

Financial Review – 2012

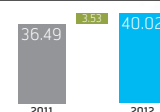
Grameenphone ended the year 2012 with 40.02 million subscription base having 41.2% market share. Regulatory directive on new SIM activation involving subscriber identity verification has resulted market contraction in the second half of the year and reduced the industry growth to 14% in 2012 compared to 24% in 2011.

Grameenphone managed a moderate top line growth in 2012 amid intense competition and regulatory directives on 10-second pulse tariff structure. Introducing simpler price plans with a clear cut message, user friendly innovative offers and impressive growth in non voice revenues have been the key points behind the revenue growth. However, revenues from adjacent business i.e. wholesale business and Grameenphone IT Ltd. have given a good uplift in total revenue.

In the opex front, increase in regulatory opex and market spending was partly compensated by lower subsidy expenses and continuous cost optimization initiatives, that resulted a fairly stable EBITDA margin of 53% level for both 2012 and 2011 with a 3.2% growth in operating profit. However, amortization cost of 2G License and interest expenses have led the net profit after taxes to decrease by 7.3%. However, the underlying profit from business shows positive trend without considering costs recognized for the 2G license.

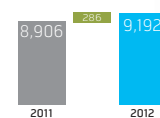
Subscriptions

- Subscription base reached 40.02 million at the end of 2012.
- Subscription base increased by 9.7% during the year with 3.5 million additions.
- Active internet users increased to 6.3 million from 3.9 million in 2011.
- In a competitive market, GP managed to retain its subscriber market leadership with 41.2% share.



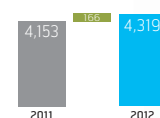
Revenue

- Revenue increased by 3.2% (BDT 286 crore).
- Competitive market throughout the year and regulatory tariff directives implemented from September 2012 led a slowdown in revenue growth compared to previous years.
- In 2012, revenue growth was driven by higher usage and contributions from non-voice services eg. SMS/Data/VAS. Wholesale business and Grameenphone IT Ltd also had considerable contribution to yearly revenue growth.
- Impressive 35% growth in data revenues driven by low-cost mini-pack internet packages.
- Simplified price plans “Bondhu”, “Nishchinto” and “Amontron” introduced as the hero products during the year have gained popularity among the users.



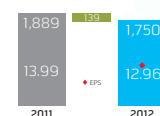
Operating Expenditure

- Total operating expenditure in 2012 increased by 4% (BDT 166 crore) from 2011.
- The increase was mainly from regulatory opex as per 2G license and increased market spending.
- The increase in opex was partly offset by lower subsidy due to SIM tax reduction from July 2011.
- To compensate for the growth in business opex, GP continued with operational efficiency in 2012 which resulted in savings of BDT 240 crore during the year.



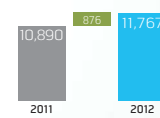
Net Profit after Taxes

- In 2012, GP recognized investment for 2G license and spectrum fees in asset base. In this connection, GP booked amortization cost of BDT 227 crore and notional interest cost of BDT 205 crore on payments made against license fees.
- In addition, GP had to pay interests on short term borrowings to finance the payments related to 2G license fees during the year.
- Due to the above, despite BDT 105 crore higher operating profits, net profit after tax for 2012 decreased by 7.3% (BDT 139 crore) compared to 2011.



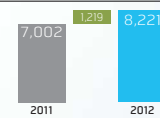
Total Assets

- Total asset base increased by BDT 876 crore in 2012 compared to 2011, mainly due to recognition of 2G license and spectrum, partly offset by reduced cash balance.
- Cash balance decreased due to payment of 2nd installment of 2G license and spectrum fees, final dividend for the year 2011, interim dividend for the year 2012 and higher payment against interest and income taxes.
- Capital expenditure during 2012 was BDT 1,262 crore (excluding investment recognized for 2G license fees), spent for enhancement of network capacity and quality.



Total Liabilities

- Total liabilities increased by BDT 1,219 crore during the year mainly due to recognition of 3rd installment of 2G license fees as liability and borrowings related to payment of 2nd installment of 2G license fees.
- The increase was partly offset by payments made to government against VAT and SIM tax.



Total Equity

- Total equity decreased by BDT 342 crore during the year 2012 due to payment of final dividend for the year 2011 and interim dividend for the year 2012.
- This was partly offset by BDT 1,750 crore net profits generated from operations during the year.

