Auditors' report & audited financial statements

ACNABIN
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Independent Auditor's Report
To the shareholders of Grameenphone Ltd.

We have audited the accompanying financial statements of Grameenphone Ltd., which comprise the statement of financial position as at 31 December 2014, and the statement of 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 (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) and Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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 prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Emphasis of Matter

Without qualifying our opinion as above, we draw attention to Note#41 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 paid on 2G licence renewal fee and claim for VAT based on C&AG audit and management's position on the same.

We also report that:

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 (balance sheet) and statement of comprehensive income (profit and loss account) 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.

ACNABIN
Chartered Accountants

Dhaka, February 08, 2015

Grameenphone Ltd.
Statement of Financial Position
as at 31 December 2014

ASSETS	Notes	31 December 2014 Taka'000	31 December 2013 Taka'000
Non-current assets			
Property, plant and equipment, net	4	70,306,649	69,922,682
Intangible assets, net	5	44,774,181	47,734,203
Investment in associate	6	695,524	570,516
Other non-current assets		31,536	-
Total non-current assets		115,807,890	118,227,401
Current assets			
Inventories	7	387,475	560,034
Trade and other receivables	8	9,717,558	11,809,676
Short-term investment	9	-	78,276
Cash and cash equivalents	10	4,759,902	4,545,257
Total current assets		14,864,935	16,993,243
Total assets		130,672,825	135,220,644
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	13,503,000	13,503,000
Share premium	12	7,840,226	7,840,226
Capital reserve	13	14,446	14,446
Deposit from shareholders	14	1,880	1,880
Retained earnings		10,004,950	9,781,017
Total equity		31,364,502	31,140,570
Non-current liabilities			
Finance lease obligation	15	5,277,626	5,310,947
Loans and borrowings	16	24,003,730	11,665,214
Deferred tax liabilities	17	7,993,446	7,820,601
Other non-current liabilities	18	631,385	703,316
Total non-current liabilities		37,906,187	25,500,078
Current liabilities			
Trade and other payables	19	34,573,809	40,368,468
Loans and borrowings	16	4,147,583	7,700,000
Current tax payable	20	19,629,253	23,463,733
Other current liabilities	21	3,051,491	7,047,796
Total current liabilities		61,402,136	78,579,997
Total equity and liabilities		130,672,825	135,220,644

The annexed notes 1 to 42 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 08, 2015

Grameenphone Ltd.
Statement of Comprehensive Income
for the year ended 31 December 2014

	Notes	2014 Taka'000	2013 Taka'000
Revenue	22	102,663,372	96,624,227
Operating expenses			
Cost of material and traffic charges	23	(9,591,883)	(8,395,314)
Salaries and personnel cost	24	(6,455,286)	(7,062,188)
Operation and maintenance	25	(5,070,609)	(5,023,411)
Sales, marketing and commissions	26	(13,200,722)	(14,446,477)
Revenue sharing, spectrum charges and licence fees	27	(8,082,170)	(7,571,339)
Other operating (expenses)/income, net	28	(5,709,963)	(5,587,529)
Depreciation and amortisation	29	(17,656,668)	(15,339,030)
		(65,767,301)	(63,425,287)
Operating profit		36,896,071	33,198,940
Share of profit of associate	30	125,008	30,281
Gain on sale of shares in GPIT		-	1,024,929
Finance (expense)/income, net	31	(2,307,001)	(2,594,957)
Foreign exchange gain/(loss)	32	140,917	1,192,879
		(2,041,076)	(346,867)
Profit before tax		34,854,995	32,852,073
Income tax expense	33	(15,051,712)	(18,150,498)
Profit after tax		19,803,283	14,701,574
Other comprehensive income		-	-
Total comprehensive income for the year		19,803,283	14,701,574
Earnings per share			
Basic and diluted earnings per share (par value Tk. 10 each in Taka)	34	14.67	10.89

The annexed notes 1 to 42 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 08, 2015

Grameenphone Ltd.
Statement of Changes in Equity
for the year ended 31 December 2014

	Share capital	Share premium	Capital reserve	Deposit from shareholders	General reserve	Retained earnings	Total
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Balance as at 1 January 2013	13,503,000	7,840,226	14,446	1,880	2,139,729	11,843,913	35,343,195
General reserve transferred to retained earnings	-	-	-	-	(2,139,729)	2,139,729	-
Transactions with the equity holders:							
Final dividend for 2012	-	-	-	-	-	(6,751,500)	(6,751,500)
Interim dividend for 2013						(12,152,700)	(12,152,700)
Total comprehensive income for 2013							
Profit for the year	-	-	-	-	-	14,701,574	14,701,574
Other comprehensive income	-	-	-	-	-	-	-
Balance as at 31 December 2013	**13,503,000**	**7,840,226**	**14,446**	**1,880**	-	**9,781,017**	**31,140,570**
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**

Grameenphone Ltd.
Statement of Cash Flows
for the year ended 31 December 2014

	2014 Taka'000	2013 Taka'000
Cash flows from operating activities		
Cash receipts from customers	102,696,002	96,720,248
Payroll and other payments to employees	(10,506,839)	(5,384,782)
Payments to suppliers, contractors and others	(40,266,804)	(37,613,269)
Interest received	265,764	336,394
Interest paid	(2,219,303)	(2,939,431)
Income tax paid	(18,713,347)	(14,038,057)
	(71,440,529)	(59,639,146)
Net cash generated by operating activities	**31,255,473**	**37,081,103**
Cash flows from investing activities		
Proceeds from disposal of shares in GPIT	-	730,971
Payment for acquisition of property, plant and equipment and intangible assets	(20,250,401)	(28,957,081)
Proceeds from sale of property, plant and equipment	102,847	50,032
Proceeds from sale of short-term investments	78,276	65,436
Net cash used in investing activities	**(20,069,278)**	**(28,110,643)**
Cash flows from financing activities		
Payment of short-term bank loan	(6,200,000)	(495,000)
Proceeds from long-term loan	15,089,705	11,665,214
Payment of dividend	(19,579,350)	(18,896,923)
Amount refunded to IPO share applicants	-	(346)
Payment of finance lease obligation	(281,906)	-
Net cash used in financing activities	**(10,971,551)**	**(7,727,055)**
Net change in cash and cash equivalents	214,645	1,243,405
Cash and cash equivalents as at 1 January	4,545,257	3,301,852
Cash and cash equivalents as at 31 December	**4,759,902**	**4,545,257**

Grameenphone Ltd.
Notes to the Financial Statements
as at and for the year ended 31 December 2014

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 and now retains significant influence over GPIT (now known as Accenture Communications Infrastructure Solutions Ltd.).

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 2014. These unconsolidated financial statements present the financial position and performance of Grameenphone and Grameenphone's investment in Accenture Communications Infrastructure Solutions Ltd. (formerly known as GPIT) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

For understanding of Grameenphone's standalone financial performance, a separate statement of 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 the historical cost basis. 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 8 February 2015.

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). 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 judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

1. The company has a lease agreement with Bangladesh Railway for Fibre Optic Network (FON) and this lease has been treated as finance lease. For details, please see note 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; and after evaluation of the terms and conditions of these agreements has determined that it does not have substantial risks and rewards related to the assets. For operating lease commitments, please see note 28.2 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 2014 will be declared by Finance Act 2015. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2014 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.

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 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.

3.3 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:

	2014	2013
	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 - 20	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

(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.

3.4 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:

	2014	2013
	Years	Years
Software and others		
Pulse Code Modulation (PCM)	5	5
Billing software	5	5
Other operational software	3-7	3-7
Network management software	7	7
Telecom licence and spectrum		
Spectrum-2008	18	18
Telecom licence and spectrum -2011	15	15
3G licence and spectrum	15	15

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

(d) Derecognition

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

3.5 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 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.

The financial statements of associate are prepared for the same reporting period by following the same accounting policies for like transactions and events as the investor.

3.6 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.

3.6.1 Financial assets

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

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

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

i. Financial assets at fair value through profit or loss

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

As at the 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.

3.6.2 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 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 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 amortization 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.

3.6.3 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.

3.7 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 amortization, 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.

3.8 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.

3.9 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).

(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.

3.10 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:

Years	Tax rate
2013	40%
2014	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.

3.11 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.

(a) 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.

3.12 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

Year 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
	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
	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
Capital work in progress (Note 4.3)	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
Fibre Optic Network under finance lease (Note 4.4)	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**

04 Property, plant and equipment (contd..)

Year 2013

Name of assets	Cost				Depreciation				Carrying amount
	As at 1 January 2013	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2013	As at 1 January 2013	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2013	As at 31 December 2013
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Land (Note 4.1)	806,976	550	(29)	807,497	-	-	-	-	807,497
Building	4,058,116	-	-	4,058,116	476,451	198,324	-	674,775	3,383,341
Base station	74,313,898	6,115,972	(1,516,033)	78,913,836	36,131,502	7,929,786	(1,497,854)	42,563,435	36,350,402
Transmission equipment	24,144,326	2,070,556	-	26,214,882	10,931,827	2,917,792	-	13,849,619	12,365,264
Computers and other IT equipment	3,641,296	151,474	(92,322)	3,700,448	3,002,454	267,716	(91,565)	3,178,605	521,843
Furniture and fixtures (including office equipment)	2,332,883	72,532	(39,685)	2,365,730	1,992,505	184,006	(39,540)	2,136,971	228,759
Vehicles	1,213,580	214,035	(10,502)	1,417,113	747,968	126,704	(5,286)	869,385	547,728
	110,511,074	8,625,119	(1,658,572)	117,477,622	53,282,707	11,624,328	(1,634,246)	63,272,789	54,204,833
Capital work in progress (Note 4.3)	6,998,290	12,901,542	(8,659,062)	11,240,771	-	-	-	-	11,240,771
	117,509,365	21,526,661	(10,317,633)	128,718,393	53,282,707	11,624,328	(1,634,246)	63,272,789	65,445,604
Fibre Optic Network under finance lease (Note 4.4)	7,678,322	-	-	7,678,322	2,856,828	344,416	-	3,201,243	4,477,078
	125,187,686	**21,526,661**	**(10,317,633)**	**136,396,714**	**56,139,534**	**11,968,744**	**(1,634,246)**	**66,474,032**	**69,922,682**

4.1 Land

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

4.2 Disposal/ adjustment during 2014

Disposal/adjustment of base station, transmission equipment, computers and other IT equipment and furniture and fixtures included accounting adjustment of Tk. 2,357,871,863, Tk. 3,749,764,245, Tk. 5,879,068 and Tk. 10,833,281 respectively 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	2014	2013
	Taka'000	Taka'000
Land	-	550
Base station	8,555,924	6,115,972
Transmission equipment	2,343,185	2,070,556
Computers and other IT equipment	382,181	151,474
Furniture and fixtures	235,706	72,532
Vehicles	373,045	214,035
	11,890,041	8,625,119

Total transfer of CWIP also includes capital inventory write off of Tk. 69,812,865.

4.3.2 Capital work in progress - components

Capital work in progress as at 31 December 2014 included capital inventory of Tk. 4,682,293,958 (2013: Tk. 8,566,032,092) and work-in-progress of Tk. 8,331,623,899 (2013: Tk. 2,674,738,469).

4.4 Fibre optic network under finance lease

The addition to Fibre Optic Network under finance lease represents the fibre optic network acquired for a period of 30 years. For details, please see note 15.

05 Intangible assets, net

Year 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 the year	Disposal/ Adjustment during the year	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
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 5.3)	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 5.4)	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**

Year 2013

Name of assets	Cost				Amortisation				Carrying amount
	As at 1 January 2013	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2013	As at 1 January 2013	Charged during the the year	Disposal/ Adjustment during the year	As at 31 December 2013	As at 31 December 2013
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Software and others (Note 5.1)	6,820,911	60,378	(1,110,785)	5,770,504	5,247,211	800,999	(1,110,785)	4,937,425	833,079
Telecom licence and spectrum (Note 5.3)	35,800,383	17,248,875	-	53,049,258	3,641,632	2,569,287	-	6,210,919	46,838,339
	42,621,294	17,309,253	(1,110,785)	58,819,762	8,888,843	3,370,286	(1,110,785)	11,148,344	47,671,418
Capital work in progress (Note 5.4)	348,314	17,248,875	(17,534,404)	62,785	-	-	-	-	62,785
	42,969,609	**34,558,128**	**(18,645,189)**	**58,882,547**	**8,888,843**	**3,370,286**	**(1,110,785)**	**11,148,344**	**47,734,203**

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 Disposal/ adjustment during 2014

Disposal/ adjustment of software and others included accounting adjustment of Tk. 73,415,000 for derecognition of fully depreciated assets no longer in use.

5.3 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.

5.4 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. (GPIT) on 1 September 2013 and thereby lost control over GPIT. However, Grameenphone retains significant influence over GPIT with its remaining 49% stake. GP's remaining stake (49%) in GPIT 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.

07 Inventories

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Handset, data card and other devices	169,790	171,373
SIM card	110,273	233,910
Scratch card	107,412	154,752
	387,475	560,034

During 2014, BDT 60,013,374 (2013: BDT 13,993,257) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of materials and services.

7.1 Movement of inventories

	Handset, data card and other device Taka'000	SIM card Taka'000	Scratch card Taka'000
Balance as at 1 January 2013	89,897	223,666	95,967
Purchase during 2013	1,279,668	785,156	522,781
Issue during 2013	(1,192,608)	(772,763)	(457,737)
	176,957	236,060	161,011
Adjustment/write-off	(5,584)	(2,150)	(6,259)
Balance as at 31 December 2013	171,373	233,910	154,752
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

7.2 Number of inventories

	As at 31 December 2014 Units	As at 31 December 2013 Units
Handset, data card and other device	80,890	99,773
SIM card	2,913,505	4,390,528
Scratch card	162,135,010	211,459,231

7.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Each new connection attracts SIM tax of BDT 300 and each replacement SIM attracts SIM tax of BDT 100. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

08 Trade and other receivables

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Trade receivables (Note 8.1)	6,280,721	6,375,489
Provision for bad debts (Note 8.2)	(1,482,094)	(689,720)
Total trade receivables	4,798,627	5,685,770
Other current receivables		
Interest receivable	623	4,018
Receivables on Employees - Non-Interest Bearing	59,825	23,258
Other non-interest-bearing receivables	1,134,774	1,569,304
Total other current receivables	1,195,222	1,596,581
Prepayments		
Deferred costs related to connection revenue	15,538	9,588
Prepaid expenses	1,243,953	2,096,886
Indirect tax	2,464,218	2,420,852
Total prepayments	3,723,709	4,527,326
Total trade and other receivables	9,717,558	11,809,676

8.1 Trade receivables

This included interconnection receivables of Tk. 5,039,720,538 as at 31 December 2014 (2013: Tk. 5,187,389,260). The ageing of gross interconnection receivables as at the statement of financial position date was:

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Not past due	2,220,885	2,130,159
0-30 days past due	161,596	173,546
31-60 days past due	60,074	244,217
61-90 days past due	41,483	280,131
91-180 days past due	135,874	596,029
181-365 days past due	126,923	231,564
over 365 days past due	2,292,885	1,531,744
	5,039,721	5,187,389

8.2 Provision for doubtful debts

Opening balance	689,720	190,702
Provision made during the year	846,916	542,551
	1,536,636	733,253
Written off during the year	(54,542)	(43,534)
Closing balance	1,482,094	689,720

8.3 Security against trade receivables

Good and secured	418,480	412,267
Good with personal security/unsecured	4,380,147	5,273,503
Doubtful and bad	1,482,094	689,720
Gross trade receivables	6,280,721	6,375,489
Provision for bad and doubtful debts	(1,482,094)	(689,720)
Trade receivables, net	4,798,627	5,685,770

8.4 Debts due by directors, officers and other related parties

As at 31 December 2014, 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 37.2; and

(c) companies under the same management.

09 Short-term investment

As at the statement of financial position date, there was no Fixed Deposit Receipts (FDR) having original maturity of three months or more (2013: Tk. 44,931,297 with Southeast Bank Limited and Tk. 33,345,000 with One Bank Ltd.).

10 Cash and cash equivalents

Cash in hand	15,778	7,389
Cash at bank	4,744,124	4,537,868
	4,759,902	4,545,257

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 overdraft 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 2014 was nil and as at 31 December 2013 was BDT 3,788,052,715.

10.2 Restricted cash balance

Cash at bank as at 31 December 2014 included BDT 5,367,876 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

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Authorised:		
4,000,000,000 ordinary shares of Tk. 10 each	40,000,000	40,000,000
	40,000,000	40,000,000
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of Tk. 10 each	13,503,000	13,503,000
	13,503,000	13,503,000

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 As at 31 December 2014	% of holding As at 31 December 2013	Value of shares (Taka) As at 31 December 2014	Value of shares (Taka) As at 31 December 2013
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 As at 31 December 2014	No. of shareholders As at 31 December 2013	No. of shares As at 31 December 2014	No. of shares As at 31 December 2013
1-500	30,650	48,108	6,503,442	10,595,433
501-5,000	7,435	11,820	11,597,416	17,696,880
5,001-10,000	600	803	4,448,487	5,866,859
10,001-20,000	296	381	4,216,682	5,428,607
20,001-30,000	85	110	2,089,735	2,744,102
30,001-40,000	59	49	2,067,287	1,690,778
40,001-50,000	24	46	1,114,201	2,161,578
50,001-100,000	79	90	5,930,109	6,389,433
100,001-1,000,000	89	88	28,826,427	26,418,847
1,000,001-1,000,000,000	23	21	1,283,506,236	1,271,307,505
	39,340	61,516	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 331 Km of fibre optic network (FON) from Summit Communications Limited against a lease contract for 30 years. This lease has been treated as finance lease as per IAS 17 Leases. Total lease obligation as of 31 December 2014 for this FON amounted to Tk. 200,206,865. Under the same lease agreement, we are expecting to have additional 116 Km of FON from the same company.

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Finance lease obligation	5,511,154	5,312,197
Less: Current portion (Note 19.1)	233,528	1,250
	5,277,626	5,310,947

	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 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
Future minimum lease payments and their present value as at 31 December 2013 were as follows:			
(i) Not later than one year	798,566	797,316	1,250
(ii) Later than one year but not later than five years	3,495,610	3,114,857	380,753
(iii) Later than five years	9,025,303	4,095,108	4,930,194
	13,319,479	8,007,281	5,312,197

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, repayment of which will commence in October 2015. The syndicate members include IFC, DEG, FMO, Proparco, CDC and OFID. This financial liability has been recognised at amortised cost as per IAS 39 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings includes short-term bank loan of Tk. 1,500,000,000 and the portion of the above long-term syndicated loan falling due for repayment in next 12 months. Interest rate for the short term bank loan is 7.45%.

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

	Carrying amount Taka'000	Tax base Taka'000	Taxable/ (deductible) temporary difference Taka'000
As at 31 December 2014			
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
3G licence and spectrum	15,751,207	14,949,025	802,182
Trade receivables (Note 8)	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)
2G licence and spectrum	24,090,035	26,009,600	(1,919,565)
Net taxable temporary difference			20,395,347
Deferred tax liability @40% tax rate (Note 3.10)			7,894,630
Deferred tax liability @15% tax rate (Note 17.2)			98,816
Deferred tax liabilities			7,993,446
As at 31 December 2013			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	53,397,336	25,003,336	28,394,000
Property, plant and equipment under finance lease (Note 4)	4,477,078	-	4,477,078
Difference for vehicle (Note 17.1)	(108,611)	-	(108,611)
			32,762,467
Investment in associate	570,516	36,751	533,765
3G licence and spectrum	16,903,734	16,098,950	804,784
Trade receivables (Note 8)	5,685,770	6,209,861	(524,092)
Finance lease obligation including current portion (Note 15)	(5,312,197)	-	(5,312,197)
Other current liabilities (profit sharing plan)	(5,916,638)	-	(5,916,638)
2G licence and spectrum	25,714,082	28,177,067	(2,462,984)
Net taxable temporary difference			19,885,105
Deferred tax liability @40% tax rate (Note 3.10)			7,740,536
Deferred tax liability @15% tax rate (Note 17.2)			80,065
Deferred tax liabilities			7,820,601

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 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 GPIT and hence tax rate applicable to capital gain (15%) has been considered for deferred tax computation purpose.

18 Other non-current liabilities

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Security deposits from subscribers and channel partners	428,515	489,662
Asset retirement obligations (Note 18.1)	123,610	116,201
Employee benefits - provision for gratuity (Note 18.2)	-	-
Other non-current liabilities	79,260	97,452
	631,385	703,316

18.1 Asset retirement obligations (ARO)

Opening balance	116,201	110,951
Provision made during the year	9,800	11,666
	126,001	122,617
Adjustment/payment made during the year	(2,391)	(6,416)
Closing balance	123,610	116,201

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.

18.2 Employee benefits - provision for gratuity

Service cost	280,000	232,615
Net interest expense/(income)	(20,000)	(21,000)
Defined benefit cost	260,000	211,615
Transfer to fund during the year	(260,000)	(211,615)
Closing balance	-	-

Net defined benefit liability was nil at the end of 2014. There was no change in the discount rate (12.0%) and expected salary increase rate (10%). Grameenphone engaged a qualified actuary in the measurement of this post-employment benefit plan (gratuity).

19 Trade and other payables

Trade payables	5,180,569	7,859,317
Accrued expenses (Note 19.1)	17,126,319	14,291,590
Liability for capital expenditure (Note 19.2)	8,955,034	14,701,418
	31,261,922	36,852,325
Deferred connection revenue	12,010	6,667
Unearned revenue	3,299,877	3,509,476
	34,573,809	40,368,468

19.1 Accrued expenses include provision for BTRC revenue share, annual operating licence fee, operation, maintenance, office running expenses and accrued financial expenses. It also includes current portion of the finance lease obligation (Tk. 233,527,787).

19.2 Liability for capital expenditure as at 31 December 2013 included liability for 3G licence and spectrum-2013.

20 Current tax payable

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Movement of income tax provision is shown as under:		
Opening balance	23,463,733	17,896,437
Provision made during the year	15,090,070	19,605,354
	38,553,803	37,501,790
Paid during the year (incl. tax deducted at source)	(18,713,347)	(14,038,057)
Adjustments	(211,203)	-
Closing balance	19,629,253	23,463,733

20.1 There was an uncertainty regarding tax deductibility of amortization of 49% of the 2G licence and spectrum cost. That uncertainty is no longer there due to changes brought in by Finance Act 2014.

21 Other current liabilities

Other current liabilities mainly include accruals for performance bonuses, profit sharing plan (Tk. 1,764,720,502) and payable for bills pay receipts (Tk. 577,946,973).

22 Revenue

	2014 Taka'000	2013 Taka'000
The following is an analysis of revenue for the year:		
Revenue from mobile communication (Note 22.1)	98,464,596	92,943,359
Revenue from customer equipment (Note 22.2)	2,095,379	1,874,894
Other revenues (Note 22.3)	2,103,397	1,805,974
	102,663,372	96,624,227

22.1 Revenue from mobile communication

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

22.2 Revenue from customer equipment

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

22.3 Other revenues

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

23 Cost of material and traffic charges

Traffic charges	5,267,603	4,913,064
Cost of materials and services	4,324,280	3,482,249
	9,591,883	8,395,314

Traffic charges mainly include national and international interconnection cost.

Cost of materials and services includes cost of SIM card, scratch card, devices and contents. Cost of contents has been reclassified from 'revenue sharing, spectrum charges and licence fees' to 'cost of materials and services' to better reflect the business model of telecommunication business. Amount reclassified for 2013 is BDT 639,463,697.

24 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.

24.1 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 2,979 as at 31 December 2014 and 3,204 as at 31 December 2013.

24.2 Key management personnel compensation

	2014 Taka'000	2013 Taka'000
Short term employee benefits (salary and other allowances)	1,199,004	1,376,584
Post employment benefits (provident fund, gratuity etc.)	129,205	148,447
Other long term benefits	1,079	12,726
	1,329,288	1,537,757

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

25 Operation and maintenance

Service maintenance fee	3,332,034	4,030,944
Vehicle maintenance expense	386,873	333,164
Other operation and maintenance	1,351,702	659,304
	5,070,609	5,023,411

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

26 Sales, marketing and commissions

Sales, marketing and representation costs	3,264,156	5,023,853
Advertisement and promotional expenses	2,468,102	2,200,669
Commissions	7,468,464	7,221,955
	13,200,722	14,446,477

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

27 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.

28 Other operating expenses/(income), net

Consultancy and professional services (Note 28.1)	803,666	995,058
Statutory audit fees	2,000	1,800
Rental expense for property, plant and equipment (Note 28.2)	1,347,912	1,298,590
Fuel and energy costs	1,981,279	1,945,799
Bad debt expense (Note 28.3)	822,331	521,333
Rental and other income	(247,307)	(122,370)
(Gain)/loss on disposal of assets	(19,937)	8,236
Others (Note 28.4)	1,020,019	939,082
	5,709,963	**5,587,529**

28.1 Consultancy and professional services

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

28.2 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:

	2014 Taka'000	2013 Taka'000
(i) Not later than one year	455,559	357,644
(ii) Later than one year but not later than five years	-	-
(iii) Later than five years	-	-
	455,559	357,644

28.3 Bad debt expense

Provision made/(reversed) during the year	846,916	542,551
Recovery of bad debt during the year	(24,585)	(21,218)
Bad debt expense	822,331	521,333

Provision for doubtful debts has been made as per policy of the company mentioned in Note 3.7.

28.4 Others

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

29 Depreciation and amortisation

Depreciation of property, plant and equipment	13,748,237	11,968,744
Amortisation of intangible assets	3,908,431	3,370,286
	17,656,668	15,339,030

30 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 the year ended 31 December 2014. 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 rights to receive payment is established.

31 Finance expense/(income), net

Interest income	(262,369)	(332,134)
Interest expense	2,212,817	2,098,129
Other finance expenses	356,553	828,962
	2,307,001	2,594,957

32 Foreign exchange (gain)/loss

Exchange gain	(347,769)	(1,214,576)
Exchange loss	206,852	21,696
	(140,917)	(1,192,879)

33 Income tax expense

	2014 Taka'000	2013 Taka'000
Current tax expense		
Income tax expenses for the year (Note 3.10)	15,090,070	17,699,088
Adjustment for previous years	(211,203)	1,906,266
	14,878,867	19,605,354
Deferred tax expense/(income)		
Deferred tax expense/(income) relating to origination and reversal of temporary differences	172,845	(2,778,770)
Deferred tax expense/(income) resulting from increase in tax rate	-	1,323,914
	172,845	(1,454,856)
	15,051,712	18,150,498

Income tax expense for the year ended 31 December 2013 included additional current tax impact of Tk. 1,906,265,586 and additional deferred tax impact of Tk. 1,323,913,545 for the income year 2012 resulting from change in tax rate from 35% to 40% by Finance Act 2013.

34 Earnings per share

	2014	2013
Profit for the year (in Taka)	19,803,282,618	14,701,574,489
Weighted average number of shares (Note 34.1)	1,350,300,022	1,350,300,022
Basic and diluted earnings per share (Note 3.16) (in Taka)	14.67	10.89

34.1 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.

34.2 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.

35 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.

35.1 Credit risk

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

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

Credit risk relating to balances with banks is managed by treasury department in accordance with company's policy. Minimizing counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved 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 2014 Taka'000	As at 31 December 2013 Taka'000
Trade receivables	4,798,627	5,685,770
Other current receivables		
Interest receivable	623	4,018
Receivables on Employees - Non-Interest Bearing	59,825	23,258
Other non-interest-bearing receivables	1,134,774	1,569,304
	1,195,222	1,596,581
Short term investment	-	78,276
Cash at bank	4,744,124	4,537,868
	10,737,973	11,898,495

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

Domestic	4,356,176	5,339,712
Asia	284,150	156,488
Europe	143,590	174,559
Australia	479	7,115
America	11,700	5,175
Africa	2,532	2,721
	4,798,627	5,685,770

35.2 Liquidity risk

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

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

As at 31 December 2014

	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	Taka'000			Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	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	16,892,792	December 2015	N/A	16,892,792	9,628,891	7,263,900	-	-	-
Liability for capital expenditure	8,955,034	December 2015	N/A	8,955,034	1,816,069	7,138,965	-	-	-
Other current liabilities	3,051,491	December 2015	N/A	3,051,491	3,051,491	-	-	-	-
	67,742,351			78,527,566	21,008,320	19,321,830	7,108,563	20,273,300	10,815,554

Liquidity risk (contd...)

As at 31 December 2013

	Carrying amount	Maturity period	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	Taka'000			Taka'000	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Finance lease obligation	5,310,947	June 2027	15%	13,319,479	391,749	406,817	828,701	2,666,909	9,025,303
Loans and borrowings - long-term	11,665,214	April 2020	6-month-LIBOR + 3.5%	13,589,903	212,466	228,713	1,622,698	7,889,610	3,636,417
Loans and borrowings - short-term	7,700,000	January 2014	10%-11%	7,700,000	7,700,000	-	-	-	-
Trade and other payables									
Trade payables	7,859,317	December 2014	N/A	7,859,317	5,894,488	1,964,829	-	-	-
Accrued expenses	14,291,590	December 2014	N/A	14,291,590	8,146,206	6,145,384	-	-	-
Liability for capital expenditure	14,701,418	December 2014	N/A	14,701,418	2,981,428	11,719,990	-	-	-
Other current liabilities	7,047,796	December 2014	N/A	7,047,796	7,047,796	-	-	-	-
	68,576,282			78,509,502	32,374,133	20,465,733	2,451,398	10,556,519	12,661,720

35.3 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 vale 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 2014					As at 31 December 2013				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivable from Telenor entities	47,275	-	-	-	-	20,439	-	2,805	1,137	-
Accounts receivable	420,155	-	-	24	-	346,058	-	-	-	-
Cash at bank	482,943	-	-	-	-	184,325	-	-	-	-
	950,372	-	-	24	-	550,822	-	2,805	1,137	-
Foreign currency denominated liabilities										
Loans and borrowings	(27,155,488)	-	-	-	-	(11,665,214)	-	-	-	-
Payable to other Telenor entities*	(965,745)	(1,079,904)	-	-	-	(450,644)	(1,658,945)	-	(3,239)	-
Trade and other payables for expenses	(411,244)	-	-	(2,362)	-	(3,065,417)	-	-	(1,907)	(22,518)
	(28,532,476)	(1,079,904)	-	(2,362)	-	(15,181,275)	(1,658,945)	-	(5,146)	(22,518)
Net exposure	(27,582,104)	(1,079,904)	-	(2,337)	-	(14,630,453)	(1,658,945)	2,805	(4,009)	(22,518)

* 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 2014	31 December 2013
	Taka	Taka
US Dollar (USD)	77.92	77.68
Norwegian Kroner (NOK)	10.48	12.80
Great Britain Pound (GBP)	121.29	128.68
EURO (EUR)	94.72	107.06
Japanese Yen (JPY)	0.65	0.74

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 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
31 December 2013				
Expenditures denominated in USD	(14,630)	14,630	(14,630)	14,630
Expenditures denominated in NOK	(1,659)	1,659	(1,659)	1,659
Expenditures denominated in GBP	3	(3)	3	(3)
Expenditures denominated in EURO	(4)	4	(4)	4
Expenditures denominated in JPY	(23)	23	(23)	23
Exchange rate sensitivity	(16,313)	16,313	(16,313)	16,313

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 2014, the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Fixed rate instruments		
Financial assets		
Short-term investment	-	78,276
Financial liabilities		
Loans and borrowings	1,500,000	7,700,000
Floating rate instruments		
Financial liabilities		
Loans and borrowings	26,651,313	11,665,214

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 2014		As at 31 December 2013	
	Carrying amount Taka'000	Fair value Taka'000	Carrying amount Taka'000	Fair value Taka'000
Financial assets				
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets				
Short term investment	-	-	78,276	78,276
Loans and receivables				
Trade and other receivables	9,717,558	9,717,558	11,809,676	11,809,676
Financial liabilities				
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Finance lease obligation	5,277,626	5,277,626	5,310,947	5,310,947
Loans and borrowings - long-term	24,003,730	24,003,730	11,665,214	11,665,214
Trade and other payables	34,573,809	N/A*	40,368,468	N/A*
Loans and borrowings - short-term	4,147,583	4,147,583	7,700,000	7,700,000
Other current liabilities	3,051,491	N/A*	7,047,796	N/A*

Interest rates used to determine amortised cost

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

	2014	2013
Finance lease obligation	15.00%	15.00%
Short term investment	-	11.50%-12.50%
Loans and borrowings	6-month-LIBOR + 3.5% - 7.45%	6-month-LIBOR + 3.5%

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

36 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 2014.

37 Related party disclosures

During the year ended 31 December 2014, 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.

37.1 Related party transactions during the year

Name of related parties	Nature	Nature of transactions	2014 Taka'000	2013 Taka'000
Telenor Mobile Communications AS	Shareholder	Dividend payment	10,924,412	10,547,708
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	220,227	220,326
		Dividend payment	6,695,613	6,464,730
Grameen Kalyan	Shareholder	Dividend payment	-	-
Grameen Shakti	Shareholder	Dividend payment	-	-
Accenture Communications Infrastructure Solutions Ltd.	Associate	Purchase of IT service, equipments and softwares	1,416,622	1,265,324
		Rental income	(57,247)	(27,364)
Telenor ASA	Telenor group entity	Consultancy and professional service fee	440,819	626,101
		IT support Cost	279,201	-
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee	261,390	308,855
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	28,530	23,495
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	348,007	64,876

37.2 Receivables/(payables) with related parties

Name of related parties	Nature	Nature of transactions	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Grameen Telecom	Shareholder	Accounts receivable	4,907	3,170
		Accounts payable	(17,192)	(35,484)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	110,462	15,062
		Accounts payable	(371,644)	(157,958)
Telenor ASA	Telenor group entity	Accounts receivable	6,395	14,207
		Accounts payable	(1,495,004)	(2,284,094)
Telenor Consult AS	Telenor group entity	Accounts receivable	10,542	407,248
		Accounts payable	(58,280)	(51,250)
Telenor Global Services AS	Telenor group entity	Accounts receivable	-	-
		Accounts payable	(39,761)	(27,159)
Telenor Global Shared Services AS	Telenor group entity	Accounts receivable	11,103	-
		Accounts payable	(403,592)	(168,095)

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

	1 January to 31 December 2014 Taka'000	1 January to 31 December 2013 Taka'000
CIF value of imports		
SIM card and scratch card	-	61,802
Telecommunication equipment	7,881,889	6,195,633
Expenditure in foreign currency		
Consultancy fee	499,935	843,567
Consultancy fee - expatriate	261,390	393,996
Other fee (travel and training)	11,848	25,686
Technical know how	1,191,200	462,327
International roaming cost	211,039	181,960
Foreign earnings		
Revenue from roaming partners	(996,535)	(270,440)

39 Short-term credit facilities available as at 31 December 2014

The company enjoys composite working capital facilities including both funded and non-funded facilities from 24 banks and 1 non-bank financial institution (2013: 21 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. 50,696 million (2013: Tk. 50,134 million) of which non-funded limit is Tk. 27,514 million (2013: Tk. 30,348 million) and funded limit is Tk. 30,083 million (2013: Tk. 29,876 million).

As per the approval of the Board of Directors of GP, the total amount of short-term funded facilities are limited to maximum drawing of USD 250 million (2013: 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.

40 Commitments

	As at 31 December 2014 Taka'000	As at 31 December 2013 Taka'000
Capital commitment (open purchase order)	4,810,610	7,078,279

The company as lessee has finance and operating lease commitments as disclosed in Note 15 and Note 28.2.

41 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.

(b) SIM tax on replacement SIMs

Large Taxpayer Unit (LTU)-VAT by a letter dated 16 May 2012 claimed SIM tax of BDT 15,804,391,570 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 finalized their observations and asked mobile operators including Grameenphone to give their feedback. LTU in their observations have not changed 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. Grameenphone received a letter from LTU-VAT asking Grameenphone to attend a hearing 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.

(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 Taxpayer 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.

42 Other disclosures

42.1 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.

42.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 153rd meeting held on 8 February 2015 recommended a final cash dividend amounting to BDT 8,776,950,143 being 65% of the paid-up capital (i.e. BDT 6.5 per share) for the year 2014. Total cash dividend including this final cash dividend stands at 160% of the paid-up capital (i.e., BDT 16 per share) for the year 2014. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

Supplementary information

Separate Statement of Comprehensive Income of Grameenphone Ltd. for the year ended 31 December 2014.

	2014	2013
	Taka'000	Taka'000
Revenue	102,663,372	96,624,227
Operating expenses		
Cost of material and traffic charges	(9,591,883)	(8,395,314)
Salaries and personnel cost	(6,455,286)	(7,062,188)
Operation and maintenance	(5,070,609)	(5,023,411)
Sales, marketing and commissions	(13,200,722)	(14,446,477)
Revenue sharing, spectrum charges and licence fees	(8,082,170)	(7,571,339)
Other operating (expenses)/income, net	(5,709,963)	(5,587,529)
Depreciation and amortisation	(17,656,668)	(15,339,030)
	(65,767,301)	(63,425,287)
Operating profit	36,896,071	33,198,940
Share of profit of associate	-	-
Gain on sale of shares in GPIT	-	521,445
Finance (expense)/income, net	(2,307,001)	(2,594,957)
Foreign exchange gain/(loss)	140,917	1,192,879
	(2,166,084)	(880,632)
Profit before income tax	34,729,987	32,318,308
Income tax expense	(15,032,961)	(18,070,433)
Profit after tax	19,697,026	14,247,875
Other comprehensive income	-	-
Total comprehensive income for the year	19,697,026	14,247,875
Earnings per share		
Basic and diluted earnings per share (par value Tk. 10 each in Taka)	14.59	10.55