



Auditor's Report & Audited Financial Statements



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

Report on the financial statements

We have audited the accompanying financial statements of Grameenphone Ltd, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS).

Emphasis of matter

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

Report on Other Legal and Regulatory Requirements

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

- 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;
- 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;
- the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred was for the purposes of the Company's business.

Rahman Rahman Huq
Chartered Accountants
Dhaka, 29 January 2018

Grameenphone Ltd. Statement of financial position

as at 31 December 2017

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

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


Director


Director


Chief Executive Officer


Company Secretary

As per our report of same date.


Auditor

Dhaka, 29 January 2018

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

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

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


Director


Director


Chief Executive Officer


Company Secretary

As per our report of same date.


Auditor

Dhaka, 29 January 2018

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

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

Grameenphone Ltd. Statement of cash flows

for the year ended 31 December 2017

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

Grameenphone Ltd.

Notes to the financial statements

for the year ended 31 December 2017

1 Corporate information

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

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

2 Basis of preparation

These financial statements are unconsolidated financial statements (also known as individual financial statements) of Grameenphone as at and for the year ended 31 December 2017. These unconsolidated financial statements present the financial position and performance of Grameenphone and Grameenphone’s investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with (IAS/BAS) 28 Investment in Associates and Joint Ventures.

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

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

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

Authorisation for issue

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

2.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Bangladesh Taka (“BDT”) which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT’000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.2 Use of estimates and judgements

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

Judgments

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

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

Estimates and assumptions

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

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

3 Significant accounting policies

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

3.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when it is:

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

The company classifies all other liabilities as non-current.

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

3.2 Offsetting

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

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

3.3 Cash dividend to the equity holders

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

3.4 Property, plant and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

(d) Derecognition

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

(e) Capital work in progress

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

(f) Capitalisation of borrowing costs

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

3.5 Intangible assets**(a) Recognition and measurement**

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

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

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

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

Other development expenditures are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is placed in service. It is amortised over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

(b) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

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

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

(d) Derecognition

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

3.6 Investment in associate

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

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

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

3.7 Financial instruments

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

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

3.7.1 Financial assets

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

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

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

i. Financial assets at fair value through profit or loss

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

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

ii. Held-to-maturity financial assets

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

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

iii. Loans and receivables

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

iv. Available-for-sale financial assets

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

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

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

3.7.2 Financial liabilities

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

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

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

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

ii. Other financial liabilities

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

3.7.3 Equity instruments

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

3.8 Impairment

(a) Financial assets

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

i. Financial assets measured at amortised cost

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

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

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

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

ii. Available-for-sale financial assets

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

(b) Non-financial assets

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

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

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

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

3.9 Inventories

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

3.10 Employee benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

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

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

(b) Defined benefit plan (gratuity)

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

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

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

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

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

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

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

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

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount of annual leave encashment based on the latest basic salary.

3.11 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

Year	Tax rate
2016	40%
2017	40%

(b) Deferred tax

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

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

3.12 Accruals, provisions and contingencies

(a) Accruals

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

(b) Provisions

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

Asset Retirement Obligations (ARO)

Asset Retirement Obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The company recognises ARO in respect of roof-top base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

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

3.13 Revenue recognition, measurement and presentation

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

Revenues primarily comprise sale of:

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

(a) Subscription and traffic fees

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

(b) Connection fees

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

(c) Customer equipment

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

(d) Discounts

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

(e) Multiple element arrangements

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

(f) Interest and dividend income

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

Presentation

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

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

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

3.14 Leases

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

(a) The company as lessee

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

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

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

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

(b) The company as lessor

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

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

3.15 Foreign currency transactions

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS/BAS 21 The Effects of Changes in Foreign Exchange Rates.

3.16 Earnings per share

The company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.17 Events after the reporting period

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

4 Property, plant and equipment, net

31 December 2017

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

4 Property, plant and equipment, net

31 December 2016

Name of assets	Cost			Depreciation			Carrying amount As at 31 December 2016
	As at 1 January 2016	Addition during the year	Disposal/ Adjustment during the year	As at 31 December 2016	Charged during the year	Disposal/ Adjustment during the year	
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Land (Note 4.1)	807,497	-	(447)	807,050	-	-	807,050
Building	4,058,116	58,690	(66,149)	4,050,657	156,485	(66,149)	4,144,993
Base station	96,724,395	15,352,135	(1,574,914)	110,501,615	10,695,330	(1,550,913)	119,646,032
Transmission equipment	28,070,339	5,502,798	-	33,573,136	4,354,203	-	37,927,339
Computers and other IT equipment	5,145,846	1,312,939	(18,257)	6,440,528	768,112	(18,080)	7,190,560
Furniture and fixtures (including office equipment)	2,681,971	139,198	(33,565)	2,787,604	134,164	(33,565)	3,488,203
Vehicles	1,872,699	339,530	(214,171)	1,998,059	220,317	(173,354)	2,044,022
Capital work in progress (Note 4.2)	139,360,863	22,705,290	(1,907,503)	160,158,649	16,328,611	(1,842,060)	174,645,200
	13,082,473	19,241,950	(23,018,177)	9,306,246	-	-	10,549,969
Fibre Optic Network under finance lease	152,443,336	41,947,239	(24,925,679)	169,464,895	16,328,611	(1,842,060)	183,951,446
	8,757,398	509,847	-	9,267,245	461,810	-	9,729,055
	161,200,734	42,457,086	(24,925,679)	178,732,140	16,790,421	(1,842,060)	193,680,501

4.1 Land

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

4.2 Capital work in progress (CWIP)

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

4.2.1 Capital work in progress - transferred

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

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

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

4.2.2 Capital work in progress - components

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

4.3 Change in estimates

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

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

5 Intangible assets, net

31 December 2017

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

31 December 2016

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

5.1 Software and others

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

5.2 Telecom licence and spectrum

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

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

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

5.3 Capital work in progress (CWIP)

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

6 Investment in associate

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

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

7 Other non-current assets

Trade receivables, net of impairment loss (Note 7.1)
Input VAT claim (Note 7.2)
Security deposits for utility services and other investments

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

7.1 Trade receivables, net of impairment loss

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

7.2 Input VAT claim

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

8 Inventories

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

8.1 Movement of inventories

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

8.2 Number of inventories

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

8.3 SIM card

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

9 Trade and other receivables

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

9.1 Trade receivables, gross

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

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

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

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

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

9.2 Security against trade receivables

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

9.3 Future minimum lease payments receivables

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

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

10 Cash and cash equivalents

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

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

10.2 Restricted cash balance

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

Additionally, cash at bank as at 31 December 2017 included BDT 102,840,174 (2016: BDT 93,058,154) equivalent to dividend unclaimed amount and BDT 12,777,564 (2016: BDT 12,867,366) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the company until the dividend is claimed.

11 Share capital

Authorised:

4,000,000,000 ordinary shares of BDT 10 each

40,000,000	40,000,000
<u>40,000,000</u>	<u>40,000,000</u>

Issued, subscribed, called up and paid up:

1,350,300,022 ordinary shares of BDT 10 each

13,503,000	13,503,000
<u>13,503,000</u>	<u>13,503,000</u>

The company was initially registered with ordinary shares of BDT 43.00 each. These shares were subsequently converted into BDT 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009).

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



11.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150
Telenor Asia Pte. Ltd., Singapore	0.0%	0.0%	2,150	2,150
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220
General public, GP employees and institutional	10.0%	10.0%	1,351,252,000	1,351,252,000
	100%	100%	13,503,000,220	13,503,000,220

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

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

12 Share premium

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

13 Capital reserve

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

14 Deposit from shareholders

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

15 Finance lease obligation

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

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

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

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

	Future minimum lease payments	Interest	Present value of minimum lease payments
	BDT'000	BDT'000	BDT'000
Future minimum lease payments and their present value as at 31 December 2017 were as follows:			
(i) Not later than one year	1,238,775	755,686	483,089
(ii) Later than one year but not later than five years	3,977,763	2,646,899	1,330,864
(iii) Later than five years	5,047,540	1,448,210	3,599,330
	<u>10,264,078</u>	<u>4,850,794</u>	<u>5,413,283</u>

Future minimum lease payments and their present value as at 31 December 2016 were as follows:

(i) Not later than one year	1,018,386	775,436	242,951
(ii) Later than one year but not later than five years	3,857,225	2,818,624	1,038,600
(iii) Later than five years	6,087,183	2,032,170	4,055,012
	<u>10,962,794</u>	<u>5,626,230</u>	<u>5,336,563</u>

16 Loans and borrowings

Loans and borrowings include a long-term syndicated loan led by the International Finance Corporation (IFC) of USD 345 Million at 6-month-LIBOR + 3.5% interest rate. The full loan amount of USD 345 Million has been drawn down in multiple tranches, the repayment of which is in 10 installments. The first five installments have been repaid since October 2015 and current outstanding loan balance is USD 172.50 Million. The final installment is scheduled to be paid in April 2020. The syndicate members include IFC, DEG, FMO, Proparco, CDC and OFID. This financial liability has been recognized at amortised cost as per IAS/BAS 39 Financial Instruments: Recognition and Measurement.

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

17 Deferred tax liabilities

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

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

17.1 Difference for vehicle

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

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

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

18 Employee benefits

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

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

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

Sensitivity analysis

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

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

Significant characteristics of plan

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

19 Other non-current liabilities

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

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

19.1 Asset retirement obligations (ARO)

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

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of roof-top base stations and office space for any constructive and/or legal obligations for dismantling, removal or restoration incurred by the company as a consequence of installing or constructing the sites. ARO is measured at the present value of expected cash outflows required to settle such obligations. Unwinding of the discount is charged as finance expense in the profit or loss.

20 Trade and other payables

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

21 Provisions

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

22 Current tax payable

Movement of income tax provision is shown as under:

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

23 Other current liabilities

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

24 Revenue

The following is an analysis of revenue for the year:

	2017	2016
	BDT'000	BDT'000
Revenue from mobile communication (Note 24.1)	123,716,181	109,691,382
Revenue from customer equipment (Note 24.2)	2,475,132	2,750,952
Other revenues (Note 24.3)	2,244,501	2,419,826
	<u>128,435,814</u>	<u>114,862,160</u>

24.1 Revenue from mobile communication

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

24.2 Revenue from customer equipment

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

24.3 Other revenues

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

25 Cost of material and traffic charges

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

Traffic charges mainly include national and international interconnection cost.

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

26 Salaries and personnel cost

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

26.1 Number of employees

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

27 Operation and maintenance

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

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

28 Sales, marketing and commissions

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

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

29 Revenue sharing, spectrum charges and licence fees

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

30 Other operating (expenses)/income, net

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

30.1 Consultancy and professional services

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

30.2 Rental expense for property, plant and equipment

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

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

30.3 Bad debt expense

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

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

30.4 Others

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

31 Depreciation and amortisation

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

32 Share of profit/loss of associate

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

33 Finance (expense)/income, net

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

34 Income tax expense

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

35 Earnings per share

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

35.1 Weighted average number of ordinary shares

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

35.2 Diluted earnings per share

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

36 Financial risk management

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

36.1 Credit risk

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

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

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

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

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

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

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

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

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

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

36.2 Liquidity risk

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

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

As at 31 December 2017

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

As at 31 December 2016

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

36.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

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

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

The following significant exchange rates have been applied:

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

Market risk (contd.)**ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures**

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

	Profit or loss		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	BDT'000	BDT'000	BDT'000	BDT'000
31 December 2017				
Expenditures denominated in USD	(15,483)	15,483	(15,483)	15,483
Expenditures denominated in NOK	(2,187)	2,187	(2,187)	2,187
Expenditures denominated in GBP	(10)	10	(10)	10
Expenditures denominated in EURO	(65)	65	(65)	65
Expenditures denominated in JPY	(1)	1	(1)	1
Exchange rate sensitivity	(17,746)	17,746	(17,746)	17,746

31 December 2016

Expenditures denominated in USD	(21,065)	21,065	(21,065)	21,065
Expenditures denominated in NOK	(1,567)	1,567	(1,567)	1,567
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	-	-	-	-
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	(22,632)	22,632	(22,632)	22,632

b) Interest rate risk

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

Profile

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

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

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

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

Interest rates used to determine amortised cost

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

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

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

37 Capital management

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

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

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

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

38 Related party disclosures

During the year ended 31 December 2017, the company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures/(revenue), receivables/(payables), and dividend payments] and amounts are set out below in accordance with the provisions of IAS/BAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

38.1 Key management personnel compensation

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

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

38.2 Debts due from and due to key management personnel

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

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

38.3 Other related party transactions during the year

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

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

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

38.4 Receivables/(payables) with other related parties

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

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

38.5 Transactions with post-employment benefit plan

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

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

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

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

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

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

Security against short term credit facilities

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

41 Commitments

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

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

42 Contingencies

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

(a) BTRC audit

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

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

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

(b) SIM tax on replacement SIMs

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

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

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

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

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

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

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

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

(c) VAT rebate on 2G licence renewal fee

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

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

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

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

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

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

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

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

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

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

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

43 Other disclosures

43.1 Segment information

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

43.2 Events after the reporting period

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

43.3 Accounting standards issued but not yet effective

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

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

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

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

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

(b) IFRS/BFRS 16 Leases

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

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

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

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

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

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

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

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

(c) IFRS/BFRS 9 Financial Instruments

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

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

Supplementary information

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

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