



Message from the Chairman

Bangladesh still have huge potential for growth. There is also a vast demand for high speed internet. We believe that the country is eagerly waiting for 3G and with countrywide upgraded network and long experience in providing internet services, your company is nicely poised to take the mobile telephony to the next level.

Dear Shareholders,

With your support and trust, we have passed another successful but challenging year in 2011.

While we posted growth both in revenue and subscriber numbers, most of the year was spent under regulatory uncertainties.

Due to our continuous effort to increase operational efficiency, your company has seen a healthy increase in revenue. The year on year revenue growth was mainly fuelled by steady subscription growth and contributions from data, roaming and wholesale businesses.

By the end of 2011, the number of subscribers has reached over 36.5 million representing around 43% of market share.

Grameenphone has always been committed to providing quality services and it has been one of our main strengths from the beginning. To maintain this strength in the future, we have upgraded our entire network in 2011. Our network is now future proof and ready to serve our customers with greater satisfaction.

The share market remained extremely volatile throughout the year. But, fortunately price of Grameenphone's share did not fluctuate much. By the end of the year, we have seen the GP share price to gain. We have also been able to give you 140% interim dividend during 2011.

As I said earlier, we went through a good number of regulatory challenges. Early in the year, the regulator published a license renewal guideline for the four

renewing mobile operators. The guideline demanded unprecedented renewal fees and contained many issues that were not relevant to the renewal.

The renewing operators along with us strongly pointed out that the stipulated fees were not rational and also unprecedented. We requested the Bangladesh Telecommunication Regulatory Commission (BTRC) and the concerned Ministry to reduce the fees and remove the non license issues from the license renewal guidelines. The media and other stakeholders also supported our position.

After much deliberation, the Government later reduced the fees to some extent. We have already paid the 1st installment of the renewal fees amounting to over BDT 13 billion (BDT 1,300 crore). However, in relation to Market Competition Factor (MCF) on the spectrum that we acquired in 2008 and VAT on renewal fees, we had to go to the court of law. We are now waiting for the Supreme Court's order on the license renewal issue.

In another front, BTRC initiated an audit on mobile operators in April 2011. Unfortunately, the above audit was performed only on Grameenphone. We were asked to pay outstanding dues of BDT 3,034 crore based on the incomplete, erroneous and inconclusive audit. However, we had to go to the court to resolve this issue.

Meanwhile, Grameenphone continues to be the largest contributor to the National Exchequer. During 2011, the Company contributed BDT 60.1 billion

(BDT 6,015 crore) to the National Exchequer representing about 68% of GP's total revenue of 2011.

With only around 33% telecom penetration, Bangladesh still have huge potential for growth. There is also a vast demand for high speed internet. We believe that the country is eagerly waiting for 3G and with countrywide upgraded network and long experience in providing internet services, your company is nicely poised to take the mobile telephony to the next level.

Grameenphone rides on a group of dedicated people keen to accomplish. All the accolades that GP has earned year after year have resulted from the relentless drives, initiatives and commitments of its employees. Hats off to the winning team for their persistent achievements and fond affection for Grameenphone.

At the end, I would like to thank our valued shareholders and other stakeholders for their support which is helping this Company to remain an innovative and dynamic organization.


Sigve Brekke
Chairman

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