

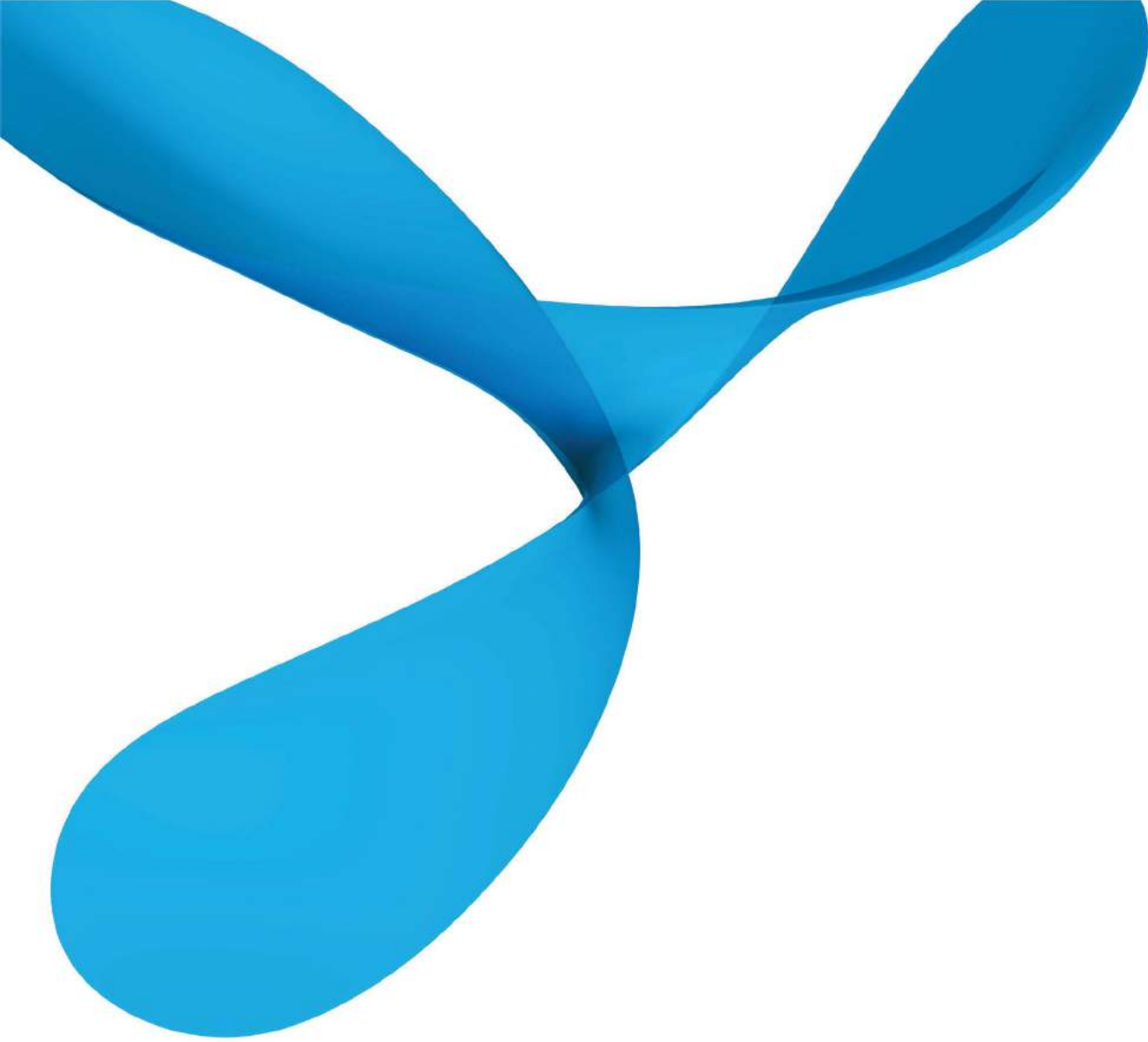
dream

=

reality



**ANNUAL
REPORT
2015**



WHAT IS THE DISTANCE BETWEEN A **DREAM** AND A **REALITY?**

With the advent and spread of Grameenphone 3G, today the distance between a dream and a reality has virtually disappeared. In Bangladesh, what was once a mere idea for an entrepreneur or an impossible thought for a rural farmer, is now achievable, thanks to the blessings of a super-fast 3G network.

Every day, Grameenphone network is creating enormous possibilities in the life of millions. And the conviction is, it will continue to do so in days to come.

WHAT'S INSIDE THIS REPORT

● OVERVIEW

An introduction to our report with a snapshot of our business, key events and achievements in 2015

02-09

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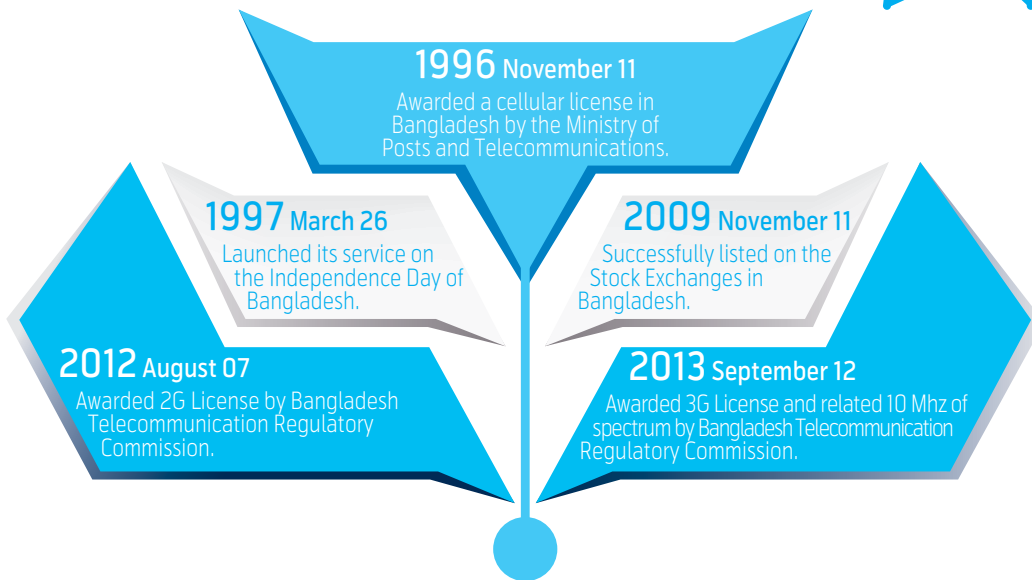
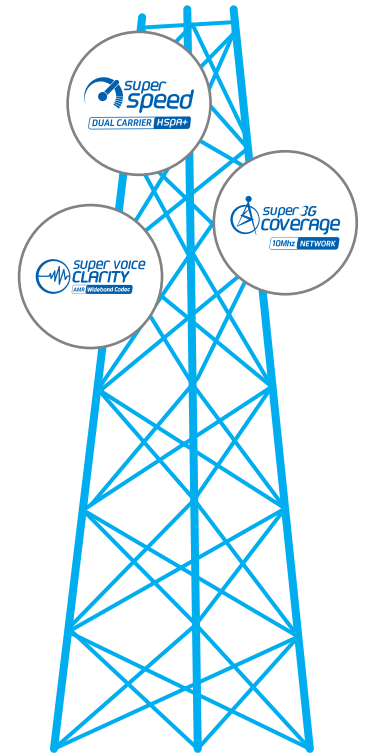
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THIS IS GRAMEENPHONE

By connecting 56.7 million subscribers and more than 43 thousand shareholders as of December 2015, giving people access to the internet and digital services, Grameenphone is enabling people to drive business, improve their lives and contribute to building a better future for society.



FASTEST GROWING DATA NETWORK

POPULATION COVERAGE
3G 2G
71.0% | 99.4%

5,487km*
FIBER NETWORK
NATIONWIDE

DELIVERING BEST CUSTOMER EXPERIENCE

56.7 MILLION SUBSCRIBERS

15.7 MILLION INTERNET SUBSCRIBERS

WIDEST NETWORK OF SERVICE TOUCHPOINTS

345,263
POINT OF SALES
NATIONWIDE

*It also includes fiber leased from other parties.

VISION, MISSION & VALUES

vision

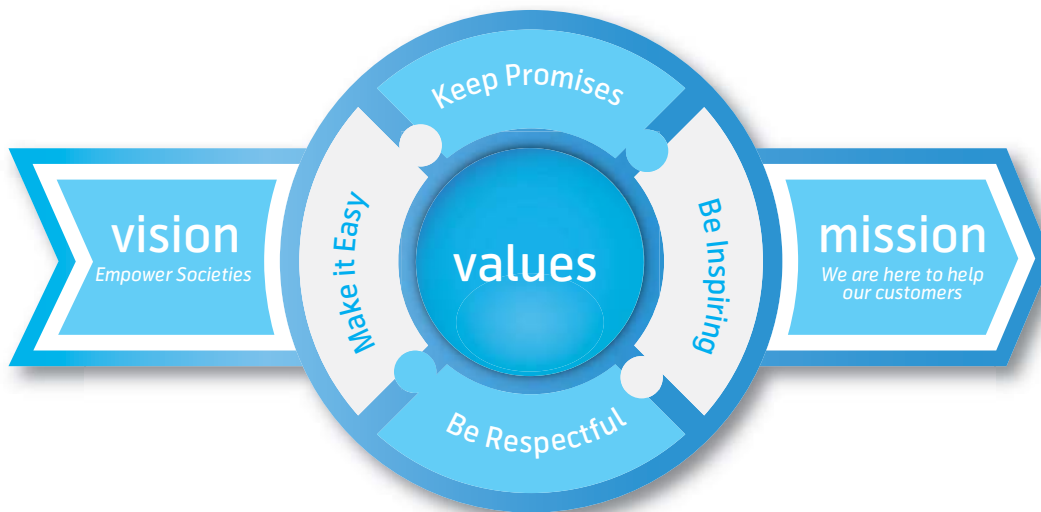
Empower Societies

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

We are here to help our customers

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

mission



values

Make it Easy

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

Keep Promises

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

Be Inspiring

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

Be Respectful

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

Overview

Business Performance

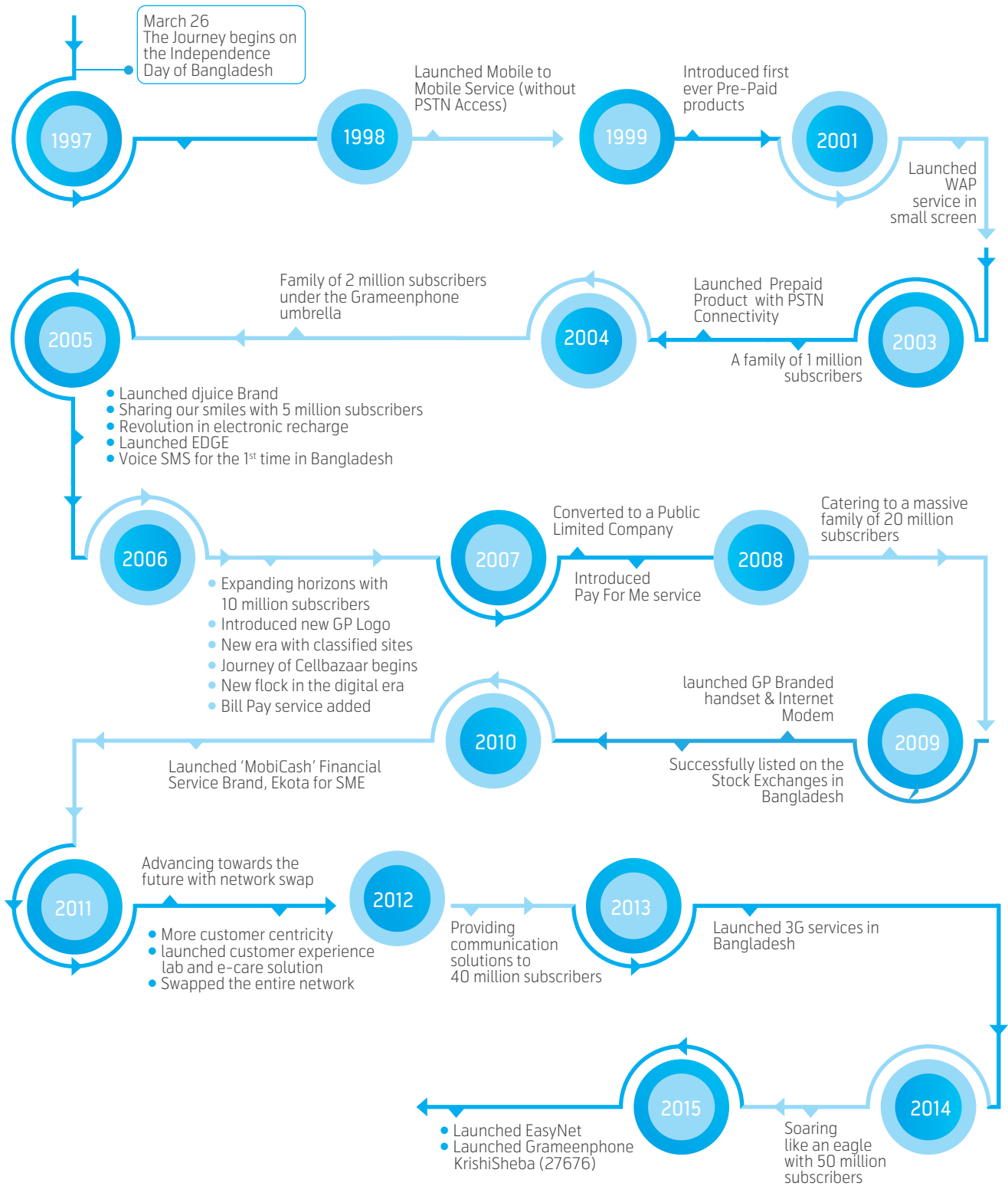
Sustainability

Governance

Financial Analysis

Additional Information

HISTORY & MILESTONES



PRODUCTS & SERVICES

PREPAID

Nishchinto | Bondhu | djuice | Apon | Shohoj | Smile
Spondon | Amontron | Village Phone | GP Public Phone | BPO
Internet SIM | Business Solution | Shofol | Ekota | My Zone
Emergency Balance | 1 Poisha offer | 25 Paise Offer | Bundles
Weekly Packs | Daily Pack | 11 Poisha Offer | Bondhu 27 taka
Super FnF Offer | 7 Paise Offer | STAR Bundle

ROAMING

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

INTERNET 3G

Volume Based Packs: (4 MB, 35 MB, 75
MB, 100 MB, 200 MB, 250 MB, 500 MB, 1 GB,
2 GB, Night 2GB, 4 GB, 8 GB, 12 GB, 20 GB)
Social Packs: (Facebook 1 Day, 7 Days, 14
Days, 28 Days) | **Video Packs:** (Weekly Video
pack, Daily Heavy Video pack, Daily Video
pack) | **Smart Plans:** (Smart Plan 299, Smart
Plan 499, Smart Plan 699)

DIGITAL SERVICES

GP Music | Comoyo | wowbox | My Contacts
Cobranded Opera Services | YouTube Pack
Data Sponsorship | GSMA Mobile Connect
Facebook Freebasics | Facebook Retail
Wikipedia Zero

POSTPAID

Xplore | Xplore Legend | Business Solution
Ekota | GP Public Phone | Internet
SIM Bundles | STAR Bundle

IOT M4D & DEVICE

Handset Feature Phone & Smartphone
(Android OS smartphone with renowned
brands, Apple iPhone) | **Tablets** of
renowned brands | **Internet & Connected
Device** 3G Modem, 3G Router, Wearables &
Accessories (Smartwatch etc)
Health line | MYSTUDY
GP Krishi Sheba

INTERNET 2G

3MB, 9MB, 60MB, 500MB
2GB, Heavy Browsing
Pay As You Go

ENTERPRISE SOLUTION

BlackBerry Service | Web Based SMS
Corporate Bulk SMS | Voice Message
Broadcast | Vehicle Tracking System | Team
Tracker | Buddy Tracker | Train Tracking
M-Reporting | GP-Connect M-Centrex
Local Toll Free Service | Go Broadband

ADJACENT BUSINESS

Infrastructure Services*
Mobile Financial Services**

VALUE ADDED SERVICES

Instant Messaging | Pay for Me SMS | Miss Call Alert | Call
Block | Mobile Email | Facebook/Twitter | Voice SMS | Voice
mail | SMS | MMS | Voice Chat | SMS Chat | Online Mobile
Games | Welcome Tune | Icche Tune | Music Radio | Video
Store | Audio-Video Content | News Alert | Job Alert | Sports
Alert | Election Information | Health Tips | Education Tips
Matrimonial Service | Religious Service | Muktijuddho Portal
(SMS service) | Entertainment Box | Downloadable Content
Infotainment | Quick Search | Business Tune

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

**Introduced different 'Financial Services' in electronic ticketing, bill collection, electronic lottery and partner bank services under the brand 'MobiCash'.

AWARDS 2015

A TESTAMENT TO GRAMEENPHONE'S **COMMITMENT** TO EXCELLENCE

Every award demonstrates our determination to deliver excellence and innovation. With a mission to exceed expectations, Grameenphone has achieved national and international recognition over and over again.

Grameenphone continued to achieve a number of prestigious awards in 2015, reflecting our undisputed leadership, transparency and accountability. We are humbled by the recognition and at the same time proud of what we have achieved. The confidence that our customers and shareholders have in us drives us to excel and to redefine boundaries. We dedicate the awards to our employees, customers, shareholders, regulators and other stakeholders who continue to make Grameenphone 'the best' in the market.

SAFA Best Presented Annual Report 2014

Won the award from the South Asian Federation of Accountants (SAFA) in recognition of our transparency, accountability and compliance with local and international standards.

ICAB Best Presented Annual Report 2014

Won the award from the Institute of Chartered Accountants of Bangladesh (ICAB) in recognition of our transparency, accountability and compliance with local and international standards.

Best Brand Award 2015

Bangladesh Brand Forum in partnership with world's leading brand research Company Millward Brown, awarded Grameenphone as the best mobile phone network brand and the 5th most powerful brand across all categories.

Telenor Group People Award 2015

Awarded the Telenor Group People Award 2015, which is an annual acknowledgment from the Group Executive Management, for GP's exemplary focus on corporate culture and engagement.



PERFORMANCE HIGHLIGHTS 2015

Figures in BDT

Overview

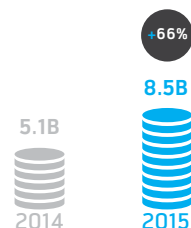
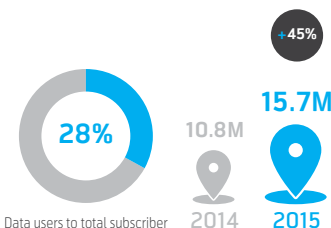
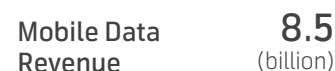
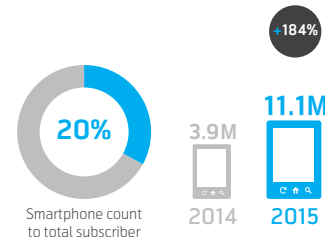
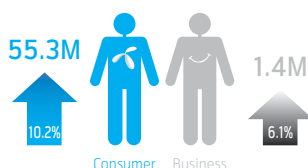
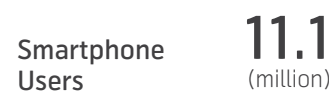
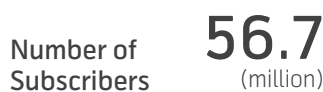
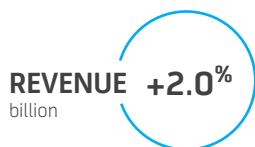
Business Performance

Sustainability

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Financial Analysis

Additional Information



NAV- Net Asset Value
NOCF- Net Operating Cash Flow

* Subscribers having at least 150KB data usage during last 3 months.





Passion



Profession

CORPORATE INFORMATION

COMPANY NAME

Grameenphone Ltd.

COMPANY REGISTRATION NO.

C-31531 (652)/96

BOARD OF DIRECTORS

Chairman

Sigve Brekke

Directors

M Shahjahan
Md. Ashrafur Hassan
Tore Johnsen
Parveen Mahmud
Hakon Bruaset Kjol
Hans Martin Hoegh Henrichsen
Pal Wien Espen

Independent Directors

Dr. Jamaluddin Ahmed FCA
Rokia Afzal Rahman

COMPANY SECRETARY

Hossain Sadat

AUDIT COMMITTEE

Dr. Jamaluddin Ahmed FCA (Chairman)
M Shahjahan
Tore Johnsen
Hossain Sadat (Secretary)

TREASURY COMMITTEE

M Shahjahan (Chairman)
Pal Stette
Dilip Pal
Imdadul Haque (Secretary)

HUMAN RESOURCES COMMITTEE

Hans Martin Hoegh Henrichsen (Chairman)
M Shahjahan
Mohammed Shariful Islam
Hossain Sadat (Secretary)

LEGAL FORM

A public listed Company with limited liability. Incorporated as 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.

HEALTH, SAFETY, SECURITY & ENVIRONMENT COMMITTEE

Hans Martin Hoegh Henrichsen (Chairman)
M Shahjahan
Mohammed Shariful Islam
Hasanur Rahman Rakib (Secretary)

MANAGEMENT TEAM

Rajeev Sethi, Chief Executive Officer
Dilip Pal, Chief Financial Officer
Medhat El Husseiny, Chief Technology Officer
Mohammed Shariful Islam, Chief Human Resources Officer
Yasir Azman, Chief Marketing Officer
Mahmud Hossain, Chief Corporate Affairs Officer
Nehal Ahmed, Head of Communications
Erlend Prestgard, Head of Strategy
Naser Fazley Azam, Head of Customer Experience & Service
Erwan Gelebart, Head of Mobile Financial Services
Kazi Mahboob Hassan, Head of Transformation

ACTING HEAD OF INTERNAL AUDIT

Hasan Faisal

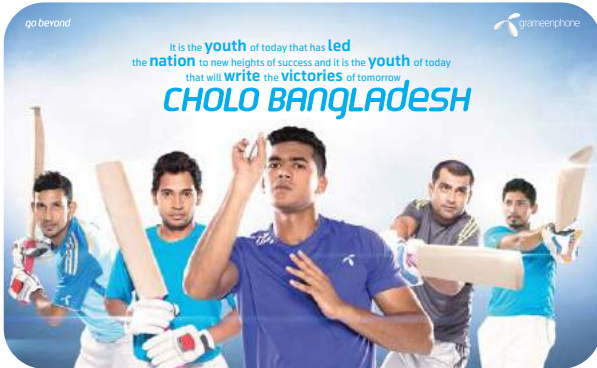
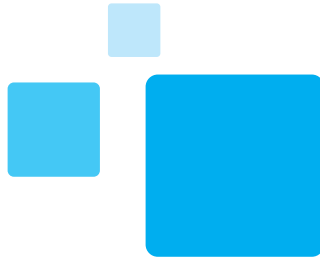
STATUTORY AUDITORS

Rahman Rahman Huq
Chartered Accountants

REGISTERED OFFICE

GPHouse
Bashundhara, Baridhara
Dhaka-1229, Bangladesh

BUSINESS HIGHLIGHTS 2015



1Q 2015

- Establishing clear focus on competitive pricing strategy, Grameenphone introduced the most attractive offers in the market and thus stimulated usage while allowing the customers to enjoy competitive rates. Accordingly, Grameenphone launched 1 Paisa/second offer to any local operator upon recharge of specific amounts.
- With an objective of absolute simplification, Grameenphone revamped its data portfolio with 7 exciting packs by merging 2G and 3G offers along with revision on price points.
- Consolidated top 5 popular Value Added Services (Welcome Tune, News, Sports, Religion and Health) under daily offer of BDT 1 only.
- Grameenphone celebrated Fan Day on the eve of the ICC world cup, across all the 64 districts of Bangladesh. It was designed to create moments for the cricket crazy fans to unite and cheer for the country under the slogan 'Cholo Bangladesh'.
- To increase readership among the people of Bangladesh, Grameenphone launched a mobile application for Alor Pathshala, an e-library with online version of Book Reading Programme run by Bishow Shahitto Kendro in collaboration with Grameenphone.



- Grameenphone observed encouraging growth in the data market and managed to cross BDT 2 Billion revenue mark for the first time in this quarter.
- SIM tax reduced to BDT 100 from BDT 300 in the National Budget of FY 2015-16.
- Introduced 'Flexi Plan' through which subscribers can make their own plan according to their needs of Internet, Talk-time, SMS and Validity. Subscribers can earn great savings opting to this customisation option in making bundle offers.
- Launched recharge based activation process, which made it easier for subscribers and retailers to activate internet and voice products in the easiest way only through recharging specific amounts.
- To stimulate internet usage among the subscribers, Grameenphone introduced daily and weekly social packs.
- With the ambition of spreading the reach of internet among the youth, i-Gen started for the 3rd time all over the country. It included road shows covering 2,000 schools and reached out to 870,000 students.

2Q 2015





- Government introduced supplementary duty of 3% on the services provided through SIM card.
- Bangladesh Internet Week 2015 was organised jointly by Bangladesh Association of Software and Information Services (BASIS), Grameenphone and ICT Division of the Ministry of Posts, Telecommunications and Information Technology. To spread the reach and strengthen internet awareness among the unconnected, IT Fairs were concurrently arranged in 487 Union Digital Centers across Bangladesh.
- Launched EASYNET; a platform to help the non-data users to take their first step. It was a simple internet product that allowed a customer to learn at no cost the WHAT and HOW of internet through video tutorials on any personal handset.
- To increase affordability and convenience, Internet scratch cards were introduced in the market. It was considered to be a great acquisition tool to penetrate internet using the retail channel.
- Launched Safe Internet Parents' guidebook, an easy-to-read guide with child-friendly illustrations. The guidebook was available both in Bangla and English.
- Grameenphone extended its support regarding extension of toll-free Child Help Line number 1098, a 24-hour telephone line that provides emergency support services to children at risk, as well as to adults who are concerned about certain children. This initiative was part of a wider global partnership between Telenor ASA and UNICEF.

3Q 2015



4Q 2015

- Grameenphone continued to lead the industry with HD Voice and Digital Clarity and double speed HSPA for excellent user experience in voice and data services. At the end of the quarter, total 2G sites stood at 10,068 while total 3G sites reached to 5,831.
- As a part of covering the remotest areas of Bangladesh, Grameenphone set up a 3G network site at Dohogram and connected the people to the cyber world under the first 3G site by an operator.
- Grameenphone brought in all the services and information at subscribers' fingertips by introducing a one stop solution by dialing *121# (USSD) or 121 (IVR) at free of cost through an easy to use self-care platform.
- To increase the postpaid subscriber base, Grameenphone launched a new plan based postpaid product (xplore) that allows subscribers to choose from alternatives during purchase.
- Grameenphone enriched its device portfolio with Apple's iPhone (6s & 6s Plus) with attractive offers including monthly installment, discounted internet browsing, free 01711 series special number along with 1 year Apple warranty facilities.
- Launched Grameenphone KrishiSheba (27676) to serve the needs of information access of farmers. The package knits voice based farm consultancy with information on agro-inputs to cover for the information gap in the rural and sub-urban areas.

CHAIRMAN & CEO MESSAGE


Sigve Brekke
Chairman




Rajeev Sethi
Chief Executive Officer

“**DURING 2015,** WE HAVE CONTINUED TO INVEST RESOURCES TO TRANSFORM THE COMPANY INTO A NEW GENERATION TELECOMMUNICATIONS COMPANY, **PUSHING BEYOND VOICE AND SMS.**”

Dear Shareholders,

In 2015, Grameenphone managed to deliver profitable growth despite considerable hurdles. GP observed gaining momentum of performance from third quarter revival from the headwind experienced from intense price competition and political turmoil during first quarter of 2015. In 2015, Grameenphone maintains market leadership with revenue crossing the BDT 100 billion mark, for the second year, and the subscriber count reaching more than 56 million.

Recording double digit growth in the subscription base, Grameenphone closed the year with 56.7 million subscribers. Favourable take up on usage stimulation campaigns with simplified offers throughout the year helped us add 5.2 million new subscribers. Managing this 10% subscription growth took the Company's SIM market share to a stable 42.4%. Across our portfolio, data reinforced our growth platforms in 2015. The Company made considerable progress in reaching its ambition of 'Internet for All' to more customers, fueling growth in data subscribers by 45% to 15.7 million, and an almost three-fold data volume growth during the year despite closure of Facebook and other social media platform for several weeks during fourth quarter of 2015. Throughout the year, we introduced affordable internet plans with flexible data packages, in addition to a wide range of smart phone bundle offers, for different customer groups to drive adoption and trigger data consumption.

The financial performance of the Company during 2015 were stable despite higher depreciation & amortisation as well as charging off one-time appeal payment related to the SIM replacement tax dispute. The Company ended the year on a positive note with revenue up 2% to BDT 104.8 billion. Data revenue growth of 66% and VAS growth of 31% were the main contributors during the year. Net profit after taxes for the period was BDT 19.7 billion with an 18.8% margin compared to BDT 19.8 billion and a 19.3% margin in 2014. Efficiency in operating expenditure managed to secure a healthy EBITDA (before other items) of BDT 56 billion with a 53.4% margin. Earnings per share (EPS) for the year stood at BDT 14.59.

During 2015, we have continued to invest resources to transform the Company into a new generation telecommunications company, pushing beyond voice and SMS. During the period, the Company invested BDT 19.3 billion to rollout more 3G sites, expand 2G coverage, enhance capacity to cater for higher data and voice volumes, as well as enhancement of IT infrastructure for better product and service offerings. As one of the largest contributors to the National Exchequer, Grameenphone paid BDT 5,113 crore, comprising 48.8% of total revenue, to the National Exchequer in 2015 in the form of taxes, VAT, duties and license fees.

We are pleased to report that for the financial year 2015, Grameenphone's Shareholders were rewarded with 80% Interim Cash Dividend while the Board of Directors has recommended 60% Final Cash Dividend, resulting in a total cash dividend of 140%, which represent 96% of the Profit after Tax for the year 2015, for Shareholders' approval.

Alongside our focus on financial results, Grameenphone

remains committed to its role in sustainable development of the country. By bringing 'Internet for All', and by developing relevant & essential digital services, we are helping to improve and empower societies. Besides, we are contributing towards greener and sustainable communities using connected devices and advanced control systems to reduce energy consumption at home, at work and in the public space. By leveraging our internet platforms for online education, we are spreading the light of education among underserved children across the country.

Grameenphone aims to be a digital frontrunner, taking a strong lead in developing and adapting new technology and delivering new services to its customers. We are further revamping our core business by introducing Programmes to provide superior service quality to our growing customer base, digitalising our value chain, improving our data service, and strengthening micro-capabilities for more effective and efficient market performance. To accomplish our ambition to acquire 50 million data customers on the Grameenphone network by 2019, the Company will remain focused on aggressive investments in data. We pledge to connect each person in Bangladesh through the Grameenphone network, providing seamless connectivity with world-class communication and internet services and thus truly epitomise our brand promise to enable customers to 'Go beyond'.

Looking ahead, Grameenphone is mindful of the challenges which lie ahead on many fronts; political and socio-economic situation, intense competitive environment, regulatory issues and industry evolution etc. Given our competent management and operational capabilities together with financial strength and network assets, we are confident that we would rise to the challenges and capitalise on them to face the transformation of traditional telecommunications in the digital world. However, to ensure business sustainability, we expect more favourable regulatory reforms in the coming years through a consultative and collaborative approach.

Having the right team is a key to success in our business. It is the commitment and dedication of our employees that has helped Grameenphone to achieve its goals and maintain industry leading position. We would like to take this opportunity to thank each and every one of our employees whose commitment, enthusiasm, professionalism and hard work made 2015 yet another successful year for the Company.

Our sincere appreciation is extended to our stakeholders for their firm commitment and dedication. As always, we are thankful of the continued support and confidence that you, our Shareholders, have placed on Grameenphone.

We sincerely look forward to welcoming you at our 19th Annual General Meeting (AGM).

February 07, 2016



Blackboard



Dashboard

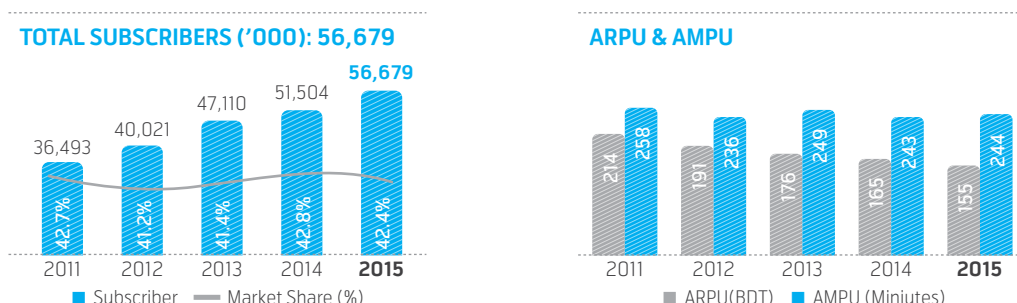
MANAGEMENT DISCUSSION & ANALYSIS

2015 Key Highlights

In 2015, Grameenphone recorded revenue growth of 2.0% over 2014 to BDT 104.8 billion (2014: BDT 102.7 billion), with net profits of BDT 19.7 billion (2014: BDT 19.8 billion). In line with its 'Internet For All' ambition, GP added 4.9 million mobile internet users in the year, increasing the total internet user to 15.7 million at the end of 2015. During the year, Grameenphone has increased its subscription base by 10.0% and invested more than BDT 19 billion in network mainly for 3G and 2G expansion and IT infrastructure enhancement. In addition, granular level monitoring of the operating expenses throughout the year enabled Grameenphone to extract 2.8% growth in EBITDA with healthy margin of 53.4%.

Grameenphone had a challenging start in 2015 with political turmoil and intense price competition. From Q2, Grameenphone observed gradual performance revival followed by gaining momentum in Q3 and onwards. Having comparatively slower performance in the first half of the year, Grameenphone successfully turned around in the second half. Throughout the year, Grameenphone concentrated its focus on simplified customer centric offers and services along with strengthening its data positioning through 3G coverage expansion that was reflected in the revenue performance.

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



Overall industry subscriber acquisition performance was slower during Q1 as impacted by the political turmoil. Afterwards, with the continued acquisition drive in market for the rest of the year, Grameenphone acquired 5.2 million (2014: 4.4 million) new customers in 2015, increasing the total subscriber base by 10.0% to 56.7Mn (2014: 51.5Mn) ensuring 42.4% subscriber market share.

In 2015, ARPU decreased by 6.2% at BDT 155 (2014: BDT 165), mainly due to competitive pressure on domestic voice pricing. With all the major operators playing with the promotional price offers, voice contribution on ARPU continued to be under pressure which was partly compensated by growth from data and VAS.

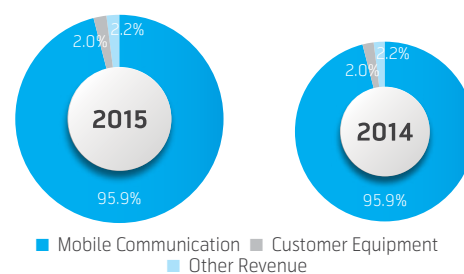
Revenue Performance

Total revenue reached BDT 104.8 billion in 2015 (2014: BDT 102.7 billion), with 2.0% growth over the previous year. This was mainly driven by growth in revenue from mobile communication and other revenues which includes telecom facility sharing and mobile financial services.

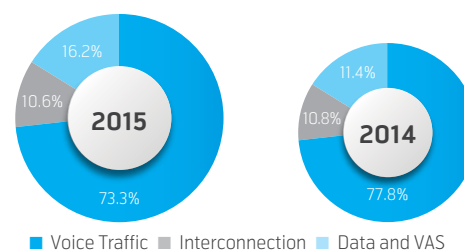
Revenue from mobile communication grew by 2.0% in 2015 to BDT 100.4 billion (2014: BDT 98.5 billion). The growth was mainly driven by data & VAS partly offset by voice. Interconnection revenue remained stable compared to 2014.

Data & VAS revenues increased by BDT 5.0 billion for the year to BDT 16.2 billion (2014: BDT 11.2 billion). At the end of 2015, data & VAS revenue accounted for 16.2% (2014: 11.4%) of mobile communication revenue. The growth in data revenue is mainly driven by 45.0% increase in mobile internet users with doubled mobile data usage. With extensive 3G investment activities along with radical simplification of data portfolio resulted in Grameenphone's widest 3G geographic as well as population coverage in the industry. In addition, Grameenphone sold over 850 thousand of smartphones and internet enabled handsets,

Revenue Composition



Mobile Communication Revenue Composition



which also had a positive impact on new mobile internet user addition and significant growth in data usage. With the continued momentum in data business, VAS revenue also increased in 2015, mainly from content services.

Voice revenue experienced 3.9% decline in 2015 despite 10.0% growth in subscription base. Intense price competition throughout the year characterized by the 1 paisa/sec and voice bundle offers impacted voice revenue growth in 2015 while usage per subscription remained stable compared to previous year.

Grameenphone observed stable interconnection revenue in 2015 compared to last year which was resulted from increase in incoming minutes from international operators, partly counter balanced by decrease in that from local operators.

Growth in other revenues came from telecom infrastructure sharing and mobile financial services.

Cost and Margin Review

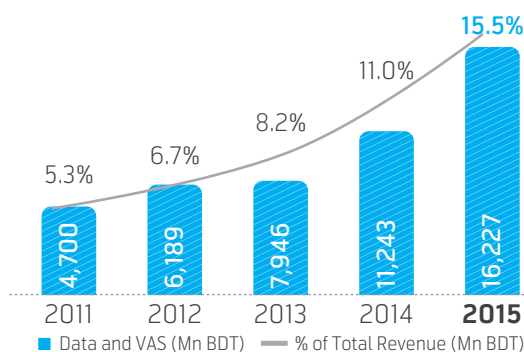
For the year 2015, Grameenphone's total cost base increased by 3.1% to BDT 67.8 billion (2014: BDT 65.8 billion), mainly due to higher depreciation & amortisation on account of higher investment and higher traffic related expenses, partly offset by reduction in operation and maintenance and lower subscriber acquisition cost. Like previous years, Grameenphone continued its focus on operational efficiency in 2015, which resulted in savings of BDT 2.1 billion. SIM tax reduction along with simplified market spending also had a positive impact on the operating expenses. On an underlying basis, operating expenses (excluding depreciation and amortisation) increased by 1.4% in 2015 compared to last year

As a result of the combined effect of revenue growth and efficient opex management initiatives throughout the year, Grameenphone managed to secure 2.8% growth in EBITDA over the previous year to BDT 56.0 billion (2014: BDT 54.5 billion) along with healthy EBITDA margin at 53.4% (2014: 53.0%).

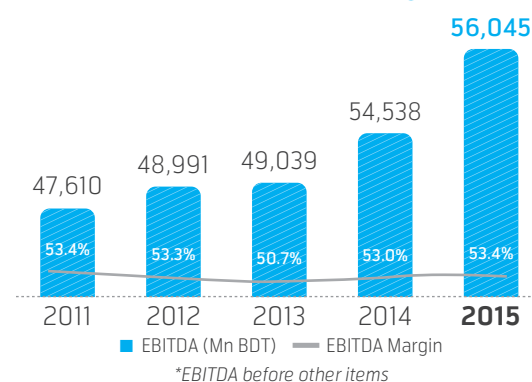
Profit After Tax

Profit after tax for 2015 stood at BDT 19.7 billion (2014: BDT 19.8 billion). Despite 1.5 billion growth in EBITDA, profit after tax marginally decreased by 0.5% from last year due to higher depreciation and amortisation resulted from higher investment during 2015 and higher income taxes resulted from one-off positive adjustments for prior years in 2014. Net profit margin for the 2015 stood at 18.8% (2014: 19.3%).

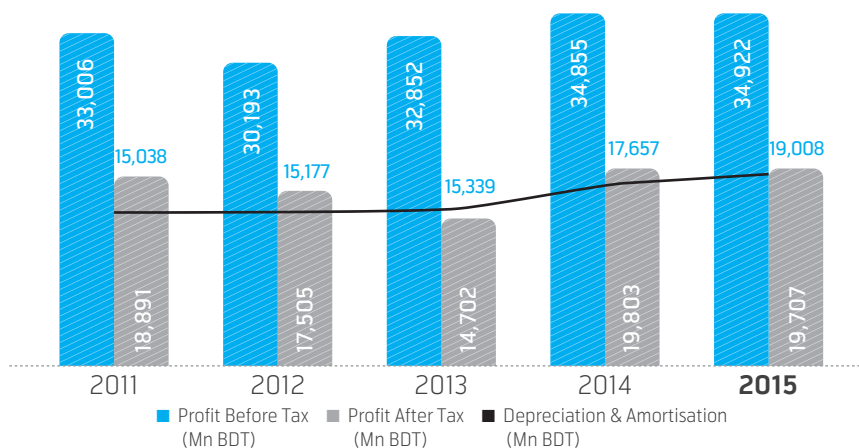
Data & VAS Revenue Contribution



EBITDA & EBITDA Margin

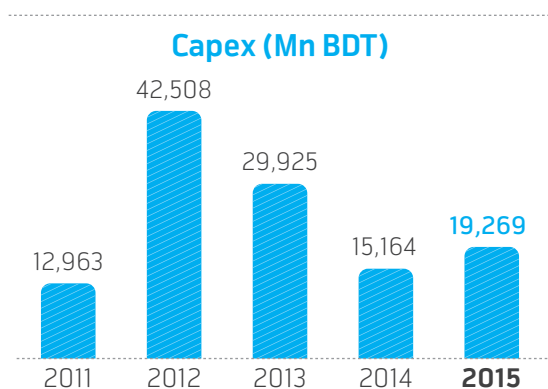


Profit Before Tax & Profit After Tax



Capital Expenditure (Capex) and Network Updates

In 2015, Capex amounted to BDT 19.3 billion (2014: BDT 15.2 billion) with capex to sales at 18.3% (2014: 14.8%). Majority of the investment was for the expansion of 3G and 2G coverage along with capacity up-gradation to cater higher data and voice traffic and also for the enhancement of IS/IT infrastructure to ensure superior customer experience through better products and service offerings. Grameenphone rolled out more than 3,000 3G sites along with more than 900 2G sites in 2015, increasing the 3G population coverage by 21.2 pp to 71.0% (2014: 49.8%). With 10,068 sites across the country, Grameenphone currently provides its telecommunication services across the country covering 99.4% of the total population of the country.



Balance Sheet

Total asset base increased to BDT 132.4 billion (2014: BDT 130.7 billion) mainly due to higher capex addition during 2015, partly offset by depreciation and amortisation.

Total liabilities increased during 2015 mainly due to increased pension obligations resulted from decline in discount rate and higher capex payable, partly offset by payments to vendors and repayment of first installment of long term loan from International Finance Corporation (IFC).

Total equity decreased to BDT 30.6 billion (2014: BDT 31.4 billion) due to payment of final dividend for the year 2014 and interim dividend for the year 2015 along with other comprehensive loss against pension obligations, partly offset by BDT 19.7 billion net profit generated from operations during the year 2015.

CORPORATE RESPONSIBILITY AT GRAMEENPHONE

The mobile industry has proven to have positive effects on economic and social welfare of Bangladesh. To extend the benefits of telecommunications, Grameenphone is committed to empowering the society with meaningful solutions that harness the power of internet and its robust 3G network. Along with realizing its ambition 'Internet for All', Grameenphone is enabling people to improve their lives through a number of CR (Corporate Responsibility) initiatives.



Online School-Quality education for left out children

With a view to improving access and quality of education for the underprivileged, Grameenphone in partnership with Jaago Foundation and Agni Systems Ltd. launched an online school in 2011. The online school is a unique idea where the teacher conducts class from a distant location using video conferencing technology with the aid of moderators in the actual class room. Currently, there are 693 students in 10 schools located in Gazipur, Gaibandha, Rajshahi, Madaripur, Bandarban, Teknaf, Rangpur, Dinajpur, Hobigonj and Laxmipur.

Online Child Safety-an eye opening study on Bangladeshi children

Along with its endeavor to spread the light of education across the country, Grameenphone is also working for online safety which is a big concern to many parents now. For the first time in Bangladesh, Grameenphone has started various initiatives to enlighten the parents and teachers who find it a real challenge to monitor and limit their children's online behavior while cybercrimes are increasing.

To find out the actual scenario of the young internet users in Bangladesh, Grameenphone conducted an Online Child Safety Study among a mix of 1500 urban and rural students. The study shows that more than 30 percent of these users have either been bullied on the internet or have received inappropriate messages. Though these incidents make the children highly uncomfortable, they share mostly with their friends rather than discussing it with their parents and teachers as 70% of the school children feel that their teachers or parents are not equipped to help them in online safety situations. As the youth will make up 85 percent of the internet users in the future, the study will help GP provide safe user experience to the young internet users in the country and will be an important step in understanding the challenges we face in building digital resilience among children. The Company has also published guidebook for parents both in Bangla and English about how they can keep their children safe online. This is a testimony of Grameenphone's tireless endeavour to conduct operations with utmost responsibility.



Safe Internet Workshop-Country wide awareness

As a part of its continuous endeavor to spread awareness among the parents and the children regarding safe use of Internet, Grameenphone has started a countrywide Safe Internet Workshop initiative in association with BRAC. Under this program, 470 workshops were arranged in 470 schools around the country.

Grameenphone also published a Safe Internet Guidebook for parents and distributed among the parents and teachers across the country.



Localizing Khan Academy-Access to a global classroom

To help the Bangla-speaking students enjoy the global classroom, Grameenphone has come forward to remove the language barrier by localising the contents of Khan Academy, world renowned digital learning organisation that provides 'a free, world-class education for anyone, anywhere'. These contents will help the Bangla-speaking population, around the globe, to study at their own pace in and outside of the classroom. It will also empower the teachers to better understand what their students are up to and how best to help them using modern technology that identifies strengths and learning gaps. Grameenphone partnered with Agami who has been working with Khan Academy since 2011 to localize Khan Academy.

Child Help Line 1098 extended to support more vulnerable children



To facilitate building a child-friendly nation that guarantees the rights and protection of all children, Grameenphone has partnered with UNICEF to support the extension of the 'Child Help Line-1098' in Bangladesh. The project is being administered under the overall guidance of UNICEF and the Ministry of Social Welfare and is part of a wider global partnership among Telenor ASA and UNICEF. The Help Line operates a 24-hour toll-free telephone line and provides emergency support services to children at risk. Grameenphone is supporting the extension of the child help line to 11 upazilas along with Dhaka and Khulna City Corporation.

Stakeholders' Dialogue-Journey towards sustainability

To devise a united way of work towards the betterment of society, Grameenphone engages with a wide variety of stakeholders including employees, customers, shareholders, suppliers, think-tanks and local communities. In 2015, Grameenphone organised a series of dialogue sessions about its role in the society, products and services and other issues. The inputs, received through the dialogues, will help the balance competing expectations, address issues in an informed way and, crucially, help the Company to improve its business. To offer a continuous and transparent tool for comparing the Company's performance, Grameenphone has also published and shared the Sustainability Report with the stakeholders.



Online Teaching Excellence Center

Online Teaching Excellence Centre-quality education for anyone, anywhere

Grameenphone treads into virtual education with the launch of the Online Teaching Excellence Centre (OTEC), a knowledge sharing hub which enables increased reach throughout the nation using internet. This platform brings together teachers from various reputed educational institutions- who deliver lectures on different subjects.

Digitizing school monitoring System-Strengthening evaluation

To strengthen the school monitoring system through digitization of the existing monitoring process of the Directorate of Primary Education (DPE), Grameenphone has joined hands with Save the Children to create an android-enabled school monitoring application, in collaboration with the monitoring and evaluation section of DPE. As a part of digitizing school monitoring System, the Upazila Education Officers have been equipped with Tabs and internet connections to report online.

Sustainable Development Goals

Grameenphone supports the UN in spreading the word on the 17 Global Goals, with the ambition of making (a selection of) them understood and meaningful for our end customers and employees linking the campaign to Grameenphone - in line with our vision of Empowering Societies, Internet for All agenda and our Sustainability initiatives.

Grameenphone supports the world leaders pledging to reach the new sustainable development goals. Learn about the goals at www.globalgoals.org/now.



CLIMATE CHANGE GREEN ENDEAVOR FOR GREEN BUSINESS OPERATION

Our Climate is changing very fast and affecting the earth adversely with its consequences. As a responsible business entity, Grameenphone is highly focused on the continuous deployment of enhanced sustainable solutions for energy efficient and environment friendly networks. The Company has an environmental roadmap which aims to promote a low-carbon society, and the first priority is to take responsibility for the CO₂ emission generated by its own operations. Grameenphone has set a target of reducing 30% carbon emission intensity (CO₂) within 2017 from the business considering 2011 as the baseline. In this regard, Grameenphone has deployed solar power solutions in large scale which is contributing to achieve that target. With the growing trend of increased price of grid electricity and diesel, Grameenphone has now focused on deploying solar in the grid connected sites also. The Green Door of Green Energy is open now for the Green revolution by 'Building a Greener Network' with a business viable mode to gain long term sustainability. To build a low carbon sustainable network, Grameenphone swapped its core and base station equipment with more energy efficient modern equipment; approx. 43% energy and emission savings over previous systems along with more space efficiency.

As a continuation of this environmental roadmap, in the year 2015, Grameenphone took the below major climate change initiatives:

Green Initiatives:

A. Carbon (CO₂) emission reduction

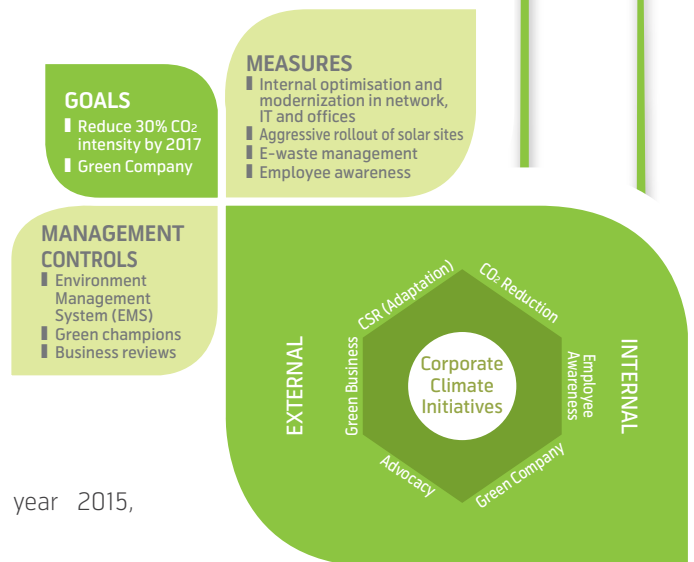
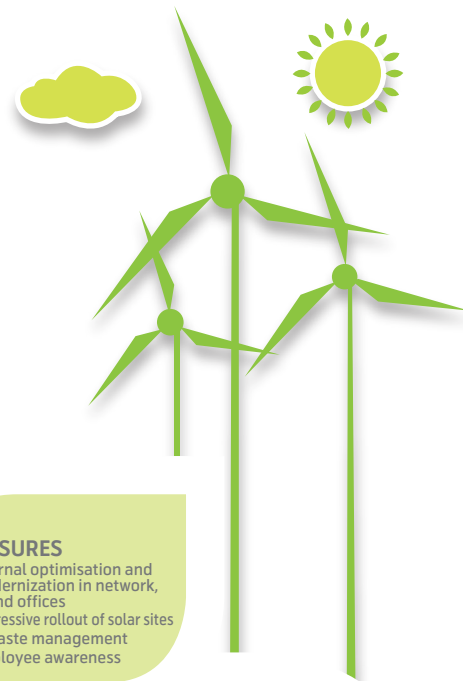
Core Site Consolidation and Optimisation Project (NANO Project)

The NANO project started with the aim of consolidating and optimising the core locations to reduce power and fuel consumption and thus achieve significant carbon reduction. Replacing 22 locations with 9 that are energy-efficient, have higher capacity and a smaller footprint using modern equipment has saved approximately 11 GWh of electricity and 369,000 liters of fossil fuel, which translates to a reduction of around 5,960 tons of CO₂ per year. In the past years we have consolidated and optimised 12 sites. In 2015, we have vacated 1 more switch site under this NANO project, which has saved 4,368 liters of fossil fuel, 1.65 GWh of electricity and more than 1 thousand tons of CO₂ emission.

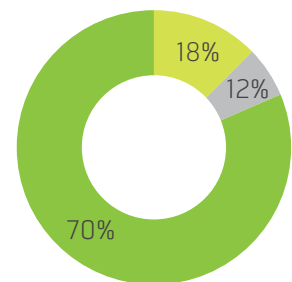
Solar Powered BTS

To deal with the energy crisis in Bangladesh, Grameenphone initiated the renewable energy project in 2007 to ensure uninterrupted voice and data communication services to its customers.

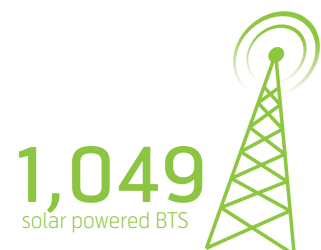
As of now, total 1,049 Grameenphone base station sites are running on solar power. In 2015 alone, Grameenphone has deployed solar power at 447 sites. These solar powered base station sites reduce consumption of around 800,000 liters of fossil fuel and more than 2,400 tons of CO₂ emission annually.



Use of Energy



■ Networks ■ Transport ■ Office



Site Management Unit (SMU)

Site Management Unit is a device invented by two Grameenphone engineers, primarily to control access at base station sites, however, the SMU letter became a smart solution to control all passive elements remotely located at large number of base station sites across the country. As an outcome of this solution, in addition to other different operational efficiency gains, physical site visits for various activities like generator health checkup, battery condition checkup etc. can be avoided significantly. In 2015, Grameenphone has installed SMU in more than 7,000 sites in its network, which has helped eliminate 907,360 KM of travel and 181 tons of CO₂ emissions annually.

Project LED Lights

The first phase of the Project LED Lights was to replace all CFL lights by LED lights at Nitol Niloy Tower (Call Center). Total 850 CFL lights have been replaced with LED lights which will save around 96.80 MWh electricity and 58 tons of CO₂ emission annually. The target is to cover all regional offices and GPHouse by 2016.

MoU with RenCat Aps, Denmark for fuel cell solution

In July 2015, Grameenphone signed a Memorandum of Understanding (MoU) with Denmark-based RenCat Aps that is developing a patent pending fuel processing technology to process Ammonia to Proton Exchange Fuel Cell grade hydrogen without using a palladium membrane. Under this MoU, Grameenphone will help RenCat to further develop and mature its unique energy efficient solution which will reduce Carbon emission significantly, compared to existing diesel generator based solutions.

B. Green Company

E-waste management: Agreement signed and recycling started

To recycle all the e-wastes generated since the inception of the Company, a project titled "Eraser" has been initiated in 2015. In this regard, a tri-party agreement has been signed on 31st March'15 and handover of e-waste started from 1st August'15. As of today more than 179 tons of e-waste (GSM and microwave antennas and other electronic accessories) have been handed over to the recycle partners. As part of this recycling process, all hardware, except the circuit boards have been recycled to recover the constituent iron, aluminum, stainless steel, copper, and plastic for reuse. The circuit boards have been exported to vendor facilities to recycle through electronic waste treatment.

The materials are being recycled in Bangladesh and abroad in accordance to ISO 14000, OSHAS 18000, and R2 standards.

Secondary Containment Solution for Generator Fuel Tank

As a part of preserving the natural resources and prevent water & soil pollution from petroleum contamination, Grameenphone has initiated a project 'Secondary Containment Solution' for generators' fuel tanks in 2015. A secondary containment system provides an essential line of defense in the event of a failure of the primary containment and eliminates the risk of environmental contamination. This solution has been implemented in all the 1,802 generator sites all over the country.

C. Green Services

Paper savings through e-bill

Grameenphone introduced electronic bill service in 2009. Starting with only 4,000 subscribers, it has gained popularity over the years. Recently, the total e-bill subscriber base reached the 100 thousand milestone. The e-bill service provides various advantages. It is the fastest and most secure way for subscribers to receive monthly mobile bills. It also enhances efficient operation in bill distribution by Grameenphone. Most importantly, approximately 250 trees have been saved per year since this service was initiated.

D. Initiatives undertaken for awareness/consciousness purposes

Awareness Programs

Grameenphone always encourages and promotes various internal awareness programs as well as advocacy programs with many external stakeholders. A few such initiatives, held in 2015, are: Sponsorship National Environment fair, Celebration of Earth Hour 2015, participation in a round table discussion arranged by French Embassy in Dhaka etc.

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SUPPLY CHAIN SUSTAINABILITY

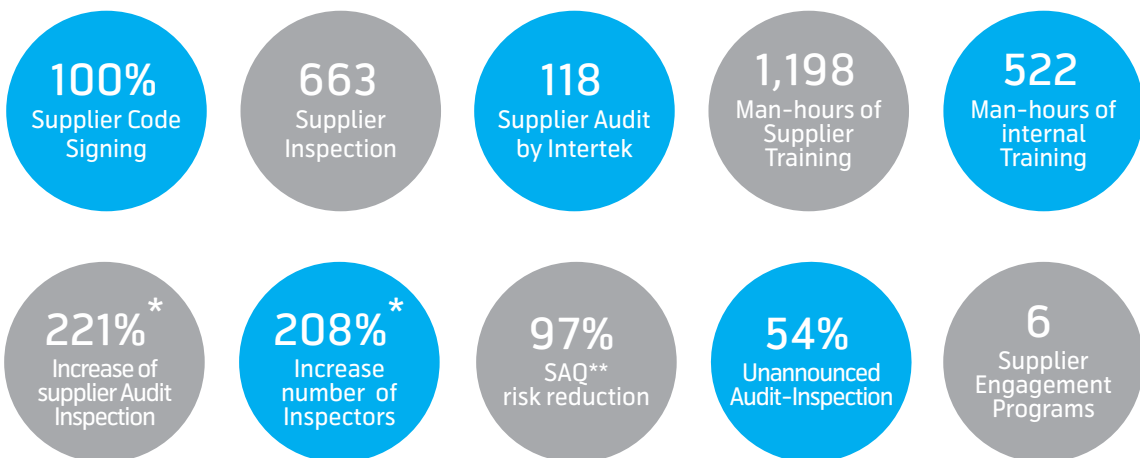
As a socially responsible Company, Supply Chain Sustainability is one of the key elements of Grameenphone’s corporate culture, governance as well as business strategies that strive for higher labour standards and continuous improvement in its own operations and throughout its entire value chain. Grameenphone, with its vigilant and systematic efforts aims to empower society by creating shared value and ensuring responsible business practice within its supply chain. The key objective of supply chain sustainability is to create, protect and grow long-term social, environmental, and economic value for all the stakeholders involved in bringing products and services to the market.

As a part of our sustainable supply chain strategy, we require our suppliers to meet the high standards we set for ourselves. Grameenphone ensures that all of its contractual suppliers and value chain partners are committed to follow a set of Supplier Conduct Principles (SCP), which is in line with ILO conventions and United Nation Global Compact emphasizing on human rights, health and safety, labour rights, environment and anti-corruption. Grameenphone has signed 1,006 ‘Agreements on responsible Business Conduct’ (ABCs) covering 100% of its suppliers and partners. In 2015, Grameenphone carried out 118 supplier audits by its auditing partner Intertek and 658 inspections across the country by its internal inspectors based on a structured risk assessment framework. 54% of these supply chain monitoring activities were unannounced to capture the real and actual context of the suppliers.



To build the capacity of the suppliers, Grameenphone organised two (2) supplier engagement programmes in 2015. In collaboration with Unilever and Robi, Grameenphone organised ‘Capacity Building Program for OOH (Out of home) Suppliers to enhance the functional health-safety knowhow of concerned OOH suppliers of the industry. Our ‘Annual Supplier Development 2015’, a session on sustainability focusing practical instances, was attended by 350 active suppliers of Grameenphone. To recognise and motivate the superior supply chain performances and inspire others towards sustainability excellence, Grameenphone also presented ‘Value Chain Excellence Award 2015’ to four (4) suppliers and three (3) inspectors of Grameenphone.

Grameenphone’s ambition is to make an impact to empower the society through its consistent sustainability efforts. 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.



* Compared 2014 SCS operation | **SAQ means Self-Assessment Questionnaire



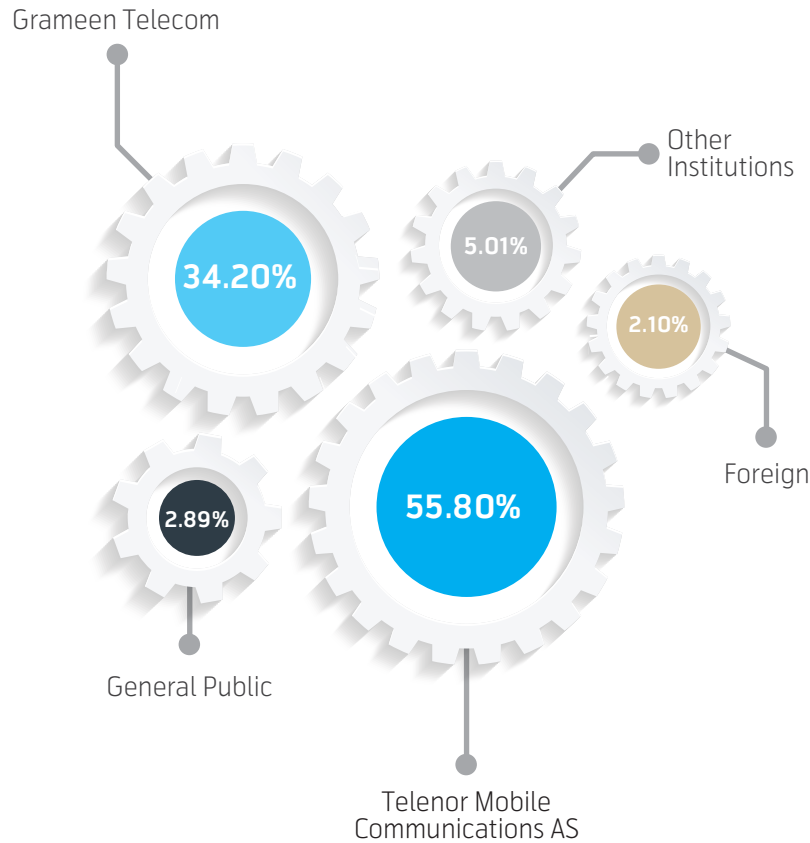
Finance



Freedom

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 (2.89%), Foreign (2.10%) and other institutions (5.01%) as on 31 December 2015.



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's strong international expansion in recent years has been based on leading-edge expertise, acquired in the Norwegian and Nordic markets, which are among the most highly developed technology markets in the world. It has substantial international operations in mobile telephony, satellite operations and pay television services. In addition to Norway and Bangladesh, Telenor owns mobile telephony companies in Sweden, Denmark, Hungary, Serbia, Montenegro, Bulgaria, Thailand, Malaysia, Pakistan, India and Myanmar. Telenor has 203 million consolidated mobile subscriptions worldwide as of December 31, 2015. 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 May 31, 2007 to its three (3) affiliate organisations namely Nye Telenor Mobile Communications II AS, Norway; Telenor Asia Pte. Ltd., Singapore; and Nye Telenor Mobile Communications III AS, Norway.

Grameen Telecom (GTC)

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

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

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

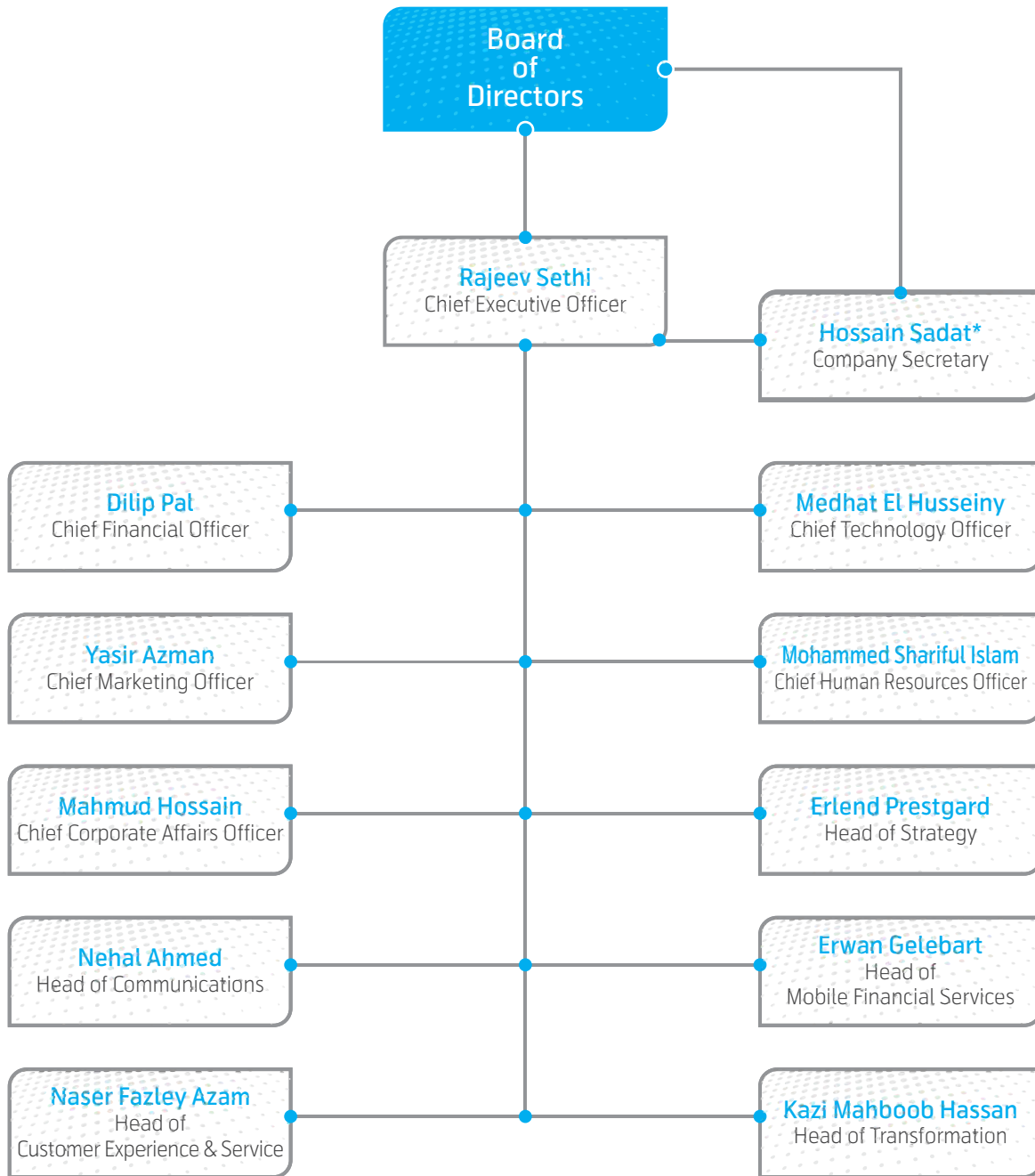
GTC has been acclaimed for the innovative Village Phone Program. GTC and its Chairman, Nobel Peace Prize laureate, Professor Muhammad Yunus have received several awards which include; First ITU World information Society Award in 2005; Petersburg Prize for Use of the IT to improve Poor People’s Lives” 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 May 31, 2007 to Grameen Kalyan and Grameen Shakti.

Top Twenty Shareholders as on December 31, 2015

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	Investment Corporation of Bangladesh	19,299,722	1.43%
4	Grameen Bank Borrower's Investment Trust	11,037,221	0.82%
5	A.K. Khan & Co. Limited	5,338,990	0.40%
6	SSBT A/C Morgan Stanley Institutional Fund, Inc. - Frontier Emerging Markets Portfolio	4,219,603	0.31%
7	ICB Unit Fund	4,198,369	0.31%
8	AB Investment Limited-Investors Discretionary Account	2,814,000	0.21%
9	SSBT for SSB LUX A/C Morgan Stanley Asset Management	2,458,973	0.18%
10	SSBT A/C Wasatch Frontier Emerging Small Countries Fund	2,094,623	0.16%
11	BANGLADESH FUND	2,011,798	0.15%
12	United Commercial Bank Ltd.	1,711,889	0.13%
13	Mellon Bank N.A. A/C Acadien Frontier Markets Equity Fund	1,490,647	0.11%
14	GRAMEEN ONE : SCHEME TWO	1,400,000	0.10%
15	ABERDEEN GLBL FRNTR MRKTS EQTY Fund	1,320,000	0.10%
16	The Bank of New York Mellon AF UPS Group Trust	1,314,800	0.10%
17	JPMCB NA for JPM Lux A/C Schroder International Selection Fund	1,298,349	0.10%
18	Rupali Bank Limited	1,283,800	0.10%
19	SSBT A/C Aberdeen Frontier Markets Equity Fund	1,165,000	0.09%
20	SSBT for SS Lux A/C Goldman Sachs Funds - Goldman Sachs N-11 (R) Equity Portfolio	1,125,400	0.08%
	Total	1,280,757,317	94.85%

ORGANISATIONAL STRUCTURE



*He also acts as Director and Head of Regulatory Affairs of the Company reporting to Chief Corporate Affairs Officer.

■ Organisational structure as of February 29, 2016.

DIRECTORS' PROFILE

Mr. Sigve Brekke was appointed to the Board on September 1, 2008 and is also the Chairman of Grameenphone Board. Mr. Brekke is President and CEO of Telenor Group. Mr. Brekke joined Telenor in 1998 as an Advisor, and was in 1999 employed as Manager Business Development and later Managing Director of Telenor International, Region Asia. Mr. Brekke served as co-Chief Executive Officer of dtac from 2002 to 2005, and Chief Executive Officer in dtac from 2005-2008. He most recently served as Executive Vice President and Head of Asia Region, prior to his appointment to President and CEO. Before joining Telenor, Mr. Brekke has served as the State Secretary (Deputy Minister) of Defence in Norway in 1993, and has also held position as an associate at the Center for Science and International Affairs, at Harvard University, USA. Mr. Brekke holds a master's degree in Public Administration from John F. Kennedy School of Government, Harvard University.



Sigve Brekke
 Director



M. Shahjahan
 Director

Mr. M. Shahjahan was appointed to the Board on June 26, 2006 and is also Chairman of the Company's Treasury Committee. He acted as the Managing Director of Grameen Bank from August 14, 2011 to October 30, 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.

Mr. Tore Johnsen was appointed to the Board on December 10, 2013. Mr. Tore Johnsen has a long career in Telenor since 1974. He is now Senior Vice President at Telenor Group. He has been CEO of 4 Asian companies - Grameenphone Ltd. from 2011 to 2013, Total Access Communication PLC ('dtac'), Thailand from 2008 to 2011, Telenor Pakistan from 2004 to 2008 and DiGi.Com Berhad, Malaysia from 2001 to 2004. Since joining Telenor Group in 1974, he has held a number of managerial positions and international assignments. He holds a Master of Science in addition to studies in International Business Management.



Tore Johnsen
 Director

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Md. Ashraf Hassan

Director

Mr. Md. Ashraf Hassan was appointed to the Board on January 20, 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., Grameen Knitwear Ltd. and Grameen Fabrics & Fashions Ltd. 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 gained extensive and diversified knowledge in various industrial sectors, especially in the field of textile focusing on resource efficient and energy saving production, having wide exposures in industrial management, export market, labor management and so on. Mr. Ashraf also acquired a wide range of experience for different kinds of project development and industrial setups. He has extensive knowledge in the field of construction engineering. He started his career in Grameen Bank in 1984. During his 17 years of tenure with the Bank, he held various key positions including the Chief of Engineering section. He extended notable contributions to the infrastructural development of Grameen Bank. He serves as a member of the Board of Directors of several enterprises that play commendable roles in the fields of renewable energy, health care, food & nutrition, information and communication technology, employment generation and so forth. He holds Bachelor of Science in Engineering from Khulna University of Engineering and Technology, Bangladesh.

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



Hans Martin Hoegh Henrichsen

Director



Hakon Bruaset Kjol

Director

Mr. Hakon Bruaset Kjol was appointed to the Board on September 14, 2011. He is Senior Vice President and Head of Corporate Affairs for Asia, Telenor Group. Mr. Kjol joined the Telenor Group in 1995, beginning his career in the domestic mobile operations in Norway. Since then, he contributed to the Group's growing international presence through his strategic involvement in Telenor's international mobile activities where he played significant roles in operational development and merger and acquisition activities both in Europe and Asia. For the last 15 years, Mr. Kjol has been based in Asia where he continues to assume a key role in the development of the Group strategy for Asia and managing the Asia business environment to include the areas of public affairs, regulatory management, government relations, strategic communications and corporate responsibility. He has been a key member of several management committees and is currently the Director of Total Access Communication PLC ('dtac'), Thailand; Telenor Asia Pte Ltd., Singapore; Telenor Pakistan Ltd., Pakistan and Telenor Myanmar Ltd., Myanmar. Mr. Kjol is a former student of Norges Markeds Hoyskole (BI Norwegian Business School) where he studied Marketing and Communications.

Ms. Parveen Mahmud FCA was appointed to the Board on October 17, 2012. She is the Managing Director of Grameen Telecom Trust, and Council Member (2016-2019) and a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). In her diversified professional career, Ms. Mahmud worked for a substantial amount of time with national and international development agencies and was a practicing chartered accountant. Ms. Mahmud started her career with BRAC, and was the Deputy Managing Director of Palli Karma-Sahayak Foundation (PKSF). She was partner of ACNABIN, Chartered Accountants. She was the first female President of the ICAB for the year 2011 and also the first female Board member in the South Asian Federation of Accountants (SAFA), the apex accounting professional body of the SAARC. She was the member of National Advisory Panel for SME Development of Bangladesh and founding Board member of SME Foundation and Convenor, SME Women's Forum. Ms. Mahmud serves in various Boards, and was the Chairperson of Acid Survivors Foundation. She was awarded the 'Begum Rokeya Shining Personality Award 2006' for women's empowerment by the Narikantha Foundation, Bangladesh.



Parveen Mahmud
Director

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Pal Wien Espen
Director

Mr. Pal Wien Espen was appointed to the Board on April 24, 2013. In 1995, he joined Telenor Legal Department and in 1998, he became Deputy Group General Counsel, and in 2000 he was appointed Group General Counsel and Executive Vice President in Telenor. On October 12, 2015 he was appointed Executive Vice President and Head of Partner Relations Asia. After obtaining his law degree, he joined Bugge, Arentz-Hansen & Rasmussen, one of the major law firms in Norway in 1992, focusing on M&A and financing. After that he served as a deputy judge at Nedre Ringerike Court, Norway during 1994-95 before joining Telenor. Mr. Espen obtained his Law degree from the University of Oslo, Norway and his Social Science foundation from District University of Lillehammer, Norway.

Dr. Jamaluddin Ahmed FCA was appointed to the Board on March 19, 2010 as an Independent Director and is also Chairman of the Board Audit Committee (since 2012). He is the Chairman of Emerging Credit Rating Company Limited which is affiliated with the Malaysian Rating Corporation (MRC). Dr. Jamal was the President (2010) of the Institute of Chartered Accountants of Bangladesh (ICAB). He is the elected General Secretary (2015-16) of the country's independent think tank-Bangladesh Economic Association. He is engaged in assignments in Financial, Banking and Energy Sector industries. He worked as country specialist in Migrant Remittance Management. He was involved in DFID funded Cheque Automation, Automated Clearing System, mobile banking and in the development of National Payment System in Bangladesh. He was involved with Bangladesh Energy Regulatory Commission for introducing Uniform Energy Accounting in Bangladesh. Over his professional career, Dr. Jamal has written copious publications and conducted numerous research papers on various aspects. In addition to his earlier publications, his paper on 'Watching the Watchdogs-the Political Economy of Public Accounting Oversight'; 'Economic Rationale for the Separation of Conventional and Merchant Banking' and 'The Political Economy of the Size of the Government' was published in 2014. He holds master's degree in Accounting from the University of Dhaka, PhD from the Cardiff Business School, under the University of Wales, United Kingdom, and is also a fellow of ICAB.



Dr. Jamaluddin Ahmed FCA
Independent Director



Rokia Afzal Rahman
Independent Director

Ms. Rokia Afzal Rahman was appointed to the Board on December 6, 2012 as an Independent Director. A leading woman entrepreneur and a former Adviser to the Caretaker Government of Bangladesh, Ms. Rahman started her agro-based Company in 1980 and further diversified her business into insurance, media, financial institution and real estate. She is currently the Vice President of International Chamber of Commerce-ICC Bangladesh and Trustee Board Member of Transparency International Bangladesh-TIB. Ms. Rahman is founder President of Bangladesh Federation of Women Entrepreneurs-BFWE and former President of Metropolitan Chamber of Commerce and Industries-MCCI, Dhaka. Her commitment to development brought her to the Boards of a number of development organisations. She is also Chair and Managing Director of R. R. Group of Companies; Chair and Managing Director of Arlinks Group of Companies. Ms. Rahman did her Post Graduate Diploma in Banking from Pakistan.

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

Sl. No.	Name of Director	Directorship	Member of Board committees
1	Mr. Sigve Brekke	Telenor Norge AS, Norway	None
2	Mr. M Shahjahan	Grameen Telecom Grameen Shakti Grameen Uddog 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. Member of Board of Trustees Nobel Laureate Trust Grameen Trust Grameen Telecom Trust Grameen Healthcare Trust	None
3	Mr. Tore Johnsen	Total access Communication PLC ('dtac'), Thailand Telenor Pakistan Ltd., Pakistan Telenor Myanmar Ltd., Myanmar DiGi.Com Berhad, Malaysia DiGi Telecommunications Sdn. Bhd., Malaysia	dtac, Thailand <i>Remuneration Committee</i> <i>Nomination Committee</i> <i>Governance Committee</i> Telenor Myanmar Ltd., Myanmar <i>Audit Committee</i> DiGi.Com Berhad, Malaysia <i>Audit Committee</i> DiGi Telecommunications Sdn. Bhd., Malaysia <i>Audit Committee</i>
4	Mr. Md. Ashraful Hassan	Grameen Shakti Grameen Kalyan Grameen Solutions Ltd. Grameen Veolia Water Ltd. Grameen Danone Foods Ltd. Grameen Health Care Services Ltd. Grameen Employment Services Ltd. Grameen Shakti Samajik Byabosa Ltd. Member of Board of Trustees Grameen Telecom Trust	None

Sl. No.	Name of Director	Directorship	Member of Board committees
5	Mr. Hans Martin Hoegh Henrichsen	International Project Development AS, Norway Sea Resources AS, Norway	None
6	Mr. Hakon Bruaset Kjol	Telenor Pakistan Ltd., Pakistan Telenor Asia Pte Ltd., Singapore Telenor South Asia Investment Pte. Ltd., Singapore Telenor South East Asia Investment Pte. Ltd., Singapore Telenor GO Pte. Ltd, Singapore Total Access Communication PLC, Thailand Telenor Myanmar Ltd., Myanmar	Total Access Communication PLC <i>Nomination Committee and Remuneration Committee</i>
7	Ms. Parveen Mahmud	Grameen Danone Foods Ltd. Grameen Krishi Foundation Grameen Fisheries and Livestock Foundation Grameen Capital Management Ltd. Grameen Health Care Services Ltd. Grameen Fabrics & Fashions Ltd. Grameen Distribution Ltd. Grameen Telecom Linde Bangladesh Ltd. BRAC International Actionaid Bangladesh UCEP-Bangladesh Manusher Jonno Foundation (MJF) MIDAS SAP Bangladesh CAMPE Shasha Denims Ltd.	Linde Bangladesh Ltd. <i>Finance and Audit Committee</i> BRAC and BRAC International <i>Finance and Audit Committee</i> Actionaid Bangladesh <i>Finance and Audit Committee</i> UCEP- Bangladesh <i>Finance and Audit Committee</i>
8	Mr. Pal Wien Espen	Telenor Kapitalforvaltning AS, Norway Telenor Myanmar Ltd., Myanmar	None
9	Dr. Jamaluddin Ahmed FCA	Power Grid Company of Bangladesh Ltd. Essential Drugs Company Limited Macksons Spinning Limited	Power Grid Company of Bangladesh Ltd. <i>Audit Committee</i> Essential Drugs Company Limited <i>Audit Committee</i>
10	Ms. Rokia Afzal Rahman	R.R. Cold Storage Ltd. Imaan Cold Storage Ltd. R. R. Estates Ltd. Aris Holdings Ltd. Arlinks Limited Mediaworld Ltd. (owning Company of 'The Daily Star') MIDAS Financing Ltd. Mediastar Ltd. (owning Company of 'Prothom Alo') ABC Radio MIDAS Investment Ltd. BRAC Marico Bangladesh Limited Manusher Jonno Foundation (MJF) Banchte Shekha, Jessore Member of Board of Trustees Transparency International Bangladesh (TIB)	None

Overview

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MANAGEMENT TEAM



- 01 Mahmud Hossain**
Chief Corporate Affairs Officer
- 02 Erwan Gelebart**
Head of Mobile Financial Services
- 03 Rajeev Sethi**
Chief Executive Officer
- 04 Dilip Pal**
Chief Financial Officer
- 05 Mohammed Shariful Islam**
Chief Human Resources Officer



- 06 Naser Fazley Azam**
Head of Customer Experience & Service
- 07 Nehal Ahmed**
Head of Communications
- 08 Erlend Prestgard**
Head of Strategy
- 09 Medhat El Husseiny**
Chief Technology Officer
- 10 Kazi Mahboob Hassan**
Head of Transformation
- 11 Yasir Azman**
Chief Marketing Officer

MANAGEMENT TEAM PROFILE



Rajeev Sethi
 CEO

Mr. Rajeev Sethi was appointed as Chief Executive Officer (CEO) effective from December 1, 2014. Before joining Grameenphone, he was Chief Marketing Officer (CMO) of Uninor, Telenor's wholly owned subsidiary in India. Mr. Rajeev has served as CMO in Uninor for nearly two years. Prior to that, Mr. Rajeev spent more than 3 years as the Head of Uninor's Uttar Pradesh East circle. He has significant ICT industry experience, including executive engagements in companies such as Vodafone, HP, Hutchison Telecom and Asian Paints. Mr. Rajeev is an Engineer and has a Management degree from the Indian Institute of Management, Lucknow.

Mr. Dilip Pal was appointed as Chief Financial Officer (CFO) effective from September 01, 2014. Coming with 25 years of experience across Financial Service, Engineering, FMCG and Telecom sector, his last stint was at Vodafone India as Executive Vice President and National Business Finance Operations head. He has also served in executive positions in leading Indian companies like Tata Tinsplate, Hindustan Coca-Cola Beverages (Coca-Cola India). Mr. Dilip is both a Chartered Accountant and Cost Accountant by profession. He holds a master's degree in Commerce from Calcutta University.



Dilip Pal
 CFO



Medhat El Hussein
 CTO

Mr. Medhat El Hussein was appointed as Chief Technology Officer (CTO) effective from October 2014. He brings over 20 years of experience from the telecom sector, holding senior management roles in different multinational companies. Prior to joining Grameenphone, he held the position of CTO at Orascom Telecom Algeria (Djezzy), where he was also a member of Vimpelcom Group Leadership Team. His expertise encompasses a range of areas, such as operation management, corporate strategy, network development & operation and negotiations/contract management. He has also worked at Orascom Telecom Holding and Lucent Technologies in Egypt. Mr. Medhat is an Engineer by profession with a Masters in Telecommunication Engineering from Benha University, Egypt, along with MBA from Maastricht School of Management, Netherlands and Master's Certificate in Project Management from STEVENS Institute of Technology, USA.

Mr. Yasir Azman was appointed as Chief Marketing Officer (CMO) effective from June 15, 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 for across all Telenor Operations. He has also worked in Telenor India operations as EVP & Circle Business Head for Orissssa and Karnataka circles during 2010-2012. In his previous tenure in Grameenphone, Mr. Azman played leading role to set up Grameenphone sales and distribution organisation and to transform Grameenphone distribution structure. Throughout his career, Mr. Azman has 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
 CMO



Mohammed Shariful Islam
CHRO

Mr. Mohammed Shariful Islam was appointed as Chief Human Resources Officer (CHRO) effective from September 1, 2015. Mr. Islam, a Bangladeshi, has more than 12 years of experience including 8 years in human resources at Grameenphone and Telenor Group. Prior to joining as CHRO, he worked as Vice President, Group People Development of Telenor Group as a strategic advisor focusing on internal strategic and collaboration platforms as well as driving and supporting several Group initiatives such as leadership development, mentorship, Group management trainee program, diversity and talent management. In Grameenphone, he has worked extensively in recruitment and development-being specifically responsible for redesigning recruitment and talent management processes, introducing leadership and culture transformation programs, and working closely with organisation development and change management. Mr. Islam, also worked as an instructor at State University and East West University, where he co-authored two publications on leadership and corporate ethics. During his early career, he gathered experience in food and beverage, administration, and market research. Mr. Islam has a Master in Business Administration (MBA) in International Management from University of Texas, Arlington and a BBA in Economics from Wichita State University, Kansas, in the United States.

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



Mahmud Hossain
CCAO



Nehal Ahmed
Head of Communications

Mr. Nehal Ahmed was appointed as Head of Communications effective from December 01, 2015. He was Director Marketing of Grameenphone before this appointment. Previously, he has also held the position as Executive VP for Brand and Marketing Communications at Robi Axiata Ltd. and also has over 18 years of international experience working in senior management roles in Qubee, Bacardi, Mars and BAT. He holds a bachelor's degree in Industrial Engineering and Operations Research from the University of Massachusetts at Amherst, USA.

Mr. Erlend Prestgard was appointed as Head of Strategy effective from September 01, 2013. Before joining Grameenphone, he was Director in the strategy team of the Telenor ASA. Prior to Telenor and Grameenphone, he worked as Chief Commercial Officer and Chief Financial Officer with over-the-top service companies delivering music and TV streaming services. He also has background from McKinsey & Company and UBS Investment Bank. He holds a Master of Science degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration.



Erlend Prestgard
Head of Strategy



Erwan Gelebart
 Head of Mobile Financial Services

Mr. Erwan Gelebart was appointed as Head of Mobile Financial Services effective from January 10, 2016. Before joining Grameenphone, he was Mobile Financial Services Director for Telenor Group, based in the Asia Office. Prior to Telenor and Grameenphone, he worked eight years as Chief Mobile Financial Services Officer for Orange Madagascar and Orange Mali. He was involved in the launch of MTN mobile money services in Ghana when he was a consultant for EY. He holds a Master in Management from Skema Business School and a MBA from the Asian Institute of Technology.

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



Naser Fazley Azam
 Head of Customer Experience & Service



Kazi Mahboob Hassan
 Head of Transformation

Mr. Kazi Mahboob Hassan was appointed as Head of Transformation effective from February 25, 2016. Prior to Grameenphone, he was a Senior Management Consultant at Deloitte UK responsible for leading transformation programmes 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, professional qualification with ACCA and BBA from University of Dhaka (IBA).

PROFILE OF COMPANY SECRETARY

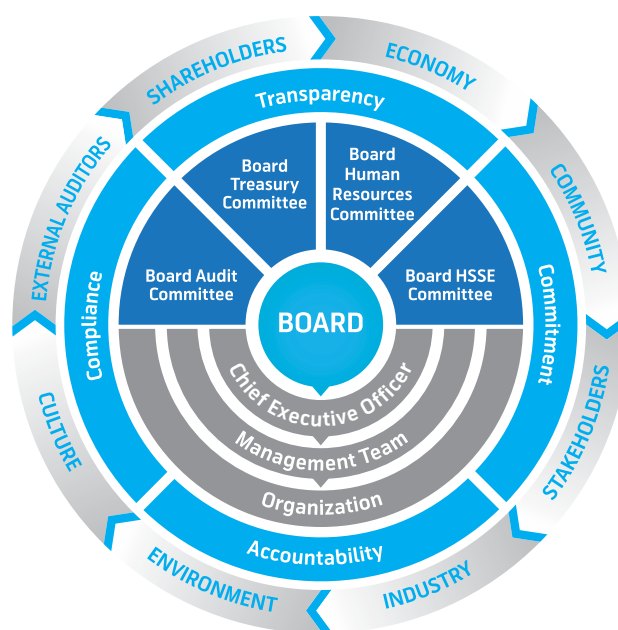
Mr. Hossain Sadat was appointed as Company Secretary effective from July 01, 2010. In addition, he has also been appointed as Director and Head of Regulatory Affairs, effective from February 24, 2014. Prior to taking up the above roles in Grameenphone, he has also worked in Finance function for several years in the capacity of Head of Financial Reporting, Head of Budgeting & Accounting, and Financial Controller. Before joining Grameenphone in mid 2001, he worked in a number of multinational organisations including Shell Oil & Gas, Cairn Energy PLC and KPMG Bangladesh. During his service tenure, he has worked in the areas of Corporate governance, Financial management, Policy advocacy, Stakeholder relations, Regulatory management and Public communications for around 19 years. Mr. Sadat holds a Master's degree and is a Chartered Secretary by profession. He has also attended executive educational program in the London Business School.



Hossain Sadat
 Company Secretary

CORPORATE GOVERNANCE IN GP

Being a technology oriented business entity, Grameenphone (GP) emphasises on transparency, accountability and compliance, which are the essence of corporate governance. Grameenphone's high standards of corporate governance play an important part towards the Company's continued growth and success. Grameenphone believes good corporate governance is the backbone of an upright business entity and accordingly emphasises on stronger diligence to business, operational transparency and larger involvement of the stakeholders. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholder's value, safeguard stakeholders' interest and maintain investors' trust and confidence. With this end in view, GP has been providing and maintaining innovative, user-friendly and best-value telecommunication services to create sustainable stakeholders' value. Being a responsible corporate entity, GP maintains adequate transparency and encourages sound business conduct both in its in-house practices and in its external relationship with the community as well as suppliers, customers and business partners. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.



As part of its governance pursuits, GP 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 of Directors and the Management Team are also dedicated to maintaining a well-established culture of accountability, transparency, easy-to-understand policies and procedures to ensure effective Corporate Governance at every level of its operations. 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 GP a thoroughly transparent Company. Moreover, recognising the fact that compliance has been the corner stone of good governance, the Company meticulously undergoes through the process of statutory audit and compliance certification as required by laws of the land. At GP our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success.

Board Formation & Structure

a) Role of the Board

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

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

b) Board Composition

The GP Board is comprised of ten (10) Directors, including the Chairman who is elected from amongst the Board members. In compliance with the conditions of Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), the Board has appointed two (2) Independent Directors. We believe that our Board has the optimum level of knowledge, composure and technical understanding about the Company's business which, combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

c) Board Meetings

The Articles of Association (AoA) of the Company requires the Board to meet at least four times or more in a year when duly called in writing by a Board member. 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.

d) Delegation of Authority for the Chairman and Chief Executive Officer (CEO)

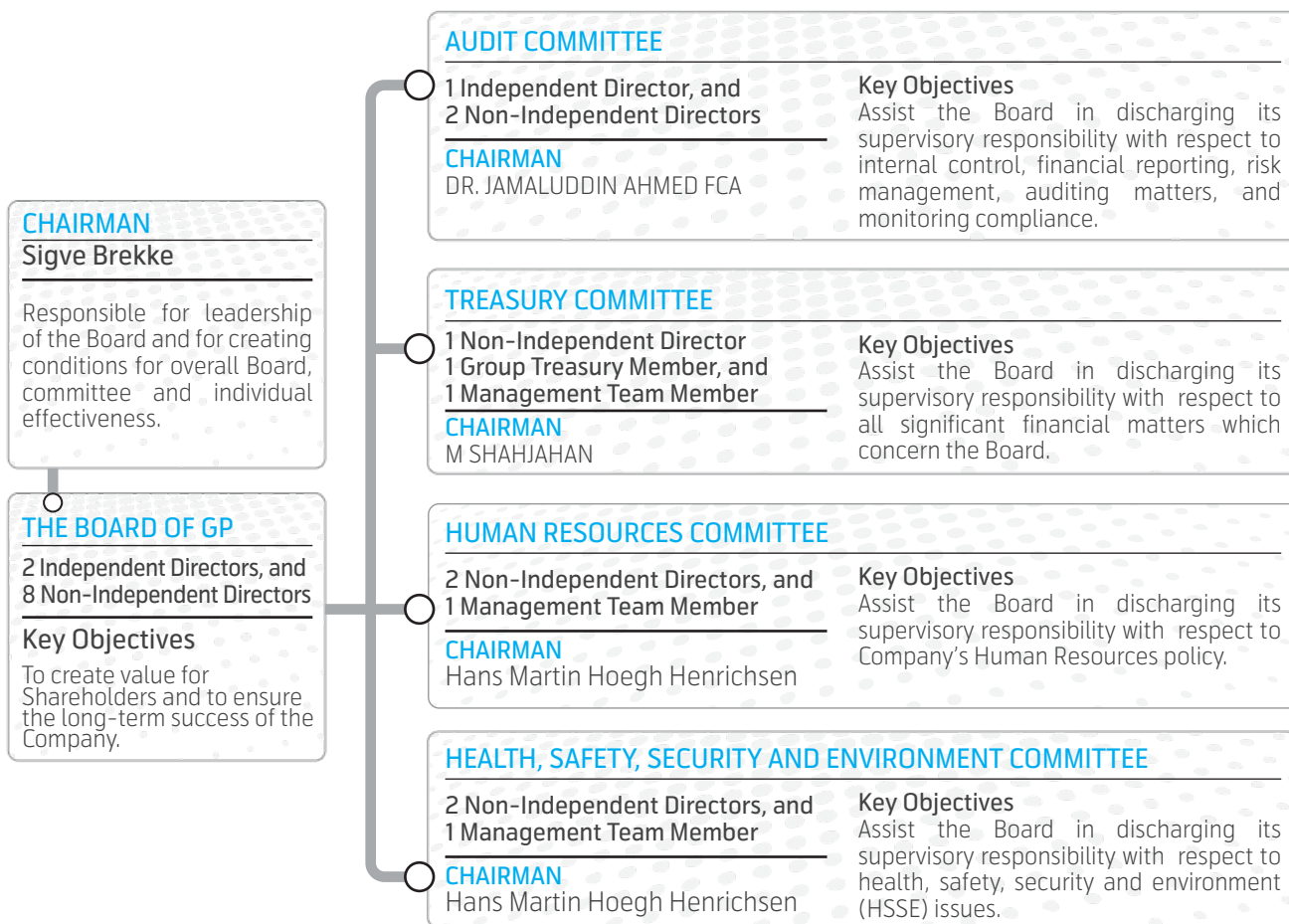
The roles of the Chairman and Chief Executive Officer are separate and delineation of responsibilities is clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. To that end, GP has also adopted 'Rules of Procedure for Chief Executive Officer'. The CEO is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that GP operates business as per the Articles of Association, decisions made by the Board and Shareholders, as well as according to GP Policies and Procedures and applicable regulatory laws and legislations.

e) Access to Information

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

Board Committees

For better, quicker and furnished flow of information and thereby exercising effective governance, the Board has also constituted a number of Committees 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 Chairman of each Committee. A brief description of each Committee is presented below:



a) Audit Committee

The GP Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction all over the Company. The Audit Committee is comprised of three (3) members of the Board. The Chairman of the Committee is an Independent Director. 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 GP'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 Audit Committee met seven (7) times during the year 2015 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
Dr. Jamaluddin Ahmed FCA	7/7
Tore Johnsen	7/7
M Shahjahan	6/7

b) Treasury Committee

This Committee consists of three (3) members who are appointed by the GP 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 three (3) times during the year 2015 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
M Shahjahan	2/3
Pal Stette	3/3
Dilip Pal	3/3

c) Human Resources Committee

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

The Human Resources Committee met two (2) times during the year 2015 and attendance of the Committee members in the meeting was as follows:

Name	Attendance
Hans Martin Hoegh Henrichsen	2/2
M Shahjahan	2/2
Quazi Mohammad Shahed	2/2

d) Health, Safety, Security and Environment Committee

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

The HSSE Committee met one (1) time during the year 2015 and attendance of the Committee members in the meeting was as follows:

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

Company Secretary

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

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

Management Team (MT)

The Management Team is the Executive Committee of GP. 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 GP, the Board and Management Team ensure the following:

a) Beyond Budgeting Management Model

GP employs a Beyond Budgeting strategic management model whereby the Company reviews its strategy for the next five years and sets annual and quarterly targets on key KPIs for the upcoming year. The targets/KPIs are set on relative terms to reflect the changes in business environment. The quarterly targets are subject to rigorous monitoring thereby ensuring a performance culture focused on attaining the targets and steering the Company towards fulfilling its strategic ambitions. In every quarter, the Company also prepares forecast for the next five quarters. These forecasts are realistic projections of future directions.

The model focuses 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 forecasts on the key KPIs which serve as radar screen on future directions are reviewed and monitored against targets. This is a forward-looking and action-oriented approach towards managing the business. 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

GP has strong financial reporting procedures. Financial statements are prepared in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable financial legislations. The financial data are captured from the financial reports generated from Oracle ERP (Enterprise Resource Planning) system. These financial statements, once prepared, are reviewed initially by CFO and CEO and then by the Audit Committee on a regular basis. Upon submission to the Group in the

form of Management Accounts, these financial statements are reviewed by Group Accounting and Group Finance. At every quarter, external auditors review the quarterly financial statements prepared in accordance with local financial reporting policies and Company procedures. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting. Apart from the statutory reporting of financial statements, GP also maintains regular reporting to its group Company Telenor, which consolidates all its subsidiaries' financial information in its consolidated financial statements.

c) Operational Excellence (OE)

Operational Excellence for GP is a multifaceted function that has the intention to touch each and every sphere of the entire organisation through an innovation mindset to bring tangible results in operations. The Company takes a sustainable and structured approach towards resource efficiency while at the same time increasing productivity and overall return. The function continuously adapts with the ever changing business landscape and improves upon the existing processes and services to provide a better experience to the subscribers. GP aims to engage the entire employee base with the journey to reach an unbeatable position in the industry in terms of effectiveness and efficiency. Grameenphone Operational Excellence operates through proven channels of People, Process and Technology and targets the following:

- Faster time to market
- Enhanced service quality and
- Smart management of spends

Operational Expenditure effectiveness, Cost of Goods Sold, Working Capital Management, Capital Expenditure Efficiency, Business Process Efficiency, Dynamic Spend Management are some of the corner stones of the scope of work. The concerted effort from these streams has enabled GP to meet the business targets. Progress of the milestones and efficiency are subject to assessment by global benchmarking organisations and recommended actions are examined in detail, rigorously analysed and implemented where applicable.

GP is constantly evolving itself to better match the current business environment and retain its market leadership in the face of stiff competition under the banner of Operational Excellence. Embedding the innovation and excellence into the organisational DNA is the prime endeavour to pursue. The overarching ambition of Grameenphone Operational Excellence is to achieve sustainable growth through work-culture simplification and higher resource utilisation. The never ending journey towards excellence is renewed with fresh vigour across the organisation year on year.

d) Business Reviews and Financial Reviews

Business reviews and financial reviews are conducted on a quarterly basis by the Group. The purpose of business review is to ensure strategic control and follow-up of results based on the prevailing strategic objectives and value drivers. Financial reviews provide the internal quarterly results follow-up for the Company. The purpose is to provide an analysis of the economic and financial situations, which will then form the basis for external reporting and presentations, and to provide quality assurance for the financial reporting. In addition to quarterly business and financial review with the Group, the CEO and CFO review financial results on a monthly basis and set action points to achieve the Company's business goals.

e) Management of Assets

GP, 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 reported numbers. All the assets are adequately insured against industrial risks with local and international insurance companies.

f) Statutory Audit and Certification

Auditing of the Company is governed by the Companies Act, 1994 and Securities and Exchange Rules 1987. 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 independence of auditors. Statutory auditors are rotated every three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC). Non-audit services that may create threats to independence are not obtained from statutory auditors unless otherwise required by the regulators. Audit Committee reviews the Financial Statements before submission to the Board for approval. Auditors also have access to the Audit Committee and the Board



for communication of any issues. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company.

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

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 Audit Committee and administratively to the Chief Executive Officer. GP Internal Audit is empowered to carry out its assigned activities in all respects of the Company. Internal Audit activity is governed by the Internal Audit Charter, which is approved by the Board. GP Internal Audit department discharges its assurance and consulting activities through management of three distinct audit streams: Finance, Technology and General Business processes. Additionally, a separate team is responsible for quality assurance of internal audit activity. A risk-based annual audit plan is in place, which takes into consideration the strategic imperatives and major risks surrounding GP, while considering pervasive audit needs. GP Internal Audit also works closely with Telenor Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables.

h) Internal Control Over Financial Reporting (ICFR)

Internal Control over Financial Reporting (ICFR) in GP is, as such, a process, affected by its Board of Directors, Management and other relevant officials, designed to provide reasonable assurance regarding achievement of objectives in the following categories:

- Effectiveness and efficiency in operations
- Reliability of financial reporting
- Compliance with applicable laws and legislations

GP is committed to high standards of internal control as this process has proven to provide significant merits in relation to the quality of GP's Financial Statements. The works to operate and document good Internal Control Over Financial Reporting is continued over the years and the objective today is still to ensure that ICFR related activities are integrated into GP's business operations.

A standard accountability structure is implemented with defined roles and responsibilities within ICFR in-scope areas to create the basic building blocks to ensure effective ICFR ownership. The overall responsibility for ensuring ICFR, including monitoring and performance of internal controls and maintaining documentation lies with the CEO/CFO, and the process level responsibility lies with the process owners and control owners.

The scope of ICFR includes Company Level Control (CLC–Policies & Manuals) along with General Computer Control (GCC) and Transactional Controls to ascertain operational efficacy, consistent and dependable financial reporting, information security and legal compliance. This reasonable assurance has become even more crucial after being a listed Company in the country's Stock Exchanges.

i) Related Party Transactions

The Board through its Audit Committee reviews all the major related party transactions from time to time. Abiding by the laws, a Director, who has an interest in a transaction, discloses his interest as such and abstains from deliberations and voting on the relevant resolution in respect of the transactions at the Board meetings. Details of significant related party transactions are disclosed in notes in the Financial Statements.

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 GP 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 GP is concerned with earning competitive returns from the Company's various business activities at 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) through recognising risk and responding appropriately upon it. The Company has well defined risk management manual and processes to mitigate enterprise level risks. This aspect is discussed more elaborately at the 'Enterprise Risk Management' section of the Annual Report.

l) Revenue Assurance and Fraud Management

Revenue Assurance function secures the revenue generated by any business activity and its realisation through preventing or fixing any possible revenue leakages. In extension, it has considerable presence over cost assurance which involves partner payments and revenue sharing. This function also supports to give assurance on accurate revenue recognition and reporting. The Fraud Management systems and processes in place ensure innovative & effective defense mechanisms to prevent losses from internal/external Telecom frauds.

m) Compliance with Rules & Regulations of the Country

Compliance helps build trust among the Board Members, Shareholders, Customers and other stakeholders including the regulators. As leaders of a compliant Company, the Management Team of GP adopted strategies that assure compliance with all relevant legal and regulatory requirements. This ensures that good governance cascades right throughout the Company. GP is subject to close monitoring process of regulatory bodies that focus on transparency and require that GP provides accurate and periodic reporting of issues/events and certification where necessary. In this context, GP 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 Board of Investment (BOI) and all other relevant bodies and authorities. Further, in order to conduct day-to-day business in a compliant way, GP renders its best efforts to comply with the laws of the land. GP also takes various initiatives to conduct awareness sessions on existing and proposed laws to ensure compliance throughout the Company. Overall, GP has always strived to remain a fully compliant Company accommodating every possible way and strategy to ensure the same.

n) Business Continuity and Crisis Management (BCCM)

To secure the business operation and continued telecommunication services for the people of Bangladesh, and being the largest mobile phone operator of the country, Grameenphone has structured Business Continuity Management (BCM) process and plan for Crisis Management. This proactive readiness, both in terms of process and infrastructure, is very important to minimise the network and service impact especially for a country like Bangladesh which is prone to many natural disasters like cyclone, flood, earthquake etc.

As a part of disaster management readiness, GP has built a robust and protected network infrastructure. For example, one of the important requirements for telecom operation is transmission network where GP has diversified optical fiber transmission both through highways and railways. We have modernised this fiber optic backbone with all-IP migration in 2015, the journey is continuously progressing and we have set aggressive plans to expand the fiber network for avoiding network disruption.

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

o) Supply Chain Sustainability

Supply Chain Sustainability is a key focus area for Grameenphone. GP aims to raise the standards of social compliance and make a social impact in the local market. Grameenphone work for continuous improvement in its own operations and towards our suppliers. Our routine supply chain sustainability operation includes – (a) Endorsement of Supplier Conduct

Principle (b) Risk assessments (c) Supplier capacity building (d) Audits and inspections (e) Control mechanism.

All suppliers and parties who have a direct contractual relationship with GP and offer products or services to Grameenphone must comply with our Supplier Conduct Principles (SCP). Monitoring compliance to the SCP requirements is done in all markets by systematic audits-inspections and risk management. Any gaps identified are pointed out for the supplier for the purpose of improvement. GP 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. By working together with our suppliers, we can raise the bar and build a competitive edge.

p) Ethics and Behavior

i) Code of Conduct

GP has adopted a Code of Conduct ('Code') approved by the Board of Directors, which reflects GP's core values, integrity, respect, trust and openness. It provides clear direction on conducting business, interacting with the community, government, business partners and general workplace behaviour. It also includes guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good international practices and internal control and the duty to report where there is a breach against the Code. The Code is properly communicated to all the employees including its Board members and others acting on behalf, who are strictly required to abide by it. All of them have certified in writing that they have read and understood the Code.

ii) Restrictions on dealings in GP Shares by Insiders

The Company has established a detailed policy relating to trading in GP shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in the GP 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

GP firmly opposes all forms of corruption with an approach of 'zero' tolerance. The Company is making active efforts to ensure that corruption does not occur in its business activities. The policy on anti-corruption applies to the Board members, employees and others with the authority to act on behalf of GP. The policy clearly states that bribes are strictly prohibited and the employees shall never offer, give, ask for, accept or receive any form of bribe. Awareness sessions are arranged for internal and external stakeholders on a regular basis for better understanding of the policy requirements especially with regard to gifts and arrangements of various events.

q) Investor Relations (IR)

As the largest public listed corporate house in Bangladesh, GP has always placed high importance to the investor community and caters to their various information requirements. With a vision of establishing the most effective two-way communication between the investors and the Company, a dedicated Investor Relations functionality is in practice. IR as a specialised function has maintained close contact with both local and international investors, analysts, market experts and financial community on a proactive basis. Through this, the relevant stakeholders were kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions while objectively sharing the associated risk and reward profile. This also reflects GP's commitment towards developing the Capital Market of the country by introducing global best practices and ensuring transparency and accountability. Notable events that IR conducted during the year were financial publication, press conferences, analyst call conferences and enriching the IR portal with relevant communication materials.

r) Shareholders

i) Communications with Shareholders

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

ii) Information Disclosure

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

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

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

iii) General Meeting

The General Meeting of the Shareholders is the supreme governing body in Grameenphone. The Company recognises the rights of Shareholders and the Shareholders’ interests are primarily ensured through Grameenphone’s Annual General Meeting (AGM). The Board Members and Statutory Auditors attend AGM to respond to the Shareholders’ queries on the result or any other aspect of the Company, if any.

iv) Website

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

v) Shareholders’ Queries

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

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

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Grameenphone (GP), as part of its commitment to transparent and reliable financial reporting, has established adequate Internal Controls Over Financial Reporting. These controls are part of GP’s overall corporate governance structure and are very much embedded in the business processes affecting the financial reporting. GP follows a risk-based approach in designing and implementing the internal controls and monitors the effectiveness of the controls regularly. A formal communication framework is in place for effective functioning of the entire internal control system.

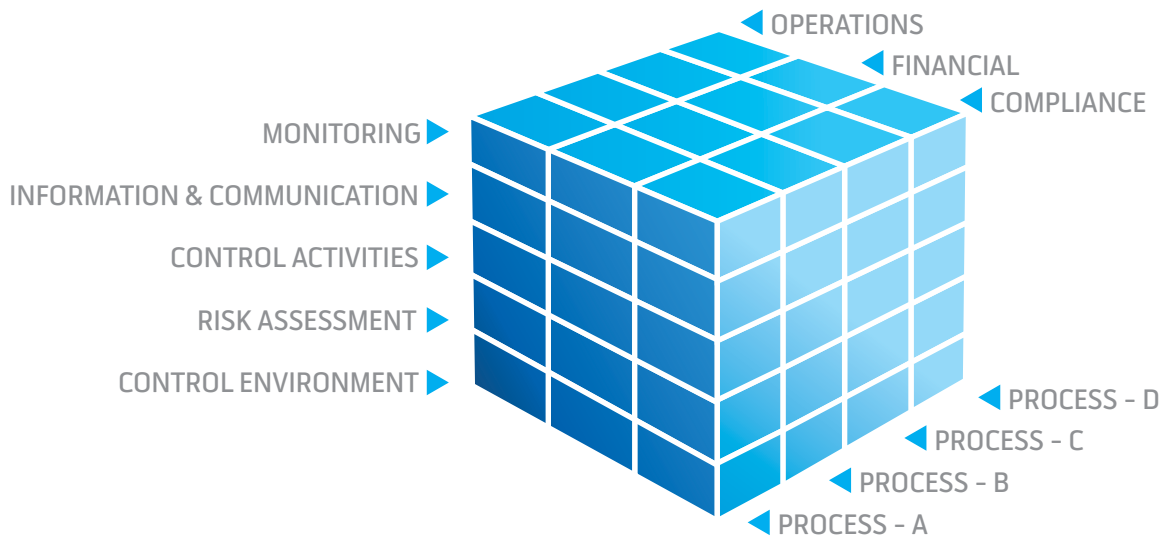


Fig: Components of internal control system (COSO Internal Control Framework)

The entire financial reporting structure is subdivided into 19 individual processes. Risks are identified and assessed for each individual process. Risks are assessed on a three-point ordinal scale (High, Medium, Low) and controls are primarily targeted towards mitigating high risks.

A yearly exercise is performed to evaluate the risks and to amend/modify the controls accordingly. Operating effectiveness of controls is monitored throughout the year on test basis. Control monitoring process is established in two different approaches – Self Assessment and Direct Testing. Direct testing is also divided into two phases – Interim Testing and Year end Testing. External testers from local reputed audit firms are engaged in year end testing.

There is a separate team responsible for coordinating the activities related to internal control over financial reporting. The team is adequately resourced and empowered to discharge its responsibilities.

Controls are embedded in the processes by establishing ownership and through regular communication and training across the Organisation. Commitment at the top of the Organisation underpins a strong culture of internal control in GP.

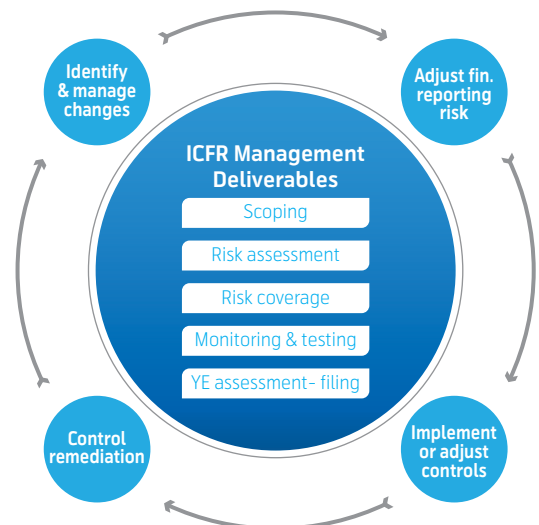


Fig: ICFR routines in Grameenphone

ENTERPRISE RISK MANAGEMENT

The Company faces a variety of risks due to the complexity of its business and the dynamic business environment in which it operates. Effective management of risks enhances the Company's ability to achieve business, financial, customer-centric and social goals and to meet its legal and compliance responsibilities, thereby protecting and enhancing the Shareholders' value. Grameenphone (GP) is committed to manage those risks that arise in the course of the business to an acceptable level, so as to maximise opportunities and minimise impacts. Recognising this, GP has put in place an effective Enterprise Risk Management (ERM) framework. ERM in business, includes the methods and processes used by organisations to manage risks and seize opportunities related to the achievement of their objectives. ERM provides a framework for risk management, which involves identifying particular events or circumstances relevant to the Company's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining an action strategy, and also monitoring progress. By identifying and proactively addressing risks and opportunities, GP creates value for its stakeholders including customers, regulators, and the society at large. The ERM, implemented in GP, has five follow-up steps from identification of risk up to monitoring and assessment of the events.



Fig: Enterprise Risk Management Process

The ERM takes an integrated and holistic view of the risks facing the Organisation. A Risk Management Forum has been established in the Company to ensure active participation from different functional areas to increase its effectiveness.

During the financial year under review, the Company (with assistance of the Risk Management Forum) had conducted a review of its risk management framework and processes to ensure their adequacy and effectiveness. The significant risks in the Company's business were reviewed, monitored and reported 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.

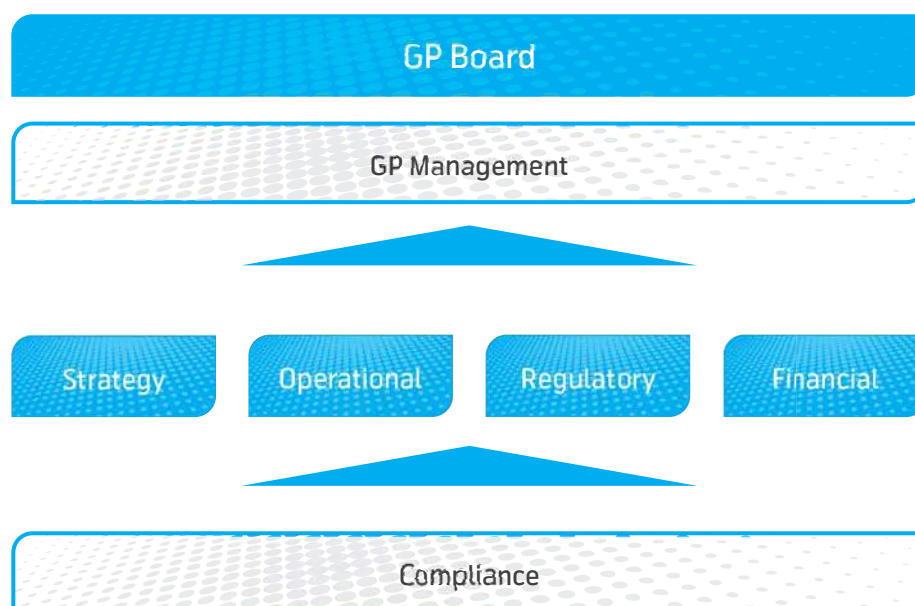


Fig: Enterprise Risk Management Reporting



Enthusiasm = Enterprise

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

Dr. Jamaluddin Ahmed FCA, Chairman
M Shahjahan, Member
Tore Johnsen, Member

The Independent Director, Dr. Jamaluddin Ahmed FCA acts as Chairman of the Committee. As per regulatory guidelines, the Company Secretary, Mr. Hossain Sadat acts as Secretary to the Committee. The Audit Committee, accordingly, performs in absolute coherence and ensures compliance with the Corporate Governance Guidelines promulgated by the Bangladesh Securities and Exchange Commission (BSEC).

A total of 7 (seven) meetings were held during 2015. Mr. Md. Ashraf Hassan, Director and Mr. Hans Martin Hoegh Henrichsen, Director attended the meetings as special invitees. Permanent invitees to the meetings were the Chief Executive Officer, Chief Financial Officer and Head of Internal Audit. Relevant heads of divisions and other members of the Management and internal audit team also attended the meetings at occasions as required.

Major Responsibilities of the Audit Committee

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

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

Major Activities of the Audit Committee

- Reviewed the quarterly and annual Financial Statements for the year ended December 31, 2015.
- Considered and made recommendation to the Board on the appointment and remuneration of statutory auditors, Rahman Rahman Huq, Chartered Accounts, a member firm of KPMG for the year 2016.
- Approved the Internal Audit Plan, monitored progress and effected revisions when necessary.
- Reviewed 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.
- Discussed Internal Audit reports and findings and provided guidance on 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 received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
- Reviewed other matters & incidents of significance as per Audit Committee Charter.



Dr. Jamaluddin Ahmed FCA

Chairman
Audit Committee
February 07, 2016

Overview

Business
Performance

Sustainability

Governance

Financial
Analysis

Additional
Information

FIVE YEARS' FINANCIAL SUMMARY

	2015	2014	2013*	2012*	2011
	Individual			Consolidated	
Operational Results	in million BDT				
Revenue	104,754	102,663	96,624	91,920	89,060
Operating Profit	36,964	36,896	33,199	33,675	32,572
Profit before tax	34,922	34,855	32,852	30,193	33,006
Net Profit after tax	19,707	19,803	14,702	17,505	18,891
Financial Position	in million BDT				
Paid-up Capital	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	30,625	31,365	31,141	35,458	38,883
Total assets	132,450	130,673	135,221	117,665	108,905
Total liabilities	101,824	99,308	104,080	82,207	70,022
Current assets	11,928	14,865	16,993	14,005	32,421
Current liabilities	67,625	61,402	78,580	63,060	51,469
Non current assets	120,522	115,808	118,227	103,660	76,484
Non current liabilities	34,199	37,906	25,500	19,148	18,552
Financial Ratios					
Current Asset to Current Liability	0.18	0.24	0.22	0.22	0.63
Debt to Equity	0.80	0.95	0.55	0.16	0.13
Operating Profit Margin	35%	36%	34%	37%	37%
Net Profit Margin	19%	19%	15%	19%	21%
Return on Equity	64%	63%	44%	47%	42%
Return on Total Assets	15%	15%	12%	15%	17%
Ordinary Shares Information					
Ordinary Shares outstanding (in million)	1,350	1,350	1,350	1,350	1,350
Face Value per share	10	10	10	10	10
Cash Dividend on paid-up capital ¹	140%	160%	140%	140%	205%
Dividend payout ¹	96%	109%	129%	108%	147%
NAV per Share ²	22.68	23.23	23.06	26.26	28.80
Net Operating Cash Flow per Share ³	28.73	23.15	27.46	22.23	30.09
Earnings Per Share ³	14.59	14.67	10.89	12.96	13.99

*Gain/loss on disposal of property, plant and equipment has been included in operating profit.

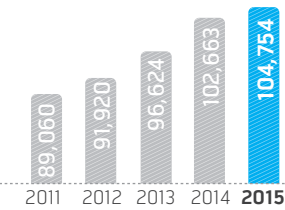
¹ Including proposed dividend

² Based on Tk. 10 equivalent ordinary shares outstanding at 31 December.

³ Based on weighted average number of shares of Tk. 10 each.

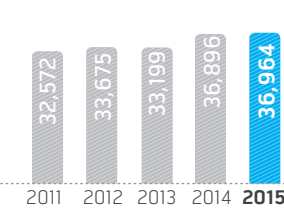
REVENUE (MILLION BDT)

+2.0



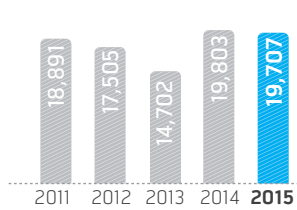
OPERATING PROFIT (MILLION BDT)

+0.2%



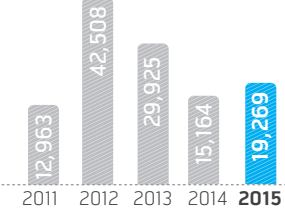
NPAT (MILLION BDT)

-0.5%



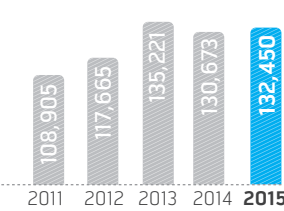
CAPEX (MILLION BDT)

+27.1%



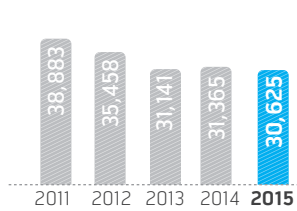
TOTAL ASSETS (MILLION BDT)

+1.4%



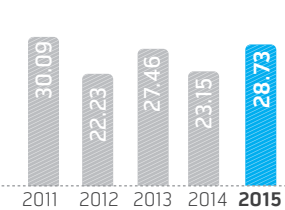
TOTAL EQUITY (MILLION BDT)

-2.4%



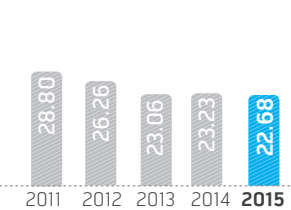
NET OPERATING CASH FLOW/SHARE (BDT)

+24.1%



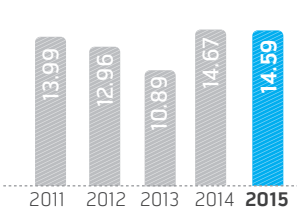
NAV/SHARE (BDT)

-2.4%



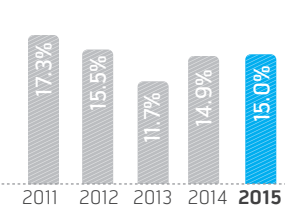
EARNINGS PER SHARE (BDT)

-0.5%



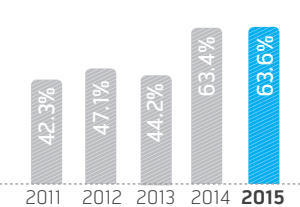
RETURN ON ASSETS %

+0.1pp



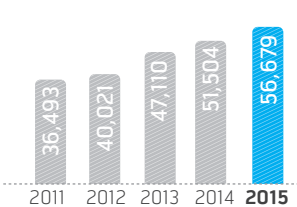
RETURN ON EQUITY %

+0.2pp



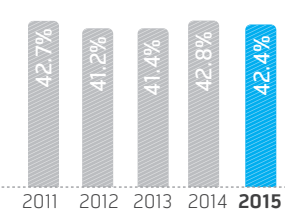
SUBSCRIBER ('000)

+10.0%



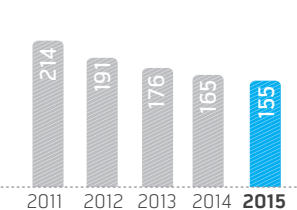
MARKET SHARE %

-0.4pp



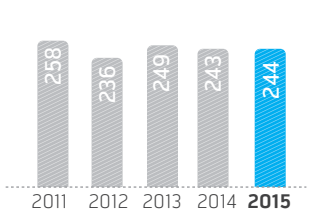
ARPU* (BDT)

-6.2%



AMPU** (MINUTES)

+0.5%



* ARPU - Average Revenue Per User; ** AMPU - Average Minutes Per User

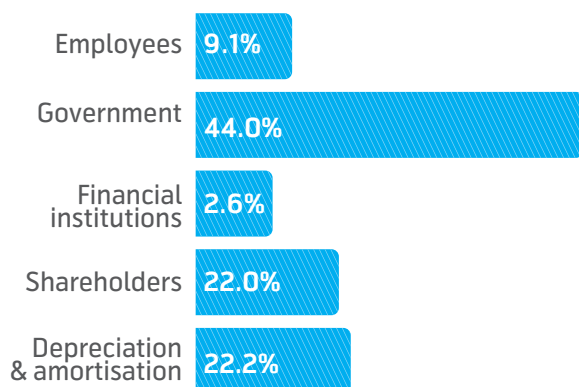
VALUE ADDED STATEMENT 2015

in '000 BDT

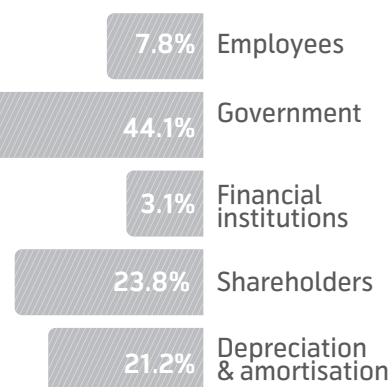
Value Added	2015		2014	
		%		%
Revenue	104,754,372		102,663,372	
Other income including interest income	583,258		509,676	
Share of profit of associate	15,119		125,008	
Indirect tax	16,316,374		15,078,221	
	121,669,122		118,376,277	
Less: Cost of network and services	36,137,287		35,153,245	
Available for distribution	85,531,835	100%	83,223,032	100%
Distributions				
Employees	7,817,894	9.1%	6,455,286	7.8%
Government	37,619,937	44.0%	36,738,425	44.1%
Providers of finance:				
Financial institutions	2,246,218	2.6%	2,569,370	3.1%
Shareholders	18,840,106	22.0%	19,803,283	23.8%
	66,524,156	77.8%	65,566,364	78.8%
Value reinvested and retained				
Depreciation and amortisation	19,007,679	22.2%	17,656,668	21.2%
Retained profit	-		-	
	19,007,679	22.2%	17,656,668	21.2%
	85,531,835	100%	83,223,032	100%

Distribution of Value Added (2015 & 2014)

2015



2014



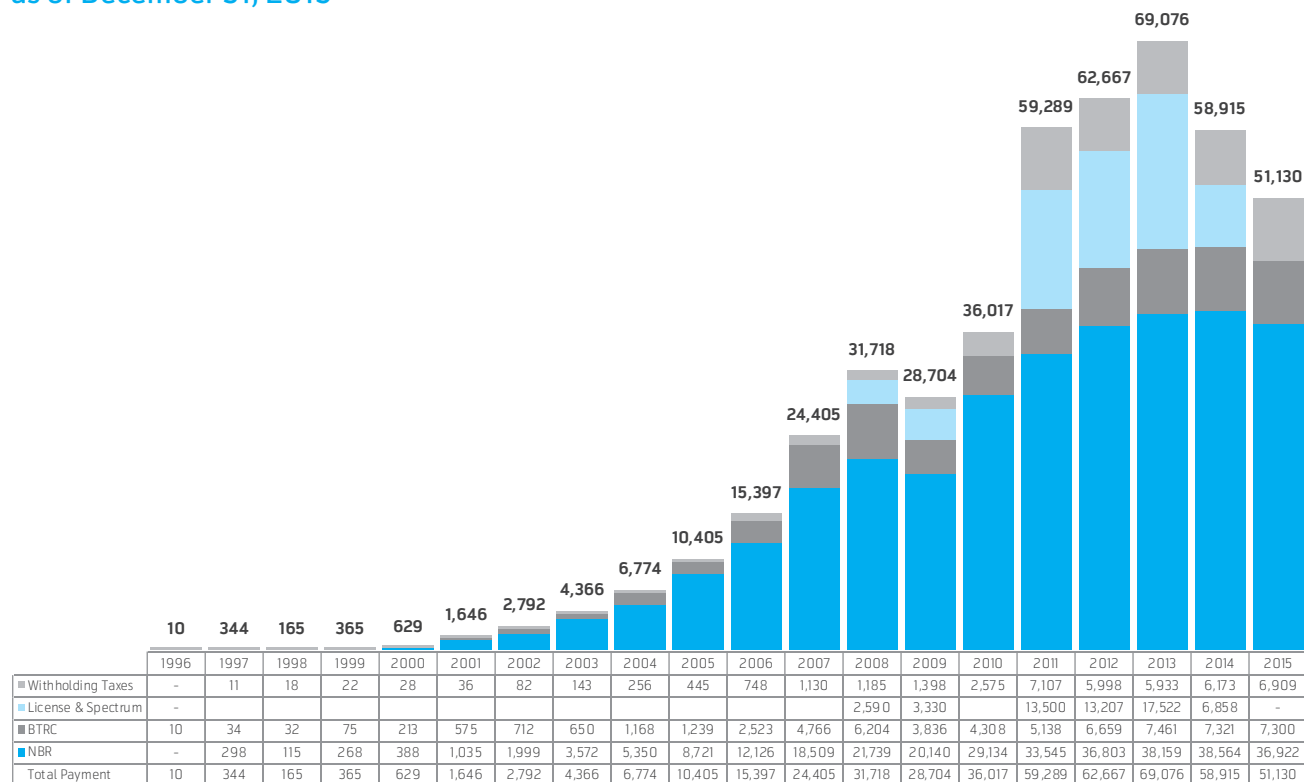
CONTRIBUTION TO NATIONAL EXCHEQUER

The collective contribution to the National Exchequer since inception to December 2015 was BDT 464.8 billion (BDT 46,481 crore), of which BDT 51.1 billion (BDT 5,113 crore) was made in 2015 alone. Out of total 464.8 billion (BDT 46,481 crore), BDT 424.6 billion (BDT 42,462 crore) was made on account of direct tax, VAT and duties through National Board of Revenue (NBR) and Bangladesh Telecommunication Regulatory Commission (BTRC) including renewal of 2G license, purchase of additional spectrum, 3G license acquisition and spectrum fees. BDT 40.2 billion (BDT 4,019 crore) was made indirect payments on account of local and foreign staff income taxes and withholding taxes on operating expenditure payments. Grameenphone has been the largest corporate taxpayer in the country for the last nine years.

Grameenphone has also generated direct and indirect employment for a large number of people over the years. The Company presently has about 5,500 employees, while more than 750,000 people are directly dependent on Grameenphone for their livelihood, working for the dealers, retailers, electronic reload and scratch card retail outlets, 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 development and growth.

Year-wise Contribution to the National Exchequer as of December 31, 2015



Figures in BDT million



Care



Cure

DIRECTORS' REPORT

For the Year Ended December 31, 2015

Dear Shareholders,

On behalf of the Board of Directors and Management, I welcome you all to the 19th Annual General Meeting (AGM) of Grameenphone Ltd. (GP). We have the pleasure to place herewith the Directors' Report and the Auditors' Report, together with the Audited Financial Statements of the Company, for the year ending December 31, 2015 for your valued consideration, approval and adoption.

A Challenging Year – Building the 3G Competitive Advantage

2015 was another excellent year for Grameenphone despite fierce market competition, regulatory uncertainties and a difficult operating environment. The Company continued its enviable track record as the market leader in Bangladesh whilst maintaining its position as the most reliable mobile network in the country. Grameenphone's strong performance in 2015 was on the back of simplified customer-centric market initiatives, strong mobile data growth with enhanced customer experience, better pricing strategies, and attractive campaigns.

Despite challenges from various corners, Grameenphone registered significant subscriber growth with more than 5.2 million new subscribers, to reach a total subscriber base of 56.7 million as of December 2015. Grameenphone has 15.7 million active internet users with each customer using more than 300 MB of data on an average a month, which was less than 100 MB in 2013 just prior to launching 3G. As a result, healthy revenue growth continued that helped Grameenphone surpasses the BDT 100 billion mark for the second consecutive year. The Company continued to generate a strong level of free cash flow while increasing the capital expenditure in order to maintain the leading network quality.

On its transformation journey from a voice communications Company to a digital service provider, Grameenphone has made significant investment in network infrastructure in 2015, aggressively promoted 3G development through noteworthy initiatives, and established a strong competitive advantage in the market. A number of collaborative efforts were also initiated with strategic partners towards cost effectively building a more sustainable ecosystem whilst providing optimal network coverage.

In 2015, Grameenphone embarked on strengthening its rural footprint and distribution channels, and introducing innovative VAS, customised tariff plans and low-end bundled smart phone offers. Moving forward, similar endeavors will be intensified with the aim of providing value propositions to the different customer groups.

Grameenphone launched a platform for ICT start-ups—GP Accelerator—as a platform for digital start-ups to find a foothold in the ICT industry and explore innovations and ideas freely. Through this process, Grameenphone will also have access to fresh talents who can take innovative digital services to the customers.

Grameenphone continues to be a partner in Bangladesh's ongoing journey towards economic and social well-being, and remains committed to contributing towards the sustainable development of the country through its corporate responsibility and sustainability initiatives.

A look back at 2015 –Socio-Economic Profile of Bangladesh

Despite the slowdown of emerging economies, Bangladesh's economic condition continues to be stable. The economy faced several macro-financial developments in 2015, some of which were positive, while others were not so favourable. Stability in microeconomic indicators, controlled inflation, continued inward remittances, record high foreign exchange reserves, and reduced government borrowing from banks helped the economy withstand the volatility from the global financial market. However, the resilience in economic initiatives was fraught throughout the year by faltering political stability, weak global markets, with lingering infrastructural constraints.

Bangladesh is at the threshold of a new era of growth and opportunity. In spite of the limitations, there is no doubt, Bangladesh offers an attractive business potential compared to many South Asian Economies. Sitting on a strategic location with lower labour cost and a growing export market, Bangladesh is still among investors' preference countries. Responding to expectations, the Government is also frequently liberalising business regimes to the investors' advantage. However, political uncertainty and instability, relatively volatile domestic business cycle and unsupportive policy environment discourage both public and private investment initiatives as well as inflow of FDI. Moving forward, the biggest challenge remains ensuring durable political stability. This is a precondition for accelerated, inclusive, and sustainable economic growth.

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Telecommunication Industry Scenario

Against the backdrop of see-sawing competition, 2015 has been a very hectic and eventful year for the telecommunication sector of Bangladesh. Unprecedented growth of Internet, followed by an 80% mobile penetration rate has created a base for commendable achievement for the industry in 2015. The total mobile subscriber base reached to 133 million while Internet subscriber reached to 54 million at an annual growth rate of 28%. Fierce competition compelled operators to introduce innovative products and services by lowering the cost of ownership of a mobile and internet connection, which ultimately benefited the consumers. Launching of attractive campaigns and promotions throughout the year and bundling subscriptions with handsets, helped customers overcome the affordability barrier. The price of smartphones came down significantly. However; it needs to be lowered further to gain the internet utilisation dividend.

Grameenphone, along with the other operators, was deeply focused in expanding 3G coverage across the country. More than 475 Upazilas are now under Grameenphone 3G coverage. A notable achievement was to bring the former enclave 'Dohogram' under the Grameenphone 3G network, which was gratefully acknowledged by the Government and highly appreciated by all. As per BTRC information, more than 95% of internet subscribers access the internet through their mobile devices. Due to the competitive market pressure, price of data has declined and operators had to focus more on 'value creation' by offering customised services. Focus on adjacent mobile-services has enabled Grameenphone to be the frontline advocate by taking advantage of its cutting edge network strength. Grameenphone has launched applications on education, health and agriculture that propel the aspiration of the government's 'Digital Bangladesh' ambitions. Amidst all these developments, the telecom sector has matured and new business dynamics have emerged. Recent development around the 'Robi-Airtel' merger will potentially create a new competitive landscape. Now, it is to be seen how the telecom industry responds to this new business equation.

Mobile Financial Services (MFS) continued to experience phenomenal growth in 2015 with average daily transaction of around BDT 430 crore and 1.25 crore of active accounts. Mobile operators are playing an 'enabler' role to render the service, lending their distribution network and telecom services towards their banking partners. It is worth mentioning that the Bangladesh Bank is currently in the process of furnishing a new MFS guideline, where MNOs are pursuing for a market-oriented partnership model which would maximise customer benefits and welfare.

Telecom Regulatory Environment

The Telecom Regulatory environment continues to remain unpredictable and uncertain in the context of unresolved and long pending regulatory issues. The telecom industry has time and again sought for some sort of predictability and certainty of the regulatory regime for a favorable and investment-friendly climate. To cope up with the changed landscape, the government regulatory authorities strive to continue its persistent efforts to strengthen its grip on the industry.

A notable number of initiatives took place in 2015. The rigorous work on National Telecom Policy (NTP), Tariff & Service Directives, Tower Sharing Licensing Guidelines, Spectrum auction are few among many. The NTP is on the verge of being placed in the Cabinet while the principle of MNP implementation is about to be finalised. Frequency allocation in absence of a consistent spectrum policy and roadmap had been a major concern for the industry. The BTRC took initiatives for spectrum auction in 2015 to sell frequency blocks in the 1800 and 2100 MHz bands that ultimately did not take place. Without a level-playing field, long term roadmap and technology neutrality, it is feared that any new auction will produce sub-optimal results and loss of economic value for the country. SIM sale and re-registration through NID and biometric verification had been another critical initiative in 2015. Though it is thought to slow down gross net addition, the whole industry is committed to comply with this Government direction. Additionally, the BTRC has initiated a fresh audit on Grameenphone, whereas previous audit (for the period inception to 2011) issues are still pending at the High Court. Grameenphone is committed to facilitate a lawful, procedurally proper and transparent BTRC Audit.

High taxation, instability and unpredictability in the taxation regime are considered to be major barriers for the expansion of the industry. In 2015-16 Fiscal Year, Government has imposed 3% supplementary duty in one hand, and on the other hand, Development Surcharge & Levy Bill, 2015 has also been passed in the Parliament to impose further 1% surcharge on call charges. Imposition of additional taxes limiting the operators' ability to reduce price as well as making them extra cautious for new investments. Any additional tax will further worsen the financial health of the already susceptible and worried sector.

Industry Outlook and Possible Future Developments

Merger and acquisition in the telecom sector is likely to develop a new market dynamics for 2016. Competition is expected to keep intensifying, leading to more innovative products and services in the coming years. Data hungry applications will boost the internet adoption rate that will enable the consumers to find more value adding services. Operators will be investing more to

expand their 3G coverage in the deep rural areas in parallel to improving the quality of service. Bundling of voice and data services will be more prominent to counter the eroding price point and attract consumers to use more services.

Operators will be looking to venture into new partnerships with other vertical industries in order to increase the value of communication services. Responding to market conditions, Grameenphone in this regard aspires to transform itself as a digital service provider. The e-commerce market is flourishing and consumers' confidence in mobile financial services is gradually increasing. These two will have a significant impact on the trade of digital goods and services, provided a favorable policy and framework 'ecosystem' is in place. Cyber security will be one of the major areas where the Government and the industry will need to work hand in hand in the coming days. The cooperation across the verticals will be crucial, both at the policy and at the industry level to develop and stimulate the sector.

We appreciate the Government's initiatives in resolving issues around the industry. However, the unresolved and long-pending issues will still be major concerns from investors, which would cause them to be more cautious and conservative. The Government's positive support towards the industry by resolving pending issues and addressing the policies in the right spirit would certainly help to regain the confidence of the investors and create an investment-friendly regulatory climate.

Capital Market Overview

Market recovery of 2014 was short lived as it went back in the red during the year. Heavy losses from few large companies and underperformance of the financial sector were the major factors that caused the declining trend in the market. Sell pressure on foreign funds was also noticeably visible during the period.

In the Dhaka Stock Exchange (DSE), the broad- and free-float weighted index DSEX declined 4.84% (235.32 points) against 14.03% gain of last year and closed at 4,629.64 points. Daily average turnover value was low with 15.35% decline compared to last year.

Grameenphone share price decreased by 30.09%, closing at BDT 253.00 at year end with a daily average turnover value worth BDT 96.58 million (BDT 9.66 crore). Grameenphone stock experienced the highest value at BDT 369.20 and the lowest at BDT 236.10 during the year. Grameenphone's market capitalisation on 31 December 2015 stood at BDT 341.63 billion (BDT 34,163 crore) on the DSE, representing 13.27% of the total equity market capitalisation.

Driving Simplicity and Value for Money

Grameenphone led the shift towards data and digital services from traditional voice and SMS based services by enriching its product portfolio. For Grameenphone, 2014 was to make 3G accessible and affordable for all, and, in line with our ambition, we were the first operator to expand coverage in all 64 districts within the first quarter of 2014. In 2015, we had been driving customer-centricity and continuing the momentum gained in 2014 to drive our 'Internet for All' ambition.

As a part of our customer-centric initiatives, we have simplified our tariff plan portfolio. We have also introduced special tariff on recharge to make our offers more affordable and accessible. Flexi-Plan was launched to give advanced users even more freedom to design their own packages in a very easy to use and attractive web interface. Our single port proposition, where all Grameenphone services are now available under a single port *121#, is the best example of customer-centricity. The aim was to make our products & services easy to find, easy to buy, and easy to use for our customers. This is one simple step towards simplification in order to be truly loved by customers. Under this initiative, we have simplified the customer journey through - new One-Stop Self-Service solution *121# USSD Menu, 121 simple IVR Menu and Simplified product/offer reply SMS.

As to make 'Internet for All' a reality, we have made the default PAYGo, the most affordable proposition in the industry. After the tremendous success of 1 Taka internet in 2014, we have followed that up with Daily 1 Taka Social Pack where customers can access Facebook, Messenger and Comoyo by paying only 1 Taka.

We have also enriched our utility product portfolio by introducing Weekly, Bi-Weekly and Monthly Social Packs, with focus on Facebook, and an advanced utility pack such as Video Pack where customers can access YouTube and two other local content streaming services. Two new internet scratch cards have also been introduced to make the journey easier for first time internet users. We have launched Emergency Data Loan to ensure that our existing customers can continue to access internet even when they are out of balance. To offer the best internet experience we have also opened up our speed restriction and invested significant efforts to improve our customers' overall internet experience.

To boost data subscriber acquisition in 2015, we launched the revolutionary onboarding platform 'EasyNet' to get non-data users to start using the internet in a way which is as easy as dialing a USSD code. Using EasyNet, interested non-data users can learn about the internet through easy to access video tutorials and try out different internet services for free in a completely worry-free manner.



321 is now the short code for the new VAS portfolio. One Code and 1 Taka Daily – for the first time in Bangladesh! We introduced this exciting New Year surprise containing five major value added services – Welcome Tunes, Breaking News, Sports Alert, Religious services and Health Tips at 1 Taka/day for each service instead of regular charge of 2 Taka/SMS. We have ended 2015 by reaching 10 Million subscriber mark for our welcome tune service.

Getting Closer to Our Customers

Grameenphone makes its best efforts to optimise customer experience, providing the best value for their money while maintaining the best mobile network in the country. We strongly believe that our success depends on how passionately our customers promote us. We have the ambition to take our services to a new height where customers feel the convenience of our ‘state-of-the-art’ self-service, call center, and physical touch points. A highly energetic team of over 2,500 members are working 24/7, 365 days a year to make our customers’ lives easier and enjoyable. With the right passion, people, and technology we are continuously excelling to be, and remain, the most customer-centric mobile operator in Bangladesh.

Our Adjacent Business

i) ‘MobiCash’ Financial Services

Grameenphone is committed to the impact financial services can have on Bangladesh by driving financial inclusion. Alongside, Grameenphone also believes it is an exciting opportunity to ‘empower society’ with access to financial services. In that context, the Company continued to expand its Mobile Financial Service (MFS) activities throughout 2015. During the year, MFS experienced strong growth, strengthened partnerships with banks and expanded its active retail base. Grameenphone is still operating in a model where it largely serves as a distribution partner for partner banks. In addition, Grameenphone has tested and expanded on its wallet use. As of today, Grameenphone’s own wallet can be used for utility bill payments, mobile top-ups and train tickets. The MFS Regulatory regime is going through another wave of change and a draft regulatory framework has been proposed by the Bangladesh Bank. Though, unpredictability around the final regulations would affect Grameenphone’s future strategy and actions, the Company chooses to believe in this industry, the potential impact, and therefore, has every intention to engage strongly and expand its activities in the MFS space.

ii) Infrastructure Services

Grameenphone is providing ‘Shared Telecom Infrastructure’ products and services, as per BTRC guidelines, to other telecom operators as well as other businesses like WiMAX operators, NTTNs, ISPs, etc. Currently, the Company has agreements with all the major telecom operators, NTTNs, WiMAX operators, ISPs and other BTRC licensees. Its prime objective is to make optimum use of national resources and reduce cost, by sharing infrastructure, transmission capacity, and OPEX with customers.

By the end of 2015, Infrastructure Services has shared more than 3,000 sites with different telecom operators. As frame agreements on BTS-sharing with the mobile operators expired, the agreements have been renewed for another 10 years. Various initiatives were taken to boost up customer satisfaction.

With the widest, best-maintained network infrastructure, Grameenphone has retained its leading role in infrastructure sharing. Recently, the industry has observed some transformations in this business. Grameenphone has taken these changes into consideration to sustain its leading position.

Apart from sharing passive telecommunication infrastructure with others, Grameenphone has been sharing sites from other mobile operators as well. This enables Grameenphone to reduce stress on CAPEX investment. By the end of 2015, Grameenphone has sought more than 350 sites from different mobile operators.

Strengthened 3G Footprint with Ambition to Deliver Super Network

2015 has been the year that saw Grameenphone strengthened its 3G network footprint with increased capacity. The ambition was to support the strategic goal of empowering society with ‘Internet for All.’ The total number of 3G sites in 2015 reached up to 5,831, covering almost all the upazilas of Bangladesh. The ambition is 10,000 3G sites by mid-2016.

The total data consumption at the end of 2015 was more than 2.5 times than that of 2014 while 89% of the total data volume consumed was across the 3G network.

Core capacity has been almost tripled to enhance the internet experience for customers. Alongside capacity expansion, ‘Dual-Carrier HSPA’ feature has been deployed, which means double speed for the customers with the right type of device.

For 3G-voice service, another feature known as HD voice has been deployed for better speech quality. To enhance indoor 3G experience, more than 350 3G small cells have also been delivered at customer premises.

The effort to enhance network strength was also made across the existing 2G network. GP has ensured 2G sites at more than 10,000 locations in 2015. Core voice capacity has been increased by 24%. This helped cater to the high volume traffic during the two Eid occasions with negligible congestion. SMS capacity has also been increased by introducing new cloud based platform for six major Value Added Services.

The overall provisioning capacity has been enhanced to support the increasing number of provisioning requests for smaller data packs. More than 4,000 new channels for 121 call center have been added.

One of the major deliveries during 2015 was the deployment of the common billing platform for pre-paid and post-paid connections. This deployment will help GP design packages and campaigns for all customers in a more agile manner.

There have been challenges posed by nature a number of times in 2015. The nor'wester storm in April disturbed the national grid power line severely. While all operators were struggling with the unavailability of commercial power, the Grameenphone network stood strong through improvisation and extended efforts from the technology personnel.

There have been focused drives on network quality enhancement. For quality assessment and drive improvement, a new competitive quality benchmarking system has been deployed countrywide. Significant network optimisations have been carried out to deliver the best quality network with special focus on Dhaka City. GP's technology team has also directly participated in the BTRC-initiated QoS (Quality of Service) drive test. In that exercise, Grameenphone demonstrated service parameters well within the regulatory guidelines and network performances was found to be significantly sound and satisfactory.

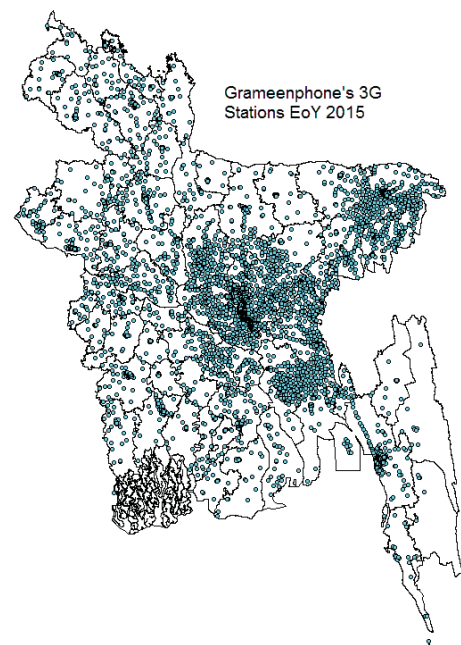
Becoming Digital with Agile and Capable Employees

Grameenphone's success is derived from the continued devotion, dedication and fidelity of its lifeline workforce. Grameenphone has a capable and agile team of 3,002 permanent employees who are also highly engaged and committed to rise to peak performance. As a socially-responsible employer, the Company believes its people make the difference. The Company puts continuous efforts to build the right organisation culture and structure that help deliver the desired value for the customers and the stakeholders.

The Employee Engagement index (75) is now better than the global high performing norm (72). Grameenphone ranked as the number one employer within Bangladesh's Telecom Industry in an independent survey last year.

In 2015, 2,250 employees were trained in operational and leadership capabilities. Based on Telenor's global strategic workforce planning and development initiatives, Grameenphone has also focused on developing critical capabilities, both by onboarding highly skilled resources from local and international markets, as well as investing in the right development programs.

In an effort to deliver more value to the customers, we are transforming our organisation structures, work processes and policies to be closer to our markets as well as being more performance-orientated. Along with that, Grameenphone also plans to be more 'Digital' in the coming years by further digitalising. As an organisation, the Company pursues its journey for continuous improvement. With a view to becoming a world-class organisation, the Company will continue to invest in creating the right organisational culture around its values, performance, leadership and engagement.



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Corporate Responsibility (CR) – Touching Lives in the Societies

As a responsible corporate citizen, Grameenphone acknowledges its' role in contributing to the development of communities in Bangladesh. As a result, Grameenphone exists just not to serve the customers with products or services of value, but also to bring about a positive response to social issues that affect Bangladesh's upward mobility. In 2015, we were involved in multiple initiatives that brought about positive results in the education and health standards of the underprivileged community. At the same time, Grameenphone acknowledges the importance of creating awareness about safe internet usage. As a result, Grameenphone has reached out to students and parents across the country with Safe Internet messages. Detailed information on the initiatives of the Company towards CR activities is provided in the Corporate Responsibility section of the Annual Report on page 18.

Towards a Greener Future

Our climate is changing very fast and affecting the Earth adversely with its consequences. As a conscious corporate entity, Grameenphone continually strives to reduce the environment and climate impact of its operations. The Company is committed to the continuous deployment of enhanced sustainable solutions for an energy-efficient and environment-friendly network. Our 'Climate Change' initiatives ultimately aid in the country's efforts to offset the effects of global warming. Initiated as early in 2008, Grameenphone has an environmental roadmap which aims to promote a low-carbon emission society, and our first priority is to take responsibility for the excess CO₂ emissions generated by our own operations. Grameenphone has set a target of reducing 30% carbon emission intensity (CO₂) within 2017 from the business, considering 2011 as the baseline. Detail about this strategy and information on some other climate activities of the Company are provided in the Climate Change section of the Annual Report on page 20.

Health, Safety, Security and Environment (HSSE)

Grameenphone's HSSE approach is very sensible, scientific and up-to-date. To ensure international standards of occupational health, safety, security, and environment, Grameenphone continuously works to maintain and improve a compliant working environment for employees and business partners. This is done in line with Telenor principles and laws of the land, which enables a safe working environment that yields productivity and efficiency.

As a part of continual improvement, in 2015, emphasis was given on keeping Lost Time Injury Frequency (LTIF) to a minimal (<0.32) by emphasising on reducing the contributory factors to road traffic accidents. This is a very difficult task in a country like Bangladesh considering the road traffic management and safety behaviour in general. Under the campaign of 'Towards Zero', a comprehensive Road Traffic Training and awareness program had been planned and organised across the country for all Territory Officers of Grameenphone. A number of Occupational Health and Safety training and awareness sessions were organised for the employees throughout the year addressing ergonomics, fire safety and earthquake, employee fitness, work-life balance, stress management and healthy living etc.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as a part of good governance and to that end the Directors confirm to the best of their knowledge that :

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

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

- i. they have reviewed the Financial Statements and that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

- ii. they have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards and applicable laws; and
- iii. there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

Corporate Governance

We believe that good business is good development and vice versa. And with that spirit, the Board of Directors of Grameenphone remains committed to high standards of governance in cultivating a responsible organisation that adopts and practices in accordance with the principles and recommendations of the Corporate Governance Guidelines 2012 of the Bangladesh Securities and Exchange Commission (BSEC) and internal Corporate Governance Principles. The Board recognises that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholders' value on a sustainable basis.

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

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

• Segment/Product Wise Performance

Business activities of GP are not organised on the basis of differences in related products and services or variations in geographical areas of operations. GP essentially provides similar products and services to customers across the country. GP, however, reviews revenue performance of different services, which have been disclosed under notes to the Financial Statements.

Total revenue for 2015 was BDT 104.8 billion (BDT 10,475 crore) with 2.0% increase compared to the previous year. The growth in revenue was mainly driven by data & VAS, partly offset by lower voice revenue. Infrastructure services, mobile financial services and device sales had considerable contribution in yearly revenue growth.

Total data & VAS revenue has increased by 44.3% from 2014 with 66.0% increase in data revenue. Growth in data services revenue was mainly driven by 3G coverage expansion, increased mobile data users and usage growth in 2015. SMS, MMS and content services revenue increased by 31.0% from last year.

Despite 10.0% growth in subscription base, voice traffic revenue decreased by 3.9% in 2015 from last year. Intense price competition throughout the year with promotional voice tariffs resulted slowdown of voice revenue despite solid growth in outgoing minutes compared to last year.

Interconnection revenue is generated from the incoming traffic through the calls generated from outside GP network. Interconnection revenue was stable in 2015 compared to last year resulted from increase in incoming minutes from international operators, partly counterbalanced by decrease in incoming minutes from local operators.

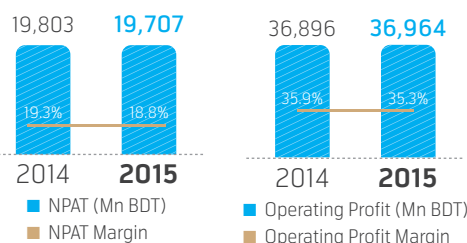
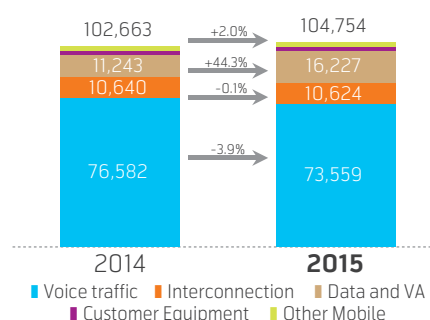
Other mobile revenue includes revenues mainly from telecom infrastructure sharing, mobile financial services, broadband internet revenue etc.

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

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

Operating expenses consist of material cost, personnel expense, network operation and maintenance, selling & distribution cost, dealers' commission & marketing expense, revenue sharing & frequency charges to regulator and depreciation & amortisation. Operating expense for 2015 was BDT 67.8 billion with 3.1% increase compared to last year. The increase is mainly due to higher depreciation & amortisation and content cost, partly offset by lower operation & maintenance and subscriber acquisition cost.

Total Revenue (In million BDT)



As a combined effect of the revenue growth and increase in operating expenses, operating profit for the year 2015 remained stable with BDT 68 million increase from last year. Profit before tax also remained at the 2014 level with BDT 67 million increase. Net profit margin for the year 2015 was 18.8% compared to 19.3% in last year. Net profit after tax decreased by 0.5% due to higher income tax expense in 2015 resulted from one-off positive adjustment for prior years in 2014. As a result, Earnings Per Share (EPS) for the year 2015 stood at BDT 14.59 compared to BDT 14.67 of 2014.

- All transactions with related parties have been made on a commercial basis. Details of related parties and related party transactions have been disclosed in note 38 to the Financial Statements as per requirements of relevant IFRS.
- The GP 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.
- As per IAS 1, Presentation of Financial Statements, no items of income and expense are presented as 'extraordinary gain or loss' in the Financial Statements. Accordingly, no gain or loss has been presented as 'extraordinary gain or loss' in the Financial Statements.
- No significant variations have occurred between quarterly and final financial performances of the Company during 2015.
- No remuneration was paid to the Directors apart from their Board meeting attendance fees. During the year, the Company has paid a total amount of BDT 430,215 as Board meeting attendance fees. However, payments to Foreign Directors, not remitted as yet, have been provided for in the accounts of the relevant year.
- There is no significant deviations in operating result of this year compared to last year's operating result.
- The key operating and financial data for the last five years has been disclosed in the Annual Report on page 50.
- GP has declared interim dividend and recommended final dividend for the year 2015.
- During 2015, a total of 10 (Ten) 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 December 31, 2015 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 2015 and recommended the appropriation as mentioned in the 'Appropriation of Profit' table below:

Figures in '000 BDT

	2015	2014
Profit available for Appropriation*		
Profit/ (Loss) after tax	19,694,040	19,697,026
Other comprehensive income (loss), net of tax	(866,785)	-
Un-appropriated profit brought forward from previous year	9,444,993	9,327,317
Total Amount available for Appropriation	28,272,248	29,024,343
Appropriation		
Final Dividend Paid for Previous Year	8,776,950	6,751,500
Interim Dividend Paid for Current Year	10,802,400	12,827,850
Closing Retained Earnings at year end (before Proposed Final Dividend)	8,692,898	9,444,993
Proposed Final Dividend for the year 2015 (60% cash) (in 2014: 65% cash)	8,101,800	8,776,950
Retained Earnings after Proposed Dividend	591,098	668,043

*Based on separate Financial Statements of Grameenphone Ltd.

Growth in 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 2015 was BDT 464.8 billion (BDT 46,481 crore). During 2015 alone, the Company contributed BDT 51.1 billion (BDT 5,113 crore) to the national exchequer which represents about 49% of Grameenphone's total revenue of 2015. Grameenphone has paid BDT 14.6 billion (BDT 1,456 crore) corporate taxes during 2015. Such contribution is expected to grow further with the expansion and growth of the Company in the years ahead.

Dividend

For the year ended December 31, 2015, the Board of Directors of the Company has paid an Interim Cash Dividend @ 80% of the paid-up capital amounting to BDT 10,802,400,176 which was BDT 8 per share of BDT 10.00 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 60% of the paid-up capital amounting to BDT 8,101,800,132 which is BDT 6 per share of BDT 10 each for the year 2015 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 80% paid already, this would make a cumulative total dividend @ 140% of the paid-up capital of the Company which represents 96% of the Profit After Tax for the year 2015 amounting to BDT 18,904,200,308.

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. Sigve Brekke, Telenor Mobile Communications AS, Director & Chairman
2. Mr. Hans Martin Hoegh Henrichsen, Telenor Mobile Communications AS, Director
3. Mr. Hakon Bruaset Kjol, Telenor Mobile Communications AS, Director
4. Mr. Pal Wien Espen, Telenor Mobile Communications AS, Director
5. Mr. Tore Johnsen, Telenor Mobile Communications AS, Director
6. Mr. M Shahjahan, Grameen Telecom, Director
7. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
8. Ms. Parveen Mahmud, Grameen Telecom, Director
9. Dr. Jamaluddin Ahmed FCA, Independent Director
10. Ms. Rokia Afzal Rahman, Independent Director

One of our Independent Directors, Dr. Jamaluddin Ahmed FCA will complete his 2nd term in office in March 2016. Under the BSEC's Corporate Governance Guidelines 2012, an Independent Director may continue as such for a maximum of two terms of 3 years each. Accordingly, we consider replenishing the position of Independent Director in time as required under the mentioned guidelines.

In this context, The Board records its profound appreciation for the outstanding services rendered by Dr. Jamaluddin Ahmed FCA as a member of the Board. His contributions as Chairman of the Board Audit Committee have vastly helped the Board discharge its governing responsibilities towards the Company. At this occasion, the Board also extends its warm wishes to Dr. Jamaluddin Ahmed FCA in his future undertakings.

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. Sigve Brekke
2. Mr. M Shahjahan
3. Mr. Pal Wien Espen
4. Ms. Rokia Afzal Rahman

Brief profiles of the Directors being proposed for re-appointment are given on page 27 of the Annual Report, which fulfill condition 1.5 (xxii) of the Corporate Governance Guidelines of BSEC.

Appointment of Auditors

As per the Companies Act 1994 and the Articles of Association of GP, the statutory auditors of the Company, Rahman Rahman Hugu, Chartered Accountants, shall retire in this AGM. The Firm, being eligible, has offered their willingness to be re-appointed. The Board recommends their re-appointment for the year 2016 and continuation till the next AGM at a fee of BDT 2 million (Taka Two million only) plus VAT.

Risk and Concern

Risk management is always a high priority issue in Grameenphone. We identify and manage risks to reduce the uncertainty associated with executing our business strategies and maximising opportunities that may arise. Risks can take various forms and can have material adverse impact on the Company's reputation, operations, human resources and financial performance. The Company has a well defined risk management manual and process to mitigate enterprise level risks. This aspect is discussed more elaborately at the 'Enterprise Risk Management' section of the Annual Report on page 47.

Prospects in 2016 and beyond

Following the ongoing digital drive, the mobile market of Bangladesh is expected to expand in terms of internet usage. Government policies now place greater emphasis on the internet being a key driver of growth. Smartphone adoption is exploding quarter on quarter, and the country's love for social media has notably increased. To that end, we strongly hold on to our ambition of bringing 'Internet for All' and becoming Bangladesh's most preferred mobile internet provider for the mass market. We have also made significant investment in our infrastructure to bring the best and most consistent high-speed mobile internet network to our customers in 2015. It is our intention to continue in this momentum and bring 90% of the country's population under the Grameenphone network by the end of the first quarter of 2016, with the addition of 1,700 new 3G sites reaching 7,500 3G network site. Furthermore, by end of the second quarter in June 2016, almost everyone in Bangladesh will be covered under the Grameenphone 3G network with 10,000 3G network sites. Major 2G upgrades are also a part of this aggressive programme.

Several new digital services will enter the market within a short time, which we expect will open new windows of opportunity in education, health, banking and other services, and drive growth in the internet business. Grameenphone is preparing its network to take the lead and hold it on by confronting the upcoming challenges.

We aspire to bring more innovative data-centric solutions for customers by driving our innovation agenda with more affordable call and internet plans, competitive smart device bundles and price plans, as well as introduce innovative digital services through strategic partnerships in the days ahead. To ensure long term sustainability of the business, more favourable regulatory reforms, through a consultative and collaborative approach, are anticipated in the coming years.

Acknowledgement

The performance of the Company in 2015 is itself a tribute to the pledge, promise, energy and hard work of our Directors, Management and employees. Our employees remain an essential lifeline for the Company, while our customers are the driving force that helps us stay afloat and try to go beyond expectations. The Board of Directors also recognises that the outstanding achievement of the year was possible also because of the support of the innumerable stakeholders – the shareholders, partners, vendors, collaborators and media who have kept the Company on the right track through their continuous feedback, motivation and close engagement. Accordingly, on this august occasion, the Board profoundly acknowledges the cooperation and assistance that it has received from the Government of Bangladesh; the Ministry of Posts, Telecommunications and Information Technology (MoPT); Bangladesh Telecommunication Regulatory Commission (BTRC); Bangladesh Railway (BR); Bangladesh Bank (BB); Board of Investment (BOI); Registrar of Joint Stock Companies & Firms (RJSC); Chief Controller of Export & Import; Bangladesh Securities and Exchange Commission (BSEC); Dhaka Stock Exchange Ltd. (DSE); Chittagong Stock Exchange Ltd. (CSE); Central Depository Bangladesh Limited (CDBL); GP's Bankers, Insurers and financial institutions; and other business partners through 2015. It is because of their support and inspiration that Grameenphone has been able to attain the lofty heights it finds itself today. Most of all, the Board would like to acknowledge our 56.7 million customers for their unwavering support and loyalty.

Grameenphone's ever-growing network, services and technologies are positioned to serve as a springboard to the success of the people of Bangladesh, not just for the unconnected rural and poor to begin connecting to the world, but also for the burgeoning startup communities and talented youth in the country. Our experience tell us that this community and their ideas will shape the digital generation of Bangladesh and take the country forward.

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



Sigve Brekke

Chairman

February 07, 2016

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Annexure-I

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

(Report under condition no. 7.00)

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.	Board of Directors (BoD)			
1.1	Board's Size (number of Board members – minimum 5 and Maximum 20)	✓		There are 10 (Ten) members in the Company Board
1.2	Independent Directors			
1.2 (i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	✓		There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors
1.2 (ii)	Independent Director means a Director:			
1.2 (ii) (a)	who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company	✓		The IDs have submitted declarations about their compliances
1.2 (ii) (b)	who is not a sponsor of the Company and is not connected with any sponsor of the Company's or Director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company	✓		- do -
1.2 (ii) (c)	who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/associated companies	✓		- do -
1.2 (ii) (d)	who is not a member, Director or officer of any stock exchange	✓		- do -
1.2 (ii) (e)	who is not a shareholder, Director or officer of any member of stock exchange or an intermediary of the capital market	✓		- do -
1.2 (ii) (f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the Company's statutory audit firm	✓		- do -
1.2 (ii) (g)	who shall not be an Independent Director in more than 3 (three) listed companies	✓		- do -
1.2 (ii) (h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	✓		- do -
1.2 (ii) (i)	who has not been convicted for a criminal offence involving moral turpitude	✓		- do -
1.2 (iii)	Independent Director(s) shall be appointed by BoD and approved by the shareholders in the Annual General Meeting (AGM)	✓		The appointments are duly approved
1.2 (iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days	None		No vacancy occurred
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		There is a written Code of Conduct and all Board members and employees are obliged to comply with

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

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (xvi)	Going Concern (ability to continue as a going concern)	✓		Included in the Directors' Report
1.5 (xvii)	Highlight and explain significant deviations from the last year's operating results	✓		- do -
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarised	✓		Given on Page 50 of the Annual Report
1.5 (xix)	Reason for non declaration of Dividend	None		Does not arise
1.5 (xx)	The number of Board meetings held during the year and attendance by each Director	✓		Included in the Directors' Report
1.5 (xxi)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties	✓		Included in the Directors' Report
1.5 (xxi) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	✓		- do -
1.5 (xxi) (c)	Executives	✓		- do -
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the Company	✓		- do -
1.5 (xxii)	In case of the appointment/re-appointment of a director, disclose:			
1.5 (xxii) (a)	a brief resume of the director	✓		Given on Page 27 of the Annual Report
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas	✓		- do -
1.5 (xxii) (c)	names of Companies in which the person also holds the Directorship and the membership of committees of the Board	✓		Given on Page 30 of the Annual Report
2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	✓		The CFO, HIA and CS are different individuals and their roles and responsibilities are separately defined
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	✓		The CFO and CS participate in all Board meetings
3	Audit Committee			
3 (i)	The Company shall have an Audit Committee as a sub-committee of the BoD	✓		Audit Committee is established as per BSEC guidelines
3 (ii)	The Audit Committee shall assist the BoD in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	✓		The Audit Committee discharges as per given guidelines
3 (iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	✓		The duties of the Audit Committee are clearly defined in the Audit Committee Charter duly approved by the Board.
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	✓		Audit Committee comprises of 3 members
3.1 (ii)	The BoD shall appoint members of the Audit Committee who shall be Directors of the Company and shall include at least 1 (one) Independent Director	✓		One member of the Audit Committee is Independent Director

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.1 (iii)	All members of the Audit Committee should be 'financially literate' and at least 1 (one) member shall have accounting or related financial management experience	✓		The profiles of the members demonstrate their capabilities as such
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	None		No vacancy occurred
3.1 (v)	The Company Secretary shall act as the secretary of the Audit Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	✓		
3.2 (i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the AGM	✓		Was present in the AGM held in 2015
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	✓		The Audit Committee Charter clearly defines the role of the Audit Committee as per BSEC's guidelines
3.3 (ii)	Monitor choice of accounting policies and principles	✓		- do -
3.3 (iii)	Monitor Internal Control Risk management process	✓		- do -
3.3 (iv)	Oversee hiring and performance of external auditors	✓		- do -
3.3 (v)	Review the annual Financial Statements before submission to the Board for approval	✓		- do -
3.3 (vi)	Review the quarterly and half yearly Financial Statements before submission to the Board for approval	✓		- do -
3.3 (vii)	Review the adequacy of internal audit function	✓		- do -
3.3 (viii)	Review statement of significant related party transactions submitted by the Management	✓		- do -
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	✓		- do -
3.3 (x)	Disclosure to the Audit Committee about the uses/applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, shall prepare a statement of funds utilised for the purposes other than those stated in the prospectus	None		No IPO was made in the year 2015
3.4.1 (i)	Reporting to BoD on the activities of the Audit Committee	✓		
3.4.1 (ii) (a)	Reporting to BoD on conflicts of interests	None		
3.4.1 (ii) (b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	None		
3.4.1 (ii) (c)	Reporting to BoD on suspected infringement of laws	None		
3.4.1 (ii) (d)	Reporting to BoD on any other matter	None		

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	None		
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	√		Activities of the Audit Committee are reported on page 49 of the Annual report
4	External / Statutory Auditors			
4 (i)	Non-engagement in appraisal or valuation services or fairness opinions	√		As declared by Auditors
4 (ii)	Non-engagement in designing and implementation of Financial Information System	√		- do -
4 (iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	√		- do -
4 (iv)	Non-engagement in Broker-Dealer services	√		- do -
4 (v)	Non-engagement in Actuarial services	√		- do -
4 (vi)	Non-engagement in Internal Audit services	√		- do -
4 (vii)	Non-engagement in any other services that the Audit Committee determines	√		- do -
4 (viii)	No partner or employees of the external audit firms shall possess any share of the Company during the tenure of their assignment	√		- do -
4 (ix)	Non-engagement in audit/certification services on compliance of corporate governance as required under clause (i) of condition no. 7	√		- do -
5	Subsidiary Company			
5 (i)	Provisions relating to the composition of the BoD of the holding Company shall be made applicable to the composition of the BoD of the subsidiary Company	Not applicable		GP does not have any subsidiary Company as on reporting date
5 (ii)	At least 1 (one) Independent Director on the BoD of the holding Company shall be a Director on the BoD of the subsidiary Company.	Not applicable		- do -
5 (iii)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company	Not applicable		- do -
5 (iv)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also	Not applicable		- do -
5 (v)	The Audit Committee of the holding Company shall also review the Financial Statements, in particular the investments made by the subsidiary company	Not applicable		- do -
6	The CEO and CFO shall certify to the Board that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief:			
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		The CEO and CFO have duly certified to the Board

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6 (i) (b)	these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws	√		The CEO and CFO have duly certified to the Board
6 (ii)	there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct	√		- do -
7 (i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		Given on page 73 of the Annual Report
7 (ii)	Directors statement in the directors' report whether the Company has complied with these conditions	√		Detailed status of compliance is given in the Compliance Schedule as published with the Directors' Report

Annexure-II

Board Meeting and attendance during the year ended December 31, 2015

Name of Directors	Number of meetings held whilst a Board member	Meetings attended	Remarks
Mr. Sigve Brekke	10	2	Granted leave of absence
Mr. Hans Martin Hoegh Henrichsen	10	10	
Mr. Tore Johnsen	10	9	Granted leave of absence
Mr. Hakon Bruaset Kjol	10	6	Granted leave of absence
Mr. Pal Wien Espen	10	8	Granted leave of absence
Mr. M Shahjahan	10	9	Granted leave of absence
Mr. Md. Ashraful Hassan	10	10	
Ms. Parveen Mahmud	10	7	Granted leave of absence
Dr. Jamaluddin Ahmed FCA	10	5	Granted leave of absence
Ms. Rokia Afzal Rahman	10	8	Granted leave of absence

Annexure-III

The Pattern of Shareholding as on December 31, 2015

Name of Shareholders	Status	Shares Held	Percentage
i) Parent/Subsidiary/Associate Companies			
Telenor Mobile Communications AS	-	753,407,724	55.80%
Nye Telenor Mobile Communications II AS	-	215	0.00%
Nye Telenor Mobile Communications III AS	-	215	0.00%
Telenor Asia Pte. Ltd.	-	215	0.00%
Grameen Telecom	-	461,766,409	34.20%
Grameen Kalyan	-	22	0.00%
Grameen Shakti	-	22	0.00%
ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children			
Mr. Sigve Brekke	Chairman	-	-
Mr. Hans Martin Hoegh Henrichsen	Board Member	-	-
Mr. Pal Wien Espen	Board Member	-	-
Mr. Hakon Bruaset Kjol	Board Member	-	-
Mr. Tore Johnsen	Board Member	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashraful Hassan	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Dr. Jamaluddin Ahmed FCA	Board Member	-	-
Ms. Rokia Afzal Rahman	Board Member	-	-
Mr. Rajeev Sethi	Chief Executive Officer	-	-
Mr. Dilip Pal	Chief Financial Officer	-	-
Mr. Hossain Sadat	Company Secretary	376	0.00%
Mr. Hasan Faisal	Acting Head of Internal Audit	195	0.00%
iii) Executives (as explained in the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)			
Mr. Medhat EL Hussein	Chief Technology Officer	-	-
Mr. Erlend Prestgard	Head of Strategy	-	-
Mr. Saurabh Prakash	Head of Commercial Transformation & Projects	-	-
Mr. Mahmud Hossain	Chief Corporate Affairs Officer	-	-
Mr. Yasir Azman	Chief Marketing 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

 **Al-Muqtadir Associates**
Chartered Secretaries & Consultants

Business Office:
Block : F, Rania Avenue
Apurba Gardenia
House # 530, (5th floor)
Bashundhara R/A, Dhaka - 1229
Bangladesh

Phones : 01730 340 340
01552 108 522
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: muqtadir@muqtadirbd.com
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VAT Reg : 19041063900

Certificate of Compliance to the Shareholders of Grameenphone Ltd.

(As required under the BSEC Corporate Governance Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance by Grameenphone Ltd. for the year ended 31st December 2015. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an expression of opinion or audit on the Financial Statements of the Company.

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

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.



Al-Muqtadir Associates
Chartered Secretaries & Consultants

Dhaka, February 07, 2016

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**AUDITORS' REPORT &
AUDITED FINANCIAL
STATEMENTS**



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Chartered Accountants
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**Independent Auditors' Report
To the shareholders of Grameenphone Ltd.**

Introduction

We have audited the accompanying financial statements of Grameenphone Ltd., which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS).

Emphasis of matter

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

Report on Other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Rahman Rahman Huq
Chartered Accountants

Dhaka, February 07, 2016

Grameenphone Ltd.
Statement of Financial Position
as at 31 December 2015

ASSETS

Non-current assets

Property, plant and equipment, net	4
Intangible assets, net	5
Investment in associate	6
Other non-current assets	7

Total non-current assets

Current assets

Inventories	8
Trade and other receivables	9
Cash and cash equivalents	10

Total current assets

Total assets

EQUITY AND LIABILITIES

Shareholders' equity

Share capital	11
Share premium	12
Capital reserve	13
Deposit from shareholders	14
Retained earnings	

Total equity

Non-current liabilities

Finance lease obligation	15
Loans and borrowings	16
Deferred tax liabilities	17
Employee benefits	18
Other non-current liabilities	19

Total non-current liabilities

Current liabilities

Trade and other payables	20
Provisions	21
Loans and borrowings	16
Current tax payable	22
Other current liabilities	23

Total current liabilities

Total equity and liabilities

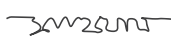
Notes

31 December 2015	31 December 2014
Taka'000	Taka'000
74,204,532	70,306,649
41,045,545	44,774,181
710,643	695,524
4,561,035	31,536
120,521,755	115,807,890
435,340	387,475
7,339,372	9,717,558
4,153,100	4,759,902
11,927,812	14,864,935
132,449,567	130,672,825
13,503,000	13,503,000
7,840,226	7,840,226
14,446	14,446
1,880	1,880
9,265,706	10,004,950
30,625,258	31,364,502
5,207,147	5,277,626
18,964,209	24,003,730
7,910,630	7,993,446
1,444,641	-
672,505	631,385
34,199,132	37,906,187
22,575,339	20,780,751
14,077,929	14,303,882
9,975,569	4,147,583
19,785,655	19,629,253
1,210,685	2,540,667
67,625,177	61,402,136
132,449,567	130,672,825

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



Director



Director



Chief Executive Officer



Company Secretary

As per our report of same date.



Auditor

Dhaka, February 07, 2016



Grameenphone Ltd.
Statement of Profit or Loss or other Comprehensive Income
for the year ended 31 December 2015

	Notes	2015 Taka'000	2014 Taka'000
Revenue	24	104,754,372	102,663,372
Operating expenses			
Cost of material and traffic charges	25	(10,693,577)	(9,591,883)
Salaries and personnel cost	26	(6,373,253)	(6,455,286)
Operation and maintenance	27	(4,419,129)	(5,070,609)
Sales, marketing and commissions	28	(12,913,376)	(13,200,722)
Revenue sharing, spectrum charges and licence fees	29	(8,255,606)	(8,082,170)
Other operating (expenses)/income, net	30	(6,128,054)	(5,709,963)
Depreciation and amortisation	31	(19,007,679)	(17,656,668)
		(67,790,674)	(65,767,301)
Operating profit		36,963,698	36,896,071
Share of profit/(loss) of associate	32	15,119	125,008
Finance (expense)/income, net	33	(1,940,737)	(2,307,001)
Foreign exchange (loss)/gain		(115,721)	140,917
		(2,041,339)	(2,041,076)
Profit before tax		34,922,359	34,854,995
Income tax expense	34	(15,215,468)	(15,051,712)
Profit after tax		19,706,891	19,803,283
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	18	(1,444,641)	-
Related taxes		577,856	-
		(866,785)	-
Total comprehensive income for the year		18,840,106	19,803,283
Earnings per share			
Basic and diluted earnings per share (par value Tk. 10 each in Taka)	35	14.59	14.67

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


Director


Director


Chief Executive Officer


Company Secretary

Dhaka, February 07, 2016

As per our report of same date.


Auditor

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Grameenphone Ltd.
Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital Taka'000	Share premium Taka'000	Capital reserve Taka'000	Deposit from shareholders Taka'000	Retained earnings Taka'000	Total Taka'000
Balance as at 1 January 2014	13,503,000	7,840,226	14,446	1,880	9,781,017	31,140,570
Transactions with the equity holders:						
Final dividend for 2013	-	-	-	-	(6,751,500)	(6,751,500)
Interim dividend for 2014	-	-	-	-	(12,827,850)	(12,827,850)
Total comprehensive income for 2014						
Profit for the year	-	-	-	-	19,803,283	19,803,283
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 December 2014	13,503,000	7,840,226	14,446	1,880	10,004,950	31,364,502
Balance as at 1 January 2015	13,503,000	7,840,226	14,446	1,880	10,004,950	31,364,502
Transactions with the equity holders:						
Final dividend for 2014	-	-	-	-	(8,776,950)	(8,776,950)
Interim dividend for 2015	-	-	-	-	(10,802,400)	(10,802,400)
Total comprehensive income for 2015						
Profit for the year	-	-	-	-	19,706,891	19,706,891
Other comprehensive income (loss)	-	-	-	-	(866,785)	(866,785)
Balance as at 31 December 2015	13,503,000	7,840,226	14,446	1,880	9,265,706	30,625,258

Grameenphone Ltd.
Statement of Cash Flows
for the year ended 31 December 2015

	2015	2014
	Taka'000	Taka'000
Cash flows from operating activities		
Cash receipts from customers	106,354,277	102,696,002
Payroll and other payments to employees	(7,985,573)	(10,506,839)
Payments to suppliers, contractors and others	(43,126,234)	(40,266,804)
Interest received	211,870	265,764
Interest paid	(2,099,166)	(2,219,303)
Income tax paid	(14,564,025)	(18,713,347)
	(67,563,128)	(71,440,529)
Net cash generated by operating activities	38,791,149	31,255,473
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment and intangible assets	(19,919,482)	(20,250,401)
Proceeds from sale of property, plant and equipment	12,106	102,847
Proceeds from sale of short-term investments	-	78,276
	(19,907,376)	(20,069,278)
Net cash used in investing activities	(19,907,376)	(20,069,278)
Cash flows from financing activities		
Proceeds from/(payment of) short-term bank loan	3,100,000	(6,200,000)
Proceeds from/(payment of) long-term loan	(2,682,203)	15,089,705
Payment of dividend	(19,579,350)	(19,579,350)
Payment of finance lease obligation	(329,022)	(281,906)
	(19,490,575)	(10,971,551)
Net cash used in financing activities	(19,490,575)	(10,971,551)
Net change in cash and cash equivalents	(606,802)	214,645
Cash and cash equivalents as at 1 January	4,759,902	4,545,257
Cash and cash equivalents as at 31 December	4,153,100	4,759,902

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Grameenphone Ltd.
Notes to the Financial Statements
for the year ended 31 December 2015

01 Corporate information

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

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

02 Basis of preparation

Grameenphone disposed of 51% of its stake in its only subsidiary (GPIT) on 1 September 2013, however it retains significant influence over GPIT (now known as Accenture Communications Infrastructure Solutions Ltd., i.e. ACISL).

These financial statements are not the separate financial statements of Grameenphone. These financial statements are unconsolidated financial statements (also known as individual financial statements) of Grameenphone as at and for the year ended 31 December 2015. These unconsolidated financial statements present the financial position and performance of Grameenphone and Grameenphone's investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with (IAS/BAS) 28: Investment in Associates and Joint Ventures.

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

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh. The requirements of IFRS and BFRS, to the extent relevant to these financial statements, do not vary from each other.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements. Measurement at revalued amounts or fair value does not have significant impact on these financial statements.

Authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the Company on 07 February 2016.

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 (Taka/Tk./BDT) which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka in thousand (Taka'000) except otherwise indicated. Because of these rounding off, in some instances the totals may not match the sum of individual balances.

2.2 Use of estimates and judgements

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

Judgements

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

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

Estimates and assumptions

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

1. Applicable tax rate for Income Year 2015 will be declared by Finance Act 2016. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2015 as well.
2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at the reporting date.
3. key assumptions about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

03 Significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current period'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,
- ii) held primarily for the purpose of trading,
- iii) expected to be realised within twelve months after the reporting period, 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,
- ii) held primarily for the purpose of trading,
- iii) due to be settled within twelve months after the reporting period, 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 if cash flows.

3.3 Cash dividend to the equity holders

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

3.4 Property, plant and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful life of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	2015	2014
	Years	Years
Own assets		
Building	10 - 50	10 - 50
Base station - equipment	3 - 10	3 - 10
Base station - tower, fibre optic network and related assets	7 - 30	7 - 20
Transmission equipment	5 - 10	5 - 10
Computers and other IT equipment	4	4
Furniture and fixtures (including office equipment)	3 - 5	3 - 5
Vehicles	4	4
Leased asset		
Fibre Optic Network (FON)	22.5 - 30	22.5 - 30

In 2015 estimated useful lives of base station - tower was revised from 20 years to 30 years based on annual technical revaluation of useful lives of existing assets. The impact of such change has been given prospectively from the fourth quarter of 2015.

(d) Derecognition

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

(e) Capital work in progress

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

(f) Capitalisation of borrowing costs

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

3.5 Intangible assets

(a) Recognition and measurement

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

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

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

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

2015	2014
Years	Years
5	5
5	5
3-7	3-7
7	7
18	18
15	15
15	15

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

(d) Derecognition

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

3.6 Investment in associate

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

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

3.7 Financial instruments

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

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

3.7.1 Financial assets

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

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate financial asset or liability.

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

i. Financial assets at fair value through profit or loss

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

As at the balance sheet date the Company had no financial assets at fair value through profit or loss.

ii. Held-to-maturity financial assets

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

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

iii. Loans and receivables

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

iv. Available-for-sale financial assets

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

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

As at the balance sheet date the Company had no financial assets available-for-sale.

3.7.2 Financial liabilities

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

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

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

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

ii. Other financial liabilities

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

3.7.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its

liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. No gain or loss is recognised in profit or loss on the sale, repurchase or cancellation of the Company's own equity instruments.

3.8 Impairment

(a) *Financial assets*

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

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

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

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

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

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

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

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

(b) *Non-financial assets*

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, the Company considers GP as the smallest identifiable groups of assets (CGU).

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

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

3.9 Inventories

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

3.10 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. 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.

GP has a separate recognised provident fund scheme. All permanent employees of GP contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

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 it 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 as per condition of the fund.

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

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

Present value of defined benefit obligation is determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables.

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

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

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

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

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is created 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
2014	40%
2015	40%

(b) Deferred tax

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

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

3.12 Accruals, provisions and contingencies

(a) Accruals

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

(b) Provisions

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

Asset retirement obligations (ARO)

Asset retirement obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the

amount of obligation can be made. A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of roof-top base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

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

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

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

3.13 Revenue recognition, measurement and presentation

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

Revenues primarily comprise sale of:

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

(a) Subscription and traffic fees

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

(b) Connection fees

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

(c) Customer equipment

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

(d) Discounts

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

(e) Multiple element arrangements

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

(f) Interest and dividend

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

Presentation

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

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

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

3.14 Leases

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

(a) The Company as lessee

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

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

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

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

(b) The Company as lessor

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

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

3.15 Foreign currency transactions

The financial statements are presented in Taka/Tk./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 taka 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.

04 Property, plant and equipment, net

31 December 2015

Name of assets	Cost				Depreciation				Carrying amount	
	As at 1 January 2015	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2015	As at 1 January 2015	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2015	As at 31 December 2015	As at 31 December 2015
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Land (Note 4.1)	807,497	-	-	807,497	-	-	-	-	-	807,497
Building	4,058,116	-	-	4,058,116	873,515	241,051	-	1,114,566	2,943,550	
Base station	84,725,450	13,178,693	(1,179,749)	96,724,395	48,997,905	9,433,801	(1,154,008)	57,277,698	39,446,697	
Transmission equipment	24,808,303	3,262,036	-	28,070,339	13,517,788	3,950,937	-	17,468,725	10,601,614	
Computers and other IT equipment	4,002,248	1,190,209	(46,612)	5,145,846	3,366,503	466,277	(46,245)	3,786,535	1,359,311	
Furniture and fixtures (including office equipment)	2,589,066	328,811	(235,906)	2,681,971	2,285,028	195,402	(235,885)	2,244,545	437,426	
Vehicles	1,765,999	233,551	(126,850)	1,872,699	1,001,002	176,177	(99,354)	1,077,825	794,874	
Capital work in progress (Note 4.3)	122,756,679	18,193,300	(1,589,117)	139,360,863	70,041,741	14,463,645	(1,535,492)	82,969,894	56,390,969	
	13,013,918	18,301,265	(18,232,710)	13,082,473	-	-	-	-	13,082,473	
Fibre Optic Network under finance lease	135,770,597	36,494,565	(19,821,827)	152,443,336	70,041,741	14,463,645	(1,535,492)	82,969,894	69,473,442	
	8,160,435	596,964	-	8,757,398	3,582,642	443,666	-	4,026,308	4,731,090	
	143,931,032	37,091,529	(19,821,827)	161,200,734	73,624,383	14,907,311	(1,535,492)	86,996,202	74,204,532	

04 Property, plant and equipment, net

31 December 2014

Name of assets	Cost				Depreciation				Carrying amount	
	As at 1 January 2014	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2014	As at 1 January 2014	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2014	As at 31 December 2014	As at 31 December 2014
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Land (Note 4.1)	807,497	-	-	807,497	-	-	-	-	-	807,497
Building	4,058,116	-	-	4,058,116	674,775	198,740	-	873,515	3,184,601	
Base station	78,913,836	8,555,924	(2,744,310)	84,725,450	42,563,435	9,175,547	(2,741,076)	48,997,905	35,727,545	
Transmission equipment	26,214,882	2,343,185	(3,749,764)	24,808,303	13,849,619	3,417,934	(3,749,764)	13,517,788	11,290,515	
Computers and other IT equipment	3,700,448	382,181	(80,381)	4,002,248	3,178,605	268,209	(80,311)	3,366,503	635,745	
Furniture and fixtures (including office equipment)	2,365,730	235,706	(12,369)	2,589,066	2,136,971	160,402	(12,345)	2,285,028	304,038	
Vehicles	1,417,113	373,045	(24,159)	1,765,999	869,385	146,006	(14,390)	1,001,002	764,997	
Capital work in progress (Note 4.3)	117,477,622	11,890,041	(6,610,984)	122,756,679	63,272,789	13,366,838	(6,597,887)	70,041,741	52,714,938	
Fibre Optic Network under finance lease	11,240,771	13,733,001	(11,959,854)	13,013,918	-	-	-	-	13,013,918	
	128,718,393	25,623,042	(18,570,838)	135,770,597	63,272,789	13,366,838	(6,597,887)	70,041,741	65,728,856	
	7,678,322	482,113	-	8,160,435	3,201,243	381,399	-	3,582,642	4,577,792	
	136,396,714	26,105,155	(18,570,838)	143,931,032	66,474,032	13,748,237	(6,597,887)	73,624,383	70,306,649	

4.1 Land

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

4.2 Disposal/ adjustment during 2015

Disposal/adjustment of base station included accounting adjustment of BDT 946,412,429 for derecognition of fully depreciated assets not yet disposed of and no longer in use.

4.3 Capital work in progress (CWIP)

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

4.3.1 Capital work in progress - transferred

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

Name of assets	2015	2014
	Taka'000	Taka'000
Land	-	-
Base station	13,178,693	8,555,924
Transmission equipment	3,262,036	2,343,185
Computers and other IT equipment	1,190,209	382,181
Furniture and fixtures	328,811	235,706
Vehicles	233,551	373,045
	<u>18,193,300</u>	<u>11,890,041</u>

Total transfer of CWIP also includes capital inventory write off of Tk. 39,410,816 (2014: Tk. 69,812,865).

4.3.2 Capital work in progress - components

Capital work in progress as at 31 December 2015 included capital inventory of Tk. 5,051,011,287 (2014: Tk. 4,682,293,958) and work-in-progress of Tk. 8,031,461,227 (2014: Tk. 8,331,623,899).

4.4 Change in estimates

Useful life of base station- tower was increased to 30 years from 20 years based on technical assessment. Impact of such change on current year and expected depreciation is as follows-

	2015	2016	2017	2018	2019	Later
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
(Decrease) increase in depreciation expense	(49,846)	(197,127)	(196,990)	(196,883)	(195,145)	786,145

05 Intangible assets, net

31 December 2015

Name of assets	Cost				Amortisation				Carrying amount	
	As at 1 January 2015	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2015	As at 1 January 2015	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2015	As at 31 December 2015	Taka'000
Software and others (Note 5.1)	6,400,269	508,263	-	6,908,532	5,666,994	614,825	-	6,281,819	626,713	
Telecom licence and spectrum (Note 5.2)	53,049,258	-	-	53,049,258	9,316,366	3,485,542	-	12,801,908	40,247,350	
	59,449,527	508,263	-	59,957,790	14,983,360	4,100,367	-	19,083,727	40,874,063	
Capital work in progress (Note 5.3)	308,014	371,731	(508,263)	171,482	-	-	-	-	171,482	
	59,757,541	879,994	(508,263)	60,129,272	14,983,360	4,100,367	-	19,083,727	41,045,545	

31 December 2014

Name of assets	Cost				Amortisation				Carrying amount	
	As at 1 January 2014	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2014	As at 1 January 2014	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2014	As at 31 December 2014	Taka'000
Software and others (Note 5.1)	5,770,504	703,180	(73,415)	6,400,269	4,937,425	802,984	(73,415)	5,666,994	733,275	
Telecom licence and spectrum (Note 5.2)	53,049,258	-	-	53,049,258	6,210,919	3,105,447	-	9,316,366	43,732,892	
	58,819,762	703,180	(73,415)	59,449,527	11,148,344	3,908,431	(73,415)	14,983,360	44,466,168	
Capital work in progress (Note 5.3)	62,785	948,409	(703,180)	308,014	-	-	-	-	308,014	
	58,882,547	1,651,589	(776,595)	59,757,541	11,148,344	3,908,431	(73,415)	14,983,360	44,774,181	

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. Network management software represents NERM, HNMS, DMS, SGSN, OSS etc.

5.2 Telecom licence and spectrum

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

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

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

5.3 Capital work in progress (CWIP)

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

06 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 thereby lost control over it. However, Grameenphone retains significant influence over ACISL with its remaining 49% stake. GP's remaining stake (49%) in ACISL has been measured at fair value at the date when control was lost. The fair value (Tk. 540,235,154) has been determined based on the transaction price of 51% after giving adjustment for factors like control premium. This fair value is regarded as the cost on initial recognition of 'investment in associate'. Initial carrying amount of investment has increased by GP's share of investee's post-acquisition profit not yet distributed. Shareholders' Agreement between GP and Accenture Holdings B.V. provides for put and call options for the parties respectively with respect to existing stake held by GP, subject to fulfillment of conditions laid down in the agreement.

07 Other non-current assets

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Trade receivables, net of impairment loss (Note 7.1)	717,524	-
Input VAT claim (Note 7.2)	3,807,204	-
Security deposits for utility services	36,307	31,536
	4,561,035	31,536

7.1 Trade receivables, net of impairment loss

This represents the amount of receivable collection of which has been delayed beyond contractual terms.

7.2 Input VAT claim

This represents input VAT claim against VAT already deposited at the time of 2G licence acquisition in accordance with the order of the High Court referred to under note 42(c). Considering the fact that resolution of such issues in the regular legal process often takes considerable amount of time, this amount has been rearranged to non-current asset from trade and other receivables for indirect taxes.

08 Inventories

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Handset, data card and other devices	229,373	169,790
SIM card	142,867	110,273
Scratch card	63,100	107,412
	435,340	387,475

During 2015, BDT 1,372,981 (2014: BDT 60,013,374) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of materials and services.

8.1 Movement of inventories

	Handset, data card and other device Taka'000	SIM card Taka'000	Scratch card Taka'000
Balance as at 1 January 2014	171,373	233,910	154,752
Purchase during 2014	1,911,399	555,500	497,316
Issue during 2014	(1,852,409)	(679,131)	(545,221)
	230,363	110,279	106,847
Adjustment/write-off	(60,573)	(6)	565
Balance as at 31 December 2014	169,790	110,273	107,412
Balance as at 1 January 2015	169,790	110,273	107,412
Purchase during 2015	2,096,229	736,216	406,582
Issue during 2015	(2,032,750)	(703,672)	(453,367)
	233,269	142,817	60,627
Adjustment/write-off	(3,896)	50	2,473
Balance as at 31 December 2015	229,373	142,867	63,100

8.2 Number of inventories

	As at 31 December 2015 Units	As at 31 December 2014 Units
Handset, data card and other device	112,967	80,890
SIM card	4,310,307	2,913,505
Scratch card	150,846,230	162,135,010

8.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Both new connection and replacement SIM attract SIM tax of BDT 100. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

09 Trade and other receivables

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Trade receivables		
Trade receivables, gross (Note 9.1)	5,425,899	6,280,721
Provision for bad debts/impairment (See Note 36.1)	(1,096,586)	(1,482,094)
Total trade receivables	<u>4,329,313</u>	<u>4,798,627</u>
Other current receivables		
Interest receivable	646	623
Receivables on Employees - Non-Interest Bearing	19,548	59,825
Other non-interest-bearing receivables	1,237,978	1,134,774
Total other current receivables	<u>1,258,172</u>	<u>1,195,222</u>
Prepayments		
Deferred costs related to connection revenue	303,242	15,538
Prepaid expenses	1,448,645	1,243,953
Indirect taxes	-	2,464,218
Total prepayments	<u>1,751,887</u>	<u>3,723,709</u>
Total trade and other receivables	<u><u>7,339,372</u></u>	<u><u>9,717,558</u></u>

9.1 Trade receivables, gross

This included interconnection receivables of Tk 3,678,779,373 as at 31 December 2015 (2014: Tk 5,039,720,538). The ageing of gross interconnection receivables as at the statement of financial position date was:

Not past due	2,162,818	2,220,885
0-30 days past due	133,247	161,596
31-60 days past due	135,086	60,074
61-90 days past due	22,812	41,483
91-180 days past due	103,579	135,874
181-365 days past due	96,296	126,923
over 365 days past due	1,024,941	2,292,885
	<u>3,678,779</u>	<u>5,039,721</u>

Other trade receivables as at 31 December 2015 was Tk 1,747,119,517 (2014: Tk 1,241,000,140). The ageing of other trade receivables as at the statement of financial position date was:

Not past due	503,055	490,173
0-30 days past due	250,896	306,401
31-60 days past due	129,831	65,311
61-90 days past due	158,217	55,666
91-180 days past due	196,545	105,766
181-365 days past due	323,802	126,850
over 365 days past due	184,774	90,833
	<u>1,747,120</u>	<u>1,241,000</u>

9.2 Security against trade receivables

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Good and secured	421,273	418,480
Good with personal security/unsecured	3,908,040	4,380,147
Doubtful and bad	1,096,586	1,482,094
Gross trade receivables	5,425,899	6,280,721
Provision for bad and doubtful debts	(1,096,586)	(1,482,094)
Trade receivables, net	<u>4,329,313</u>	<u>4,798,627</u>

9.3 Debts due by directors, officers and other related parties

As at 31 December 2015, trade and other receivables did not include any receivables from:

- (a) the directors and other officers of the Company;
- (b) firms or private limited companies respectively in which any director of the Company is a partner, director or member, other than those disclosed in note 38.2; and
- (c) companies under the same management.

10 Cash and cash equivalents

Cash in hand	5,478	15,778
Cash at bank	4,147,622	4,744,124
	<u>4,153,100</u>	<u>4,759,902</u>

10.1 Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments. Bank overdrafts that are repayable on demand and form an integral part of Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows. Bank overdraft as at 31 December 2015 was BDT 4,483,799 and as at 31 December 2014 was nil.

10.2 Restricted cash balance

Cash at bank as at 31 December 2015 included BDT 6,632,729 equivalent to unused Mobicash points in customer wallet. This amount moves with changes in unused Mobicash points and is restricted for use.

11 Share capital

Authorised:

4,000,000,000 ordinary shares of Tk. 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 Tk. 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 Tk. 43.00 each. These shares were subsequently converted into Tk. 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009).

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

11.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (Taka)	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150
Telenor Asia Pte Ltd., Singapore	0.0%	0.0%	2,150	2,150
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220
General public, GP employees and institution	10.0%	10.0%	1,351,252,000	1,351,252,000
	100%	100%	13,503,000,220	13,503,000,220

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

Shareholding range	No. of shareholders		No. of shares	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
1-500	33,663	30,650	6,810,761	6,503,442
501-5,000	8,658	7,435	13,382,775	11,597,416
5,001-10,000	676	600	4,852,474	4,448,487
10,001-20,000	328	296	4,654,189	4,216,682
20,001-30,000	76	85	1,886,756	2,089,735
30,001-40,000	60	59	2,120,457	2,067,287
40,001-50,000	31	24	1,423,172	1,114,201
50,001-100,000	78	79	5,750,294	5,930,109
100,001-1,000,000	124	89	68,986,198	28,826,427
1,000,001-1,000,000,000	4	23	1,240,432,946	1,283,506,236
	43,698	39,340	1,350,300,022	1,350,300,022

12 Share premium

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

13 Capital reserve

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

14 Deposit from shareholders

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

15 Finance lease obligation

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

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

lease, was used to calculate the present value of minimum lease payments, as it was impracticable to determine the implicit interest rate at that time.

Apart from the above, GP has obtained total 556 Km of fibre optic network (FON) from Summit Communications Limited against a lease contract for 30 years. This lease has been treated as finance lease as per IAS/BAS 17 Leases. Total lease obligation as of 31 December 2015 for this FON amounted to Tk. 80,542,375.

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Finance lease obligation	5,358,169	5,511,154
Less: Current portion (Note 20.1)	151,022	233,528
	5,207,147	5,277,626

	Future minimum lease payments Taka'000	Interest Taka'000	Present value of minimum lease payments Taka'000
Future minimum lease payments and their present value as at 31 December 2015 were as follows:			
(i) Not later than one year	939,377	788,355	151,022
(ii) Later than one year but not later than five years	3,736,686	2,950,331	786,355
(iii) Later than five years	7,096,691	2,675,899	4,420,792
	11,772,754	6,414,586	5,358,169

Future minimum lease payments and their present value as at 31 December 2014 were as follows:

(i) Not later than one year	1,028,907	795,380	233,528
(ii) Later than one year but not later than five years	3,616,148	3,047,499	568,649
(iii) Later than five years	8,076,064	3,367,087	4,708,977
	12,721,119	7,209,966	5,511,154

16 Loans and borrowings

Loans and borrowings include a long-term syndicated loan led by the International Finance Corporation (IFC) of USD 345 Million at 6-month-LIBOR + 3.5% interest rate. The full loan amount of USD 345 Million has been drawn down in multiple tranches, the repayment of which is in 10 installments. The first installment has been repaid in October 2015. Current outstanding loan balance is USD 310.5 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 IAS/BAS 39 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings include short-term bank loan of Tk. 4,600,000,000 and the part of the above long-term syndicated loan falling due for repayment in next 12 months.

17 Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS/BAS 12 Income Taxes. Related deferred tax (expense)/income have been disclosed in note 34. The components of deferred tax assets and liabilities are given below:

As at 31 December 2015

Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)
Property, plant and equipment under finance lease (Note 4)
Difference for vehicle (Note 17.1)

Investment in associate
Other non-current assets
Telecom licence, spectrum, software and others
Trade receivables (Note 9)
Finance lease obligation including current portion (Note 15)
Other current liabilities (profit sharing plan)
Employee benefit plans (funded)
Net taxable temporary difference
Deferred tax liability @40% tax rate (Note 3.11)
Deferred tax liability @15% tax rate (Note 17.2)
Deferred tax liabilities (Note 17.3)

	Carrying amount Taka'000	Tax base Taka'000	Taxable/ (deductible) temporary difference Taka'000
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	55,583,472	31,143,840	24,439,632
Property, plant and equipment under finance lease (Note 4)	4,731,090	-	4,731,090
Difference for vehicle (Note 17.1)	(186,193)	-	(186,193)
			28,984,529
Investment in associate	710,643	36,751	673,892
Other non-current assets	4,561,035	5,091,379	(530,344)
Telecom licence, spectrum, software and others	40,874,063	41,830,725	(956,662)
Trade receivables (Note 9)	4,329,313	5,314,808	(985,495)
Finance lease obligation including current portion (Note 15)	(5,358,169)	-	(5,358,169)
Other current liabilities (profit sharing plan)	(185,353)	-	(185,353)
Employee benefit plans (funded)	(1,444,641)	-	(1,444,641)
Net taxable temporary difference			20,197,758
Deferred tax liability @40% tax rate (Note 3.11)			7,809,546
Deferred tax liability @15% tax rate (Note 17.2)			101,084
Deferred tax liabilities (Note 17.3)			7,910,630

As at 31 December 2014

Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)
Property, plant and equipment under finance lease (Note 4)
Difference for vehicle (Note 17.1)

Investment in associate
Telecom licence, spectrum, software and others
Trade receivables (Note 9)
Finance lease obligation including current portion (Note 15)
Other current liabilities (profit sharing plan)
Net taxable temporary difference
Deferred tax liability @40% tax rate (Note 3.11)
Deferred tax liability @15% tax rate (Note 17.2)
Deferred tax liabilities

Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	51,907,441	26,810,791	25,096,650
Property, plant and equipment under finance lease (Note 4)	4,577,792	-	4,577,792
Difference for vehicle (Note 17.1)	(241,583)	-	(241,583)
			29,432,859
Investment in associate	695,524	36,751	658,773
Telecom licence, spectrum, software and others	44,466,168	45,583,550	(1,117,383)
Trade receivables (Note 9)	4,798,627	6,101,654	(1,303,027)
Finance lease obligation including current portion (Note 15)	(5,511,154)	-	(5,511,154)
Other current liabilities (profit sharing plan)	(1,764,721)	-	(1,764,721)
Net taxable temporary difference			20,395,347
Deferred tax liability @40% tax rate (Note 3.11)			7,894,630
Deferred tax liability @15% tax rate (Note 17.2)			98,816
Deferred tax liabilities			7,993,446

17.1 Difference for vehicle

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

17.2 Applicable tax rate for investment in associate

Temporary difference related to 'investment in associate' is expected to be reversed through sale of shares in Accenture Communications Infrastructure Solutions Ltd. and hence tax rate applicable to capital gain (15%) has been considered for deferred tax computation purpose.

17.3 Actuarial loss from re-measurement of defined benefit obligations

Deferred tax liabilities as of 31 December 2015 includes deferred tax asset of Tk. 577,856,400 recognised against actuarial loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

18 Employee benefits

The funded defined benefit plan (Gratuity) for GP had a net benefit liability of Tk. 1,444,641,000 as of 31 December 2015 (nil, as of 31 December 2014), detail of which is as follows-

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Defined benefit obligation	(3,768,429)	(2,001,293)
Fair value of plan assets	2,323,788	2,001,293
Net defined benefit obligation	<u>(1,444,641)</u>	<u>-</u>
Changes in defined benefit obligation and fair value of plan assets		
Current service cost	(280,000)	(280,000)
Past service cost	-	-
Interest cost on defined benefit obligation	(222,907)	(200,000)
Net interest (cost)/ income on defined benefit obligation	238,907	220,000
Subtotal of defined benefit cost included in profit or (loss)	<u>(264,000)</u>	<u>(260,000)</u>
Return on plan assets (excluding amounts included in net interest expense)	5,914	-
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(1,288,893)	-
Experience adjustments	(161,662)	-
Subtotal of defined benefit cost included in other comprehensive income/ (loss)	<u>(1,444,641)</u>	<u>-</u>
Total defined benefit cost	<u>(1,708,641)</u>	<u>(260,000)</u>
Movement of net defined benefit obligation during the year		
Opening balance of net defined obligations	-	-
Defined benefit costs included in profit or (loss)	(264,000)	(260,000)
Defined benefit cost included in other comprehensive income/ (loss)	(1,444,641)	-
Employers contribution towards fund	264,000	260,000
	<u>(1,444,641)</u>	<u>-</u>
Significant actuarial assumptions		
Discount rate in %*	7.40%	12.0%
Future salary increase in %	10.0%	10.0%
Future turnover in %		
Up to age 30	15%	15%
Age 31-45	10%	10%
Above 45	3%	3%
Expected average remaining working lives of employees	10 years	10 years

* The rate used to discount post-employment benefit obligations was determined based on market yield on 10 year treasury bond issued by Bangladesh Bank at the end of the year. During 2015, there has been a considerable decline in discount rates which has led to significant actuarial loss during the year.

19 Other non-current liabilities

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Security deposits from subscribers and channel partners	419,249	428,515
Asset retirement obligations (Note 19.1)	126,699	123,610
Other non-current liabilities	126,557	79,260
	<u>672,505</u>	<u>631,385</u>

19.1 Asset retirement obligations (ARO)

Opening balance	123,610	116,201
Provision made during the year	4,210	9,800
	<u>127,820</u>	<u>126,001</u>
Adjustment/payment made during the year	(1,121)	(2,391)
Closing balance	<u>126,699</u>	<u>123,610</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.

20 Trade and other payables

Trade payables	4,292,998	5,180,569
Accrued expenses (Note 20.1)	5,389,105	4,832,650
Liability for capital expenditure	6,728,309	7,455,645
	<u>16,410,412</u>	<u>17,468,864</u>
Indirect taxes	1,073,113	-
Deferred connection revenue	324,198	12,010
Unearned revenue	4,767,616	3,299,877
	<u>22,575,339</u>	<u>20,780,751</u>

Provisions for operating expenses and capital expenditure have been reclassified under provisions in 2015 from accrued expenses. Corresponding amounts for 2014 have also been rearranged to conform to the current period's presentation.

20.1 Accrued expenses

Tk. 151,022,085 (2014: Tk. 233,527,787) for current portion of the finance lease obligation is included in accrued expenses.

21 Provisions

Provision for operating expenses (Note 21.1)	12,996,873	12,804,493
Provision for capital expenditure	1,081,056	1,499,389
	<u>14,077,929</u>	<u>14,303,882</u>

21.1 Provision for operating expenses includes provision for BTRC revenue share, annual operating licence fee, office running and other operational expenses.

22 Current tax payable

Movement of income tax provision is shown as under:		
Opening balance	19,629,253	23,463,733
Provision made during the year	14,720,427	15,090,070
	<u>34,349,680</u>	<u>38,553,803</u>
Paid during the year (incl. tax deducted at source)	(14,564,025)	(18,713,347)
Adjustments	-	(211,203)
Closing balance	<u>19,785,655</u>	<u>19,629,253</u>

23 Other current liabilities

Other current liabilities mainly include accruals for profit sharing plan (BDT 185,352,716) and payable for bills pay receipts (BDT 754,499,752). Employee bonus provision for 2014 of BDT 510,823,678 has been reclassified to provisions.

24 Revenue

The following is an analysis of revenue for the year:

	2015 Taka'000	2014 Taka'000
Revenue from mobile communication (Note 24.1)	100,409,598	98,464,596
Revenue from customer equipment (Note 24.2)	2,050,316	2,095,379
Other revenues (Note 24.3)	2,294,458	2,103,397
	104,754,372	102,663,372

24.1 Revenue from mobile communication

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

24.2 Revenue from customer equipment

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

24.3 Other revenues

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

25 Cost of material and traffic charges

Traffic charges	(5,705,995)	(5,267,603)
Cost of materials and services	(4,987,582)	(4,324,280)
	(10,693,577)	(9,591,883)

Traffic charges mainly include national and international interconnection cost.

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

26 Salaries and personnel cost

Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), training and other related costs.

26.1 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 3,002 as at 31 December 2015 and 2,979 as at 31 December 2014.

26.2 Key management personnel compensation

Short term employee benefits (salary and other allowances)	1,286,203	1,199,004
Post employment benefits (provident fund, gratuity etc.)	154,719	129,205
Other long term benefits	10,116	1,079
	1,451,038	1,329,288

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

27 Operation and maintenance

Service maintenance fee	(3,064,675)	(3,332,034)
Vehicle maintenance expense	(266,400)	(386,873)
Other operation and maintenance	(1,088,054)	(1,351,702)
	(4,419,129)	(5,070,609)

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

28 Sales, marketing and commissions

	2015	2014
	Taka'000	Taka'000
Sales, marketing and representation costs	(3,035,990)	(3,264,156)
Advertisement and promotional expenses	(1,934,192)	(2,468,102)
Commissions	(7,943,194)	(7,468,464)
	<u>(12,913,376)</u>	<u>(13,200,722)</u>

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

29 Revenue sharing, spectrum charges and licence fees

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

30 Other operating (expenses)/income, net

Consultancy and professional services (Note 30.1)	(982,062)	(803,666)
Statutory audit fees	(2,000)	(2,000)
Rental expense for property, plant and equipment (Note 30.2)	(1,759,128)	(1,347,912)
Fuel and energy costs	(2,228,105)	(1,981,279)
Bad debt expense (Note 30.3)	(279,826)	(822,331)
Rental and other income	277,776	247,307
Gain/(loss) on disposal of assets (Note 30.4)	(80,929)	19,937
Others (Note 30.5)	(1,073,780)	(1,020,019)
	<u>(6,128,054)</u>	<u>(5,709,963)</u>

30.1 Consultancy and professional services

This includes fees for accounting and legal services, technical and business consultancy and other professional services.

30.2 Rental expense for property, plant and equipment

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

(i) Not later than one year	468,942	455,559
(ii) Later than one year but not later than five years	-	-
(iii) Later than five years	-	-
	<u>468,942</u>	<u>455,559</u>

30.3 Bad debt expense

Provision (made)/reversed during the year	(307,260)	(846,916)
Recovery of bad debt during the year	27,434	24,585
Bad debt expense	<u>(279,826)</u>	<u>(822,331)</u>

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

30.4 Gain/(loss) on disposal of assets

This includes losses on capital inventory write off for the year 2015 amounting to BDT 39,410,816.

30.5 Others

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



31 Depreciation and amortisation

	2015	2014
	Taka'000	Taka'000
Depreciation of property, plant and equipment	(14,907,311)	(13,748,237)
Amortisation of intangible assets	(4,100,368)	(3,908,431)
	<u>(19,007,679)</u>	<u>(17,656,668)</u>

32 Share of profit of associate

Share of profit of associate represents Grameenphone's share of Accenture Communications Infrastructure Solutions Ltd.'s (previously known as GPIT) profit for one year period ended 31 December 2015. This share of profit is not recognised in GP's separate financial statements until is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

33 Finance (expense)/income, net

Interest income	211,892	262,369
Unwinding of discount on non-current trade receivable (Note 36.1)	93,590	-
Interest expense	(2,070,241)	(2,212,817)
Net interest cost on defined benefit obligation	16,000	20,000
Other finance expenses	(191,978)	(376,553)
	<u>(1,940,737)</u>	<u>(2,307,001)</u>

34 Income tax expense

Current tax expense

Income tax expenses for the year (Note 3.11)	(14,720,427)	(15,090,070)
Adjustment for previous years	-	211,203
	<u>(14,720,427)</u>	<u>(14,878,867)</u>

Deferred tax (expense)/income

Deferred tax (expense)/income relating to origination and reversal of temporary differences	(495,041)	(172,845)
	<u>(15,215,468)</u>	<u>(15,051,712)</u>

35 Earnings per share

Profit for the year (in Taka)	19,706,891,276	19,803,282,618
Weighted average number of shares (Note 35.1)	1,350,300,022	1,350,300,022
Basic and diluted earnings per share (Note 3.16) (in Taka)	<u>14.59</u>	<u>14.67</u>

35.1 Weighted average number of ordinary shares

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

35.2 Diluted earnings per share

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

36 Financial risk management

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

36.1 Credit risk

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

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

Credit risk relating to balances with banks is managed by treasury department in accordance with the Company's policy. Minimising counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved as per Company's authority matrix.

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

	As at 31 December 2015 Taka'000	As at 31 December 2014 Taka'000
Trade receivables - non-current	717,524	-
Trade receivables - current	4,329,313	4,798,627
Other current receivables		
Interest receivable	646	623
Receivables on Employees - Non-Interest Bearing	19,548	59,825
Other non-interest-bearing receivables	1,237,978	1,134,774
	1,258,172	1,195,222
Cash at bank	4,147,622	4,744,124
	<u>10,452,631</u>	<u>10,737,973</u>

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

Opening balance	1,482,094	689,720
Provision made during the year	307,260	846,916
Adjustment due to unwinding of discount	(93,590)	-
	1,695,764	1,536,636
Amounts written off	(68,834)	(54,542)
Closing balance	<u>1,626,930</u>	<u>1,482,094</u>

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

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

Domestic	4,675,453	4,356,176
Asia	174,063	284,150
Europe	173,752	143,590
Australia	913	479
America	22,316	11,700
Africa	340	2,532
	<u>5,046,837</u>	<u>4,798,627</u>

36.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company forecasts its cash flow requirements and ensures that it has sufficient cash and cash equivalents and loan facilities to cover expected needs for liquidity during the next 12 months. The Company maintains a balanced maturity profile of debt obligations and in general 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 2015

	Carrying amount Taka'000	Maturity date	Nominal Interest rate	Contractual cash flows Taka'000	6 months or less Taka'000	6-12 months Taka'000	1-2 years Taka'000	2-5 years Taka'000	More than 5 years Taka'000
Finance lease obligation (including current portion)	5,358,169	June 2027	15%	11,772,754	502,426	436,951	888,970	2,847,717	7,096,690
Loans and borrowings - long-term	18,964,209	April 2020	6-month-LIBOR + 3.5%	20,491,682	-	-	6,130,828	14,360,854	-
Loans and borrowings - short-term									
Foreign	5,375,569	December 2016	6-month-LIBOR + 3.5%	6,354,399	3,204,861	3,149,538	-	-	-
Local	4,600,000	January 2016	5% - 6.15%	4,612,506	4,612,506	-	-	-	-
Trade and other payables									
Trade payables	4,292,998	December 2016	N/A	4,292,998	3,219,749	1,073,249	-	-	-
Accrued expenses	5,389,105	December 2016	N/A	5,389,105	3,071,790	2,317,315	-	-	-
Liability for capital expenditure	6,728,309	December 2016	N/A	6,728,309	1,364,492	5,363,817	-	-	-
Other current liabilities	1,210,685	December 2016	N/A	1,210,685	1,210,685	-	-	-	-
	<u>51,919,044</u>			<u>60,852,438</u>	<u>17,186,509</u>	<u>12,340,870</u>	<u>7,019,798</u>	<u>17,208,571</u>	<u>7,096,690</u>

Liquidity risk (contd...)

As at 31 December 2014

	Carrying amount Taka'000	Maturity period	Nominal Interest rate	Contractual cash flows Taka'000	6 months or less Taka'000	6-12 months Taka'000	1-2 years Taka'000	2-5 years Taka'000	More than 5 years Taka'000
Finance lease obligation (including current portion)	5,511,154	June 2027	15%	12,721,119	607,024	421,884	858,835	2,757,313	8,076,064
Loans and borrowings - long-term	24,003,730	April 2020	6-month-LIBOR+3.5%	26,505,205	-	-	6,249,728	17,515,987	2,739,490
Loans and borrowings - short-term									
Foreign	2,647,583	December 2015	6-month-LIBOR+3.5%	3,715,770	513,832	3,201,939	-	-	-
Local	1,500,000	January 2015	7.45%	1,505,588	1,505,588	-	-	-	-
Trade and other payables									
Trade payables	5,180,569	December 2015	N/A	5,180,569	3,885,427	1,295,142	-	-	-
Accrued expenses	4,832,650	December 2015	N/A	4,832,650	2,754,610	2,078,039	-	-	-
Liability for capital expenditure	7,455,645	December 2015	N/A	7,455,645	1,511,995	5,943,650	-	-	-
Other current liabilities	2,540,667	December 2015	N/A	2,540,667	2,540,667	-	-	-	-
	53,671,997			64,457,212	13,319,141	12,940,654	7,108,563	20,273,300	10,815,554

36.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 31 December 2015				As at 31 December 2014					
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivable from Telenor entities	178,775	-	-	-	-	47,275	-	-	-	-
Accounts receivable	336,875	-	-	-	-	420,155	-	-	24	-
Cash at bank	566,032	-	-	-	-	482,943	-	-	-	-
	1,081,682	-	-	-	-	950,372	-	-	24	-
Foreign currency denominated liabilities										
Loans and borrowings	(24,703,904)	-	-	-	-	(27,155,488)	-	-	-	-
Payable to other Telenor entities*	(1,006,380)	(1,188,696)	-	-	-	(965,745)	(1,079,904)	-	-	-
Trade and other payables for expenses	(2,204,191)	-	-	-	-	(411,244)	-	-	(2,362)	-
	(27,914,475)	(1,188,696)	-	-	-	(28,532,476)	(1,079,904)	-	(2,362)	-
Net exposure	(26,832,793)	(1,188,696)	-	-	-	(27,582,104)	(1,079,904)	-	(2,337)	-

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

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2015	31 December 2014
	Taka	Taka
US Dollar (USD)	78.44	77.92
Norwegian Kroner (NOK)	8.90	10.48
Great Britain Pound (GBP)	116.40	121.29
EURO (EUR)	85.65	94.72
Japanese Yen (JPY)	0.65	0.65

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	Profit or loss		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	Taka'000	Taka'000	Taka'000	Taka'000
31 December 2015				
Expenditures denominated in USD	(26,833)	26,833	(26,833)	26,833
Expenditures denominated in NOK	(1,189)	1,189	(1,189)	1,189
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	-	-	-	-
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	(28,022)	28,022	(28,022)	28,022

31 December 2014

Expenditures denominated in USD	(27,582)	27,582	(27,582)	27,582
Expenditures denominated in NOK	(1,080)	1,080	(1,080)	1,080
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	(2)	2	(2)	2
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	(28,664)	28,664	(28,664)	28,664

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 2015, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2015	As at 31 December 2014
	Taka'000	Taka'000
Fixed rate instruments		
<i>Financial assets</i>		
Short-term investment	-	-
<i>Financial liabilities</i>		
Loans and borrowings	4,600,000	1,500,000
Floating rate instruments		
<i>Financial liabilities</i>		
Loans and borrowings	24,339,778	26,651,313

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 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka'000	Taka'000	Taka'000	Taka'000
Financial assets				
Assets carried at fair value through profit or loss				
	-	-	-	-
Held to maturity assets				
Short term investment	-	-	-	-
Loans and receivables				
Trade and other receivables	7,339,372	7,339,372	9,717,558	9,717,558
Financial liabilities				
Liabilities carried at fair value through profit or loss				
	-	-	-	-
Liabilities carried at amortised costs				
Finance lease obligation	5,207,147	5,207,147	5,277,626	5,277,626
Loans and borrowings - long-term	18,964,209	18,964,209	24,003,730	24,003,730
Trade and other payables	22,575,339	N/A*	20,780,751	N/A*
Loans and borrowings - short-term	9,975,569	9,975,569	4,147,583	4,147,583
Other current liabilities	1,210,685	N/A*	2,540,667	N/A*

Interest rates used to determine amortised cost

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

	2015	2014
Finance lease obligation	15.00%	15.00%
Loans and borrowings	6-month-LIBOR + 3.5% - 6.15%	6-month-LIBOR + 3.5% - 7.45%

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

37 Capital management

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2015.

38 Related party disclosures

During the year ended 31 December 2015, 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 thereof have been set out below in accordance with the provisions of IAS/BAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in giving this disclosure.

38.1 Related party transactions during the year

Name of related parties	Nature	Nature of transactions	2015	2014
			Taka'000	Taka'000
Telenor Mobile Communications AS	Shareholder	Dividend payment	10,924,412	10,924,412
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	3	3
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	3	3
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	3	3
Grameen Telecom	Shareholder	Commission expense	191,427	220,227
		Dividend payment	6,695,613	6,695,613
Grameen Kalyan	Shareholder	Dividend payment	-	-
Grameen Shakti	Shareholder	Dividend payment	-	-
Accenture Communications Infrastructure Solutions Ltd.	Associate	Purchase of IT service, equipments and softwares	1,486,310	1,416,622
		Rental income	(64,694)	(57,247)
Telenor ASA	Telenor group entity	Consultancy and professional service fee	166,998	440,819
		IT support Cost	103,017	279,201
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee	111,454	261,390
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	28,092	28,530
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	418,691	348,007
Telenor GO	Telenor group entity	Consultancy and professional service fee	211,770	-

38.2 Receivables/(payables) with related parties

<u>Name of related parties</u>	<u>Nature</u>	<u>Nature of transactions</u>	As at	
			31 December 2015 Taka'000	31 December 2014 Taka'000
Grameen Telecom	Shareholder	Accounts receivable	3,879	4,907
		Accounts payable	(14,116)	(17,192)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	220,386	110,462
		Accounts payable	(158,526)	(371,644)
Telenor ASA	Telenor group entity	Accounts receivable	20,236	6,395
		Accounts payable	(959,034)	(1,495,004)
Telenor Consult AS	Telenor group entity	Accounts receivable	37,088	10,542
		Accounts payable	(69,769)	(58,280)
Telenor Global Services AS	Telenor group entity	Accounts receivable	-	-
		Accounts payable	(68,708)	(39,761)
Telenor Global Shared Services AS	Telenor group entity	Accounts receivable	13,353	11,103
		Accounts payable	(870,972)	(403,592)
Telenor GO	Telenor group entity	Accounts receivable	24,501	-
		Accounts payable	(175,017)	-

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

	1 January to 31 December 2015	1 January to 31 December 2014
	Taka'000	Taka'000
CI value of imports		
Telecommunication equipment	(10,119,630)	(7,881,889)
Expenditure in foreign currency		
Consultancy fee	(178,272)	(499,935)
Consultancy fee - expatriate	(323,224)	(261,390)
Other fee (travel and training)	(114,218)	(11,848)
Technical know how	(886,345)	(1,191,200)
International roaming cost	(113,342)	(211,039)
Interest on foreign loan	(1,048,888)	(690,938)
Foreign earnings		
Revenue from roaming partners	704,231	996,535

40 Short-term credit facilities available as at 31 December 2015

The Company enjoys composite working capital facilities including both funded and non-funded facilities from 20 banks (2014: 24 banks and 1 non-bank financial institution). 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 Tk. 31,047 million (2014: Tk. 50,696 million) of which non-funded limit is Tk. 16,009 million (2014: Tk. 27,514 million) and funded limit is Tk. 19,388 million (2014: Tk. 30,083 million).

As per the approval of the Board of Directors of GP, the total amount of short-term funded facilities are limited to USD 250 million (2014: USD 250 million) in equivalent BDT.

Security against short term credit facilities

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

41 Commitments

	As at 31 December 2015	As at 31 December 2014
	Taka'000	Taka'000
Capital commitment (open purchase order)	8,403,294	4,810,610

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

42 Contingencies

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

(a) BTRC audit

BTRC carried out an audit of the information system of Grameenphone from April 2011 and issued a letter on 3 October 2011 claiming an amount of Tk. 30,341,108,581 on various grounds. Grameenphone during and after the audit clarified to both BTRC and auditors appointed by BTRC that those observations were framed on wrong basis. Grameenphone disagrees to the claim made by BTRC and responded to the letter requesting BTRC to review the notice. GP also took the issue to the court and obtained a 'status quo' valid till disposal of the rule. It is to be noted that the appointment of the auditor by BTRC was declared illegal by the High Court Division which was later on upheld by the Appellate Division.

(b) SIM tax on replacement SIMs

Large Taxpayers Unit (LTU)-VAT by 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. GP challenged the demand by a writ petition and the High Court initially passed a stay order on the operation of the demand. The High Court later on 6 June 2013 disposed of the writ petition filed by Grameenphone and asked LTU VAT Commissioner to decide on this matter within 120 days and make no demand in the mean time. Consequently a SIM Replacement Review Committee was constituted by the Commissioner. The LTU representatives of the Committee in January 2014 finalised their observations without changing their earlier position much as far as 'fact finding' is concerned.

The mobile operators expressed their dissatisfaction over the findings and the way LTU appointed members of the committee disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review. Such deviation is evident from significant deviation between interim report and final observations. A hearing notice was also served on Grameenphone for appearance before LTU-VAT on 25 January 2015. By way of a Writ Petition, Grameenphone challenged the premises on which the 'hearing notice' was served and obtained a stay order on 19 January 2015 on the operation of that notice for an interim period of three months pending hearing of the Writ Petition. As against such order of stay, the Government moved to the Appellate Division, which was disposed of by order dated 2 March 2015 staying operation of the interim order and directing for the Rule to be heard and disposed of by a particular Bench of the High Court Division, where it is presently listed and pending for a hearing.

In such circumstances, the Commissioner, LTU-VAT issued an order dated 18 May 2015 purporting to dispose of the show cause notice and finalise the demand at Tk 10,232,331,083 as SIM tax. The revised demand includes substantially all replacements done by Grameenphone between July 2007 and December 2011. It may be mentioned that the above amount of demand does not include interest.

After thorough discussion and analysis, management has filed an appeal to the VAT Appellate Tribunal under Section 42(1)(Kha) of the VAT Act 1991 against the demand order. Even though the management of 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 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. However, pursuant to external legal counsel's advice the pending Writ Petition was withdrawn by way of non-prosecution (being infructuous) upon filing of the appeal before the VAT Appellate Tribunal.

Even though our legal view related to this claim haven't changed, current accounting policies followed by Grameenphone requires such deposits to be recognised as an asset only if recovery of the amount is virtually certain. Accordingly, we have considered the deposit as a contingent asset under (IAS/BAS) 37: Provisions, Contingent Liabilities and Contingent Assets. Hearing on the case is yet to commence.

(c) VAT rebate on 2G licence renewal fee

2G licence of Grameenphone was renewed on 7 August 2012 for the next 15 years effective from November 2011. 100% of the licence renewal fee has been capitalised based on the assumption that GP's VAT exposure will be nil. This assumption is based on the High Court's verdict in February 2012.

However, the lawsuit over the VAT rebate mechanism is still pending before the Appellate Division. If Appellate Division ruled that GP would be required to pay VAT and would not get rebate for this VAT, GP's financial exposure for this licence would increase by 15% (i.e. BDT 4,876,800,000) of the licence renewal fee.

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

Large Taxpayers Unit (LTU)-VAT on 14 May 2014 issued a 'pay or explain' demand of BDT 16.60 billion referring an assessment by Local and Revenue Audit Department of Comptroller and Auditor General (C&AG) office. C&AG office has made this assessment for the fiscal year 2010-11 and 2011-12. Grameenphone disagrees to the findings of the assessment referred by LTU because of lack of jurisdiction and improper procedures followed and relevant facts and legal provisions being misconstrued in reaching the conclusion. Grameenphone has taken this issue to court and the High Court on 28 May 2014 issued a rule nisi asking respondents to show cause as to why the demand shall not be declared to have been issued without lawful authority and is of no legal effect and stayed the operation of the demand. The High Court on 15 December 2014 heard the case and passed a judgment making the rule absolute without any cost and set aside the demand. No provision for this demand has been considered in the financials.

43 Other disclosures

43.1 Segment information

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

43.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd at its 163rd meeting held on 7 February 2016 recommended a final cash dividend amounting to BDT 8,101,800,132 being 60% of the paid-up capital (i.e. BDT 6 per share) for the year 2015. Total cash dividend including this final cash dividend stands at 140% of the paid-up capital (i.e. BDT 14 per share) for the year 2015. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

Supplementary information

Separate statement of profit or loss and other comprehensive income of Grameenphone Ltd. for the year ended 31 December 2015.

	2015	2014
	Taka'000	Taka'000
Revenue	104,754,372	102,663,372
Operating expenses		
Cost of material and traffic charges	(10,693,577)	(9,591,883)
Salaries and personnel cost	(6,373,253)	(6,455,286)
Operation and maintenance	(4,419,129)	(5,070,609)
Sales, marketing and commissions	(12,913,376)	(13,200,722)
Revenue sharing, spectrum charges and licence fees	(8,255,606)	(8,082,170)
Other operating (expenses)/income, net	(6,128,054)	(5,709,963)
Depreciation and amortisation	(19,007,679)	(17,656,668)
	(67,790,674)	(65,767,301)
Operating profit	36,963,698	36,896,071
Share of profit/(loss) of associate	-	-
Finance (expense)/income, net	(1,940,737)	(2,307,001)
Foreign exchange (loss)/gain	(115,721)	140,917
	(2,056,458)	(2,166,084)
Profit before income tax	34,907,240	34,729,987
Income tax expense	(15,213,200)	(15,032,961)
Profit after tax	19,694,040	19,697,026
Other comprehensive income (loss)		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	(1,444,641)	-
Income taxes	577,856	-
	(866,785)	-
Total comprehensive income for the year	18,827,255	19,697,026
Earnings per share		
Basic and diluted earnings per share (par value Tk. 10 each in Taka)	14.58	14.59



Field



Store

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, 2015

Range of Shareholdings			Number of Shareholders	Total Number of Shares	Percentage
001	to	500	33,663	6,810,761	0.50%
501	to	5,000	8,658	13,382,775	0.99%
5,001	to	10,000	676	4,852,474	0.36%
10,001	to	20,000	328	4,654,189	0.34%
20,001	to	30,000	76	1,886,756	0.14%
30,001	to	40,000	60	2,120,457	0.16%
40,001	to	50,000	31	1,423,172	0.11%
50,001	to	100,000	78	5,750,294	0.43%
100,001	to	1,000,000	124	68,986,198	5.11%
1,000,001	to	1,000,000,000	4	1,240,432,946	91.86%
Total			43,698	1,350,300,022	100

4. Dividend

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2015	60% (Proposed Final Dividend)	6.00	10.00	Cash
	80% (Interim Dividend)	8.00	10.00	Cash
2014	65% (Final Dividend)	6.50	10.00	Cash
	95% (Interim Dividend)	9.50	10.00	Cash
2013	50% (Final Dividend)	5.00	10.00	Cash
	90% (Interim Dividend)	9.00	10.00	Cash
2012	50% (Final Dividend)	5.00	10.00	Cash
	90% (Interim Dividend)	9.00	10.00	Cash
2011	65% (Final Dividend)	6.50	10.00	Cash
	140% (Interim Dividend)	14.00	10.00	Cash

5. Credit Rating

The Company's credit rating was reaffirmed by Credit Rating Agency of Bangladesh Ltd. (CRAB) on December 17, 2015.

Long Term	Short Term
AAA	ST-1

6. Associate Company

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

7. Grameenphone Share Performance at Stock Exchanges

I. Monthly high, low and close share price and volume of the Company's Shares traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2015:

Month	DSE				CSE			
	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)
January	369.2	325.5	329.3	3,979,946	367.3	329.6	329.6	452,422
February	355.5	319.2	335.3	4,483,267	352.9	325.4	335.2	768,224
March	361.0	324.5	358.2	8,070,715	359.0	326.8	359.0	713,801
April	358.9	317.5	323.7	6,169,721	359.0	319.4	322.2	850,216
May	337.8	320.9	323.5	6,938,897	335.0	322.1	324.7	747,085
June	340.0	321.6	329.7	9,424,169	334.5	323.2	329.2	1,115,199
July	349.8	325.5	330.5	9,074,660	347.2	327.2	330.6	1,472,430
August	330.5	309.0	316.7	6,530,519	330.5	311.0	316.0	715,529
September	318.0	284.5	285.1	5,239,257	316.0	285.9	285.9	474,672
October	287.9	236.1	248.6	6,347,035	287.3	244.3	248.2	961,492
November	267.3	246.7	265.5	3,720,658	265.3	247.8	265.3	378,953
December	275.7	250.0	253.0	3,472,833	272.0	251.0	253.1	460,906
Total shares traded during the year	73,451,677				9,110,929			

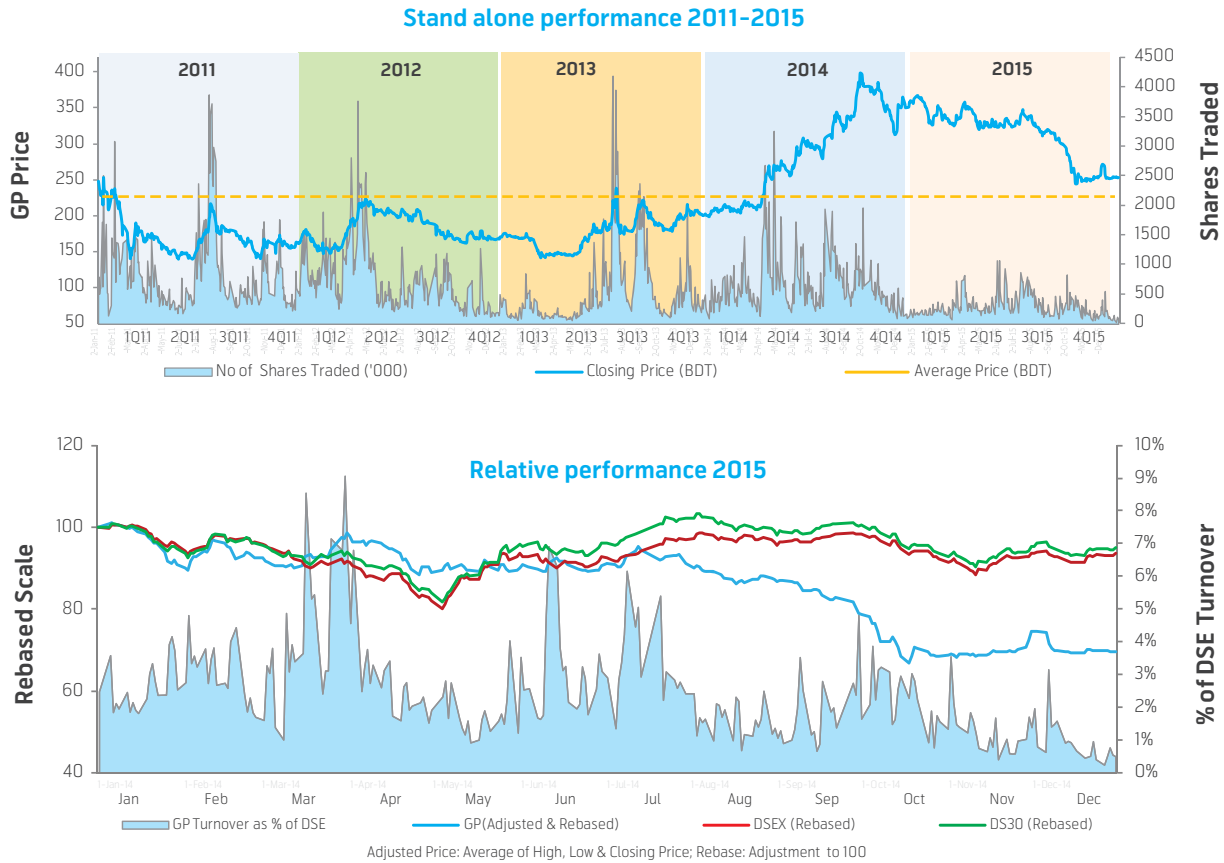
II. Quarterly high-low price history of the Company's share for the year 2015 and 2014

Period	DSE				CSE			
	2015		2014		2015		2014	
	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)
Quarter 1	369.2	319.2	224.0	198.0	367.3	325.4	220.1	202.5
Quarter 2	358.9	317.5	312.0	214.7	359.0	319.4	307.6	213.2
Quarter 3	349.8	284.5	409.0	278.1	347.2	285.9	400.0	279.5
Quarter 4	287.9	236.1	390.1	312.4	287.3	244.3	385.9	312.4

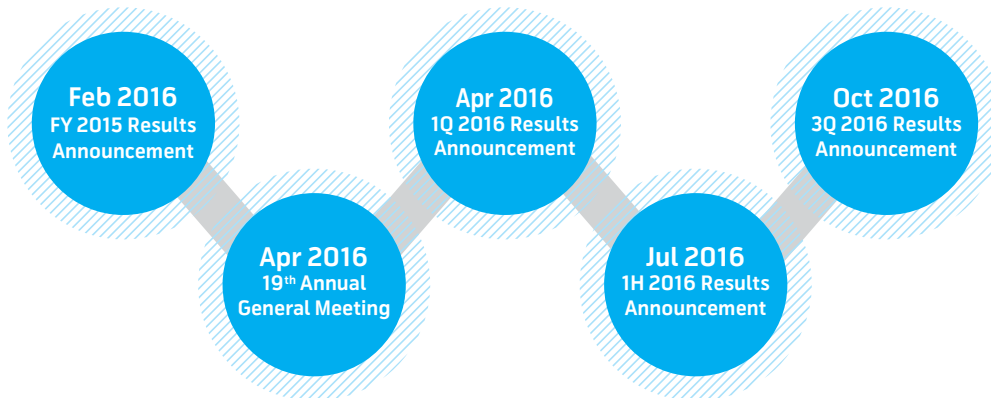
III. Grameenphone Share Price Trend Year wise

	DSE		CSE	
	2015	2014	2015	2014
Highest Price (BDT)	369.2	409.0	367.3	400.0
Lowest Price (BDT)	236.1	198.0	244.3	202.5

IV. GP Share Performance in DSE: 2011–2015



8. Financial Calendar 2016



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

9. Company Website

Anyone can get information regarding the Company’s activities, products & services or can view the Annual Report 2015 at www.grameenphone.com

10. Investor Relations

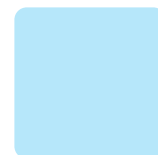
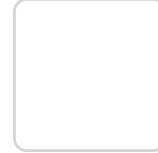
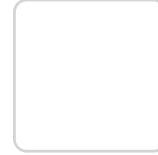
Institutional investors, security analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company website: www.grameenphone.com

11. Shareholder Services

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



GLIMPSE OF 18TH ANNUAL GENERAL MEETING



Grameenphone Ltd.

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

Share Office: Zahurul Tower, Plot#9, Road#113/A, Gulshan-2, Dhaka-1212

Notice of the 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of Grameenphone Ltd. will be held on **Tuesday, April 19, 2016 at 10:00 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 2015 together with the Auditors' Report thereon.
2. Declaration of Dividend for the year ended 31 December 2015 as recommended by the Board of Directors.
3. Election/Re-election of Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board of Directors
Sd/-

Hossain Sadat

Director and Head of Regulatory Affairs
& Company Secretary

March 21, 2016

Notes:

- Members whose names appeared on the Members/Depository Register as on '**Record Date**' i.e. **February 29, 2016** are eligible to attend the 19th 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 **Tk. 20** must be deposited at the Company's Share Office located at **Zahurul Tower Plot #9, Road #113/A, Gulshan-2, Dhaka-1212** not later than 72 hours before commencement of the AGM.
- Members/Proxies are requested to record their entry in the AGM well in time on **April 19, 2016**. The registration counter will open at 9:00 am on the AGM date.
- In case of non-receipt of Annual Report 2015 of the Company sent through courier, Members may collect the same from the Company's Share Office within **April 18, 2016**. No additional Annual Report will be distributed at AGM venue. Annual Report is available in Investor Relations section of the Company's website: www.grameenphone.com
- Members are requested to submit to the Company's Share Office on or before **April 06, 2016**, 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/কোন ধরনের কুপন প্রদানের 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 **19th Annual General Meeting** of the Company to be held on Tuesday, April 19, 2016 at 10:00 am at International Convention City, Bashundhara (ICCB), Hall-1 (Gulnaksha), Joar Sahara, Khilkhet, Dhaka-1229 and at any adjournment thereof.

Signed this day of 2016.

Signature of the Member(s)

Signature of the PROXY

Number of Shares held

BO ID No.																				
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Notes:

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

Signature Verified by

Authorised Signatory of the Company

Grameenphone Ltd.

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



Attendance Slip

I/We do hereby record my/our attendance at **19th Annual General Meeting** of the Company to be held on Tuesday, April 19, 2016 at 10:00 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.



Disclaimer

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

www.grameenphone.com

Here you will find downloadable PDFs of:

- Annual Report 2015
- Proxy Form
- Notice of 19th AGM

You can follow us here



YouTube



Grameenphone Ltd.

GPHouse

Bashundhara, Baridhara, Dhaka-1229, Bangladesh

Tel: +880-2-9882990, Fax: +880-2-9882970

Website: www.grameenphone.com



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