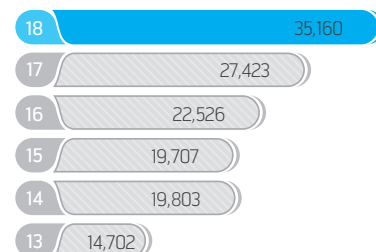
^ 3.4%

**Operating Profit**
(million BDT)

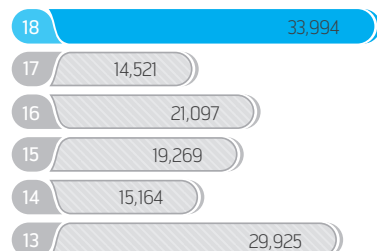
^ 14.9%

**Net Profit After Tax**
(million BDT)

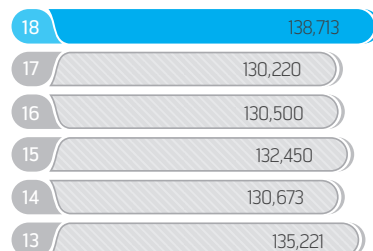
^ 28.2%

**Capex**
(million BDT)

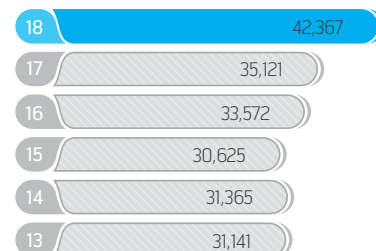
^ 134.1%

**Total Assets**
(million BDT)

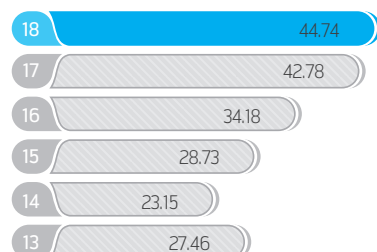
^ 6.5%

**Total Equity**
(million BDT)

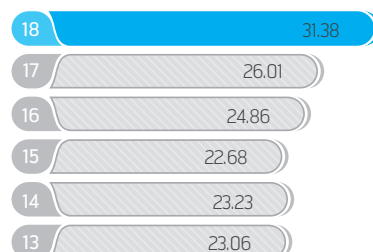
^ 20.6%

**Net Operating Cash Flow Per Share**
(BDT)

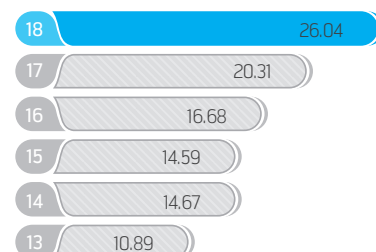
^ 4.6%

**Net Asset Value Per Share**
(BDT)

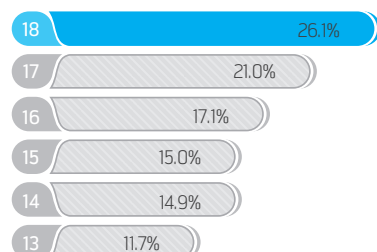
^ 20.6%

**Earnings Per Share**
(BDT)

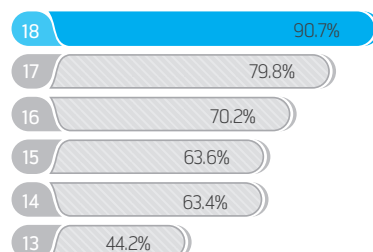
^ 28.2%

**Return on Assets %**

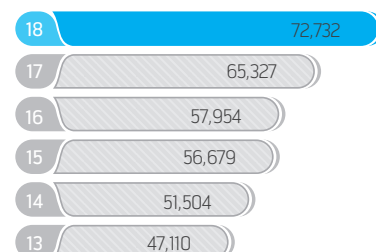
^ 5.1 pp

**Return on Equity %**

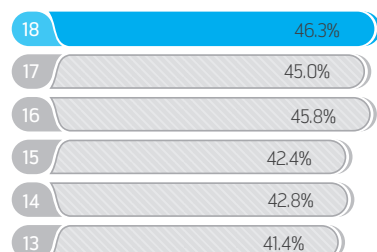
^ 10.9 pp

**Subscriber ('000)**

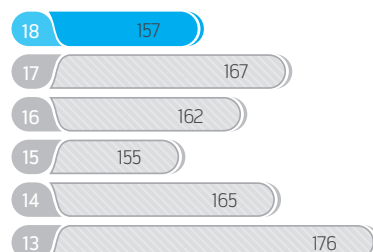
^ 11.3%

**Market Share %**

^ 1.4 pp

**ARPU***
(BDT)

v -5.6%



* ARPU - Average Revenue Per User

AMPU**
(Minutes)

v -8.9%



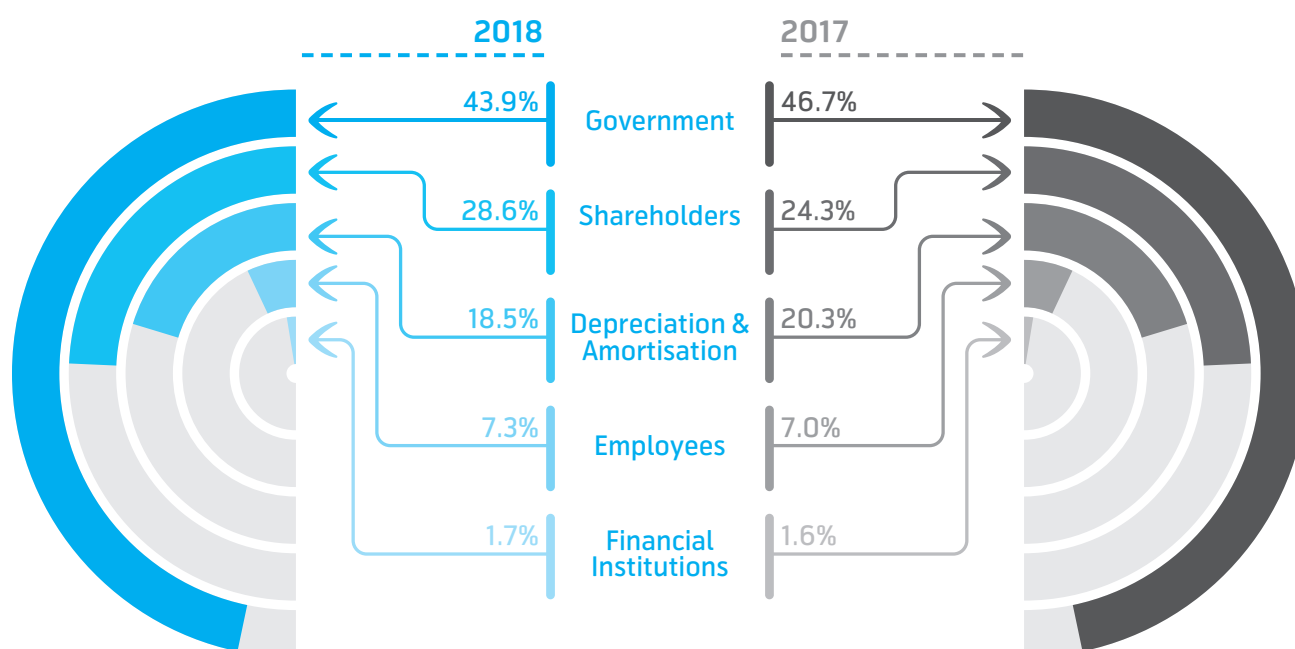
** AMPU - Average Minutes Per User

VALUE ADDED STATEMENT 2018

in '000 BDT

	2018	%	2017	%
Value Added				
Revenue	132,831,967		128,435,814	
Other Income including Interest Income	567,730		683,662	
Indirect Taxes	25,351,061		25,142,161	
	158,750,758		154,261,637	
Less: Cost of Network and Services	36,731,123		39,484,865	
Available for Distribution	122,019,635	100%	114,776,772	100%
Distributions				
Employees	8,912,812	7.3%	8,063,884	7.0%
Government	53,544,495	43.9%	53,631,124	46.7%
Providers of Finance:				
Financial institutions	2,073,919	1.7%	1,865,155	1.6%
Shareholders	34,949,231	28.6%	27,880,018	24.3%
	99,480,457	81.5%	91,440,181	79.7%
Value Reinvested and Retained				
Depreciation and Amortisation	22,539,178	18.5%	23,336,591	20.3%
Retained Profit	-	-	-	-
	22,539,178	18.5%	23,336,591	20.3%
	122,019,635	100%	114,776,772	100%

Distribution of Value Added



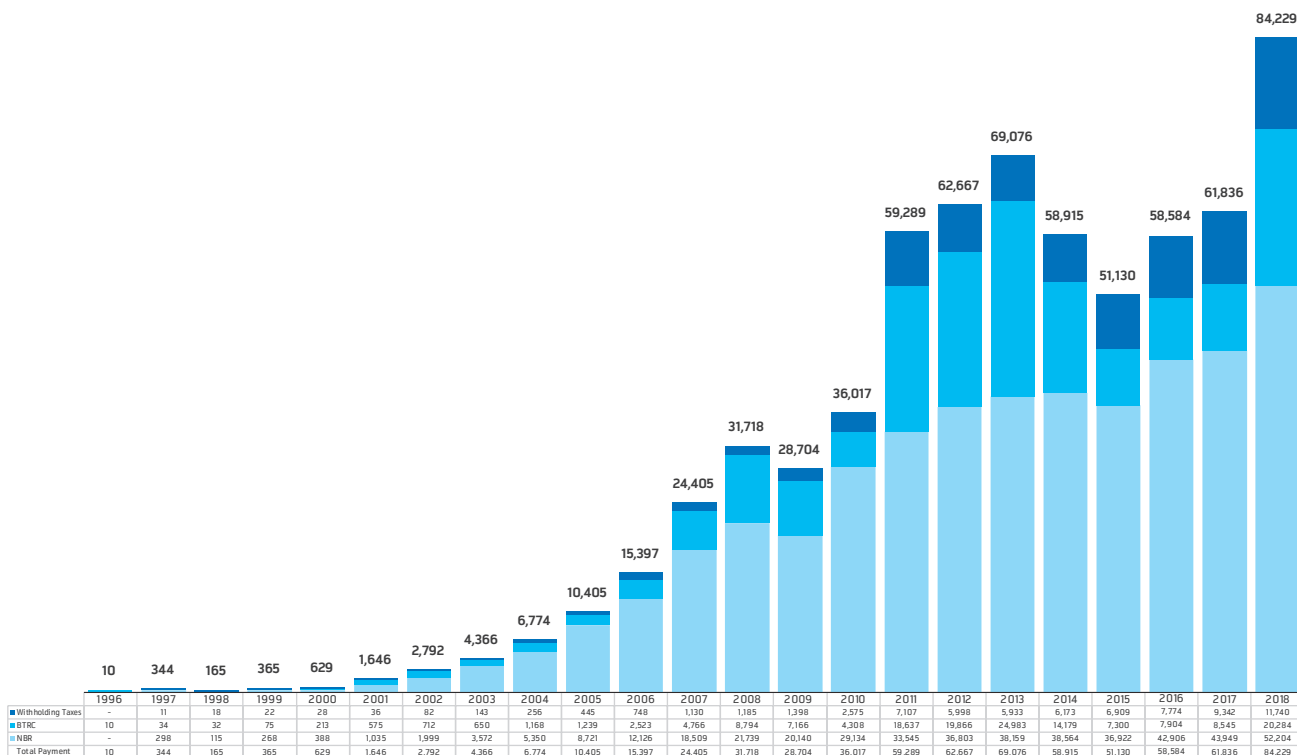
CONTRIBUTION TO THE NATIONAL EXCHEQUER

The collective contribution to the National Exchequer since inception up until December 2018 was BDT 669.5 billion, of which BDT 84.2 billion was made in 2018. Out of total BDT 669.5 billion, BDT 600.4 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 licence and spectrum in 2011-13, purchase of additional spectrum in 2008, BDT 17.2 billion on account of 3G licence and spectrum fee for 10MHz in 2013-14, BDT 11.4 billion on account of 4G licence acquisition, spectrum fee for 5MHz and 2G technology neutrality in 2018 and BDT 69.1 billion as indirect payments on account of local and foreign staff income taxes, and withholding taxes on operating expenditure payments. Grameenphone has been recognised by the National Board of Revenue as the largest corporate taxpayer in the Telecommunication sector, in 2015, 2016 and 2017.

Grameenphone has also generated direct and indirect employment for a large number of people over the years. As of 31 December 2018, the Company had 2,313 permanent full time employees, in addition to the many people who are directly and indirectly dependent on Grameenphone for their livelihoods, 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 2018



Figures in BDT million

Contribution to the National Exchequer



ACCESS MORE

Digital platforms that broaden our choices enable us to get more out of life. Grameenphone's e-commerce service and platforms revolutionises how customers reach out and find their preferred products at their doorsteps.

DIRECTORS' REPORT

For the Year Ended 31 December 2018

Dear Shareholders,

On behalf of the Board of Directors and Management, I welcome you all to the 22nd 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 2018 for your valued consideration, approval and adoption.

2018: A year of Solidifying Market Leadership

In 2018, Grameenphone reached the 72 million subscribers milestone, a true testament of the trust the people of Bangladesh have in the Company. Grameenphone was the first operator to launch a 4G network in 2018. This is a result of Grameenphone's determination to serve its customers in the best possible way, ushering in new avenues for empowering societies by building and strengthening the country's communication and connectivity with the rest of the world. Despite the fiercely competitive market, Grameenphone continued to contribute to its iconic status in the Bangladesh communications industry.

Overall, the year was marked by significant changes in the industry. Among these, Grameenphone closed 2018 with 3.4% year-on-year revenue growth over 2017. Strong drive in all segments of the business recorded consolidated revenue of BDT 132.8 billion for 2018. In the same timeframe, Grameenphone earned a yearly average Daily Subscription & Traffic Revenue of BDT 336.9 million, which is 7.0% up from that of 2017. The Company ended the year with 72.7 million subscribers, which represents a 11.3% sub base growth from last year.

The year 2018 marks another milestone as Grameenphone introduced the new number series "013" in addition to existing "017" series with same portfolio of products and the same quality of services that we are known for.

In the framework of significant investment in new 4G LTE technology, spectrum acquisition and network capacity enhancement, data revenue continued its strong pace during the year to record 21.0% YoY growth. Rapid rollout of 4G data networks, fast proliferating mobile applications along with affordable smartphones in the market enabled internet to enter the customers' everyday lives in newer ways. With more than five thousand LTE sites, Grameenphone received the recognition of the fastest internet network in the country by Ookla, the global leader in internet testing and ended the year with 37.1 million internet subscribers. 2018 also resonates Grameenphone's passion for driving its vision towards inclusive empowerment of communities by leading the growth of technological services that are relevant and affordable to communities.

Telecommunication Industry Scenario

Bangladesh has made significant progress in growing its economy and improving the lives of its people in the last few years. The country is now working to reach upper-middle-income country status by 2021- the year that marks the 50th anniversary of its independence. It has been able to maintain a sustained economic growth rate of 7.86% in the last fiscal year.

Backed by this impressive economic growth, the Telecom sector of the country has made remarkable progress throughout 2018. At the end of 2018, there were 88 million unique mobile subscribers in Bangladesh, making it the fifth largest mobile market in Asia Pacific and ninth largest in the world. With subscribers owning on average 1.8 SIM cards, there were a total of 159 million connections in 2018, representing connection penetration of 94.5%. The Data market has also seen significant growth of around 15% and the total mobile internet connections stood at 87 million. With 45.3% unique mobile internet subscriber, there is still potential for further growth in data services. 2018 was an eventful year for the Telecom Industry in Bangladesh. A lot of initiatives have been taken and implemented by the Government and from the Industry side as well. The Government was very keen to introduce 4G service in Bangladesh and 4G licences were offered in the beginning of 2018. All the Mobile operators launched 4G services in the 1st Quarter of 2018. At the end of the year, the 4G subscriber base reached 5.5 million, with 3G and 2G subscriber base at 61 million and 89 million respectively. The Government released more spectrum through the auction process in the 900,

1800 and 2100 MHz band and the long expected Technology Neutrality was sold to operators across the spectrum band upon payment of a one-time fee. Mobile Number Portability (MNP) was another agenda of Government that has been implemented in the 4th quarter. The country has sent its own satellite into orbit. A test trial of 5G network was also run in 2018.

Telecom Regulatory Environment

Despite tremendous development in the Telecom and ICT sectors in 2018, the licencing regime in Bangladesh remains still unpredictable and highly fragmented. Streamlining the regulations remains a challenge for the overall telecommunication industry. The regulator has revised and introduced many directives sidestepping regulatory modernisation and licence unification.

The regulator has initiated consultations with the industry in many areas including Infrastructure Sharing (Active & Passive Sharing), MVNO (Mobile Virtual Network Operator), ILDS policy revision, TVAS licencing, Radiation guidelines, Tariff regulation, National Frequency Allocation Plan, and QoS guidelines, to name a few.

In 2018, the regulator published a number of new regulations, directives and guidelines such as QoS guidelines, SMP Regulations, TVAS guidelines, Tower Co. licencing guidelines. Additionally, a unified rate (i.e. no difference between on-net and off-net) for tariff on voice and interconnections was introduced. The newly introduced Tower Co. licences, TVAS licences and plan for additional IGW licence have created further unpredictability in the licencing regime. The BTRC Audits, guidelines on Service Quality and Centralised Monitoring System pose significant risks for future demands or penalties on the industry.

The mobile sector is still being treated as a low-hanging fruit for revenue collection. Therefore, the Spectrum price in 2018 auction remained very high even though a long consultation process took place. As a result, only 33% of available spectrum was sold from 900, 1800 and 2100 MHz band. While BTRC introduced Technology Neutrality in the Spectrum Auctions, mobile operators had to pay an additional fee for this feature. The Government earned around BDT 5,268.51 crore from the Spectrum Auction and as Technology Neutrality fees. The Government may consider releasing more spectrum in the near future from the unsold blocks or from other lower bands. Though Bangladesh has one of the lowest ARPU levels in the world, in 2018, BTRC collected BDT 6,445.36 crore in non-tax revenue, up 58.49% from the previous fiscal year. The lion's share of the income in 2018 came from Spectrum Auction in February, 2018 and launch of 4G by mobile operators. Mobile sector taxes, fees and Spectrum prices are considered as quick source of revenue for the national exchequer.

Capital Market Overview 2018

The Bangladesh stock market witnessed a negative year in 2018 following good performances over the previous two years. Total turnover decreased significantly by 36.9% from 2017. The fuel and power, textile and life insurance sectors were among the sectors that posted the highest returns. In 2018, foreign turnover decreased by 13.8% from 2017, witnessing the lowest amount of foreign turnover in the last three years.

On the Dhaka Stock Exchange (DSE), the broad and free float weighted index DSEX dropped by 13.75% driven by financial and large-cap stocks. Daily average turnover value decreased by 37.45% compared to the preceding year.

Grameenphone share price dropped by 29.6%, closing at BDT 361.0 at year-end with a daily average turnover value of BDT 89.2 million (BDT 8.92 crore). During the year, the highest value of Grameenphone share price was BDT 513.1 and the lowest was BDT 350.6. Grameenphone market capitalisation on 26 December 2018 stood at BDT 487.46 billion (BDT 48,746 crore), representing 14.7% of the DSE's total equity market capitalisation.

*Source: Dhaka Stock Exchange

Innovative Product & Services

Grameenphone continued its efforts to develop innovative, useful new products and services to meet customer needs. The core strengths of Grameenphone's products are simplicity and relevance. We offer the most relevant products to our customers and the easiest way for them to manage their mobile needs. As a further boost, the Company continued its focus on digital self-care apps. MyGP, the online self-care app, has taken digitising self-care to new heights and has been downloaded over 13 million times. Our Digital lifestyle app, WowBox, has also crossed 14 million downloads. WowBox allows customers to enjoy telecom products, lifestyle products and benefits, as well as to participate in trending discussions and activities. FlexiPlan; the first app in the industry where users can design their own core product has crossed more than 12 million downloads already.

Since the inception of the industry, there were different voice tariffs for on-net & off-net calls. This voice regime was inherent to Grameenphone's valued subscriber base for the past 15 years. However, in 2018 there was a change to unified floor tariff, executed overnight, where call rates were made equal for both on-net & off-net calls. The industry then saw the onset of Mobile Number Portability (MNP) where customers could switch network carriers with their phone number unchanged. In data, there were statutory changes in Value Added Tax for data which affected the Company's strong data sub base.

Directors' Report

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 made significant investment in new 4G technology and capacity building; capitalising on which, the Company recorded 37.1 million active internet users, which is 51.0% of the total subscriber base, and is 19.0% higher from the number of active internet users in 2017. Grameenphone's journey to simplify digitalisation initiatives and offering relevant products and services have not only driven the financial performance but also strengthened the brand equity.

Customer Experience

Grameenphone always strives to provide better customer experience, emphasising customer value and investing in enhanced quality of services. Grameenphone continued to honour this commitment in 2018 and strove to achieve excellence. Simplifying and digitising the customer facing processes, allowed the customers to enjoy simplified customer journey through self-service over assisted channels. MyGP app, the fastest growing app with a consistent user base, fulfils customer's day-to-day needs. MyGP Enterprise, an automated service aggregator, has made enterprise clients' lives faster and simpler. Throughout the year Grameenphone continues to upgrade service quality by eliminating customer pain points and further simplifying the product portfolio. All these activities have resulted in an industry-leading Net Promoter Score (NPS), along with increasing customer satisfaction rates and the lowest complaint rates.

Technology towards a new era in 2018

In 2018, we launched our high-speed 4G LTE network. Data consumption has almost doubled since 2017 and 20%+ of our data volume is now being carried on the 4G network. 7 million unique users latched onto 4G LTE, which has an average speed of ~10 Mbps.

Grameenphone acquired new spectrum, a 4G licence and Tech neutrality on existing spectra. It was the first to launch 10MHz LTE immediately after licence was awarded by the regulator. By the end of 2018, Grameenphone rolled out ~ 5,009 LTE sites all across the country which has led the rapid growth in data consumption.

Along with the above 4G numbers, 1400+ new 2G sites have been aired this year and 2300+ new 3G sites have been also delivered ensuring the highest number of 3G sites across the country and the widest mobile broadband coverage.

Grameenphone users are now enjoying superior video streaming on the 4G network. This has helped us enhance our very own video streaming service, Bioscope. Other digital services such as MyGP3.0, Tonic, Gpay, Flexiplan, GPMusic, Shoparu etc. are also enriched with different features and capabilities. IT transformation and agile processes have helped in smooth service operations and product delivery. The Information Security uplift program and cyber security awareness/initiatives were promoted to employees and stakeholders.

In accordance with regulatory requirements, we had delivered Mobile Number Portability (MNP) and the Electronic Subscriber Application Form (eSAF). We were also able to secure and introduce our new number series "013" this year.

We are moving many elements of our IT and Telecom infrastructure into virtual or cloud platforms that help reduce our physical footprint and make the network future ready to cope with fast data growth, build network resilience and ensure faster time to market for service incorporation and efficient operations. All our subscriber profiles and 50% of our data core have been migrated to the cloud platform.

The whole telecom industry has faced a significantly higher number of fibre cuts than previous years, which has led to great challenges in maintaining network availability. However, armed with strong surveillance and field teams, the Company has managed to keep the network up and running amidst such severe challenges.

Altogether, 2018 had been a year of strong network growth and great technological advancement, in line with the business success and the changing environment

GP Accelerator: A Major Enabler of Digital Growth

Empowering societies is what Grameenphone believes in and has been working to do over the last two decades in Bangladesh. In this era of digitalisation, it is important for us to step up and be a part of, and a catalyst for, the inevitable change. In that light, Grameenphone has been working closely with the local community of developers, innovators and startups outside through a platform called 'GP Accelerator' and inside, through 'Whiteboard'.

The GP Accelerator initiative is a structured approach to help early stage tech startups through a curriculum-based program that provides seed funding, expert mentors, top-notch training, curated access to Grameenphone assets, investor access and more. The GP Accelerator program, stepping into its third year, is now seen as a credible platform and a source of inspiration for many as we have performed well in empowering the selected startups. The alumni of the program have been able to quadruple the value of their companies in just six months with two of the portfolio companies already crossing the USD 5 million valuation mark. Whiteboard, on the other hand, has been engaging and enabling the innovation community at large and providing Grameenphone access to a huge league of talented coders, designers and ideators.

Staying Relevant with Sharpened Focus and Agility

Grameenphone is on a journey of becoming dynamic digital organisation with continuous innovation, collaboration, and agility. We are continuously upskilling our existing resources and onboarding required skill sets to stay relevant in the market. The ICT and Digital arena continues to be our focus area on our journey to becoming our customers' preferred digital partner. The Agile Way of Work has already been applied into Skitto, Shoparu, Bioscope and in different other projects. The Company also focuses on digital employee experiences by introducing HR self-services.

We have introduced the "4 Behaviours" as part of our continuous cultural initiatives. Gender Diversity has been a top priority agenda in 2018. We ensured female representation in majority of the divisional management teams, along with involving promising females in Company's critical projects. We have continued exploring the best fit operating models across the divisions and we ended 2018 with a regular headcount of 2,313.

Grameenphone has seen one of its best performances in the year 2018. This has only been possible due to the capable and engaged workforce driving clear targets towards achieving our vision of Empowering Societies.

Sustainability Initiatives toward Reducing Inequalities

Bangladesh has entered the digital era and we have just started to reap the benefits of digitalisation and connectivity. At Grameenphone, we want to utilise the internet's role in bridging the digital divide and enabling empowerment of our people. Leveraging on our strength of connectivity, our services have introduced endless opportunities to communities. Our pledge is to reduce inequalities by providing digital services that uplift the many, not just the few. Thus, Grameenphone's vision of empowering societies remains at the core of our Sustainability initiatives. In this light, our efforts continue toward sustainability, with focus on Social Development Goals (UN SGS) and responsible business practices.

In 2018, our commitment continues to remain on reducing inequalities by providing a safe digital learning experience for our young minds. In this endeavour, we have educated over 400,000 school children across the country through Online Safety trainings and sensitised more than 70,000 parents, teachers and guardians. The Child Helpline 1098 services have been expanded to provide counselling support for issues related to child online safety. Our social advocacy campaign on online safety reached over 10 million viewers on social media. We have further strengthened our supply chain sustainability by ensuring 100% supplier code endorsement, unannounced inspections and capacity building through training.

Moving toward Green

Grameenphone understands that its business has an impact on the environment and climate. This is why Grameenphone is committed to a long-term sustainable approach to caring for and safeguarding the environment and its climate impact. Grameenphone has been conducting its business in such a way so to prevent pollution, minimise, as far as is appropriate, the adverse impact on the environment by its activities, continually improve its performance against targets associated with its significant environmental aspects and comply with all applicable environmental legislation. The Company has taken a lot of green initiatives to reduce its carbon footprint individually and collectively. Since 2008, successful initiatives have helped Grameenphone reduce its carbon intensity and consumption of valuable resources, such as fuel, paper, and electricity. Detailed information on the initiatives of the Company is provided in the Climate Change section of the Annual Report on page 22.

Health, Safety and Security

Grameenphone focuses on continuous improvement of Health, Safety and Security (HS&S) to establish a safe and healthy work environment. Keeping "People First" in consideration, Grameenphone puts utmost priority on promoting a HS&S culture. Special emphasis is given on designing each establishment and with adequate placement of safe, healthy & secure systems and procedures. Routine risk assessment is conducted to identify workplace hazards, and control mechanisms are enforced as per international guidelines and best practices. Grameenphone aspires to lead in the HS&S area within the country through proactive approach towards implementation of HS&S management systems. In order to drive this agenda, management commitment, line management ownership and employee responsibility are the key contributing factors in embedding a strong HS&S culture in the organisation.

In the year 2018, extensive focus has been given to road traffic safety through training and awareness, proactive and reactive monitoring, e-communication and campaigns. Safety rules have been incorporated in the policy and in relevant manuals to reinforce road traffic safety. Proactive transport safety awareness is made prior to any business travel and vehicle movements have been monitored. HS&S training and awareness have been carried out with special focus on managerial role-responsibilities to encourage ownership. Apart from employees, in-house contractors too have participated in various training and awareness sessions. Safety rules have been incorporated in local manual and Management Team members have engaged themselves in campaigns. Circle HS&S awareness including training for high risk segments have been being carried out. Emergency evacuation drills have been conducted in all circles. HS&S committee meetings have been conducted and the results have been shared in the monthly business reviews. Risk mapping, risk assessment, vehicle inspection, background verification, hazard report and mitigation have been carried out to uphold the HS&S culture.

Corporate Governance

Our goal has always been to enhance our corporate value, maintain our sustainable long-term development and generate greater returns for our shareholders. In order to achieve the above objectives, 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 Code issued on 03 June 2018 by BSEC. In this connection, the status of compliance has been annexed to this report as Annexure-I. Further, a certificate of compliance from ACNABIN, Chartered Accountants, confirming compliance of conditions of Corporate Governance Code, as stipulated under condition 9(i) of the BSEC Code is also annexed to this report as Annexure-VI.

Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

• Industry Outlook and Possible Future Developments

The mobile industry continues to transform the lifestyle of Bangladeshis. Societies become more connected, enabling seamless interaction between all aspects of an individual's digital life. Moreover, rapid expansion of mobile broadband and falling smartphone prices accelerated rapid development of locally relevant digital content, which are vital to the progress of a digital society. The mobile industry dynamic in Bangladesh has also changed significantly over the last decade. The emergence of new digital services, convergence of technologies/IoT, increased financial inclusion, and falling smartphones prices have resulted in a huge appetite for high speed data. The number of mobile internet users in Bangladesh has reached 86 million and is increasing, which already accounts for half of the country's population (median age 27 years).

Both the Government and the mobile telecom industry have exciting opportunities to unlock digital transformation for millions of citizens. Grameenphone has already started enabling future products and operating models with successful launches of new apps, digital services, personalised customer experience, IoT and M2M platforms to capitalise on their future potential. Additionally to support the Digital Bangladesh vision, the Government commenced several schemes like National satellite project, rural fibre access, electronic registration process, building national data center, ICT parks, and an early test launch of 5G service for promoting mobile broadband adoption and accelerating the information technology sector.

• Segment/Product Wise Performance

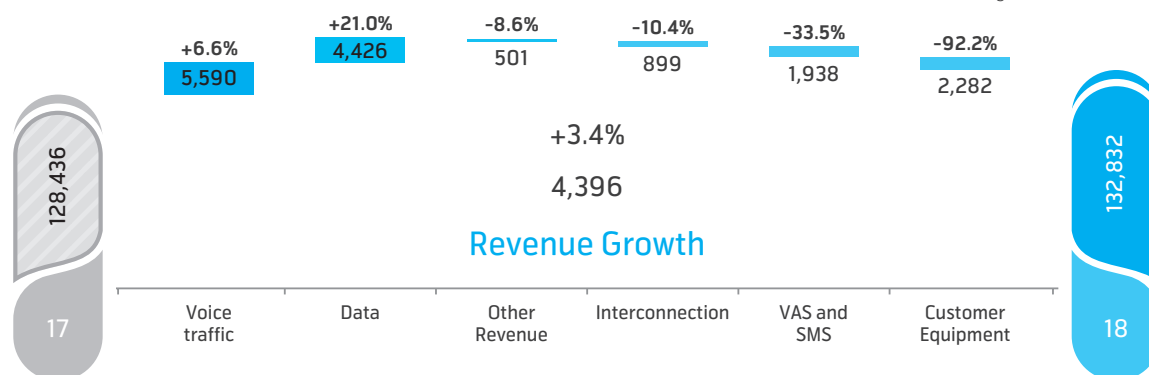
Grameenphone essentially provides similar products and services to customers across the country. Grameenphone reviews revenue performance of different services which have been disclosed under notes to the Financial Statements.

Grameenphone posted BDT 132.8 billion of total revenue for the year 2018 with 3.4% increase compared to the previous year. The growth in revenue was mainly driven by voice and data revenue partly offset by lower revenue from customer equipment and VAS. In 2018, Grameenphone changed the business model for Handset and VAS from gross to net recognition of revenue. Adjusting this effect for the year 2017, the normalised growth for revenue is 6.3%.

Voice revenue has increased by 6.6% from 2017 due to a 2.6% increase in outgoing minutes driven by promotional activities and higher customer acquisition.



Figures in BDT million



Data revenue has increased by 21.0% from 2017 mainly driven by 18.9% growth in the number of data users and 82.9% growth in data usage volume in 2018. This data growth was enabled through introduction of 4G network and coverage expansion by adding 5,009 4G sites and effective campaigns in 2018.

Revenue from customer equipment mainly includes sale of mobile devices, i.e. handsets, branded internet modems and VTS. Customer equipment revenue was lower mainly for net recognition of Handset revenue in 2018.

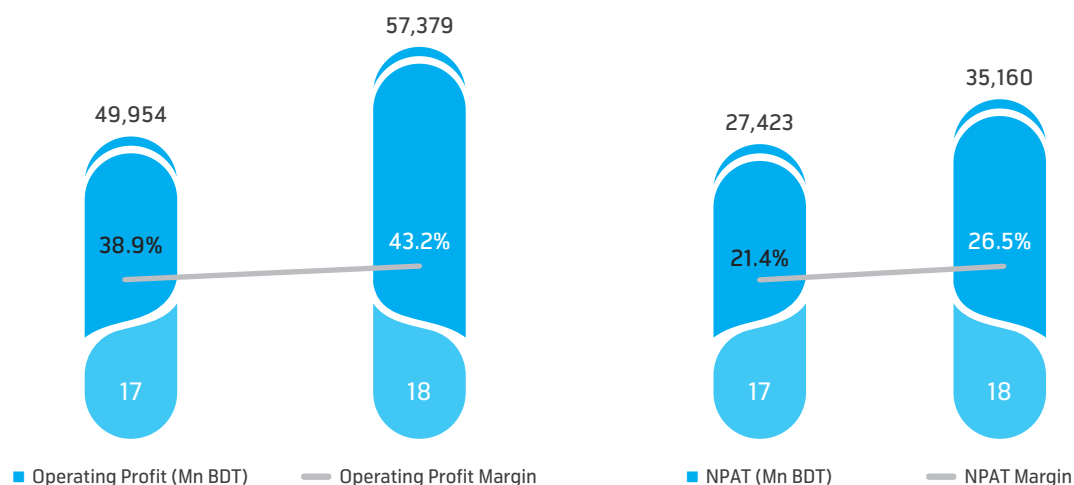
Other mobile revenue includes revenues mainly from telecom infrastructure sharing, commission from mobile financial services etc.

Interconnection revenue is generated from the incoming traffic through the calls generated from outside Grameenphone network. Interconnection revenue was lower in 2018 compared to 2017 following a decrease in incoming minutes from international operators. Also, the new interconnection call termination rate introduced by BTRC led to the decrease in interconnection revenue.

VAS and SMS includes Content service, SMS and MMS revenue. VAS and SMS revenue fell by 33.5% from 2017 mainly due to net recognition of VAS revenue in 2018.

• Review on Operating Expense, Operating Profit Margin and Net Profit Margin

Operating expenses consist of cost of material and traffic charges, salaries and personnel cost, operation and maintenance, sales, marketing and commission, revenue sharing, spectrum charges and licence fees, depreciation and amortisation expense, and other expenses. Operating expense for 2018 was BDT 75.4 billion with 3.9% decrease compared to last year. The decrease is mainly due to lower cost of material and traffic charges, other operating expenses, salaries and personnel cost, depreciation and licence fees, and partly offset by higher operation and maintenance expense and sales, marketing and commissions cost.



As an effect of the higher revenue growth along with savings in operating expenses, operating profit for the year 2018 increased by BDT 7.4 billion from last year. Profit before tax for 2018 also increased by BDT 8.3 billion from last year mainly because of lower finance cost of BDT 842 million.

Net profit margin for the year 2018 was 26.5% compared to 21.4% in previous year. Net profit after tax in 2018 increased by 28.2% due to significant saving in operating expenses of BDT 3.0 billion and higher revenue growth in 2018. As a result, Earnings Per Share (EPS) for the year 2018 stood at BDT 26.04 compared to BDT 20.31 of 2017.

• Risks & Concerns

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives but may also cause losses that could result in financial and reputational loss as well. As with other co-existing companies, Grameenphone's business is also exposed to diverse risks that arise both from internal as well as external fronts. Apart from uncertainties stemming from an unstable regulatory regime, the Company has always been prepared for issues stemming from 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 in the "Enterprise Risk Management" section of the Annual Report on page 52.

• 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) 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; and
- f. There is no doubt upon the Company's ability to continue as a going concern.

• Declaration of the CEO and the CFO on Financial Statements

As required under BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2018 to the Board as prescribed is annexed to this report as Annexure-IV on page 86.

• Minority Interest

Grameenphone believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability. The Board of Directors shall at all times act in a manner that will be in the best interest of the Company.

• Management's Discussion and Analysis

Management's Discussion and Analysis signed by the CEO presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in Annexure-V of this report on page 87.

• Other Disclosure

- No items of income and expense are presented as 'extraordinary gain or loss' in the Financial Statements.
- 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 41 to the Financial Statements as per the requirements of relevant IFRS.
- The Grameenphone Initial Public Offering (IPO) was made in 2009 and the fund raised thereby has already been utilised 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.
- No significant variations have occurred between quarterly and final financial performances of the Company during 2018.

- No remuneration was given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2018, attendance fees in connection with Board and Board Sub-Committee meetings were BDT 1,325,562 (2017: BDT 1,296,122). 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 have been disclosed under Financial Analysis section of this Annual Report on page 58.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2018.
- Grameenphone has not declared Bonus Share as Interim and Final Dividend in 2018.
- During 2018, 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 2018 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 2018 and recommended the appropriation as mentioned in the 'Appropriation of Profit' table below:

Figures in BDT million

	2018	2017
Profit available for Appropriation		
Profit/ (Loss) after Tax	35,160	27,423
Other Comprehensive Income (Loss), Net of Tax	(211)	457
Un-appropriated Profit brought Forward from Previous Year	13,762	12,213
Adjustment on Initial Application of IFRS 15 as at 1 January 2018	2,678	-
Total Amount available for Appropriation	51,389	40,093
Appropriation		
Final Dividend Paid for Previous Year	(13,503)	(12,153)
Interim Dividend Paid for Current Year	(16,879)	(14,178)
Closing Retained Earnings at year end (before Proposed Final Dividend)	21,008	13,762
Proposed Final Dividend for the Year (2018: 155% cash and 2017: 100% cash)	20,930	13,503
Retained Earnings after Proposed Dividend	78	259

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 2018 was BDT 669.5 billion. During 2018 alone, the Company contributed BDT 84.2 billion to the national exchequer which represents about 63.4% of Grameenphone's total revenue of 2018. Grameenphone has paid BDT 20.9 billion corporate taxes during 2018.

Dividend

For the year ended 31 December 2018, the Board of Directors of the Company has paid an Interim Cash Dividend @ 125% of the paid-up capital amounting to BDT 16,878,750,275 which was BDT 12.5 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 155% of the paid-up capital amounting to BDT 20,929,650,341 which is BDT 15.5 per share of BDT 10 each for the year 2018 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 125% paid already, this would make a cumulative total dividend @ 280% of the paid-up capital of the Company which represents 108% of the Profit After Tax for the year 2018 amounting to BDT 37,808,400,616.

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. M Shahjahan, Grameen Telecom, Director
2. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
3. Mr. Haakon Bruaset Kjoel, Telenor Mobile Communications AS, Director
4. Ms. Parveen Mahmud, Grameen Telecom, Director
5. Mr. Oivind Burdal, Telenor Mobile Communications AS, Director
6. Prof. (Dr.) Jamilur Reza Choudhury, Independent Director
7. Mr. Petter Boerre Furberg, Telenor Mobile Communications AS, Director and Chair
8. Mr. Witold Sitek, Telenor Mobile Communications AS, Director [effective from 30 January 2018]
9. Mr. Gunnar Johan Bertelsen, Telenor Mobile Communications AS, Director [effective from 11 June 2018]
10. Dr. Salehuddin Ahmed, Independent Director [effective from 12 December 2018]

Changes in the Board and Appointment of New Independent Director

During the period under review, there were a number of changes in the Board. Mr. Witold Sitek joined the Board in January 2018 in place of Mr. Tore Johnsen and Mr. Gunnar Johan Bertelsen joined the Board in June 2018 in place of Mr. Hans Martin Hoegh Henriksen. In December 2018, one of our Independent Directors Ms. Rokia Afzal Rahman's position fell vacant. The Company was obliged to fill the vacancy within the regulatory timeline and, accordingly, Dr. Salehuddin Ahmed was appointed as Independent Director, with effect from 12 December 2018. The said appointment will be approved by the Shareholder in upcoming Annual General Meeting (AGM). The Board welcomes Mr. Witold Sitek, Mr. Gunnar Johan Bertelsen and Dr. Salehuddin Ahmed to the Board and looks forward for their enriching contribution to the governance of the Company.

The Board of Directors would also like to take this opportunity to deeply thank and bid farewell to three esteemed Board members for their invaluable contribution to the Board over the years and helping the Board discharge its governance responsibilities towards the Company. The Board wishes them the very best for their futures.

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. Petter Boerre Furberg
2. Mr. Md. Ashraful Hassan
3. Mr. Witold Sitek

Brief profiles of the Directors being proposed for re-appointment are given on page 32 of the Annual Report, which fulfill condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Appointment of Auditors and Corporate Governance Compliance Auditor

As per the Companies Act 1994 and the Articles of Association of Grameenphone, the statutory auditors of the Company, A Qasem & Co, Chartered Accountants, shall retire at this AGM. The Firm, being eligible, has offered their willingness to be re-appointed. The Board recommends their re-appointment for the year 2018 and continuation till the next AGM at the existing fee of BDT 2.5 million plus VAT.

In compliance with the BSEC Corporate Governance Code, the Board appointed ACNABIN, Chartered Accountants as Compliance Auditor of the Company at a fee of BDT 115,000 per year and the said appointment will be approved by the Shareholders in the upcoming 22nd AGM.

Outlook 2019: Creating the Future

In the past few years, the world has witnessed a digital revolution that ushers in huge change at an accelerated speed. The worldwide shift towards digitalisation will continue to transform the way people communicate, conduct business, socialise and receive healthcare, education and other services. Anticipating these transformations, Grameenphone has strategically prepared to meet the challenges of the future, today.

By seizing the opportunities brought about by the digital economy, Grameenphone is well poised to lead Bangladesh into the digital future where data is a powerful growth vehicle and a key focus area for telecommunication services. Pivoting around that, Grameenphone's outlook for the future includes emerging technologies, such as Internet of Things (IoT), Cloud Platform and virtual business solutions, coming together to transform lives and enterprises as Bangladesh enters into 5G era.

In the coming days, the Company will focus on delivering smarter solutions, leaner business processes and more impactful and meaningful experiences to its customers. Achieving growth and profitability in the challenging environment will remain a top priority, and Grameenphone's strategy for this is clear: to digitise the core and then to introduce relevant digital services to its customers, taking leading positions in selected Business segment and adjacent ICT verticals, and stay unwavering in its commitment to operational and financial discipline. To ensure a sustainable growth, Grameenphone will continue to invest to build a stronger mobile ecosystem, in line with our commitment to the country's economic growth and our trust in the Government and people of the country.

Appreciations

The Board of Directors 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. The members of the management team have also shown unstinted commitment in performing their duties, for which we wish to express our gratitude. We do not forget that it is the hard work and contribution of our wide array of staff and the service they provide that has enabled Grameenphone to prosper and grow.

Grameenphone has gone far in its journey over 22 years. It has faced many adverse circumstances and proven its resilience. We are confident that with the strengths and resources we possess, we can overcome any challenges ahead and go forward to play an even greater role in the economy of the country and continue to create greater value for our Shareholders.

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



Petter Boerre Furberg
Chair

27 January 2019

Annexure I

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

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)(a)	At least one-fifth (1/5) of the total number of directors shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)	√		There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors
1(2)(b)	Independent Director means a Director:			
1(2)(b)(i)	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)(b)(ii)	who is not a sponsor of the Company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company	√		-do-
1(2)(b)(iii)	who has not been an executive of the Company in the immediately preceding 2 (two) financial years	√		-do-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	√		-do-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	√		-do-
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	√		-do-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	√		-do-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies	√		-do-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI) ; and	√		-do-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude	√		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√		a) Prof. (Dr.) Jamilur Reza Choudhury, in his 1 st term, already approved at AGM b) The Board appointed Dr. Salehuddin Ahmed on 11 December 2018 to be approved at the upcoming 22 nd AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		The term of Ms. Rokia Afzal Rahman, Independent Director was expired on 05 December 2018. The Board appointed Dr. Salehuddin Ahmed as new Independent Director on 11 December 2018
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		The IDs are in their regular term of office
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		The qualification and background of IDs justify their abilities as such
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100 million or any listed company or a member of any national or international chamber of commerce or business association; or	Not Applicable		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100 million or of a listed company; or	Not Applicable		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	Not Applicable		
1(3)(c)	The independent director shall have at least 10 (ten) years' experiences in any field mentioned in clause (b)	√		

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission	None		No such case in the reporting year
1(4)	Duality of Chair of the Board of Directors and Chief Executive Officer			
1(4)(a)	The positions of the Chair of the Board and the Chief Executive Officer (CEO) of the Company shall be filled by different individuals	√		The Chair and the CEO are different individuals with clearly defined roles and responsibilities
1(4)(b)	The Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		The CEO did not held the same position in another listed company
1(4)(c)	The Chair of the Board shall be elected from among the non-executive directors of the company	√		All Board members are non-executive director. The Chair of the Board is non-executive director
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chair and the Chief Executive Officer	√		The Board clearly defined roles and responsibilities of the Chair and the CEO
1(4)(e)	In the absence of the Chair of the Board, the remaining members may elect one of themselves from non-executive directors as Chair for that particular Board's meeting; the reason of absence of the regular Chair shall be duly recorded in the minutes	None		No such case in the reporting year
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 on Page 67 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 67 of the Annual Report
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	√		Included in the Directors' report on Page 68 of the Annual Report
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(vi)	Detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(vii)	Statement of utilisation of proceeds raised through public issues, rights issues and/or any other instruments	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(ix)	Explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 70 of the Annual Report
1(5)(xi)	Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		Included in the Directors' report on Page 69 of the Annual Report

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xii)	Proper books of account of the issuer company have been maintained	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xviii)	Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xix)	Key operating and financial data of at least preceding five (5) years shall be summarised			Given on Page 58 of the Annual Report
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	None		No such case in the reporting year
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		Included in the Directors' report on Page 70 of the Annual Report
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		Included in the Directors' report on Page 84 of the Annual Report
1(5)(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	✓		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	✓		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(c)	Executives	✓		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company	✓		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiv)	In case of the appointment/re-appointment of a director, disclose:			
1(5)(xxiv)(a)	A brief resume of the director	✓		Given on Page 32 of the Annual Report
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	✓		Given on Page 32 of the Annual Report

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		Given on Page 35 of the Annual Report
1(5)(xxv)	Management's Discussion and Analysis signed by CEO presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		Included in the Management's Discussion and Analysis on Page 87 of the Annual Report
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		-do-
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		-do-
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		-do-
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	✓		-do-
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		-do-
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		-do-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3)	✓		Given on Page 86 of the Annual Report
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	✓		Given on Page 92 of the Annual Report
1(6)	Meetings of the Board of Directors			
1(6)	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code	✓		
1(7)	Code of Conduct for the Chair, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chair of the Board, other board members and Chief Executive Officer of the Company	✓		There is a written Code of Conduct and the Chair, other Board members & the CEO are obliged to comply with

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	√		The Code of Conduct is available on the website of the Company
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	Not Applicable		Grameenphone does not have any subsidiary Company as on reporting date
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	Not Applicable		-do-
2(c)	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-
2(d)	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-
2(e)	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-
3	Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance have been appointed by the Board
3(1)(b)	The positions of the Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance are different individuals and their roles and responsibilities are separately defined
3(1)(c)	The CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other Company at the same time	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance do not hold any executive position in any other Company
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		The roles and responsibilities are separately defined
3(1)(e)	The CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	None		No such case in the reporting year
3(2)	Requirement to attend Board of Directors' Meetings			
	The CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance attended in the Board Meetings
3(3)	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	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	√		The CEO and CFO have duly certified to the Board

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		-do-
3(3)(a)(ii)	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-
3(3)(b)	The CEO and CFO shall also certify that 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 code of conduct for the company's Board or its members	✓		-do-
3(3)(c)	The certification of the CEO and CFO shall be disclosed in the Annual Report	✓		Given on Page 86 of the Annual Report
4	Board of Directors' Committee			
	For ensuring good governance in the Company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee	✓		The Board formed the Audit Committee on 10 November 2008
4(ii)	Nomination and Remuneration Committee	✓		The Board formed the NRC on 11 December 2018
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board	✓		Audit Committee is established as per BSEC guidelines
5(1)(b)	The Audit Committee shall assist the Board 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 BSEC guidelines
5(1)(c)	The Audit Committee shall be responsible to the Board; 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 guidelines
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		Audit Committee comprises of 3 (three) members
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chair of the Board and shall include at least 1 (one) independent director	✓		All members of the Audit Committee are non-executive directors, out of which one member is ID. All the members are appointed by the Board. The Chair of the Board is not the member of the Audit Committee
5(2)(c)	All members of the audit committee should be "financially literate" and at least one (1) member shall have accounting or related financial management background and ten (10) years of such experience	✓		The profiles of the members given on page 32 of the Annual Report demonstrate their capabilities as such
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of three (3) persons, the Board shall appoint new Committee member to fill up the vacancy immediately or not later than one (1) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	✓		The term of Ms. Rokia Afzal Rahman expired on 05 December 2018 and the Board appointed Dr. Salehuddin Ahmed in her place on 11 December 2018

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(2)(e)	The Company Secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director	✓		
5(3)	Chair of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		The Chair of the Audit Committee is an Independent Director
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		The reason for the absence of the Audit Committee Chair was duly recorded in the Minutes
5(3)(c)	Chair of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		The Chair of the Audit Committee attended in the 21 st AGM held on 19 April 2018
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least four (4) meetings in a financial year	✓		There were nine (9) meetings held during the reporting period
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	✓		The Audit Committee performs as per BSEC's guidelines
5(5)(b)	Monitor choice of accounting policies and principles	✓		-do-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		-do-
5(5)(d)	Oversee hiring and performance of external auditors	✓		-do-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		-do-
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	✓		-do-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	✓		-do-
5(5)(h)	Review the adequacy of internal audit function	✓		-do-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		-do-
5(5)(j)	Review statement of all related party transactions submitted by the management	✓		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		-do-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		-do-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission	None		No IPO was made in the year 2018
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√		
5(6)(a)(ii)(a)	Report on conflicts of interests	None		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	None		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None		
5(6)(b)	Reporting to BSEC (if any, which has material impact on the financial condition and results of operation, unreasonably ignored by the management)	None		
5(7)	Reporting to the Shareholders and General Investors of Audit Committee Activities, which shall be signed by the Chair of the Audit Committee and disclosed in the Annual Report	√		Activities of the Audit Committee are reported on page 55 of the Annual Report
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√		NRC is established as per BSEC guidelines
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	√		The NRC discharges as per given guidelines
6(1)©	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	√		The duties of the NRC are clearly defined in the Board approved NRC Charter as per BSEC's guidelines
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three (3) members including an independent director	√		NRC comprises of three (3) members, which includes one ID
6(2)(b)	All members of the Committee shall be non-executive directors	√		All members of NRC are non-executive directors

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	√		All members of the NRC are appointed by the Board
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within one hundred eighty (180) days of such vacancy occurring in the Committee	None		No such case in the reporting year
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or is valuable for the Committee	None		No such case in the reporting year
6(2)(g)	The Company Secretary shall act as the secretary of the Committee	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director	√		No such case in the reporting year
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company	√		No such case in the reporting year
6(3)	Chair of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chair of the Committee, who shall be an independent director	√		The Chair of the NRC is an Independent Director
6(3)(b)	In the absence of the Chair of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	None		No such case in the reporting year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	None		No such case in the reporting year. The NRC was formed on 11 December 2018
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	None		The Board formed NRC on 11 December 2018, thus no meeting was held during the reporting period
6(4)(b)	The Chair of the NRC may convene any emergency meeting upon request by any member of the NRC	None		No such case in the reporting year
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h)	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	None		The Board formed NRC on 11 December 2018, thus, no meeting was held during the reporting period
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√		The NRC performs as per BSEC's guidelines

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(5)	Role of the NRC			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	√		-do-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		-do-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	√		-do-
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		-do-
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	√		-do-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	√		-do-
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√		-do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	√		-do-
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	√		Given on Page 56 of the Annual Report
7	External or Statutory Auditors			
7(1)(i)	Appraisal or valuation services or fairness opinions	√		As declared by the Auditors
7(1)(ii)	Financial information systems design and implementation	√		-do-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements	√		-do-
7(1)(iv)	Broker-dealer services	√		-do-
7(1)(v)	Actuarial services	√		-do-
7(1)(vi)	Internal audit services or special audit services	√		-do-
7(1)(vii)	Any service that the Audit Committee determines	√		-do-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1) ; and	√		-do-
7(1)(ix)	Any other service that creates conflict of interest	√		-do-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		-do-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		The representative of external auditors attended in the 21 st AGM held on 19 April 2018

Condition No.	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
8	Maintaining a website by the Company			
8(1)	The Company shall have an official website linked with the website of the stock exchange	√		
8(2)	The Company shall keep the website functional from the date of listing	√		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	Obtaining a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	√		Given on page 92 of the Annual Report
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		The Board appointed the Compliance Auditor on 11 December 2018 and their appointment will be approved by the Shareholders in the upcoming AGM in 2019
9(3)	Directors statement in the directors’ report whether the Company has complied with these conditions or not	√		Detailed status of compliance is given on page 73 of the Annual Report in the compliance schedule as published with the Directors’ Report

Annexure II

Board Meeting and attendance during the year ended 31 December 2018

Name of Directors	Board Member Since	Number of meetings attended during 2018
Mr. M Shahjahan	26 June 2006	14/14
Mr. Md. Ashraful Hassan	20 January 2010	14/14
Mr. Haakon Bruaset Kjoel*	14 September 2011	12/14
Ms. Parveen Mahmud*	17 October 2012	11/14
Mr. Oivind Burdal*	18 May 2016	13/14
Prof. (Dr.) Jamilur Reza Choudhury*	15 June 2016	10/14
Mr. Petter Boerre Furberg	26 May 2017	14/14
Mr. Witold Sitek*	30 January 2018	10/11
Mr. Gunnar Johan Bertelsen*	11 June 2018	05/06
Dr. Salehuddin Ahmed	12 December 2018	00/00
Ms. Rokia Afzal Rahman*	6 December 2012	10/13
Mr. Tore Johnsen*	10 December 2013	03/03
Mr. Hans Martin Hoegh Henriksen*	22 January 2014	08/08

* Mr. Tore Johnsen retired from the Board on 29 January 2018

* Mr. Hans Martin Hoegh Henriksen retired from the Board on 10 June 2018

* The term of Ms. Rokia Afzal Rahman as Independent Director expired on 05 December 2018

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

Annexure-III

The Pattern of Shareholding as on 31 December 2018

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, Head of Ethics and Compliance and their spouses and minor children			
Mr. Petter Boerre Furberg	Chair	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashraful Hassan	Board Member	-	-
Mr. Haakon Bruaset Kjoel	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Mr. Oivind Burdal	Board Member	-	-
Prof. (Dr.) Jamilur Reza Choudhury	Board Member	-	-
Mr. Witold Sitek	Board Member	-	-
Mr. Gunnar Johan Bertelsen	Board Member	-	-
Dr. Salehuddin Ahmed	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 & Investigation	195	0.00%
Mr. Ivan Georgiev Dimitrov	Head of Ethics and Compliance	-	-
iii) Executives (as explained in the BSEC's Corporate Governance Code dated 03 June 2018)			
Mr. Yasir Azman	Deputy CEO & Chief Marketing Officer	37,545	0.00%
Mr. Ole Bjorn Sjulstad	Chief Corporate Affairs Officer	-	-
Mr. Rade Kovacevic	Chief Technology Officer	-	-
Mr. Mahmud Hossain	Chief Business Officer	-	-
Mr. Mustafa Alim Aolad	Deputy Chief Financial 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%

Annexure –IV

DECLARATION BY THE CEO AND THE CFO

[As per condition No. 1(5)(xxvi) of Corporate Governance Code 2018]

The Board of Directors

Grameenphone Ltd.

Subject: Declaration on Financial Statements for the year ended on 31 December 2018.**Dear Sirs,**

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Grameenphone Ltd. for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief;
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws; and
- (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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Michael Patrick Foley)
Chief Executive Officer (CEO)



(Karl Erik Broten)
Chief Financial Officer (CFO)

27 January 2019

Annexure –V

MANAGEMENT'S DISCUSSION AND ANALYSIS

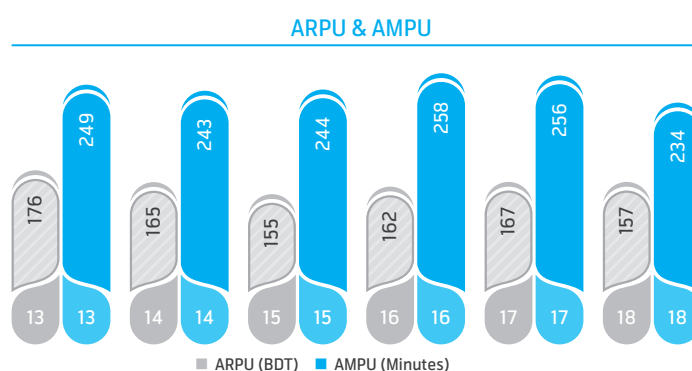
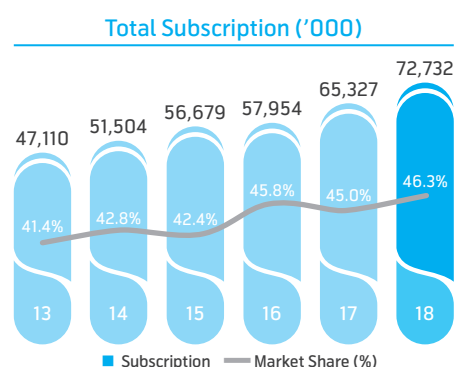
As per condition no.1 (5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis are as follows:

2018 Key Highlights

In 2018, Grameenphone generated revenue of BDT 132.8 billion (2017: BDT 128.4 billion), representing growth of 3.4%, and delivered net profit after tax of BDT 35.2 billion (2017: BDT 27.4 billion). Grameenphone ended the year with 72.7 million active subscriptions registering a 11.3% growth compared to the previous year. During the year Grameenphone also acquired 5.9 million internet users increasing the total internet user to 37.1 million at the end of 2018. Grameenphone invested BDT 12.7 billion for 5MHz spectrum, 4G licence acquisition and 2G technology neutrality and another 21.3 billion for network coverage growth. Currently we have 95.2% population coverage for 3G and another 5,009 4G enabled sites were also rolled out during 2018. Strong revenue growth, along with continued focus on Operational Excellence, resulted in a 5.5% growth in EBITDA with a robust margin of 60.5%.

2018 has been a tremendous year for Grameenphone with growth in voice and data supported by substantial savings in operating expenses, simplified customer centric offers and services along with strengthening its data positioning through introduction of 4G and expansion of 3G and 4G coverage.

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



On an annual basis, the subscription base increased by 7.4 million (2017: 7.4 million). The continued acquisition drive in the market throughout the year resulted in a total subscription base of 72.7 million (2017: 65.3 million) and the subscription market share stood at 46.3% at the end of the year.

In 2018, ARPU decreased by 5.6% to BDT 157 (2017: BDT 167), mainly due to decrease in average voice minutes per user by 8.9% to 234 minutes (2017: 256 minutes). Lower revenue from VAS as a result of net revenue recognition also attributed to lower ARPU. In 2018, higher subscription acquisition from the low usage segment continues to drive lower AMPU.

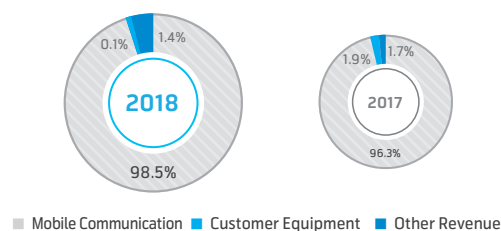
Revenue Performance

Total revenue reported in 2018 was BDT 132.8 billion (2017: BDT 128.4 billion), with 3.4% growth. This was mainly driven by growth in voice and data revenue partly offset by revenue from customer equipment and VAS. In 2018, Grameenphone changed the business model for Handset and VAS from gross to net recognition of revenue. Adjusting this effect for the year 2017, the normalised growth for revenue is 6.3%.

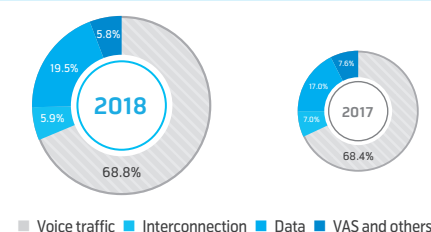
Revenue from mobile communication grew by 5.7% in 2018 to BDT 130.8 billion (2017: BDT 123.7 billion). The growth was mainly driven by Voice and Data partly offset by VAS and interconnection revenue compared to 2017.

Data revenue increased by 21% in 2018 to BDT 25.5 billion (2017: BDT 21.1 billion). At the end of 2018, Data revenue accounted for 19.5% (2017: 17.0%) of mobile communication revenue. The growth in data revenue is mainly driven by 18.9% increase in internet users and higher contribution from 82.9% higher data volume usage. This was driven by rapid expansion of 4G enabled sites, along with our continued investment in 3G network coverage and increased smartphone penetration in our subscriber base, where Grameenphone sold 246,693 smartphones through 2018.

Revenue Composition



Mobile Communication Revenue Composition



Voice revenue experienced 6.6% increase in 2018 mainly due to 11.3% growth in subscription base.

Grameenphone observed a decline in interconnection revenue in 2018 compared to last year due to a decrease in incoming minutes from international operators and lower interconnection call termination rate introduced by BTRC.

Cost and Margin Review

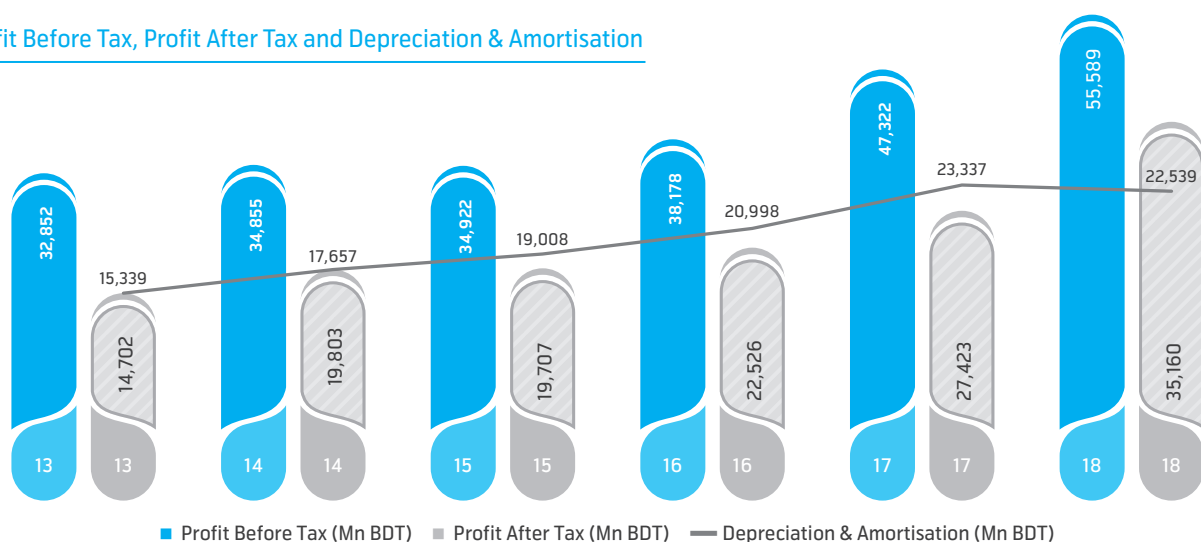
For the year 2018, total cost base of Grameenphone significantly decreased by 3.9% to BDT 75.4 billion (2017: BDT 78.5 billion), mainly due to lower cost of material and traffic charges, other operating expenses, salary and personnel cost, depreciation and partly offset by higher operation, maintenance, sales, marketing and commission cost. Like previous years, Grameenphone continued its focus on Operational Excellence in 2018 which resulted in savings of BDT 4.3 billion.

The impact of revenue growth and efficient cost management resulted in a 5.5% growth in EBITDA to BDT 80.4 billion (2017: BDT 76.2 billion) and with a robust EBITDA margin of 60.5% (2017: 59.2%).

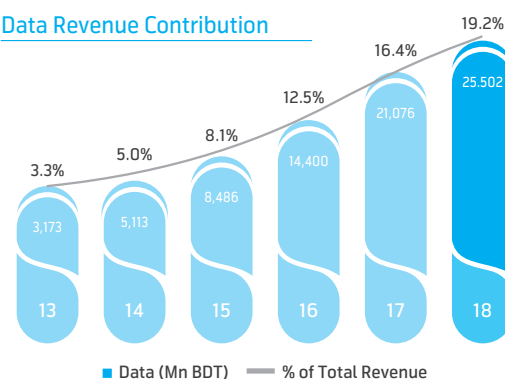
Profit after Tax

Profit after Tax for 2018 stood at BDT 35.2 billion (2017: BDT 27.4 billion) which increased by BDT 7.7 billion due to higher EBITDA and lower foreign exchange loss, partly offset by higher tax and finance expense. Net profit margin for 2018 stood at 26.5% (2017: 21.4%).

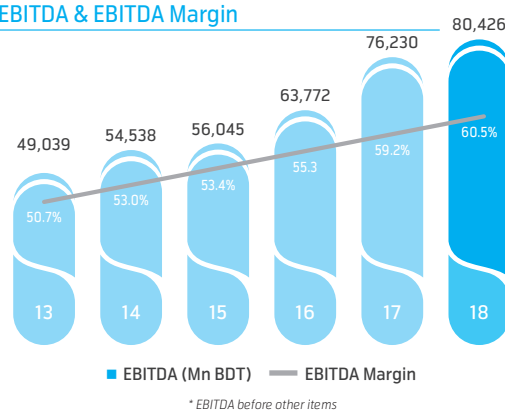
Profit Before Tax, Profit After Tax and Depreciation & Amortisation



Data Revenue Contribution



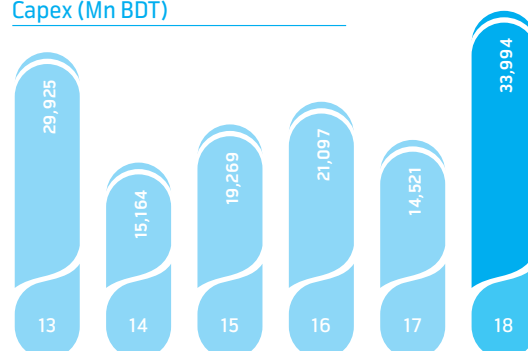
EBITDA & EBITDA Margin



Capital Expenditure (Capex) and Network Updates

In 2018, Grameenphone invested BDT 34.0 billion (2017: BDT 14.5 billion) with capex to sales at 25.6% (2017: 11.3%). The majority of the investment was mainly related to acquisition of 4G licence, expansion of 3G and 4G coverage along with additional 5 MHz spectrum and 2G technology neutrality to support higher data and voice traffic and to drive superior customer experience. Grameenphone rolled out 5,009 4G sites, 2,355 3G sites and 1,527 2G sites in 2018, increasing the 3G population coverage to 95.2% (2017: 92.6%). With 14,521 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 increased to BDT 138.7 billion (2017: BDT 130.2 billion) mainly for the increase in intangible assets (acquisition of 5MHz spectrum, 4G licence and 2G technology neutrality) and recognition of contract cost as an impact of adopting IFRS 15. This was partly offset by decrease in current assets from cash and cash equivalents.

Total liabilities increased slightly during 2018, mainly for the liability of spectrum acquisition partly offset by payments of 6th and 7th installment of long term loan from IFC.

Total equity increased to BDT 42.4 billion (2017: BDT 35.1 billion) due to increased profit. The net profit generated from operations during the year 2018 was BDT 35.2 billion (2017: BDT 27.4 billion), partly offset by payment of final dividend for the year 2017 and interim dividend for the year 2018. There was also a favourable impact in retained earnings of BDT 2.6 billion from opening balance adjustment on initial application of IFRS 15.

Other Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

Accounting policies and estimation for preparation of financial statements

The financial statements of Grameenphone have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission and other applicable laws in Bangladesh. Detail description of accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the notes 2 to 3 of the financial statements.

Changes in accounting policies and estimation

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new accounting standards as described in the notes 3.8, 3.13 and 3.18 of the financial statements.

Comparative analysis of financial performance, financial position and cash flows

Major areas of financial performance, financial position as well as cash flows (including effects of inflation) with immediate preceding five years are as follows:

Reported numbers	2018	2017	2016	2015	2014	2013
Financial Performance (in million BDT)						
Revenue	132,832	128,436	114,862	104,754	102,663	96,624
Operating Profit	57,379	49,954	41,566	36,964	36,896	33,199
Profit before Tax	55,589	47,322	38,178	34,922	34,855	32,852
Net Profit after Tax	35,160	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	13,503
Shareholders' Equity	42,367	35,121	33,572	30,625	31,365	31,141
Total Assets	138,713	130,220	130,500	132,450	130,673	135,221
Total Liabilities	96,346	95,099	96,927	101,824	99,308	104,080
Current Assets	13,369	20,658	10,941	11,928	14,865	16,993
Current Liabilities	77,433	74,541	68,079	67,625	61,402	78,580
Non current Assets	125,345	109,562	119,558	120,522	115,808	118,227
Non current Liabilities	18,914	20,558	28,848	34,199	37,906	25,500
Cash Flows (in million BDT)						
Net cash Generated from Operating Activities	60,411	57,771	46,152	38,791	31,255	37,081
Net cash used in Investing Activities	(30,200)	(12,944)	(19,839)	(19,907)	(20,069)	(28,111)
Net cash used in Financing Activities	(36,698)	(35,336)	(27,553)	(19,491)	(10,972)	(7,727)
Financial Ratios						
Current Asset to Current Liability	0.17	0.28	0.16	0.18	0.24	0.22
Debt to Equity	0.43	0.56	0.81	1.12	1.08	0.80
Operating Profit Margin	43%	39%	36%	35%	36%	34%
Net Profit Margin	26%	21%	20%	19%	19%	15%
Return on Equity	91%	80%	70%	64%	63%	44%
Return on Assets	26%	21%	17%	15%	15%	12%

Reported numbers	2018	2017	2016	2015	2014	2013
Ordinary Shares Information						
Ordinary Shares Outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per Share	10	10	10	10	10	10
Cash Dividend on Paid up Capital ¹	280%	205%	175%	140%	160%	140%
Dividend Payout ¹	108%	101%	105%	96%	109%	129%
Net Asset Value per Share ²	31.38	26.01	24.86	22.68	23.23	23.06
Net Operating Cash Flow per Share ³	44.74	42.78	34.18	28.73	23.15	27.46
Earnings Per Share ³	26.04	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.

¹Including proposed dividend

²Based on BDT 10 equivalent ordinary share outstanding at 31 December.

³Based on weighted average number of share of BDT 10 each.

Inflation Adjusted	2018	2017	2016	2015	2014	2013
Financial Performance (in million BDT)						Base Year
Revenue	98,431	100,674	94,932	91,704	95,634	96,624
Operating Profit	42,519	39,157	34,354	32,359	34,370	33,199
Profit before Tax	41,193	37,094	31,554	30,572	32,469	32,852
Net Profit after Tax	26,054	21,495	18,618	17,252	18,447	14,702
Financial Position (in million BDT)						
Paid-up Capital	10,006	10,584	11,160	11,821	12,578	13,503
Shareholders' Equity	31,395	27,530	27,747	26,810	29,217	31,141
Total Assets	102,789	102,073	107,857	115,949	121,726	135,221
Total Liabilities	71,394	74,543	80,109	89,139	92,509	104,080
Current Assets	9,906	16,193	9,043	10,442	13,847	16,993
Current Liabilities	57,379	58,429	56,267	59,200	57,198	78,580
Non current Assets	92,883	85,880	98,814	105,507	107,879	118,227
Non current Liabilities	14,015	16,114	23,842	29,939	35,311	25,500
Cash Flows (in million BDT)						
Net cash Generated from Operating Activities	44,766	45,284	38,144	33,958	29,115	37,081
Net cash used in Investing Activities	(22,378)	(10,146)	(16,397)	(17,427)	(18,695)	(28,111)
Net cash used in Financing Activities	(27,194)	(27,698)	(22,773)	(17,062)	(10,220)	(7,727)
Inflation Rate	5.78%	5.44%	5.92%	6.41%	7.35%	

*Inflation Rate Source: Bangladesh Bureau of Statistics

*Since inflation rates are only available for fiscal years, they have been applied for the financial years

Comparison of financial performance, financial position and cash flows with the peer industry scenario

Grameenphone is the only listed entity in the telecommunication industry of Bangladesh. Information about financial performance, financial position and cash flows of other major operators in the industry are not publicly available. Hence, comparative analysis with the peer industry could not be presented.

Financial and economic scenario of Bangladesh and the globe

2018 saw the GDP growth reach a record high 7.86%¹ riding on buoyant exports, robust agricultural output as well as boost from the industrial sectors and strong domestic and external demand. Per capita income rose to USD 1,751 in FY 2017-18, up from USD 1,610 in FY 2016-17². The broad-based pick-up in economic activity continued in Q4 of FY 2017-18³. This broadly matches the trend in recent years, where the rate of growth has matched or exceeded adjacent economies. The macroeconomic fundamentals remain strong with real GDP growth expected to continue⁴. On the supply side, the growth momentum received support from the industry and the service sectors, while the agricultural sector also remained solid. The growth was aided by favourable financial conditions and fiscal policy support, resulting in a pickup of both public and private investment as reflected in the strong growth of investment related imports.

¹Bangladesh Bureau of Statistics

²Planning Ministry, as reported in The Daily Star 18 September 2018

³Bangladesh Bureau of Statistics, Grameenphone Strategy team analysis

⁴Data Sources: Bangladesh Bureau of Statistics, UN Population Division, World Bank, Economist Intelligence Unit and Analysis Mason

The country will continue its journey on the path to middle-income economy status along with implementation of the sustainable development goals (SDGs). However, infrastructure, governance, and complexity of doing business remain as major challenges to Bangladesh's vast economic potentials. Strength of the Banking sector remains a concern through FY2019. Looking ahead, delivery on broader development goals, pro-business policy reforms, accelerated resource mobilisation, expanded tax base, improvements in infrastructure, and stabilised banking sector should help Bangladesh continue on a path of inclusive economic growth and sustainable development.

Regionally, inflation performance followed a mixed trend in South Asia, with rates increasing marginally in India (4.9% Q4 FY 2017-18 from 4.3% in Q3⁵) and significantly in Pakistan (5.2% from 3.2%⁶), while it fell in Sri Lanka (2.5% from 2.8%⁷). Commodity prices in the global market continued its rising trend in Q4 of financial year 2017-18, driven by strong supply and demand side activities in both emerging and advanced economies. While accelerated growth lifted demand, geopolitical tensions along with other variables such as production cuts resulted in supply constraints, with oil being a prime example. The final quarter of 2018 was not good for equity markets globally. Investors have had to contend with rising US central bank interest rates, a sharp slowdown in euro zone business confidence, weaker Chinese growth and rising geopolitical concerns (including Brexit, Italian politics and the ongoing trade conflict between the US and China). On the plus side, over the quarter as a whole government bonds at least lived up to their traditional role as the defensive part of a well balanced portfolio⁸.

Risks and Concerns related to the financial statements

Grameenphone has a structured process to identify Financial Statement risks and deploy mitigating controls to ensure Financial Statement gives true and fair view of the events and transactions occurred during the period.

Grameenphone has integrated process to review the risks arising from transaction, process, people, external and regulatory environment. Every year Financial Statement risks are reviewed involving control and process owners to identify risks effectively so that Financial Statement assertions are met. Grameenphone follows a risk based approach where both standard and local risks are covered. Standard Risk are those risks common to Telenor Group and Local risk are Grameenphone specific risks that arises due to business process, people and the regulatory environment we operate in. Each risk is evaluated through probability and impact matrix and categorised into a four point rating scale (Very High, High, Medium and Low).

Appropriate controls are designed and deployed to mitigate the identified risks to an acceptable level. 'Risk coverage' is performed in subsequent years to enhance the control capabilities to ensure particular control is effective and efficient in mitigating the risks. Risk mitigation status is monitored through review of control performance applying control testing method (self-assessment and direct testing) twice a year (Interim and Year-end). Details of ICFR activity is described in the Internal Control over Financial Reporting (ICFR) section of the Annual report on Page 51.

Future Plan of Grameenphone 2019

Continued focus on winning in voice, coupled with growth in data and digital services and robust personalisation capability in 2018, will establish strong foundations for Grameenphone in 2019 to pursue innovations amid customers' evolving needs in their digital life. We will continue our relentless focus to drive resilient performance and sustainable returns in 2019.

Key priorities in 2019 are to focus on coverage leadership, distribution and challenging red markets while leading 4G conversion with surgical investments and ARPU drive. There will also be a special focus on scaling the business segment by building ICT competency and winning in postpaid and IoT. Grameenphone will also continue to:

- Drive Business Simplification Program supported by institutionalising sustainable and efficient cost structure through a strengthened Cost Office function.
- Build a winning team by ensuring relevance of key competencies, sharpening focus and implementing new way of work in a changing and complex environment.
- Focus on long and short term advocacy as well as reputation and awareness building platforms to responsibly and proactively manage the business environment.

Our persistent focus on products and service innovations, retail experience reforms, and digitisation of core business for future growth will set the stage for us to capitalise on new growth opportunities in 2019.

Grameenphone aims to improve 2019 service revenue growth development and to sustain the strong EBITDA focus, leveraging on sustainable growth, disciplined cost management and innovating on operational efficiencies.



Michael Patrick Foley
Chief Executive Officer

27 January 2019

⁵CPD (2018): State of the Bangladesh Economy in FY2018 (First Reading)

⁶Pakistan Bureau of Statistics

⁷Central Bank of Sri Lanka

⁸J.P. Morgan Economic Research, J.P. Morgan Asset Management



Report to the Shareholders of Grameenphone Ltd.

(As required under the BSEC Corporate Governance Guidelines)

We have examined the compliance status to the Corporate Governance Code by Grameenphone Ltd. for the year ended on 31 December 2018. This Code relates to the Notification No, BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code 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 the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the Company is satisfactory.

This is also no endorsement about quality of contents in the Annual Report of the Company for 2018.

Abu Sayeed Mohammad Nayeem, FCA

Partner
ACNABIN
Chartered Accountants

27 January 2019

FINANCIAL STATEMENTS 2018

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**Independent Auditor's Report
To the Shareholders of Grameenphone Ltd.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grameenphone Ltd. (the Company), which comprise the statement of financial position as at 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 45 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 modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2018. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Appropriateness of revenue recognition and disclosures on the impact of the initial application of IFRS 15

Revenue of BDT 132.80 billion is recognised in the income statement of Grameenphone Ltd. This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and identifying revenue and the impact of ever changing business, price and tariff models (including tariff structures, customer loyalty rewards, and bundled subscription based products). Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.

In addition, the application of the new standard on revenue recognition, "International Financial Reporting Standard 15 – Revenue from Contracts with Customers" (IFRS 15), will have a significant impact from the financial year 2018 onward, which has been presented in the Note 3.18.2 to the financial statements for the financial year 2018. Grameenphone Ltd. has exercised the option of initial application to recognise the cumulative effect of contract assets and the costs of obtaining contracts using the modified approach. In view of the expected material impact and the complexity of the company wide implementation of the new standard, the presentation of the actual impact was of particular importance for our audit.

How our audit addressed the key audit matter:

In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognising revenue as part of our audit. Furthermore, in

order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Assessing the environment of the measurement as well as other relevant systems supporting the accounting of revenue, including the implemented controls of system changes.
- Assessing controls for IT-systems and procedures supporting revenue recognition.
- Assessing the invoicing and measurement systems up to entries in the general ledger.
- Examining customer invoices and receipts of payment on a test basis.
- Testing the revenue charging model against the regulatory guidelines on a sample basis.

Furthermore, we assessed the accounting effects of new business and price models. We assured ourselves of the appropriateness of the systems, processes, and controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that revenue is properly recognised.

With regard to the impact of the initial application of IFRS 15 from the financial year 2018 onward, we assessed the impact determined after the implementation of the new standard. Our audit approach included, among other items:

- Assessing the accounting estimates made for the different business models of the Company.
- Assessing the design of the processes set up to account for the transactions in accordance with the new standard.
- Reviewing and assessing management's calculation which were used to adjust the opening balance of equity.

Claims, litigations and contingent liabilities

The Company is subject to a number of significant claims and litigations. The amounts of claims are significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgement. These claims and regulatory matters are under further review of relevant regulatory committee and review of legal or arbitrational proceedings; and they are uncertain in timing of resolutions and amount or consequences.

These claims and litigations matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome. The assessment of whether or not a liability should be recognised involves judgment from management.

How our audit addressed the key audit matter:

We have gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls we have performed tests of controls. Moreover, we have gained an understanding of management's decision process to disclose contingent matters in the financial statements.

Our procedures also included among others:

- Discussion of material legal cases with the Company's Legal Department;
- Analysis of responses in legal letters independently obtained from the external legal counsels of the Company;
- Analysis of the minutes of meetings of the Board of Directors and the Board Audit Committee;
- Analysis of assessment of contingent liabilities and changes in provisions for claims and litigations which are updated on a quarterly basis;
- Assess disclosures in the financial statements which are potentially of material contingent nature and their measurement.

Uncertain tax positions

The Company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. The assessment of uncertainty and risk of one or more unfavourable outcomes involve judgement from management.

These uncertain tax positions were a key audit matter because of the amounts involved and because of the uncertainty in estimating the final outcome of these matters.

The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

How our audit addressed the key audit matter:

We have taken into consideration the complexity of accounting and tax issues, internal control; and gained an understanding over the entity's accounting for taxes and management's process for assessing the effectiveness of internal control over the significant income tax accounts and the related financial statement disclosures.

Our procedures also included among others:

- Discussing with the management regarding tax matters, tax jurisdictions and tax communications;
- Identifying and testing relevant controls over tax accounts and financial statement disclosures;
- Analysis of responses in letters independently obtained from the tax consultant and external counsels of the Company on various matters;
- Substantive procedures performed including vouching account reconciliations and tracing amounts to the appropriate underlying support and trial balances; and
- Analysis of the accounting of the pre-tax effects of transactions and the tax technical application to specific transactions.

Other matters

The financial statements of Grameenphone Ltd. for the year ended 31 December 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 29 January 2018.

Other information included in the Company's 2018 Annual Report

Other information consists of the information included in The Company's 2018 Annual Report other than the financial statements and our auditor's report thereon. We obtained Director's Report, Management Discussion and Analysis, Six years financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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:

- i) 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;
- ii) 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;
- iii) 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
- iv) the expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.
Chartered Accountants

Dhaka, 27 January 2019

Grameenphone Ltd.

Statement of financial position

As at 31 December 2018

Assets

Non-current assets

Property, plant and equipment

Intangible assets

Contract cost

Other non-current assets

Total non-current assets

Current assets

Inventories

Trade receivables and others

Cash and cash equivalents

Total current assets

Total assets

Equity and liabilities

Shareholders' equity

Share capital

Share premium

Capital reserve

Deposit from shareholders

Retained earnings

Total equity

Non-current liabilities

Finance lease obligation

Loans and borrowings

Deferred tax liabilities

Employee benefits

Other non-current liabilities

Total non-current liabilities

Current liabilities

Trade payables and others

Provisions

Loans and borrowings

Current tax liabilities

Other current liabilities

Total current liabilities

Total equity and liabilities

		31 December 2018	31 December 2017
	Notes	BDT (000)	BDT (000)
	4	69,775,619	70,483,407
	5	47,311,582	35,229,998
	7	4,438,240	-
	8	3,819,233	3,848,495
		125,344,674	109,561,900
	9	224,359	462,440
	10	7,212,047	7,781,236
	11	5,932,292	12,414,668
		13,368,698	20,658,344
		138,713,372	130,220,244
	13	13,503,000	13,503,000
	14	7,840,226	7,840,226
	15	14,446	14,446
	16	1,880	1,880
		21,007,530	13,761,900
		42,367,082	35,121,452
	17	4,708,977	4,930,194
	18	2,894,157	8,539,290
	19	6,032,336	6,238,396
	20	1,599,122	426,466
	21	3,678,998	423,735
		18,913,590	20,558,081
	22	26,393,337	24,225,379
	23	14,906,422	15,257,271
	18	5,759,145	5,679,626
	24	27,550,278	26,435,242
	25	2,823,518	2,943,193
		77,432,700	74,540,711
		138,713,372	130,220,244

The annexed notes 1 to 46 form an integral part of these financial statements.



Director



Director

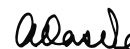


Chief Executive Officer



Company Secretary

As per our report of same date.



A. Qasem & Co.

Chartered Accountants

Dhaka, 27 January 2019

Auditor's Report & Audited Financial Statements

Grameenphone Ltd.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

		2018	2017
	Notes	BDT (000)	BDT (000)
Revenue	26	132,831,967	128,435,814
Cost of material and traffic charges	27	(7,329,552)	(10,322,076)
Salaries and personnel cost	28	(8,561,724)	(8,826,168)
Operation and maintenance	29	(5,584,552)	(4,011,750)
Sales, marketing and commissions	30	(13,475,388)	(11,256,660)
Revenue sharing, spectrum charges and licence fees	31	(9,570,806)	(9,816,951)
Other operating (expenses)/income	32	(8,391,513)	(10,911,229)
Depreciation and amortisation	33	(22,539,178)	(23,336,591)
		(75,452,713)	(78,481,425)
Operating profit		57,379,254	49,954,389
Finance (expense)/income	34	(1,675,624)	(1,467,214)
Foreign exchange (loss)/gain		(114,432)	(1,164,885)
		(1,790,056)	(2,632,099)
Profit before tax		55,589,198	47,322,290
Income tax expense	35	(20,429,314)	(19,899,642)
Profit after tax		35,159,884	27,422,648
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	20	(351,088)	762,284
Related taxes		140,435	(304,914)
		(210,653)	457,370
Total comprehensive income for the year		34,949,231	27,880,018
Earnings per share			
Basic earnings per share (per value BDT 10 each in BDT)	36	26.04	20.31

The annexed notes 1 to 46 form an integral part of these financial statements.


Director


Director


Chief Executive Officer


Company Secretary

As per our report of same date.


A. Qasem & Co.
Chartered Accountants

Dhaka, 27 January 2019

Grameenphone Ltd.
Statement of changes in equity
for the year ended 31 December 2018

	Share capital BDT (000)	Share premium BDT (000)	Capital reserve BDT (000)	Deposit from shareholders BDT (000)	Retained earnings BDT (000)	Total BDT (000)
Balance as at 01 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/(loss)	-	-	-	-	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
Balance as at 01 January 2018	13,503,000	7,840,226	14,446	1,880	13,761,900	35,121,452
Adjustment on initial application of IFRS 15 as at 01 January 2018	-	-	-	-	2,678,149	2,678,149
Restated balance as at 01 January 2018	13,503,000	7,840,226	14,446	1,880	16,440,049	37,799,601
Transactions with the equity holders:						
Final dividend for 2017	-	-	-	-	(13,503,000)	(13,503,000)
Interim dividend for 2018	-	-	-	-	(16,878,750)	(16,878,750)
Total comprehensive income for 2018						
Profit for the year	-	-	-	-	35,159,884	35,159,884
Other comprehensive income/(loss)	-	-	-	-	(210,653)	(210,653)
Balance as at 31 December 2018	13,503,000	7,840,226	14,446	1,880	21,007,530	42,367,082

Grameenphone Ltd.

Statement of cash flows

For the year ended 31 December 2018

	2018	2017
	BDT (000)	BDT (000)
Cash flows from operating activities		
Cash receipts from customers	132,599,654	127,506,605
Payroll and other payments to employees	(7,780,088)	(8,581,995)
Payments to suppliers, contractors and others*	(42,241,425)	(44,993,252)
Interest received	398,295	397,940
Interest paid	(1,690,713)	(1,848,595)
Income tax paid	(20,872,955)	(14,709,416)
	(72,186,886)	(69,735,318)
Net cash generated from operating activities	60,412,768	57,771,287
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment and intangible assets	(30,378,864)	(13,086,584)
Proceeds from sale of property, plant and equipment	179,266	241,347
Investment in preference shares	-	(99,000)
Net cash used in investing activities	(30,199,598)	(12,944,237)
Cash flows from financing activities		
Proceeds from/(Payment) of short-term bank loan	-	(2,688,200)
Payment of long-term loan	(5,833,955)	(5,653,890)
Payment of dividend	(30,381,750)	(26,330,850)
Payment of finance lease obligation	(483,089)	(663,359)
Net cash used in financing activities	(36,698,794)	(35,336,299)
Net change in cash and cash equivalents	(6,485,624)	9,490,751
Cash and cash equivalents as at 01 January	12,414,668	2,911,860
Effect of exchange rate fluctuations on cash held*	3,248	12,057
Cash and cash equivalents as at 31 December (Note 11)	5,932,292	12,414,668

* Comparative figures have been rearranged to segregate the effect of exchange rate fluctuations on cash held in foreign currency denominated bank account.

Grameenphone Ltd.

Notes to the financial statements

for the year ended 31 December 2018

1 Corporate information

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

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

2 Basis of preparation

These financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of Grameenphone and its investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 has been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 Investment in Associates and Joint Ventures. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2018. Hence, for understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the company on 27 January 2019.

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 judgements, 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.

Judgements

In the process of applying the accounting policies, management has made the following judgements, 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 17 to these financial statements.
2. The company has significant influence over Accenture Communications Infrastructure Solutions Ltd. (ACISL).
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 32.2 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 2018 will be declared by Finance Act 2019. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2018 as well.
2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at 31 December 2018.
3. Key assumptions about the likelihood and magnitude of outflow of resources have been used to recognise 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 pay 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 Cash and cash equivalents

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.

3.5 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 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. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. 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:

	2018 Years	2017 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	3-4
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 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.

3.6 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 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:

Software and others

Pulse Code Modulation (PCM)
Billing software
Other operational software
Network management software

Telecom licence and spectrum

Spectrum-2008
Telecom licence and spectrum -2011
3G licence and spectrum
4G licence and spectrum

2018	2017
Years	Years
5	5
5	5
3-7	3-7
7	7
18	18
15	15
15	15
15	N/A

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.

3.7 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 to exercise 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 individual financial statements until it is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

3.8 Financial instruments

IFRS 9 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 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on Grameenphone's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Trade receivables are classified as Financial assets measured at amortised cost.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Grameenphone measures loss allowances at an amount equal to ECL from trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Grameenphone considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Grameenphone's historical experience and informed credit assessment and including forward-looking information.

Grameenphone considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by Grameenphone to actions such as realising security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Grameenphone uses Lifetime Expected Credit Loss method for Trade receivables.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

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 effect 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
2018	40%
2017	40%

(b) Deferred tax

Deferred tax is recognised in compliance with IAS 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.

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 payables and others.

(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. These are disclosed in the notes to the financial statements.

3.13 Revenue from contract with customers

Grameenphone has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. Revenue was recognised when goods were delivered or services rendered, to the extent it was probable that the economic benefits from the transactions would flow to the company and the revenue could be reliably measured.

Nature of goods and services

The following is a description of the principal activities from which the company generates its revenue

(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 airtime balances are forfeited.

(b) Connection fees

A connection fee received in the beginning is not considered a separate performance obligation as the connection or SIM card is not a distinct goods or service that is delivered initially. 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 average expected lifetime of the customer i.e. four years.

(c) Commission income

The Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for other parties to provide goods or services. The Company's fee or commission might be the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

(d) Customer equipment

The company recognises revenue when it satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

(e) 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. Discounts are recognised when they are earned and not when they are awarded i.e. at the same time when the underlying services are delivered to which those discounts relate.

(f) Multiple element arrangements

Multiple element arrangements or bundled offers are sales arrangements that require the company to deliver more than one product and/or perform more than one service, often over an extended period of time. The characteristics of such arrangements mean that the company must determine if the different elements in a package can be separated from one another - i.e. can be considered distinct performance obligations. The total contract price is then to be allocated to the distinct performance obligations, and revenue is to be recognised in accordance with satisfaction of the performance obligations.

The transaction price is allocated to separate performance obligations in a contract based on relative stand-alone selling prices. The requirement to allocate revenue on a relative stand-alone selling price basis may result in similar goods and services (e.g. a particular customer equipment or a particular service plan) being allocated different amounts of revenue depending on how the products and service plans are bundled into the arrangement.

Stand-alone selling price for the equipment would be list-price when sold by the company on a stand-alone basis (not in a bundle). If the company does not sell the equipment separately, the stand-alone selling price is to be estimated.

(g) 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).

Contract Costs

Contract costs are costs that are incremental to obtaining a contract with a customer or costs that are directly related to fulfilling a specified contract with a customer (fulfillment costs). Incremental costs of obtaining a contract with a customer is recognised as an asset if the expectation is that the costs will be recoverable, except for incremental costs that would have been amortised in a year or less. These may be expensed as incurred.

Contract costs is capitalised as assets and amortised in a way that is consistent with the transfer of the related goods and services. Customer acquisition costs for Grameenphone includes SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

Management expects that customer acquisition cost are recoverable. In the comparative period, such costs were capitalised but to the extent of connection revenue earned. These costs are amortised over the average expected lifetime of the customer i.e. four years.

Determination of agent and principal

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, setting prices, form of consideration and exposure to credit risk. When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for the other party to provide those goods or services (i.e. the entity is an agent). 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.

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 fulfillment 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.

3.18 Changes in Significant accounting policies

3.18.1 IFRS 9 Financial Instruments

3.18.1.1 Nature and effect of changes

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using modified retrospective method. The company has determined that the application of IFRS 9 at 1 January 2018 does not result in any material adjustment.

3.18.2 IFRS 15 Revenue from Contracts with Customers

3.18.2.1 Nature and effect of changes

- (a) IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 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 superseded all current revenue related requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Grameenphone has adopted the new standard using the modified retrospective method.

Adoption of IFRS 15 does not have any significant impact in recognition of revenue for Grameenphone. 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 has now been deferred and recognised as contract cost based on the average expected lifetime of the customer i.e. four years.

Below is the summary of the impact of transition to IFRS 15 on retained earnings.

Retained earnings

Deferment of customer acquisition cost

Deferred tax expense

Net of tax impact

01 January 2018

BDT (000)

4,171,201

(1,493,052)

2,678,149

- (b) The following table summarises the impact of adopting IFRS 15 on the Grameenphone's statement of financial position as at 31 December 2018 and its statement of profit or loss and other comprehensive income for the year then ended for each of the line items affected. There is no impact of adopting IFRS 15 on Grameenphone's statement of cash flows for the year ended 31 December 2018.

Impact on the statement of financial position

As at 31 December 2018 in BDT (000)

	As reported	Adjustments	Amounts without adoption of IFRS 15
<u>Assets</u>			
Non-current assets			
Contact cost	4,438,240	(4,438,240)	-
Total non-current assets	125,344,674	(4,438,240)	120,906,434
Current assets			
Trade receivables and others	7,212,047	525,012	7,737,059
Total current assets	13,368,698	525,012	13,893,710
Total assets	<u>138,713,372</u>	<u>(3,913,228)</u>	<u>134,800,144</u>
<u>Equity and liabilities</u>			
Shareholders' equity			
Retained earnings	21,007,530	(2,396,654)	18,610,876
Total equity	42,367,082	(2,396,654)	39,970,428
Non-current liabilities			
Deferred tax liabilities	6,032,336	(774,857)	5,257,479
Total non-current liabilities	18,913,590	(774,857)	18,138,733
Current liabilities			
Current tax liabilities	27,550,278	(741,718)	26,808,560
Total current liabilities	77,432,700	(741,718)	76,690,982
Total equity and liabilities	<u>138,713,372</u>	<u>(3,913,229)</u>	<u>134,800,143</u>

Impact on the statement of profit or loss and other comprehensive income
for the year ended 31 December 2018 in BDT (000)

	As reported	Adjustments	Amounts without adoption of IFRS 15
Revenue	132,831,967	-	132,831,967
Operating expenses			
Cost of material and traffic charges	(7,329,552)	(67,486)	(7,397,038)
Sales, marketing and commissions	(13,475,388)	325,459	(13,149,929)
Operating profit	57,379,254	257,973	57,637,227
Profit before tax	55,589,198	257,973	55,847,171
Income tax expense	(20,429,314)	23,522	(20,405,792)
Profit after tax	35,159,884	281,495	35,441,379
Total comprehensive income for the period	<u>34,949,231</u>	<u>281,495</u>	<u>35,230,726</u>

4 Property, plant and equipment**31 December 2018**

Name of assets	Cost			Depreciation			Carrying amount
	As at 1 January 2018	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2018	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2018
	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	4,048,914	-	-	4,048,914	200,227	-	1,603,206
Base station	116,956,345	14,890,134	(1,187,413)	130,659,066	10,792,294	(1,185,162)	84,989,725
Transmission equipment	35,336,436	1,985,469	-	37,321,905	4,183,425	-	31,180,206
Computers and other IT equipment	7,102,203	996,526	(133,157)	7,965,572	871,469	(132,820)	6,061,439
Furniture and fixtures (including office equipment)	2,883,275	197,359	(65,787)	3,014,847	211,273	(63,588)	2,573,176
Vehicles	1,984,308	164,503	(313,404)	1,835,407	201,980	(237,536)	1,190,735
	169,118,531	18,233,991	(1,699,761)	185,652,761	16,460,668	(1,619,106)	127,598,487
Capital work in progress (Note 4.2)	8,984,311	16,145,019	(18,233,990)	6,895,340	-	-	-
	178,102,842	34,379,010	(19,933,751)	192,548,101	16,460,668	(1,619,106)	127,598,487
Fibre Optic Network under finance lease	10,136,149	248,833	-	10,384,982	560,318	-	5,558,977
	188,238,991	34,627,843	(19,933,751)	202,933,083	17,020,986	(1,619,106)	133,157,464
							69,775,619

4 Property, plant and equipment

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	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2017
	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	198,078	-	1,402,979
Base station	110,501,615	9,290,617	(2,835,887)	116,956,345	11,652,069	(2,691,591)	75,382,593
Transmission equipment	33,573,136	1,763,300	-	35,336,436	5,173,852	-	26,996,781
Computers and other IT equipment	6,440,528	722,620	(60,945)	7,102,203	843,947	(57,724)	5,322,790
Furniture and fixtures (including office equipment)	2,787,604	135,385	(39,714)	2,883,275	120,061	(39,714)	2,425,491
Vehicles	1,998,059	162,497	(176,247)	1,984,308	229,629	(128,125)	1,226,291
	160,158,649	12,074,418	(3,114,536)	169,118,531	18,217,636	(2,917,155)	112,756,924
Capital work in progress (Note 4.2)	9,306,246	12,125,457	(12,447,392)	8,984,311	-	-	-
	169,464,895	24,199,875	(15,561,928)	178,102,842	18,217,636	(2,917,155)	112,756,924
Fibre Optic Network under finance lease	9,267,245	868,904	-	10,136,149	510,540	-	4,998,659
	178,732,140	25,068,779	(15,561,928)	188,238,991	18,728,176	(2,917,155)	117,755,583
							70,483,407

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

	2018	2017
	BDT (000)	BDT (000)
Base station	14,890,134	9,290,617
Transmission equipment	1,985,469	1,763,300
Computers and other IT equipment	996,526	722,620
Furniture and fixtures	197,359	135,385
Vehicles	164,503	162,497
	18,233,991	12,074,419

Total transfer of CWIP during 2018 does not include any capital inventory write off/adjustment (2017: BDT 372,973,680).

4.2.2 Capital work in progress - components

Capital work in progress as at 31 December 2018 included capital inventory of BDT 3,495,069,519 (2017: BDT 4,002,677,696) and work-in-progress of BDT 3,400,270,450 (2017: BDT 4,981,632,920).

5 Intangible assets

31 December 2018

Name of assets	Cost			Amortisation				Carrying amount	
	As at 1 January 2018	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2018	As at 1 January 2018	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2018	As at 31 December 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	9,417,585	828,150	-	10,245,735	8,057,799	866,755	-	8,924,554	1,321,181
Telecom licence and spectrum (Note 5.2)	53,049,258	17,137,808	-	70,187,066	19,842,102	4,651,438	-	24,493,540	45,693,526
Capital work in progress (Note 5.3)	62,466,843	17,965,958	-	80,432,801	27,899,901	5,518,193	-	33,418,094	47,014,707
	663,056	17,599,777	(17,965,958)	296,875	-	-	-	-	296,875
	63,129,899	35,565,735	(17,965,958)	80,729,676	27,899,901	5,518,193	-	33,418,094	47,311,582

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
Capital work in progress (Note 5.3)	61,401,592	1,065,252	-	62,466,844	23,291,486	4,608,415	-	27,899,901	34,566,942
	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

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

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 effective from 11 November 2011. This 2G licence and spectrum was recognised in accordance with IAS 38 Intangible Assets and was measured at the cash equivalent price being the present value of the installments. 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.

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

Grameenphone acquired 5 MHz spectrum in 1800 MHz band for 15 years at the spectrum auction held by Bangladesh Telecommunications Regulatory Commission (BTRC) on 19 February 2018 and an approval for converting existing 22 MHz 2G spectrum to technology neutral spectrum for 8.75 years for BDT 12,849,500,000 and BDT 4,301,733,305 respectively. Grameenphone also obtained 4G/LTE Cellular Mobile Phone Services Operator Licence effective from 19 February 2018 from BTRC for BDT 100,000,000. The above fees are subject to 5.001% VAT. 60% of the spectrum cost was paid at the time of acquisition whilst the rest 40% is payable in equal four installments within the next 4 years. The above were recognised as intangible assets in accordance with IAS 38 Intangible Assets and measured at the cash equivalent price being the present value. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

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.

In accordance with the requirements of IAS 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 of 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 2018 and 31 December 2017.

7 Contract cost

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Opening balance	-	-
Adjustment on initial application of IFRS 15 as at 1 January 2018	4,171,201	-
Reclassification of deferred costs related to connection revenue	859,145	-
Additions during the year	2,193,703	-
Amortisation during the year	(2,785,809)	-
	<u>4,438,240</u>	<u>-</u>

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

8 Other non-current assets

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Input VAT claim (Note 8.1)	3,807,204	3,807,204
Security deposits for utility services and other investments	12,029	41,291
	<u>3,819,233</u>	<u>3,848,495</u>

8.1 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 45(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.

9 Inventories

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Handset, data card and other devices	89,437	323,169
SIM card	117,263	119,605
Scratch card	17,659	19,666
	<u>224,359</u>	<u>462,440</u>

9.1 Movement of inventories

	Handset, data card and other device BDT (000)	SIM card BDT (000)	Scratch card BDT (000)
Balance as at 1 January 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)
	<u>393,250</u>	<u>128,849</u>	<u>19,699</u>
Adjustment/write-off	(70,081)	(9,244)	(33)
Balance as at 31 December 2017 (Net)	<u>323,169</u>	<u>119,605</u>	<u>19,666</u>
Balance as at 1 January 2018 (Gross)	393,250	128,849	19,699
Purchase during 2018	74,300	437,131	143,976
Issue during 2018	(288,630)	(436,906)	(144,020)
	<u>178,920</u>	<u>129,074</u>	<u>19,655</u>
Adjustment/write-off	(89,482)	(11,810)	(1,995)
Balance as at 31 December 2018 (Net)	<u>89,438</u>	<u>117,264</u>	<u>17,660</u>

9.2 Number of inventories

	As at 31 December 2018 Units	As at 31 December 2017 Units
Handset, data card and other device	59,958	65,497
SIM card	5,320,908	5,847,659
Scratch card	142,477,556	134,522,778

9.3 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.

10 Trade receivables and others

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Trade receivables		
Trade receivables, gross (Note 39.1.2)	7,196,312	6,806,204
Impairment loss allowance (Note 39.1.3)	(1,763,556)	(1,718,669)
	<u>5,432,756</u>	<u>5,087,535</u>
Other receivables		
Receivables from employees	5,530	4,366
Other non-interest-bearing receivables	1,183,343	1,162,466
	<u>1,188,873</u>	<u>1,166,832</u>
Other non-financial assets		
Deferred costs related to connection revenue	-	859,145
Prepaid expenses	590,418	667,724
	<u>590,418</u>	<u>1,526,869</u>
Total trade receivables and other	<u><u>7,212,047</u></u>	<u><u>7,781,236</u></u>

10.1 Future minimum lease payments receivables

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

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
(i) Not later than one year	1,359,588	733,650
(ii) Later than one year but not later than five years	404,632	521,529
	<u>1,764,220</u>	<u>1,255,179</u>

11 Cash and cash equivalents

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Cash in hand	6,898	9,961
Cash at bank	5,925,394	12,404,707
	<u>5,932,292</u>	<u>12,414,668</u>

11.1 Restricted cash balance

Cash at bank as at 31 December 2018 includes BDT 25,893,574 (2017: BDT 18,982,159) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at 31 December 2018 includes BDT 111,272,241 (2017: BDT 102,840,174) equivalent to dividend unclaimed amount and BDT 12,761,511 (2017: BDT 12,777,564) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the Company until the dividend is claimed.

12 Net asset value per share

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Net Asset (BDT)	42,367,082,000	35,121,452,490
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	<u>31.38</u>	<u>26.01</u>

13 Share capital

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	<u>13,503,000</u>	<u>13,503,000</u>

The company was initially registered with ordinary shares of BDT 43 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.

13.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017	
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Telenor Asia Pte Ltd, Singapore	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, Grameenphone employees and institutional	10.0%	10.0%	1,351,252,000	1,351,252,000	28 October 2009
	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 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
1-500	24,438	23,964	4,658,294	4,618,667
501-5,000	5,680	5,250	9,108,800	8,443,991
5,001-10,000	492	450	3,557,895	3,271,249
10,001-20,000	252	238	3,591,203	3,392,632
20,001-30,000	82	76	2,020,320	1,846,202
30,001-40,000	40	56	1,392,897	1,954,986
40,001-50,000	33	22	1,544,832	1,013,502
50,001-100,000	82	65	6,194,611	4,664,490
100,001-1,000,000	120	115	36,400,256	36,535,713
1,000,001-1,000,000,000	21	28	1,281,830,914	1,284,558,590
	31,240	30,264	1,350,300,022	1,350,300,022

14 Share premium

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

15 Capital reserve

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

16 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.

17 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 1,153.60 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 17 Leases. There was no lease obligation as of 31 December 2018 for this FON (2017: BDT Nil).

	As at 31 December 2018	As at 31 December 2017
	BDT (000)	BDT (000)
Finance lease obligation	4,931,494	5,413,283
Less: Current portion (Note 22)	222,517	483,089
	<u>4,708,977</u>	<u>4,930,194</u>

	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 2018 were as follows:			
(i) Not later than one year	950,539	728,022	222,517
(ii) Later than one year but not later than five years	4,098,301	2,428,805	1,669,496
(iii) Later than five years	3,977,763	938,282	3,039,481
	<u>9,026,603</u>	<u>4,095,108</u>	<u>4,931,494</u>

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
	<u>10,264,078</u>	<u>4,850,794</u>	<u>5,413,283</u>

18 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 seven installments have been repaid since October 2015 and current outstanding loan balance is USD 103.50 Million (2017: 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 recognised at amortised cost as per IFRS 9 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings include part of the above long-term syndicated loan falling due for repayment in next 12 months and as at 31 December 2018 there was no short-term bank loan (2017: Nil).

19 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 35. 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 2018			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	57,247,222	39,078,610	18,168,612
Property, plant and equipment under finance lease (Note 4)	4,826,006	-	4,826,006
Difference for vehicle (Note 19.1)	(157,147)	-	(157,147)
			22,837,471
Telecom Licence, spectrum, software and others	47,014,707	43,256,103	3,758,604
Liabilities against Telecom Licence, spectrum, software and others	(4,743,695)	-	(4,743,695)
Trade receivables (Note 10)	(1,763,556)	-	(1,763,556)
Finance lease obligation including current portion (Note 17)	(5,068,060)	-	(5,068,060)
Other current liabilities (profit sharing plan)	(277,946)	-	(277,946)
Employee benefit plans (funded)	(1,599,122)	-	(1,599,122)
Contract Acquisition Cost (deferred)	1,937,143	-	1,937,143
Net taxable temporary difference			15,080,839
Deferred tax liability @40% tax rate (Note 3.11)			6,032,336
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 19.1)	(152,845)	-	(152,845)
			24,095,328
Telecom licence, spectrum, software and others	34,566,942	35,271,271	(704,328)
Trade receivables (Note 10)	5,087,535	6,806,204	(1,718,670)
Finance lease obligation including current portion (Note 17)	(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

19.1 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.

19.2 Actuarial gain/loss from re-measurement of defined benefit obligations

Deferred tax liabilities as at 31 December 2018 includes net deferred tax asset of BDT 311,021,604 (2017: BDT 170,586,508) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

20 Employee benefits

Amounts recognised in the statement of financial position

Defined benefit obligation	(3,996,695)	(3,598,814)
Fair value of plan assets	2,397,573	3,172,347
Net defined benefit obligation	(1,599,122)	(426,466)

Change in benefit obligation

Benefit obligation at end of prior year	(3,598,814)	(4,000,142)
Service cost	(585,485)	(285,354)
Interest expense	(245,781)	(265,560)
Benefit payments from plan assets	245,725	49,866
Benefit payments from employer	-	-
Settlement payments from plan assets	293,571	407,769
Remeasurements due to change in demographic assumptions	485	187,458
Remeasurements due to change in financial assumptions	113,634	566,007
Remeasurements due to experience adjustments	(220,031)	(258,858)
Defined benefit obligation at end of year	(3,996,696)	(3,598,814)

Change in fair value of plan assets

Fair value of plan assets at end of prior year	3,172,347	2,665,056
Interest income	196,365	184,254
Total employer contributions	-	-
(i) Employer contributions	40,000	512,994
(ii) Employer direct benefit payments	-	-
Benefit payments from plan assets	(245,725)	(49,866)
Benefit payments from employer	-	-
Settlement payments from plan assets	(293,571)	(407,769)
Remeasurements for return on assets (excluding interest income)	(471,842)	267,677
Fair value of plan assets at end of year	2,397,574	3,172,347

Fair value of plan assets

Cash and cash equivalents	255,673	780,000
Debt instruments	2,141,900	2,392,347
Total	2,397,573	3,172,347

Components of Defined Benefit Cost (DBO)

Service cost	585,485	285,354
Interest expense on DBO	245,781	265,560
Interest (income) on plan assets	(196,365)	(184,254)
Defined benefit cost included in profit or loss	634,901	366,659

Remeasurements (recognised in other comprehensive income (OCI))

Due to change in demographic assumptions	(485)	(187,458)
Due to change in financial assumptions	(113,634)	(566,007)
Due to change in experience adjustments	220,031	258,858
(Return) on plan assets (excl. interest income)	471,842	(267,677)
Total remeasurements in OCI	577,754	(762,284)

Total defined benefit cost recognised in profit or loss and OCI

1,212,655	(395,625)
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Net defined benefit liability (asset) reconciliation

Opening balance of net defined benefit liability (asset)	426,466	1,335,086
Defined benefit cost included in profit or loss	634,901	366,659
Total remeasurements included in OCI	577,754	(762,285)
Employer contributions	(40,000)	(512,994)
Employer direct benefit payments	-	-
Net defined benefit liability (asset) as of end of year	1,599,122	426,466

Expected cash flows for following year

Expected employer contributions

Expected total benefit payments

Year 1

Year 2

Year 3

Year 4

Year 5

Next 5 years

As at 31 December 2018	As at 31 December 2017
BDT (000)	BDT (000)
250,000	350,000
372,273	417,476
408,991	340,788
441,371	374,711
469,849	404,500
491,923	431,056
2,848,047	2,503,270

Significant actuarial assumptions

Discount rate in %

Future salary growth in %

Future turnover in %

Up to age 30

Age 31-45

Above 45

Expected average remaining working lives of employees

As at 31 December 2018	As at 31 December 2017
7.60%	7.25%
8.5%	8.5%
12.5%	12.0%
10.0%	10.0%
10.0%	10.0%
9 years	9 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 2018		As at 31 December 2017	
	50 bp increase BDT (000)	50 bp decrease BDT (000)	50 bp increase BDT (000)	50 bp decrease BDT (000)
Discount rate in %	(153,236)	164,034	(138,872)	149,007
Future salary growth in %	152,306	(143,802)	138,204	(130,214)

Significant characteristics of plan

Plan sponsor : Grameenphone

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
 - Up to 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

21 Other non-current liabilities

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Liability for spectrum acquisition	3,445,913	-
Asset retirement obligations (Note 21.1)	144,275	139,651
Other non-current liabilities	88,810	284,084
	<u>3,678,998</u>	<u>423,735</u>

21.1 Asset retirement obligations (ARO)

Opening balance	139,651	124,157
Provision made during the year	4,624	19,442
	<u>144,275</u>	<u>143,599</u>
Provision released during the year	-	(3,948)
Closing balance	<u>144,275</u>	<u>139,651</u>

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.

22 Trade payables and others

Financial liabilities

Trade payables including liability for capital expenditure	12,450,949	11,293,719
Accrued expenses	6,274,734	5,122,408
Finance lease obligation	222,517	483,089
Indirect taxes	1,766,718	1,645,305
	<u>20,714,918</u>	<u>18,544,521</u>

Other non-financial liabilities

Deferred connection revenue	581,943	953,712
Unearned revenue	5,096,476	4,727,146
	<u>5,678,419</u>	<u>5,680,858</u>

Total trade payables and others

	<u>26,393,337</u>	<u>24,225,379</u>
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23 Provisions

A provision is a liability of uncertain timing or amount. Grameenphone takes provision for those items for which it has obtained related goods or service but vendor is formally yet to bill it. The amount concerning provision is almost certain to both parties and uncertainties exist regarding the timing of billing by vendor. Provisions includes provision for BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.

24 Current tax liabilities

Movement of current tax liabilities is shown as under:

Opening balance	26,435,242	18,942,559
Provision made during the year including transactions for other comprehensive income	25,062,791	22,320,271
	<u>51,498,033</u>	<u>41,262,830</u>
Paid during the year (incl. tax deducted at source)	(20,872,955)	(14,709,415)
Provision released during the year	(3,074,800)	(118,173)
Closing balance	<u>27,550,278</u>	<u>26,435,242</u>

25 Other current liabilities

	As at 31 December 2018	As at 31 December 2017
	BDT (000)	BDT (000)
Accruals for profit sharing plan	277,946	236,591
Payable for bills pay receipts	541,580	694,199
Dividend unclaimed	111,272	102,840
Security deposits from subscribers and channel partners	491,614	455,709
Others	1,401,106	1,453,854
	<u>2,823,518</u>	<u>2,943,193</u>

26 Revenue

The following is an analysis of revenue for the year:

	2018	2017
	BDT (000)	BDT (000)
Revenue from contract with customers (Note 26.1)	131,192,070	126,700,355
Lease revenues	1,639,897	1,735,459
	<u>132,831,967</u>	<u>128,435,814</u>

26.1 Disaggregation of revenue from contract with customers**Type of goods/services**

Revenue from mobile communication (Note 26.2)

Revenue from customer equipment (Note 26.3)

Other revenues (Note 26.4)

Type of subscription

Prepaid

Contract

Other

Type of customer

Consumer

Business

130,789,466	123,716,181
193,589	2,475,132
209,015	509,042
<u>131,192,070</u>	<u>126,700,355</u>
125,758,921	118,904,772
5,030,545	4,811,409
402,604	2,984,174
<u>131,192,070</u>	<u>126,700,355</u>
114,450,582	108,810,530
16,741,488	17,889,825
<u>131,192,070</u>	<u>126,700,355</u>

26.2 Revenue from mobile communication

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

26.3 Revenue from customer equipment

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

26.4 Other revenues

This mainly includes revenue from commission and other income.

27 Cost of material and traffic charges

Traffic charges	6,054,085	5,599,981
Cost of materials and services	1,275,467	4,722,095
	<u>7,329,552</u>	<u>10,322,076</u>

Traffic charges mainly include national and international interconnection cost.

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

28 Salaries and personnel cost

28.1 Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense includes BDT 236,064,243 (2017: BDT 1,062,079,853) for voluntary retirement of 53 (2017: 276) employees during the year. The WPPF expense for the year ended 2018 is BDT 2,779,459,909 (2017: BDT 2,361,754,805)

28.2 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 2,313 as at 31 December 2018 and 2,397 as at 31 December 2017.

29 Operation and maintenance

	2018	2017
	BDT (000)	BDT (000)
Service maintenance fee	3,716,495	2,588,980
Vehicle maintenance expense	169,201	298,131
Other operation and maintenance	1,698,856	1,124,639
	<u>5,584,552</u>	<u>4,011,750</u>

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

30 Sales, marketing and commissions

Sales, marketing and representation costs	2,011,874	344,021
Advertisement and promotional expenses	933,273	867,029
Commissions	10,530,241	10,045,610
	<u>13,475,388</u>	<u>11,256,660</u>

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

31 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.

32 Other operating expenses/(income)

Consultancy and professional services (Note 32.1)	899,690	2,191,038
Statutory audit fees	2,500	2,500
Rental expense for property, plant and equipment	3,246,071	3,323,749
Fuel and energy costs	3,565,373	2,885,095
Impairment loss on trade receivables (Note 32.3)	156,711	1,013,599
Rental and other income	(169,435)	(285,721)
(Gain)/loss on disposal of assets	(98,609)	200,183
Others (Note 32.4)	789,212	1,580,786
	<u>8,391,513</u>	<u>10,911,229</u>

32.1 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.

32.2 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:

	2018 BDT (000)	2017 BDT (000)
(i) Not later than one year	1,419,077	1,398,676
(ii) Later than one year but not later than five years	1,640,144	-
(iii) Later than five years	1,087,890	-
	<u>4,147,111</u>	<u>1,398,676</u>

32.3 Impairment loss on trade receivables

Allowance for impairment of trade receivables during the year (Note 39.1.3)
Recovery of impaired trade receivables during the year

	189,529	1,043,747
	(32,818)	(30,148)
	<u>156,711</u>	<u>1,013,599</u>

Allowance for impairment has been made as per policy of the company mentioned in Note 3.8

32.4 Others

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

33 Depreciation and amortisation

Depreciation of property, plant and equipment
Amortisation of intangible assets

	17,020,985	18,728,176
	5,518,193	4,608,415
	<u>22,539,178</u>	<u>23,336,591</u>

34 Finance expense/(income)

Interest income
Interest expense
Net interest cost on defined benefit obligation
Other finance expenses

	(398,295)	(397,940)
	1,899,932	1,637,392
	49,415	81,306
	124,572	146,456
	<u>1,675,624</u>	<u>1,467,214</u>

35 Income tax expense

Current tax expense

Income tax expenses for the year (Note 3.11)
Provision released during the year

	25,062,791	22,378,805
	(3,074,800)	(118,173)
	<u>21,987,991</u>	<u>22,260,632</u>

Deferred tax expense/(income)

Deferred tax expense/(income) relating to origination and reversal of temporary differences

	(1,558,677)	(2,360,990)
	<u>20,429,314</u>	<u>19,899,642</u>

36 Earnings per share

Profit for the year (in BDT)
Weighted average number of shares (Note 36.1)
Basic earnings per share (Note 3.16) (in BDT)

2018 BDT	2017 BDT
35,159,884,215	27,422,648,473
<u>1,350,300,022</u>	<u>1,350,300,022</u>
<u>26.04</u>	<u>20.31</u>

36.1 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.

36.2 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.

37 Reconciliation of net operating cash flow

	2018	2017
	BDT (000)	BDT (000)
Profit after tax	35,159,884	27,422,648
Income tax expense	20,429,314	19,899,642
Profit before tax	55,589,198	47,322,290
Adjustment for:		
Depreciation & Amortisation	22,539,178	23,336,591
(Gain)/Loss on Sale of Fixed Assets	(98,609)	200,183
Finance (expense)/income, net	1,675,624	1,467,214
Other adjustments	242,757	797,609
	79,948,148	73,123,887
Changes in:		
Inventories	238,081	102,964
Trade receivables and others	569,189	(317,260)
Trade payables and others	2,293,247	(1,077,157)
Provisions	(350,849)	983,215
Other current liabilities	(119,675)	1,115,708
Cash generated from operating activities	82,578,141	73,931,357
Interest received	398,295	397,940
Interest paid	(1,690,713)	(1,848,595)
Income tax paid	(20,872,955)	(14,709,416)
Net cash generated from operating activities	60,412,768	57,771,287

38 Net operating cash flow per share

	2018	2017
	BDT	BDT
Net operating cash flow (BDT)	60,412,767,851	57,771,287,228
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net operating cash flow per share (par value BDT 10 each) (BDT)	44.74	42.78

39 Financial risk management

Company's financial risk management is governed by the Treasury Policy as approved by the Board of Directors. Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, 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.

39.1 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 the treasury department in accordance with company's policy. Minimising 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.

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

	As at 31 December 2018 BDT (000)	As at 31 December 2017 BDT (000)
Trade receivables	5,432,757	5,087,535
Other current receivables		
Receivables on Employees - Non-Interest Bearing	5,530	4,366
Other non-interest-bearing receivables	1,183,343	1,162,466
	1,188,873	1,166,832
Cash at bank	5,925,394	12,404,707
	12,547,024	18,659,074

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 3,421,019,962 as at 31 December 2018 (2017: BDT 3,933,867,239). The ageing of gross interconnection receivables as at the statement of financial position date was:

Not past due	1,426,591	1,873,714
0-30 days past due	84,882	105,118
31-60 days past due	130,538	93,520
61-90 days past due	26,218	16,738
91-180 days past due	67,230	61,994
181-365 days past due	46,470	274,309
over 365 days past due	1,639,091	1,508,474
	3,421,020	3,933,867

Other trade receivables (other than receivable from interconnection) as at 31 December 2018 was BDT 3,775,292,423 (2017: BDT 2,872,337,585). The ageing of other trade receivables as at the statement of financial position date was:

	As at 31 December 2018	As at 31 December 2017
	BDT (000)	BDT (000)
Not past due	788,038	1,235,127
0-30 days past due	1,968,223	969,906
31-60 days past due	229,882	134,581
61-90 days past due	97,177	79,869
91-180 days past due	158,100	131,537
181-365 days past due	208,166	193,687
over 365 days past due	325,706	127,631
	<u>3,775,292</u>	<u>2,872,338</u>

Total not past due trade receivables (gross) as at 31 December 2018 includes receivables of BDT 907,023,719 (2017: BDT 1,307,850,541) from customers against whom receivables of BDT 1,701,944,793 (2017: BDT 1,509,119,354) became over 365 days past due and provision for bad debt of BDT 1,489,213,132 (2017: BDT 1,471,401,591) provided against those customers. However, as per BTRC guidelines we are obligated to provide services to the inter connection service providers.

39.1.3 Movements in the allowance for impairment of trade receivables during the year was as follows:

Opening balance	1,718,669	997,093
Net remeasurement of loss allowance	189,530	1,043,747
	<u>1,908,199</u>	<u>2,040,840</u>
Amounts written off	(144,643)	(322,171)
Closing balance	<u>1,763,556</u>	<u>1,718,669</u>

39.1.4 Security against trade receivables

Good and secured	533,939	496,563
Good with personal security/unsecured	4,898,818	4,590,972
Impaired	1,763,555	1,718,669
Gross trade receivables	<u>7,196,312</u>	<u>6,806,204</u>
Impairment loss allowance	<u>(1,763,555)</u>	<u>(1,718,669)</u>
Trade receivables, net	<u>5,432,757</u>	<u>5,087,535</u>

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

Domestic	5,266,336	5,007,870
Asia	93,955	54,255
Europe	29,700	16,894
Australia	11,877	1,289
America	30,513	6,813
Africa	376	414
	<u>5,432,757</u>	<u>5,087,535</u>

392 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 minimises 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 2018

	Carrying amount BDT (000)	Maturity date	Nominal Interest rate	Contractual Cash flows BDT (000)	6 months or less BDT (000)	6-12 months BDT (000)	1-2 years BDT (000)	2-5 years BDT (000)	More than 5 years BDT (000)
Finance lease obligation (including current portion)	4,931,494	June 2027	15%	9,025,302	467,086	482,153	979,373	4,218,839	2,877,851
Loans and borrowings - long-term	2,894,157	April 2020	6-month-LIBOR+ 3.5%	2,973,938	-	-	2,973,938	-	-
Loans and borrowings - short-term									
Foreign	5,759,145	October 2019	6-month-LIBOR+ 3.5%	6,216,267	3,152,374	3,063,893	-	-	-
Local	-	-	-	-	-	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	12,450,949	December 2019	N/A	12,450,950	5,845,654	6,605,296	-	-	-
Accrued expenses	6,274,734	December 2019	N/A	6,274,734	2,611,951	3,662,783	-	-	-
Other current liabilities	2,823,518	December 2019	N/A	2,823,518	1,938,702	884,816	-	-	-
	<u>35,133,997</u>			<u>39,764,708</u>	<u>14,015,768</u>	<u>14,698,941</u>	<u>3,953,311</u>	<u>4,218,839</u>	<u>2,877,851</u>

As at 31 December 2017

	Carrying amount BDT (000)	Maturity date	Nominal Interest rate	Contractual Cash flows BDT (000)	6 months or less BDT (000)	6-12 months BDT (000)	1-2 years BDT (000)	2-5 years BDT (000)	More than 5 years 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									
Loans and borrowings - short-term									
Foreign	8,539,290	April 2020	6-month-LIBOR + 3.5%	8,994,784	-	-	6,069,094	2,925,689	-
Local	5,679,626	October 2018	6-month-LIBOR + 3.5%	6,358,585	3,215,578	3,143,006	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	11,293,719	December 2018	N/A	11,293,719	4,785,402	6,508,317	-	-	-
Accrued expenses	5,122,408	December 2018	N/A	5,122,408	2,919,773	2,202,636	-	-	-
Other current liabilities									
	2,943,193	December 2018	N/A	2,943,193	2,943,193	-	-	-	-
	<u>38,991,519</u>			<u>44,976,766</u>	<u>14,315,966</u>	<u>12,640,715</u>	<u>7,018,333</u>	<u>4,914,571</u>	<u>6,087,183</u>

39.3 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 2018					As at 31 December 2017				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivable from Telenor entities	242,930	-	-	-	-	196,036	-	-	-	-
Accounts receivable	311,378	-	-	-	-	177,722	-	-	-	-
Cash at bank	464,429	-	-	-	-	287,349	-	-	-	-
	1,018,737	-	-	-	-	661,106	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	(8,653,301)	-	-	-	-	(14,218,915)	-	-	-	-
Payable to other Telenor entities*	(1,113,078)	(3,460,100)	-	-	-	(1,573,605)	(2,187,195)	-	(2)	-
Trade payables and others	(340,676)	-	-	(47,476)	(957)	(351,527)	-	(9,695)	(64,750)	(924)
	(10,107,055)	(3,460,100)	-	(47,476)	(957)	(16,144,047)	(2,187,195)	(9,695)	(64,752)	(924)
Net exposure	(9,088,318)	(3,460,100)	-	(47,476)	(957)	(15,482,941)	(2,187,195)	(9,695)	(64,752)	(924)

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

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2018	31 December 2017
	BDT	BDT
US Dollar (USD)	83.59	82.69
Norwegian Kroner (NOK)	9.65	10.08
Great Britain Pound (GBP)	106.44	111.93
EURO (EUR)	95.61	99.45
Japanese Yen (JPY)	0.76	0.73

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points (bp) 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
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
31 December 2018				
Expenditures denominated in USD	(9,088)	9,088	(9,088)	9,088
Expenditures denominated in NOK	(3,460)	3,460	(3,460)	3,460
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	(47)	47	(47)	47
Expenditures denominated in JPY	(1)	1	(1)	1
Exchange rate sensitivity	(12,596)	12,596	(12,596)	12,596

31 December 2017

Expenditures denominated in USD	(15,483)	15,483	(15,483)	15,483
Expenditures denominated in NOK	(2,187)	2,187	(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

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 2018, the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2018	As at 31 December 2017
	BDT (000)	BDT (000)
Floating rate instruments		
<i>Financial liabilities</i>		
Loans and borrowings	8,653,301	14,218,915

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 2018 BDT (000)	As at 31 December 2017 BDT (000)
<u>Financial assets</u>		
Financial assets at amortised cost		
Trade receivables	5,432,756	5,087,535
Other receivables	1,188,873	1,166,832
<u>Financial liabilities</u>		
Other financial liabilities		
Finance lease obligation	4,931,494	5,413,283
Loans and borrowings – long-term	2,894,157	8,539,290
Liability for spectrum acquisition – long-term	3,445,913	-
Trade payables and others (except other non-financial liabilities)	20,714,918	18,544,521
Loans and borrowings – short-term	5,759,145	5,679,626
Other current liabilities	2,823,518	2,943,193

* The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair value.

Interest rates used to determine amortised cost

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

	2018	2017
Finance lease obligation	15.00%	15.00%
Liability for spectrum acquisition	8.50%	-
Loans and borrowings		
Foreign	6-month-LIBOR + 3.5%	6-month-LIBOR + 3.5%
Local	-	-

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

40 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 have been made in the objectives, policies or processes for managing capital during the year ended 31 December 2018.

41 Related party disclosures

During the year ended 31 December 2018, 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 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

41.1 Key management personnel compensation

	2018 BDT (000)	2017 BDT (000)
Short term employee benefits	681,048	552,806
Post employment benefits	58,682	58,122
Other long term benefits	27,339	18,893
	<u>767,069</u>	<u>629,821</u>

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 2018, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,325,562 (2017: BDT 1,296,122).

41.2 Debts due from and due to key management personnel

Attendance fees of Board of Directors which are not yet paid, includes BDT 4,458,119 as at 31 December 2018 (2017: BDT 3,729,456). 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 receivables and others may include receivables for providing mobile communication services to them.

41.3 Other related party transactions during the year

Name of related parties	Nature	Nature of transactions	2018 BDT (000)	2017 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	16,951,674	14,691,451
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	5	4
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	5	4
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	5	4
Grameen Telecom	Shareholder	Dividend payment	10,389,744	9,004,445
		Commission expense	187,144	190,755
Grameen Kalyan	Shareholder	Dividend payment	0.5	0.4
Grameen Shakti	Shareholder	Dividend payment	0.5	0.4
Accenture Communications Infrastructure Solutions Ltd.	Associate	Purchase of IT service, equipments and softwares	-	636,361
		Rental income and other income	-	(25,344)
		Investment in preference shares	-	99,000

Name of related parties	Nature	Nature of transactions	2018	2017
			BDT (000)	BDT (000)
Telenor ASA	Telenor group entity	Consultancy and professional service fee IT support cost	1,075,449 103,337	684,252 301,343
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	38,568	38,343
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	361,039	579,770
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	250,046	314,258
Telenor Digital AS	Telenor group entity	Consultancy and professional service fee	572,054	(99,136)
Telenor Health AS	Telenor group entity	Cost of service	30,619	42,399
Telenor Procurement Company	Telenor group entity	Cost of service	269,009	21,530
Telenor Norway	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(909) 10	(482) 216
Telenor Sweden	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(527) 4	(249) 72
Telenor Denmark	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	934 3	264 87
Telenor Hungary	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	(1) 2	(22) 0.4
Telenor Serbia	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	122 1	82 3
Telenor Montenegro	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	(2) 1	(3) 0.01
Telenor Bulgaria	Telenor group entity till 31 July 2018	Roaming revenue net of discount Roaming cost net of discount	(0.1) 0.2	(1) 1
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(1) 20	(4) 26

Name of related parties	Nature	Nature of transactions	2018	2017
			BDT (000)	BDT (000)
Telenor India	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	- -	21 (61)
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(468) 32	(102) (6)
Dtac Thailand	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(414) 1,388	(166) 724
Digi Malaysia	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(4,800) 341	(5,970) 2,019
SNT holdings	Joint venture of Telenor group till 30 June 2017	Revenue from mobile communication	-	(1,272)
VEON Ltd.	Associated companies of Telenor group till 7 April 2017	Roaming revenue net of discount Roaming cost net of discount	- -	(218) 36
Telenor Norge AS	Joint venture of Telenor group	Consultancy and professional service fee	159,694	-
Tapad Incorporation	Associated companies of Telenor group	Consultancy and professional service fee	62,397	-
Telenor Southeast Asia Investment Limited	Telenor group entity	Technical and Support Maintenance Fees	63,758	-
Telenor India Private Limited	Telenor group entity	Technical and Support Maintenance Fees	15,614	-
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products	300	734,076
Grameen Solutions Limited	Related to Grameen Telecom	Software solution and maintenance	400	-
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Consultancy and professional service fee	609	-

41.4 Receivables/(payables) with other related parties

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	<u>As at 31 December 2018 BDT (000)</u>	<u>As at 31 December 2017 BDT (000)</u>
Grameen Telecom	Shareholder	Accounts receivable Accounts payable	- (15,758)	3,170 (15,852)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable Accounts payable	6,360 (6,360)	26,149 (27,649)
Telenor ASA	Telenor group entity	Accounts receivable Accounts payable	11,371 (1,714,261)	- (2,102,569)
Telenor Consult AS	Telenor group entity	Accounts payable	(2,089)	(2,051)
Telenor Global Services AS	Telenor group entity	Accounts receivable Accounts payable	44,228 (57,517)	11,080 (38,343)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,499,612)	(1,317,342)
Telenor Go Pte Ltd.	Telenor group entity	Accounts receivable Accounts payable	50,191 (61,969)	50,191 (245,449)
Telenor Digital AS	Telenor group entity	Accounts receivable Accounts payable	3,290 (572,054)	1,131 -
Telenor Health AS	Telenor group entity	Accounts receivable Accounts payable	110,194 (15,661)	109,070 (17,212)
Telenor Procurement Company	Telenor group entity	Accounts payable	(348,551)	(21,530)
Telenor International Centre AS	Telenor group entity	Accounts receivable	-	12,324
Telenor Norway	Telenor group entity	Accounts receivable Accounts payable	1,291 (9)	270 (5)
Telenor Sweden	Telenor group entity	Accounts receivable Accounts payable	442 (1)	257 (6)
Telenor Denmark	Telenor group entity	Accounts receivable Accounts payable	319 (2)	62 (2)
Telenor Hungary	Telenor group entity till 31 July 2018	Accounts receivable Accounts payable	- -	28 (15,663)

Notes to the financial statements

Name of related parties	Nature	Nature of transactions	As at	As at
			31 December 2018 BDT (000)	31 December 2017 BDT (000)
Telenor Serbia	Telenor group entity till 31 July 2018	Accounts receivable	-	1
		Accounts payable	-	0.2
Telenor Montenegro	Telenor group entity till 31 July 2018	Accounts receivable	-	3
		Accounts payable	-	(0.8)
Telenor Bulgaria	Telenor group entity till 31 July 2018	Accounts receivable	-	0.1
		Accounts payable	-	(2)
Telenor Pakistan	Telenor group entity	Accounts receivable	1	0
		Accounts payable	(9)	(13)
Telenor India	Telenor group entity	Accounts receivable	3,616	3,616
Telenor Myanmar	Telenor group entity	Accounts receivable	5,959	59
		Accounts payable	(16)	(1)
Dtac Thailand	Telenor group entity	Accounts receivable	896	273
		Accounts payable	(431)	(434)
Digi Malaysia	Telenor group entity	Accounts receivable	9,139	4,387
		Accounts payable	(517)	(153)
Telenor Norge AS	Telenor group entity	Accounts payable	(159,694)	-
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(63,758)	-
Tapad Incorporation	Telenor group entity	Accounts payable	(62,397)	-
Telenor India Pvt Limited	Telenor group entity	Accounts payable	(15,614)	-
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Accounts payable	(81)	-
Grameen Solutions Limited	Related to Grameen Telecom	Accounts payable	(146)	-
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Accounts payable	(273)	-

41.5 Transactions with post-employment benefit plans, Workers' Profit Participation Fund and Workers' Welfare Fund

No other transaction incurred with defined benefit plan other than those disclosed in Note 20. During the year, BDT 487,102,883 (2017: BDT 516,587,186) was transferred to defined contribution plan, BDT 2,223,567,927 (2017: BDT 1,892,725,485) was transferred to Workers' Profit Participation Fund and BDT 277,945,991 (2017: 236,590,686) was transferred to Workers' Welfare Fund.

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

	2018	2017
	BDT (000)	BDT (000)
CIF value of imports		
Telecommunication equipment	9,836,198	6,019,419
Expenditure in foreign currency		
Consultancy fee	1,515,179	743,854
Consultancy fee - expatriate	250,046	314,258
Other fee (travel and training)	85,196	110,231
Technical know how	1,247,386	1,209,331
International roaming cost net of discount	37,450	48,522
Interest on foreign loan	687,374	852,166
Foreign earnings		
Revenue net of discount from roaming partners	(139,223)	(101,661)

43 Short-term credit facilities available as at 31 December 2018

The company enjoys composite working capital facilities, including both funded and non-funded facilities from 11 banks (2017: 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 41,118 million (2017: BDT 38,016 million) of which non-funded limit is BDT 23,031 million (2017: BDT 21,714 million) and funded limit is BDT 25,497 million (2017: BDT 24,202 million). The limits maintained with some banks are omnibus in nature.

As per the approval of the Board of Directors of Grameenphone, the total amount of short-term funded facilities is limited to BDT 25,500 million (2017: 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.

44 Commitments

	As at 31 December 2018	As at 31 December 2017
	BDT (000)	BDT (000)
Capital commitment (open purchase order) for Property, plant and equipment	3,485,181	3,381,325
Capital commitment (open purchase order) for intangible assets	228,923	67,683

The company as lessee has finance and operating lease commitments as disclosed in Note 17 and Note 32.2.

45 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 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

During 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. On 30 September 2018, BTRC filed an application for dismissal of the case without going into merit. The hearing of the application has not taken place yet.

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 provided feedback clarifying its position against the observations on 18 January 2018. Subsequently, on 26 August 2018, BTRC shared the full audit report for Grameenphone's feedback and Grameenphone responded to the same in September 2018.

(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 finalised 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 finalise 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 considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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. The Hon'ble High Court Division fixed the appeal for hearing which will be concluded as per accommodation of the court.

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. On 20 February 2018, Grameenphone filed appeal before the Customs, Excise and VAT Appellate Tribunal against the demand upon depositing 10% of the demand as appeal fee and considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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 replied to the show cause notice accordingly. Subsequently LTU-VAT issued notice fixing hearing on 1 January 2019, on that date Grameenphone sought time.

(c) VAT rebate on 2G licence renewal fee

Grameenphone was under legal obligation to deduct 15% VAT at source from the payments to any licencing 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 Licence Renewal when BTRC stipulated in Licence 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 Licence 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.

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 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.

Thereafter, the appeal was re-heard before the Hon'ble Customs, Excise and VAT Appellate Tribunal on 3 April 2018. Upon re-hearing, the Customs, Excise and VAT Appellate Tribunal upheld the demand of the Commissioner, LTU-VAT and issued its judgment on 11 April 2018. Subsequently, Grameenphone filed a VAT Appeal before Hon'ble High Court Division, challenging the said judgment of the Tribunal on 31 May 2018. On 10 July 2018, High Court Division stayed the judgment of the Tribunal till disposal of the VAT Appeal.

As per direction of the Hon'ble High Court Division Grameenphone has submitted the relevant documents. The Hon'ble High Court Division fixed the appeal for hearing which will be heard as per accommodation of the court.

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

There is a dispute regarding payment of VAT (whether inclusive or exclusive) on the Guaranteed Annual Rent (GAR) paid to Bangladesh Railway (BR) to use its Fibre Optic Network (FON) under an Agreement dated 17 September 1997. Grameenphone made payment to BR after deduction of VAT from the GAR following inclusive method. In 2008, BR requested Grameenphone to pay the amounts deducted as VAT otherwise threatened to disconnect the FON connection. Grameenphone filed a Writ Petition before the Hon'ble High Court Division (HCD) and HCD disposed of the Writ directing Grameenphone to pay VAT following exclusive method i.e. to be grossed up on top of GAR which was later on upheld by the Hon'ble Appellate Division (AD). BR issued a demand letter of BDT 319,670,457. Grameenphone paid the demanded amount on 10 January 2018 without prejudice to its right to file Review Petition before the AD and subject to adjustment, if any, as per the decision of the Review.

On 27 February 2018, BR made an additional demand of BDT 1,316,513,243 as interest for delayed payment of deducted GAR following the provisions of the agreement between Grameenphone and BR. Management's assessment based on external counsel's guidance is that interest should not apply during the period when the matter was sub-judice and BR's demand for principal amount was stayed by the Order of the Court. Pursuant to the said demand letter, on 24 May 2018, Grameenphone sent a letter to BR for resolution of the dispute by stating its legal position. Thereafter, BR refused the proposal for amicable resolution on 29 July 2018.

Now Grameenphone is assessing the merit of the claim and exploring appropriate step in this regard.

46 Other disclosures**46.1 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.

46.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 202nd meeting held on 27 January 2019 recommended a final cash dividend amounting to BDT 20,929,650,341 being 155% of the paid-up capital (i.e. BDT 15.50 per share) for the year 2018. Total cash dividend including this final cash dividend stands at 280% of the paid-up capital (i.e. BDT 28.00 per share) for the year 2018. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

46.3 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, if applicable, when they become effective.

(a) IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 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 15 at or before the date of initial application of IFRS 16; however, Grameenphone has not yet early adopted the new or amended standards in preparing these financial statements.

IFRS 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.

The most significant impact identified is that Grameenphone will recognise 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 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. No impact is there on Grameenphone's existing finance leases; where these will be reclassified as right-of-use asset.

As a lessee, Grameenphone can either apply the standard using a retrospective approach or modified retrospective approach with optional practical expedients. Grameenphone will apply the election consistently to all of its leases.

Grameenphone will apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings or right of use assets, as the case may be, 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 17, Grameenphone may elect, on a lease-by-lease basis, to apply a number of practical expedients on transition.

Grameenphone is currently assessing the impact of initially applying the standard on the elements of financial statements.

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 December 31, 2018

Range of Shareholdings	Number of Shareholders	Total Number of Shares	Percentage
001 to 500	24,438	4,658,294	0.34%
501 to 5,000	5,680	9,108,800	0.67%
5,001 to 10,000	492	3,557,895	0.26%
10,001 to 20,000	252	3,591,203	0.27%
20,001 to 30,000	82	2,020,320	0.15%
30,001 to 40,000	40	1,392,897	0.10%
40,001 to 50,000	33	1,544,832	0.11%
50,001 to 100,000	82	6,194,611	0.46%
100,001 to 1,000,000	120	36,400,256	2.70%
1,000,001 to 1,000,000,000	21	1,281,830,914	94.93%
Total	31,240	1,350,300,022	100%

4. Dividend

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2018	155% (Proposed Final Dividend)	15.50	10.00	Cash
	125 % (Interim Dividend)	12.50	10.00	Cash
2017	100% (Final Dividend)	10.00	10.00	Cash
	105% (Interim Dividend)	10.50	10.00	Cash
2016	90% (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

5. Credit Rating

The Company's credit rating was reaffirmed by Credit Rating Agency of Bangladesh Ltd. (CRAB) on 23 April 2018 and is valid up to 30 April 2019.

Long Term	Short Term
AAA	ST-1

6. Associate Company

Name of the Company

Accenture Communications Infrastructure Solutions Ltd.
(Formerly known as Grameenphone IT Ltd.)

Holding

49%

Activity

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 2018:

Month	DSE				CSE			
	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)
January	513.10	468.80	502.40	7464617	511.9	460.0	501.5	648,672
February	511.90	466.30	478.70	4231505	512.8	460.0	479.2	2,093,710
March	492.00	460.30	462.00	2984159	491.5	460.1	461.9	1,702,719
April	498.00	464.90	469.60	4616145	496.0	468.1	471.7	926,737
May	470.00	412.70	414.80	4250431	471.0	415.0	416.4	213,275
June	415.20	373.30	388.90	7343440	420.0	374.0	387.5	1,082,327
July	405.70	374.30	390.20	4888778	404.6	375.3	390.7	390,394
August	393.90	350.60	386.60	3043678	395.0	350.0	386.3	133,025
September	390.80	353.10	370.40	3105543	390.0	355.0	368.2	1,685,732
October	387.00	357.80	379.80	4136396	382.9	360.4	379.7	76,695
November	390.00	352.30	362.70	2529956	380.1	357.6	362.8	71,359
December	382.00	353.80	367.30	1939240	366.3	356.3	366.3	45,015
Total shares traded during the year				50,533,888	9,069,660			

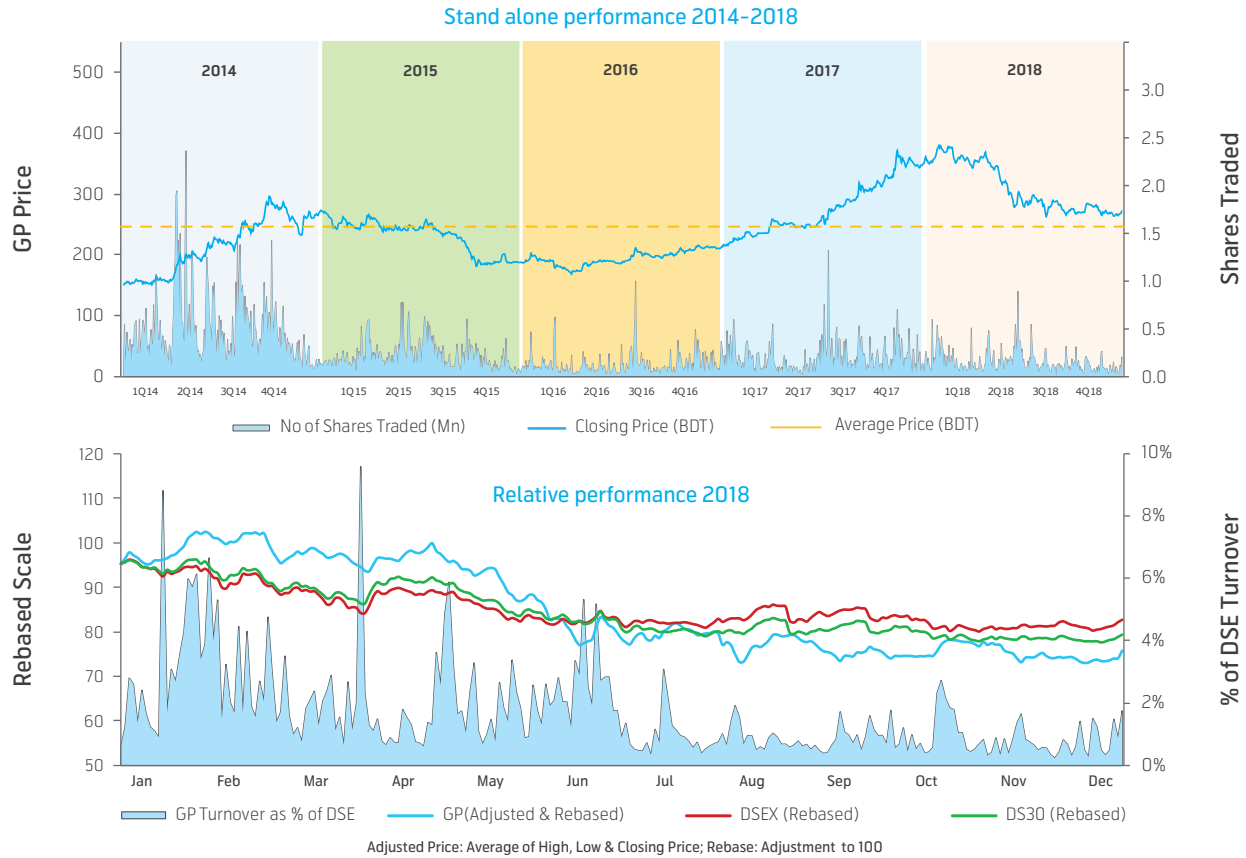
- II. Quarterly high-low price history of the Company's share traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2018 and 2017:

Period	DSE				CSE			
	2018		2017		2018		2017	
	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)
Quarter 1	513.10	460.30	334.5	281.5	512.8	460.0	333.9	282.0
Quarter 2	498.00	373.30	352.9	325.2	496.0	374.0	351.0	325.0
Quarter 3	405.70	350.60	435.0	335.0	404.6	350.0	444.0	345.0
Quarter 4	390.00	352.30	506.9	408.0	382.9	356.3	506.0	408.0

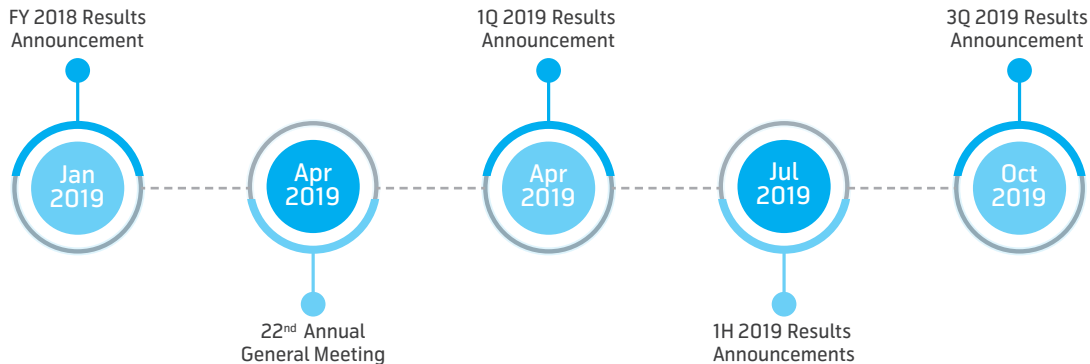
- III. Grameenphone Share Price Trend Year wise traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange during the year 2018 and 2017

	DSE		CSE	
	2018	2017	2018	2017
Highest Price (BDT)	513.10	506.9	512.8	506.0
Lowest Price (BDT)	350.60	281.5	350.0	282.0

IV. Grameenphone Share Performance in DSE: 2014 – 2018



8. Financial Calendar 2019



* 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 2018 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 +88 01711555888 or mail to Grameenphone Share Office at shareoffice@grameenphone.com

Useful Information for Shareholders

GLIMPSE OF 22ND ANNUAL GENERAL MEETING



Grameenphone Ltd.

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

Share Office: Cemex Shimul Trishna Trade Center (3rd Floor), Ka-86/1, Progoti Shoroni, Kuril Bishwaroad, Dhaka-1229

Notice of the 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of Grameenphone Ltd. will be held on **Tuesday, 23 April 2019 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 2018 together with the Auditors' Report thereon.
2. Declaration of Dividend for the year ended 31 December 2018 as recommended by the Board of Directors.
3. Election/Re-election of Directors.
4. Appointment of Statutory Auditors and Corporate Governance Compliance Auditor and fixation of their remuneration.

By order of the Board of Directors
Sd/-

S M Imdadul Haque
Company Secretary

27 March 2019

Notes:

- Members whose names appeared on the Members/Depository Register as on **"Record Date" i.e. 17 February 2019** are eligible to attend the 22nd 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 **Cemex Shimul Trishna Trade Center (3rd Floor), Ka-86/1, Progoti Shoroni, Kuril Bishwaroad, Dhaka-1229** no later than 72 hours before commencement of the AGM.
- Members/Proxies are requested to record their entry in the AGM well in time on **23 April 2019**. The registration counter will open at 9:30 am on the AGM date.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June 2018, the Company plans to send the Annual Report 2019 in soft form to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. Members are requested to update their email addresses through their respective Depository Participant (DP). However, printed copy of the Annual Report 2018 of the Company will be sent to the Members to their mailing addresses available in their BO accounts maintained with the Depository. The soft copy of the Annual Report 2018 will also be available in the Company website at: **www.grameenphone.com**
- In case of non-receipt of Annual Report 2018 of the Company sent through courier, Members may collect the same from the Company's Share Office within **22 April 2019**.
- Members are requested to submit to the Company's Share Office on or before **04 April 2019**, their written option to receive dividend. 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 utilises 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 minimise 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 **22nd Annual General Meeting** of the Company to be held on
Tuesday, 23 April 2019 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 2019

.....
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 **Cemex Shimul Trishna Trade Center (3rd Floor), Ka-86/1, Progoti Shoroni, Kuril Bishwaroad, Dhaka-1229** no 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 **22nd Annual General Meeting** of the Company to be held on Tuesday day, 23 April 2019 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.

Keep up to date with us



Follow us on Facebook
facebook.com/Grameenphone



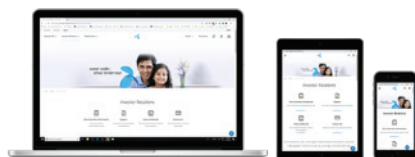
Follow us on Twitter
twitter.com/grameenphone



Visit our LinkedIn Company profile
linkedin.com/company/grameenphone-ltd



Visit our YouTube channel
youtube.com/user/grameenphone



www.grameenphone.com

Here you will find downloadable PDFs of:

- Annual Report 2018
- Proxy Form
- Notice of 22nd AGM

Grameenphone Ltd.

GPHouse

Bashundhara, Baridhara, Dhaka-1229, Bangladesh

Tel: +880-2-9882990, +88 01799882990

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