Financial Review – 2013

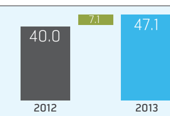
The year 2013 was ended by Grameenphone with 47.1 million subscription base having 41% market share. Grameenphone continued with its aggressive acquisition and added 7.1 million subscribers to its subscription base.

Grameenphone managed a solid top line growth in 2013 amidst intense competition, unprecedented political and macroeconomic challenges and regulatory directives on 10-second pulse tariff structure. Introducing simpler and attractive price plans, user friendly innovative offers and impressive growth in non mobile revenues have been the key points behind the revenue growth. Revenue from adjacent business i.e. wholesale business and mobile financial service had a good contribution on total revenue. In addition, data revenue is expected to grow further with the successful launching of 3G in Q4'13.

In the opex front, increase in regulatory opex, operation and maintenance cost and market spending was partly compensated by lower acquisition cost and continuous cost optimization initiatives, that resulted a slight decrease in EBITDA margin as well as in operating profit margin. One-off tax adjustment for increased corporate tax rate from 35% to 40% has led the net profit after taxes to decrease by 16%. However, profit before tax increased by 9% with positive impact of the gain from sale of GPIT and foreign exchange gain.

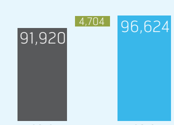
Subscriptions

- Subscription base reached 47.1 million at the end of 2013.
- Subscription base increased by 17.7% during the year with 7.1 million additions.
- Active internet users increased to 4.6 million from 3.3 million in 2012.
- In a competitive market, GP managed to retain its subscriber market leadership with 41% share.



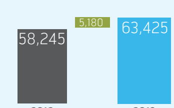
Revenue

- Revenue increased by 5.1% (BDT 470 crores).
- Political unrest and regulatory tariff directives implemented from September 2012 led a slowdown in revenue growth compared to previous years.
- In 2013, revenue growth was driven by subscription growth and contributions from device sales. Wholesale business and mobile financial service also had considerable contribution in yearly revenue growth.
- Impressive 17% growth in data revenues driven by low-cost mini-pack and high-speed 3G packages.



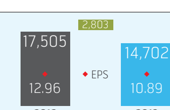
Operating Expenditure

- Total operating expenditure in 2013 increased by 9% (BDT 518 crores) from 2012.
- The increase was mainly in material and traffic cost, operation & maintenance cost and market spending.
- The increase in opex was partly offset by lower subsidy due to SIM tax reduction from 16th May 2013.
- To compensate for the growth in business opex, GP continued with operational efficiency in 2013 which resulted in savings of BDT 240 crores during the year.



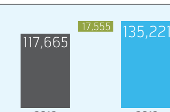
Net Profit after Taxes

- In 2013, GP had to recognize BDT 399 crores as one-off tax adjustment for the period of 2012 due to increased corporate tax rate from 35% to 40%.
- Due to the above reason, despite BDT 266 crores higher profit before tax, net profit after tax for 2013 decreased by 16% (BDT 280 crores) compared to 2012.



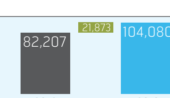
Total Assets

- Total asset base increased in 2013 compared to 2012, was mainly due to capitalization of 3G License and spectrum and increased prepaid expenses.
- Cash balance increased due to increased bank borrowings and efficient working capital management.
- Capital expenditure during 2013 was 1,268 crores (excluding investment recognized for 3G license acquisition), spent for enhancement of network capacity and quality.



Total Liabilities

- Total liabilities increased during the year was mainly from drawdown of long term loan from IFC and increase in trade payables.
- Increased current tax payable as a result of change in corporate tax rate from 35% to 40%.



Total Equity

- Total equity decreased during the year 2013 was due to payment of final dividend for the year 2012 and interim dividend for the year 2013.
- This was partly offset by BDT 1,470 crores net profits generated from operations during the year.