IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, you must: (i) be outside the United States; or (ii) be a qualified institutional buyer ("QIB") (within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), and the rules and regulations thereunder. You have been sent the attached offering memorandum on the basis that you have confirmed to the initial purchaser set forth in the attached offering memorandum (the "Initial Purchaser"), being the sender or senders of the attached, that either: (A) the electronic mail (or e-mail) address to which the attached offering memorandum has been delivered is not located in the United States, its territories and possessions, any state of the United States and the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are QIBs and, in either case, that you consent to delivery by electronic transmission.

This offering memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Issuer, the Initial Purchaser, nor any director, officer, employer employee, agent, representative or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic form and the hard copy version available to you on request from the Initial Purchaser.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so.

The securities have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws.

You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this offering memorandum to any other person. You will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchaser.

OFFERING MEMORANDUM

Banglalink Digital Communications Limited

(registered as a public company with limited liability in Bangladesh)

US$300,000,000 8.625% Senior Notes due 2019
Issue Price: 99.008%

Banglalink Digital Communications Limited (formerly Orascom Telecom Bangladesh Limited) (the "Issuer," the "Company" or "Banglalink") is offering US$300,000,000 aggregate principal amount of 8.625% Senior Notes due 2019 (the "Notes"). The Issuer will pay interest on the Notes semi-annually in arrear on May 6 and November 6 of each year, beginning on November 6, 2014. The Notes will mature on May 6, 2019. The Notes will be unsecured senior obligations of the Issuer and will rank *pari passu* in right of payment with all existing and future senior indebtedness of the Issuer, and senior in right of payment to all existing and future subordinated indebtedness of the Issuer.

Prior to May 6, 2017, the Issuer may redeem up to 35.0% of the aggregate principal amount of the Notes plus accrued and unpaid interest, with the net cash proceeds of certain equity offerings at the redemption price set forth in this offering memorandum. Prior to May 6, 2017, the Issuer may also redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and a "make-whole" premium. On or after May 6, 2017, the Issuer may redeem the Notes, in whole or in part, at redemption prices that will decrease over time as set forth in this offering memorandum plus accrued and unpaid interest. The Issuer may also redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, in the event of certain taxation changes. See "Description of the Notes—Optional Redemption."

The Notes are expected to be rated "B1" by Moody's and "B+" by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this offering memorandum. Approval in-principle granted for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Notes, the Issuer or its associated companies. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and for as long as the rules of the SGX-ST so require.

See "Risk Factors" beginning on page 14 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under the applicable securities laws of any state of the United States or any other jurisdiction and may not be offered or sold, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered (a) in the United States to qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A under the U.S. Securities Act ("Rule 144A") and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Prospective purchasers of the Notes are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Notes sold to purchasers in the United States are not transferable except in accordance with the restrictions described under "Transfer Restrictions." For a description of these and certain further restrictions on offers, resales and transfers of the Notes, and the distribution of this offering memorandum, see "Transfer Restrictions" and "Plan of Distribution" in this offering memorandum.

Citigroup Global Markets Inc. (the "Initial Purchaser") expects to deliver the Notes to purchasers on or about May 6, 2014, solely in book-entry form through the facilities of The Depository Trust Company.

Sole Bookrunner and Lead Manager

The date of this offering memorandum is April 25, 2014.

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NOTICE TO INVESTORS

For information about the Issuer, the offering of the Notes (the "Offering") and the terms and conditions of the Notes, you should rely only on the information contained in this offering memorandum. The Issuer and the Initial Purchaser have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that, unless otherwise indicated, the information appearing in this offering memorandum is accurate as of the date of this offering memorandum only. The Issuer's business, financial condition and results of operations and the information set forth in this offering memorandum may have changed since that date. If you have any query about this document, you may consult the Issuer.

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

IN CONNECTION WITH THIS OFFERING, CITIBANK GLOBAL MARKETS INC. (THE "STABILIZING MANAGER"), OR ANY PERSON ACTING FOR THE STABILIZING MANAGER, MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD OF TIME. HOWEVER, THE STABILIZING MANAGER OR ANY PERSON ACTING FOR THE STABILIZING MANAGER, IS UNDER NO OBLIGATION TO DO SO. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGER, AND NOT FOR OR ON BEHALF OF THE ISSUER.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us and our affiliates referred to in this offering memorandum and the Notes that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us and our affiliates are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us and our affiliates are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us, our affiliates, or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable inquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed Offering described in this offering memorandum. The Initial Purchaser and the Issuer reserve the right to withdraw the Offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of the Notes offered by this offering memorandum.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled "Transfer Restrictions" herein.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Initial Purchaser, The Bank of New York Mellon (the "Trustee") or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation,

whether as to the past or the future. The Initial Purchaser and the Trustee assume no responsibility for such information and assume no responsibility for its accuracy or completeness. To the fullest extent permitted by law, the Initial Purchaser does not accept any responsibility for the contents of this offering memorandum or for any statement made or purported to be made by the Initial Purchaser or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Initial Purchaser accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchaser, the Trustee or any person affiliated with the Initial Purchaser or the Trustee in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our affiliates or the Notes (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of our company and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchaser or the Trustee.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "U.S. SEC"), the Monetary Authority of Singapore, the SGX-ST or any state or foreign securities commission or regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Issuer is not, and the Initial Purchaser is not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchaser to inform themselves about and to observe any such restrictions. Each purchaser and transferee of the Notes in making its purchase will be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under "Transfer Restrictions." For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see "Transfer Restrictions" and "Plan of Distribution." In addition, each purchaser and transferee of the Notes will agree that, other than in compliance with the purchase and transfer restrictions described under such captions, it will not offer, sell, pledge or otherwise transfer the Notes. Each purchaser and transferee of the Notes may be required to bear the financial risks of investing in the Notes for an indefinite period of time. This offering memorandum is being provided: (i) in the United States, only to QIBs in reliance on exemptions from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in reliance on Regulation S. See "Transfer Restrictions."

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the Offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business, financial or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business, financial and tax advice regarding an investment in the Notes.

The Issuer reserves the right to withdraw the offering of the Notes at any time, and the Initial Purchaser reserves the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchaser and certain related entities may acquire for their own account a portion of the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN BANGLADESH

THE NOTES HAVE NOT BEEN OFFERED OR SOLD AND WILL NOT BE OFFERED OR SOLD IN BANGLADESH OR TO ANY BANGLADESH NATIONALS, CORPORATIONS OR RESIDENTS, INCLUDING BY WAY OF INVITATION, OFFERING OR ADVERTISEMENT, AND THIS OFFERING MEMORANDUM AND ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES HAVE NOT BEEN DISTRIBUTED, AND WILL NOT BE DISTRIBUTED, IN BANGLADESH OR TO ANY BANGLADESH NATIONALS, CORPORATIONS OR RESIDENTS.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the U.S. Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the U.S. Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "U.S. Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer's presence outside the United States may limit your legal recourse against the Issuer. The Issuer is a public limited company incorporated under the laws of Bangladesh and it has no presence in the United States. The Issuer's directors and officers named herein reside outside the United States, principally in Bangladesh, and all or a substantial portion of the Company and such persons are also located outside the United States. As a result, it may not be possible for the Trustee, acting on behalf of the Noteholders or, in certain circumstances, a Noteholder, to:

- effect service of process within the United States on the Issuer or on the Issuer's directors and officers named herein; or

- obtain or enforce U.S. court judgments against the Issuer, or its directors and officers, on any basis, including actions under the civil liability provisions of U.S. state or federal laws.

The agreements entered into with respect to the issue of the Notes, including the Indenture, are governed by the laws of the state of New York. The Issuer has agreed in the Indenture that disputes arising thereunder are subject to the jurisdiction of the courts of the state of New York. As the United States and Bangladesh currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters, a final judgment for the payment of a definitive sum of money rendered by any federal or state court in the United States which is enforceable in the United States, whether or not predicated solely upon U.S. federal securities laws, would not be automatically recognized or enforceable in Bangladesh. Legal proceedings would have to be instituted afresh in the district court of Bangladesh and the foreign country judgment would be evidentiary in nature for the Bangladesh court to consider while adjudicating the matter, and would be conclusive regarding any matter directly adjudicated upon, between the same parties, except under certain circumstances, such as, where it has not been pronounced by a court of competent jurisdiction, where it has been obtained by fraud or where the judgment sustains a claim founded on a breach of any law then in force in Bangladesh or where it has not been given on the merits of the case, or where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of Bangladesh, in cases in which such law is applicable, or if the judgment in the proceedings contravenes the general principles of justice.

In addition, it is doubtful that a Bangladesh court would accept jurisdiction and impose civil liability in an original action commenced in Bangladesh if predicated solely upon U.S. federal or state laws.

An arbitral award made outside of Bangladesh may be enforced in the District Court of Bangladesh, except where there is proof that such an award should not be enforced, such as, if the arbitration agreement is not valid under its governing law, the award contains decisions on matters beyond the scope of the submission to arbitration, or the composition of the arbitral tribunal or the proceedings were not in accordance with the agreement of the parties. If a party to an arbitration agreement commences legal proceedings in respect of a matter agreed by the parties to be referred to arbitration, the other party, prior to filing its defense in the legal proceedings, may seek a direction from the District Court to refer the matter to arbitration, which the Court may order unless it finds that the arbitration agreement is void or inoperative, or that the matter is not capable of being resolved by arbitration. If a party to the arbitration agreement is incorporated outside of Bangladesh, or in the case of an individual, if he/she is a national of or habitually resides in a country outside of Bangladesh, such party may apply to the High Court for interim orders providing for certain protective measures during the arbitration proceedings.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements as this phrase is defined in Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this offering memorandum, including, without limitation, those regarding our future financial position and future results of operations, our strategies, plans, objectives, goals and targets and future developments in the markets where we participate or are seeking to participate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "should," or "will" or the negative of such terms or other comparable terminology.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performances or achievements, or industry results, to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future, including, but not limited to, the future policies of the Bangladesh Government relating to the telecommunications industry in Bangladesh, our competitive position and the effects of competition, financial and other support from our parent companies and the amount and nature of our capital expenditures and capital commitments. These risks, uncertainties and other factors include, among other things, those described in the section of this offering memorandum entitled "Risk Factors" as well as those included elsewhere in this offering memorandum and the following factors:

- changes in political, social, legal or economic conditions in Bangladesh;
- the effects of, and changes in, the policies of the Bangladesh Government;
- our ability to obtain necessary regulatory approvals and licenses for our businesses;
- the effects of natural disasters and security risks on telecommunications network equipment and systems;
- the effects of, and changes in, laws, regulations or governmental policy affecting our business activities in which we operate;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- the ability of VimpelCom and GTH to provide us financial and other support in the future;
- our ability to successfully implement any of our business strategies;
- our expectations about growth in demand for our products and services;
- our dependence on third party telecommunications providers;
- the effects of rapid technological changes in the telecommunications industry;
- the effects of competition;
- the outcome of legal and regulatory proceedings in which we are involved or may become involved;
- the effects of potential consolidation within the telecommunications industry;
- the effects of international political events;
- inflation, interest rate and exchange rate fluctuations and our ability to reduce foreign currency exposure;

- risks associated with the transaction structure, the Offering and our other indebtedness;
- acts of international or domestic terrorism;
- our success in identifying other risks to our businesses and managing the risks of the aforementioned factors; and
- other factors that are beyond our control.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

INDUSTRY, MARKET AND SUBSCRIBER DATA

Industry Data and Market Position

Market data and certain industry data, forecasts and statements regarding our position in the telecommunications industry in Bangladesh presented and made in this offering memorandum are based on our own internal estimates and, in some cases, on industry data collected by the national regulator or the industry. While we believe these statements contained in this offering memorandum, including subscriber and market share information, to be reliable and to provide fair and adequate estimates of the size of our markets and fairly reflect our competitive position within the market, these statements have not been independently verified, and we do not make any representation or warranty as to the accuracy or completeness of such information set forth in this offering memorandum.

Subscriber Data

The subscriber data included in this offering memorandum, including penetration rates, number of subscribers, APPM, ARPU, MOU, market shares and churn rates, are derived from estimates of our management. See "Glossary of Technical Terms." Our use or computation of these terms, such as ARPU, may not be comparable to the use or computation of similarly titled measures reported by other companies in the telecommunications industry, including our competitors. We believe that ARPU, which we calculate over a given period of time for the average number of active subscribers in that period, provides useful information concerning the appeal and usage patterns of our rate plans and service offerings and our performance in attracting and retaining high-value subscribers.

Subscribers who pay in advance for our services are counted as "prepaid" subscribers and subscribers who pay periodically following our provision of services are counted as "postpaid" subscribers. The rate at which subscribers are disconnected from our network is referred to as the "churn" rate. We report the number of subscribers in our mobile business based on the criteria described below.

With respect to both postpaid and prepaid subscribers, we count a person as a subscriber from the date a call is first made from such person's SIM card. A postpaid or prepaid subscriber is counted as churn after a period of inactivity (i.e., where a customer has neither made nor received any calls, sent nor received any SMS (excluding traffic relating to our promotions such as automatically generated SMS that we send to our customers), nor utilized any paid network services for a period of 90 days). In addition, a postpaid subscriber is no longer counted as a subscriber (and thus constitutes churn) upon either the termination of the subscriber's contract at the subscriber's request or 90 days after the subscriber's services are disconnected due to either non-payment by the subscriber or failure by the subscriber to reduce the outstanding amount below the subscriber's credit limit. See "Description of Business—Credit, Billing and Collections."

Market Share Data

We use the market share data of our competitors in Bangladesh as provided by these competitors to the national regulatory authorities, including the Bangladesh Telecommunications Regulatory Commission (the "BTRC"), as well as market share data reported by Informa Telecoms & Media ("Informa"). However, there can be no assurance as to the comparability of our competitors' criteria for measuring market share data to our methods, since a third party using different methods to assemble, analyze or calculate market data may not obtain or generate the same results. Subscriber market share, churn, APPM and ARPU data contained in this offering memorandum are not part of our financial statements.

PRESENTATION OF FINANCIAL INFORMATION AND STATISTICAL DATA

Our audited financial statements as of and for the years ended December 31, 2011, 2012 and 2013 and the accompanying notes thereto (included elsewhere in this offering memorandum) have been prepared by the Company in accordance with IFRS.

Non-IFRS Financial Measures

In various sections of this offering memorandum, we refer to non-IFRS financial measures, primarily, EBITDA (earnings before interest, taxes, depreciation and amortization), which we measure on the basis of profit/(loss) from continuing operations and from which we exclude depreciation, amortization & impairment expense, loss on discarded fixed assets, finance income, finance costs, current tax expense and other comprehensive income; and EBITDA margin, which we calculate as EBITDA divided by revenue plus other operating income. These non-IFRS financial measures are supplemental measures of our performance, which should not be considered in isolation or as alternatives to net profit or to cash flow from operating, investing or financing activities, as measures of liquidity, as indicators of our operating performance, or as any other measures of performance derived in accordance with IFRS standards. These non-IFRS measures are presented because our management believes that they provide investors with additional information about the Issuer's performance, as well as the ability to incur and service debt and make capital expenditures. These measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in the telecommunications industry. However, other companies in the telecommunications industry may calculate non-IFRS measures in a different manner than we do and therefore our non-IFRS measures may not be directly comparable to other similarly titled measures of other companies. Reconciliation of EBITDA is presented in "Overview—Summary Financial Information." Investors in the Notes should note that the definition of EBITDA above applies to the offering memorandum only and may be defined differently, if used, in other documents related to the Offering, including, but not limited to, the Indenture.

Certain Other Financial Information

Certain financial information and other numerical figures set out in this offering memorandum, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments. As a result, figures shown as totals in some tables within this offering memorandum may vary slightly from the actual arithmetic totals of such information.

Statistical Data and Sources

We obtained the market data used in this offering memorandum from internal surveys, industry sources and currently available information. These sources include publicly available information. We obtained information regarding Bangladesh from various government publications and other sources. Although we believe that our sources are reliable, we have not independently verified the information we obtained from industry and government sources and the information from our internal surveys has not been verified by any independent source.

EXCHANGE RATE INFORMATION

Exchange Rate Table

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between BDT and USD.

Period[1]	Period End[2]	Average[3][4]	High	Low
Year ended December 31, 2009	69.26	69.03	69.26	68.87
Year ended December 31, 2010	70.75	69.74	70.82	69.15
Year ended December 31, 2011	81.97	74.52	81.97	70.86
Year ended December 31, 2012	79.78	81.75	84.47	79.78
Year ended December 31, 2013	77.76	78.02	79.78	77.75
January 2014	77.75	77.75	77.75	77.75
February 2014	77.74	77.75	77.75	77.74
March 2014	77.67	77.71	77.74	77.67
April 2014 (through April 2, 2014)	77.67	77.67	77.67	77.67

(1) The exchange rates for 2011, 2012, 2013 and 2014 are as published by the Bangladesh Bank and are a widely followed benchmark of foreign exchange rates in Bangladesh. The exchange rates for 2009 are as published by WM/Reuters, a widely used exchange rate service.

(2) The exchange rate at each period end and the average rate for each period differ from the exchange rates used in the preparation of the Issuer's financial statements and financial information.

(3) Represents the average of the exchange rate during the period, calculated by using the average of the exchange rates on the last day of each month during the period.

(4) The average for each month from January 2014 to, and inclusive of, April 2014 has been calculated by taking the average of the daily exchange rates during the period.

The exchange rate on April 2, 2014 as reported by the Bangladesh Bank was BDT 77.67 per US$1.00.

Convenience Translation Table

Certain BDT amounts in this offering memorandum have been translated into USD for convenience only. This does not mean that the BDT amounts referred to could have been, or could be, converted into USD at any particular rate, the rates stated below, or at all. Except as otherwise stated, BDT amounts for the year ended December 31, 2013 were converted to USD at the applicable exchange rate set forth in the following table.

BDT amounts related to the Issuer's:	Exchange rate
Profit and loss and cash flows for the year ended December 31, 2013	78.11[1]
Assets and liabilities as of December 31, 2013	77.76[2]

(1) Represents the average exchange rate for the year ended December 31, 2013, calculated by taking the average of the daily exchange rates published by the Bangladesh Bank.

(2) Represents the Bangladesh Bank reference rate as of December 31, 2013. The Bangladesh Bank reference rate differs from the exchange rate used in the preparation of the Issuer's financial statements and financial information.

The exchange rates used may differ from the rates used in the preparation of the financial statements and other financial information in this offering memorandum.

Exchange Controls

Transactions in foreign currency are restricted in Bangladesh such that, except with the prior general or special permission of the Bangladesh Bank, no person who is a resident in Bangladesh, other than an "authorized dealer" (a person licensed by the Bangladesh Bank to transact in foreign currency), shall, outside of Bangladesh, buy or borrow from, or sell or lend to, or exchange with any person who is not an authorized dealer any foreign exchange. Furthermore, Bangladesh residents cannot make any payment to or for the credit of any person who is resident outside Bangladesh, or draw, issue or negotiate any bill of exchange or

promissory note, or acknowledge any debt, so that a right to receive a payment is created or transferred in favor of any person residing outside Bangladesh, without the general or special exemption, which may be granted conditionally or unconditionally by Bangladesh Bank. The Foreign Exchange Regulation Act, 1947 also provides that no person shall, except with the general or special permission of the Bangladesh Bank, take or send any security to any place outside Bangladesh, transfer any security or create or transfer any interest in a security to or in favor of a person resident outside Bangladesh.

We have received regulatory approvals from the BOI and Bangladesh Bank to issue and incur indebtedness under Notes and to make payments of principal and interest on the Notes. We may require additional approvals to make certain payments on the Notes where the exact amount of repayment is not determinable at this time. See "Our ability to enter into foreign exchange transactions is subject to approval of regulatory authorities such as Bangladesh Bank and the BOI, and we may be unable to make foreign currency payments, including certain payments on the Notes that are not determinable on the date of issuance of the Notes, if we do not receive these approvals."

COMMONLY USED TERMS

The following is a list of commonly used terms in this offering memorandum. Please also refer to the section of this offering memorandum entitled "Glossary of Technical Terms" for further definitions.

- "3G Licensing Guidelines" refers to the Regulatory and Licensing Guidelines for Invitation of Proposals/Offers for Issuing License for Establishing, Operating and Maintaining 3G Cellular Mobile Phone Services in Bangladesh, issued by the BTRC on February 14, 2013, as amended on March 8, 2013;

- "Airtel" refers to Airtel Bangladesh Ltd., a subsidiary of Bharti Airtel Limited;

- "AMTOB" refers to the Association of Mobile Telecom Operators in Bangladesh;

- "Bangladesh Bank" refers to the central bank of Bangladesh;

- "Bangladesh Government" refers to the Government of the People's Republic of Bangladesh;

- "Bangladesh" or "Bangladeshi" are references to the People's Republic of Bangladesh;

- "Bangladesh SEC" or "BSEC" are references to the Bangladesh Securities and Exchange Commission;

- "banglalink" refers to our brand name or to our Company, as the context requires;

- "Banglalink Digital Communications Limited," the "Company," the "Issuer," "we," "our," "ourselves," or "us" are references to Banglalink Digital Communications Limited (formerly Orascom Telecom Bangladesh Limited), a public company with limited liability, incorporated in Bangladesh, with registration No.C-28679(2525)/95 dated June 25, 1995;

- "BOI" refers to the Board of Investment, Bangladesh;

- "Bridge Loan" refers to the cash-collateralized bridge facility, entered into on May 15, 2013, as amended or supplemented on September 1, 2013 and December 17, 2013, between the Company, as borrower, and Standard Chartered Bank, Dhaka, as lender;

- "BSSL" refers to Bangla Security Service Limited;

- "BTA" or "Bangladesh Telecommunication Act" refer to the Bangladesh Telecommunication Act 2001, as amended;

- "BTCL" refers to the Bangladesh Telecommunications Company Ltd.;

- "BTRC" refers to the Bangladesh Telecommunication Regulatory Commission;

- "Citycell" refers to Pacific Bangladesh Telecom Limited;

- "CDBL" refers to the Central Depository Bangladesh Limited;

- "Common Terms Agreement" refers to the agreement, entered into on June 13, 2007, as amended or restated from time to time, by the Company (under our former name, Sheba Telecom (Pvt.) Limited), as borrower, and Telecom Ventures as guarantor, with certain local and international lenders as original senior creditors, certain local investors as bondholders, Standard Chartered Bank, London as Intercreditor Agent and Additional Hermes Facility Agent, Standard Chartered Bank, Dhaka as Security Agent and BDT Commercial Facility Agent, KfW as USD Commercial Facility Agent and Hermes Facility Agent, DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH as DFI Facility Agent and Eastern Bank Limited as BDT Bond Facility Agent;

- "Companies Act" refers to the Companies Act, 1994 (Act No. 18 of 1994) in Bangladesh, as amended;
- "EBITDA" refers to earnings before interest, taxes, depreciation and amortization, which the Company measures on the basis of profit/(loss) from continuing operations and from which the Company excludes depreciation, amortization & impairment expense, loss on discarded fixed assets, finance income, finance costs, current tax expense and other comprehensive income;
- "GDP" refers to gross domestic product;
- "GTH" refers to Global Telecom Holding S.A.E., a company organized under the laws of Egypt;
- "Grameenphone" refers to Grameenphone Ltd.;
- "High Court" refers to the High Court Division of the Supreme Court of Bangladesh;
- "IFRS" refers to International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB);
- "ILDTS Policy" refers to International Long Distance Telecommunication Services Policy;
- "Initial Purchaser" refers to Citigroup Global Markets Inc.;
- "Interconnection Regulations" refers to the Bangladesh Telecommunication Regulatory Commission Interconnection Regulations 2004, as amended in 2008, in accordance with the ILDTS Policy;
- "ITU" refers to the International Telecommunications Union;
- "Licensing Regulations" refers to the BTRC (Licensing Procedure) Regulations, 2004, as amended;
- "Moody's" refers to Moody's Investors Service, Inc.;
- "MOPT" refers to the Ministry of Post and Telecommunications of Bangladesh;
- "NBR" refers to the National Board of Revenue of Bangladesh;
- "NTCP" refers to the National Telecommunication Consumer Protection guidelines;
- "Robi" refers to Robi Axiata Limited;
- "Secured BDT Facilities" refers to the following facilities governed by the Common Terms Agreement: the BDT Commercial Facility B and the BDT Bond Facility;
- "Secured Facilities" refers to, collectively, the Secured BDT Facilities and the Secured USD Facilities;
- "Secured USD Facilities" refers to the following facilities governed by the Common Terms Agreement: the Hermes Facility, the Additional Hermes Facility and the DFI Facility;
- "Shareholder Loans" refers to the three shareholder loans from our direct parent company, Telecom Ventures, which are described in "Related Party Transactions—Shareholder Loans" and will, upon issuance of the Notes, be subordinated to the Notes and our other senior indebtedness as described in that section of the offering memorandum;
- "South Asia" refers to the southern region of the continent of Asia, comprising Bangladesh, British Indian Ocean Territory, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka;
- "SMC" refers to the Spectrum Management Committee set up by the BTRC;

- "S&P" refers to Standard & Poor's Financial Services LLC;

- "Social Obligation Fund" refers to a fund, to which each mobile operator in Bangladesh, including the Company, must make an annual contribution of 1.0% of its annual audited gross revenue, as adjusted pursuant to the applicable guidelines, in accordance with the 2G licensing guidelines;

- "Subordinated Shareholder Loans" refers to the Shareholder Loans after giving effect to the subordination deed as described in "Related Party Transactions—Shareholder Loans," so that upon the issuance of the Notes, the Shareholder Loans will be subordinated to the Notes and our other senior indebtedness and will constitute "Subordinated Shareholder Loans" for purposes of the Indenture;

- "Taka" or "BDT" are references to the legal currency of Bangladesh;

- "Telco Outlets" refers to third-party retail stores that sell scratch cards, "top-ups" and other telecommunications products;

- "Telecom Ventures" refers to Telecom Ventures Limited of Malta, a wholly owned subsidiary of GTH;

- "Teletalk" refers to Teletalk Bangladesh Ltd.;

- "US$," "USD" or "U.S. dollars" are references to the legal currency of the United States of America;

- "U.S. Exchange Act" refers to the United States Securities Exchange Act of 1934, as amended;

- "U.S. Securities Act" refers to the United States Securities Act of 1933, as amended;

- "you" or "your" are references to potential investors in and purchasers of the Notes;

- "VAT" refers to value-added tax;

- "VAT Act" refers to the VAT Act, 1991 (Act No. 22 of 1991) in Bangladesh, as amended; and

- "VimpelCom Ltd." or "VimpelCom" refers to VimpelCom Ltd., an exempted company organized under the laws of Bermuda.

OVERVIEW

This summary contains basic information about us and about the Offering. You should read the entire offering memorandum carefully, including the risk factors and the financial statements as well as their related notes, included elsewhere in this offering memorandum.

Business

We are a leading telecommunications operator in Bangladesh providing mobile telecommunications services under the "banglalink" brand name over our own GSM network to retail, corporate and other customer segments through both prepaid and postpaid product offerings. Our principal shareholder is Telecom Ventures which is a wholly owned subsidiary of GTH. GTH is 51.9% indirectly owned by VimpelCom, one of the world's largest integrated telecommunications services providers with 219.6 million mobile subscribers and operations in 17 countries worldwide, as of December 31, 2013.

Our subscriber base has grown at a compound annual rate of 22.8% from December 31, 2008 to December 31, 2013 and as of December 31, 2013, we had 28.8 million subscribers, including 27.2 million prepaid and 1.6 million postpaid subscribers. As of December 31, 2013, the Company was the second largest mobile operator in Bangladesh, with a market share of 25.3% of mobile subscribers in Bangladesh, according to the BTRC.

For the year ended December 31, 2013, our revenue was BDT 39,352.5 million, a decrease of 13.0% compared to the year ended December 31, 2012, primarily due to lower airtime voice revenues as a result of the disconnection of high usage subscribers whom the BTRC suspected of improperly using VoIP services, political turmoil and lower tariffs due to price competition (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year Ended December 31, 2013 Compared to Year Ended December 31, 2012—Revenue"). Our EBITDA was BDT 14,791.1 million in the year ended December 31, 2013, compared to BDT 17,021.7 million in the year ended December 31, 2012, and our EBITDA margin was 37.0% in the year ended December 31, 2013, compared to 37.2% in the year ended December 31, 2012.

Our Competitive Strengths

We believe that we have a number of competitive strengths which have helped us, and we expect that they will continue to help us, to benefit from the increasing demand for mobile telecommunications services in Bangladesh and to effectively compete in this market. These include the following:

- ***Rapidly growing subscriber base with second largest subscriber market share in Bangladesh.*** We have increased our subscriber base from approximately 50,000 in September 2004 to 28.8 million as of December 31, 2013. From December 31, 2008 to December 31, 2013, our subscriber base has grown at a compound annual rate of 22.8%. The broader Bangladesh mobile telecommunications market exhibited a subscriber compound annual growth rate of 20.6% over the same period, based on subscriber data from the BTRC and Informa. Since 2007, we have been the second largest mobile telecommunications operator in Bangladesh in terms of total subscriber base, and we had a market share of 25.3% as of December 31, 2013, according to the BTRC. We believe that our strong market position, supported by a critical mass of customers, will enable us to further expand our subscriber base and market share while benefitting from economies of scale.

- ***Strong brand recognition and reputation for innovation.*** We believe that "banglalink" is one of the strongest brands in the telecommunications sector of Bangladesh as a result of our attractive product offerings, high-quality service and award-winning advertising campaigns, which is evidenced by our subscriber market share growth. In 2013, Banglalink won a World Communication Award for best brand campaign (according to www.worldcommsawards.com) and was ranked second in the brand equity indices and second in brand awareness in the telecommunications industry in Bangladesh, according to the Brand Health Study Report by Insight and Ideas Ltd. The "banglalink" corporate logo, incorporating the image of the Royal Bengal Tiger, has played a key role in building brand awareness for "banglalink" and has been

instrumental in our marketing efforts since early 2005. In addition, we strive to provide our subscribers with innovative products and services, in relation to voice and text (our traditional revenue sources), as well as other value-added services. In 2010, we launched Bangladesh's first premium mobile product, "icon," which caters to the high-value subscriber segment, providing these customers with dedicated customer service managers, additional product options, partner promotions and other exclusive offers. Also in 2010, we launched a mobile remittance service with Eastern Bank Ltd. and Dhaka Bank Ltd. (and expanded it with Western Union in 2011), allowing beneficiaries to receive remittances from abroad and access the money through a mobile wallet account or by submitting identification information at a designated "banglalink" cash point. In 2011, we introduced "banglalink krishibazaar," an original mobile IVR service allowing subscribers to obtain information on the latest prices of essential agricultural goods across Bangladesh and to connect with other agricultural buyers and sellers. It was awarded the 2011 World Communication Award for best new consumer services (according to www.worldcommsawards.com). We believe that our well-recognized brand and innovative reputation differentiates us from our competitors and gives us a more favorable position to establish ourselves as a preferred operator.

- ***Nationwide network coverage enabling superior quality of service.*** As of December 31, 2013, we were the second largest mobile operator in Bangladesh by total subscriber base, and we covered, 85.0% of the country's geographical area and 99.0% of the population across all 64 districts in Bangladesh. Our 2G GSM network operates in the 900 MHz and 1,800 MHz frequency bands, and our 3G network operates in the 2100 MHz frequency band. We also operate our own fiber optic/microwave backbone and invested BDT 3,969.0 million, from 2004 to 2013, in building our own fiber optic network. Through our extensive nationwide network, we were able to deliver quality services to our subscribers with a call drop rate of 0.9% and a call setup success rate of 98.6% as of December 31, 2013. In addition, our network is GPRS/EDGE enabled, allowing our customers to gain access to high-speed Internet and data services from anywhere within our coverage area. As of December 31, 2013, more than 9.7 million of our subscribers browsed the Internet via handsets, making us one of the largest providers of Internet access in the country. We intend to upgrade and expand our mobile network in the future, with a focus on 3G services. In July 2013, we entered into a term sheet with Huawei to supply equipment, materials and services for the modernization of our network, and we are currently negotiating the full agreement.

- ***Extensive national sales and distribution platform.*** We have one of the largest sales and distribution platforms among the mobile telecommunications operators in Bangladesh, consisting of distributors, retailers, our telemarketing team and our own corporate sales team. Our distribution network comprises customer care centers, proprietary shops and non-exclusive distributors, providing us with broad access to the market through various channels. As of December 31, 2013, we had a total of 8 customer care centers (with 94 employees), 1,189 service points (with 1,195 employees), a corporate sales force of 77 employees (66 permanent and 11 temporary), an "icon" sales force of 63 employees and 108 distributors who sold our products and services through more than 207,900 Telco Outlets and 99 distributor-owned "banglalink" branded shops. Our distribution channels also include telemarketing through 344 representatives, 41,000 SIM retailers and 169,000 airtime retailers. Through our extensive sales and distribution platform, we currently have distribution coverage in all of the 64 districts in Bangladesh.

- ***Experienced and committed strategic ownership and management team.*** We are wholly owned by GTH, which is, in turn, majority owned and controlled by VimpelCom, one of the world's largest integrated telecommunications service operators. We have benefited from the technological and management support and the significant resources of GTH and VimpelCom. GTH has demonstrated its commitment to our growth and success by investing, with financial support from VimpelCom, US$370.6 million in our business from 2011 to 2013 in the form of long-term shareholder loans. In addition, our management team has significant experience in the mobile telecommunications sector, working in a competitive and rapidly evolving market, which we believe puts us in a strong position to continue to implement our growth strategy.

Our Business Strategies

Our goal is to leverage our strong market position, the high quality of our services, our well-recognized brand and our extensive network to capitalize on the opportunities offered by the expected continued growth of the mobile telecommunications market in Bangladesh and to strengthen our position as one of the leading mobile network operators in Bangladesh. We seek to achieve this goal by implementing the following business strategies:

- ***Continue network expansion to improve coverage and quality.*** As of December 31, 2013, our subscriber base reached 28.8 million, up from 19.3 million as of December 31, 2010, representing 49.2% growth in that period. We believe that the mobile telecommunications market in Bangladesh will continue to experience significant growth, as Bangladesh has a large population, with steadily increasing disposable income, low fixed-line and moderate mobile penetration rates and GDP growth above the average projected growth of other developing countries. We seek to capture a substantial share of this growth by continuing to invest in our network to ensure that we have sufficient capacity to meet anticipated future subscriber demand and to differentiate ourselves from our competitors through superior network coverage and quality. In particular, we plan to strengthen the quality and reliability of our coverage by improving high-value "clusters" of the network, first the indoor coverage in major cities and then the coverage in surrounding suburban areas, particularly in areas where our competitors' coverage is poor. We also plan to continue our focus on areas with a strong corporate presence, industrial locations and major commercial centers, to address the demands of corporate and commercial customers who generally have higher ARPUs.

- ***Expand and diversify our product and service offerings to cater to the specific requirements of an increasingly diverse customer base.*** We intend to remain at the forefront of product and service innovation in order to develop our market and heighten the attractiveness of the products and services we offer by tailoring new products to increase our penetration in selected market segments and meet the expectations of a rapidly expanding and increasingly diverse customer base. In 2010, we launched Bangladesh's first premium mobile product, "icon," which caters to the high-value subscriber segment, and we plan to continue targeting high-value customers such as corporations, SMEs, commercial users and entrepreneurs by introducing tailor-made products and tariffs, providing in-building solutions such as micro and nano-sites to enhance the quality of our service, and introducing special discounts based on usage and loyalty. We have recently expanded our range of premium product and service offerings to include MMS, GPRS and other data-based services as well as the premium value-added services of WAP. We plan to target customers in rural areas by expanding our direct and indirect sales network and offering affordable pricing plans and innovative services, such as mobile banking and agricultural advisory services. In October 2013, we launched our "SMART Top Up" service, which allows subscribers to "top up" their accounts through points of sale machines at designated restaurants, hotels, retain chains and other locations for no additional charge. We also plan to engage in new lines of business, including m-commerce, mobile based entertainment business and other information-based services.

- ***Increase ARPUs from our existing subscriber base.*** We intend to focus on increasing revenues from our subscriber base through increased data and primary SIM usage. Data penetration is very low in Bangladesh. We believe that mobile data will be the key driver of future growth in the mobile telecommunications market, and we plan to encourage the use of mobile internet and other data-based services on small screens (*i.e.*, handsets) through our network. From 2004 to 2013, we invested approximately BDT 3,969.0 million in building our own fiber optic network, which helped improve our network capacity to handle data traffic. Even though our voice revenues declined from the year ended December 31, 2012 to the year ended December 31, 2013, our revenues from data services (which comprises revenue generated by our own customers from internet access and traffic consumption using GPRS and WAP technologies) increased by 85.5% over the same period, and we expect this trend to continue, especially with the recent roll-out of our 3G network. We also plan to encourage our subscribers to elect "banglalink" as their primary SIM card by offering attractive terms and tariffs, especially during the initial mobile number portability ("MNP") implementation period. We intend to remain focused on increasing the value of our existing customers, which allows us to increase revenues without incurring additional subscriber acquisition costs.

- ***Improve our cash flow and continue to capitalize on operational efficiencies.*** We intend to maintain our financial health through increased operating cash flows and working capital efficiencies as well as favorable capital expenditure strategies. We currently combine our procurement of network equipment and software with that of VimpelCom and its other subsidiaries through framework agreements with VimpelCom's core suppliers, including Ericsson, Huawei and Nokia Siemens Networks. We expect to continue to benefit from these group arrangements, which increase our negotiating leverage with these suppliers. In addition, we plan on further optimizing our cost structure through the reduced SIM tax, increased infrastructure sharing and continued discipline over operating costs.

- ***Maintain strong brand recognition, increase subscriber satisfaction and strengthen customer loyalty.*** Our brand portfolio is a key source of our sustainable competitive advantage. In order to build the strength of our brand portfolio, we intend to continue to invest in our key brands by enhancing "banglalink" as a market-leading innovative brand. We aim to maintain subscriber satisfaction and strengthen our subscriber relationships through our extensive customer service network, which consists of our 25-member corporate customer service team, focusing exclusively on corporate subscribers, and 8 directly operated customer care centers. We plan to develop and expand our call center (where we currently employ a staff of 791 professionals to provide customer service at all hours) to ensure a high level of customer service as our subscriber base grows. In addition, we plan on enhancing subscriber loyalty by continuing to promote our "priyojon program," which provides discounts at partner stores and prize points that customers can redeem for airtime and other gifts. We believe these initiatives will help to increase our customer satisfaction and reduce our churn levels.

Risk Factors

You should carefully consider all information in this offering memorandum. In particular, you should evaluate the specific risk factors relating to an investment in our securities set forth in the section of this offering memorandum entitled "Risk Factors."

General Information

The Issuer is registered as a public company with limited liability in Bangladesh. The Issuer's registered office is Tigers' Den, House 4, (SW), Bir Uttam Mir Shawkat Sharak, Gulshan-1, Dhaka-1212, Bangladesh and the telephone and facsimile numbers are 0088 02 9862597 and 0088 02 8812037, respectively.

SUMMARY FINANCIAL INFORMATION

The following summary financial information as of and for the three years ended December 31, 2011, 2012 and 2013 is derived from our audited financial statements. The information should be read in conjunction with our audited financial statements and related notes included elsewhere in this offering memorandum and the financial information in the section of this offering memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The U.S. dollar convenience translations set forth in the tables below were calculated on the basis set forth under "Exchange Rate Information."

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Income Statement Information:				
Revenue	37,856,954	45,228,893	39,352,462	503,808
Other operating income	339,375	561,581	605,438	7,751
Network operation cost	(10,203,654)	(12,741,660)	(11,101,406)	(142,125)
Revenue sharing, spectrum charges and license fee	(2,577,265)	(3,686,825)	(3,299,470)	(42,241)
Employee costs	(1,640,814)	(2,052,828)	(2,348,872)	(30,071)
Other expenses	(14,960,295)	(10,287,441)	(8,417,054)	(107,759)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**8,814,301**	**17,021,720**	**14,791,098**	**189,362**
Depreciation, amortization & impairment	(11,135,308)	(15,723,034)	(15,290,660)	(195,758)
Earnings / (Loss) before finance income, finance cost and tax	**(2,321,007)**	**1,298,687**	**(499,562)**	**(6,396)**
Finance income	122,015	161,486	130,606	1,672
Finance cost	(3,705,142)	(4,332,459)	(4,641,307)	(59,420)
(Loss) before tax	**(5,904,134)**	**(2,872,287)**	**(5,010,263)**	**(64,144)**
Current tax expense	—	(15,966)	(252)	(3)
Net (loss) after tax for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**

	At December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Balance Sheet Information:				
Property, plant and equipment	65,846,977	61,643,289	58,679,142	754,619
Intangible assets	22,190,161	20,848,046	30,460,819	391,729
Other financial assets	97,669	107,082	107,621	1,384
Other non-financial assets	648,890	807,588	1,146,903	14,749
Non-current assets	**88,783,697**	**83,406,006**	**90,394,485**	**1,162,481**
Inventories	71,605	109,773	89,931	1,157
Prepayments and advances	1,513,670	1,504,934[(2)]	1,323,141	17,016
Accounts receivable	1,571,469	2,208,803	2,342,280	30,122
Other receivables	53,261	4,572	45,486	585
Accrued revenue	316,990	404,399	357,539	4,598
Cash and bank balances	1,848,565	3,890,295	2,672,590	34,370
Current assets	**5,375,560**	**8,122,776[(2)]**	**6,830,967**	**87,847**
Total assets	**94,159,257**	**91,528,782[(2)]**	**97,225,452**	**1,250,327**
Share capital	42,951,232	47,603,780	47,603,780	612,189
Total equity[(1)]	**11,789,800**	**8,901,548**	**3,891,033**	**50,039**
Loans and borrowings (non-current)	25,812,549	29,068,203	30,151,256	387,748
Provisions (non-current)	553,962	644,844	639,219	8,220
Employee benefit liability (non-current)	—	—	119,448	1,536
Accounts payable (non-current)	4,337,520	—	—	—
Non-current liabilities	**30,704,031**	**29,713,047**	**30,909,923**	**397,504**
Loans and borrowings (current)	19,815,180	21,883,267	31,870,338	409,855
Provisions (current)	2,296,939	959,315	2,684,728	34,526
Employee benefit liability (current)	—	—	22,524	290
Accounts payable (current)	20,351,417	20,120,771	16,925,532	217,664
Accrued and other liabilities	8,208,930	8,592,961[(2)]	9,574,955	123,135
Deferred revenue	992,959	1,357,873	1,346,421	17,315
Current liabilities	**51,665,426**	**52,914,187[(2)]**	**62,424,497**	**802,784**
Total Equity and Liabilities	**94,159,257**	**91,528,782[(2)]**	**97,225,452**	**1,250,327**

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(1) Total equity is equal to capital and reserves.

(2) See Note 2.1 of our audited financial statements as of and for the year ended December 31, 2013 regarding a reclassification of amounts included in these figures.

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands, except ratios and percentages)			(in US$, thousands)
Other information:				
EBITDA[(1)]	8,814,301	17,021,720	14,791,098	189,362
EBITDA margin[(2)]	23.1%	37.2%	37.0%	
EBITDA / finance expense	2.4	3.9	3.2	
Total debt (excluding loans from parent company)[(3)]	33,224,690	28,885,323	33,239,300	427,460
Net debt (excluding loans from parent company)[(3)]	31,376,125	24,995,028	30,566,710	393,090
Total debt (excluding loans from parent company) / EBITDA	3.8	1.7	2.2	
Net debt (excluding loans from parent company) / EBITDA	3.6	1.5	2.1	
Pro forma total debt (excluding Subordinated Shareholder Loans)[(4)(5)]			33,408,929	429,642
Pro forma total debt (excluding Subordinated Shareholder Loans) / EBITDA[(4)(5)]			2.3	

(1) EBITDA is a non-IFRS financial measure and refers to earnings before interest, taxes, depreciation and amortization, which we measure on the basis of profit/(loss) from continuing operations and from which we exclude depreciation, amortization & impairment expense, loss on discarded fixed assets, finance income, finance costs, current tax expense and other comprehensive income. EBITDA may be defined differently, if used, in other documents related to the Offering, including, but not limited to, the Indenture. See "—Reconciliation of EBITDA" below and "Presentation of Financial Information and Statistical Data—Non-IFRS Financial Measures," for more information.

(2) EBITDA margin is a non-IFRS financial measure, which we calculate as EBITDA divided by revenue plus other operating income. See "Presentation of Financial Information and Statistical Data—Non-IFRS Financial Measures," for more information.

(3) We calculate total debt (excluding loans from parent company) as our total debt for vendor financing, lease financing, bank and other short-term and long-term loans, excluding loans from parent company (the Shareholder Loans). The Shareholder Loans will, upon issuance of the Notes, be subordinated to the Notes and our other senior indebtedness as described in "Related Party Transactions—Shareholder Loans." We calculate net debt (excluding loans from parent company) as total debt (excluding loans from parent company) less cash and bank balances.

(4) Since December 31, 2013, we have drawn additional amounts of BDT 4,320.0 million (US$55.6 million) under the Bridge Loan, and we have repaid amounts of BDT 1,116.7 million (US$14.4 million) under the Secured Facilities in accordance with the terms of the relevant facilities. We intend to prepay the Bridge Loan and the Secured Facilities in full, as described in "Description of Other Indebtedness."

(5) *Pro forma* figures are set forth as adjusted to give *pro forma* effect to (i) the issuance of the Notes (assuming an issuance of BDT 23,328.0 million (US$300.0 million) aggregate principal amount of Notes (with an issue price of 100.0% purely for illustrative purposes and excluding expenses related to the Offering)), (ii) the repayment in full of all amounts outstanding under the Bridge Loan and the Secured Facilities, (iii) the net reduction of BDT 3,455.0 million (US$44.4 million) outstanding principal amount under our short term loans from banks (other than the Bridge Loan) since December 31, 2013, (iv) the repayment of BDT 310.0 million (US$4.0 million) under our loans from Huawei Tech Investment Co. Ltd since December 31, 2013, and (v) the subordination of the loans from parent company (the Shareholder Loans) as described under "Related Party Transactions—Shareholder Loans," in each case, as if these transactions had occurred on December 31, 2013. See "Capitalization" for more information on the Company's capitalization on an actual basis and an as adjusted basis.

Reconciliation of EBITDA

Reconciliation of EBITDA to net loss after tax, the most directly comparable financial measure, is set forth in the table below:

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
EBITDA[(1)]	8,814,301	17,021,720	14,791,098	189,362
Depreciation, amortization & impairment	(11,135,308)	(15,723,034)	(15,290,660)	(195,758)
Finance income	122,015	161,486	130,606	1,672
Finance cost	(3,705,142)	(4,332,459)	(4,641,307)	(59,420)
Current tax expense	—	(15,966)	(252)	(3)
Net (loss) after tax for the year	(5,904,134)	(2,888,252)	(5,010,515)	(64,147)

(1) EBITDA refers to earnings before interest, taxes, depreciation and amortization, which we measure on the basis of profit/(loss) from continuing operations and from which we exclude depreciation, amortization & impairment expense, loss on discarded fixed assets, finance income, finance costs, current tax expense and other comprehensive income. EBITDA may be defined differently, if used, in other documents related to the Offering, including, but not limited to, the Indenture.

Summary Operating Information

The following summary operating information as of and for the years ended December 31, 2011, 2012 and 2013 has been derived from internal company sources and from independent sources that we believe to be reliable. The summary operating information set forth below should be read in conjunction with our financial statements and their related notes included elsewhere in this offering memorandum and the section of this offering memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of and for the year ended December 31,		
	2011	**2012**	**2013**
Total Subscribers *(in millions):*			
Prepaid	22.5	24.5	27.2
% of total	94.8%	94.7%	94.4%
Postpaid	1.2	1.4	1.6
% of total	5.2%	5.3%	5.6%
Total subscribers	23.8	25.9	28.8
Subscriber growth (over prior 12 months)	23.3%	8.8%	11.4%
Market share	27.8%	26.6%	25.3%
Prepaid churn rate[(1)(2)]	19.0%	26.2%	22.7%
Postpaid churn rate[(1)]	5.0%	17.6%	16.0%
Total Churn Rate [(1)]	**18.3%**	**25.7%**	**22.3%**
Prepaid ARPU[(3)] *(BDT per month)*	137.7	133.3	111.0
Postpaid ARPU[(3)] *(BDT per month)*	306.3	375.5	245.2
Blended ARPU[(3)]*(BDT per month)*	**146.9**	**146.0**	**118.4**
Prepaid MOU[(4)] *(per subscriber per month)*	197.6	199.2	178.6
Postpaid MOU[(4)] *(per subscriber per month)*	410.9	514.4	317.6
Average MOU / Subscriber per month *(minutes)*	**209.2**	**215.7**	**186.3**
Blended APPM[(5)]*(BDT)*	**0.68**	**0.64**	**0.59**
BTS sites	7,705	7,954	8,404
MSCs	33	34	38
INs	12	11	3
Capital Expenditures[(6)]*(in BDT, millions)*	**30,812.7**	**10,294.6**	**22,019.0**
Capital expenditures as a % of our revenues	81.4%	22.8%	56.0%

(1) Prepaid and postpaid churn rates are each calculated by dividing the respective total number of prepaid or postpaid subscriber disconnections (including subscribers who disconnect and reactivate with us with the same phone number) for the period by the average number of prepaid or postpaid subscribers for the period. The average number of subscribers for the period is calculated by taking the average of each month's average number of prepaid or postpaid subscribers (calculated as the average of the total number of subscribers at month-end and the total number of subscribers at the end of the previous month) during the period. Our total churn rate is the weighted average of our prepaid churn rate, postpaid churn rate and call and control churn rate over the period, based on weighted number of prepaid and postpaid subscribers.

(2) Prior to February 23, 2007, all prepaid subscribers had a validity period for their prepaid account and were expected to recharge their account by the end of the validity period of 90 days. Prepaid subscribers who did not recharge their account within the validity period were given a period of 30 days to recharge and reactivate their account. Once this 30-day period was over, the prepaid subscriber account was deactivated and the prepaid subscriber was considered as having churned. As from February 23, 2007, we have provided lifetime validity for our prepaid accounts.

(3) For the calculation of ARPU, see "Glossary of Technical Terms—ARPU." Blended ARPU is a weighted average of prepaid and postpaid ARPU. ARPU does not include revenues from inbound roaming, sales of customer equipment or the leasing of backbone capacity to third parties and m-commerce revenue.

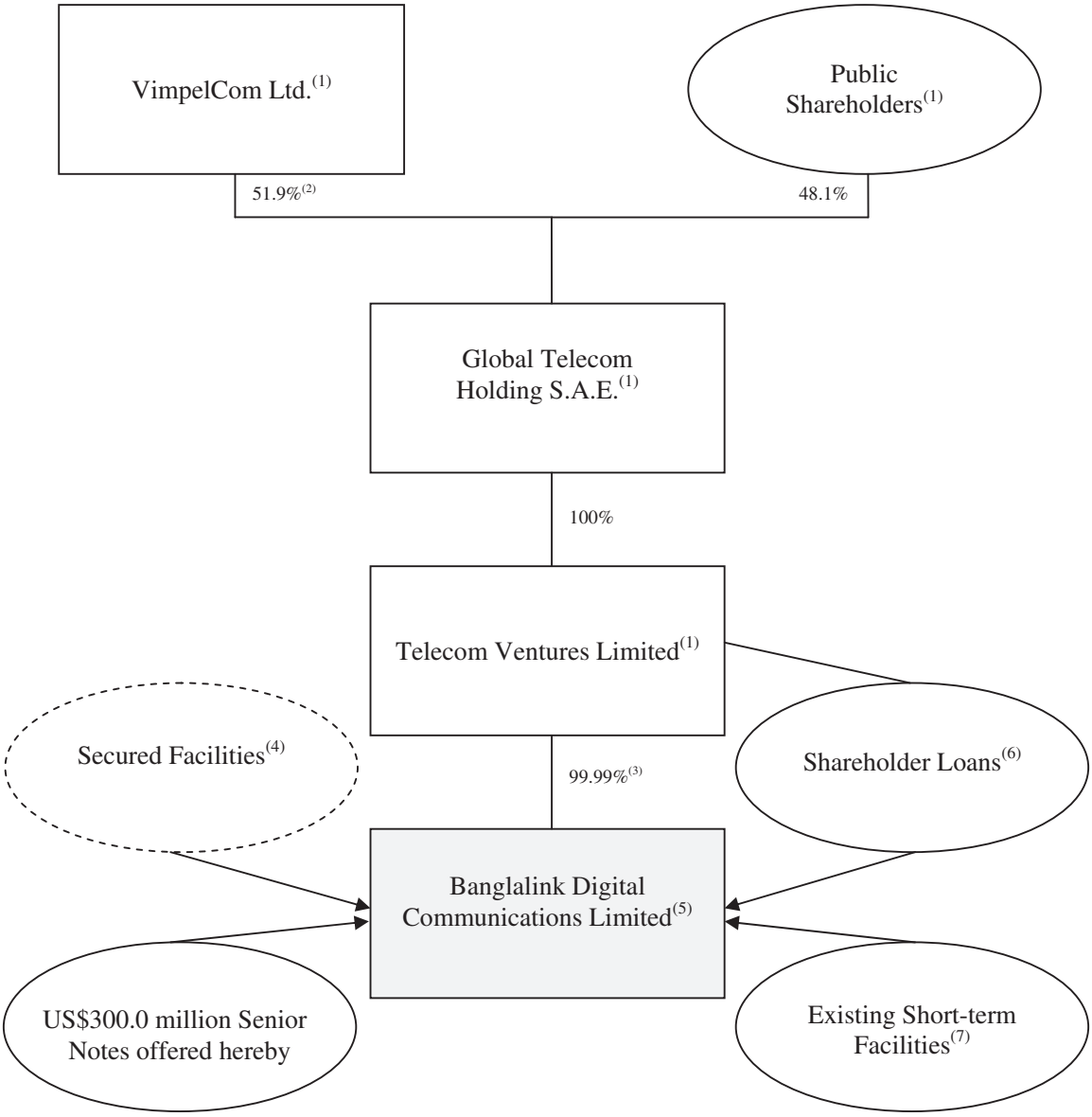
(4) Average MOU is defined as total traffic minutes (billable outgoing and off-net incoming minutes) for the period divided by the total number of average subscribers for that period.

(5) For the calculation of APPM, see "Glossary of Technical Terms—APPM."

(6) For the purpose of this chart above, capital expenditure is equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction) during the respective years.

Corporate Structure and Certain Financing Arrangements

The following diagram summarizes our corporate structure after giving effect to the issuance of the Notes and application of the proceeds therefrom (as described in the section of this offering memorandum entitled "Use of Proceeds"). For a summary of debt obligations identified in this diagram, please refer to the sections of this offering memorandum entitled "Description of the Notes" and "Description of Other Indebtedness."



(1) For a description of our shareholders, see "Principal Shareholders."

(2) Owned indirectly through Wind Telecom S.p.A.

(3) The share ownership of Telecom Ventures Limited in the Issuer excludes a *de minimis* number of shares held by directors and other qualifying shares.

(4) We intend to prepay the Secured Facilities in full within 10 business days after we receive the proceeds of the Offering, using the proceeds of the Offering to repay the amounts outstanding under the Secured BDT Facilities and other funds available to us to repay the amounts outstanding under the Secured USD Facilities. For a description of the Secured Facilities, see "Description of Other Indebtedness."

(5) As of the date of this offering memorandum, the Issuer has no subsidiaries.

(6) We intend to enter into a subordination deed, so that upon the issuance of the Notes, our Shareholder Loans will be subordinated to the Notes and our other senior indebtedness and will constitute "Subordinated Shareholder Loans" for purposes of the Indenture. We intend to extend the maturity dates of the Shareholder Loans to at least six months past the maturity date of the Notes. For a description of the Shareholder Loans, see "Related Party Transactions—Shareholder Loans."

(7) We intend to prepay the Bridge Loan in full with the proceeds of the Offering. Short-term facilities comprise unsecured short-term loans from banks and the Bridge Loan. For a description of the Bridge Loan and our other short-term facilities, see "Description of Other Indebtedness."

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes.

Issuer	Banglalink Digital Communications Limited (formerly Orascom Telecom Bangladesh Limited), a public company with limited liability, organized under Bangladesh law, with registration No.C-28679(2525)/95 dated June 25, 1995.
Notes Offered	US$300.0 million aggregate principal amount of 8.625% Senior Notes due 2019.
Maturity Date	May 6, 2019.
Issue Price	99.008%.
Interest	The Notes will bear interest at the rate of 8.625% per annum, payable semi-annually in arrear on May 6 and November 6 of each year, commencing on November 6, 2014.
Ranking	The Notes will be our general unsecured senior obligations and will rank *pari passu* in right of payment with all our existing and future senior indebtedness, and senior in right of payment to all our existing and future subordinated indebtedness.
Optional Redemption	At any time prior to May 6, 2017, the Issuer may, at its option, redeem some or all of the Notes at a price equal to 100% of their principal amount plus accrued and unpaid interest, if any, plus a "make-whole" premium. At any time on or after May 6, 2017, the Issuer may, at its option, redeem some or all of the Notes by paying a specified premium plus accrued and unpaid interest, if any. At any time prior to May 6, 2017, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 108.625% of the principal amount plus accrued and unpaid interest, if any, with the net cash proceeds of certain equity offerings. See "Description of the Notes—Optional Redemption."

Redemption for Certain Changes to Tax Laws	The Issuer may redeem the Notes in whole, but not in part, at any time following certain changes in tax laws or their interpretation in relevant taxation jurisdictions. If the Issuer decides to redeem the Notes following such change, the Issuer must redeem the Notes at a price equal to the principal amount of the Notes plus accrued and unpaid interest to the date of redemption and certain other amounts. See "Description of the Notes—Optional Redemption."
Repurchase of Notes upon a Change of Control	Upon certain change of control events, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. See "Description of the Notes—Change of Control."
Covenants	The Issuer and the Trustee will be parties to an indenture relating to the Notes (the "Indenture"). The Indenture will limit, among other things, the ability of the Issuer to: • incur additional indebtedness; • make certain restricted payments and investments; • transfer or sell assets; • issue or sell shares of the Issuer's restricted subsidiaries, if any; • guarantee other indebtedness; • create restrictions on the ability of the Issuer's restricted subsidiaries, if any, to pay dividends or other payments to the Issuer; • designate restricted subsidiaries as unrestricted subsidiaries; • create certain liens; • enter into sale and leaseback transactions; • merge, consolidate, amalgamate or combine with other entities; • engage in any business other than a permitted business; and • enter into transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants."

Transfer Restrictions	The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States or any other jurisdiction. See "Transfer Restrictions."
No Prior Market	The Notes will be new securities for which there is currently no market. Although the Initial Purchaser has informed the Issuer that it intends to make a market in the Notes, it is not obligated to do so and may discontinue market-making at any time without notice. Accordingly, the Issuer cannot assure you that a liquid market for the Notes will develop or be maintained. See "Risk Factors—Risks Related to the Notes—There can be no assurance that an active trading market will develop for the Notes."
Listing	Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and for as long as the rules of the SGX-ST so require.
Trustee, Principal Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Notes are exchanged for definitive Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Notes are exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore.
Governing Law of the Notes and the Indenture	New York.
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of The Depository Trust Company.

Ratings	The Notes are expected to be rated "B1" by Moody's and "B+" by S&P. Credit ratings assigned to the Notes do not necessarily mean they are a suitable investment for you. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Similar ratings on different types of Notes do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. A revision, suspension or withdrawal at any time of the rating assigned to the Notes or the Issuer may adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. We recommend that you analyze the significance of each rating independently from any other rating.
Use of Proceeds	The proceeds of the Offering will be used to repay existing indebtedness and to finance capital expenditures. See "Use of Proceeds."
Security Codes	CUSIP No.: 059897 AA6 (Rule 144A) Y0629L AA5 (Regulation S) ISIN: US059897AA67 (Rule 144A) USY0629LAA53 (Regulation S) Common Code: 106137382 (Rule 144A) 106137358 (Regulation S)

RISK FACTORS

Investing in the Notes involves a high degree of risk. Before purchasing the Notes, investors should carefully consider all of the information set forth in this offering memorandum and, in particular, the risks described below. If any of the following risks actually occurs, our business, financial condition, results of operations, cash flows and prospects could be adversely affected. In that case, the value of the Notes could decline and Noteholders could lose all or part of their investments.

The risks and uncertainties below are not the only ones we face, but represent the risks that we believe are material. However, there may be additional risks that we currently consider not to be material or of which we are not currently aware, and these risks could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

Risks Related to Our Business

We may be unable to implement our capital expenditure plans, which may materially and adversely affect our financial condition, results of operations, cash flows and prospects.

The telecommunications industry is capital intensive. Our ability to maintain and increase our revenue, EBITDA and cash flows depends upon continued capital spending. We need to incur substantial capital expenditures to build, maintain, modernize and operate our telecommunications network. We also need to incur significant capital expenditures to market and distribute our services and products, to develop new services and products and to implement or upgrade to new telecommunications technologies. Any future expansion of our business, including our planned capital projects (such as the roll-out of our 3G network and the expansion and modernization of our 2G GSM network), will require additional capital expenditures, which we expect to be substantial.

Our capital expenditure plans are subject to a number of risks, contingencies and other factors, some of which are beyond our control, including:

- the requirement that various agencies or departments of the Bangladesh Government (including the Bangladesh Bank, the BTRC, the BOI or the BSEC) approve major projects, certain types of loans and security and the import of equipment;
- the introduction or amendment of regulations requiring that mobile operators share base stations and other transmission equipment (see "Regulation of the Telecommunications Industry in Bangladesh—Guidelines for Infrastructure Sharing");
- unplanned cost overruns, including as a result of exchange rate fluctuations;
- economic, political, social and environmental conditions in Bangladesh;
- our ability to plan and execute our capital expenditures in a manner that efficiently uses our available resources;
- our ability to keep pace with our competitors' capital expenditures;
- our ability to integrate new technologies with our current network infrastructure;
- demand by consumers for the network additions and technological improvements that we make; and
- our ability to generate sufficient cash flows from operations and financings to finance our capital expenditures, investments and other requirements (see "—We may not be able to generate sufficient cash flows or obtain additional financing necessary to fund our capital expenditure program, including the continued build-out of our network").

Any of these factors may hinder or prevent us from being able to implement our capital expenditure projects (including the roll-out of our 3G network and the expansion and modernization of our 2G GSM network), which may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We may not be able to generate sufficient cash flows or obtain additional financing necessary to fund our capital expenditure program, including the continued build-out of our network.

Our ability to maintain and increase our subscriber base depends upon the success of the maintenance, expansion and upgrade of our network and upon our ability to obtain sufficient financing to facilitate these plans. For the three years ended December 31, 2013, our cumulative capital expenditures (equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction)) were BDT 63,126.3 million, and we financed these expenditures through shareholder loans and equity contributions, external short and long term borrowings and internal cash flows. We plan to invest further in our network in the future and are currently expanding our network, operations and services (including in connection with our 3G network roll-out), all of which will require significant, and potentially unexpected, capital expenditures. We may need to seek future funding through additional borrowings or other financing, in order to meet specified network build-out and upgrade requirements.

The type, timing and terms of any of our future financing will depend on our cash needs, the prevailing conditions in the financial markets and a number of other factors, which include:

- limitations in the Indenture and in existing and future financing agreements;
- our future results of operations, financial condition and cash flows;
- the condition of the economy of Bangladesh and international economic conditions;
- the Bangladesh Government's policies relating to foreign currency borrowings and local currency borrowing and our ability to obtain regulatory approvals for foreign currency borrowing;
- our ability to rely on GTH for financial support, and GTH's ability to rely on VimpelCom for financial support (see "—We are a wholly owned indirect subsidiary of GTH, which is majority owned by VimpelCom. We currently rely on GTH for continued financial and other support, and GTH, in turn, relies on VimpelCom for continued financial and other support. If we are no longer able to rely on GTH, or GTH is no longer able to rely on VimpelCom, for financial or other support, our business may be materially and adversely affected");
- our compliance with a BSEC notification in relation to conducting an initial public offering (see "—Risks Related to the Industry—We may be subject to a higher rate of corporate tax than our competitors or incur substantial costs in relation to an initial public offering");
- the amount of capital other Bangladeshi entities and telecommunications companies may seek to raise in the international capital markets;
- the cost of financing, the availability of financing and the condition of financial markets generally; and
- the projected risks associated with telecommunications infrastructure development in Bangladesh, including regulatory change, technological change and natural disasters.

There can be no assurance that we will be able to obtain adequate capital in a timely manner and on acceptable terms, if at all. If we are unable to obtain sufficient financing on terms satisfactory to us for our planned capital expenditures, or to finance these expenditures through other arrangements, including internal cash flows, we may have to forego or postpone certain of our planned capital expenditures. To the extent we are unable to maintain, expand or upgrade our network, or fail to make license related payments, on a timely basis, we could experience interruption to our business and difficulty in expanding or maintaining our subscriber base, which may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We have historically incurred net losses after tax and we may not be able to generate sufficient cash flows or obtain additional financing, if necessary, to sustain our operations, to meet our other capital requirements or to refinance our existing debt when it matures.

There can be no assurance that we will generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, including paying back our indebtedness when it becomes due. We incurred net losses after tax of BDT 5,010.5 million, BDT 2,888.3 million and BDT 5,904.1 million in the years ended December 31, 2013, 2012 and 2011, respectively. In each year that we generate an accumulated loss, such loss affects our equity position. The telecommunications industry is very competitive and we cannot predict when we will generate positive income in any future period. We may encounter difficulty in refinancing our indebtedness as a result of market conditions, an inability to obtain any required regulatory approvals or otherwise. In particular, recent volatility in the banking markets and international capital markets have impacted liquidity and increased credit risk premiums. There can be no assurance that we would be able to generate sufficient cash flows, generate positive income or refinance our existing indebtedness on a timely basis or on commercially reasonable terms, if at all, which could have an adverse effect on our business, prospects, financial condition, results of operations, cash flows and prospects.

Our current allocated spectrum may not be sufficient to service our current subscribers or to maintain our service quality, and we may not be able to obtain additional spectrum allocation.

One of the principal limitations on a mobile telecommunications system's capacity is the amount of frequency spectrum available for use by the system. We currently have allocated to us 5 MHz in the GSM 900 band and 10 MHz in the GSM 1800 band. These spectrum allocations are valid until 2026. See "Description of Business—Licenses—GSM License" for more information about our GSM spectrum allocations and license.

In addition, we currently have 5 MHz of 3G spectrum allocated to us following a competitive auction process in September 2013. This spectrum allocation is valid until 2028. Out of the total spectrum assignment fee of BDT 8,571.9 million, accounted for as GSM License (3G) cost, 40.0% is payable within 180 working days after the 3G auction results notification date, and accordingly, the Company is carrying a liability of BDT 3,428.8 million, on December 31, 2013, towards the 40.0% of the spectrum assignment fee. See "Description of Business—Licenses—3G License" for more information about our 3G spectrum allocation and license.

Additional spectrum allocation increases capacity and reduces network congestion. In the past, we have paid significant amounts for our spectrum allocation, and the competition for the grant of such allocation is robust. For this reason, we anticipate that we may have to pay substantial fees and meet specified network build-out requirements. As a mobile operator, we pay to the BTRC a one-time spectrum acquisition fee, as well as annual spectrum charges (payable on a quarterly basis), calculated according to the size of our network, our frequencies, the number of our subscribers and our bandwidth. There can be no assurance that we will be successful in obtaining additional spectrum allocation on terms acceptable to us or in funding such allocation. Any failure to obtain and fund additional spectrum (including procuring the necessary funding for the remaining 40.0% of our 3G spectrum assignment fee) could lead to our inability to implement our growth strategy, including increasing our subscriber base and developing new service offerings, and could eventually lead to loss of market share, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Even if we are able to obtain and fund additional spectrum allocation, we cannot guarantee that it will not suffer network congestion, which may have a material adverse effect on our service quality, including an increase in dropped calls and interconnection failures, particularly in respect of value-added services, which may lead to higher churn and a decline in our subscriber numbers. If we do not obtain sufficient additional spectrum, we may need to make further capital investments and incur significant costs to maximize utilization of our existing spectrum. However, these measures may not adequately compensate for a lack of spectrum.

We are dependent on our ability to maintain our existing telecommunications licenses, and the failure to maintain valid telecommunications licenses would materially adversely affect our business.

We are licensed by the BTRC to provide GSM mobile telecommunications services in Bangladesh. Our current 2G GSM license (effective from November 30, 2008 with respect to 2.6 MHz of spectrum in the 1800 MHz band and from November 11, 2011 with respect to the renewal of 5 MHz of spectrum in the 900 MHz band and 7.4 MHz of spectrum in the 1800 MHz band) and 5 MHz of 3G license (effective from September 19, 2013) are each valid for 15 years and subsequently renewable every five years by mutual consent, subject to our compliance with the terms of the relevant license and payment of the required fees. Our current 2G GSM frequency allocation (valid until 2026) and 3G frequency allocation (valid until 2028) are subject to the continued validity of our 2G GSM license and 3G license, respectively. If we were, for any reason, to lose our 2G GSM license or 3G license or be unable to renew either license under similar terms, our business, financial condition, results of operations and prospects would be materially adversely affected.

Our licenses are subject to several conditions, including that we meet certain minimum quality of service standards as determined by the BTRC. In addition, we are required to meet specific coverage obligations according to a phased network roll-out schedule set out in our 3G license, which includes a requirement to provide 3G services to the headquarters of all seven divisions of Bangladesh within nine months from the date of issuance of our 3G license. We are also required to furnish performance bank guarantees to the BTRC in connection with each of the network roll-out phases. See "Description of Business—Licenses," for more information about the terms of our telecommunications licenses. The BTRC may impose fines, suspend or terminate our license and claim against the performance bank guarantees if we fail to meet our network roll-out obligations, if we breach any other condition contained in our license or if a payment default occurs. There can be no assurance that we will be able to meet our quality of service or phased coverage requirements under our licenses. Any failure by us to satisfy these or any other conditions under our licenses or to pay licensing fees as may be required in the future, may result in interruption to our business, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may have to make significant payments to the NBR for claiming rebates on VAT paid on imported mobile telecommunications equipment.

Between June 2005 and August 2008, we imported a substantial amount of mobile telecommunications equipment into Bangladesh and claimed rebates on the VAT paid on such equipment. On October 30, 2008, the NBR challenged the rebates we had claimed on certain equipment over this period, alleging that the rebates were not applicable to mobile telecommunication accessories, and found that we owed the NBR BDT 328.2 million for this period. We filed a writ petition in the High Court, which issued a stay of the NBR order in November 2008 until disposal of the case. Court proceedings in Bangladesh can be slow and involve numerous procedural hurdles, and our writ petition is pending a final hearing and disposal in the High Court. As we are continuing to import mobile telecommunications equipment and claim the VAT rebate, pending the decision of the High Court, we may have to repay to the NBR all VAT associated with these rebates. The possible repayment to the NBR of the VAT rebates could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. See "Description of Business—Legal and Regulatory Proceedings—VAT Rebate on Imported Equipment Proceedings."

We may have to pay the NBR and the Commissioner of VAT for alleged evasion of VAT and supplementary duties.

In April 2007, the Commissioner of VAT seized SIM cards and scratch cards from the office of one of our suppliers and service providers, Ring Distribution. The NBR and the Commissioner of VAT alleged that the Company and Ring Distribution had evaded VAT of BDT 254.0 million and supplementary duty of BDT 236.0 million in relation to the seized cards. During the year 2010, we paid a deposit (BDT 49.0 million) equal to 10.0% of the total penalty amount as required to contest the allegations made against us with the Custom, Excise and VAT Appellate Tribunal (the "Appellate Tribunal"), and this amount of BDT 49.0 million is being carried as advance against litigations as of December 31, 2013. The Appellate Tribunal upheld the order of the Commissioner of VAT, and we have filed an appeal before the High Court. We are also involved in a separate dispute with the Commissioner of VAT with respect to a transfer of SIM cards and scratch cards to the warehouse of one of our subcontractors, Oras Invest, in 2007. The NBR and the Commissioner of VAT issued a show cause notice in 2007 alleging that we evaded VAT and supplementary duty of BDT 362.1

million with respect to this transfer. We replied to the show cause notice in June 2009 and attended a hearing in August 2009, but there has been no progress in this matter since then, and we are still awaiting a final demand from the Commissioner. At this time, we cannot predict when or whether the Commissioner of VAT will issue the final demand.

In another matter, on April 1, 2012, the Commissioner of VAT issued a demand letter to the Company alleging that we evaded VAT in the amount of BDT 7,740.5 million by selling new SIM cards as replacement SIM cards (SIM tax is not applicable on replacement SIM cards, which are issued in the case of loss, theft or damage to a SIM card). We filed a writ petition in the High Court challenging the demand, and the High Court stayed the operation of the demand for two months. The NBR and the Commissioner of VAT filed a Civil Petition in the Appellate Division to vacate the stay order issued by the High Court, and the Appellate Division directed the High Court to dispose of the petition on its merits. On June 6, 2013, the High Court ruled that the NBR could not claim the demanded amount on the basis of the type of notice it issued and that the Commissioner of VAT should conduct a hearing and adjudicate the matter in accordance with the VAT Act within 120 days from the issuance of the High Court order. The Commissioner scheduled a hearing, which was delayed following our request for a joint inspection of the relevant documents. A committee formed by the Commissioner inspected a random sample of SIM cards and, based on the committee's reports, the LTU-VAT found errors with 4.83% of the random samples. We filed a writ petition in the High Court, challenging the random sampling of SIM cards to adjudicate this matter. Our writ petition is currently delayed pending settlement discussions among the telecom operators, the NBR and the relevant government ministry.

In a separate matter, on October 18, 2012, the LTU-VAT issued a letter to the Company with an audit objection regarding our annual VAT return. The audit objection alleged that we did not deduct VAT for technical knowhow expenditures and that we evaded VAT on the payment of our frequency bandwidth fees between 2008 and 2010. Following a hearing with the Company, the LTU-VAT issued a letter to the Company on September 1, 2013, directing us to pay a total VAT amount of BDT 252.0 million. On September 5, 2013, we filed a writ petition with the High Court, challenging the audit objection and demand letter. The writ petition is pending a final hearing and disposal in the High Court.

If we are unsuccessful in these disputes and other similar disputes that may arise and are required to pay additional significant amounts of VAT and supplementary duties, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. "Description of Business—Legal and Regulatory Proceedings—Dispute Regarding Annual VAT Return."

We are engaged in other disputes regarding the payment of VAT, including with respect to license fees and rented commercial space.

Bangladesh has an extensive VAT regime, and the guidelines for application of VAT are not always clear. We engage in disputes with the NBR and other regulatory authorities regarding the application and payment of VAT from time to time. In 2011, the BTRC demanded that we pay our 2G license renewal and spectrum assignment fees without making any deduction for VAT, while LTU-VAT demanded the VAT on the 2G license fee. We challenged the demand of VAT on the 2G license renewal fee with the High Court in October 2011, on the grounds that VAT does not apply to licenses, or if VAT does apply, it should be deducted from the total license fee payments to the BTRC. In August 2012, the High Court ruled against us, and we subsequently filed a petition before the Appellate Division, where the case is currently pending. Accordingly, we paid the first installment of our license renewal and spectrum assignment fees to the BTRC with a 15% deduction towards VAT. Subsequently, the BTRC and the LTU-VAT each demanded the VAT amount on the 2G license renewal fee payment. We paid the VAT amount of BDT 1,449.1 million to the LTU-VAT, subject to the outcome of our dispute regarding the applicability of VAT on 2G license renewal fee payments. We treated the amount of BDT 1,449.1 million demanded by the BTRC as a contingent liability in the years 2011 and 2012, as we challenged this demand. Because there were no positive developments in this matter, we accounted for the amount of BDT 1,449.1 million as a liability in the year 2013 towards the amount demanded by the BTRC. The case is currently pending in the Appellate Division. As of December 31, 2013, our contingent liabilities regarding the dispute with the BTRC were BDT 103.0 million for interest on the amount of BDT 1,449.1 million demanded by the BTRC.

In addition, we claimed a rebate of BDT 857.6 million against VAT paid to the BTRC on the second installment of our 2G license renewal fee and spectrum assignment fee. In September 2012, the LTU-VAT cancelled the VAT rebate. In October 2012, we challenged the cancellation of the VAT rebate with the Deputy Commissioner of LTU-VAT, partly on the basis that the VAT rebate was properly taken under the VAT Act

and had been previously ratified in an inter-ministerial meeting between the LTU-VAT and the NBR. The Deputy Commissioner rejected our challenge, and we filed a writ petition in the High Court in November 2012. The High Court stayed the cancellation of the rebate, but the LTU-VAT appealed, and the Appellate Division vacated the stay order of the High Court and ordered the High Court to hear and decide our writ petition, which is currently pending in the High Court. We have deposited the full amount of the cancelled rebate.

We paid the final installment (BDT 4,337.5 million) of our 2G license renewal and spectrum assignment fee during the year 2013, but we did not pay 15% VAT on this installment, pending the outcome of the above disputes regarding VAT treatment on 2G license fee payments. During the year 2013, we have capitalized the full amount of VAT payable on all three installments of our 2G license fees as part of our 2G license costs.

If the courts rule against us in any of these cases, we may not receive the amounts that we have now paid to the LTU-VAT. In addition, the courts may find that VAT deductions and rebates on 2G license fee payments are not permitted under the VAT Act, and we may be required to pay the amount of VAT that we deducted from the first installment, as well as the VAT on the final installment, of our 2G license fee payments. Pursuant to a general order issued by the NBR on August 11, 2013, VAT rebates cannot be claimed on 3G license fee payments.

In a separate matter, in June 2011, the NBR issued Statutory Regulatory Order no. 583/2011 imposing VAT at a rate of 9.0% on rented commercial space exceeding 300 square feet. We filed a petition in the High Court against the NBR to challenge the legality of the Statutory Regulatory Order. This petition is pending in the High Court. No official demand was made to the Company before we filed the case, and we are not paying VAT on rental of commercial space. We estimate that if we were to have been required to pay 9.0% VAT on rental of commercial space exceeding 300 square foot, for the years 2011, 2012 and 2013, we would have paid a total amount of VAT of BDT 239.5 million, and we have made a provision for this amount of BDT 239.5 million in our accounts as of December 31, 2013. We cannot at this time predict the outcome of this dispute. If we are not successful in our challenge of the Statutory Regulatory Order, we may be required to pay VAT on our commercial space rental payments since June 2011, as well as on future commercial rents, and there can be no assurance that the amount of VAT payable would not be significant.

If we are unsuccessful in these disputes and other significant VAT disputes we may have with the NBR and other regulatory authorities in the future, it could have a material adverse effect on our business, financial condition, cash flows and results of operations. See "Description of Business—Legal and Regulatory Proceedings—Disputes Regarding VAT Payments for 2G License Fees."

We may not be able to stabilize our churn rates and ARPU which may adversely affect our business operations.

Our profitability depends on our ability to attract new subscribers, grow our ARPU from existing subscribers and minimize rates of subscriber turnover, referred to in the industry as customer "churn." Churn is a measure of the rate at which subscribers are disconnected from a mobile operator's network, or are removed from subscriber count due to inactivity, fraud or payment default. Our total churn rates increased from 18.3% for the year ended December 31, 2011 to 25.7% for the year ended December 31, 2012 and decreased to 22.3% for the year ended December 31, 2013. Our ARPU dropped from BDT 146.9 to BDT 146.0 and again to BDT 118.4 for the same periods, as we sought to add a significant number of new customers from rural economic areas, a market in which we have aggressively targeted expansion in recent years. The disconnection in 2012 and 2013 of suspected high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services (see "Management's Discussion and Analysis of Financial Condition and Results of Operation—Factors Affecting Our Results of Operations—BTRC Regulations"), recent political turmoil and price competition also contributed to the decrease in our ARPU. Our pricing strategy, additional revenue offerings from competitors and growing price awareness among customers, as well as any future introduction of MNP in Bangladesh, may lead to an increase in churn rates and lower ARPU. See "—Risks Related to the Industry—Our industry is subject to extensive regulation, and changes in laws, regulations or governmental policies affecting our business activities could materially adversely affect the results of our operations." There can be no assurance that our churn rates will not increase or that our ARPU will not decline further in the future. Any such increase or decline could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our low ARPU subscribers may not evolve into high ARPU subscribers.

In recent years, we have invested in low ARPU subscribers in the hope that their spending on mobile telecommunications will eventually increase as the Bangladesh economy develops. Recent trends towards lower tariffs in the market have also made mobile telecommunications more affordable for lower income individuals, resulting in a higher proportion of lower ARPU customers in our subscriber base. Our low ARPU subscribers may never evolve into high ARPU subscribers, especially if macroeconomic growth in Bangladesh slows or declines. We may also experience a relatively higher churn rate among these subscribers as they tend to have less brand loyalty and are more price sensitive and tend to subscribe to multiple SIM cards to take advantage of the lowest tariff at any given time. As such, they are more likely to respond to price incentives, such as price promotions, from our competitors. These factors may negatively impact our churn rates and ARPU, which could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Subscribers are using multiple SIM cards, which increases price competition.

We are aware that subscribers are using multiple SIM cards to concentrate their usage of our network and the networks of our competitors during periods when tariffs are lowest. This practice makes it difficult to build customer loyalty and encourages intense price competition among operators. Price competition may negatively impact our market share, which has decreased slightly over the past three years (see "—Risks Related to the Industry—Our business is subject to intense price competition" and "—Risks Related to the Industry—We operate in a competitive environment and competition may negatively impact our market share"). This practice may lead to further decline in our market share, average MOU and blended ARPU, which may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our subscriber growth rate and our market penetration may decrease.

Since 2009 the mobile telecommunications market in Bangladesh has experienced a period of strong growth, particularly in urban areas, which, combined with robust competition, is now witnessing a slowing growth rate. Although our subscriber growth rate increased from 2012 to 2013, it is generally slowing and more consumers are using multiple SIM cards. In addition, the growth that is occurring is principally in low ARPU segments, and the growth rate of market penetration may decline. Our blended APPM decreased from BDT 0.68 for the year ended December 31, 2011 to BDT 0.64 for the year ended December 31, 2012 and to BDT 0.59 for the year ended December 31, 2013 mainly due to price competition and lower tariffs. Our average MOU increased 6.5% from the year ended December 31, 2011 to the year ended December 31, 2012 and then decreased by 13.6% to the year ended December 31, 2013. A decline in the market's growth rate may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our postpaid subscriber growth rate and our revenues from postpaid subscribers may decrease, which may adversely affect our financial performance.

Our postpaid subscriber base increased by 15.2%, 10.9% and 17.9% for the years ended December 31, 2011, 2012 and 2013, respectively. As the postpaid market approaches saturation, our annual growth rate for postpaid subscribers may fall in the future. Notwithstanding the 17.9% increase in our postpaid subscriber base in 2013, our postpaid ARPU and postpaid revenue decreased by 34.7% and 26.5%, respectively, from the year ended December 31, 2012 to the year ended December 31, 2013, due to a decrease in postpaid MOU (as the postpaid subscribers that we added in 2013 were relatively lower usage subscribers than the postpaid subscribers we added in 2012), political turmoil in late 2013 and a reduction in our postpaid tariffs. There can be no assurance that our postpaid subscriber growth rate will not decrease, or that even if such growth rate increases, our postpaid revenue will not decrease, in the future. A decline in our postpaid subscriber growth rate or a further decline in our postpaid ARPU may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

If we are unable to maintain our favorable brand images, we may be unable to attract new customers or retain existing customers, leading to loss of market share and revenues.

Our ability to attract new customers and retain existing customers depends, in part, on our ability to maintain favorable brand images. We continuously seek to maintain and improve the position of our brands

in the market, including through advertising, sponsorship and the regular review and improvement of our service and management performance. The strength of our brands is also impacted by the coverage and quality of our network. To build and maintain favorable brands with new and existing subscribers, we must continue to make significant capital expenditures to expand the coverage and improve the quality of our network. If our efforts to maintain and improve our brands are not successful, or if brand promotion efforts by our competitors are more successful than ours, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Subscriber growth may increase our costs, particularly capital expenditures on our network.

Our subscriber base has grown significantly over the past few years. The increase in our subscriber base and the corresponding increase in usage of our services have placed significant strain on our network. To expand our network capacity and alleviate congestion, we have made, and are likely to continue to make, significant capital expenditures on additional base stations and other transmission equipment, particularly in Dhaka and other large cities. The revenues from our subscribers' usage may be insufficient to compensate for the increased costs associated with subscriber growth, which may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are a wholly owned indirect subsidiary of GTH, which is majority owned by VimpelCom. We currently rely on GTH for continued financial and other support, and GTH, in turn, relies on VimpelCom for continued financial and other support. If we are no longer able to rely on GTH, or GTH is no longer able to rely on VimpelCom, for financial or other support, our business may be materially and adversely affected.

We have incurred a net loss before tax in each of the financial periods presented in this offering memorandum. We have historically been able to obtain additional funding from our indirect shareholder, GTH, and through external debt financing. In addition, we understand that, since VimpelCom's acquisition of a majority interest in GTH in 2011, VimpelCom has been providing financial support to GTH through shareholder loans. We have also benefitted from the technical and management support and other resources of GTH and VimpelCom and from combining procurement of equipment with VimpelCom group companies.

There can be no assurance that GTH will continue to provide financial support to us in the future, that we will be able to obtain additional funding through other debt or equity financings, that we can continue to benefit to the same extent from technical and management support and other resources of GTH and VimpelCom nor that we can continue to combine our procurement of equipment with that of VimpelCom group companies. While a recent press report on the visit of VimpelCom's CEO to Bangladesh indicated VimpelCom's intention for investment in Bangladesh to continue, neither GTH nor VimpelCom has any legal obligation to provide us funding. In addition, among other factors common to emerging market businesses, ongoing events relating to VimpelCom and the countries in which its subsidiaries operate may affect VimpelCom's funding of GTH, and may, in turn, affect GTH's ability to provide further funding to us. These factors include the impact of the recent social and political unrest in Ukraine and Russia and the possible effect of recently-commenced investigations relating to VimpelCom.

Tensions in Ukraine began escalating in late 2013. In February 2014, the former president of Ukraine was removed from office. In March 2014, the Crimean region voted to secede from Ukraine, and the Russian Federation annexed Crimea. In response to these events, the United States, the European Union, the United Kingdom and Canada have taken a variety of actions, including the imposition of sanctions against certain Russian and Ukrainian individuals and companies. Russia has reacted by imposing a limited number of travel bans and stating it reserves the right to respond further. The scope of these sanctions and bans could be expanded. It is uncertain whether and what further sanctions and responsive actions against the Russian Federation might be taken or what sanctions or responsive actions the Russian Federation might take against Ukraine or the nations which imposed sanctions.

This series of events and the consequent uncertainty about the future is affecting the Ukrainian economy and may affect the Russian economy. We understand that in 2013, VimpelCom derived approximately 40.4% of its revenues from its operations in Russia and 7.1% from its operations in Ukraine and that VimpelCom took a US$2.0 billion noncash impairment on the value of its Ukrainian assets in the fourth quarter of 2013. VimpelCom may be adversely affected by a continued deterioration of the economies of those countries or by the decline in the value of their currencies, the Ruble and the Hyrvnia. We are currently unable to predict the likely course or duration of events related to Ukraine, possible developments

involving Russia, or the extent of the adverse impact that such events or developments have had and may have on VimpelCom's operations and financial results. There can be no assurance that, in the future, events related to Ukraine, developments involving Russia, or any impact of such events or developments will not materially and adversely affect the business of VimpelCom.

In addition, on March 12, 2014, VimpelCom announced that on March 11, 2014, it received from the staff of the U.S. SEC a letter stating that it is conducting an investigation related to VimpelCom and requesting documents. VimpelCom also announced that its Amsterdam headquarters was visited on March 11, 2014, by representatives of the Dutch authorities, including the Dutch public prosecutor's office, who obtained documents and informed VimpelCom that it was the focus of a criminal investigation in the Netherlands. VimpelCom's announcement stated that the investigations appear to be concerned with VimpelCom's operations in Uzbekistan. In addition, on March 18, 2014, VimpelCom announced that it had been notified that it is also the focus of an investigation by the United States Department of Justice and that the investigation also appears to be concerned with VimpelCom's operations in Uzbekistan. VimpelCom indicated in both disclosures that it intends to fully cooperate with the investigations. There can be no assurance that such investigations will not be broader in scope than they currently appear, that new investigations will not be commenced in other jurisdictions and that such investigations will not result in consequences that may have a material adverse effect on VimpelCom.

Any factors, such as the circumstances described above, that may in the future affect VimpelCom's operations and cash flows could limit VimpelCom's ability to provide funding to GTH, could consequently limit GTH's ability to provide funding to us and could adversely affect technical and management support from GTH and VimpelCom. In the event that we are not able to improve our profitability or cash flows and are no longer able to obtain a sufficient level of financial support from VimpelCom and GTH, we will need to obtain additional external funding to meet our liquidity requirements or be forced to significantly reduce operating expenses to a point that may be detrimental to our business operations and business development activities.

We may not recover our subscriber acquisition costs if our retailers fraudulently activate our SIM cards or our subscribers use our SIM cards for unlawful purposes, and we may be responsible for paying fines for not properly registering subscriber information.

There is a risk of our retailers fraudulently activating our SIM cards in order to claim the sales commissions, even though no subscriber continues to use the SIM card. In addition, if SIM cards are used by our subscribers for unlawful purposes, a law enforcement agency in Bangladesh may instruct us to disconnect the mobile numbers of those subscribers. These practices could increase our costs of operations as we may not recover our subscriber acquisition cost (our net cash investment per subscriber over a given period).

Furthermore, the fraudulent activation of SIM cards can impact our ability to properly register subscriber information. Under our 2G and 3G licenses, the BTRC may impose fines (currently US$50.0 per SIM card) if we fail to properly register subscriber information, and we are responsible for adopting measures to prevent false registration (see "Regulation of the Telecommunications Industry in Bangladesh—Registration Requirements"). However, we do not have access to a database to confirm the authenticity of our subscriber information. Although we have implemented measures to prevent fraudulent activity, such as monitoring the sales and usage patterns of our SIM cards and taking appropriate measures against retailers when such fraudulent activity is discovered, there can be no assurance that we will be able to prevent such practices and accurately register subscriber information. The foregoing practices may adversely affect our business, financial condition, results of operations, cash flows and prospects.

If we are unable to maintain our relationships with our equipment providers, or enter into new relationships, our business will be materially adversely affected.

We have relationships with a number of key vendors for mobile network equipment and software. Our ability to grow our subscriber base depends, in part, on our ability to source adequate supplies of network equipment on a timely basis. Once a provider of telecommunications equipment has designed and installed its equipment into a system, we, as the operator of the system, will often rely on such equipment provider for continued service and supply unless and until alternative arrangements are made with other

manufacturers. We currently have multiple agreements with third party vendors for many of our network equipment requirements and with equipment manufacturers or "first tier vendors" for our main network equipment. Our continued cooperation with such equipment providers is necessary for us to maintain our operations without disruption.

Additionally, suppliers of network equipment have limited resources, which may impact the speed of our network expansion. We do not have direct operational or financial control over our key equipment suppliers and have limited influence with respect to the manner in which these key suppliers conduct their businesses. Our reliance on these equipment suppliers subjects us to risks resulting from any delays in the delivery of their services.

In addition, VimpelCom, our ultimate parent company, has good relationships with many of our equipment vendors and is able to negotiate preferential rates for their products. We benefit from these preferential rates, which helps reduce our operational costs. There can be no assurance that we will continue to benefit from such preferential rates in the future if, for any reason, VimpelCom cannot maintain good relationships with such vendors or if VimpelCom's indirect shareholding in the Company were to reduce. If we are unable to source products from our key vendors at preferential rates, it could increase our operational costs and negatively impact our ability to offer competitive products and attract subscribers, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

There can be no assurance that our equipment suppliers will continue to provide equipment and services to us at attractive prices or that we will be able to obtain such equipment and services in the future from these or other providers on the scale and within the time frames we require, if at all. If our key suppliers are unable to provide us with adequate equipment on a timely basis, it could negatively impact our ability to attract subscribers, provide reliable service or offer attractive product offerings, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We depend on third parties to market and distribute a significant portion of our mobile products and services. If we fail to maintain or further develop our distribution channels, our ability to sustain and further grow our subscriber base could be materially adversely affected.

We sell our mobile telecommunications services to subscribers through an indirect channel consisting of third party distributors, as well as through a direct channel comprising our own "banglalink" branded shops and service points. Our distributors sell our products through more than 207,900 Telco Outlets, and for the year ended December 31, 2013, 95.0% of our SIM sales and more than 97.0% of our airtime sales were derived from Telco Outlets. See "Description of Business—Overview." The distributors that we rely upon to distribute our products are not under our direct control and may stop distributing our products at any time. Should this occur with particularly important distributors, we may face difficulties in finding new distributors that can provide the same level of sales, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are dependent on third party telecommunications providers over which we have no direct control for the provision of interconnection and roaming services and for paying interconnection fees to us.

Our ability to provide high quality mobile telecommunications services depends, in part, on our arrangements with third parties, and in particular on our ability to interconnect with the telecommunications networks and services of other mobile and fixed-line operators. We also rely on other telecommunications operators for the provision of international roaming services for our postpaid subscribers. While we have interconnection and international roaming agreements in place with other telecommunications operators, we have no direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide us with reliable interconnections or roaming services on a consistent basis, or to otherwise perform under the terms of our agreements with them, could result in a loss of subscribers or a decrease in traffic, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, there can be no assurance that we will be able to maintain our existing arrangements with these parties on terms that are commercially acceptable to us or that any material increase in expenses in relation to such arrangements would not have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, we are dependent on receiving interconnection revenue from ICXs and IGWs and other third parties pursuant to interconnection agreements that we have entered into with those parties, and there can be no assurance that the ICXs, IGWs and other third parties will make the required payments to us for interconnect fees under our interconnection agreements. Any failure to collect interconnection fees due to us by third parties could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are subject to a complex interconnection regime.

In recent years, the BTRC has implemented regulatory changes to the interconnection regime in Bangladesh, particularly in relation to mandatory routing and revenue sharing. For example, BTRC guidelines require network operators to route voice traffic through (currently 26) ICX and (currently 29) IGW switching systems and to share call revenue with the ICXs and IGWs. These interconnection requirements have increased the technical complexity of our delivery and business models. See "Regulation of the Telecommunications Industry in Bangladesh—Network Interconnection" for more information about the interconnection regime, and see "—Risks Related to Bangladesh—We operate in an uncertain and complex regulatory environment, which could cause compliance to become more complicated, burdensome and expensive and expose us to claims" for more information on some of the risks associated with increased regulatory burden.

Although our interconnection cost decreased from BDT 4,534.3 million for the year ended December 31, 2012 to BDT 3,505.3 million for the year ended December 31, 2013 (mainly connected with the decrease in our airtime voice revenues in 2013), and our interconnection revenue as a percentage of our total revenue increased from 7.0% in the year ended December 31, 2012 to 9.5% in the year ended December 31, 2013 (mainly due to the decrease in our total revenue in 2013), our interconnection cost may increase and our interconnection revenue as a percentage of our total revenue may decrease in the future, due to the recent regulatory changes implemented by the BTRC, and depending on whether the interconnection charges are revised. Further regulatory changes could lead to uncertainty regarding their implementation or an increase in our costs, and there can be no assurance that the ICXs and IGWs will make the required payments to us for interconnect charges under our interconnection agreements, any of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. See "—Risks Related to the Industry—We operate in a competitive environment and competition may negatively impact our market share."

Our ability to enter into foreign exchange transactions is subject to approval of regulatory authorities such as Bangladesh Bank and the BOI and we may be unable to make foreign currency payments, including certain payments on the Notes that are not determinable on the date of issuance of the Notes, if we do not receive these approvals.

There are strict foreign exchange regulations in Bangladesh. Under local law, the consent of regulatory authorities is required before a company can engage in certain foreign exchange transactions. For example, we must obtain Bangladesh Bank and BOI approval to incur debt in a foreign currency (but no separate approval is required to convert currency for the repayment of such debt according to the original approval) or to remit management fees or service fees abroad. While we have received the approvals from the BOI and Bangladesh Bank to issue and incur indebtedness under Notes and to make payments of principal and interest on the Notes, we may require approval from Bangladesh Bank for the repayment of any other amounts that may be payable in the future on the Notes where the exact amount of repayment is not determinable at this time, such as payments in the case of an optional redemption or a change of control offer. Any such approval, if required, would be granted at the sole discretion of Bangladesh Bank, and there can be no assurance that such approval would be granted in a timely manner, if at all.

In addition, while we do not need Bangladesh Bank or BOI approval to purchase equipment from foreign companies, we must open a letter of credit with a domestic bank and obtain a "no objection certificate" from the BTRC before we open the letter of credit for importing the equipment. The process to obtain regulatory approvals in Bangladesh can be slow and elaborate and there can be no assurance that the regulatory authorities will grant the approvals we may request. If we are unable to obtain the required approvals in respect of any material transactions, our business, financial condition, results of operations, cash flows and prospects could be materially adversely affected.

The violation of applicable labor laws and regulations by our vendors and contractors may harm our reputation.

Bangladesh labor laws restrict and regulate the employment of children under 14 years of age and adolescents between 14 and 18 years of age. We do not employ children or adolescents. While we endeavor to ensure that our vendors and contractors comply with all applicable labor laws and regulations, our ability to monitor and ensure that our vendors and contractors are not in violation of such laws may be limited due to the large number of vendors and contractors. The employment of children or adolescents by our vendors and contractors, particularly in unsafe or hazardous working conditions, may have an adverse effect on our reputation, business, financial condition, results of operations, cash flows and prospects.

We are subject to interest rate risks, which may negatively impact our financial results and may increase the costs of repaying our debt.

We are exposed to interest rate risks resulting from fluctuations in interest rates. As of December 31, 2013, a majority of our long-term borrowings carried a floating rate of interest. Increases in interest rates would increase interest expenses relating to our outstanding variable rate borrowings and increase the cost of debt with variable rates. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of our debt obligations. We are also exposed to interest rate risk as a result of cash deposited in interest-bearing deposits. We generally place our cash in short-term investments, including high interest-bearing accounts and time deposits. We do not currently use any derivative instruments to manage our interest rate risk. There can be no assurance that hedging transactions we may enter into in the future, if any, with respect to our variable rate indebtedness will be successful or that shifts in interest rates will not have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are subject to currency exchange risks, which may negatively impact our financial results and may increase the costs of repaying our debts.

The revenues we generate are predominantly in BDT. By contrast, certain of our existing financing agreements and certain payment obligations in respect of telecommunications equipment purchases, are payable in U.S. dollars, and future financing agreements (including the Notes) and equipment purchases are also expected to be payable in U.S. dollars. There can be no assurance that the hedging transactions we have entered into (or may enter into) with respect to our U.S. dollar-denominated indebtedness will be successful or that shifts in currency exchange rates will not have a material adverse effect on our U.S. dollar-denominated costs and liabilities and our business. Furthermore, although we are able to retain a portion of our international roaming revenues in foreign currency, the amount we are permitted to retain does not fully cover our currency exchange risk. Any devaluation of the BDT relative to the U.S. dollar would result in an increase in our purchase price for telecommunications equipment relative to the BDT, which is the currency in which we generate revenues, and could have a material adverse effect on our ability to make payments on our U.S. dollar-denominated debt and on our business, financial condition, results of operations and prospects.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

We are subject to the affirmative and negative covenants contained in the Indenture (see "Description of the Notes—Certain Covenants") and our other financing agreements. In addition, certain of our long-term and short-term financing arrangements require us to meet financial ratio tests. There can be no assurance that we will be able to satisfy any financial ratio test or comply with the terms of our obligations under the Indenture or our other financing agreements, and our ability to do so can be affected by events beyond our control. We have in the past obtained waivers from our lenders regarding the failure to comply with our financial and other debt covenants, including in December 2013. Any failure to meet these financial ratio tests or comply with these obligations could limit our ability to obtain additional financing. A breach of these ratios or other covenants and acceleration of the related indebtedness could also result in an event of default under the Indenture or other financing agreements. Upon the occurrence of any such event of default, subject to applicable cure periods and other limitations on acceleration or enforcement, the Trustee under the Indenture or lenders under our other financing agreements could elect to declare all amounts outstanding

thereunder, together with accrued interest, immediately due and payable. Any such acceleration could lead to further events of default and accelerations under other debt instruments that contain cross default or cross acceleration provisions, which could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

We have obtained consent from lenders to waive non-compliance with our debt covenants and to amend certain terms of our financing agreements.

We have in the past obtained consent from lenders to waive non-compliance with our debt covenants and to amend certain terms of our financing agreements. In December 2013, we solicited and obtained consent from the lenders under the Common Terms Agreement to waive breaches related to our non-compliance with certain information delivery covenants, to waive breaches related to Telecom Ventures' provision of cash collateral for the Bridge Loan and to amend the Common Terms Agreement to provide for the Bridge Loan to be treated as a permitted shareholder loan for purposes of our covenant compliance. As part of the waiver process, we made a payment to the lenders who timely consented to the waivers and amendments. You should consider the matters described above in evaluating our ability to comply with the covenants contained in the Indenture and our other financing arrangements and the financial costs of our ability to do so. There can be no assurance that our lenders will consent to additional waivers. If we do not comply with our debt covenants in the future, it could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

We have obtained a consent under the Common Terms Agreement to allow us to incur indebtedness in connection with the issuance of the Notes, and the consent is subject to conditions.

In connection with the Offering, we have sought and obtained consent under the Common Terms Agreement. On April 2, 2014, Standard Chartered Bank, London, as intercreditor agent under the Common Terms Agreement and related finance documents, confirmed the majority senior creditors' consent to our incurrence of indebtedness in connection with the Offering, so long as the outstanding indebtedness under the Secured Facilities is repaid within 10 business days after we receive the proceeds of the Offering. The Secured Facilities are secured by, among other security, a pledge over certain of our assets and receivables (see "Description of Other Indebtedness—Long-Term Borrowings" for more information on the security provided for the Secured Facilities). We expect to be able to repay the Secured Facilities within the required time period, using the proceeds of the Offering to repay the Secured BDT Facilities and using other funds available to us to repay the Secured USD Facilities, but if we are unable to do so, the Secured Facilities could be accelerated, which would in turn lead to default and potential acceleration under other of our loan facilities.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and branded products and materially adversely affect our business.

We depend on our brands and branded products, including those described in this offering memorandum under "Description of Business—Intellectual Property," and believe that they are important to our business. For example, our widely recognized "banglalink" logo has played an important role in building our brand awareness and our products. We rely primarily on trademarks and similar intellectual property rights to protect our brands and branded products. The success of our business depends on our continued ability to use our existing trademarks in order to increase brand awareness and further develop our branded products in our markets. While a number of our applications for registration of intellectual property rights, including the corporate logo and other trademarks and copyrights, have been approved as of the date of this offering memorandum, we cannot guarantee that approvals of our existing or future applications for registration will be obtained. Further, there can be no assurance that our registered trademarks or similar intellectual property rights and/or our current and future applications for trademarks or similar intellectual property rights will not be challenged. Any material infringement on, or challenges in respect of, our intellectual property could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our insurance coverage may be insufficient to cover our losses.

Operating telecommunications assets involves many risks and hazards which may adversely affect our profitability, including: breakdown, failure or substandard performance of network equipment, improper installation or operation of network equipment, labor disturbances, environmental hazards and natural disasters, industrial accidents and terrorist activities. We believe that we maintain the types and amounts of

insurance customary in the industry and country in which we operate, including: property insurance for our fixed assets and equipment to insure against ordinarily foreseeable losses, industrial-all-risk insurance, which covers all catastrophic risk related to our business, such as fire, flood, earthquake and cyclone; business interruption insurance for loss of profits arising from interruption or interference to our business following a loss, destruction or damage of the covered assets; and other insurance policies including coverage for motor vehicles and group life, health and personal accident coverage for our employees. However, our insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. There can be no assurance that the operation of our network infrastructure will not be affected by any of the incidents and hazards listed above, or that the terms of our insurance policies will be adequate to cover any damages or loss caused by any such incidents and hazards. Therefore, there may be instances where we will have to bear the full amount of all losses, damages and liabilities because of our lack of insurance coverage, which may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Efforts to merge with or acquire other companies or product lines may divert management attention and resources away from our business operations, and if we complete a merger or an acquisition, we may incur or assume additional liabilities or experience integration problems.

We may seek to merge with or acquire other companies or product lines for various reasons, including: to acquire more frequency spectrum, new technologies and service capabilities, add new subscribers, increase market penetration or expand into new markets. Our ability to successfully grow through mergers or acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable companies via a merger or acquisition and to obtain any necessary financing and the prior approval of the High Court, which is required for the merger of a company in Bangladesh (with no time period specified for the High Court's review of an application). These efforts could divert the attention of our management and key personnel from our business operations. As a result of such merger or acquisition, we may also experience:

- difficulties in integrating merged or acquired companies, personnel, products, property and technologies into our existing business;
- delays in realizing the benefits of a merged or acquired company or products;
- higher costs of integration than we anticipated;
- difficulties in retaining key employees of the merged or acquired business who are necessary to manage these businesses;
- difficulties in maintaining uniform standards, controls, procedures and policies throughout our businesses;
- adverse customer reaction to the business combination; and
- increased liability and exposure to contingencies that we did not contemplate at the time of the merger or acquisition.

In addition, a merger or acquisition could materially impair our operating results by causing us to incur debt or requiring us to amortize merger or acquisition expenses and merged or acquired assets.

Our business and prospects may be materially adversely affected if we fail to maintain our risk management and internal control systems or if these systems prove to be ineffective or inadequate.

We have established risk management and internal control systems and procedures. Certain areas within our risk management and internal control systems may require ongoing monitoring, maintenance and improvement by our senior management and staff. Our business and prospects may be materially adversely affected if we are unable to effectively or adequately maintain these systems. Furthermore, deficiencies in our risk management and internal control systems and procedures may adversely affect our ability to record, process, summarize and report financial and other information in an accurate and timely manner, as well as adversely impact our ability to identify any reporting errors and non-compliance with rules and regulations.

We cannot guarantee the adequacy or effectiveness of our risk management and internal control systems, and any failure to address any internal control matters or other deficiencies could result in disruption to our risk management system, as well as investigations and disciplinary actions or even prosecution against us or our employees, which could have material adverse effects on our business, financial condition, results of operations, cash flows and prospects.

Our networks and IT systems may be vulnerable to computer viruses, security breaches, piracy and hacking.

Our networks may be vulnerable to computer viruses, piracy, security breaches, hacking or similar disruptions. Such events may cause, directly or indirectly, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied subscribers and harm our brand. Any temporary interruption of services or extended quality of service problems could harm our business reputation and reduce the confidence of our subscribers and could consequently impair our ability to obtain and retain subscribers. Such events could also lead to a violation of the terms of our telecommunications licenses and possibly result in investigatory or other action by the BTRC. See also "—We are dependent on our ability to maintain our existing telecommunications licenses, and the failure to maintain valid telecommunications licenses would materially adversely affect our business." Any such service interruption, quality of service problem or action by the BTRC, or other harm caused by a breach of our cyber security, could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Breaches of our systems and networks, including through piracy or hacking, may also result in unauthorized access to our confidential information and that of our subscribers. Such breaches of our systems or networks may have a material adverse effect on our business, financial condition, results of operations and prospects and may also require us to incur costs to upgrade our security systems and investigate and prevent any unauthorized access to our networks.

Our subscribers' proprietary rights may be misappropriated by our employees or our subcontractors or their employees in violation of applicable confidentiality and non-disclosure agreements and, as a result, cause us to breach our contractual obligations in relation to such proprietary rights.

We require our employees and subcontractors to enter into non-disclosure agreements to limit access to and distribution of our subscribers' confidential information such as name and address lists. There can be no assurance that the steps taken by us will adequately prevent the disclosure of confidential information by an employee or subcontractor or a subcontractor's employee. If our subscribers' confidential information is disclosed by us or is misappropriated by our employees or subcontractors, we may be in breach of applicable laws and our subscribers may consider us liable for such breach and seek damages and compensation from us. Any successful claims against us for damages or compensation could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Actual or perceived health risks related to wireless communications devices could lead to decreased wireless communications usage or litigation.

We are aware of various reports alleging that there may be health risks associated with the effects of electromagnetic signals from antenna sites and from mobile handsets and other mobile telecommunications devices. There can be no assurance that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile telecommunications devices, press reports about such risks or consumer litigation relating to such risks could result in decreased mobile usage, a reduction in the number or growth rate of our subscribers and exposure to potential litigation or other liabilities or increased costs resulting from potential new regulations in this respect. If any of the above risks materializes, it may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. In addition, these health concerns may cause the Bangladesh Government to impose stricter regulations on the construction of the components of our network, such as base stations or other telecommunications network infrastructure, which may hinder the completion, or increase the cost, of network deployment and the commercial availability of new services.

We may be adversely impacted by work stoppages and other labor matters.

While we strive to maintain good relationships with our employees, there can be no assurance that such relationships will continue to be amicable or that our operations will not be affected by claims of wrongful termination, strikes, unionization efforts or other types of conflict with labor union employees. Work stoppages or slow-downs experienced by our customers or suppliers could result in lower demand for our services and products. In the event that either we, or one or more of our customers or suppliers experience a work stoppage, such work stoppage could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business might be affected by new business models, and failure to adapt to internal or external changes might have a negative impact on our operational results.

In our markets, we face continuous internal and external changes, often in the form of new business models, which might have a negative impact on our financial condition and results of operations. New business models may include mobile VoIP, "Over the Top" data applications displacing voice and SMS revenues, additional revenue migration from voice to data, revenue migration from mobile phone operators to IPTSPs, or new revenue models introduced by handset companies or other industries (such as mobile advertising). In addition, new business models and applications could increase network costs substantially and require a material increase in capital expenditure. Changes to our business model or future changes to the business models used by us, or our competitors, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

The interests of our principal shareholders may conflict with Noteholders' interests.

The interests of our principal shareholders, in certain circumstances, may conflict with the interests of Noteholders. VimpelCom Ltd. beneficially owns 51.9% of GTH, which beneficially owns and controls us through its 100% ownership of Telecom Ventures. Entities controlled by VimpelCom have provided debt and equity funding to us in the past, and may continue to do so in the future in accordance with the terms of the Indenture. See "Principal Shareholders" for more information about our principal shareholders. These direct and indirect shareholders have and will continue to have, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. The interests of VimpelCom and GTH may differ from those of the investors in the Notes, and our shareholders may make decisions or take certain actions that may have a material adverse effect on our business and financial condition and on an investment in the Notes.

Risks Related to the Industry

Recent and future global market developments may adversely affect our industry, business, results of operations and access to capital.

In late 2008 and 2009, the global economy, including the Bangladesh economy, experienced a significant downturn as a result of the international economic crisis. Among other things, the crisis led to a slowdown in GDP growth, devaluations in currencies and a decrease in commodity prices in many countries around the world. In Bangladesh, real GDP growth slowed to 5.1% in FY 2008-2009 rebounding to 5.8% in FY 2009-2010, and 6.9% in FY 2010-2011, declining slightly to 6.5% in FY 2011-2012 and to 6.2% in FY 2012-2013, according to the Bangladesh Bureau of Statistics. Although global economic conditions have been improving, the recessionary effects and the debt crisis in Europe continue to pose potentially significant macroeconomic risks. The economic crisis is exacerbated by high energy costs, in large part due to conflicts and social unrest in the Middle East, which can increase various costs including some of our operating costs, while at the same time discouraging spending by subscribers. The downturn in the Bangladesh economy had an adverse effect on the demand for our products and therefore, on our business. Any future downturns in the global economy or the Bangladesh economy could have a material adverse effect on the telecommunications industry and on the Company by diminishing demand for our services, increasing our costs, constraining our ability to retain existing customers and to collect payments from them and preventing us from executing our growth strategy. In addition, the general lack of available credit and lack of confidence in the financial markets associated with any market downturn could hurt our liquidity by adversely affecting our, as well as our suppliers' and customers', access to capital, which in turn could adversely affect our ability to fund our working capital requirements and capital expenditures.

Our business is subject to intense price competition.

Competition in the mobile telecommunications industry in Bangladesh is based mainly on price, network coverage and quality and customer service. Recently, the industry has experienced periods of intense price competition, as operators have reduced prepaid and postpaid tariffs and extended promotional periods. Tariff reductions from price competition adversely affect our revenue, margins and profitability. Industry ARPU decreased from 2010 to 2013 largely as a result of such competition combined with subscriber growth in terms of absolute numbers. Recent price competition is likely to continue and may increase; however, given the low levels of market prices, we expect that operators will tend to compete by offering innovative tariff packages rather than outright tariff reductions.

Intense price competition has also led subscribers to use multiple SIM cards to concentrate their usage during periods when tariffs are lowest, a practice we expect to continue and possibly increase. Practices such as these have negatively affected our blended ARPU, which decreased from BDT 146.9 in the year ended December 31, 2011 to BDT 146.0 in the year ended December 31, 2012 and to BDT 118.4 in the year ended December 31, 2013. Our blended ARPU may continue to decline whether or not our subscriber base or average MOU grows. See "—Risks Related to Our Business—Subscribers are using multiple SIM cards, which increases price competition." There can be no assurance that future periods of intense price competition, which may involve more severe price competition or may persist for longer periods of time than the intense price competition in the industry to date, will not occur. Ongoing price competition may result in slower growth in our subscriber base, a higher rate of subscriber churn, lower market share, increased subscriber acquisition costs, slower revenue growth or a decline in revenue due to competitive pricing policies, which may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We operate in a competitive environment and competition may negatively impact our market share.

We operate in a competitive environment and we expect competition in our industry to continue and possibly increase in the future. Our main competitors in Bangladesh are Grameenphone and Robi, which, together with us, collectively held 89.1% of the mobile market in Bangladesh as of December 31, 2013, according to the BTRC. In addition to Grameenphone and Robi, we also compete with Airtel, Citycell and Teletalk. Despite growth in our subscriber base over the past three years, our market share has decreased from 27.8% to 25.3% over the same period, primarily due to competition. There can be no assurance that our market share will not continue to decline, or that the costs associated with increasing or maintaining our market share in the face of competition from the other market participants will not have a material adverse effect on our results of operations.

The competitive nature of our market may also be exacerbated by new mobile telecommunications licenses which have recently been granted and which may be granted in the future. For example, the BTRC issued five 3G licenses following a competitive auction process in September 2013 (see "Regulation of the Telecommunications Industry in Bangladesh—Licensing Procedures—3G Licenses"). In addition, following the BTRC's issuance of additional licenses in 2012, there are currently 29 IGW, 26 ICX, 36 IIG and 881 VSP licenses in place. It is expected that additional IGW and ICX licenses will be issued in the future. See "—The telecommunications industry is being significantly affected by rapid technological change and we may not be able to effectively anticipate or react to these changes" and "—Risks Related to Our Business—Our current allocated spectrum may not be sufficient to service our current subscribers or to maintain our service quality, and we may not be able to obtain additional spectrum allocation." The issuance of the ICX licenses has resulted in a reduction of the interconnection charges we receive, and thus, has had a material negative impact on our revenue stream, and the issuance of additional ICX licenses could further affect our business, financial condition, results of operations, cash flows and prospects. See "Description of Business—Network Interconnection."

In addition, the BTRC, as required by the 3G Licensing Guidelines, issued directives on June 13, 2013 for implementing MNP systems in Bangladesh. MNP allows mobile subscribers to switch operators without changing their mobile numbers. If implemented, MNP may further intensify the competition between mobile telecommunications operators in Bangladesh and lead to greater movement of customers among mobile operators, particularly since a large proportion of the mobile subscribers in Bangladesh are prepaid and

therefore not subject to long-term contracts. As a result, the introduction of MNP could increase our marketing, distribution and administrative costs, increase our churn levels and negatively impact our market share and revenues, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our industry is subject to extensive regulation, and changes in laws, regulations or governmental policies affecting our business activities could materially adversely affect the results of our operations.

The telecommunications industry in Bangladesh is subject to significant governmental regulations regarding licensing, competition, frequency allocation and costs and arrangements pertaining to interconnection. Changes in laws, regulations or governmental policies in Bangladesh (or changes in the way the laws, regulations or governmental policies are interpreted or applied) affecting our business activities or our financing arrangements could materially adversely affect our business, financial condition, results of operations and prospects.

For example, the BTRC issued a directive on August 5, 2009 requiring mobile operators to disconnect certain high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services. We do not participate in unlicensed VoIP traffic or knowingly allow our subscribers to do so, and we implemented internal procedures to comply with applicable BTRC regulations, including the stricter guidelines that were imposed by the BTRC in December 2012. We have disconnected a large number of these suspected high-value subscribers, who are predominantly prepaid subscribers, in 2012 and 2013, and these disconnections negatively impacted our subscriber growth, ARPU and revenues in 2013 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year Ended December 31, 2013 Compared to Year Ended December 31, 2012—Revenue"). The BTRC-directed disconnections have negatively impacted the revenues of other mobile telecommunications operators in Bangladesh as well. However, we tended to offer lower tariffs to the mass market than our competitors in 2012 and 2013, and low tariffs are particularly attractive to high-usage subscribers. As a result, we attracted a relatively large number of such high-usage subscribers and these disconnections had a significant impact on our revenues in 2013. See "Description of Industry—Overview of the Telecommunication Sector in Bangladesh" for more information on BTRC's efforts to stop illegal VoIP business. We continue to disconnect suspected high-value subscribers in 2014. Any future disconnections may negatively affect our revenues going forward.

In 2010, the BTA was amended to, among other things, increase the amount of administrative penalties and various fines up to BDT 3,000.0 million for violations and breaches of the BTA.

In the following year, the annual fiscal legislation passed by the Bangladesh Parliament (the Finance Act 2011) introduced a new section (Section 16CCC) into the Income Tax Ordinance of 1984, which imposed a minimum corporate tax (of 0.5% on turnover) on companies operating in Bangladesh, irrespective of the profit or loss of the company. In 2011, we filed a constitutional writ in the High Court to challenge the legality of the new section. The High Court directed the respondents to show cause and issued an injunction against them, to prevent the NBR from charging the Company an additional corporate tax amount of BDT 774.5 million as of December 31, 2013. If the High Court does not invalidate the new section of the Income Tax Ordinance of 1984, it would apply to the Company and would increase our tax expenses in future years (even if we are not profitable in those years), which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, the actions taken by the regulators in the administration and interpretation of telecommunications licenses and regulations may be influenced by local political and economic pressures. For example, in 2007, the BTRC conducted an investigation of four of the six mobile phone operators, including us, to determine if there had been any revenue loss due to the misuse of VoIP services by their subscribers. As a result of this investigation, each investigated operator was assessed a shortfall in revenue and ordered to reimburse the BTRC for this shortfall. We were assessed BDT 1,250.0 million, which we paid in 2008. Also in 2008, the BTRC awarded three operators, including the Company, additional spectrum for a term of 18 years. An intergovernmental audit subsequently found that the BTRC had incorrectly set the term and fees for the allocated spectrum, resulting in lost revenue for the Bangladesh Government. The BTRC disagreed with the audit findings but directed the operators to pay an additional spectrum assignment fee (of BDT 471.4 million in the case of the Company). In 2011, we filed a writ petition in the High Court challenging the BTRC's directive, and disputes are ongoing with the BTRC and the audit office as to whether fees may be retroactively increased on previously assigned spectrum.

Although we believe that the policies of the current Bangladesh Government relating to the telecommunications industry have been relatively stable, there can be no assurance that there will not be adverse changes in the future to Bangladesh's or other applicable laws or administrative practices relating to the telecommunications industry or otherwise affecting our business. Examples of such changes could include:

- adverse changes in the laws and regulations (or in the interpretation or application of the laws and regulations) regarding international financing arrangements;

- adverse changes in tax laws, customs and duties laws or foreign exchange controls (or in the interpretation or application of such laws or controls); and

- adoption of new laws and other regulatory initiatives governing the telecommunications sector, including licensing or competition laws which may create a more competitive business environment.

In relation to the application of customs and duties laws, we are involved in various disputes with the customs authorities in Bangladesh, who assess our imported goods under specific H.S. codes to determine the amount of customs duty that we owe. We believe that the customs authorities have used incorrect H.S. codes to classify our goods, subjecting us to additional customs duty. There can be no assurance that the customs authorities will use consistent or proper H.S. codes in the future to assess our imported goods or that we will be able to successfully dispute any additional customs duty. For more information about our customs duty disputes, see "Description of Business—Legal and Regulatory Proceedings—Customs Duty Disputes."

In relation to tax laws, the SIM tax has been periodically reduced from BDT 900.0 per SIM card in 2005 to BDT 300.0 per SIM card in 2013. For additional details about the SIM tax, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Taxes, duties and fees—SIM tax." There can be no assurance that the Bangladesh Government will continue to reduce or eliminate the SIM tax. Any future increase in the SIM tax, or any other implementation or continuation of the foregoing changes, may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

The telecommunications industry is being significantly affected by rapid technological change and we may not be able to effectively anticipate or react to these changes.

The telecommunications industry is characterized by technological changes, including an increasing pace of change in existing mobile systems, industry standards and improvements in the capacity and quality of technology. As new technologies develop or if our current or future competitors were to introduce such technology, our equipment may need to be replaced or upgraded, or our networks may need to be rebuilt in whole or in part in order to sustain our competitive position as one of the market leaders. In particular, 3G technology allows for higher data transfer speeds, and following a competitive auction process, we were awarded a license to use 5 MHz of 3G spectrum on September 8, 2013. Out of the total spectrum assignment fee of BDT 8,571.9 million, accounted for as GSM License (3G) cost, 40.0% is payable within 180 working days after the 3G auction results notification date, and accordingly, the Company is carrying a liability of BDT 3,428.8 million, on December 31, 2013, towards the 40.0% of the spectrum assignment fee. In addition, we are required to meet specific coverage obligations according to a phased network roll-out schedule set out in our 3G mobile license. There can be no assurance that we will be able to procure the necessary funding for our 3G network roll-out (including network equipment and the remaining 40.0% of our 3G spectrum assignment fee) or that we will be successful in meeting our minimum coverage requirements. See "Description of Business—Licenses—3G License" for more information about our 3G license.

Continuing technological advances, ongoing improvements in the capacity and quality of digital technology and short development cycles also contribute to the need for continual upgrading and development of our equipment, technology and operations. As a result, there can be no assurance that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies we currently use less profitable or obsolete (which could require a change in the estimated remaining useful life of the assets) or that we will be successful in responding in a timely and cost-effective way to keep pace with new developments. To respond successfully to technological advances, we may require

substantial capital expenditures and access to related or enabling technologies in order to integrate the new technology with our existing technology. If we are not successful in modifying our network infrastructure in a timely and cost-effective manner to facilitate such integration, our quality of services, business, financial condition, results of operations, cash flows and prospects could be materially adversely affected.

Our growth, revenue and ability to generate positive cash flows could be adversely affected if our competitors consolidate or merge to any significant degree.

The Bangladesh mobile telecommunications industry is currently dominated by six operators, of which Grameenphone Ltd. has the largest subscriber base, followed by us. Given the potential overlap in network coverage and subscriber base, it is possible that one or more of our competitors may choose to merge or consolidate their operations. Pursuant to any such consolidation, certain services provided by us to our customers may be deemed duplicative and these customers may attempt to eliminate these duplications by cancelling subscriptions. Our future results of operations and cash flows could be materially adversely affected if a significant number of our subscription contracts are cancelled, thereby increasing our churn rate while decreasing our ARPU, and our growth prospects may be further limited should such consolidations eliminate what we currently believe to be potential markets for expansion of our services.

We may be subject to a higher rate of corporate tax than our competitors or incur substantial costs in relation to an initial public offering.

On July 1, 2009, the Bangladesh Parliament passed the annual fiscal legislation, the Finance Act 2009, which made telecommunications companies eligible to have their income tax liabilities reduced from 45.0% to 40.0%, provided that at least 10.0% of the company's paid-up capital is listed on a Bangladesh stock exchange, and the pre-initial public offering placement cannot exceed 5.0%. The BSEC issued to all companies a Notification dated February 8, 2006, which was superseded by a Notification dated May 5, 2010, requiring private limited companies with more than BDT 400.0 million in paid up capital to convert to public limited companies within one year of exceeding that level, and requiring all public limited companies (including companies converted from private limited companies) with more than BDT 500.0 million in paid up capital to apply for an initial public offering within one year of exceeding that level or within other specified time periods. In addition, on March 28, 2012, the BSEC issued a specific notice to us requiring that we apply for an initial public offering. Pursuant to a letter from the BSEC dated April 1, 2014, we received an exemption from the initial public offering requirement until December 31, 2014. At present, we do not intend to conduct an initial public offering of our shares, and therefore we will continue to be subject to income tax at the higher rate of 45.0% for the foreseeable future. Our competitor, Grameenphone, however, conducted an initial public offering in October 2009, and therefore, pursuant to the current annual fiscal legislation, has been able to take advantage of the lower (40.0%) tax rate. Being subject to higher tax liabilities than our competitors may limit our ability to compete with them, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Notwithstanding the lower rate of corporate tax that we could enjoy following an initial public offering, there may be negative consequences for us and the Noteholders as a result of an initial public offering. For example, we may incur significant costs in preparing for and executing the initial public offering as well as complying with the applicable public company rules. In addition, a public company in Bangladesh may be required to pay minimum annual cash dividends, and such payments may not be in the interests of the Noteholders. There can be no assurance that the cost savings from having a reduced corporate tax rate would offset the substantial costs associated with an initial public offering, and such costs could have a material adverse effect on our business, financial condition, results of operations and prospects. We may be required to apply for an initial public offering if we seek, and the BSEC does not consent to, additional extensions of our exemption.

We may not be able to attract and retain key personnel.

Our success in implementing our business plans and our growth strategy depend, to some extent, upon the continued contributions of certain of our key management and technical personnel. There can be no assurance that we will continue to attract and retain the qualified personnel needed for our business. Competition for key personnel in the telecommunications industry in Bangladesh is intense, and there is

limited availability of individuals with the requisite knowledge of the telecommunications industry and relevant experience in Bangladesh. We may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. Our failure to manage our personnel needs successfully could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Bangladesh

Risks associated with investments and operations in emerging markets, such as Bangladesh, may affect our business.

The disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. See "—Risks Related to the Industry—Recent and future global market developments may adversely affect our industry, business, results of operations and access to capital." Companies located in emerging market countries such as Bangladesh may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in financial difficulties for these companies. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole, and so any factors that impact market confidence (e.g., a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets. Investors in emerging markets are subject to greater risks than investors in more developed markets, including significant political, legal and economic risks and risks related to fluctuations in the global economy.

As a developing country, Bangladesh's economy is particularly susceptible to economic instability, including with respect to fluctuations in inflation, consumer prices, employment levels, GDP and interest and foreign exchange rates. Although the Bangladesh Government has made some attempts at economic reforms, these have not been sustained, largely due to domestic political turmoil. Efforts to privatize certain sectors of the economy have been slow and sometimes unsuccessful, and the public funding requirements of the largely state owned enterprises have placed a burden on the state budget. There can be no assurance that Bangladesh will not experience further economic instability which may materially adversely affect our business, financial condition, results of operations and prospects.

Internal and regional political instability in Bangladesh may have a material adverse effect on our operations.

Our operations in Bangladesh and our ability to maintain such operations may be materially adversely affected by changes in the political stability of the Bangladesh Government. In the past, Bangladesh has from time to time experienced political unrest because of, among other things, non-participation of the major opposition parties in the Parliament and non-cooperation between the governing coalition and the opposition political parties. The January 2007 elections were postponed following a series of country-wide strikes and transportation blockages, as a result of which President Iajuddin Ahmed declared a state of emergency and installed a caretaker government. While the parliamentary elections in December 2008, conducted by the caretaker government, were mostly peaceful, in May 2011, the Supreme Court declared the provision of a caretaker government "illegal" and "beyond the power" of the Constitution, which has triggered a myriad of responses from all political factions. The major opposition parties boycotted the general elections held on January 5, 2014 and challenged the credibility of the elections. President Abdul Hamid, the former Speaker of the Parliament, was elected as President by the Parliament in April 2013, following the death of President Zillur Rahman in March 2013. The country experienced political instability in late 2013, including political violence, protests, strikes, shutdowns and war crimes trials of political leaders conducted by Bangladesh's International Crimes Tribunal. The political turmoil negatively affected our subscriber growth, MOU, ARPU and revenues in 2013 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results of Operations—Political Situation"). We cannot guarantee that the political turmoil will not continue, that future presidential or parliamentary elections will not be accompanied by social unrest or that the country's political climate will not be negatively affected, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, political instability has in the past, and may in the future, result from events in the region in which Bangladesh is located. Bangladesh is principally bordered by India, Myanmar and the Bay of Bengal. The potential movement of terrorists through Bangladesh poses threats to Bangladesh's neighbors, including India, Nepal, Myanmar and Bhutan, as well as to Bangladesh itself. Although the Bangladesh Government has moved to neutralize some extremist movements, the country continues to experience violence along its borders. The political instability, aggravated by tension between certain minority communities and religious fundamentalists, as well as the social and religious unrest in Asia, could create a perception that investment in Bangladeshi companies involves a higher degree of risk than investment in other companies. There can be no assurance that the operation of our business will not be negatively affected by events of this nature, which may have a material adverse effect on our financial condition, results of operations and prospects.

Continued corruption in Bangladesh could materially adversely affect the Bangladesh economy.

Corruption and poor governance in Bangladesh have historically been a hindrance to the Bangladesh Government's ability to attract foreign investment and to reduce poverty. Bangladesh is currently still ranked 136 out of 177 countries in the Transparency International's 2013 Corruption Perceptions Index and 130 out of 189 countries in the World Bank's 2013 Ease of Doing Business Index. Failure of the Bangladesh Government to continue to fight corruption or the perceived risk of corruption in Bangladesh could have a material adverse effect on the Bangladesh economy, which may adversely impact our business, financial condition, results of operations and prospects.

We operate in an uncertain and complex regulatory environment, which could cause compliance to become more complicated, burdensome and expensive and expose us to claims.

The application of the laws of any particular country is not always clear or consistent. This is particularly true in emerging market countries such as Bangladesh where the legislative drafting has not always kept pace with the demands of the marketplace, which can make it difficult to ensure that we are in compliance with changing legal requirements, and the government has broad discretion in the grant of its licenses and permits, including revocation for public interests. In addition, regulations are often introduced that require us to implement changes that are costly and technologically challenging. The regulators responsible for the control and supervision of communications services in Bangladesh frequently check our compliance with the requirements of the applicable regulations.

In 2011, for example, we launched a product offering a flat tariff of BDT 4.0 per day. BTRC raised an objection to this offer on the grounds that the product offering was not in compliance with its Interim Directive on Tariffs. While we were of the view that the tariff was in compliance with the regulations, we ultimately suspended this product offering. In 2012, however, the BTRC instructed the Company to return BDT 923.4 million to the impacted customers and to pay a fine of BDT 1.0 million to BTRC. In response to our objections, the BTRC revised the demand amount to BDT 93.5 million, with a fine of BDT 0.1 million, but we continue to object to the demand and fine. Any further outcome is pending a hearing on the matter, and we are unable to predict the outcome at this time.

As another example, pursuant to BTRC guidelines issued in 2012, all domestic and international voice traffic must be routed through ICXs (for which the relevant interconnection fee payable to the ICX is BDT 0.04 per minute), although if an ICX is not available for the relevant connection, the connection may be made directly. While we attempt to route our calls through ICXs, there is not always an ICX available for the relevant connection, and we therefore route some of our calls directly. There can be no assurance, however, that the BTRC would not consider us liable to pay the BDT 0.04 per minute ICX interconnection fee for some or all of these directly connected calls.

We have also experienced technological difficulties and high costs in implementing new regulations such as the 10-second billing increment requirements and "end call notifications" (which informs the customer of the cost of each call and the remaining balance at the end of each call).

We intend to make all necessary efforts to comply with all our legal and regulatory requirements. However, we may incur significant costs in implementing such compliance, or we may be unable technologically to implement all such requirements. We cannot be certain that in the course of future inspections, we will not be found to be in violation of the applicable regulations. If we are found to be

involved in practices that do not comply with applicable laws or regulations, we may be exposed to, among other things, significant fines, the risk of prosecution or the suspension or loss of our licenses, frequency allocations, authorizations or various permissions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The tax system in Bangladesh is unpredictable, and we are subject to significant uncertainties and risks, including the risk of additional tax claims, that could complicate our business decisions and have a material adverse effect on our business, financial condition, results of operations and prospects.

The tax system in Bangladesh is unpredictable and can give rise to significant uncertainties. In addition, tax audits are conducted regularly by Bangladesh tax authorities. Tax laws in Bangladesh have been in force for a relatively short period of time as compared to tax laws in more developed economies. Tax authorities in Bangladesh can be arbitrary in their interpretation of tax laws, as well as in their enforcement and tax collection activities. The Government may disagree with our interpretation of tax laws, including with respect to VAT payments and credits and deductions we make for tax withholding, and we could be subject to additional tax claims may give rise to disputes, reassessment of tax liabilities and other adverse tax consequences for the Company. In addition, the uncertainties we face could complicate our tax planning and business decisions. We also cannot predict whether tax rates will be maintained at current levels or whether new taxes, tax equivalents or fees will be introduced. Any additional tax claims brought against us that are individually or collectively significant, or any detrimental change in relation to our tax position, may have a material adverse effect on our business, financial condition, results of operation and prospects.

Because definitions of telecommunications-related terms are not standardized in the industry and systems for publishing statistical information in the telecommunications industry are not comprehensive, it may be difficult to evaluate different companies.

Statistical and other information relating to our industry contained herein has been derived from various official governmental publications (including from the BTRC) and surveys conducted by market research firms. The methodology for calculating customer numbers varies substantially and is not standardized across the mobile telecommunications industry, particularly in Bangladesh. As a result, customer numbers reported by various companies may vary from the numbers that would result from the use of a single methodology. In addition, it is not uncommon for prepaid mobile customers to have more than one SIM card from competing operators, so that two mobile operators may be counting the same user in their customer numbers. Our customers may be removed following a period of inactivity and may rejoin many times. Therefore, it may be difficult to compare customer numbers, ARPU or churn rates from period to period or between different mobile operators. The methodology for calculating other performance indicators, such as those based on minutes of usage and churn rates, varies among mobile operators, making it difficult to draw comparisons between these figures for different mobile operators. Moreover, information and statistics derived from multiple sources may not be prepared on a comparable basis making reliable industry wide comparisons more challenging.

Natural disasters such as flooding and cyclones are common in Bangladesh, and may result in significant damage to infrastructure, including power and communications systems, and materially adversely impact our operations.

Bangladesh is a low-lying, riparian country with a largely marshy jungle coastline. Straddling the Tropic of Cancer, Bangladesh has a subtropical monsoon climate and is subject to heavy seasonal rainfall, floods, tropical cyclones, tornadoes and tidal bores almost every year. Natural disasters occur frequently in Bangladesh and can be particularly damaging with respect to loss of life and property. For example, in June 2012, extreme rainfall resulted in flooding and landslides that claimed over 100 lives and affected over a million people across the country, according to the International Federation of Red Cross and Red Crescent Societies. Natural disasters can also significantly impact infrastructure, including power and communication systems. Accordingly, future natural disasters, which could become more frequent as a result of climate change, may materially adversely impact our business, financial condition, results of operations, cash flows and prospects.

Power outages may increase our expenses.

Power outages are common in Bangladesh, and recently power outages have occurred more frequently. Power outages, whether or not as a result of a natural disaster, may increase our expenses due to our increasing use of diesel-based generators for power and back-up power, which have become more expensive with the rising prices of fuel. 7.4% of our base stations rely on generators as their sole source of power and 11.9% of our base stations rely on generators for back-up power. For base stations that do not have generators for back-up power, we use portable mobile generators, which may lower our quality of service. While we are exploring other alternatives for back-up power supply, such as solar power generators, there can be no assurance that such supplies will be available or that they would be cost-effective, or that new plants will be constructed to address power shortages in Bangladesh. Managing power shortages diverts resources away from other business operations. The Bangladesh Government may prioritize the use of power among industries in Bangladesh and may favor a sector other than the telecommunications sector or divert power from rural centers to urban areas. If we are unable to manage or reduce periods of interruption of power supply, or if our competition manages their power supply better than we do, our quality of service and reputation could be harmed, which could materially adversely affect our business, financial condition, results of operation, cash flows and prospects.

Any downgrading of Bangladesh's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Notes.

As of the date of this offering memorandum, Bangladesh has foreign currency and local currency sovereign ratings of "Ba3" from Moody's and "BB-" long-term and "B" short-term from S&P, each with a stable outlook. Any adverse revisions to Bangladesh's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings and the terms on which we are able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on our capital expenditure plans, business, cash flows and financial performance, and the trading price of the Notes. See "—Risks Related to the Notes—The ratings assigned to the Notes may be lowered or withdrawn entirely in the future."

Risks Related to the Notes

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make scheduled principal or interest and/or other payments on our indebtedness, including on the Notes, and to fund our ongoing operations and capital expenditure requirements, will depend on our future performance and our ability to generate cash. Our performance and ability to generate cash are impacted by general economic, financial, competitive, legislative, legal, regulatory and other factors, including the risks discussed in this "Risk Factors" section, many of which are beyond our control. We have historically incurred net losses after taxes. If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations, including our obligations under the Notes, or to fund our other liquidity needs, we may attempt to restructure or refinance our existing indebtedness. We may also be required to raise additional debt or equity financing in potentially substantial amounts. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. There can be no assurance that we would be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. In addition, the terms and conditions of the Notes and the terms of the Indenture governing the Notes may limit our ability to pursue any of these measures.

Our debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes.

We are, and after the issuance of the Notes will continue to be, significantly leveraged.

As of December 31, 2013, the carrying value of our total debt (excluding loans form parent company), which we calculate as our total debt for vendor financing, lease financing, bank and other short-term and long-term loans, excluding loans from parent company (the Shareholder Loans), was BDT 33,239.3 million on an actual basis and BDT 37,174.0 million on an adjusted basis after giving effect to the issuance of the Notes, the repayment in full of the Bridge Loan and the repayment in full of the Secured Facilities, as if these transactions had occurred on December 31, 2013.

The degree to which we will be leveraged following the issuance of the Notes could have important consequences to holders of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability, and reducing our flexibility to respond, to general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, mergers, acquisitions, joint ventures, product research and development, subscriber acquisition costs or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage with respect to our competitors that are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including our obligations under the Notes. Moreover, we may incur substantial additional indebtedness in the future, including indebtedness in connection with any future merger or acquisition.

The terms and conditions of the Notes and the terms of the Indenture restrict, but do not prohibit, us from incurring additional debt, making restricted payments (including the payment of cash interest on Shareholder loans in certain circumstances) and incurring liens. If we incur new debt, the related risks that we now face, as described above and elsewhere in these "Risk Factors," could intensify.

The terms and conditions of the Notes contemplate the New York law currently in effect.

The terms and conditions of the Notes, set out in the section of this offering memorandum entitled "Description of the Notes," are based on New York law in effect as of the date of this offering memorandum. No assurance can be given as to the impact of any possible judicial decision or change to New York law or administrative practice after the date of this offering memorandum.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated "B1" by Moody's and "B+" by S&P. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. Credit ratings assigned to the Notes do not necessarily mean they are a suitable investment for every investor, and similar ratings on different types of Notes do not necessarily mean the same thing. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. We are not under any obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A revision, suspension or withdrawal at any time of the rating assigned to the Notes or the Company may adversely affect the price that a subsequent purchaser will be willing to pay for the Notes.

There can be no assurance that an active trading market will develop for the Notes.

There is no existing market for the Notes and there can be no assurance that a market for the Notes will develop in the future. The Notes have not been registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Although approval-in-principle has been received for the listing of the Notes on the SGX-ST, there can be no assurance

that an active trading market for the Notes will develop. We do not know the extent to which investor interest will lead to the development of an active trading market or how liquid that market might be, nor can we make any assurances regarding the ability of the Noteholders to sell their Notes or the price at which the Notes might be sold. As a result, the market price of the Notes could be adversely affected.

Investors may not be able to enforce a judgment of a foreign court against us or our management.

We are a public company limited by shares incorporated under the laws of Bangladesh. Substantially all of our assets and all of our operations are located, and all of our revenue is derived, outside the United States. In addition, all of our directors and officers are non-residents of the United States, and all or a substantial portion of their assets is or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce judgments against them obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal and state securities laws. It is uncertain whether Bangladeshi courts would enforce (i) judgments of U.S. courts obtained against us or our management predicated upon the civil liability provisions of the U.S. federal and state securities laws; or (ii) liabilities against us or our management predicated upon the U.S. federal and state securities laws in original actions brought in Bangladesh.

It is unlikely that a Bangladesh court would enforce foreign judgments if such court were of the view that the judgment was not based on the merits of the case, was obtained by fraud, breached or refused to recognize an applicable law of Bangladesh, was not pronounced by a court of competent jurisdiction, was based on an incorrect view of international law or contravened the general principles of justice. See "Enforceability of Civil Liabilities." Furthermore, in practice, the judicial systems can be slow and enforcement of court orders can be difficult, which can make judicial decisions in Bangladesh difficult to predict and make effective redress uncertain.

An arbitral award made outside of Bangladesh may be enforced in the District Court of Bangladesh, except where there is proof that such an award should not be enforced, such as, if the arbitration agreement is not valid under its governing law, the award contains decisions on matters beyond the scope of the submission to arbitration, or the composition of the arbitral tribunal or the proceedings were not in accordance with the agreement of the parties.

In addition, if the parties or the courts request that the Indenture or other supporting documentation be submitted to the courts in Bangladesh, stamp duty or other fees may be assessed and payable on such documents. Currently, the stamp duty rate in Bangladesh is equal to a nominal payment per document plus 2% of the value of any property subject to a trust. However, Bangladesh law is not settled as to the interpretation of the stamp duty laws including whether an indebtedness pursuant to a bond indenture would be considered property subject to a trust.

The insolvency laws of Bangladesh may not be as favorable to you as the U.S. bankruptcy laws or those of another jurisdiction with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes.

We are organized under the laws of Bangladesh under the Companies Act, 1994, as amended (the "Companies Act"). Certain rules of the Bankruptcy Act of 1997 and/or the Companies Act are applicable to us in the event of a winding-up process initiated on account of our insolvency. These rules relate to the rights of secured and unsecured creditors, methods of proofs of debt, and future and contingent liabilities. It is not possible to predict the outcome of any such insolvency proceedings initiated in Bangladesh. Further, the proceedings can take a significantly long time to conclude. The insolvency laws of Bangladesh may not be as favorable to your interests as creditors as the laws of United States or other jurisdictions with which you may be familiar.

Under the Companies Act, in certain circumstances, a company may be wound up by a court or may voluntarily seek winding-up proceedings. The circumstances in which a company may be wound up by a court include: (1) the company is unable to pay its debts; (2) the company suspends its business for at least one year (or does not commence its business within one year from its incorporation); (3) the company fails to file statutory reports or hold statutory meetings; (4) the number of the company's members falls below certain thresholds; and (5) the court determines that it is just and equitable for the company to be wound up. A company may voluntarily seek to commence winding-up proceedings in circumstances including: (a) the company's constitutional documents had specified a time period for the company's existence or an event that

would trigger the company's dissolution, and such time period expires or such event (together with a resolution of the general meeting) occurs; (b) the company files an application before the High Court on the grounds that it cannot pay its debts and continue its business (following which a liquidator may be appointed); and (c) the company passes a special resolution (requiring three-fourths votes to pass) to voluntarily wind up the company. Creditors may also make an application for a company to be wound up, and the High Court has discretion to pass orders regarding winding-up proceedings.

The consequences of the commencement of winding up proceedings include, but are not limited to: (i) appointment by the court of a liquidator(s) to take custody of the company's property (including any actionable claims of the Company's); (ii) in the case of a voluntary winding-up, any transfer of shares (unless approved by the liquidator) or change in the status of members of the Company shall be void; (iii) without leave of the High Court, any attachment, distress or execution put in force against the estate or effects of the company, or any sale held of any property of the company, after the commencement of the winding-up shall be void; and (iv) the company or its creditors may seek an order of the High Court to restrain further proceedings in any suit or proceedings against the company. In the absence of further judicial interpretation of the provisions, it is not clear whether proceedings in the United States would be included.

We may seek an order of adjudication from the Bankruptcy Courts under the Bankruptcy Act of 1997, declaring that we are bankrupt. Consequences of filing a bankruptcy petition include the appointment by the Bankruptcy Court of an interim receiver of our property.

Any proposal for restructuring our company, including by amalgamation (merger), compromise or arrangement with creditors, and compulsory buy out, requires the prior approval of the High Court through the filing of an application, hearings and the passing of orders at the discretion of the High Court.

Payments of interest or premium under the Notes may be subject to VAT or withholding tax in Bangladesh.

Bangladesh has an extensive indirect tax/VAT withholding regime, under which the customer is required to withhold VAT from payments of most goods and services. Rule 18 (Umma) of VAT Act 1991 requires VAT to be levied at a rate of 15.0% on importation of services in Bangladesh, and the VAT is borne by the customer. The Second Schedule of the Bangladesh VAT Act 1991 does not specifically list interestpayments as being exempted from VAT, although, we are aware of VAT being applied to interest payments in only an exceptional case. While we do not believe the Company's payments of interest on the Notes should be categorized as "fees" remitted to foreign investors and we do not expect the Company's payments of interest on the Notes to non-resident Noteholders to be subject to VAT, the Offering represents the first international offering of bonds by a Bangladesh tax resident company, and considering the relative lack of interpretive guidance or precedent transactions, there can be no assurance that the tax authorities in Bangladesh would not take a different view.

In addition, Bangladesh income tax law requires Bangladesh tax residents to withhold income tax at source from interest paid to foreign lenders. Interest payments to foreign corporate lenders (i.e., corporate entities who are not resident in Bangladesh for tax purposes), for example, are subject to 37.5% to 45.0% withholding tax depending on the nature of activities of the foreign corporate lender, and subject to any double taxation avoidance treaty that may be in effect between Bangladesh and the country where the foreign corporate lender is located.

However, in accordance with a notification issued by the Bangladesh Ministry of Finance on November 29, 1976 (the "Notification"), interest payable by an industrial undertaking in Bangladesh on money borrowed by it in foreign currency from a financial institution in a foreign country, under an agreement approved by the Government of Bangladesh, should be exempt from income tax withholding subject to satisfaction of certain requirements. Bangladesh tax laws do not contain a general definition of an "industrial undertaking." Based on a recent pronouncement from Bangladesh Ministry of Labour and Employment and the Company's registration with Bangladesh Board of Investment as an "industry," we believe that the Company will be considered an industrial undertaking in Bangladesh. In addition, the Indenture and the issuance of the Notes have been approved by the BOI and Bangladesh Bank in advance of the Offering. The Company must also meet certain other requirements to benefit from the exemption provided under the Notification. We expect to meet all of the above conditions, and we therefore expect to be eligible for the exemption from the requirement to withhold tax at source on the interest on the Notes; however, particularly considering relative lack of interpretive guidance or precedent transactions, there can be no assurance that the Bangladesh tax authorities would not take a different view or would not make attempts to collect the tax.

Furthermore, in the absence of specific legislation or known precedents, there is uncertainty as to the Bangladesh tax treatment of premium paid upon early redemption of the Notes. We believe there are arguments that the premium paid may be treated as a substitution of an interest payment. Under this interpretation, payments of a premium upon redemption of the Notes should be subject to the same exemption from withholding tax at source as interest payments, as described above. Alternatively, because there is a declared coupon rate, there is a risk that Bangladesh tax authorities would consider the premium paid as capital gain. In this case, capital gain tax on the redemption premium would be deducted by the bank through which the payments are made.

If payments made by the Company are subject to any withholding of Bangladesh tax as a result of which the Noteholders may receive payments under the Notes that are reduced by the amount of such withholding, the Company is obliged, subject to certain conditions, to increase payments as may be necessary so that the net payments received by the Noteholders will be equal to the amounts they would have received in the absence of such withholding. See "Description of the Notes—Additional Amounts." As a result, the Company could incur expenses well in excess of the amount due to the Noteholders, and we cannot be certain that we would have sufficient funds to make any such payment of additional amounts associated with the withholding or that such excess payments would not have a material adverse effect on our business, financial condition, results of operation and prospects.

We may not be able to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a change of control, we are required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101.0% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, there can be no assurance that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. If consent to repay such borrowings is not obtained, we will be prohibited from repurchasing any tendered Notes without triggering an event of default. Our ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases, and we may require third party financing to make an offer to repurchase the Notes upon a change of control. There can be no assurance that we would be able to obtain such financing. Any failure by us to offer to purchase Notes would constitute an event of default under the Indenture, which could, in turn, lead to an event of default under our other indebtedness. See "Description of the Notes—Change of Control."

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered Notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The common depository (or its nominee) for Euroclear and Clearstream and the nominee of DTC will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to The Bank of New York Mellon, as principal paying agent, which will make payments to Euroclear and Clearstream and to the U.S. Paying Agent for further credit to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, and the nominee of DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the relevant Notes, you must rely on the procedures of DTC, Euroclear and Clearstream and if you are not a participant in DTC, Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the relevant Notes under the indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes.

Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear and/or Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC, Euroclear and/or Clearstream. There can be no assurance that the procedures to be implemented through DTC, Euroclear and/or Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

There may be less publicly available company information in the Bangladesh securities market than in securities markets in other more developed countries.

The BSEC, as Bangladesh's securities regulator has issued regulations and guidelines on disclosure requirements, insider trading and other relevant matters for ensuring and improving disclosure and other regulatory standards in the Bangladesh securities markets. However, there is a difference between the level of regulation, disclosure and monitoring of the market participants of Bangladesh securities markets, and that of markets and market participants in the United States and other more developed economies. Although the BSEC has periodic reporting requirements for listed companies, such requirements may be different than the reporting requirements in more developed economies, resulting in comparatively less publicly available information about Bangladeshi companies. As a result, investors may have access to less information about our business, prospects, financial condition, cash flows and results of operations, and about our competitors listed on stock exchanges in Bangladesh, than investors in companies subject to reporting requirements in more developed countries.

USE OF PROCEEDS

We expect the aggregate gross proceeds of the issuance of the Notes will be approximately US$297.0 million and proceeds net of the estimated fees, commissions and expenses associated with the Offering will be US$292.8 million.

We intend to use the aggregate net proceeds from the issuance of the Notes to (1) repay all amounts outstanding under the Bridge Loan, (2) repay all amounts outstanding under the Secured BDT Facilities and (3) finance capital expenditures.

For more information regarding the Bridge Loan and the Secured Facilities, see "Description of Other Indebtedness."

Until the net proceeds of the Offering are used as described above, we intend, to the extent permitted by law, to hold them in one or more U.S. dollar denominated interest bearing accounts at one or more large banks in Bangladesh.

None of the proceeds from the issuance of the Notes will be used to fund, finance or facilitate any activity, business or transaction that is the subject of a sanctions regime administered or enforced by the U.S. Department of Treasury's OFAC, the UN Security Council, the European Union or other relevant sanctions authorities.

CAPITALIZATION

The table below sets forth our capitalization as of December 31, 2013 on an actual basis and as adjusted to give *pro forma* effect to (i) the issuance of the Notes, (ii) the repayment in full of amounts outstanding under the Bridge Loan and the Secured Facilities, (iii) the net reduction of BDT 3,455.0 million (US$44.4 million) outstanding principal amount under our short term loans from banks (other than the Bridge Loan) since December 31, 2013, (iv) the repayment of BDT 310.0 million (US$4.0 million) under our loans from Huawei Tech Investment Co. Ltd since December 31, 2013 and (v) the subordination of the loans from parent company (the Shareholder Loans) as described under "Related Party Transactions—Shareholder Loans," in each case, as if these transactions had occurred on December 31, 2013. The table does not reflect any other amounts drawn or repaid under any of our financing arrangements since December 31, 2013. Actual information has been derived from our audited financial statements as of and for the year ended December 31, 2013.

The actual amounts set forth in this table reflect carrying values and should be read in conjunction with our audited financial statements, including the notes thereto, found elsewhere in this offering memorandum.

	As of December 31, 2013			
	Actual		As adjusted[3]	
	(in BDT, thousands)	(in US$, thousands)	(in BDT, thousands)	(in US$, thousands)
			(Unaudited and Unreviewed)	
Current borrowings (excluding current portion of non-current borrowings)				
Short term loans from banks (unsecured) (excluding short term loan secured by cash collateral provided by parent company)	12,654,718	162,741	9,199,718	118,309
Short term loan secured by cash collateral provided by parent company (Bridge Loan)[1]	13,658,000	175,643	—	—
Non-current borrowings (including current portions)				
Secured borrowings (excluding finance leases)[2]	5,735,339	73,757	—	—
Finance lease liabilities	37,612	484	37,612	484
Loans from Huawei Tech Investment Co. Ltd (vendor financing)	1,153,631	14,836	843,599	10,849
Notes offered hereby[3]	—	—	23,328,000	300,000
Loans from parent company (Shareholder Loans)[4]	28,782,293	370,143	—	—
Total debt (excluding loans from parent company (Shareholder Loans))	33,239,300	427,460	33,408,929	429,642
Subordinated Shareholder Loans[4]	—	—	28,782,293	370,143
Capital and reserves	3,891,033	50,039	3,891,033	50,039
Total capitalization	**65,912,626**	**847,642**	**66,082,255**	**849,823**

(1) For a description of the Bridge Loan, see "Description of Other Indebtedness." Since December 31, 2013, we have drawn additional amounts of BDT 4,320.0 million (US$55.6 million) under the Bridge Loan. We intend to prepay the Bridge Loan in full with the proceeds of the Offering.

(2) Secured borrowings (excluding finance leases) comprise the Secured Facilities. Since December 31, 2013, we have repaid amounts of BDT 1,116.7 million (US$14.4 million) under the Secured Facilities in accordance with the terms of the relevant facilities. We intend to prepay the Secured Facilities in full within 10 business days after we receive the proceeds of the Offering, using the proceeds of the Offering to repay the amounts outstanding under the Secured BDT Facilities and other funds available to us to repay the amounts outstanding under the Secured USD Facilities. For a description of the Secured Facilities, see "Description of Other Indebtedness."

(3) Assuming an issuance of BDT 23,328.0 million (US$300.0 million) aggregate principal amount of Notes (with an issue price of 100.0% purely for illustrative purposes and excluding expenses related to the Offering).

(4) As of December 31, 2013, the principal amount outstanding under each of the three Shareholder Loans was BDT 3,929.5 million, BDT 11,649.8 million and BDT 13,203.1 million, respectively. We intend to enter into a subordination deed, so that upon the issuance of the Notes, the Shareholder Loans will be subordinated to the Notes and our other senior indebtedness and will constitute "Subordinated Shareholder Loans" for purposes of the Indenture. See "Related Party Transactions—Shareholder Loans" for more information.

Except as disclosed or contemplated in this offering memorandum, there has been no material change in our capitalization since December 31, 2013.

SELECTED FINANCIAL INFORMATION

The following selected financial information as of and for the three years ended December 31, 2011, 2012 and 2013 is derived from our audited financial statements. The information should be read in conjunction with our audited financial statements and related notes included elsewhere in this offering memorandum and the financial information in the section of this offering memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The U.S. dollar convenience translations set forth in the tables below were calculated on the basis set forth under "Exchange Rate Information."

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Income Statement Information:				
Revenue	37,856,954	45,228,893	39,352,462	503,808
Other operating income	339,375	561,581	605,438	7,751
Network operation cost	(10,203,654)	(12,741,660)	(11,101,406)	(142,125)
Revenue sharing, spectrum charges and license fee	(2,577,265)	(3,686,825)	(3,299,470)	(42,241)
Employee costs	(1,640,814)	(2,052,828)	(2,348,872)	(30,071)
Other expenses	(14,960,295)	(10,287,441)	(8,417,054)	(107,759)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**8,814,301**	**17,021,720**	**14,791,098**	**189,362**
Depreciation, amortization & impairment	(11,135,308)	(15,723,034)	(15,290,660)	(195,758)
Earnings / (Loss) before finance income, finance cost and tax	**(2,321,007)**	**1,298,687**	**(499,562)**	**(6,396)**
Finance income	122,015	161,486	130,606	1,672
Finance cost	(3,705,142)	(4,332,459)	(4,641,307)	(59,420)
(Loss) before tax	**(5,904,134)**	**(2,872,287)**	**(5,010,263)**	**(64,144)**
Current tax expense	—	(15,966)	(252)	(3)
Net (loss) after tax for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**

	At December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Balance Sheet Information:				
Property, plant and equipment	65,846,977	61,643,289	58,679,142	754,619
Intangible assets	22,190,161	20,848,046	30,460,819	391,729
Other financial assets	97,669	107,082	107,621	1,384
Other non-financial assets	648,890	807,588	1,146,903	14,749
Non-current assets	**88,783,697**	**83,406,006**	**90,394,485**	**1,162,481**
Inventories	71,605	109,773	89,931	1,157
Prepayments and advances	1,513,670	1,504,934[(2)]	1,323,141	17,016
Accounts receivable	1,571,469	2,208,803	2,342,280	30,122
Other receivables	53,261	4,572	45,486	585
Accrued revenue	316,990	404,399	357,539	4,598
Cash and bank balances	1,848,565	3,890,295	2,672,590	34,370
Current assets	**5,375,560**	**8,122,776[(2)]**	**6,830,967**	**87,847**
Total assets	**94,159,257**	**91,528,782[(2)]**	**97,225,452**	**1,250,327**
Share capital	42,951,232	47,603,780	47,603,780	612,189
Total equity[(1)]	**11,789,800**	**8,901,548**	**3,891,033**	**50,039**
Loans and borrowings (non-current)	25,812,549	29,068,203	30,151,256	387,748
Provisions (non-current)	553,962	644,844	639,219	8,220
Employee benefit liability (non-current)	—	—	119,448	1,536
Accounts payable (non-current)	4,337,520	—	—	—
Non-current liabilities	**30,704,031**	**29,713,047**	**30,909,923**	**397,504**
Loans and borrowings (current)	19,815,180	21,883,267	31,870,338	409,855
Provisions (current)	2,296,939	959,315	2,684,728	34,526
Employee benefit liability (current)	—	—	22,524	290
Accounts payable (current)	20,351,417	20,120,771	16,925,532	217,664
Accrued and other liabilities	8,208,930	8,592,961[(2)]	9,574,955	123,135
Deferred revenue	992,959	1,357,873	1,346,421	17,315
Current liabilities	**51,665,426**	**52,914,187[(2)]**	**62,424,497**	**802,784**
Total Equity and Liabilities	**94,159,257**	**91,528,782[(2)]**	**97,225,452**	**1,250,327**

(1) Total equity is equal to capital and reserves.

(2) See Note 2.1 of our audited financial statements as of and for the year ended December 31, 2013 regarding a reclassification of amounts included in these figures.

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Cash Flow Statement Data:				
Net cash flow from operating activities	9,684,220	12,968,363	8,055,854	103,135
Net cash used in investing activities	(20,663,997)	(15,157,115)	(21,274,979)	(272,372)
Net cash flow from financing activities	11,469,856	4,255,841	12,075,472	154,596
Cash and cash equivalents as of the beginning of the year	1,350,583	1,840,661	3,868,337	49,747
Cash and cash equivalents as of the end of the year	1,840,661	3,868,337	2,666,255	34,288

SELECTED OPERATING DATA

The following selected operating data as of and for the years ended December 31, 2011, 2012 and 2013 has been derived from internal company sources and from independent sources that we believe to be reliable. The selected operating data set forth below should be read in conjunction with our financial statements and their related notes included elsewhere in this offering memorandum and the section of this offering memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of and for the year ended December 31,		
	2011	2012	2013
Total Subscribers *(in millions):*			
Prepaid	22.5	24.5	27.2
% of total	94.8%	94.7%	94.4%
Postpaid	1.2	1.4	1.6
% of total	5.2%	5.3%	5.6%
Total subscribers	23.8	25.9	28.8
Subscriber growth (over prior 12 months)	23.3%	8.8%	11.4%
Market share	27.8%	26.6%	25.3%
Prepaid churn rate[(1)(2)]	19.0%	26.2%	22.7%
Postpaid churn rate[(1)]	5.0%	17.6%	16.0%
Total Churn Rate [(1)]	**18.3%**	**25.7%**	**22.3%**
Prepaid ARPU[(3)] *(BDT per month)*	137.7	133.3	111.0
Postpaid ARPU[(3)] *(BDT per month)*	306.3	375.5	245.2
Blended ARPU[(3)]*(BDT per month)*	**146.9**	**146.0**	**118.4**
Prepaid MOU[(4)] *(per subscriber per month)*	197.6	199.2	178.6
Postpaid MOU[(4)] *(per subscriber per month)*	410.9	514.4	317.6
Average MOU / Subscriber per month *(minutes)*	**209.2**	**215.7**	**186.3**
Blended APPM[(5)]*(BDT)*	**0.68**	**0.64**	**0.59**
BTS sites	7,705	7,954	8,404
MSCs	33	34	38
INs	12	11	3
Capital Expenditures[(6)]*(in BDT, millions)*	**30,812.7**	**10,294.6**	**22,019.0**
Capital expenditures as a % of our revenues	81.4%	22.8%	56.0%

(1) Prepaid and postpaid churn rates are each calculated by dividing the respective total number of prepaid or postpaid subscriber disconnections (including subscribers who disconnect and reactivate with us with the same phone number) for the period by the average number of prepaid or postpaid subscribers for the period. The average number of subscribers for the period is calculated by taking the average of each month's average number of prepaid or postpaid subscribers (calculated as the average of the total number of subscribers at month-end and the total number of subscribers at the end of the previous month) during the period. Our total churn rate is the weighted average of our prepaid churn rate, postpaid churn rate and call and control churn rate over the period, based on weighted number of prepaid and postpaid subscribers.

(2) Prior to February 23, 2007, all prepaid subscribers had a validity period for their prepaid account and were expected to recharge their account by the end of the validity period of 90 days. Prepaid subscribers who did not recharge their account within the validity period were given a period of 30 days to recharge and reactivate their account. Once this 30-day period was over, the prepaid subscriber account was deactivated and the prepaid subscriber was considered as having churned. As from February 23, 2007, we have provided lifetime validity for our prepaid accounts.

(3) For the calculation of ARPU, see "Glossary of Technical Terms—ARPU." Blended ARPU is a weighted average of prepaid and postpaid ARPU. ARPU does not include revenues from inbound roaming, sales of customer equipment or the leasing of backbone capacity to third parties and m-commerce revenue.

(4) Average MOU is defined as total traffic minutes (billable outgoing and off-net incoming minutes) for the period divided by the total number of average subscribers for that period.

(5) For the calculation of APPM, see "Glossary of Technical Terms—APPM."

(6) For the purpose of this chart above, capital expenditure is equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction) during the respective years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read, where applicable, in conjunction with our financial statements and the notes thereto included elsewhere in this offering memorandum.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this offering memorandum.

In this discussion, references to "2011," "2012" and "2013" refer to our fiscal years ended December 31, 2011, 2012 and 2013, respectively, unless otherwise specified.

Overview

We are a leading telecommunications operator in Bangladesh providing mobile telecommunications services under the "banglalink" brand name over our own GSM network to retail, corporate and other customer segments through both prepaid and postpaid product offerings. Our principal shareholder is Telecom Ventures, which is a wholly owned subsidiary of GTH. GTH is 51.9% indirectly owned by VimpelCom, one of the world's largest integrated telecommunications services providers with 219.6 million mobile subscribers and operations in 17 countries worldwide, as of December 31, 2013.

Our subscriber base has grown at a compound annual rate of 22.8% from December 31, 2008 to December 31, 2013, and as of December 31, 2013, we had 28.8 million subscribers, including 27.2 million prepaid and 1.6 million postpaid subscribers. As of December 31, 2013, the Company was the second largest mobile operator in Bangladesh, with a market share of 25.3% of mobile subscribers in Bangladesh, according to the BTRC.

We market all of our offerings under the "banglalink" corporate brand and logo, which incorporates the image of the Royal Bengal Tiger.

We operate a mobile telecommunications network based on the GSM standard in the 900 MHz and 1800 MHz frequency bands, as well as a 3G network in the 2100 MHz frequency band. We operate our own fiber optic/microwave backbone, and as of December 31, 2013, our network reached approximately 99.0% of the total population and approximately 85.0% of the geographical area of Bangladesh, with over 8,400 2G base stations and 530 3G enabled sites around the country, a transmission network of more than 3,200 kilometers of fiber optic cable and nearly 8,400 microwave links throughout Bangladesh. The Company has also established a nationwide GPRS/EDGE network to provide our customers access to data services, and we have started to roll out a 3G network after being awarded a license to use 3G technology in September 2013. As of December 31, 2013, we had 8,404 2G cell sites (including 530 3G enabled sites) and 38 on-air switches, a 21.4% increase in 2G cell sites and a 31.0% increase in on-air switches over the last three years.

For the year ended December 31, 2013, our revenue was BDT 39,352.5 million, a decrease of 13.0% compared to the year ended December 31, 2012, primarily due to lower airtime voice revenues as a result of the disconnection of high usage subscribers whom the BTRC suspected of improperly using VoIP services, political turmoil and lower tariffs due to price competition (see "—Year Ended December 31, 2013 Compared to Year Ended December 31, 2012—Revenue"). Our EBITDA was BDT 14,791.1 million in the year ended December 31, 2013, compared to BDT 17,021.7 million in the year ended December 31, 2012, and our EBITDA margin was 37.0% in the year ended December 31, 2013, compared to 37.2% in the year ended December 31, 2012. We generated a net loss after tax of BDT 5,010.5 million for the year ended December 31, 2013, compared to a net loss after tax of BDT 2,888.3 million for the year ended December 31, 2012.

Recent Developments

Consent under Certain Finance Documents

In connection with the Offering, we have sought and obtained consent under the Common Terms Agreement. On April 2, 2014, Standard Chartered Bank, London, as intercreditor agent under the Common Terms Agreement and related finance documents, confirmed the majority senior creditors' consent to our incurrence of indebtedness in connection with the Offering, so long as the outstanding indebtedness under the Secured Facilities is repaid within 10 business days after we receive the proceeds of the Offering. See "Description of Other Indebtedness — Long-Term Borrowings" for a description of the Secured Facilities.

Factors Affecting Our Results of Operations

Our financial condition and results of operations are primarily affected by the following factors:

BTRC Regulations

The BTRC issued a directive on August 5, 2009 requiring mobile operators to disconnect certain high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services. Pursuant to BTRC guidelines issued in 2012, all domestic and international traffic must be routed through ICXs (unless an ICX is not available for the relevant connection, in which case the connection may be made directly), and all international traffic must be routed through IGWs. Where subscribers receive calls in Bangladesh that do not follow these routes, the BTRC may suspect the use of VoIP services in violation of the BTRC's regulations. We do not participate in unlicensed VoIP traffic or knowingly allow our subscribers to do so, and we implemented internal procedures to comply with applicable BTRC regulations, including the stricter guidelines that were imposed by the BTRC in December 2012. We have disconnected a large number of these suspected high-value subscribers, who are predominantly prepaid subscribers, in 2012 and 2013, and these disconnections negatively impacted our subscriber growth, ARPU and revenues in 2013. We continue to disconnect these suspected high-value subscribers in 2014. Although we believe that we have disconnected the majority of the subscribers suspected of improperly using VoIP services from our network in 2012 and 2013, any future disconnections may negatively affect our revenues going forward.

The BTRC-directed disconnections have negatively impacted the revenues of other mobile telecommunications operators in Bangladesh as well. However, we tended to offer lower tariffs to the mass market than our competitors in 2012 and 2013, and low tariffs are particularly attractive to high-value subscribers. As a result, we attracted a relatively large number of such high-usage subscribers and these disconnections had a significant impact on our revenues in 2013.

Political Situation

Recent political instability has negatively affected the economy in Bangladesh. The country experienced political violence, protests, strikes and shutdowns in late 2013, as well as war crimes trials of political leaders conducted by Bangladesh's International Crimes Tribunal. The major opposition parties boycotted the general elections held on January 5, 2014 and challenged the credibility of the elections. The political turmoil negatively impacted the sale of our SIM cards and customer account recharges in the fourth quarter of 2013, resulting in lower than expected subscriber growth and MOU. The lower MOU contributed to a decline in ARPU, which together with the slower subscriber growth, had a negative impact on our revenues in 2013. Without cooperation between the governing coalition and the opposition political parties, our revenues may continue to be negatively affected by political instability going forward.

Tariff Regulation, Price Competition and APPM

The tariffs that we are permitted to charge are a significant factor determining our revenue. Tariffs for telecommunications services in Bangladesh are regulated by the BTRC in accordance with the BTA and the Interim Directive on Tariffs. Prior to the issuance of this directive, the BTRC had not set price ranges for tariffs. See "Regulation in the Telecommunication Industry in Bangladesh—Tariffs and Charges" and "Risk Factors—Risks Related to the Industry—Our industry is subject to extensive regulation, and changes in laws, regulations or governmental policies affecting our business activities could materially adversely affect the results of our operations."

The Interim Directive on Tariffs governs the promotional packages we can offer. In 2007, the BTRC mandated that if a promotional package is offered, the promotional tariff must be the same for all subscribers under the same package and may not vary depending upon geographic location, promotional tariffs cannot be offered for more than two consecutive months, and an operator may not charge prepaid subscribers a monthly fixed charge. On February 7, 2008, the BTRC amended certain provisions of the Interim Directive on Tariffs and extended the period for which promotional tariffs could be offered, without penalty, from two months to three months. While tariffs and charges are still regulated, the BTRC will consider, on a case-by-case basis, situations where the operators want to charge non-uniform promotional tariffs and to charge prepaid subscribers a monthly fixed charge.

On March 24, 2009, the BTRC again amended the Interim Directive on Tariffs, fixing a tariff range of BDT 0.25 to BDT 2.00 for on-net calls, BDT 0.65 to BDT 2.00 for off-net calls, BDT 0.50 per SMS as the maximum charge for a local SMS and BDT 2.50 per SMS as the maximum charge for an international outgoing SMS. The BTRC also reset the sharing of revenue from interconnection charges among the ICXs and the operators. Of the BDT 0.40 per minute interconnection charge for domestic calls and the BDT 0.10 interconnection charge per SMS, the ICXs receive 10.0% and the originating and terminating operators each receive 45.0%. On April 29, 2009, the BTRC further amended the Interim Directive on Tariffs, specifying that if the operators offer free airtime/talk time (whether off-net or on-net) to their subscribers as a reward, the annual revenue share paid to the BTRC and the VAT will be calculated based on BDT 0.25 per minute (the lowest call rate) for the total free airtime/talk time used by the subscribers. However, as a result of opposition to this directive in the mobile telecommunications industry, annual revenue sharing and VAT currently do not apply to free airtime/talk time. On April 30, 2012, the BTRC amended the tariff range for off-net calls from BDT 0.60 to BDT 2.00 per minute. BTCL is excluded from the tariff limits and charges described above. See "Regulation of the Telecommunications Industry in Bangladesh—Network Interconnection" for more information.

Our blended APPM has been declining due to a combination of price competition within the Bangladesh mobile telecommunications industry and our strategy to expand our subscriber base by lowering tariffs. Our blended APPM decreased from BDT 0.64 in December 2012 to BDT 0.59 in December 2013.

Subscriber Acquisition Costs

Most of our new subscribers are low-ARPU consumer and rural subscribers, so it is important that we maintain a low subscriber acquisition cost in order to improve our profitability. Our subscriber acquisition cost is our net cash investment per new subscriber over a given period. For any period, we calculate subscriber acquisition cost as the VAT and supplementary duty payable for each SIM card (collectively known as "SIM tax"), plus the cost of the SIM card itself and the cost of the sales commissions we pay to retailers and distributors, offset by the connection fee revenue (towards recovery of SIM tax) generated from sale of the SIM cards, and then divided by the total number of new subscribers for the relevant period. We recognize SIM tax as an expense upon delivery of a SIM card to a distributor. Sales commissions are payable at two points in time: upon delivery of a SIM card to a retailer or distributor and then upon activation of the SIM card by a customer. We do not include costs of network operations, such as capital expenditures, in our calculation of subscriber acquisition cost. Our subscriber acquisition cost increases if we decrease the sale price for our new SIM cards, as we generate less SIM card connection fee revenue to offset our subsidy of the SIM tax.

Our subsidy of the SIM tax represents the largest component of our subscriber acquisition cost. The SIM tax was first payable in June 2005. It amounted to BDT 900.0 per SIM card from June 9, 2005 to June 7, 2006, BDT 800.0 from June 8, 2006 to June 8, 2011 and BDT 605.5 from June 9, 2011 to May 15, 2013. Since May 16, 2013, the SIM tax has amounted to BDT 300.0 per SIM card. Currently, we require our postpaid and prepaid subscribers to pay an average of only BDT 200.0 and BDT 138.0, respectively, and we subsidize the remaining amount of the SIM tax. For additional details on the SIM tax, see "—Taxes, Duties and Fees."

Capital Expenditures

In order to meet the needs of our increasing subscriber base and to retain existing subscribers in a competitive market, we are required to make significant capital expenditures to expand the coverage and

capacity of our network and to improve its quality. In the years ended December 31, 2011, 2012 and 2013, our capital expenditures (equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction)) were BDT 30,812.7 million, BDT 10,294.6 million and BDT 22,019.0 million, respectively.

We expect our future capital expenditures to be driven primarily by the need for additional base stations and other measures to address the needs of our growing subscriber base, as well as our planned 3G roll-out (including 3G license fees and network equipment) and modernization of our 2G GSM network. We may also need to increase our capital expenditures from time to time to address network congestion when usage patterns do not occur as expected. For more information on our capital expenditures, see "—Liquidity and Capital Resources—Capital Expenditures" below. We expect to fund our ongoing and future capital expenditures with cash flow from operations, financings and the proceeds of the Offering.

Taxes, Duties and Fees

The taxes, duties and fees that we pay to the NBR and the BTRC significantly affect our results of operations. We are subject to corporate income tax on profits (and a minimum corporate tax based on turnover in the event we generate losses), VAT, customs duties and charges, SIM tax, fees for our mobile cellular license and spectrum charges. See "Description of Business—Legal and Regulatory Proceedings—Imposition of Mandatory Corporate Tax," for more information on the minimum corporate tax.

Except as described herein, as of December 31, 2013, no undisputed material taxes, duties or fees payable by us are due and outstanding.

License Fees

We renewed 5 MHz of spectrum in the GSM 900 band and 7.4 MHz of spectrum in the GSM 1800 band with effect from November 11, 2011 for a total cost of BDT 19,816.1 million (exclusive of VAT), payable in three installments, which was accounted for in the year ended December 31, 2011. We paid the final installment (BDT 4,337.5 million) during the year ended December 31, 2013.

Following a competitive auction process, we were awarded a 15-year license to use 5 MHz of 3G spectrum on September 8, 2013, for a total cost of BDT 105.5 million (inclusive of 5% VAT) for the license acquisition fee plus BDT 8,571.9 million (inclusive of 5% VAT) for the spectrum assignment fee, accounted for as GSM License (3G) cost during the year ended December 31, 2013. Out of the total spectrum assignment fee, 60.0% was payable within 30 working days after the 3G auction results notification date and was duly paid by the Company. 40.0% of the spectrum assignment fee is payable within 180 working days after the 3G auction results notification date, and accordingly, the Company is carrying a liability of BDT 3,428.8 million, on December 31, 2013, towards the 40% of the spectrum assignment fee. We intend to pay this amount on or before May 29, 2014.

Under the terms of our 2G and 3G mobile licenses, we are required to pay to the BTRC an annual license fee of BDT 50.0 million for each mobile license (and we have accounted for BDT 50.0 million in the year ended December 31, 2013), an annual revenue share (equivalent to 5.5% of our annual audited gross revenue, as adjusted pursuant to the applicable guidelines) and an additional annual revenue share (equivalent to 1% of our annual audited gross revenue, as adjusted pursuant to the applicable guidelines) to be applied for the benefit of the Social Obligation Fund. The annual license fees are payable in advance of each year, and the annual revenue sharing fees are each payable on a quarterly basis and reconciled at the end of each year.

Total license fees (annual license fees plus revenue sharing) were BDT 2,090.6 million in the year ended December 31, 2011, BDT 3,026.4 million in the year ended December 31, 2012 and BDT 2,646.6 million in the year ended December 31, 2013.

Due to a change in the BTRC's accounting year in 2011, we may owe an additional amount of BDT 25.0 million for our 2012 annual license fee, and we have made a provision of BDT 25.0 million for this in our accounts as of December 31, 2013 and are currently discussing with the BTRC whether or not we are required to pay this one-time amount, which is not a material part of our total license fees.

Spectrum Charges

In addition to license fees, we pay annual spectrum charges to the BTRC under the terms of our 2G and 3G licenses, calculated according to the size of our network, our frequencies, the number of our subscribers and our bandwidth. The annual spectrum charges are payable on a quarterly basis and reconciled at the end of each year. Spectrum charges (referred to as frequency, royalty and bandwidth fees in our audited financial statements) were BDT 486.7 million in the year ended December 31, 2011, BDT 660.5 million in the year ended December 31, 2012 and BDT 652.8 million in the year ended December 31, 2013.

In connection with the renewal of our 2G license, effective November 11, 2011, we renewed for 15 years our 5 MHz of spectrum in the 900 MHz band and our 7.4 MHz of spectrum in the 1800 MHz band that we were awarded in July 2005. The assignment fees for this renewed spectrum were BDT 1,500.0 million per MHz, multiplied by an operator-specific "market competition factor" or "MCF" of 1.06, as determined by the BTRC for the Company.

In connection with the issuance of our 3G license, we were awarded 5 MHz of 3G spectrum for 15 years. The assignment fees for this 3G spectrum are included in the total cost of our license to use 3G technology, as described above under "—License Fees."

Corporate Income Tax

Our corporate income tax expense was BDT nil for the years ended December 31, 2011, 2012 and 2013, due to our loss before tax in each of these years. The corporate income tax rate applicable to us is 45.0%.

As described under "Description of Business—Legal and Regulatory Proceedings—Imposition of Mandatory Corporate Tax," there is currently a minimum corporate tax (of 0.5% on turnover) on companies operating in Bangladesh. This minimum tax of 0.5% on turnover is included in our other expenses and amounted to BDT 303.9 million, BDT 227.6 million and BDT 197.4 million for the years ended December 31, 2011, 2012 and 2013, respectively. We are currently challenging the legality of the minimum tax in the Bangladesh courts.

Status of Tax Assessments

We submit annual tax returns on the basis of our fiscal years. The tax authority in Bangladesh reviews our returns against the corresponding tax assessment years and issues assessment orders confirming the accuracy of our returns. The tax authority has not completed its review of our tax returns, or issued its assessment orders, for the 2011-2012, 2012-2013 or 2013-2014 assessment years.

Assessment Year (July 1 - June 30)	Our Fiscal Year Ended	Status
2011-2012	December 31, 2011	Assessment pending
2012-2013	December 31, 2012	Assessment pending
2013-2014	December 31, 2013	Assessment pending

VAT Payments

We incurred BDT 10,952.0 million of VAT in the year ended December 31, 2011, of which we paid BDT 9,166.4 million (after a BDT 1,785.6 million VAT input reduction) in the same year. We incurred BDT 12,045.9 million of VAT in the year ended December 31, 2012, of which we paid BDT 9,308.2 million (after a BDT 2,737.7 million VAT input reduction) in the same year. We incurred BDT 9,418.7 million of VAT in the year ended December 31, 2013, of which we paid BDT 7,144.6 million (after a BDT 2,274.1 million VAT input reduction) in the same year. For more information on the amounts we have paid for VAT charged on new SIM cards, see "—SIM tax." We have made provisions for unpaid VAT of BDT 1,547.1 million during the year ended December 31, 2013, due to pending litigation relating to whether certain VAT amounts are

payable. For more information on our pending VAT litigation, see "Risk Factors—Risks Related to Our Business—We may have to pay the NBR and the Commissioner of VAT for alleged evasion of VAT and supplementary duties" and "Risk Factors—Risks Related to Our Business—We are engaged in disputes regarding the payment of VAT for license fees."

As of December 31, 2012, the Company had a legal right to offset BDT 144.9 million of VAT input credit included in prepayments and advances against BDT 173.6 million of VAT payable included in accrued and other liabilities. There is a reclassification in our audited financial statements as of and for the year ended December 31, 2013, resulting in a BDT 144.9 million reduction in prepayments and advances (a current asset on our balance sheet) and an equivalent reduction in accrued and other liabilities (a current liability on our balance sheet) as of December 31, 2012. See Note 2.1 to our audited financial statements as of and for the year ended December 31, 2013.

Customs duties and charges

We paid customs duties and charges of BDT 2,046.5 million in the year ended December 31, 2011, BDT 1,893.8 million in the year ended December 31, 2012 and BDT 2,596.1 million in the year ended December 31, 2013. We have no outstanding liabilities for customs duties as of December 31, 2013, other than our contingent liabilities for disputed customs duty, which amounted to BDT 382.3 million as of December 31, 2013. For information about our customs duty disputes, see "Description of Business—Legal and Regulatory Proceedings—Customs Duty Disputes."

SIM tax

Mobile operators are required to pay SIM tax (which is made up of VAT and supplementary duty) on SIM cards. The current rate of SIM tax imposed by the Bangladesh Government since May 2013 is BDT 300.0 for each SIM card distributed to the retailers. Historically, when the SIM tax was higher, we passed the entire SIM tax on to our subscribers when they activated a SIM card. However, due to competitive pressure, we decided to significantly reduce the portion of SIM tax that we passed on to our subscribers. As a result, we now require our postpaid and prepaid subscribers to pay an average of only BDT 200.0 and BDT 138.0, respectively, and we subsidize the remaining amount of the SIM tax.

We paid to the NBR total SIM taxes of BDT 5,404.4 million in the year ended December 31, 2011 (of which BDT 3,423.6 million was supplementary duty and BDT 1,980.8 million was VAT charged on new SIM cards), BDT 5,305.0 million in the year ended December 31, 2012 (of which BDT 3,360.7 million was supplementary duty and BDT 1,944.3 million was VAT charged on new SIM cards) and BDT 3,555.1 million in the year ended December 31, 2013 (of which BDT 2,252.1 million was supplementary duty and BDT 1,303.0 million was VAT charged on new SIM cards). We have paid BDT 1,646.5 million to the NBR up to December 31, 2013 in connection with a dispute with the NBR regarding unpaid SIM tax for the period from August 2006 to March 2007, and the dispute is now settled. We are currently involved in disputes related to SIM tax, as described under "Risk Factors—We may have to pay the NBR and the Commissioner of VAT for alleged evasion of VAT and supplementary duties."

Foreign Currency Exchange Risk

We are exposed to market risk from adverse movements in foreign currency exchange rates against the Taka, our functional and reporting currency. Our cash flows from operating activities in Bangladesh are denominated in Taka, but certain of our revenues and purchases (such as roaming revenues and equipment purchases) and certain of our operating costs (such as roaming expenses and repayments related to our foreign currency-denominated borrowings) are incurred in foreign currencies. We recognize foreign exchange losses or gains as expenses or income in accordance with IAS/BAS 21: The Effects of Changes in Foreign Exchange Rates. We recognized a foreign exchange gain of BDT 1,067.5 million for the year ended December 31, 2013.

Our foreign currency denominated liabilities as of December 31, 2013 consisted of US$422.0 million in U.S.-dollar denominated short-term and long-term borrowings. We also had US$121.5 million and EUR 0.2 million in accounts payable and accrued and other liabilities (including for both capital expenditures and operating expenditures) that were denominated in foreign currencies.

Inflation

Inflation affects our purchasing power, as well as the purchasing power of our mass market subscribers and our corporate clients. For the years ended December 31, 2011, 2012 and 2013, national inflation rates in Bangladesh (according to the Bangladesh Bureau of Statistics, as measured by the consumer price index) were 10.9%, 8.7% and 6.8%, respectively. In addition, inflation may adversely affect the foreign exchange rates between the Taka and other currencies, which may increase our cost of purchasing equipment and making other expenditures in foreign currency and may increase the interest and repayment costs on our foreign currency denominated debt.

Seasonal and Local Aspects

In general, our sales and operations are adversely affected by bad weather, especially during the rainy season. In particular, cyclones and tidal surges affect our sales and operations in the coastal areas. Flooding may also have an adverse effect on network towers, the maintenance of our network, our power supply and our distribution channels.

Our sales and revenues also tend to be negatively affected by political instability, which can often lead to labor strikes among our customers and suppliers in Bangladesh.

However, we tend to show an increase in sales and positive revenue growth around festive holidays, including Eid-Ul-Fitr, Eid-Ul-Azha, New Year's Day, Valentine's Day and Independence Day.

Certain Performance Indicators

The following discussion analyzes certain operating data, such as subscriber data, ARPU, MOU and churn rates that are not included in our financial statements. We provide this information because our management regularly reviews it and believes that it is useful in evaluating our performance from period to period. In particular, our management believes that presenting such information about subscriber data, ARPU and MOU is useful in assessing the usage and acceptance of our mobile and broadband products and services, and that presenting our churn rate is useful in assessing our ability to retain mobile subscribers.

Subscriber Base

Our subscriber base has grown at a compound annual rate of 22.8% from December 31, 2008 to December 31, 2013, and as of December 31, 2013, we had 28.8 million subscribers. We count a customer as a subscriber as of a measurement date if they have engaged in a revenue generating activity at any time during the 90 days prior to the measurement date and they have not requested that their contract be terminated. Our strategy has been to continue network expansion to allow for sustained subscriber growth and to develop high-value customers, as well as expand our distribution channels to capture additional subscribers. Additional drivers of subscriber growth have been the diversification of our product and service offerings, along with strong brand recognition. Subscriber growth has positively impacted our call volumes and call revenue.

The mobile telecommunications market in Bangladesh is competitive, and we expect competition in our industry to continue and possibly increase in the future. In addition, the BTRC has recently issued directives for the future implementation of MNP in Bangladesh. If implemented, MNP will allow mobile subscribers to switch operators without changing their mobile numbers and may further intensify the competition between mobile telecommunications operators in Bangladesh. For more information on competition in our industry and MNP, see "Description of Industry" and "Risk Factors—Risks Related to the Industry—We operate in a competitive environment and competition may negatively impact our market share."

The majority of our new subscribers are prepaid subscribers. We have increased penetration in rural and lower income subscriber segments, which (together with subscriber growth) has resulted in a gradual decrease in our prepaid ARPU and thus our blended ARPU. See "—ARPU" below. The disconnection in 2012 and 2013 of suspected high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services, also had a negative impact on our prepaid ARPU and thus our blended ARPU in 2013. See "—Factors Affecting Our Results of Operations—BTRC Regulations." In addition, political turmoil in late 2013 led to lower than expected subscriber growth and MOU and contributed to the decreases in our blended ARPU and revenue in 2013. Price competition, which has led some subscribers to use multiple SIM cards

to concentrate their usage of our network and the networks of our competitors during periods when tariffs are lowest, has negatively impacted our blended ARPU as well. Our blended ARPU has declined from historical rates, which has contributed to our lower total revenues in 2013 compared to 2012. However, we expect the growth of the Bangladesh economy to lead to an increase in spending power and eventually, as subscribers spend additional amounts of income on mobile telecommunications, an increase in our ARPU.

The primary growth opportunity in the Bangladesh mobile telecommunications market in recent years has been to acquire consumers and rural subscribers, who generally cannot afford or otherwise qualify for postpaid packages, for example, through an employer's corporate postpaid subscription plan. Accordingly, we have been adding more new prepaid subscribers than new postpaid subscribers.

The following table summarizes our subscriber base as of the dates indicated:

	As of December 31,		
	2011	2012	2013
Subscribers			
Prepaid subscribers (*million*)	22.5	24.5	27.2
Postpaid subscribers (*million*)	1.2	1.4	1.6
Total subscribers (*million*)	23.8	25.9	28.8
Total new subscribers (*million*, over prior 12 months)	4.4	2.1	2.9
Subscriber growth (over prior 12 months)	23.3%	8.8%	11.4%
Prepaid as % of total subscribers	94.8%	94.7%	94.4%
Postpaid as % of total subscribers	5.2%	5.3%	5.6%

Our strategy to increase our subscriber base is based partly on capitalizing on the relatively low mobile telecommunications penetration rate in Bangladesh, particularly in rural areas. As of December 31, 2013, the total number of mobile telecommunications subscribers in Bangladesh was 113.8 million (an increase from 97.2 million as of December 31, 2012), according to the BTRC, and the Bangladesh mobile telecommunications penetration rate was 72.2%, based on Informa population data. For more information on the telecommunications market in Bangladesh, see "Description of Industry."

ARPU

Our acquisition of consumer and rural subscribers has decreased our blended ARPU in recent years. Our ARPU for prepaid subscribers is generally lower than that for postpaid subscribers, due to lower average usage and lower APPM for prepaid subscribers. Our prepaid ARPU decreased from BDT 137.7 in 2011 to BDT 133.3 in 2012 and decreased to BDT 111.0 in 2013. The decline in our prepaid ARPU was mainly due to the disconnection of suspected high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services (see "—Factors Affecting Our Results of Operations—BTRC Regulations") and our increased penetration in rural and lower income subscriber segments (see "—Subscriber Base" above). Our postpaid ARPU increased from BDT 306.3 in 2011 to BDT 375.5 in 2012 and decreased to BDT 245.2 in 2013, as the postpaid subscribers that we added in 2012 were relatively higher value subscribers (such as corporate subscribers) than the postpaid subscribers we added in 2013. Because the vast majority of our subscribers are prepaid, the net result was that our blended ARPU stayed relatively stable from BDT 146.9 in 2011 to BDT 146.0 in 2012 and declined to BDT 118.4 in 2013. The decline in our blended ARPU was also due to the political turmoil in late 2013, which negatively impacted our customer account recharges and MOU, as well as price competition (see "—Subscriber Base" above).

We believe that although our blended ARPU has reduced from historical rates, an increased number of subscribers can offset this decline. Further, we are focusing our subscriber growth strategy on obtaining additional high-ARPU customers, such as corporations, SMEs and professional users. In the near and medium term, we expect that our ARPU will increase following the award of our license to use 3G technology on September 8, 2013 (which we expect will increase our subscribers' usage of mobile data) and if we are able to offer more advanced VAS to our subscribers.

The table below sets forth selected ARPU data for the periods indicated:

	For the Year Ended December 31,		
	2011	2012	2013
		(BDT)	
ARPU			
Prepaid ARPU	137.7	133.3	111.0
Postpaid ARPU	306.3	375.5	245.2
Blended ARPU	146.9	146.0	118.4

Churn

The number of subscribers who disconnect their services, fail to use prepaid airtime or fail to pay for postpaid services can have an adverse impact upon our results of operations. We measure our performance in this respect by our churn rate, which represents the proportion of our customer base that disconnects from our service over a period of time. Prepaid and postpaid churn rates are each calculated by dividing the respective total number of prepaid or postpaid subscriber disconnections (including subscribers who disconnect and reactivate with us with the same phone number) for the period by the average number of prepaid or postpaid subscribers for the period. We measure churn by way of net churn, which is the total gross churn number less the number of subscribers reactivating their subscriptions. Therefore, when the number of reactivations exceeds the number of subscriber disconnections, a negative net churn rate is generated.

Our churn rate is primarily affected by subscribers using the services of other mobile operators during periods of intense price competition. Many of our new prepaid subscribers are from the consumer and rural segments, and these subscribers tend to be more sensitive to price and promotions than subscribers from other segments.

Our annual blended churn rates in 2011, 2012 and 2013 were 18.3%, 25.7% and 22.3%, respectively. The overall increase in our churn rate from 2011 to 2013 resulted from aggressive competition in the market for mass market subscribers, while we have increasingly been focusing our sales efforts on high-value subscribers instead of gaining mass market subscriber share. We are working to reduce churn by implementing a churn prediction tool, running campaigns advertising loyalty and partnership programs, developing a relationship management approach to our subscribers through our account management team, establishing priority handling at our call centers and improving our quality of service by investing in our network and offering a broader range of options for data services and VAS.

MOU

MOU measures the monthly average minutes of voice service use per mobile subscriber. We calculate mobile MOU by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile subscribers during the period and dividing by the number of months in that period. Our MOU among prepaid subscribers increased from 197.6 minutes in 2011 to 199.2 minutes in 2012 as a result of increased usage by high-value (and typically higher usage) subscribers, while prepaid MOU decreased to 178.6 minutes in 2013, largely as a result of the disconnection of suspected high-value, high usage subscribers whom the BTRC suspected of improperly using VoIP services (see "—Factors Affecting Our Results of Operations—BTRC Regulations"). MOU for our postpaid subscribers increased from 410.9 minutes in 2011 to 514.4 minutes in 2012 as a result of increased usage by high-value postpaid subscribers, such as SMEs, corporations and professionals, while postpaid MOU decreased to 317.6 minutes in 2013, as the postpaid subscribers that we added in 2013 were relatively lower usage subscribers than the postpaid subscribers we added in 2012. In addition, political turmoil in late 2013 negatively impacted our customer account recharges and MOU in 2013. The net impact on blended MOU was that MOU increased from 209.2 minutes in 2011 to 215.7 minutes in 2012 and then decreased to 186.3 minutes in 2013.

The table below sets forth selected call volume data for the periods indicated:

	For the Year Ended December 31,		
	2011	2012	2013
	(minutes per subscriber per month)		
MOU			
Prepaid MOU	197.6	199.2	178.6
Postpaid MOU	410.9	514.4	317.6
Blended MOU	209.2	215.7	186.3

The table below sets forth blended APPM data for the periods indicated:

	For the Year Ended December 31,		
	2011	2012	2013
Blended APPM *(BDT)*	0.68	0.64	0.59

Our blended APPM decreased from BDT 0.68 in 2011 to BDT 0.64 in 2012 as a result of a relatively higher number of incoming minutes of usage, for which we receive less revenue than for outgoing minutes of usage. Blended APPM further decreased to BDT 0.59 in 2013 for the same reason. See "Regulation of the Telecommunications Industry in Bangladesh—Network Interconnection" for information on interconnection revenue.

Explanation of Key Income Statement Items

Revenue

Revenue, also referred to as GSM revenue, includes revenues from airtime charges from prepaid and postpaid subscribers, monthly access/contract fees, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for SIM replacement, SMS and other VAS.

Other operating income

Other operating income includes revenues from leasing our fiber optic network to ISPs and other mobile, PSTN and WiMAX operators, as well as infrastructure sharing and m-commerce (which comprises bill pay service of Bangladesh Power Development Board, remittance service and ticketing, which is recognized on a net basis when the service is provided to customers).

Network operation costs

Network operation costs include:

- Mobile originated calls (interconnect charges)
- Utilities (such as electricity and telephone)
- Network maintenance
- Rent (BTS, BSC and MSC)
- Vehicle running expenses (Technical)
- Security expenses
- Cost of SIM cards
- Value added services costs
- Logistics charges

- Cost of scratch cards
- Lease line charges
- Roaming interconnect charge

Revenue sharing, spectrum charges and license fees

These costs include revenue sharing payments to the BTRC, charges for the frequencies in which we operate and annual license fees.

Employee costs

Employee costs represents the total salary, bonuses, terminal benefits and other benefits paid to employees.

Other expenses

Other expenses consist of:

- SIM tax charge
- Dealers' commissions
- Office rental expense
- Advertising expenses
- Minimum tax — 0.5% tax on turnover
- IT development, recruitment and training
- Technical knowhow fees
- Vehicle running expenses
- Office expenses
- Provision for litigation
- Credit management fees
- Postage, telephone and stationeries
- Marketing research and operation
- Legal and professional fees
- Other general expenses
- Travelling expenses
- Other marketing expenses
- Foreign currency exchange loss/(gain)

Depreciation, amortization and impairment

Depreciation, amortization and impairment comprises the depreciation of fixed and tangible assets, the amortization of intangible assets and the impairment of assets due to technological obsolescence. Depreciation is charged to comprehensive income on a straight-line basis over the estimated useful lives of items of property and equipment (including telecommunications equipment). Impairment includes loss from impairment of long-lived assets and loss or discard of obsolete assets. Amortization of intangible assets mainly includes the amortization of intangible assets such as license fees and software. Amortization is charged to comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. License fees are amortized over the period of the license. Other intangible assets (such as software) are amortized from the date they are available for use.

Finance income

Finance income represents income from short-term investments by the Company, usually interest on fixed and short-term deposits provided as collateral for bank guarantees that we have requested to be issued as security for litigation.

Finance expenses

Finance expenses consist of the costs of our vendor financing agreements, loans from banks, local currency bonds, capital leases, Shareholder Loans and other borrowings. Our interest bearing liabilities carry both fixed and floating interest rates. On our borrowings with a floating interest rate, the interest rate is linked to LIBOR or a treasury bill rate.

Results of Operations

The following information is derived from our audited financial statements, included elsewhere in this offering memorandum and presents our results of operations for the periods indicated:

	Year Ended December 31,			
	2011	**2012**	**2013**	**2013**
		(in BDT, thousands)		**(in US$, thousands)**
Income Statement Information:				
Revenue	37,856,954	45,228,893	39,352,462	503,808
Other operating income	339,375	561,581	605,438	7,751
Network operation cost	(10,203,654)	(12,741,660)	(11,101,406)	(142,125)
Revenue sharing, spectrum charges and license fee	(2,577,265)	(3,686,825)	(3,299,470)	(42,241)
Employee costs	(1,640,814)	(2,052,828)	(2,348,872)	(30,071)
Other expenses	(14,960,295)	(10,287,441)	(8,417,054)	(107,759)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**8,814,301**	**17,021,720**	**14,791,098**	**189,362**
Depreciation, amortization & impairment	(11,135,308)	(15,723,034)	(15,290,660)	(195,758)
Earnings / (Loss) before finance income, finance cost and tax	**(2,321,007)**	**1,298,687**	**(499,562)**	**(6,396)**
Finance income	122,015	161,486	130,606	1,672
Finance cost	(3,705,142)	(4,332,459)	(4,641,307)	(59,420)
(Loss) before tax	**(5,904,134)**	**(2,872,287)**	**(5,010,263)**	**(64,144)**
Current tax expense	—	(15,966)	(252)	(3)
Net (loss) after tax for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	**(5,904,134)**	**(2,888,252)**	**(5,010,515)**	**(64,147)**

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue

Our revenue decreased by 13.0% to BDT 39,352.5 million in the year ended December 31, 2013 from BDT 45,228.9 million in the year ended December 31, 2012, primarily due to lower airtime voice revenues as a result of the disconnection of high usage subscribers whom the BTRC suspected of improperly using VoIP services, political turmoil and lower tariffs due to price competition.

During the year ended December 31, 2013, we generated BDT 31,909.6 million of revenues from airtime voice revenues, compared to BDT 39,399.2 million in 2012. Airtime voice revenues comprise the substantial majority of our overall revenue and include revenues from airtime charges from prepaid and postpaid subscribers, monthly access/contract fees from postpaid subscribers and roaming fees from our postpaid subscribers, as well as roaming fees received from other mobile services operators for providing inbound roaming services to their subscribers. The 19.0% decrease in airtime voice revenues in the year ended December 31, 2013 compared to the year ended December 31, 2012 was primarily due to a decrease in revenues from prepaid and postpaid airtime charges. Prepaid airtime charges were negatively impacted by the disconnection of high usage subscribers whom the BTRC suspected of improperly using VoIP services, in 2012 and 2013, which negatively impacted the revenues of other mobile telecommunications operators in Bangladesh as well (see "—Factors Affecting Our Results of Operations—BTRC Regulations"). Political turmoil in the fourth quarter of 2013 negatively impacted subscriber growth and customer account recharges, which contributed to lower prepaid and postpaid airtime charges, as did lower tariffs due to price competition.

During the year ended December 31, 2013, we generated BDT 3,626.4 million of revenues from VAS revenues, compared to BDT 2,617.1 million in the year ended December 31, 2012. VAS revenues are revenues from SMS and other service fees (such as revenue from data, SIM replacement, reactivation and all VAS other than SMS). The 38.6% increase in VAS revenues in the year ended December 31, 2013 compared to the year ended December 31, 2012 resulted from a BDT 915.7 million increase in revenues from other service fees and a BDT 93.5 million increase in SMS revenues from December 31, 2012 to December 31, 2013, primarily due to an increase in our subscriber base and increased mobile data and VAS usage among our subscribers in the year ended December 31, 2013.

During the year ended December 31, 2013, we generated BDT 3,745.0 million of revenues from interconnect fees, compared to BDT 3,151.6 million in the year ended December 31, 2012. The 18.8% increase in receipt of interconnect fees in the year ended December 31, 2013 compared to the year ended December 31, 2012 resulted from a BDT 596.3 million increase in interconnect fees from prepaid customers, slightly offset by a BDT 3.0 million decrease in interconnect fees from postpaid customers, from December 31, 2012 to December 31, 2013, primarily due to an increase in our subscriber base and an increase in "off network calls" from other operators in the year ended December 31, 2013.

Other operating income

Our other operating income increased by 7.8% to BDT 605.4 million in 2013 from BDT 561.6 million in 2012, primarily due to a BDT 25.4 million increase in m-commerce revenue and a BDT 11.8 million increase in infrastructure sharing revenue, reflecting an increased usage of our m-commerce platform and a trend for mobile operators to rent tower capacity from other operators instead of building their own towers.

Network operation cost

Network operation cost decreased by 12.9% to BDT 11,101.4 million in 2013 from BDT 12,741.7 million in 2012, primarily due to a BDT 1,029.0 million decrease in interconnect costs as a result of a decrease in outgoing off-net calls, and a BDT 678.6 million decrease in network maintenance costs as a result of cost optimization in 2013.

Revenue sharing, spectrum charge and license fee

Revenue sharing, spectrum charges and license fee decreased by 10.5% to BDT 3,299.5 million in 2013 from BDT 3,686.8 million in 2012, primarily due to a BDT 379.8 million decrease in revenue sharing costs, mainly as a result of our decreased revenue.

Employee costs

Employee costs increased by 14.4% to BDT 2,348.9 million in 2013 from BDT 2,052.8 million in 2012. This increase was primarily due to our introduction of a defined benefit scheme for employee terminal benefits from January 1, 2013, with retrospective effect, in addition to an increase in employee salaries in 2013 related to inflation and time of service with the Company.

Other expenses

As described above under "—Explanation of Key Income Statement Items," other expenses includes many categories of expenses. Overall, other expenses decreased by 18.2% to BDT 8,417.1 million in 2013 compared to BDT 10,287.4 million in 2012, mainly due to a BDT 2,002.1 million decrease in SIM tax charges and sales promotion expenses, as well as a BDT 172.1 million decrease in dealers' commissions, partly offset by an increase in advertising expenses. SIM tax charges were lower in 2013 than in 2012 due to a decrease in the sale of SIM cards in 2013, as well as the reduction of SIM tax (from BDT 605.5 to BDT 300.0 per SIM card) in May 2013. The decrease in the sale of SIM cards and lower revenues in 2013 compared to 2012 contributed to the decrease in dealers' commissions, which are partly based on subscriber usage. Advertising expenses increased in 2013 as a result of additional television commercials, as well as print media and outdoor advertising as compared to 2012.

Depreciation, amortization and impairment

Total depreciation, amortization and impairment decreased by 2.7% to BDT 15,290.7 million in 2013 from BDT 15,723.0 million in 2012 due to lower impairment of assets in relation to our telecom equipment in 2013, offset by accelerated depreciation on account of phase out of old Intelligent Network (IN) servers.

Finance income

Total finance income decreased by 19.1% to BDT 130.6 million in 2013 from BDT 161.5 million in 2012. The decrease was due to fewer investments made in short-term and fixed deposits and overnight savings deposits in 2013 compared to 2012, including deposits made as collateral for bank guarantees that we provide to the government to cover our potential liabilities in certain litigation. See "Description of Business—Legal and Regulatory Proceedings" for more information on our current legal proceedings.

Finance expenses

Total finance expenses increased by 7.1% to BDT 4,641.3 million in 2013 from BDT 4,332.5 million in 2012. This increase was due to a higher level of incurred indebtedness, largely related to short-term loans, in 2013 as compared to 2012, which we used for investment in the expansion of our network and payment of license fees.

Provision for tax/income tax expense

We do not have taxable profit, and therefore we normally do not make corporate tax provisions. In 2013 our corporate tax provision was nil. See "—Year Ended December 31, 2012 Compared to Year Ended December 31, 2011—Provision for tax/income tax expense" below for a description of our corporate tax provision in 2012.

The minimum corporate tax (of 0.5% of turnover) is included in our other expenses (see "—Other expenses" above) and amounted to BDT 197.4 million in 2013 compared to BDT 227.6 million in 2012.

Net (loss) after tax

Our total net loss increased by 73.5% to BDT 5,010.5 million in 2013 from BDT 2,888.3 million in 2012, mainly as a result of decreased revenues, partly offset by decreases in our network operation costs, SIM tax charges and sales promotional expenses.

EBITDA and EBITDA margin

Our EBITDA decreased by 13.1% to BDT 14,791.1 million in 2013 from BDT 17,021.7 million in 2012, primarily due to decreased revenues, partly offset by decreases in network operation costs, SIM tax charges and sales promotional expenses. Our EBITDA margin decreased by 0.2% points to 37.0% in 2013, from 37.2% in 2012 for the same reasons.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue

Our revenue increased by 19.5% to BDT 45,228.9 million in 2012 from BDT 37,857.0 million in 2011, primarily due to increases in airtime voice revenue of BDT 7,159.8 million.

During 2012, we generated BDT 39,399.2 million of revenues from airtime voice revenues, compared to BDT 32,200.3 million in 2011. Airtime voice revenues include revenues from airtime charges from prepaid and postpaid subscribers, monthly access/contract fees from postpaid subscribers and roaming fees from our postpaid subscribers, as well as roaming fees received from other mobile services operators for providing inbound roaming services to their subscribers. The 22.4% increase in airtime voice revenues in 2012 compared to 2011 was primarily due to an increase in revenues from prepaid and postpaid airtime charges, as a result of an increase in our subscriber base by 2.1 million subscribers, as well as increased usage among our subscribers, as a result of improvements to our network and successful marketing activities.

During 2012, we generated BDT 2,617.1 million of revenues from VAS revenues, compared to BDT 2,483.8 million in 2011. VAS revenues are revenues from SMS and other service fees (such as revenue from data, SIM replacement, reactivation and all VAS other than SMS). The 5.4% increase in VAS revenues in 2012 compared to 2011 resulted from a BDT 75.6 million increase in revenues from other service fees and a BDT 57.6 million increase in SMS revenues from December 31, 2011 to December 31, 2012, primarily due to our larger subscriber base and increased mobile data and VAS usage among our subscribers in 2012.

During 2012, we generated BDT 3,151.6 million of revenues from interconnect fees, compared to BDT 3,121.3 million in 2011. The 1.0% increase in receipt of interconnect fees in 2012 compared to 2011 resulted from a BDT 24.3 million increase in interconnect fees from prepaid customers and a BDT 6.0 million increase in interconnect fees from postpaid customers from December 31, 2011 to December 31, 2012, primarily due to our larger subscriber base and an increase in "off network calls" from other operators in 2012.

Other operating income

Our other operating income increased by 65.5% to BDT 561.6 million in 2012 from BDT 339.4 million in 2011, primarily due to a BDT 194.1 million increase in infrastructure sharing revenue from December 31, 2011 to December 31, 2012, largely as a result of leasing our fiber optic network to WiMAX operators and leasing network tower capacity to Grameenphone, Robi and Airtel. In recent years, the number of WiMAX licenses and operators has increased, and mobile operators have tended to rent tower capacity from other operators instead of building their own towers.

Network operation cost

Network operation cost increased by 24.9% to BDT 12,741.7 million in 2012 from BDT 10,203.7 million in 2011, primarily due to higher interconnect cost resulting from higher outbound traffic from our subscribers, as well as a higher number of BTS sites, which lead to a proportionate increase in maintenance costs, utilities, rental, and other costs associated with our BTS sites. These higher costs were partially offset by cost savings achieved through local sourcing of SIM cards.

Revenue sharing, spectrum charge and license fee

Revenue sharing, spectrum charges and license fee increased by 43.1% to BDT 3,686.8 million in 2012 from BDT 2,577.3 million in 2011, primarily due to a BDT 936.0 million increase in revenue sharing costs from December 31, 2011 to December 31, 2012, mainly as a result of our increased revenue in 2012 and a change in our accounting for interconnection revenue sharing. Previously, interconnection revenue was included in revenue on a net basis (already reduced by the amount of interconnection cost), and revenue sharing did not include interconnection cost. From November 2011, we have included interconnection revenue in revenue on a gross basis, and revenue sharing now includes the amount of interconnection cost. In addition, in November 2011, the BTRC introduced an additional revenue sharing fee (equivalent to 1.0% of our annual audited gross revenue, as adjusted pursuant to the applicable guidelines) that we must pay for the benefit of the Social Obligation Fund, on top of the revenue sharing fee (equivalent to 5.5% of our annual audited gross revenue, as adjusted pursuant to the applicable guidelines) that we pay to the BTRC. Revenue sharing costs also increased proportionately in 2012 compared to 2011 as a result of our increased revenue.

Employee costs

Employee costs increased by 25.1% to BDT 2,052.8 million in 2012 from BDT 1,640.8 million in 2011. This increase was primarily due to a relatively high annual salary adjustment in 2011, resulting in higher salary expenses in 2012, as well as a 3.5% increase in head count in 2012.

Other expenses

As described above under "—Explanation of Key Income Statement Items," other expenses includes many categories of expenses. Overall, other expenses decreased by 31.2% to BDT 10,287.4 million in 2012 compared to BDT 14,960.3 million in 2011, mainly due to the foreign exchange gain of BDT 1,209.8 million in 2012 compared to the large foreign exchange loss of BDT 4,071.1 million in 2011. Excluding foreign exchange gain/loss, overall other costs increased to BDT 11,497.2 million in 2012, which is 5.6% higher than 2011. This increase was primarily a result of increased advertising, market research and development expenses. We also incurred lower SIM tax subsidy expenses in 2012 compared to 2011 as a result of the NBR lowering the SIM tax from BDT 800.0 to BDT 605.5 per SIM card in June 2011.

Depreciation, amortization and impairment

Total depreciation, amortization and impairment increased by 41.2% to BDT 15,723.0 million in 2012 from BDT 11,135.3 million in 2011 due to addition of both tangible and intangible fixed assets (including 2G license fees of BDT 19,816.1 million) and impairment of MSC, BSC and BTSs in 2012. In addition, we accelerated the depreciation of our intelligent network servers (in connection with the replacement of Huawei servers with new Ericsson servers) and of the batteries used at our BTS sites for backup power (in connection with a reduction in the estimated remaining useful life of such batteries) in the year ended December 31, 2012, which contributed to the increase in depreciation in 2012.

Finance income

Total finance income increased by 32.4% to BDT 161.5 million in 2012 from BDT 122.0 million in 2011. The increase was due to the additional investments made in short-term fixed deposits and overnight savings deposits in 2012 compared to 2011, including deposits made as collateral for bank guarantees that we provide to the government to cover our potential liabilities in certain litigation. See "Description of Business—Legal and Regulatory Proceedings" for more information on our current legal proceedings.

Finance expenses

Total finance expenses increased by 16.9% to BDT 4,332.5 million in 2012 from BDT 3,705.1 million in 2011. This increase was due to the increased level of indebtedness we incurred in 2012 compared to 2011, which we used for investment in the expansion of our network and payment of license fees.

Provision for tax/income tax expense

We do not have taxable profit, and therefore we normally do not make corporate tax provisions. In 2012, however, we made a tax provision of BDT 16.0 million in relation to capital gains taxes, which we are required to pay at a rate of 15.0% on any taxable capital gain.

The minimum corporate tax (of 0.5% of turnover) is included in our other expenses (see "—Other expenses" above) and amounted to BDT 227.6 million in 2012 compared to BDT 303.9 million in 2011.

Net (loss) after tax

Our total net loss decreased by 51.1% to BDT 2,888.3 million in 2012 from BDT 5,904.1 million in 2011, mainly as a result of increased revenues and our recording a foreign exchange gain, partially offset by an increase in our cost base.

EBITDA and EBITDA margin

Our EBITDA increased by 93.1% to BDT 17,021.7 million in 2012 from BDT 8,814.3 million in 2011, primarily due to revenue growth, foreign exchange gain and ongoing cost control initiatives (including reducing security cost, outsourcing network maintenance and local procurement of SIM cards). Our EBITDA margin increased by 14.1% points to 37.2% in 2012, from 23.1% in 2011, primarily due to the cost efficiency improvements.

Liquidity and Capital Resources

The rapid growth of our business has significantly affected our liquidity. As a mobile network operator, we require significant amounts of capital to construct networks and attract and retain subscribers. For each of the years ended December 31, 2011, 2012 and 2013, our capital expenditures exceeded our net cash generated from operating activities. For the three years ended December 31, 2013, cumulative net cash generated from operating activities was BDT 30,708.4 million and cumulative capital expenditures (equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction) were BDT 63,126.3 million. Our capital expenditures are further described under "—Capital Expenditures" below.

We anticipate that we will continue to incur significant capital expenditures in 2014 and the following few years as we continue to increase the capacity, coverage and quality of our network and finance new license and spectrum acquisitions. As our operations mature and our network infrastructure is built out more substantially, we expect our capital expenditures for these operations to decrease. We anticipate that our future capital expenditures will be financed by a combination of operating cash flow, new debt and potentially by conducting an initial public offering of our shares, although at present we do not intend to conduct an equity offering.

We believe that, based on our current expectations regarding our results of operations and cash flow, our ability to raise debt and the expected proceeds of the Offering, we will have sufficient liquidity and capital resources to meet all of our current and planned capital expenditures for the foreseeable future.

Cash Flow Summary

The following table summarizes our cash flows for the years ended December 31, 2011, 2012 and 2013:

	Year Ended December 31,			
	2011	2012	2013	2013
	(in BDT, thousands)			(in US$, thousands)
Statement of cash flows data:				
Net cash from operating activities	9,684,220	12,968,363	8,055,854	103,135
Net cash used in investing activities	(20,663,997)	(15,157,115)	(21,274,979)	(272,372)
Net cash from financing activities	11,469,856	4,255,841	12,075,472	154,596
Net changes in cash and cash equivalents	490,079	2,067,089	(1,143,654)	(14,642)

During the years ended December 31, 2011, 2012 and 2013, we generated positive cash flow from our operating activities and financing activities, and we generated negative cash flow from our investing activities. Cash flow from financing activities was positive during the years ended December 31, 2011, 2012 and 2013, due to increased cash inflows from new borrowings during the years ended December 31, 2011, 2012 and 2013.

As of December 31, 2013, we had negative working capital of BDT 55,593.5 million, compared to negative working capital of BDT 44,791.4 million as of December 31, 2012 and negative working capital of BDT 46,289.9 million as of December 31, 2011. Working capital is defined as current assets less current liabilities. The change in our working capital as of December 31, 2013 compared to December 31, 2012 was mainly due to an increase in current loans and borrowings and a decrease in cash and bank balances. The change in our working capital as of December 31, 2012 compared to December 31, 2011 was mainly due to an increase in cash and bank balances and a decrease in provisions.

Our working capital is monitored on a regular basis by management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Our management believes that our working capital, together with future cash flows and borrowings, are sufficient to meet our present operational requirements.

Operating Activities

During the year ended December 31, 2013, net cash flow from operating activities was BDT 8,055.9 million, a 37.9% decrease from the BDT 12,968.4 million of net cash flows from operating activities during 2012. The decrease in net cash flow from operating activities during 2013 as compared to 2012 was primarily the result of a BDT 2,138.0 million increase in loss before tax due to decreased revenues, a BDT 1,401.6 million decrease in net change in working capital and a BDT 1,285.6 million increase in interest payments due to an increase in short-term loans in 2013 compared to 2012.

During the year ended December 31, 2012, net cash flow from operating activities was BDT 12,968.4 million, a 33.9% increase over the BDT 9,684.2 million of net cash flows from operating activities during 2011. The increase in net cash flow from operating activities during 2012 as compared to 2011 was primarily the result of increased EBITDA due to a larger subscriber base and increased usage by subscribers, as well as ongoing cost control initiatives.

Investing Activities

During 2013, net cash used in investing activities was BDT 21,275.0 million, a 40.4% increase over the BDT 15,157.1 million of net cash used in investing activities during 2012. The increase in net cash flow used in investing activities during 2013 as compared to 2012 was primarily the result of an increase in capital expenditures, mainly due to the acquisition of our 3G license and spectrum in 2013 and higher payments for GSM spectrum and license fees and higher network roll-out requirements in 2013 compared to 2012, in line with our annual budgets.

During 2012, net cash used in investing activities was BDT 15,157.1 million, a 26.6% decrease from the BDT 20,664.0 million of net cash used in investing activities during 2011. The decrease in net cash flow used in investing activities during 2012 as compared to 2011 was primarily the result of a decrease in capital expenditures, mainly due to lower payments for GSM spectrum and license fee installments and lower network roll-out requirements in 2012 compared to 2011, in line with our annual budgets.

Financing Activities

During 2013, net cash flow from financing activities was BDT 12,075.5 million, a 183.7% increase over the BDT 4,255.8 million of net cash flow from financing activities during 2012. The increase in net cash flow from financing activities during 2013 as compared to 2012 was primarily the result of an increase in new borrowings (we raised BDT 10,131.6 million more in short-term loans, including the Bridge Loan, partly offset by raising BDT 2,942.6 million less in loans from our parent company), and a decrease in repayments of indebtedness (we made BDT 630.6 million less of payments and repayments under our loans from vendor financing, finance lease obligations, long-term loans from banks and local currency bonds) in the year ended December 31, 2013 compared to the year ended December 31, 2012.

During 2012, net cash flow from financing activities was BDT 4,255.8 million, a 62.9% decrease from the BDT 11,469.9 million of net cash flow from financing activities during 2011. The decrease in net cash flow from financing activities during 2012 as compared to 2011 was primarily the result of a decrease in new borrowings (we raised BDT 4,911.4 million less in short-term loans and BDT 1,113.4 million less in loans from our parent company) and an increase in repayments of indebtedness (we made BDT 1,189.2 million more of payments and repayments under our loans from vendor financing, finance lease obligations, long-term loans from banks and local currency bonds) in the year ended December 31, 2012 compared to the year ended December 31, 2011.

As of December 31, 2013, the carrying value of our total debt (excluding loans from parent company), which we calculate as our total debt for vendor financing, lease financing, bank and other short-term and long-term loans, excluding loans from our parent company (the Shareholder Loans), was BDT 33,239.3 million, BDT 5,735.3 million of which was outstanding under the Secured Facilities (which excludes BDT 37.6 million of outstanding finance lease liabilities). For more information on certain of our outstanding indebtedness, see "Description of Other Indebtedness."

For information relating to our outstanding indebtedness subsequent to December 31, 2013, see "Description of Other Indebtedness." For a description of some of the risks associated with certain of our indebtedness, see "Risk Factors—Risks Related to Our Business—We have historically incurred net losses after tax and we may not be able to generate sufficient cash flows or obtain additional financing, if necessary, to sustain our operations, to meet our other capital requirements or to refinance our existing debt when it matures," "—We are subject to interest rate risks, which may negatively impact our financial results and may increase the costs of repaying our debt," "—We are subject to currency exchange risks, which may negatively impact our financial results and may increase the costs of repaying our debts," and "—We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise."

Capital Expenditures

The following table sets forth our capital expenditures for the periods indicated:

	Capital Expenditures		
	Property, plant and equipment	**Intangible**	**Total**
		(BDT in millions)	
2011	10,664.0	20,148.7	30,812.7
2012	9,941.0	353.6	10,294.6
2013	10,093.8	11,925.2	22,019.0

Our capital expenditures comprise additions and capitalizations of property, plant and equipment and intangible assets, accounted at the earliest event of advance payment or delivery. Historically, most of our capital expenditures were made to build, expand and improve our network coverage and capacity and to purchase related equipment. Currently our mobile network covers approximately 85.0% of the country's geographical area and approximately 99.0% of the population across all 64 districts in Bangladesh.

During 2013, our capital expenditures were BDT 22,019.0 million compared to BDT 10,294.6 million during 2012 and BDT 30,812.7 million during 2011. The increase in capital expenditure in 2013 compared to 2012 and decrease in capital expenditure in 2012 compared to 2011 were mainly due to high capital expenditures for 3G spectrum and license fees in 2013 as a result of our 3G license award, high capital expenditures for GSM spectrum and license fees in 2011 as a result of our 2G GSM license renewal, high capital expenditures on equipment for the expansion and modernization of our network in 2013 and lower network roll-out requirements in 2012 compared to 2013 and 2011, in line with our annual budgets.

In the years ended December 31, 2011, 2012 and 2013, our capital expenditures were 81.4%, 22.8% and 56.0% of our revenues, respectively. We expect that our capital expenditures in 2014 will mainly consist of the maintenance of our existing networks as well as the increase of capacity and coverage and 3G roll-out (including 3G license fees and network equipment). The actual amount of our capital expenditures for 2014 will depend on market developments and our performance. We expect to fund our ongoing and future capital expenditures with cash flow from operations, financings and the proceeds of the Offering.

As described above under "—Factors Affecting Our Results of Operations—Taxes, duties and fees—License Fees," out of the total 3G spectrum assignment fee of BDT 8,571.9 million, accounted for as GSM License (3G) cost, 40.0% is payable within 180 working days after the 3G auction results notification date on September 8, 2013, and accordingly the Company is carrying a liability of BDT 3,428.8 million, on December 31, 2013, towards the 40.0% of the spectrum assignment fees. We intend to pay this amount on or before May 29, 2014 using a portion of the remaining proceeds of this Offering, a portion of the drawn but unutilized amounts under the Shareholder Subordinated Loans and cash flow from operations.

Contractual Obligations and Material Commitments for Capital Expenditure, and Expected Sources of Funds

The following table sets forth our contractual obligations, including commitments for capital expenditures, as of December 31, 2013 for the periods indicated:

	Payment due by period				
	Less than 1 year	1-2 years	3-5 years	More than 5 years	Total
	(BDT in millions)				
Long-term debt	5,813.8	3,876.4	22,026.3	6,332.3	38,048.8
Long-term debt (principal only)	4,740.1	2,505.6	20,859.1	6,527.1	34,631.9
Long-term debt (contractual interest)	1,073.7	816.0	1,446.9	80.3	3,416.9
Loans from Huawei Tech Investment Co. Ltd (principal only)	873.7	280.0	—	—	1,153.7
Finance lease liabilities (principal only)	12.0	12.2	13.4	—	37.6
Purchase obligations	3,455.7	—	—	—	3,455.7
Total contractual obligations	10,155.2	4,168.6	22,039.7	6,332.3	42,695.8

Finance Lease Commitments

As of December 31, 2013 the present value of finance lease liabilities totaled BDT 37.6 million.

Operating Lease Commitments

As of December 31, 2013, our operating lease liabilities/commitments totaled BDT 10,171.5 million, representing the non-cancellable portion of operating lease liability against leased cell sites, office premises, warehouses, and similar sites. The non-cancellable portion/period of cell site operating leases is considered equivalent to the useful life of cell site construction portion (15 years), based on economic substance rather than legal form (because, contractually, the notice period in most cell site agreements is only six months).

Off-Balance Sheet Arrangements

We do not have material off-balance sheet arrangements as of December 31, 2013, subject to the commitments and contingencies described elsewhere in this offering memorandum.

As of December 31, 2013, we also have counter-indemnity obligations in connection with bank guarantees totaling BDT 2,210.0 million. The main beneficiaries of these guarantees are the BTRC, with BDT 1,500.0 million guaranteed in connection with our 3G license and the Commissioner of Custom House, Chittagong and Custom House Dhaka, with a total of BDT 550.2 million guaranteed in connection with our import of equipment.

Allowance for Doubtful Accounts

As of December 31, 2013 we had an aggregate of BDT 2,342.3 million in accounts receivable net of provisions for doubtful debts as shown in the table below:

	As of December 31,		
	2011	2012	2013
	(BDT in millions)		
Accounts receivable	1,658.0	2,289.1	2,475.9
Less: provision for doubtful debts.	(86.5)	(80.3)	(133.6)
Accounts receivable, net	1,571.5	2,208.8	2,342.3

Critical Accounting Policies

Please refer to note 3 to our audited financial statements as of and for the year ended December 31, 2013 included elsewhere in this offering memorandum.

Quantitative and Qualitative Disclosures about Market Risk

The principal market risks that we are exposed to are changes in foreign exchange rates, inflation and, to a lesser extent, fluctuations in interest rates. The following discussions, constituting forward-looking statements that involve risk and uncertainties, summarize our exposure to foreign exchange rates, inflation and interest rate movements and our policies to address these risks. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations.

Exchange Rate Risk

We are exposed to market risk from adverse movements in foreign currency exchange rates against the Taka, because our cash flows from operating activities in Bangladesh are denominated in Taka, while our debt is partly denominated in U.S. dollars.

The U.S. dollar is a widely used currency in Bangladesh, and converting between U.S. dollars and Taka is closely regulated by Bangladesh Bank under a "managed float" regime. We are permitted to retain in U.S. dollars a portion of our foreign-currency revenues generated by international roaming and related services. We maintain a U.S. dollar account to retain such revenues, which serves as a hedge to settle U.S. dollar-denominated expenses, although it does not fully cover our currency exchange risk. Our foreign currency hedging policy is set and closely monitored at the VimpelCom Group level. In accordance with these policies, we do not enter into any treasury management transactions of a speculative nature, and we currently do not enter into hedging transactions to manage currency exchange risk.

Inflation Risk

We are affected by inflation and changing prices from our suppliers primarily through the cost of equipment, increased operating costs and expenses and fluctuations in interest rates. In particular, we increase wages annually in response to inflation in Bangladesh.

According to the Bangladesh Bureau of Statistics, the national inflation rate of Bangladesh, as measured by the consumer price index, was 10.9%, 8.7% and 6.8% for the years ended December 31, 2011, 2012 and 2013, respectively.

If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through tariff increases. Increases in the cost of essential items, such as fuel and food, may reduce our subscribers' available purchasing power and may lead to decreased spending on telecommunications. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Interest Rate Risk

We are also subject to market risks due to fluctuations in interest rates, principally as a result of our long-term borrowings, nearly all of which bear interest at variable rates and expose us to rate increases. If we enter into hedging transactions, we must comply with the global treasury policy, but we do not currently use any derivative instruments to manage our interest rate risk.

Increases in interest rates will increase the cost of new borrowings and the interest rate with respect to our outstanding floating rate debt, and could have a material adverse effect on our financial position. After giving effect to our exposure to floating interest rates as of December 31, 2013, if interest rates increased by 1.0% and all other variables were held constant, we estimate that we would have incurred additional interest expense of BDT 328.8 million on our floating rate debt.

Overview of Bangladesh

Unless otherwise expressly stated, the information set out in this section is derived from publicly available sources (statistical data is from the Bangladesh Ministry of Finance website, the Bangladesh Bank website, the WTO Trade Policy Review on Bangladesh for FY 2011-12, the Bangladesh Economic Review FY 2012-13, the CIA World Factbook, the International Monetary Fund ("IMF") World Economic Outlook Database: October 2013, the Dhaka Stock Exchange website and Informa Telecoms & Media ("Informa")). Such information and statistics have been not verified by us, the Initial Purchaser or its or our respective affiliates or advisers. The information may not be consistent with other information compiled within or outside Bangladesh.

References to "FY" in this section are to the Bangladesh fiscal year, which runs from July 1 to June 30. For example, "FY 2012-13" refers to the fiscal year from July 1, 2012 to June 30, 2013.

Overview

With the ninth largest population in the world, the People's Republic of Bangladesh ("Bangladesh") is located in Southern Asia, bordered by the Bay of Bengal to the south, India to the north, east and west and Burma (Myanmar) to the south-east. According to the CIA World Factbook, Bangladesh has a land area of approximately 143,998 square kilometers, with 580 kilometers of shoreline and borders of 4,053 kilometers with India and of 193 kilometers with Burma (Myanmar).

Bangladesh is divided into 7 divisions (Dhaka, Chittagong, Sylhet, Rajshahi, Khulna, Barisal and Rangpur) and 64 districts. It is one of the most densely populated countries in the world, and a significant majority of the population lives in rural areas. According to Informa, the country's population was 157.6 million as of 2013.

Bangladesh's economy has grown at an average of approximately 6.0% over the past two decades, according to the CIA World Factbook. The country's main endowments include its rich agricultural land and vast human resource base. Bangladesh has been gradually becoming a free market secular state, taking major policy steps over the last two decades to encourage more liberalized trade, foreign direct investment and private sector growth.

Bangladesh has foreign currency and local currency sovereign ratings of "Ba3" from Moody's and "BB-" long-term and "B" short-term from S&P, each with a stable outlook. The country has maintained these ratings since 2010 when it was first rated by S&P and Moody's. Bangladesh has worked closely with international development partners such as the World Bank, the International Monetary Fund, the Asian Development Bank and the Islamic Development Bank to maintain stable macroeconomic conditions.

History

For centuries, the area that is now Bangladesh was part of the Bengal region of India. India's independence in 1947 resulted in the partition of Bengal, with the region's Muslim section becoming East Pakistan, a non-contiguous part of the then newly formed nation of Pakistan. On December 16, 1971, East Pakistan separated from Pakistan and became an independent country, Bangladesh.

Government and Law

Bangladesh is a parliamentary democracy, with the President as the chief of state and a Prime Minister as the head of government. The Cabinet, headed by the Prime Minister, is vested with executive power and is made collectively responsible to the National Parliament or Jatiya Sangsad, which is the legislative branch. The unicameral National Parliament has 300 members elected by popular vote from single territorial constituencies. The President acts on the advice of the Prime Minister and is elected by the members of the National Parliament to five year terms (maximum two terms). The President officially appoints the representative of the majority party in the National Parliament as the Prime Minister. Currently, the President

is Abdul Hamid and the Prime Minister is Sheikh Hasina, the leader of the Awami League, one of Bangladesh's biggest political parties. The Awami League was voted into power in the ninth general election held on December 29, 2008. In the tenth general election held on January 5, 2014, the Awami League won the most seats and Sheikh Hasina was re-elected as the Prime Minister.

There are essentially two tiers of the judiciary branch in Bangladesh: the higher tier consists of the Supreme Court of Bangladesh (organized into two divisions, the High Court Division and the Appellate Division), and the lower tier consists of subordinate courts and tribunals. The Chief Justice and the other justices of the Supreme Court of Bangladesh are appointed by the President.

Bangladesh law is mainly based on English common law with Islamic law influences. While many of the major laws in Bangladesh were enacted during British rule, the laws (and the constitution) of Bangladesh have been repeatedly amended over the years.

Macroeconomic Environment

According to the International Monetary Fund, Bangladesh ranked as the 43rd largest economy in the world in 2013 in purchasing power parity terms and the 59th largest in nominal terms, with a gross domestic product of USD 324.6 billion in purchasing power parity terms and USD 140.2 billion in nominal terms.

Economy and Growth

Bangladesh has been able to maintain real GDP growth at more than 6.0% on an average over the last three fiscal years, despite experiencing a slowdown in the growth in world trade at the beginning of the global financial crisis during FY 2008-09. According to the provisional estimate of the Bangladesh Bureau of Statistics, real GDP growth stood at 6.2% for FY 2012-13.

GDP Statistics

	2010-11	2011-12	2012-13**
Nominal GDP (*in BDT, billions*)	8,993.3	10,412.5	11,880.7
Nominal GDP (*in USD, billions*)*	126.4	131.6	147.4
Real GDP Growth Rate (%)	6.9	6.5	6.2
Population (*in millions*)	149.7	151.6	153.6
Per Capita Nominal GDP (*in BDT*)	60,096.0	68,693.0	77,348.0
Per Capita Nominal GDP (*in USD*)*	844.0	868.0	960.0

* Converted at exchange rates provided by the Bangladesh Bureau of Statistics.

** Provisional

Source: Bangladesh Bureau of Statistics.

The three main sectors of the Bangladesh economy are agriculture, industry and services, which contributed an estimated 16.5%, 29.4% and 54.1%, respectively, to GDP at constant prices in FY 2012-13. Each of these broad sectors has registered positive growth over the last three fiscal years and enabled the country to maintain its average real GDP growth rate at over 6.0% during that period.

Agriculture

The provisional growth rate of the broad agriculture sector was approximately 3.2% in FY 2012-13, which was higher than the growth rate in the previous fiscal year, largely on account of a higher growth rate in the fishing sub-sector. The animal farmings and forestry sub-sectors also recorded higher growth rates of 6.9% and 6.3% in FY 2012-13 compared to 0.0% and 6.0% in FY 2011-12, respectively.

Although the sector's contribution to the GDP has decreased over the past thirty years, its indirect contribution to the overall growth of GDP is significant. The growth of the services sector, particularly the growth of wholesale and retail trade; hotel and restaurants; and transport, storage and communication sectors is strongly supported by the agriculture sector. In addition to the exports of main agricultural commodities, such as raw jute, jute goods, tea, frozen foods, the Bangladesh Government has taken steps to increase exports of non-traditional agricultural commodities. However, food imports account for a considerable percentage of total imports, making Bangladesh a net food-importing country.

Industry

The provisional growth rate of the broad industry sector was approximately 10.0% in FY 2012-13, which represented an increase from the previous fiscal year. Within this sector, the provisional growth in the manufacturing sub-sector recorded a slight increase from 10.0% in FY 2011-12 to 10.5% in FY 2012-13. Export earnings increased, however, despite slow growth in the Eurozone, which is Bangladesh's main export destination. Growth in the construction and mining sub-sectors was higher year on year, estimated at 8.9% and 9.9% in FY 2012-13 compared to 8.4% and 7.2%, respectively, in FY 2011-12, while growth in the utilities sub-sector was estimated at 8.6% in FY 2012-13, a decline from 10.6% in FY 2011-12.

Manufacturing in Bangladesh is driven by a number of sectors: garments, jute yarn and twine, pharmaceuticals, tobacco manufacturing, beverages, cement and ship building. Bangladesh has been particularly successful in the export of ready-made garments owing to its price competitiveness, low garment labor wages, government subsidies and the benefit of duty-free and quota-free access to many countries like Japan and Australia, as well as the EU. In addition, private investment in the construction and export of small ships has recently increased in Bangladesh, further supporting the country's industry sector.

Services

The broad services sector grew at an estimated 5.3% in FY 2012-13, a decrease from the prior fiscal year. Growth in the transport, storage and communications sub-sector was estimated at 6.5%, a decrease from the 8.8% rate in FY 2011-12, of which the post and telecommunications sub-sector registered a provisional growth rate of 9.6% in FY 2012-13 and contributed significantly to the GDP.

The services sector accounts for a significant part of the GDP and has been a fast growing component of the economy in the last decade. The wholesale and retail trade sub-sector is the largest contributor to this sector, followed by transport, storage and communications. The Bangladesh Government has focused on developing its trade in services and improving its outsourcing capabilities, which has promoted the fast growth in the services sector.

Monetary and Financial Sector

To respond to global and domestic economic changes following the global financial crisis, the Bangladesh Bank has revised its formerly accommodative monetary policy. The Bangladesh Bank restrained the money supply and credit growth to stabilize inflation, which had increased partly because of high domestic credit growth, higher global prices of essential commodities and extensive borrowing to meet government expenditures. The restrained monetary policy was also adopted to ensure adequate credit flows to productive and priority sectors, such as the industry, agriculture and small and medium enterprise sectors, while controlling credit flows to other sectors.

Capital Markets

Bangladesh's capital market is dominated by two stock exchanges, the Dhaka Stock Exchange, established in 1954, and the Chittagong Stock Exchange, established in 1995. As of January 1, 2014, the combined market capitalization of listed companies was BDT 2,657.3 billion representing 22.4% of nominal GDP in FY 2012-13.

The Bangladesh Securities and Exchange Commission (the "BSEC"), established in 1993 under the aegis of the Ministry of Finance, regulates the country's capital markets and market participants. It aims to protect the interests of investors and develop a fair, transparent and efficient securities market. The market is currently at an early stage of development and major market players (such as stock exchanges, brokers,

dealers and asset managers) have limited capacity. Furthermore, transparency is limited by inadequate disclosures both in trading and in the quality of information. The Bangladesh Government and the stock exchanges have taken steps to address these concerns. Commercial banks are required to run merchant banking operations through separate subsidiary companies, which are subject to BSEC regulatory requirements. In July 2011, the DSE launched its Department of Corporate Governance and Financial Reporting Compliance in order to improve good governance and transparency among listed companies by evaluating their financial statements. In addition, the Demutualization Act, 2013 was passed by the Bangladesh Parliament in April 2013 and approved by the BSEC in September 2013 in relation to the demutualization of the country's stock exchanges. The act is intended to ensure discipline and eliminate conflicts of interest by requiring that the ownership and the management stock exchanges be separated.

The Bangladesh debt/bond market was established relatively recently with fixed-income securities coming into existence only in 1987 and trading in government treasury bonds starting only in December 2005. Government securities and savings instruments account for almost all non-bank debentures issued in the country. The Bangladesh Government recognizes the need to develop an active market for corporate debt, mutual funds, and other financial instruments where banks and non-bank financial institutions can play the role of large investors. The BSEC, articulating the Bangladesh Government's policy, has established many rules for the issuance of corporate bonds/debt. For example, the BSEC's Private Placement of Debt Securities Rules, 2012, which governs private placement issuances by companies, was published in the Official Gazette for notification on March 13, 2013. Furthermore, as the country's central bank and regulatory body for the monetary and financial system, the Bangladesh Bank has taken steps to improve the depth and efficiency of the country's money market. The Bangladesh Bank issues T-Bills, Bangladesh Bank Bills, and Bangladesh Government Treasury Bonds and operates repo and reverse repo operations for banks and financial institutions.

Bangladesh Government's Initiatives for the Development of the Telecommunications and Information and Communications ("ICT") Sector

The telecommunications sector is one of the fastest growing economic sectors in Bangladesh and has developed into an important part of the Bangladesh economy. The mobile telecommunications penetration rate has increased in recent years, fuelled by rapid growth in mobile phone connections and some of the lowest tariffs in the world. At the end of 2013 in Bangladesh, there were 113.8 million mobile phone subscribers (according to the BTRC), representing an increase of more than ten times the number of subscribers in 2005 and a penetration rate of 72.2%, based on Informa population data. The telecommunications sector has also emerged as a very competitive market with significant foreign participation. It has become the largest driver of foreign direct investment and an important source of tax revenue.

The Bangladesh Government established the BTRC in 2002 to act as the regulator for the telecommunications industry. The Commission operates within the broad framework of the National Telecommunication Policy adopted by the Bangladesh Government. There are currently six GSM-licensed mobile operators, five 3G-licensed mobile operators and four licensed and active PSTN operators competing to provide customers with telecommunications services in Bangladesh. Recently, the BTRC issued a set of guidelines called "SIM/RUIM Registration Guidelines" to reduce the usage of unregistered mobile phones.

The Bangladesh Government has also taken various initiatives to develop the telecommunications sector through state-owned companies such as the "BTCL," a public sector telecom services provider providing landline services in urban areas, and the Bangladesh Submarine Cable Company Limited (the "BSCCL") which is the country's sole provider of bandwidth service through a submarine cable (under the SEA-ME-WE-4 Consortium). The BSCCL invested approximately BDT 480.0 million to acquire additional capacity of 6.8 million Minimum Investment Unit kilometers (MIU Km) in the third upgrade of the SEA-ME-WE-4 Consortium, resulting in a total bandwidth capacity of 200 Gbps as of June 2013. The BSCCL is working to generate greater voice and data transmission bandwidth through a second submarine cable, the SEA-ME-WE-5, expected to be operational in 2015. The BTRC aims to further improve telecommunications services by launching its own communications satellite, the Bangabandhu-1, in 2016 and has signed a consultancy agreement with a U.S. firm, Space Partnership International, to accomplish this goal. These measures are designed to extend the broadband internet and telecommunication facilities in the country by narrowing the digital divide and promoting businesses and activities in the ICT sector.

Private Sector Development

The private sector has played a significant role in the development and growth of the country. In FY 2001-02, a total of 2,964 projects with an aggregate proposed investment of BDT 105,400.0 million were registered with the BOI. A decade later, in FY 2011-12, the proposed investment total increased to BDT 878,932.0 million despite a decrease in the number of registered projects to 1,955. The Bangladesh Government has taken a number of measures, including establishing agencies such as the Privatization Commission and restructuring the BOI, to create an environment that allows the private sector to have an effective role in the economy.

Public Private Partnership

In August 2010, the Bangladesh Government issued the Policy and Strategy for Public Private Partnership ("PPP") to facilitate financing and development of core public sector infrastructure and vital services. The PPP Office, established in 2010 as an autonomous office under the Prime Minister's Office, supports ministries in the identification, development, formulation, tendering and selection of PPP investors consistent with international standards. A non-bank financial company, Bangladesh Infrastructure Finance Fund Ltd., was established to provide long-term financing facilities for PPP infrastructure projects. Twenty-nine projects covering eleven different sectors are currently at different stages of screening and development. The priority areas under the PPP initiative include Power and Energy; Transport; Information Technology; Air Transport and Tourism; Industry; Education and Research; Health and Family Welfare and Housing. The private sector participation is intended to promote infrastructure development in Bangladesh, including in the ICT sector.

Investment Environment and Foreign Direct Investment

The first major step toward promoting foreign direct investment in Bangladesh was the introduction of the Foreign Private Investment (Promotion and Protection) Act, 1980. The introduction of the Industrial Policy in 1982 and its revision in 1991 (the "Industrial Policy") was another major step toward establishing a competitive market economy.

The Industrial Policy was developed to ensure that both foreign and domestic investors receive equal treatment. To encourage investment, the Bangladesh Government established the BOI as a central coordinating agency. One responsibility of the BOI is to implement the salient aspects of the Industrial Policy, in particular, the development of the industrial sector to increase its contribution to the gross domestic product, income, resources and employment; the expansion of industries with an emphasis on private sector development; and the encouragement of domestic and foreign investment in industrial development.

The Bangladesh Government has liberalized the industrial and investment policies in recent years by reducing bureaucratic control over private investment and allowing 100% foreign ownership as well as joint-ventures with local entities.

Support from Multilateral Development Partners

Bangladesh has received support from multilateral development partners like the World Bank and the Asian Development Bank. Bangladesh received total foreign assistance of USD 2,126.0 million for FY 2011-12 and an additional USD 2,786.0 million in foreign assistance in FY 2012-13.

The following table shows the foreign aid received by Bangladesh over its last three fiscal years.

Foreign aid receipts and debt repayments*

	FY 2010-11	FY 2011-12	FY 2012-13**
		(in US$, millions)	
Receipts	1,777.0	2,126.0	2,786.0
Food aid	55.0	69.0	20.0
Commodity aid	—	—	—
Project aid	1,722.0	2,057.0	2,766.0
Repayments (medium and long term)	933.0	989.0	1,102.0
Principal	739.0	789.0	906.0
Interest	194.0	200.0	196.0
Outstanding external debt as of June 30, 2013	22,086.0	22,095.0	23,319.0
Outstanding debt as % of GDP	19.7	19.0	18.0
External debt services (medium and long term) as % of exports	4.1	4.0	4.1

* Excluding transactions with the International Monetary Fund.

** Provisional

Source: Ministry of Finance (External Economics Division) and Bangladesh Bank (Statistics Department).

More than 99% of the foreign aid that Bangladesh receives is project aid. Notably, according to WTO Trade Policy Review on Bangladesh for FY 2011-12, the country's reliance on foreign aid for the implementation of its development programs has reduced, and 60% of its annual development program is now domestically financed.

Growing and Geographically Diverse Remittances

Bangladesh's remittances totaled USD 12,843.4 million in FY 2011-12, compared to USD 11,650.3 million in FY 2010-11, an increase of 10.2%.

Bangladesh attracts remittances from a diversified portfolio of countries, limiting the risk of a downturn in any one country or region. The most substantial source of Bangladesh remittances, however, is the Middle East. In FY 2011-12, the Middle East represented nearly two-thirds of Bangladesh's total remittances, with Saudi Arabia, the United Arab Emirates and Kuwait collectively representing 56.7%. The United States is the largest source of non-Middle East remittances, comprising 11.7% of the total remittances in FY 2011-12.

International Relations

Bangladesh has diplomatic and trade relations with most nations of the world. It is a member of the United Nations, the Organization of the Islamic Conference, the Commonwealth of Nations, the World Trade Organization, the International Monetary Fund, the World Bank, the Asian Development Bank and the Islamic Development Bank. Bangladesh is also a founding member of the South Asian Association for Regional Cooperation, which also includes Afghanistan, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Bangladesh is also a member of the Developing-8 ("D8"), together with Egypt, Iran, Indonesia, Malaysia, Nigeria, Pakistan and Turkey.

Overview of the Telecommunication Sector in Bangladesh

The telecommunication sector in Bangladesh has experienced significant growth in the last five years, particularly in the mobile market, which has doubled over that period. As of December 31, 2013, Bangladesh had the 5th largest mobile market in Southeast Asia, with 113.8 million mobile phone users, according to the BTRC, and a penetration rate of 72.2%, based on Informa population data. However, the country's fixed-line teledensity (approximately 1.0%, according to the CIA World Factbook) remains one of the lowest in Southeast Asia, representing a base of 1.2 million fixed-line subscribers, according to TeleGeography. The country's telecom industry has one of the lowest ARPU (Average Revenue per User) levels in the region, with an ARPU level of USD 1.82 in the fourth quarter of 2013, according to Informa.

There are currently six mobile operators in Bangladesh, three of which, Grameenphone, Banglalink and Robi, have the largest market shares of 41.4%, 25.3% and 22.3%, respectively, as of December 31, 2013, according to the BTRC. The other three mobile operators, holding much smaller shares of the mobile telephony market, are Airtel, Citycell and state owned Teletalk. Even though these six mobile operators compete aggressively to acquire new subscribers and the industry remains highly regulated, there is potential for future growth in mobile telephony market, as the BTRC recently issued 3G licenses to mobile operators in Bangladesh in September 2013, following a competitive auction process.

In the fixed-line segment of the Bangladesh telecommunication sector, state owned BTCL is the country's primary fixed-line operator, with 961,589 lines as of December 31, 2013, representing an 83.0% share of the market, according to TeleGeography. In addition to BTCL, there are a number of private operators that have been licensed to provide fixed-line network services in rural areas, although these operators have not had a significant impact on the provision of fixed-line services.

The largest of the private operators, RanksTel, had a fixed-line subscriber base of around 300,000 subscribers as of March 2010. However, the operator's license was revoked by the BTRC in early 2010 as part of the BTRC's attempt to stop illegal VoIP calls. Four other fixed-line operators — PeoplesTel, Dhaka Phone, National Telecom (NationalPhone) and WorldTel — also had their licenses revoked in early 2010 for alleged involvement in illegal VoIP traffic. Under Bangladesh law, international voice traffic must pass through BTCL's network, and operators must pay a tariff to BTCL. The BTRC subsequently reissued licenses to RanksTel, NationalPhone and WorldTel. As of December 31, 2013, a total of four licensed operators (including BTCL) were actively providing PSTN services in Bangladesh, with fixed line subscriber bases of 961,589 (BTCL), 187,557 (RanksTel), 5,450 (Bangla Phone) and 3,700 (WorldTel), according to TeleGeography.

Data services in Bangladesh are provided through fixed and wireless technologies. In 2008, the BTRC received nine bids in an auction for three 15-year nationwide Broadband Wireless Access ("BWA") licenses, offering 35 MHz each in the 2.3 GHz and 2.5 GHz spectrum bands. The concessions allowed WiMAX-based fixed, nomadic or mobile services. The BTRC awarded licenses to Banglalion in October 2008 and to Augere Wireless Broadband Bangladesh ("Augere"), which provides wireless broadband services in Bangladesh under the name "Quebee," in November 2008. The third bid winner, Brac BDMail Network ("bracNET"), failed to make the required license fee payments, as did a later applicant, Mango Teleservices, and the additional frequencies were returned to the BTRC. In November 2013, the BTRC issued the third BWA license in the 2.5 GHz spectrum band to Ollo (a joint venture between two Bangladesh ISPs, New Generation Graphics Limited ("NGGL") and Bangladesh Internet Exchange Limited ("BIEL")), and Ollo completed payment of the license fees in February 2014. As of December 31, 2013, there were 315,795 WiMAX wireless broadband subscribers in Bangladesh, according to the BTRC.

In October 2013, the BTRC amended the BWA licensing guidelines, allowing BWA licensees to provide 4G TD-LTE wireless broadband services. Under the amended BWA licenses, Banglalion, Quebee and Ollo may provide data services (but not voice services) using LTE technology. However, according to TeleGeography, Ollo's 2.5 GHz spectrum allocation has been challenged, as the BTRC issued the BWA license to Ollo without holding a competitive auction process and for the same price that was specified in the 2008 auction. In November 2013, the High Court ordered the BTRC to explain its BWA licensing decisions in relation to Ollo.

Overview of the Mobile Sector

Voice

The total number of mobile telecommunications subscribers in Bangladesh increased from 3.8 million in 2004 to 113.8 million in 2013, according to the BTRC, representing a penetration rate of 72.2% as of December 31, 2013, based on Informa population data. We believe this increase has been driven by many factors, including: (i) an increase in the geographic coverage for mobile telecommunications services by each of the major operators in Bangladesh; (ii) an increase in disposable income; and (iii) an increase in affordability of mobile telecommunications services due to continuing decline in per minute prices and increasing availability of lower cost pricing plans.

The majority of the mobile subscriber market in Bangladesh is made up of prepaid users, who over the last five years have consistently made up close to or exactly 97.0% of the total mobile subscriber base, as shown in the table below.

Mobile Subscribers' Market	2009	2010	2011	2012	2013
Prepaid Share of Market	96.8%	96.9%	97.0%	97.0%	97.2%
Postpaid Share of Market	3.2%	3.1%	3.0%	3.0%	2.8%

Source: Informa.

Despite their growth over the recent years, the mobile telecommunications penetration rate in Bangladesh remains low compared to those in other Asian countries. The following table summarizes the regional demographics of the mobile telecommunications environment in which Bangladesh operates:

Country	Population (m)	Estimated Mobile Subscribers (m)	Penetration Rate
China	1,389.1	1,242.5	89.5%
India	1,259.4	878.5	69.8%
Indonesia	251.2	310.2	123.5%
Pakistan	183.6	133.4	72.6%
Bangladesh	**157.6**	**113.8**	**72.2%**
Philippines	99.2	108.5	109.4%
Vietnam	92.1	123.7	134.4%
Thailand	67.1	92.1	137.3%
Malaysia	29.9	42.0	140.4%
Sri Lanka	21.4	23.4	109.4%
Singapore	5.5	8.6	157.2%

Source: Bangladesh penetration rate is based on the subscriber base reported by the BTRC and population reported by Informa. For all other countries, information is provided by Informa.

Data and Broadband

In 1996, Information Services Network Ltd launched the first internet access service in Bangladesh. However, the country has since struggled to build its internet market and the penetration rate has remained minimal. The ITU reported that only 2.1% of households had internet access in 2012. One key factor hindering growth in the fixed broadband segment has been the scarcity of fixed-line telephone connections.

Broadband internet in Bangladesh currently is in its very early stages of development. Although ISP InTech Online Ltd. ("IOL") launched Bangladesh's first broadband service in Dhaka in 2001 using DSL technology, fixed broadband has not been a major growth segment of the data market, and broadband services continue to be a minor component of the country's internet market. However, one of the key objectives of the BTRC's National Broadband Policy, issued in 2009, is to achieve broadband penetration of 30.0% by 2015.

Following the issuance of BWA licenses in 2008, there were positive signs for the wireless internet market, which grew from 323,307 WiMAX subscribers in February 2012 to 474,003 WiMAX subscribers in February 2013, an increase of 46.6%, according to the BTRC. The 2.3GHz and 2.5GHz WiMAX licenses were issued to operate wireless data services ranging from point-to-point links to full mobile access. Each operator awarded a license was required to deploy at least 90 base stations in the first year of its concession and achieve national WiMAX network coverage within three years. The successful bidders were Banglalion, bracNET and Augere (60.0% owned by UK-based Augere Holdings, 30.0% owned by Teleport Bangladesh and 10.0% owned by Aamra Resources), each committing to pay a BDT 2,150.0 million license fee. However, bracNET was unable to pay its license fee and subsequently withdrew from the licensing process. The BTRC recently issued a third BWA license in the 2.5 GHz spectrum band to Ollo in November 2013.

The number of WiMAX broadband subscribers in Bangladesh decreased significantly in the second half of 2013, from 504,808 at the end of June 2013 to 315,795 at the end of December 2013, according to the BTRC. However, the number of subscribers may increase following the concession of 4G TD-LTE licenses and issuance of an additional license to Ollo, as described above.

3G services in Bangladesh were initially launched in October 2012 on an experimental basis by Teletalk. Being the only state owned operator in Bangladesh, Teletalk was awarded 3G spectrum before other operators, initiating the use of the new technology with 0.3 million users. On September 8, 2013, the BTRC issued 3G licenses to private mobile operators following a competitive auction process. Each 3G license has an initial term of 15 years and a price of BDT 100 million (exclusive of 5% VAT) for the license acquisition fee plus US$21.0 million per MHz (exclusive of 5% VAT) for the spectrum assignment fee. The following private operators were awarded 3G spectrum in connection with the auction: Grameenphone (10MHz), Robi (5 MHz), Airtel (5 MHz) and Banglalink (5 MHz). Citycell did not pay the required US$20.0 million deposit and did not participate in the auction. See "Regulation of the Telecommunications Industry in Bangladesh—Licensing Procedures—3G Licenses" for more information about the 3G licenses and auction.

Competitive Landscape

The Bangladesh mobile telecommunications market is highly competitive. As of December 31, 2013, there were six mobile phone operators in Bangladesh, of which five are owned by major international operators. Banglalink mainly competes against two other major mobile operators providing nationwide service: Grameenphone, the leading market operator, which had an estimated subscriber base of 47.1 million subscribers, representing a market share of 41.4%, as of December 31, 2013, and Robi, the third largest operator, which had an estimated subscriber base of 25.4 million subscribers, representing a market share of 22.3%, as of December 31, 2013.

Grameenphone is 55.8% owned by Telenor Mobile Communications AS (a subsidiary of Telenor ASA) and 34.2% by Grameen Telecom Corporation, with the remaining 10.0% owned by general retail and institutional investors. It is the only mobile operator in Bangladesh listed on the stock exchanges in Dhaka and Chittagong. Robi is 91.6% owned by Axiata Group Berhad and 8.4% owned by NTT DoCoMo.

Banglalink also competes against three smaller operators — Airtel, Citycell, and Teletalk — which had a combined subscriber market share of approximately 11.0% as of December 31, 2013. Citycell is a subsidiary of Singtel, the Singapore based telecommunications company, and is the sole mobile operator to use a CDMA system. Airtel (previously known as Warid Telecom, founded by the Abu Dhabi Group, which subsequently sold its interest to Bharti Airtel Limited) is a global telecommunications company with its head office in New Delhi, India and ranks among the top four mobile telecommunications providers in the world. Teletalk is owned by BTCL, the state-owned incumbent fixed-line telecommunications operator.

The following table sets forth the market share evolution data for the six mobile operators in Bangladesh for the past five years:

Market Share Evolution	**2009**	**2010**	**2011**	**2012**	**2013**
Grameenphone	44.4%	43.7%	42.7%	41.2%	41.4%
Banglalink	26.5%	28.2%	27.8%	26.6%	25.3%
Robi	17.7%	18.0%	18.9%	21.6%	22.3%
Airtel	5.7%	5.8%	7.1%	7.3%	7.3%
Citycell	3.7%	2.6%	2.1%	1.6%	1.2%
Teletalk	2.0%	1.8%	1.4%	1.7%	2.5%

Source: BTRC.

In 2012, Teletalk was issued a block of 2100 MHz frequencies and permitted to launch the country's first universal mobile telecommunication system ("UMTS") network in advance of the private sector auction for 3G licenses. After some delays, Teletalk's commercial W-CDMA/HSPA network launched in Dhaka on October 14, 2012. Depending on its success, Teletalk plans to expand the 3G coverage across the country in phases. Despite its head start in the 3G market, however, Teletalk is unlikely to maintain a competitive advantage, given its limited network coverage and lack of telecom expertise and resources. In January 2014, the BTRC rejected a request from Teletalk to change the allocation of its 3G frequency spectrum, according to TeleGeography.

The following table sets forth certain competitor data, as of December 31, 2013:

Particulars	**GP**	**Banglalink**	**Robi**	**Airtel**	**Citycell**	**Teletalk**
Standard	GSM/3G 900/1800/2100	GSM/3G 900/1800/2100	GSM/3G 900/1800/2100	GSM/3G 900/1800/2100	CDMA 800	GSM/3G 900/1800/2100
Frequency *(MHz)*	32.0 MHz	20.0 MHz	19.8 MHz	20.0 MHz	15.1 MHz	25.2 MHz
Subscriber base *(in millions)*	47.1	28.8	25.4	8.3	1.4	2.8
Market share *(%)*	41.4	25.3	22.3	7.3	1.2	2.5
ARPU (BDT)	176[1]	118[2]	143[3]	133[4]	78[4]	101[4]
Major Shareholders[5]	Telenor ASA (55.8%) Grameen Telecom Corporation (34.2%) Institutional and Retail Investors (10.0%)	GTH (100%)[6]	Axiata Group Berhad (91.6%) NTT DoCoMo (8.4%)	Bharti Airtel Limited (100%)	SingTel (45.0%) Pacific Motors Limited (31.4%) Far East Telecom Limited (23.6%)	Bangladesh Government (100%)
Launch Date	1997	1998	1997	2007	1993	2005

Source: BTRC website at http://www.btrc.gov.bd/; TeleGeography.

(1) Source: Grameenphone 2013 Annual Report.

(2) Source: Banglalink.

(3) Source: Informa.

(4) Source: Informa. Data provided in reported currency (USD) and converted to BDT using the average of the exchange rates on the last day of each month during 2013. See "Exchange Rate Information."

(5) Shareholder data as of the date of this offering memorandum; source: website of each company.

(6) The percentage ownership includes a *de minimis* number of shares held by directors and other qualifying shares.

Competition in the mobile telecommunications industry is based on factors such as pricing, network coverage and quality, customer service, promotional activities, convenience of distribution channels (including network for top-up of prepaid cards), and availability of VAS. Given that VAS represents a small part of the revenue collected from a large mobile user base and mobile handsets are becoming less costly and more technologically advanced, there is a significant commercial opportunity for innovative services in different areas, including finance, entertainment, education and health.

Price competition through promotional activities and competitive pricing plans is constantly evolving. Each operator has significantly reduced prepaid and postpaid tariffs and extended its promotional periods. Periods of intense price reductions, however, adversely affect revenue and margins and, to the extent that they attract subscribers from a lower-income, lower-usage segment of the market, may also lead to changes in the composition of subscriber base, resulting in lower ARPU. The Bangladesh mobile telecommunications industry remains susceptible to periods of intense price competition in the future, as well as other forms of increased competition. Any such price competition may adversely affect ARPU and revenue. If ARPU continues to decrease, revenue could decrease, despite increases in subscriber base. However, following the roll-out of 3G in late 2013, ARPU may increase progressively in light of the 3G capability to sustain more advanced value added services.

ARPU Evolution (BDT)	**2011**	**2012**	**2013**
Airtel[(1)]	142	147	133
Banglalink[(2)]	147	146	118
Citycell[(1)]	89	90	78
GP[(3)]	214	191	176
Robi[(4)]	163	160	143
Teletalk[(1)]	97	106	101

(1) Source: Informa. Data provided in reported currency (USD) and converted to BDT using the average of the exchange rates on the last day of each month during the relevant year. See "Exchange Rate Information."

(2) Source: Banglalink.

(3) Source: Grameenphone 2013 Annual Report.

(4) Source: Informa.

Overview

We are a leading telecommunications operator in Bangladesh providing mobile telecommunications services under the "banglalink" brand name over our own GSM network to retail, corporate and other customer segments through both prepaid and postpaid product offerings. Our principal shareholder is Telecom Ventures, which is a wholly owned subsidiary of GTH. GTH is 51.9% indirectly owned by VimpelCom, one of the world's largest integrated telecommunications services providers with 219.6 million mobile subscribers and operations in 17 countries worldwide, as of December 31, 2013.

Our subscriber base has grown at a compound annual rate of 22.8% from December 31, 2008 to December 31, 2013, and as December 31, 2013, we had 28.8 million subscribers, including 27.2 million prepaid and 1.6 million postpaid subscribers. As of December 31, 2013, the Company was the second largest mobile operator in Bangladesh, with a market share of 25.3% of mobile subscribers in Bangladesh, according to the BTRC.

We market all of our offerings under the "banglalink" corporate brand and logo, which incorporates the image of the Royal Bengal Tiger. Our widely recognized logo and related marketing campaigns were launched following our acquisition by GTH in 2004 and have played an important role in building the brand awareness for "banglalink" and our products. In addition to voice services, we provide our subscribers with non-voice "value-added services" (also referred to as "VAS") such as caller ring-back tone, music juke box, agriculture advisory services, health advisory services, news alert, international roaming and data services, "over-the-air" top-ups as well as SMS and MMS services through our GPRS/EDGE platform. In 2010, we launched Bangladesh's first premium mobile product, "icon," which caters to the high-value subscriber segment.

We operate a mobile telecommunications network based on the GSM standard in the 900 MHz and 1800 MHz frequency bands, as well as a 3G network in the 2100 MHz frequency band. We operate our own fiber optic/microwave backbone, and as of December 31, 2013, our network reached approximately 99.0% of the total population and approximately 85.0% of the geographical area of Bangladesh, with over 8,400 2G base stations and 530 3G enabled sites around the country, a transmission network of more than 3,200 kilometers of fiber optic cable and nearly 8,400 microwave links throughout Bangladesh. The Company has also established a nationwide GPRS/EDGE network to provide our customers access to data services, and we have started to roll out a 3G network after being awarded a license to use 3G technology in September 2013. As of December 31, 2013, we had 8,404 2G cell sites (including 530 3G enabled sites) and 38 on-air switches, a 21.4% increase in 2G cell sites and a 31.0% increase in on-air switches over the last three years.

We have one of the largest sales and distribution platforms among the mobile telecommunications operators in Bangladesh, consisting of distributors, retailers, our telemarketing team and our own corporate sales team. As of December 31, 2013 we had a total of 8 customer care centers, 1,189 service points and 108 distributors who sold our products and services through more than 207,900 Telco Outlets and approximately 99 distributor-owned "banglalink" branded shops. Our distribution channels also include telemarketing through 344 representatives, approximately 41,000 SIM retailers and 169,000 airtime retailers. In addition to urban areas, we have expanded our coverage into rural areas by extending our distribution channels into all of the 64 districts in Bangladesh.

For the year ended December 31, 2013, our revenue was BDT 39,352.5 million, a decrease of 13.0% compared to the year ended December 31, 2012, primarily due to lower airtime voice revenues as a result of the disconnection of high usage subscribers whom the BTRC suspected of improperly using VoIP services, political turmoil and lower tariffs due to price competition (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year Ended December 31, 2013 Compared to Year Ended December 31, 2012—Revenue"). Our EBITDA was BDT 14,791.1 million in the year ended December 31, 2013, compared to BDT 17,021.7 million in the year ended December 31, 2012, and our EBITDA margin was 37.0% in the year ended December 31, 2013, compared to 37.2% in the year ended December 31, 2012.

Our Competitive Strengths

We believe that we have a number of competitive strengths which have helped us, and we expect that they will continue to help us, to benefit from the increasing demand for mobile telecommunications services in Bangladesh and to effectively compete in this market. These include the following:

- ***Rapidly growing subscriber base with second largest subscriber market share in Bangladesh***. We have increased our subscriber base from approximately 50,000 in September 2004 to 28.8 million as of December 31, 2013. From December 31, 2008 to December 31, 2013, our subscriber base has grown at a compound annual rate of 22.8%. The broader Bangladesh mobile telecommunications market exhibited a subscriber compound annual growth rate of 20.6% over the same period, based on subscriber data from the BTRC and Informa. Since 2007, we have been the second largest mobile telecommunications operator in Bangladesh in terms of total subscriber base, and we had a market share of 25.3% as of December 31, 2013, according to the BTRC. We believe that our strong market position, supported by a critical mass of customers, will enable us to further expand our subscriber base and market share while benefitting from economies of scale.

- ***Strong brand recognition and reputation for innovation***. We believe that "banglalink" is one of the strongest brands in the telecommunications sector of Bangladesh as a result of our attractive product offerings, high-quality service and award-winning advertising campaigns, which is evidenced by our subscriber market share growth. In 2013, Banglalink won a World Communication Award for best brand campaign (according to www.worldcommsawards.com) and was ranked second in the brand equity indices and second in brand awareness in the telecommunications industry in Bangladesh, according to the Brand Health Study Report by Insight and Ideas Ltd. The "banglalink" corporate logo, incorporating the image of the Royal Bengal Tiger, has played a key role in building brand awareness for "banglalink" and has been instrumental in our marketing efforts since early 2005. In addition, we strive to provide our subscribers with innovative products and services, in relation to voice and text (our traditional revenue sources), as well as other value-added services. In 2010, we launched Bangladesh's first premium mobile product, "icon," which caters to the high-value subscriber segment, providing these customers with dedicated customer service managers, additional product options, partner promotions and other exclusive offers. Also in 2010, we launched a mobile remittance service with Eastern Bank Ltd. and Dhaka Bank Ltd. (and expanded it with Western Union in 2011), allowing beneficiaries to receive remittances from abroad and access the money through a mobile wallet account or by submitting identification information at a designated "banglalink" cash point. In 2011, we introduced "banglalink krishibazaar," an original mobile IVR service allowing subscribers to obtain information on the latest prices of essential agricultural goods across Bangladesh and to connect with other agricultural buyers and sellers. It was awarded the 2011 World Communication Award for best new consumer services (according to www.worldcommsawards.com). We believe that our well-recognized brand and innovative reputation differentiates us from our competitors and gives us a more favorable position to establish ourselves as a preferred operator.

- ***Nationwide network coverage enabling superior quality of service***. As of December 31, 2013, we were the second largest mobile operator in Bangladesh by total subscriber base, and we covered 85.0% of the country's geographical area and 99.0% of the population across all 64 districts in Bangladesh. Our 2G GSM network operates in the 900 MHz and 1800 MHz frequency bands, and our 3G network operates in the 2100 MHz frequency band. We also operate our own fiber optic/microwave backbone and invested BDT 3,969.0 million, from 2004 to 2013, in building our own fiber optic network. Through our extensive nationwide network, we were able to deliver quality services to our subscribers with a call drop rate of 0.9% and a call setup success rate of 98.6% as of December 31, 2013. In addition, our network is GPRS/EDGE enabled, allowing our

customers to gain access to high-speed Internet and data services from anywhere within our coverage area. As of December 31, 2013, more than 9.71 million of our subscribers browsed the Internet via handsets, making us one of the largest providers of Internet access in the country. We intend to upgrade and expand our mobile network in the future, with a focus on 3G services. In July 2013, we entered into term sheet with Huawei to supply equipment, materials and services for the modernization of our network, and we are currently negotiating the full agreement.

- ***Extensive national sales and distribution platform***. We have one of the largest sales and distribution platforms among the mobile telecommunications operators in Bangladesh, consisting of distributors, retailers, our telemarketing team and our own corporate sales team. Our distribution network comprises customer care centers, proprietary shops and non-exclusive distributors, providing us with broad access to the market through various channels. As of December 31, 2013, we had a total of 8 customer care centers (with 94 employees), 1,189 service points (with 1,195 employees), a corporate sales force of 77 employees (66 permanent and 11 temporary), an "icon" sales force of 63 employees and 108 distributors who sold our products and services through more than 207,900 Telco Outlets and 99 distributor-owned "banglalink" branded shops. Our distribution channels also include telemarketing through 344 representatives, 41,000 SIM retailers and 169,000 airtime retailers. Through our extensive sales and distribution platform, we currently have distribution coverage in all of the 64 districts in Bangladesh.

- ***Experienced and committed strategic ownership and management team***. We are wholly owned by GTH, which is, in turn, majority owned and controlled by VimpelCom, one of the world's largest integrated telecommunications service operators. We have benefited from the technological and management support and the significant resources of GTH and VimpelCom. GTH has demonstrated its commitment to our growth and success by investing, with financial support from VimpelCom, US$370.6 million in our business from 2011 to 2013 in the form of long-term shareholder loans. In addition, our management team has significant experience in the mobile telecommunications sector, working in a competitive and rapidly evolving market, which we believe puts us in a strong position to continue to implement our growth strategy.

Our Business Strategies

Our goal is to leverage our strong market position, the high quality of our services, our well-recognized brand and our extensive network to capitalize on the opportunities offered by the expected continued growth of the mobile telecommunications market in Bangladesh and to strengthen our position as one of the leading mobile network operators in Bangladesh. We seek to achieve this goal by implementing the following business strategies:

- ***Continue network expansion to improve coverage and quality***. As of December 31, 2013, our subscriber base reached 28.8 million, up from 19.3 million as of December 31, 2010, representing 49.2% growth in that period. We believe that the mobile telecommunications market in Bangladesh will continue to experience significant growth, as Bangladesh has a large population, with steadily increasing disposable income, low fixed-line and moderate mobile penetration rates and GDP growth above the average projected growth of other developing countries. We seek to capture a substantial share of this growth by continuing to invest in our network to ensure that we have sufficient capacity to meet anticipated future subscriber demand and to differentiate ourselves from our competitors through superior network coverage and quality. In particular, we plan to strengthen the quality and reliability of our coverage by improving high-value "clusters" of the network, first the indoor coverage in major cities and then the coverage in surrounding suburban areas, particularly in areas where our competitors' coverage is poor. We also plan to continue our focus on areas with a strong corporate presence, industrial locations and major commercial centers, to address the demands of corporate and commercial customers who generally have higher ARPUs.

- ***Expand and diversify our product and service offerings to cater to the specific requirements of an increasingly diverse customer base***. We intend to remain at the forefront of product and service innovation in order to develop our market and heighten the attractiveness of the products and services we offer by tailoring new products to increase our penetration in selected market segments and meet the expectations of a rapidly expanding and increasingly diverse customer base. In 2010, we launched Bangladesh's first premium mobile product, "icon," which caters to the high-value subscriber segment, and we plan to continue targeting high-value customers such as corporations, SMEs, commercial users and entrepreneurs by introducing tailor-made products and tariffs, providing in-building solutions such as micro and nano-sites to enhance the quality of our service, and introducing special discounts based on usage and loyalty. We have recently expanded our range of premium product and service offerings to include MMS, GPRS and other data-based services as well as the premium value-added services of WAP. We plan to target customers in rural areas by expanding our direct and indirect sales network and offering affordable pricing plans and innovative services, such as mobile banking and agricultural advisory services. In October 2013, we launched our "SMART Top Up" service, which allows subscribers to "top up" their accounts through points of sale machines at designated restaurants, hotels, retain chains and other locations for no additional charge. We also plan to engage in new lines of business, including m-commerce, mobile based entertainment business and other information-based services.

- ***Increase ARPUs from our existing subscriber base.*** We intend to focus on increasing revenues from our subscriber base through increased data and primary SIM usage. Data penetration is very low in Bangladesh. We believe that mobile data will be the key driver of future growth in the mobile telecommunications market, and we plan to encourage the use of mobile internet and other data-based services on small screens (*i.e.*, handsets) through our network. From 2004 to 2013, we invested approximately BDT 3,969.0 million in building our own fiber optic network, which helped improve our network capacity to handle data traffic. Even though our voice revenues declined from the year ended December 31, 2012 to the year ended December 31, 2013, our revenues from data services (which comprises revenue generated by our own customers from internet access and traffic consumption using GPRS and WAP technologies) increased by 85.5% over the same period, and we expect this trend to continue, especially with the recent roll-out of our 3G network. We also plan to encourage our subscribers to elect "banglalink" as their primary SIM card by offering attractive terms and tariffs, especially during the initial MNP implementation period. We intend to remain focused on increasing the value of our existing customers, which allows us to increase revenues without incurring additional subscriber acquisition costs.

- ***Improve our cash flow and continue to capitalize on operational efficiencies***. We intend to maintain our financial health through increased operating cash flows and working capital efficiencies as well as favorable capital expenditure strategies. We currently combine our procurement of network equipment and software with that of VimpelCom and its other subsidiaries through framework agreements with VimpelCom's core suppliers, including Ericsson, Huawei and Nokia Siemens Networks. We expect to continue to benefit from these group arrangements, which increase our negotiating leverage with these suppliers. In addition, we plan on further optimizing our cost structure through the reduced SIM tax, increased infrastructure sharing and continued discipline over operating costs.

- ***Maintain strong brand recognition, increase subscriber satisfaction and strengthen customer loyalty***. Our brand portfolio is a key source of our sustainable competitive advantage. In order to build the strength of our brand portfolio, we intend to continue to invest in our key brands by enhancing "banglalink" as a market-leading innovative brand. We aim to maintain subscriber satisfaction and strengthen our subscriber relationships through our extensive customer service network, which consists of our 25-member corporate customer service team, focusing exclusively on corporate subscribers, and 8 directly operated customer care centers. We plan to develop and expand our call center (where we currently employ a staff of 791 professionals to provide customer service at all hours) to ensure a high level of customer service as our subscriber base grows. In addition, we plan on enhancing subscriber loyalty by continuing to promote our "priyojon program," which provides discounts at partner stores and prize points that customers can redeem for airtime and other gifts. We believe these initiatives will help to increase our customer satisfaction and reduce our churn levels.

The Company

History and Information

We were incorporated in Bangladesh in 1995, as a private company with limited liability under the name Sheba Telecom (Pvt.) Limited, and as a joint venture between Technologies Resources Incorporation of Malaysia and Integrated Services Limited, a local Bangladeshi company. In 1996, we were issued a nationwide 15-year GSM license and in 1998 we launched our operations. The Company was converted to a public company with limited liability in April 2008, and its name was changed to Orascom Telecom Bangladesh Limited in June 2007 and then to Banglalink Digital Communications Limited in January 2013. In September 2013, we were issued a nationwide 15-year 3G license.

In September 2004, GTH indirectly purchased 100% of our shares (a de minimis number of our shares are director and other qualifying shares). GTH appointed new management, invested in the upgrading of our network, set up a distribution network and points of sale, and rebranded our operations "banglalink." GTH invested, with financial support from VimpelCom, US$370.6 million in our business from 2011 to 2013 in the form of long-term shareholder loans.

We launched our rebranded network in February 2005, which for the first time, was capable of offering prepaid services in nine major cities in Bangladesh. By December 2005, we reached the 1 million subscriber mark, and we added 2 million more subscribers in 2006. Our range of products and offers was further expanded between 2006 and 2008, accounting for our rapidly growing subscriber base, which tripled between 2006 and 2008. By the end of 2008, we had 10.3 million subscribers. As of December 31, 2013, our subscriber base had exceeded 28.8 million and our market share of mobile subscribers in Bangladesh was 25.3%.

In April 2011, VimpelCom purchased an indirect 51.9% stake in GTH. VimpelCom is one of the world's largest integrated telecommunications services operators providing voice and data services through a range of traditional and broadband mobile and fixed technologies to, as of December 31, 2013, 219.6 million aggregate mobile subscribers in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Bangladesh, Pakistan, Burundi, Zimbabwe, Central African Republic and Canada. The VimpelCom Group provides services under the "Beeline," "Kyivstar," "djuice," "banglalink," "Mobilink," "Telecel," "Djezzy," "Wind" and "Infostrada" brands in different operating regions.

The shares of the Company are not listed on a stock exchange. Our registered office is Tigers' Den, House 4, (SW), Bir Uttam Mir Shawkat Sharak, Gulshan-1, Dhaka-1212, Bangladesh and our telephone and facsimile numbers are 0088 02 9862597 and 0088 02 8812037, respectively.

Operations

Key Operating Data

The following chart sets forth certain key operating data as of and for the years ended December 31, 2011, 2012 and 2013:

	As of and for the year ended December 31,		
	2011	**2012**	**2013**
Total Subscribers *(in millions)*:			
Prepaid	22,523,771	24,519,357	27,230,363
% of total	94.8%	94.7%	94.4%
Postpaid	1,229,781	1,363,341	1,607,624
% of total	5.2%	5.3%	5.6%
Total subscribers	**23,753,552**	**25,882,698**	**28,837,987**
Total new subscriber (over prior 12 months)	4,426,547	2,129,146	2,955,289
Subscriber growth (over prior 12 months)	23.3%	8.8%	11.4%
Market share	27.8%	26.6%	25.3%
Prepaid churn rate[(1)(2)]	19.0%	26.2%	22.7%
Postpaid churn rate[(1)]	5.0%	17.6%	16.0%
Total Churn Rate [(1)]	**18.3%**	**25.7%**	**22.3%**
Prepaid ARPU[(3)] *(BDT per month)*	137.7	133.3	111.0
Postpaid ARPU[(3)] *(BDT per month)*	306.3	375.5	245.2
Blended ARPU[(3)] *(BDT per month)*	**146.9**	**146.0**	**118.4**
Prepaid MOU[(4)] *(minutes per subscriber per month)*	197.6	199.2	178.6
Postpaid MOU[(4)] *(minutes per subscriber per month)*	410.9	514.4	317.6
Average MOU *(minutes per subscriber per month)*	**209.2**	**215.7**	**186.3**
Blended APPM[(5)] *(BDT)*	**0.68**	**0.64**	**0.59**
BTS sites	7,705	7,954	8,404
MSCs	33	34	38
INs	12	11	3
Capital Expenditures[(6)] *(in BDT, millions)*	**30,812.7**	**10,294.6**	**22,019.0**
Capital expenditures as a % of our revenues	81.4%	22.8%	56.0%

(1) Prepaid and postpaid churn rates are each calculated by dividing the respective total number of prepaid or postpaid subscriber disconnections (including subscribers who disconnect and reactivate with us with the same phone number) for the period by the average number of prepaid or postpaid subscribers for the period. The average number of subscribers for the period is calculated by taking the average of each month's average number of prepaid or postpaid subscribers (calculated as the average of the total number of subscribers at month-end and the total number of subscribers at the end of the previous month) during the period. Our total churn rate is the weighted average of our prepaid churn rate, postpaid churn rate and call and control churn rate over the period, based on weighted number of prepaid and postpaid subscribers.

(2) Prior to February 23, 2007, all prepaid subscribers had a validity period for their prepaid account and were expected to recharge their account by the end of the validity period of 90 days. Prepaid subscribers who did not recharge their account within the validity period were given a period of 30 days to recharge and reactivate their account. Once this 30-day period was over, the prepaid subscriber account was deactivated and the prepaid subscriber was considered as having churned. As from February 23, 2007, we have provided lifetime validity for our prepaid accounts.

(3) For the calculation of ARPU, see "Glossary of Technical Terms—ARPU." Blended ARPU is a weighted average of prepaid and postpaid ARPU. ARPU does not include revenues from inbound roaming, sales of customer equipment or the leasing of backbone capacity to third parties and m-commerce revenue.

(4) Average MOU is defined as total traffic minutes (billable outgoing and off-net incoming minutes) for the period divided by the total number of average subscribers for that period.

(5) For the calculation of APPM, see "Glossary of Technical Terms—APPM."

(6) For the purpose of this table above, capital expenditure is equivalent to additions to property, plant and equipment and intangible assets (net of capitalization from project under construction) during the respective years.

Our Customers

Our customers are individuals and businesses in urban, sub-urban and rural parts of Bangladesh. We have increased our subscriber base from approximately 50,000 in September 2004 to 28.8 million as of December 31, 2013, of which 27.2 million were prepaid subscribers and 1.6 million were postpaid subscribers. As of December 31, 2013, we provided postpaid services to 0.3 million personal subscribers (through our personal packages) and 1.3 million business subscribers (through our corporate, PCO and SME packages) nationwide.

Our Products and Services

We provide both voice and VAS to our retail and corporate subscribers in Bangladesh, offering both prepaid and postpaid mobile telecommunications services. Services to our prepaid subscribers accounted for 88.3% of our revenues for the year ended December 31, 2013 and services to our postpaid subscribers accounted for 11.7% of our revenues for the year ended December 31, 2013. We also generated other operating income from leasing our fiber optic network to ISPs and other mobile, PSTN and WiMAX operators, as well as from the sale of mobile devices, m-commerce revenue and miscellaneous revenue.

Our premium "icon" product, which targets high-value subscribers by offering enhanced services, such as dedicated "icon" customer service managers, additional product options, partner promotions and other exclusive offers, is available to both prepaid and postpaid subscribers.

Prepaid Products

As of December 31, 2013 we had 27.2 million prepaid customers, representing 94.4% of our total subscriber base. We derived 88.3% of our gross revenues from our prepaid mobile services in the year ended December 31, 2013.

We currently offer a number of prepaid product packages with special tariffs and flexible plans. We introduced "desh" in November 2005 as the first product in Bangladesh to offer a flat rate tariff for all calls within our own network and to other operators. We added four main products to our prepaid portfolio in 2013: "banglalink play," a youth-focused package that offers special friends and family, SMS and data rates; "banglalink desh ek rate darun," a simple flat rate plan with one tariff for calls to all operators; "banglalink Hello," which targets heavy off-net callers with special tariffs for inter-operator calls and "banglalink Orange," which targets heavy on-net callers with special tariffs for calls to other Banglalink numbers. In 2013, we also focused on bundling different combinations of voice, SMS and data packages, and we launched "My Offer," which offers customized packages to subscribers based on their particular usage patterns. These new products and packages allow us to specifically target user segments (and micro-segments) within the mobile telecommunications market.

In 2013, we revised our prepaid product strategy and redesigned our prepaid portfolio. Previously, our prepaid tariff plans and strategy were designed for lower usage subscribers and subscribers with lower purchasing power. However, we are now using a segmented approach and offering specific tariff plans to address the different requirements of our diverse customer base. To target specific users and user segments with relevant offers and information, we have focused on "below-the-line" advertising (such as courtesy calls, special gifts and promotions), customer lifecycle management (including sending low balance notifications and providing emergency services to customers with zero balances) and customer network tracking (by proactively contacting customers who experience network problems to ensure satisfaction and retention). We have also introduced loyalty programs and competitive benefits and bonuses (such as preloaded voice, SMS and data and daily recharge bonuses) to further attract and retain customers. Our "low recharge offer" features daily recharge bonuses for customers with typically low monthly recharges. We incentivize retailers to sell these recharges by offering sales commissions to the retailers, and we tailor our offers on a regional basis so that we can address regions differently according to performance.

We have worked to simplify the process of subscribing to our prepaid products. Customers can purchase a SIM card and one of our scratch cards or electronic recharges in varying denominations at our service points or through our distributors. After submitting the documentation prescribed by the BTRC, customers can confirm activation and start using the pre-loaded balance.

We believe that we have developed a convenient and flexible system for prepaid customers to "recharge" or "top up" their accounts, primarily in one of two ways. Our prepaid subscribers can purchase scratch cards from retail outlets in the available denominations (currently BDT 10, BDT 25, BDT 25 and BDT 50). Alternatively, prepaid customers can purchase over-the-air electronic vouchers at "i'top-up" points nationwide in any amount from BDT 10 to BDT 10,000. The electronic top-up eliminates much of the supply chain cost associated with scratch cards, and we actively encourage subscribers to use electronic top-ups over scratch cards. Accordingly, as of December 31, 2013 electronic top-ups and scratch cards represented 91.7% and 8.3%, respectively, of our total prepaid account recharges.

Postpaid Products

As of December 31, 2013, we had 1.6 million postpaid subscribers, representing 5.6% of our total subscriber base.

Our postpaid product strategy is focused on high-value subscribers such as corporations, SMEs, entrepreneurs, professionals and PCOs. We have developed a segmented approach that integrates VAS and customer care tailored to each such customer group.

Two of our main postpaid segments are "banglalink personal" and "banglalink SME." The "banglalink personal" segment covers standard postpaid subscribers and various professional groups. The main package in this segment is "banglalink inspire," which has a variety of special features and benefits, including a loyalty discount calculated on a monthly basis for each subscriber based on their length of stay with "banglalink" and their usage per month.

The "banglalink SME" segment caters to small and medium-sized enterprises and allows subscribers to choose between two packages: "banglalink SME post-paid" and "banglalink SME call & control." The "banglalink SME post-paid" package offers features such as zero connection price, where only a security deposit is required to establish a new connection, and 10MB free internet per month, which can be used to send and receive emails and browse the internet from the mobile device. The "banglalink SME call & control" package offers an attractive connection price and special start-up offers, as well as a zero monthly fee, easy account recharge through scratch cards or electronic top ups and a flat call rate. Our "call & control" subscribers are similar to our other postpaid subscribers in terms of customer segment, however our "call & control" subscribers pay in advance for their usage and do not have regular billing cycles. We offer "call & control" options for corporate, SME, PCO and individual customers who prefer to pay in advance for their usage.

Our other postpaid packages that target different customer segments include our "banglalink corporate" package, which offers customized mobile services solutions and dedicated relationship teams to meet the needs of corporate subscribers, and "banglalink PCO," which offers a PCO package for call retailing and, with more than 0.4 million subscribers, is the most widely available call retailing product in the mobile telecommunications market in Bangladesh.

Our postpaid package initiatives are designed to proactively reduce churn among postpaid subscribers and include priority sales and customer service, outbound service calls, priority handling at call centers, priority handling of technical support issues and the establishment of customer service teams at all subscriber touch points to handle potential churn cases. In addition, we offer reactivation promotions where a churn, potential churn or terminated customer is offered benefits for reconnecting to our network. See "—Marketing, Distribution and Revenue Assurance—Marketing—Marketing Initiatives."

International Roaming

Since July 2005, we have provided our postpaid subscribers with international roaming services. As of December 31, 2013, our postpaid subscribers can roam with 382 operators in 143 countries, including in-flight and maritime destinations. Our postpaid subscribers can also use GPRS/EDGE international roaming services with 283 operators in 97 countries. We cover a number of key destinations worldwide for our subscribers, including the United States, the United Kingdom, China, Singapore, Canada, Malaysia, Saudi Arabia, United Arab Emirates Australia, Russia and Egypt. We plan to further expand our roaming coverage in the near future.

In addition to offering our postpaid subscribers the ability to roam internationally (which we refer to as "outbound roaming"), we also offer wide coverage for international travelers wishing to use mobile services within Bangladesh (which we refer to as "inbound roaming"). For the year ended December 31, 2013 roaming revenue (including inbound and outbound roaming) accounted for 0.5% of our revenues, and we estimate that we had an average of 125,040 inbound roamers and 442 outbound roamers per month.

Value-Added Services

Our subscribers are increasingly using our non-voice VAS, in particular SMS service, caller ring-back tone ("amar tune"), "call me back," music juke box (Music Station 5858), agriculture advisory services ("banglalink" Jigyasha 7676), health advisory services (healthlink), news alerts and data services, each described in further detail below. Our customer care centers provide training on use of these services. We offer some of these services free of charge with promotions, though generally these services carry usage-based fees. For the year ended December 31, 2013, our VAS revenues (which are revenues from SMS and other service fees (VAS, GPRS, etc.)) were BDT 3,626.4 million, contributing 9.2% to our total revenue for the same period.

The VAS we offer to our subscribers include information based services, entertainment-based services, data-based services, call management services and mobile financial services, including the following:

Service Name	Description
Information-based services	
"banglalink krishibazaar"	This is an interactive voice response service that allows "banglalink" customers to get information on the latest prices of essential agricultural goods in 18 major markets across the seven divisions of Bangladesh, as well as to connect with other agriculture buyers and sellers.
"banglalink jigyasha"	A service consisting of two parts — "krishi jigyasha 7676" and "babsha jigyasha 7677"; the former is a service providing advice on problems related to harvests, pesticides, agro diseases, information on seeds, fertilizers, poultry and other similar queries related to agriculture, while the latter is a service providing advice on agriculture business-related issues, split into two categories — access to finance and the business documentation process.
"jobs link"	This is a classifieds alert service addressing the needs of those looking for a job; the registrant receives an SMS alert when a job posting matching his/her registration preferences is found. Subscribing to the service is a simple two-step process of registering for a nominal subscription fee and navigating through the menu to create a desired profile.
"Islamic service"	Through this service "banglalink" subscribers are able to listen to a variety of religious content, such as, recitations from the Quran (with translation) and lectures by prominent Muslim scholars, by dialing 786 from their "banglalink" mobile or sending an SMS "start" to 786.
"banglalink emergency"	In case of an emergency, "banglalink" customers may dial *321*5# and an SMS asking for help will be sent to previously identified contact persons, containing the customer's current location.
"healthlink"	Through this service "banglalink" subscribers are able to get health counseling services through a third-party call center by dialing 789, where they will be able to speak with professionals trained to provide health issues related consultancy over the phone.

Service Name	Description
"I'info"	An SMS based subscription news service, providing news updates in the following categories: sports, entertainment, technology, local news, international news and economy news.
"railway junction"	This service allows "banglalink" pre-paid and post-paid subscribers to check train information, such as destination, seat availability, train schedule and delays and ticket fair information.
"yellow pages"	This service allows "banglalink" subscribers to access Bangladesh yellow pages through their mobile device by dialing 2727, where a live operator will get the desired information within a few minutes and pass it on to the subscriber.
"namaz alert"	This is a monthly subscription based service. Once subscribed, customers receive prayer times by SMS, provided by the United News of Bangladesh news agency.
Entertainment-based services	
"priyo tune"	This service allows subscribers to download music. The subscription to the service is automatic upon a song download; subscribers can also gift music to other subscribers.
"bbc bangla"	This is a multimedia service, offering news and current affairs, sports, science and cultural features to the Bengali-speaking community.
"friend-finder"	This service is an SMS-based location tracking service, which allows "banglalink" subscribers to locate their friends, provided that such access had been previously granted to them by the person they would like to track.
"amar tune"	This service allows subscribers to set their favorite songs to play instead of a ring tone, when they receive a call.
"song dedication"	This is an interactive voice response service, which allows "banglalink" customers to browse and select a song from the list available and send it to any mobile number immediately or at a specified future time.
"power menu"	This is a VAS menu that gives "banglalink" subscribers the ability to manage all of the services they may want to use in one place (such as, the "banglalink" music station, the internet, news, ring tones, horoscopes, health tips, etc.) by dialing *789#.
"music station"	This service allows "banglalink" subscribers to listen to music of their choice anytime and anywhere, as well as to create playlists of favorite songs, from a list of 20,000 songs, with more than 22 different music channels. Subscription and browsing/listening fees apply.
"voice portal 4848"	This speech recognition-based service with IVR and SMS based subscription options allows "banglalink" subscribers to dial 4848 to get updated information on sports, fun, devotional and infotainment categories.
"ring tones"	This is a ring tone download service, available for Nokia and Siemens handsets.
"logos"	This service allows "banglalink" subscribers to customize their phone with a unique logo reflecting their style. Different logo options are available for Nokia and Siemens handsets.

Service Name	Description
"picture messages"	This service allows "banglalink" subscribers to send picture messages from any handset. However, only the Nokia handsets can receive picture messages.
Data-based services	
"banglalink meta-banglalink's android app"	This service is a one stop solution for "banglalink" customers offering the following services: balance/bill status (pre-paid subscribers can check their pre-paid balance and post-paid subscribers can check their bill), fnfs, mobile financial services, tariff plan changes, registering/deregistering from different VAS and data services, access to banglalink care line and access to downloads (such as Google and YouTube).
"web2sms"	Through this service, anyone anywhere in the world can send an SMS to a "banglalink" subscriber for free by using a web link.
"banglalink internet"	We offer a variety of GPRS packages, available to postpaid, prepaid and "call & control" subscribers.
"banglalink phonebackup"	This service safeguards all of the data stored in a mobile phone, such as contacts, calendar & tasks, SMS, photos, videos and audio, by copying the mobile phone's data in a secure manner to the Company's phone backup system. All "banglalink" subscribers can have a phone backup account, where they can send, edit, view and retrieve their stored phone contents from a web portal, accessible with a password.
"vehicle tracking: ntrack"	This service allows "banglalink" customers to monitor and safeguard their vehicles by providing a tracking system, featuring live street level tracking; an SMS alert for approaching or driving over the speed limit, reaching a pre-defined location, or driving on an unauthorized route; remote security control and remote engine switch off to protect against theft; fuel cost and mileage reports; and arrival and departure reports. There is a device cost and an annual servicing fee.
"stock info"	This service is a mobile phone based application that allows "banglalink" subscribers to get live stock information of the Dhaka and Chittagong stock exchanges.
Call Management services	
"call me back"	This service allows all prepaid customers to send a message to another "banglalink" number requesting the recipient to call back.
"banglalink easy divert"	This service allows "banglalink" prepaid and postpaid subscribers to divert calls from their own mobile phone to a different mobile phone for a charge.
"call block"	Subscribers can apply this feature using one of two options — a "blacklist" option or a "whitelist" option. If a subscriber blacklists a number, that number will not be able to contact the subscriber. However, when a white list is created, only those numbers listed on the white list will be able to contact the subscriber.
"missed call alert"	This is a monthly subscription service, which notifies subscribers by SMS with information calls made to their mobile number when their phone is not reachable.

Service Name	Description
"conference call"	This feature enables "banglalink" prepaid and postpaid subscribers to call more than one person at the same time; normal airtime rates apply.
"call waiting"	This feature enables "banglalink" subscribers to take a second call while they are on the phone, without losing the first call.
"caller line identification"	This is a supplemental service, provided free of charge to "banglalink" subscribers, which allows them to see the number of the caller on the mobile screen before the call is answered.
Mobile Financial Services	
"mobile cash internet recharge service"	Available to Ollo and Qubee prepaid internet users, this service allows "banglalink" subscribers to recharge their internet accounts directly from their banglalink mobile phones using mobile cash balance.
"mobile cash remittance"	This secured service allows beneficiaries with "banglalink" mobile accounts to open a mobile wallet account at Dhaka Bank Ltd., Eastern Bank Ltd. or Western Union or receive the money at selected "banglalink" mobile cash points by submitting the required identification documentation and forms.
"mobile cash electronic money order with the Bangladesh post office"	This service enables "banglalink" subscribers to send money orders anywhere in the country almost instantly through a partnership with the Bangladesh post office.
"mobile cash bill pay"	This service allows "banglalink" subscribers to pay certain bills through their mobile phones.
"mobile cash train ticket"	Through this service "banglalink" subscribers will be able to purchase their train ticket either from their mobile phone or from "banglalink mobile cash points" located in Dhaka, Chittagong, Rajshahi and Sylhet.
"mobile banking"	Through this service "banglalink" subscribers can access banking services of multiple banks in Bangladesh from their mobile phones, including opening a mobile banking account, depositing and transferring money, making retail payments and disbursing salaries.
"mobile insurance pay"	This service allows "banglalink" subscribers to pay insurance premiums of select insurers from their mobile phones.

Handsets and Equipment

We offer handset bundles from a range of suppliers and Smartphone bundles to our individual and corporate customers. We do not subsidize handset bundles, and Smartphones represented an insignificant percentage of our handset sales in 2013, as we did not purchase these devices for resale.

In 2013, we offered "reverse bundles" with Huawei Tech. Investment Co. Ltd., ZTE Corporation, Samsung SDS Co. Ltd., Symphony Communications Public Co. Ltd. and Maximus Electronics Limited, where our data services were included with devices sold through their sales channels.

Our key equipment suppliers are Ericsson AB, Huawei Tech. Investment Co. Ltd. and Nokia Siemens Networks GmbH & Co.

Marketing, Distribution and Revenue Assurance

Marketing

We believe that we have one of the strongest brand images in the Bangladesh telecommunications sector. The "banglalink" corporate trademark and corporate logo reflect the national language and identity and rank amongst the strongest brands in Bangladesh in terms of brand recognition, enjoying high spontaneous as well as prompted positive brand awareness among the population of Bangladesh.

We believe our logo and related visuals express values we strive for, such as trust, reliability, quality and progress, and signal our continued focus on securing the best possible communications services for our subscribers. Our logo is visible on our sales and service centers, retail outlets, billboards, electronic media and our website.

Our brand position is aimed towards understanding consumers' needs and providing reliable and affordable communication solutions that make a difference in people's lives, and we intend to continue developing and improvising products that address our subscribers' evolving demands. We implement marketing campaigns that the mass market can easily connect with. We also conduct monthly evaluations of our brand activities in comparison with market and industry benchmarks, taking into consideration qualities such as uniqueness, likeability, clarity of message and recall factor in evaluating the strength and position of our brand.

Marketing Initiatives

Presently we are focusing on revenue enhancement by targeting low usage customers with attractive offers. We offer them different incentives generally associated with usage increase. Simultaneously, we are seeking to reduce our churn by conducting regular promotions and retention campaigns. We are designing our offers to leverage our growing subscriber base with strong benefits.

We believe that our subscribers view a mobile phone as an increasingly essential complement to their lifestyles. As such, we are constantly evaluating our VAS and tailoring them to meet our subscribers' needs. We expect that mobile data services will be a key driver of future growth, particularly with the issuance of 3G licenses in late 2013, and we intend to encourage the use of internet and other data-based services on handheld devices through our network. As with voice services, we offer a range of data packages and prices to target customers with different usage patterns and types of mobile phones. Our offers are displayed on our website and regularly communicated to our existing subscribers and potential subscribers via electronic and print media and promotional display materials.

Advertising and Charitable Activities

We have engaged in high-profile advertising campaigns in order to promote our products and services nationally and to increase our brand recognition. We utilize a wide range of media for our advertising in order to reach the mass market: electronic media (nationwide television and radio), print media (newspapers, magazines and periodicals) and outdoor advertising (billboards, shop fascias, point-of-sale materials and airport luggage trolleys). We also advertise our products and services via our website and target our existing subscribers through direct advertising, including postpaid bill inserts and SMS advertisements.

In addition to our advertising campaigns, we also sponsor a wide range of charitable causes and community events throughout Bangladesh, including coastal clean ups, food collections and blood drives. Since 2005, we have participated in cleaning one of the longest sea beaches in the world, Cox's Bazaar, and since 2009, we have observed International Coastal Cleanup day. The Company sponsored a number of activities during the 2013 Biswa litema, where thousands of Muslim devotees from across the globe converged to pray for the welfare of mankind, and we provided free goods and services (including phone services, drinking water, transportation and reading materials) to Hajj pilgrims. We also engaged in a program that helped over 84,000 people in 34 districts of the seven divisions of Bangladesh, who were trapped on the road during Iftar time in 2013. The Company distributed water and dates from "banglalink" branded booths

at heavy traffic locations and at popular shopping hubs, and we arranged for Iftar meals for 12,000 orphans at 95 orphanages in the same districts. We believe that these measures, in addition to being beneficial to the society of Bangladesh, have helped us to further enhance our brand awareness and to establish a corporate message of being an innovative and responsible corporate entity.

For the year ended December 31, 2013, our advertising expenses totaled BDT 1,471.9 million. We typically budget around 3.0% of our total revenue on advertising with the goal of maintaining our market position.

Sales and Distribution Platform

We have one of the largest sales and distribution platforms among the mobile telecommunications operators in Bangladesh, consisting of distributors, retailers, our telemarketing team and our own corporate sales team. Our distribution network comprises customer care centers, proprietary shops and non-exclusive distributors. As of December 31, 2013, we had a total of 8 customer care centers (with 94 employees), 1,189 service points (with 1,195 employees), a corporate sales force of 77 employees (66 permanent and 11 temporary), an "icon" sales force of 63 employees and 108 distributors who sold our products and services through more than 207,900 Telco Outlets and approximately 99 distributor-owned "banglalink" branded shops. Our distribution channels also include telemarketing through 344 representatives, approximately 41,000 SIM retailers and 169,000 airtime retailers, which are spread across both city and rural areas and are important for our nationwide sales. Through our extensive sales and distribution platform, we currently have distribution coverage in all of the 64 districts in Bangladesh.

All of the Telco Outlets that sell our products offer our scratch cards, have "i'top-up" points and accept payment from our postpaid subscribers. In addition, as of December 31, 2013 approximately 41,000 of those Telco Outlets offered prepaid SIM cards as compared to approximately 33,000 as of December 31, 2012. We continually seek to strengthen the business relationships with our distributors and Telco Outlets, especially those offering our prepaid SIM cards, by providing on-going training programs and arranging trade engagement meetings.

We have sought to expand our distribution coverage by launching our "SMART Top Up" service in October 2013, which allows subscribers to "top up" their accounts through points of sale machines at designated restaurants, hotels, retain chains and other locations for no additional charge. Currently, this service is available in over 40 retail locations.

Since 2009, we have sought to strengthen our distribution service in the rural markets by establishing "mini-distribution points" (*i.e.*, sub-distribution offices under the umbrella of our existing distributors located at the targeted markets). As of December 31, 2013 we had 10 mini-distribution points across the country. This project has helped our network in three ways: a) it has increased the distribution service frequency in rural markets; b) it has penetrated more rural markets; and c) it has increased our distribution efficiency. These factors should aid us in increasing our subscriber satisfaction and enabling us to maintain sustainable growth in rural markets, which are a significant source of our subscriber growth. In 2012, we partnered with Green Housing & Energy Limited, an affiliate of the Association for Social Advancement ("ASA") to sell phones and airtime in rural areas and increase rural penetration. ASA is a non-governmental organization providing microfinance services to rural populations in Bangladesh to reduce poverty and improve quality of life. We also recently implemented a direct sales model for business development officers to provide door to door sales and services.

To achieve our revenue goals, we conduct periodic business reviews of our network. The objective of the business reviews is to simultaneously notify our internal teams and our distributors of our success and of the areas that need improvement and provide them with action plans. We also have regular briefing sessions where we discuss our on-going business performance, our competitors' activities, our action plans and our planned activities. In addition, we evaluate the performance of our distributors and sales team members on a weekly basis. Non-performing distributors and sales team members are replaced if their performance does not improve.

In order to leverage the strength of our distributors, in January 2008 we began to engage our existing distributors to sell our small and medium-size enterprise market products at "banglalink" branded shops owned by distributors. This strategy has proven to be very effective compared to our earlier business model (where only our employees sold these products at our own shops and service points).

Revenue Assurance

We have a revenue assurance department to identify revenue leakages and risk areas for fraud.

Before any product or service is launched, we conduct testing to ensure that subscribers are charged according to the applicable tariff or service class. We also carry out comparative analysis on the commission payable and the actual commission paid to our channel partners (which include our third party distributors and registered retailers) to help ensure that the commission receivable is equal to the commission paid. We have a separate inventory department which conducts stock reconciliation at different sources, enabling us to maintain control over our internal inventory. We conduct risk analysis to proactively and reactively avoid leakage of any bonus airtime that is due to our new subscribers.

We analyze network traffic for discrepancies at different nodes of our network. We also have a subscription assurance control group which reviews customer profiles to verify that the services available to each subscriber match the services that subscriber is registered for. We re-rate our prepaid and postpaid products by verifying call and service charges to ensure that subscribers are being charged correctly. This verification prevents both revenue loss from our end and goodwill loss from our subscribers' ends. We also reconcile invoices from our roaming partners and other local interconnection operators with the information from our own system to ensure proper financial payments and service delivery.

The Company has strict policies for information sharing with external parties. Only designated personnel in our public relations division are authorized to share information with the public, and that information must first be cleared internally for public distribution. Any deviations from this procedure must also be cleared internally. Any suspicious information sharing through our networks, if reported, is traced by relevant IT personnel and appropriate measures are taken after approval by management.

Customer Care and Retention

In order to attract and retain our subscribers, we believe that it is vital to provide a consistently high level of customer service. We employ a staff of 791 professionals in our call center to provide customer service 24 hours a day, seven days a week, 365 days a year, and plan to develop and expand the call center to ensure a high level of customer service as our subscriber base grows. In addition, as of December 31, 2013, we had 25 employees in our corporate customer service team, which focuses exclusively on corporate subscribers.

Churn refers to subscriber disconnections which may occur for a number of reasons. In the case of voluntary churn, subscribers may decide that they no longer require or cannot afford mobile telecommunications services or that they want to switch to a competing network or change from a postpaid plan to a prepaid plan or vice versa. We also experience some voluntary churn when subscribers become inactive, for example, if they switch to a competitor's prepaid package. Involuntary churn is the result of the termination of our subscribers' service due to non-payment of bills or suspected improper, illegal or fraudulent use. We have undertaken a number of initiatives designed to reduce subscriber churn. We measure churn by way of net churn which is the total gross churn amount less the amount of subscribers reactivating their subscriptions. Therefore, when the number of reactivations exceeds the gross churn amount, a negative churn amount is generated.

Our initiatives designed to minimize voluntary churn by postpaid subscribers include investment in our corporate account team, priority handling at call centers, priority handling of technical support issues and the establishment of teams at all subscriber touch points to handle voluntary churn cases.

In order to reduce churn levels among our prepaid subscribers, we proactively contact subscribers that may be likely to disconnect from our network.

For the year ended December 31, 2013, our net churn rate for all subscribers was 22.3%, for prepaid subscribers was 22.7% and for postpaid subscribers was 16.0%. With our focus on quality sales and the initiatives described above, we expect our net churn rate to decrease in 2014.

Credit, Billing and Collections

Prepaid customers represent 94.4% of our subscriber base. The remaining percentage (5.6%) is comprised of postpaid customers, over four-fifths of which are "call & control" subscribers. We offer similar packages to our "call & control" subscribers and our other postpaid subscribers, but "call & control" subscribers pay in advance for their usage and do not have regular billing cycles. Although we classify them as postpaid subscribers for reporting purposes, we do not extend credit to "call & control" subscribers. Therefore, we do not take credit risk for approximately 98.9% of our subscribers, and credit and collection risk only applies to the remaining 1.1% of our subscribers.

Before activating postpaid subscriptions, we verify the information that subscribers provide in subscription applications and perform internal credit checks on them (other than for "call & control" subscribers, to whom we do not extend credit). Our postpaid subscribers are part of corporate subscription plans through their employers and we benefit from a guarantee by their employer. After a subscriber's information is verified, we can activate the mobile connection within the same business day. Deposits are only required from individual postpaid subscribers and vary according to the type of access.

We continuously monitor subscriber usage and payments to limit our exposure to credit loss and subscriber fraud. A credit rating is assigned to each postpaid subscriber (other than "call & control" subscribers) by our credit and collection department on the basis of the credit, payment history and status of the subscriber. A subscriber's outgoing calls are blocked when the subscriber reaches 100% of his or her credit limit. The line is unblocked only once the subscriber has settled the outstanding amount and/or reduced the outstanding amount to below the credit limit level.

We bill our postpaid subscribers (other than our "call & control" subscribers, who pay in advance) monthly and provide them with 15 days in which to pay their bills choosing from a wide range of payment options. Postpaid subscribers can make payments at our customer service centers, as well as through commercial banks (at the counter and through direct debit), by credit card, at "i'top-up" points, by IVR service and via the internet. We also offer a billing service that shows integrated charges for mobile services and data and related services on one bill. In addition, our itemized billing service provides call details including information such as date, time, duration and charge of any voice calls made for postpaid subscriber accounts.

We require that our postpaid subscribers (other than our "call & control" subscribers) fully pay the amount due each month. If payment is not made and the amount due is not covered by the credit limit as per our credit control criteria, we typically send an SMS/VRS notification or call the customer to remind them of the amount due. We also contact the customer to request payment when the customer's usage approaches their assigned credit limit, but we do not take further action unless the customer's usage exceeds their credit limit. If the customer's usage exceeds the credit limit (or if a missed payment is not covered by the credit limit), we suspend outgoing voice call services and send an SMS/VRS notification and call the subscriber to request payment. If payment is not made within 30 days after the notification, the subscriber's services are disconnected. If payment is not made within 30 days after disconnection, a reminder letter is sent to the subscriber requesting the subscriber to settle the amount due. If payment is not made within 60 days of disconnection a termination letter is sent to the subscriber requesting the subscriber to settle the amount due and advising them that if the account is not settled that their subscription will be permanently terminated. If payment is not made within 90 days of disconnection, the subscriber's subscription is permanently terminated.

As of December 31, 2013 our postpaid subscribers comprised 5.6% of our total subscribers and accounted for 11.7% of our total revenues, and bad debts owed by postpaid subscribers represented 0.1% of total revenues, during the year ended December 31, 2013. Provisions for bad debt for subscribers were BDT 26.5 million as of December 31, 2013 and BDT 22.0 million as of December 31, 2012.

Licenses

GSM License

In November 1996, the MOPT awarded us a 15 year GSM license to establish, operate and maintain digital cellular mobile telephone services throughout Bangladesh in the private sector. The license was revalidated by the BTRC in 2004 when responsibility for licensing of telecommunications companies was transferred to the BTRC under the Bangladesh Telecommunication Act 2001, as amended in 2010 (the "BTA"). It was renewed with effect from November 11, 2011 (with respect to 5 MHz of spectrum in the 900 MHz band and 7.4 MHz of spectrum in the 1800 MHz band) and is valid until November 11, 2026. The total cost of the renewed license was BDT 19,816.1 million (exclusive of VAT) which was accounted for in the year ended December 31, 2011, and we paid the final installment in the amount of BDT 4,337.5 million during the year ended December 31, 2013. The license entitles us to build and operate a GSM network and offer voice and data mobile services using the 900 MHz band and the 1800 MHz band. The BTRC sets an approved tariff circuit of BDT 0.25 per minute (minimum) and BDT 2.0 per minute (maximum) for call charges but provides no approved tariff circuit for VAS.

The BTRC has the right to amend our license conditions as and when the BTRC deems necessary. Under the license, we are required to maintain the quality and standard of service as determined by the BTRC. The BTRC can also suspend or terminate the license for violation of its terms, after issuance of a notice which gives us an opportunity to explain our position in relation to any contravention. Our license also stipulates that the BTRC can cancel the license in the event of a breach of any conditions contained in our license or if a payment default occurs.

Under the terms of our 2G mobile license, we are required to pay to the BTRC an annual license fee (and we have accounted for BDT 50.0 million of annual license fees in the year ended December 31, 2013), an annual revenue share (equivalent to 5.5% of our annual audited gross revenue as adjusted pursuant to the applicable guidelines) and an additional annual revenue share (equivalent to 1.0% of our annual audited gross revenue as adjusted pursuant to the applicable guidelines) to be applied for the benefit of the Social Obligation Fund. The annual license fee is payable in advance of each year, and the annual revenue sharing fees are each payable on a quarterly basis and reconciled at the end of each year.

In addition to license fees, we pay annual spectrum charges to the BTRC, calculated according to the size of our network, our frequencies, the number of our subscribers and our bandwidth. The annual spectrum charges are payable on a quarterly basis and reconciled at the end of each year. In the year ended December 31, 2011, the year ended December 31, 2012 and the year ended December 31, 2013, our spectrum charges (referred to as frequency, royalty and bandwidth fees in our audited financial statements) were BDT 486.7 million, BDT 660.5 million and BDT 652.8 million, respectively.

On November 30, 2008, we obtained from the BTRC a new license for an additional 2.6 MHz GSM frequency allocation at a price of BDT 800.0 million per MHz. This license will expire in 2026.

We currently have allocations of 5 MHz of spectrum in the GSM 900 band and 10 MHz in the GSM 1800 band, including the 2.6 MHz we procured in November 2008. These spectrum allocations are valid until 2026.

3G License

Following a competitive auction process, we were awarded a license to use 5 MHz of 3G spectrum on September 8, 2013, for a total cost of BDT 105.5 million (inclusive of 5% VAT) for the license acquisition fee plus BDT 8,571.9 million (inclusive of 5% VAT) for the spectrum assignment fee, accounted for as GSM License (3G) cost during the year ended December 31, 2013. Out of the total spectrum assignment fee, 60.0% was payable within 30 working days after the 3G auction results notification date and was duly paid by the Company. 40.0% of the spectrum assignment fee is payable within 180 working days after the 3G auction results notification date, and the Company is carrying a liability of BDT 3,428.8 million, on December 31, 2013, towards the 40.0% of the spectrum assignment fee. We intend to pay this amount on or before May 29, 2014. Pursuant to a general order issued by the NBR on August 11, 2013, the 5% VAT payments on acquisitions of 3G licenses and spectrum are not subject to VAT rebates. Our 3G license has an initial term

of 15 years (valid until 2028) with potential renewals for five-year terms, subject to Bangladesh Government consent and other terms and conditions. See "Regulation of the Telecommunications Industry in Bangladesh—Licensing Procedures—3G Licenses" for more information about the 3G licenses and auction.

We are required to meet specific coverage obligations according to a phased network roll-out schedule set out in our 3G license. In the first phase, we must provide 3G services to the headquarters of all seven divisions of Bangladesh within nine months from the date of issuance of our 3G license. In the second and third phases, we must extend 3G services to the headquarters of 30.0% and then 100.0% districts in Bangladesh, within 18 months and 36 months, respectively, from the date of issuance of our 3G license. In addition, we are required to maintain the quality and standard of service as determined by the BTRC under our 3G license.

The BTRC may impose fines, suspend or terminate our license in the event of a breach of any conditions contained in our license or if a payment default occurs. In addition, we are required furnish performance bank guarantees in the amount of BDT 500.0 million to the BTRC in connection with each of the three network roll-out phases described above. If we fail to meet our network roll-out obligations or breach any other condition of our 3G license, the issuing bank may be required to pay the amount of the guarantee to the BTRC.

Under the terms of our 3G mobile license, we are required to pay to the BTRC an annual license fee of BDT 50.0 million, which is payable in advance of each year, as well as the annual revenue sharing fees described above under "—Licenses—GSM License."

ISP License

The 2G GSM license that we renewed with effect from November 11, 2011 and the 3G license that we were awarded on September 8, 2013 cover internet services for mobile operators. Therefore, it is not necessary to further renew our separate ISP license with the BTRC.

Network and Technical Operations

Network Coverage

We have continued to develop our GSM network, which reached approximately 99.0% of the total population and approximately 85.0% of the geographical area of Bangladesh as of December 31, 2013. As of December 31, 2013, our network provided coverage and services in all 64 districts in Bangladesh, with a total of 8,404 2G base stations and 530 3G enabled sites on air.

The GSM spectrum initially granted to us in 1996 was 5 MHz in the 900 MHz band, and in July 2005 we were awarded 7.5 MHz spectrum in the 1800 MHz band (which allocations were replaced by our 2G GSM license renewal in November 2011). In addition, in October 2008 we were allocated two spot frequencies in the 26 GHz band and two spot frequencies in the 38 GHz band, both of which are used for microwave backhaul in the metropolitan areas. In connection with the 1800 MHz band, on November 30, 2008, we obtained a license for an additional 2.6 MHz GSM frequency allocation at a price of BDT 800.0 million per MHz, and in January 2009, we surrendered 0.1 MHz spectrum of our 7.5 MHz in the 1,800 MHz band to the BTRC as it was not being utilized. We also entered into interconnection agreements with all other mobile operators in Bangladesh, including Grameenphone, Robi, Airtel and Citycell.

We regularly monitor congestion on our network to assess whether our network has sufficient capacity to meet the volume of traffic. Although we believe that the capacity of our network is adequate for our current subscriber base, we plan to continue to make additional investments to increase the capacity, coverage and quality of network coverage to meet the ongoing rapid growth in demand for mobile telecommunications services and support our planned expansion. In particular, we seek to develop the indoor coverage of our network with a view to attracting and enhancing loyalty of higher value customers such as corporate subscribers, doctors, engineers and other professional groups who generally require indoor coverage.

In addition, we currently have 5 MHz of 3G spectrum allocated to us following a competitive auction process in September 2013. We plan to invest in the modernization of our network to support 3G services in connection with our recently awarded 3G license.

Network Equipment Suppliers

Much of our procurement of network equipment and software is combined with that of VimpelCom and its subsidiaries through framework agreements with VimpelCom's suppliers. We have entered into purchase orders for equipment with Huawei, Ericsson, Sumitomo Corporation and Nokia Siemens Networks pursuant to framework agreements between each of these entities and the Company or VimpelCom.

On July 21, 2013, we entered into a term sheet with Huawei regarding the modernization, expansion and upgrade of our network, in particular to enable 3G services. We are currently negotiating the full framework agreement, under which Huawei would supply equipment, hardware and other materials and services.

Network Maintenance

We carry out our own site acquisitions but have also outsourced some of our site development for our network expansion. Our cell site construction has been outsourced to 10 key subcontractors. Actual cell site roll-outs are performed through the joint efforts of the subcontractor and our own teams.

We maintain our own team of highly trained engineers to handle many aspects of our operational deployment and maintenance of our cell sites, limiting dependence on our network equipment vendors. Our team is not only responsible for installing and operating the cell sites, but also for planning and development of our network design and its optimization in order to meet our planned network growth and evolution. Our network operations center is centralized in Dhaka, at the same address as the Company headquarters.

Network Interconnection

Our network interconnects with the networks of other telephone service providers, allowing our customers to communicate with the customers of other mobile and fixed-line telecommunications service providers. Our network also connects with other telephone service providers through intermediary companies providing interconnection or ICX services, which are switching systems providing interconnection among telecommunication networks for domestic voice traffic, and also international gateway or IGW service providers, which are switching services for international voice traffic.

We are party to interconnection agreements with the other mobile telecommunications operators in Bangladesh as well as with the state owned BTCL for interconnection to its fixed-line network and international gateway (ICX and IGW). We are also party to interconnection agreements with ICXs and IGWs in Bangladesh through which we interconnect with other mobile and PSTN telecommunication operators in Bangladesh.

Although a BTRC directive sets the interconnection charge at BDT 0.40 per minute, currently interconnection/termination charges vary depending on the call route and call destination and whether the calls are routed directly through the bilateral circuit between ANS (mobile/PSTN) and the other mobile operators or through the ICXs and IGWs. For domestic outgoing calls through direct/bilateral routing, mobile phone to mobile phone, and PSTN calls, interconnection termination charges are set at BDT 0.18 per minute.

For domestic outgoing calls through ICX routing, mobile to mobile phone, and PSTN calls, interconnection charges are set at BDT 0.22 per minute (BDT 0.04 per minute for the ICX and BDT 0.18 per minute for the terminating operator). For international outgoing calls, the interconnect charge varies depending on the charges of the overseas carrier. For international incoming calls, the interconnect receivable charge is 20.0% of the termination charge (termination charge is now US$0.03 per minute) received from the IGW.

In 2008, pursuant to the International Long Distance Telecommunication Services Policy ("ILDTS Policy"), the BTRC began to issue a limited number of IGW, ICX and IIG licenses to local companies. In 2012, the BTRC awarded additional licenses to local entrepreneurs, and there are currently 29 IGW, 26 ICX, 36 IIG and 881 VSP licenses in place. The additional licenses, together with regulatory changes, have impacted our interconnection revenues.

Our interconnection revenue was BDT 3,745.0 million (9.5% of our total revenue) for the year ended December 31, 2013, compared to BDT 3,151.6 million (7.0% of our total revenue) for the year ended December 31, 2012. Although our interconnection revenue as a percentage of total revenue increased in 2013, it may decrease in the future, due to the changes in the interconnection regime implemented in 2008 and 2012 and depending on whether the interconnection charges are revised. The Interconnection Regulations 2004 (and their amendment in 2008 in accordance with the ILDTS Policy) required each telecom operator to route at least 30.0% of its outgoing traffic, including international traffic, through the ICXs and the IGWs. Pursuant to BTRC guidelines issued in 2012, all domestic and international traffic must be routed through ICXs (unless an ICX is not available for the relevant connection, in which case the connection may be made directly), and all international traffic must be routed through IGWs. The BTRC's guidelines require network operators to share revenue with ICXs and IGWs in relation to domestic and international call traffic. With higher percentages of our call traffic routed through ICXs and IGWs, we have shared a greater amount of our revenue according to these guidelines. See "Regulation of the Telecommunications Industry in Bangladesh—Network Interconnection" for more information.

Employees and Labor Relations

As of December 31, 2013 we had 2,506 full time employees. The following table sets forth the number of our full time employees by department for the periods indicated.

	As of December 31,		
	2011	2012	2013
CEO's Office	5	5	5
Human Resources & Administration	69	74	67
Program Management & Supply Chain	29	28	—
Strategy & Business Planning	—	—	6
Government & Regulatory Affairs	18	19	19
Accounting & Finance	103	101	131
Information Technology	101	106	104
Commercial	1,503	1,575	1,515
Technical	665	673	645
Number of Expatriate Employees	16	15	14
Total	**2,509**	**2,596**	**2,506**

We seek to provide our employees with a friendly, professional and mutually supportive atmosphere that encourages them to develop their potential to an optimal level, and we believe that we have developed a working environment which recognizes and rewards groups as well as individuals for their efforts and contributions to the Company. Our employees receive salaries and various non-salary benefits, such as transportation and daycare services. We believe that we have a good relationship with our employees, and we have won awards related to human resources, such as a Benny Award in 2012 for Compensation Benefits Leadership — Jury's Choice (according to worldhrdcongress.com).

We have not entered into any collective bargaining agreements with our employees.

Property

Real Estate Property

The following list describes the principal properties that are used by the Company, all of which are leased.

	Name of the principal Office/Branch	Location	Name of Lessor	Contract Period
1.	Head Office	Tigers' Den, Plot 4, SW (H), Gulshan Avenue, Gulshan, Dhaka-1212	Farhana Monem	1 July 2005 - 30 June 2020
2.	Level 8 of FM Center	Plot No. 4, SW (H) Gulshan Avenue, Gulshan, Dhaka-1212	Farhana Monem	1 December 2005 - 30 June 2020
3.	Update Tower — MSC	Update Tower, Uttara, Dhaka.	Update Tower Owner's Co-operative Society	1 May 2008 - 30 April 2018
4.	Yunusco Tower — MSC	Yunusco Tower, Chittagong	Haji Yunus Ahmed	1 March 2008 - 28 February 2022
5.	Extended HQ	Medona Tower, 28 Mohakhali C/A Dhaka-1212	Medona Garments limited	1 March 2008 - 28 February 2018
	Extended HQ (13th and 14th Floors)	Medona Tower, 28 Mohakhali C/A Dhaka-1212	Medona Garments limited	1 January 2008 - 31 December 2022
6.	2nd Call Center	Sharmin Holdings Ltd, Plot -15, Road -15, Sector -3, Uttara Model Town, Mymensingh Road, Uttara, Dhaka	Sharmin Holdings Limited	15 April 2010 - 14 July 2022
7.	Bangladesh Bridge Authority — Office	Setu Bhaban, New Airport Road, Banani, Dhaka-1212.	Bangladesh Bridge Authority	24 January 2008 - 23 January 2018
8.	AJ Heights — MSC	AJ Heights (Badda, Dhaka)	Tanveer Ahmed	1 March 2010 - 29 February 2020
9.	Call Center	South Avenue Tower, H # 50, R # 03, P# 02, Block # SW (H), 7 Gulshan Avenue Gulshan-1212	Abu Bakar Md. Mohsin Ullah	4 October 2006 - 30 September 2021
10.	Hosna Center — MSC	Hosna Center, 106, Gulshan Avenue, Gulshan Model Town, Dhaka-1212	Hosna Center Owner's Co-operative Society	9 May 2005 - 31 December 2020
11.	Eunoos Center — MSC	Eunoos Center, 52-53 Dilkusha C/A, Motijheel, Dhaka	Eunoos Trade Center Limited	15 December 2007 - 30 September 2015
12.	Eunoos Center — MSC (19th Floor)	Dunoos Center, 52-53 Dilkusha C/A, Motijheel, Dhaka	Eunoos Trade Center Limited	1 January 2006 - 30 September 2015
13.	Sylhet Regional Office	Khairun Bhaban, C/o Late Mohammad Sujat, Melagor, Rajnagar, Mouluvibazar, Sylhet	Mojibul Haque & Md. Faizul Haque	1 September 2008 - 31 August 2014
14.	Chittagong Office	Forum Center, Chittagong	Ahmed Lal Mia	1 October 2007 - 30 September 2017

	Name of the principal Office/Branch	Location	Name of Lessor	Contract Period
15.	Kaderia Tower	Gulshan, Dhaka 1212	S.M. Abdul Haque Bhuiyan House	15 March 2006 - 14 March 2021
16.	Kaderia Tower	Gulshan, Dhaka 1212	S.M. Abdul Haque Bhuiyan House	14 February 2012 - 28 February 2022
17.	Mohakhali Warehouse	Mohakhali, Dhaka	Rashid Ahmed Khan	1 December 2012 - 30 November 2023
18.	Mirpur CRP-MSC	Plot-A/5, Block-A, Section-14, Mirpur, Dhaka-1216	Center for the Rehabilitation of the Paralysed (CRP), Mirpur	3 January 2007 - 2 January 2019
19.	Chittagong Call Center	Plot-9, Agrabad C/A, Sk. Mujib Road, Chittagong	International Islamic University Chittagong Trust	1 November 2012 - 31 October 2017

We also own or lease sites across Bangladesh where we locate transmission towers, MSCs and data centers. We do not own any material real properties.

Intellectual Property

We rely on a combination of patent, trademark, service mark, and domain name registrations, copyright protection and contractual restrictions to protect our technologies, brand name and logos, marketing designs and Internet domain names.

We protect our intellectual property by means of filing appropriate applications to register the trademarks that we currently use and obtain the necessary copyright approvals for our brands and products. The "banglalink" logo, which incorporates the image the Royal Bengal Tiger, is properly registered. While a number of our applications for registration of our trademarks and similar intellectual property rights as of the date of this offering memorandum have been approved, we cannot guarantee approvals of our current applications or that our future applications for registration will be forthcoming. See "Risk Factors—Risks Related to Our Business—We may not be able to adequately protect our intellectual property, which could harm the value of our brand and branded products and materially adversely affect our business."

Insurance

We believe that our business premises, including our distribution facilities, are insured in a manner consistent with local market practice. Our insurance policies comprise, among others, fire, flood, cyclone and earthquake insurance, third party liability provisions, motor vehicle, property insurance and customary insurance policies, including accident and health insurance, covering our employees.

Our insurance policies are subject to standard limitations. For example, in the case of business interruption insurance, limitations may apply with respect to the maximum amount that can be claimed, and, in the case of insurance for financial losses, limitations may also apply in the form of deductibles and the maximum amount that can be claimed, and, as a result, insurance may not necessarily cover all losses in sales incurred by us.

Environmental and Safety Matters

We are in material compliance with all applicable environmental rules and regulations, including the Environmental Conservation Act, 1995, the Environmental Conservation Rules of 1997 and the Occupational Health & Safety Rules referenced in the Bangladesh Labor Law, 2006. Our goal is not only to comply with the required legal standards but also to achieve higher standards in selected areas, and we are committed to continuously improving our environmental and safety performance by setting appropriate targets and implementing relevant systems. To that end, we are focused on the further development of our health and safety management system, which will cover health and safety procedures, practices, responsibilities and legal compliance.

Legal and Regulatory Proceedings

Annual Royalty and License Fees Payable to the BTRC

In May 2005, the BTRC directed all mobile operators in Bangladesh to collect and pay to the BTRC annual royalty and license fees on mobile handsets. We filed a writ petition in the High Court challenging the validity of these fees. The BTRC subsequently issued an amendment to our operator license, withdrawing these royalty and license fees in favor of an annual license fee, annual revenue sharing fees and applicable spectrum charges. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Taxes, duties and fees." However, the BTRC requested that we pay the royalty and license fees for the period prior to the amendment of our operator license. The issue of the prior fees is not yet resolved and the case is pending in the High Court, although the amount of disputed potential fees has not yet been quantified.

Challenge of NBR's and Commissioner of VAT's Claims

In April 2007, the Commissioner of VAT inspected the office of one of our suppliers and service providers, Ring Distribution, and seized 465,906 of our SIM cards and 818,837 of our scratch cards on the basis that Ring Distribution was unable to produce adequate documentation for the cards. The NBR and the Commissioner of VAT alleged that the Company and Ring Distribution had evaded VAT of BDT 254.0 million and supplementary duty of BDT 236.0 million in relation to the seized cards and ordered the Company to pay a total penalty of BDT 490.0 million. In order to file an appeal in the Appellate Tribunal, we paid a deposit of BDT 49.0 million, equaling 10.0% of the penalty amount, to the NBR. The Appellate Tribunal upheld the order of the Commissioner of VAT despite our argument that the supply chain management and packaging services provided by Ring Distribution were not subject to payment of VAT. On February 20, 2012, we filed an appeal in the High Court contesting the allegations made against the Company and the judgment of the Appellate Tribunal. The case is currently pending in the High Court, and even though we believe we have reasonable prospects of successfully defending these proceedings, we cannot give any assurances as to the final outcome of this matter.

We are also involved in a separate dispute with the Commissioner of VAT with respect to a transfer of SIM cards and scratch cards to the warehouse of one of our subcontractors, Oras Invest, in 2007. The NBR and the Commissioner of VAT issued a show cause notice in 2007 alleging that we evaded VAT and supplementary duty of BDT 362.1 million with respect to this transfer. We replied to the show cause notice in June 2009 and attended a hearing in August 2009, but there has been no progress in this matter since then, and we are still awaiting a final demand from the Commissioner. At this time, we cannot predict when or whether the Commissioner of VAT will issue the final demand.

VAT and Supplementary Duty on SIM Replacements Proceedings

On April 1, 2012, the Commissioner of VAT issued a demand letter to the Company alleging that we evaded VAT in the amount of BDT 7,740.5 million by selling new SIM cards as replacement SIM cards. We filed a writ petition in the High Court, challenging the demand on procedural grounds and on the basis that the Commissioner's conclusions were based on a flawed investigation. The High Court stayed the operation of the demand for two months and ordered the Company to respond to the demand within ten days. We complied by responding on April 25, 2012. The NBR and the Commissioner of VAT filed a Civil Petition in the Appellate Division to vacate the stay order issued by the High Court, and the Appellate Division directed the High Court to dispose of the writ petition on its merits. On June 6, 2013, after holding a hearing, the High Court ruled that the demand notice issued by the Commissioner of VAT was a "show cause" notice and not a "final demand" notice, and that the NBR could not claim the demanded amount on the basis of the notice it issued.

Furthermore, because the Company replied to the notice, the High Court ruled that the Commissioner of VAT should conduct a hearing and adjudicate the matter in accordance with the VAT Act within 120 days from the issuance of the High Court order. The Commissioner scheduled a hearing for July 24, 2013, which was delayed following our request for a joint inspection of the documents relating to approximately 7.0 million replacement SIM cards. The Commissioner formed a committee to conduct the inspection by reviewing a random sample of 1,200 SIM cards. Based on the committee's reports, the LTU-VAT found errors with 58 (4.83%) of the random samples. We filed a writ petition in the High Court, challenging the random sampling of SIM cards to adjudicate this matter. Our writ petition is currently delayed pending settlement

discussions among the telecom operators, the NBR and the relevant government ministry.

Disputes Regarding VAT Payments for 2G License Fees

In 2011, the BTRC demanded that we pay our 2G license renewal and spectrum assignment fees without making any deduction for VAT, while LTU-VAT demanded the VAT on the 2G license renewal fee. We challenged the demand of VAT on the 2G license renewal fee with the High Court in October 2011, on the grounds that VAT does not apply to licenses, or if VAT does apply, it should be deducted from the total license fee payments to the BTRC. In August 2012, the High Court ruled against us, and we subsequently filed a petition before the Appellate Division, where the case is currently pending. Accordingly, we paid the first installment of our license renewal and spectrum assignment fees to the BTRC with a 15% deduction towards VAT. Subsequently, the BTRC and the LTU-VAT each demanded the VAT amount on the 2G license renewal fee payment. We paid the VAT amount of BDT 1,449.1 million to the LTU-VAT, subject to the outcome of our dispute regarding the applicability of VAT on 2G license renewal fee payments. We treated the amount of BDT 1,449.1 million demanded by the BTRC as a contingent liability in the years 2011 and 2012, as we challenged this demand. Because there were no positive developments in this matter, we accounted for the amount of BDT 1,449.1 million as a liability in the year 2013 towards the amount demanded by the BTRC. As of December 31, 2013, our contingent liabilities regarding the dispute with the BTRC were BDT 103.0 million for interest on the amount of BDT 1,449.1 million demanded by the BTRC.

In addition, the Company claimed a rebate of BDT 857.6 million against VAT paid to the BTRC on the second installment of our 2G license renewal fee and spectrum assignment fee. In September 2012, the LTU-VAT cancelled the VAT rebate on the basis that the Company did not furnish the LTU-VAT with the required form. In October 2012, we submitted a written objection to the Deputy Commissioner of LTU-VAT, challenging the cancellation of the VAT rebate on the grounds that the BTRC should have provided the required form to the LTU-VAT, the VAT rebate was properly taken under section 9 of the VAT Act, and the LTU-VAT and the NBR had previously ratified the rebate in an inter-ministerial meeting. After a hearing, the Deputy Commissioner rejected our challenge and enforced the cancellation of the rebate. We filed a writ petition in the High Court on November 12, 2012, and the High Court stayed the cancellation of the rebate. However, the LTU-VAT appealed the decision, and the Appellate Division vacated the stay order of the High Court and ordered the High Court to hear and decide our writ petition, which is currently pending in the High Court. We have deposited the full amount of the cancelled rebate.

We paid the final installment (BDT 4,337.5 million) of our 2G license renewal and spectrum assignment fee during the year 2013, but we did not pay 15% VAT on this installment, pending the outcome of the above disputes regarding VAT treatment on 2G license fee payments. During the year 2013, we have capitalized the full amount of VAT payable on all three installments of our 2G license fees as part of our 2G license costs.

If the courts rule against us, we may not receive the amounts that we have now paid to the LTU-VAT. Furthermore, if the courts find that VAT deductions or rebates on license fee payments are not permitted under the VAT Act, we may be required to pay the amount of VAT that we deducted from the first installment, as well as the VAT on the final installment, of our 2G license fee payments. Pursuant to a general order issued by the NBR on August 11, 2013, VAT rebates cannot be claimed on 3G license payments. See "Risk Factors—Risks Related to Our Business—We are engaged in disputes regarding VAT payments on license fees."

Dispute Regarding VAT on Commercial Space

In June 2011, the NBR issued Statutory Regulatory Order no. 583/2011 imposing VAT at a rate of 9.0% on rented commercial space exceeding 300 square feet. We filed a petition in the High Court against the NBR to challenge the legality of the Statutory Regulatory Order. This petition is pending in the High Court. No official demand was made to the Company before we filed the case, and we are not paying VAT on rental of commercial space. We estimate that if we were to have been required to pay 9.0% VAT on rental of commercial space exceeding 300 square foot, for the years 2011, 2012 and 2013, we would have paid a total amount of VAT of BDT 239.5 million, and we have made a provision for this amount of BDT 239.5 million in our accounts as of December 31, 2013. We cannot at this time predict the outcome of this dispute.

VAT Rebate on Imported Equipment Proceedings

Pursuant to NBR regulations, mobile telecommunications equipment imported into Bangladesh is eligible for a VAT rebate. As such, mobile telecommunications operators who import equipment into Bangladesh are able to claim a rebate on the VAT paid on the imported equipment. Between June 2005 and August 2008, we imported a substantial amount of mobile telecommunications equipment (including antennas, mobile communications towers and other ancillary accessories) and claimed rebates on the VAT paid on such equipment. On October 30, 2008, the NBR challenged the rebates we had claimed on certain equipment over this period, alleging that the rebates were not applicable to mobile telecommunications accessories, and found that we owed BDT 328.2 million for this period. We filed a writ petition in the High Court, on the grounds that the NBR had assessed our equipment under the wrong H.S. code, which made the equipment ineligible for the rebate, and that the NBR's assessment was arbitrary and illegal. In November 2008, the High Court issued a stay of the NBR order until disposal of the case. The writ petition is pending a final hearing and disposal in the High Court.

As we are continuing to import mobile telecommunications equipment and claim the VAT rebate, pending the outcome of the case, we may have to repay to the NBR all VAT associated with these rebates. See "Risk Factors—Risks Related to Our Business—We may have to make significant payments to the NBR for claiming rebates on VAT paid on imported mobile telecommunications equipment."

Dispute Regarding Annual VAT Return

On October 18, 2012, the LTU-VAT issued a letter to the Company with an audit objection from the Local & Revenue Audit Directorate (the "Audit Directorate") regarding our annual VAT return. The audit objection alleged that we did not deduct VAT in the amount of BDT 101.2 million for technical knowhow expenditures and that we evaded VAT in the amount of BDT 150.8 million on the payment of our frequency bandwidth fees between 2008 and 2010. Following a hearing with the Company, the LTU-VAT issued a demand letter to the Company on September 1, 2013, directing us to pay a total VAT amount of BDT 252.0 million. On September 5, 2013, we filed a writ petition with the High Court, challenging the audit objection and demand letter on the grounds that the technical knowhow expenditures were not actual payments (but were reported as financial provisions in our annual VAT return), that VAT did not apply to the payment of frequency bandwidth fees until June 30, 2010 and that the Audit Directorate does not have the authority to audit our accounts. The writ petition is pending a final hearing and disposal in the High Court, and the relevant government representative has indicated that the LTU-VAT will not proceed with the demand notice until such hearing is conducted.

Customs Duty Disputes

The customs authorities in Bangladesh assess our imported goods under specific H.S. codes to determine the amount of customs duty that we owe. We are involved in various disputes with the customs authorities regarding their assessment of H.S. codes to classify our goods, and in certain circumstances, we must make payments or provide bank guarantees for the customs authorities to release goods that have confiscated from us. As of December 31, 2013 our contingent liabilities for disputed customs duty amounted to BDT 382.3 million.

For example, we filed two constitutional writs in the High Court to challenge two orders of the Customs House, Chittagong, issued on June 26, 2012, which alleged that the Company had evaded customs duty by importing certain telecommunications equipment under the wrong H.S. code. On August 13, 2012, the High Court issued an order to show cause to the NBR and other respondents and directed the respondents to release equipment that they had confiscated from us, subject to our payment of the customs duty. The total disputed amount is BDT 407.9 million, of which the Company has paid BDT 135.9 million and provided a bank guarantee of BDT 272.0 million, as of December 31, 2013. At the High Court's direction, we filed two appeals against the orders of the Customs House, Chittagong, and the cases are pending before the Appellate Tribunal.

Taxes and Other Charges by Local Authorities

Before we can install a new base station, we need to obtain approval from the local authorities. In 2008, certain local authorities started imposing a base station installation tax. Local authorities imposed taxes as

high as BDT 10,000 per year in metropolitan areas and BDT 5,000 per year outside metropolitan areas. We have requested that the BTRC review this local tax to determine if it is consistent with BTRC guidelines. The issue is currently under review by a committee of the MOPT, city corporations, the BTRC and the mobile operators, and no such tax will be payable until the committee reaches a decision.

Imposition of Mandatory Corporate Tax

The annual fiscal legislation passed by the Bangladesh Parliament in 2011, the Finance Act 2011, introduced a new section (Section 16CCC) into the Income Tax Ordinance of 1984, which imposed a minimum corporate tax (of 0.5% of turnover) on companies operating in Bangladesh, irrespective of the profit or loss of the company. In 2011, we filed a constitutional writ in the High Court to challenge the new section. The High Court directed the respondents to show cause and issued an injunction against them, to prevent the NBR from charging the Company an additional corporate tax amount of BDT 774.5 million as of December 31, 2013. If the High Court does not invalidate the new section of the Income Tax Ordinance of 1984, it would apply to the Company and would increase our tax expenses in future years (even if we are not profitable in those years) by 0.5% of turnover.

Other than discussed above, we are currently not involved in any litigation, arbitration or other administrative proceedings which, if decided against us, would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations, nor are we aware that any such disputes are pending or threatened against us.

REGULATION OF THE TELECOMMUNICATIONS INDUSTRY IN BANGLADESH

Regulatory Framework

The Bangladesh Telecommunication Act, 2001, as amended by the Bangladesh Telecommunication (Amendment) Act, 2010 (the "BTA")

The BTA sets out the principal framework for the regulation of the telecommunications industry in Bangladesh. It provides for the establishment of the BTRC, which began functioning on January 31, 2002, as a regulatory body independent from the MOPT. Under the BTA, the BTRC's responsibilities include (i) encouraging the orderly development of a telecommunications system that enhances and strengthens the social and economic welfare of Bangladesh; (ii) ensuring access to reliable, reasonably priced and modern telecommunications services and internet services for the greatest number of people; (iii) ensuring the efficiency of the national telecommunications system and its capability to compete in both the national and international spheres; (iv) maintaining and promoting competition in telecommunications services; (v) encouraging the introduction of new services and (vi) creating a favorable atmosphere for local and foreign investors in the local telecommunications sector.

Section 36 of the BTA requires all applications for telecommunications licenses to be submitted to the BTRC and grants the BTRC exclusive authority to issue such licenses. Section 31 of the BTA, pursuant to the 2010 amendment, requires the approval of the Bangladesh Government prior to the issuance of telecommunications licenses by the BTRC in order to establish, manage and provide telecommunications services.

International Long Distance Telecommunication Services Policy, 2010 (the "ILDTS Policy")

The ILDTS Policy, a revised version of the 2007 policy, was set up to encourage low cost international telecommunications services using modern technology, in response to increased demand for such services. Under the ILDTS Policy, International Gateways ("IGWs"), Interconnection Exchanges ("ICXs"), Internet Exchanges ("IXs") and Internet Protocol Telephony ("IP Telephony") services must be licensed and established, and all voice calls originating in Bangladesh must be routed through ICXs and IGWs. Domestic inter-operator voice calls, including calls made using Voice over Internet Protocol ("VoIP"), must be routed through ICXs.

There is a three-layer system for voice services. The first layer involves IGWs, which provide international voice call services, including VoIP. IGWs are connected with the international network through submarine cables or other systems, and are also connected with ICXs. The second layer involves ICXs, which are connected with IGWs as well as the Access Network Service ("ANS") operators. The third layer involves the ANS operators providing services directly to end-users. Each IGW and ICX is operated by a separate operator, including BTCL in each case.

There is a two-layer system for data services. The first layer involves the International Internet Gateways ("IIGs"), through which international incoming and outgoing data services are routed. The IIGs are connected with the international network through submarine cables or other systems and are also connected directly with the ANS operators. The second layer involves the ANS operators, who ensure connectivity between the IIGs and end users for data services. Once IXs are in place, they will add a layer to the data services system, as an intermediate connection between IIGs and the ANS operators. However, regulations have not been enacted yet in relation to IXs.

Foreign investors, and thus the current telecommunications providers in Bangladesh which are foreign-owned, are expressly prohibited from submitting applications for ICX, IGW and IIG licenses. The ILDTS Policy also mandates that only the local ISPs are allowed to provide IP Telephony services. Cellular mobile operators, despite having ISP licenses for mobile internet services, are not eligible to provide IP Telephony services.

In 2008, the BTRC issued licenses to local companies through an open bidding process to set up IGW, ICX, IIG and IX services. In 2012, the BTRC issued additional licenses, and there are currently 29 IGW, 26 ICX and 36 IIG, in addition to 34 Internet Protocol Telephony Service Provider ("IPTSP") and 881 VoIP Service Provider ("VSP"), licenses in place.

Licensing Procedures

Section 35 of the BTA states that it is a criminal offense (punishable by up to ten years imprisonment and/or a fine of BDT 3,000.0 million) to carry out any of the following activities without a valid telecommunications license: (i) establishing or operating a telecommunications system or undertaking any construction work for such a system; (ii) providing any telecommunications service in, or to any place outside, Bangladesh; (iii) undertaking any construction work to provide an internet service or (iv) installing or operating any apparatus for such a service.

Under prevailing licensing guidelines, any operator that wishes to provide the following services in Bangladesh must obtain the relevant license from the BTRC: cellular mobile phone services, national long distance services, overseas telecommunication services, Public Switch Telephone Network ("PSTN") services, Global Mobile Personal Communication by Satellite ("GMPCS"), internet or other data communication services, VSAT services, paging services, radio trunking or amateur radio services, VoIP technology/services, network services, IGW, ICX, IX, 3G services, WiMAX services, call center services, VAS, Broadband Wireless Access ("BWA") services, submarine cable services, satellite services and vehicle tracking services.

Section 8 of the BTRC (Licensing Procedure) Regulations, 2004, as amended (the "Licensing Regulations") provides that the grant of any new license to a cellular mobile phone operator or a PSTN operator shall be subject to the availability of frequency spectrum and that the procedure for licensing shall also be through a competitive bidding and/or auction process.

Section 5 of the Licensing Regulations further provides that the BTRC will publicize widely its intention to issue licenses for different categories, and specify the time and manner for submitting applications. The BTRC reserves the right to set the criteria and conditions for license eligibility, to specify any applicable fees and charges and to determine the duration and conditions of any license it issues.

Section 31(2)(A)(v) of the BTA, pursuant to the 2010 amendment, gives the BTRC the power to renew, suspend, cancel and control the transfer of licenses. Section 39, pursuant to the 2010 amendment, provides that the BTRC, with the prior permission of the Bangladesh Government, may amend any condition of any license issued pursuant to the BTA, by way of addition, substitution, removal or other modification. In addition, the Bangladesh Government may, on its own initiative or on the request of a licensee, instruct the BTRC to amend any license condition.

GSM Mobile Licenses

Three identical GSM mobile licenses were issued in 1996 pursuant to a license tender held after the expiry of the monopoly granted to Citycell by the Bangladesh Telegraph and Telephone Board (the "BTTB"). The three additional licenses were awarded to us, Grameenphone and Robi, respectively. Each of these licenses comprises a license agreement, a one-page system operating license and a one-page radio station/equipment license. The terms of the invitation to tender were appended to, and form part of, each GSM mobile license. The BTRC revalidated these licenses in 2004 and unified most of the terms and conditions of the licenses of the cellular operators. Our 2G GSM mobile license was renewed in November 2011 (with respect to 5 MHz of spectrum in the 900 MHz band and 7.4 MHz of spectrum in the 1800 MHz band) and is valid for 15 years.

Teletalk was incorporated in December 2004 and is a company wholly owned by the Bangladesh Government. It was awarded a GSM license in 2004 and commenced commercial operations in March 2005. Warid Telecom Bangladesh Limited, now renamed as Airtel, was granted a GSM license pursuant to an international tender in December 2005 and commenced its commercial operations in May 2007.

The GSM standard, operating in the 900 MHz and the 1800 MHz frequency bands, is the predominant technology standard used for mobile telecommunications services in Bangladesh. The competitor data table in the section of this offering memorandum entitled "Description of Industry— Competitive Landscape" outlines the technology standards used by the Bangladesh mobile operators. The BTRC has now allocated all available spectrum in Bangladesh customarily used for mobile telecommunications to the six licensed operators (Grameenphone, Banglalink, Teletalk, Airtel, Citycell and Robi).

3G Licenses

On September 8, 2013, the BTRC issued 3G licenses to mobile operators in Bangladesh following a competitive auction process. Each license has an initial term of 15 years with potential renewals for five-year terms, subject to Bangladesh Government consent and other terms and conditions, and includes a license to provide 3G mobile services and a license to operate radio communications equipment in connection with the 3G network.

The BTRC awarded 3G spectrum to five mobile operators in connection with the auction: 10 MHz to each of Grameenphone and Teletalk and 5 MHz to each of Robi, Airtel and us. Citycell did not pay the required US$20.0 million deposit and did not participate in the auction. The price for a 3G license is BDT 100 million (exclusive of 5% VAT) for the license acquisition fee plus US$21.0 million per MHz (exclusive of 5% VAT) for the spectrum assignment fee, with 60.0% of the spectrum assignment fee payable within 30 working days after the auction results notification date and 40.0% payable within 180 working days after the auction results notification date. Pursuant to a general order issued by the NBR on August 11, 2013, the 5% VAT payments on acquisitions of 3G licenses and spectrum are not subject to VAT rebates.

According to the 3G Licensing Guidelines, 40 MHz of 3G spectrum were available for the auction, in addition to 10 MHz of spectrum previously reserved for Teletalk. Following the 3G auction, the BTRC has now allocated 35 MHz of the 50 MHz of 3G spectrum available in Bangladesh.

Tariffs and Charges

The BTRC requires all cellular mobile operators providing services in Bangladesh to pay an annual license fee of BDT 50.0 million per mobile license, an annual revenue share (equivalent to 5.5% of our annual audited gross revenue as adjusted pursuant to the applicable guidelines) and an additional annual revenue share (equivalent to 1.0% of our annual audited gross revenue as adjusted pursuant to the applicable guidelines) to be applied for the benefit of the Social Obligation Fund. In addition, cellular mobile operators are required to pay spectrum charges as fixed by the BTRC.

Under Section 48(1) of the BTA, cellular mobile operators are prohibited from offering any tariff without first obtaining governmental approval through the BTRC.

Under the Interim Directive on Tariffs, in 2007 the BTRC mandated that if a promotional package is offered, the promotional tariff must be the same for all subscribers under the same package and may not vary depending upon geographic location. Promotional tariffs cannot be offered for more than two consecutive months. If a promotional (and presumably discounted) tariff exceeds this two month period, that promotional tariff will be considered a permanent tariff. No migration charges can be applied if an existing subscriber wishes to migrate to a new promotion package. An operator is also not allowed to charge prepaid subscribers a monthly fixed charge. Thus, promotions whereby a subscriber is given a promotional price if that subscriber pays a certain amount monthly are not allowed. In addition, prior approval from the BTRC is mandatory for any new operator-designed promotion or scheme which has not been addressed by the above provisions, and operators must file details of such promotion on the same day of declaring it.

On February 7, 2008, after a series of discussions with the country's mobile operators, the BTRC amended certain provisions of the Interim Directive on Tariffs, extending the period for which promotional tariffs could be offered without penalty, from two months to three months. While no other changes were made regarding tariffs and charges, the BTRC will consider, on a case-by-case basis, situations where the operators want to charge non-uniform promotional tariffs and to charge prepaid subscribers a monthly fixed charge.

On March 24, 2009, the BTRC again amended the Interim Directive on Tariffs, fixing a tariff range of BDT 0.25 to BDT 2.00 per minute for on-net calls, BDT 0.65 to BDT 2.00 per minute for off-net calls, BDT 0.50 per SMS as the maximum charge for a local SMS and BDT 2.50 per SMS as the maximum charge for an international outgoing SMS. In April 2009, the BTRC further amended the Interim Directive on Tariffs, specifying that if operators offer free airtime/talk time (whether off-net or on-net) to their subscribers as a reward, the annual revenue share paid to the BTRC and the VAT will be calculated based on BDT 0.25 per minute (the lowest call rate) for the total free airtime/talk time used by the subscribers. However, as a result

of opposition to this directive in the mobile telecommunications industry, annual revenue sharing and VAT currently do not apply to free airtime/talk time. On April 30, 2012, the BTRC amended the tariff range for off-net calls from BDT 0.60 to BDT 2.00 per minute. BTCL is excluded from the tariff limits and charges described above. The BTRC also reset the revenue sharing of interconnection charges. See "—Network Interconnection." In September 2012, the BTRC introduced 10 second pulse and discontinued the call set-up charge, a higher rate charge for the first minute of each call.

Network Interconnection

The BTRC formulated the Interconnection Regulations 2004 (the "Interconnection Regulations") to ensure the establishment of uniform, neutral and transparent interconnection arrangements between the telecommunication networks of the operators in Bangladesh. The Interconnection Regulations require all operators to ensure logical interconnection among their exchanges and/or networks, enabling the subscribers of one operator to communicate with other subscribers as necessary. The Interconnection Regulations also mandate that when a licensed operator requests interconnection with another licensed operator, such operator must meet all reasonable requests of the requesting party for access to its networks, meet all requests of the requesting party for relevant information and specifications reasonably necessary to facilitate the conclusion of an interconnection agreement, adhere to the principles of non-discrimination with regard to interconnection offered and provide interconnection facilities and services of the same quality as it provides for its own services or for those of others.

Under the Interconnection Regulations, the BTRC is responsible for encouraging and executing adequate interconnection and interoperability of services, and if parties cannot conclude an interconnection agreement within three months after any party has requested such agreement, the BTRC may intervene in the negotiations of the agreement. The BTRC, at any time on its own initiative and in the public interest, may also intervene in negotiations if it considers that an interconnection agreement has been delayed and a monopoly situation is prevailing. The BTRC has the right to review any interconnection agreement between operators and direct parties to incorporate changes and/or amend the agreement to ensure conformity with the BTA, the Interconnection Regulations or guidelines issued by the BTRC in connection with the Interconnection Regulations and the ILDTS Policy, which prescribe the requirements and provisions for interconnection between operators.

In 2008, the BTRC began implementing a new interconnection regime and amended the Interconnection Regulations in accordance with the ILDTS Policy. The changes primarily related to mandatory routing and charges in connection with ICX and IGW operators. Bilateral connections between operators were replaced, as interconnection between operators was required to be routed through ICXs and IGWs, as applicable. From August 24, 2008 and December 24, 2008, respectively, ICXs have been responsible for routing international calls through IGWs and for routing domestic inter-operator calls directly.

Under the new regime, interconnection charges vary depending on call source and call destination. Currently, for mobile to mobile calls, PSTN to PSTN calls, mobile to PSTN calls and PSTN to mobile calls, interconnection charges are set at BDT 0.40 per minute. For mobile or PSTN calls to international destinations, interconnection charges vary depending on the end location.

Beginning December 24, 2008, interconnection revenue for domestic calls was shared between ANS operators (90.0%), and ICX (10.0%), resulting in the ANS operator receiving interconnection revenue of BDT 0.36 per minute and the ICX receiving BDT 0.04 per minute based on the applicable interconnection rates. However, as per the BTRC's directive dated March 24, 2009, after the deduction of the ICX charge (BDT 0.04 per minute for domestic calls), the remaining amount of the interconnection charge (BDT 0.36 per minute) is equally shared between the call originating and call terminating operators for domestic calls (BDT 0.18 per minute each), for a total interconnection charge of BDT 0.40 per minute for voice. Similarly for SMS, after deducting the ICX charge (BDT 0.01 per SMS), the originating and terminating operators equally share the remaining portion (BDT 0.045 per SMS each), for a total charge of BDT 0.10 per SMS.

Beginning August 24, 2008, charges of BDT 16.50 and BDT 6.00 per minute were set for outgoing international economy 1SD calls to mobile networks and to PSTN, respectively, and the previous zone wise tariff for normal 1SD call has continued. After the deduction of settlement amounts (as determined by the BTRC) to be paid to overseas networks from these call charges, the remaining amount is shared between ANS (40.0%), ICX (15.0%), IGW (15.0%) and the BTRC (30.0%). The interconnection revenue for incoming international calls, to be charged at no less than US$0.03 per minute is shared between IGW (13.25%), ICX (15.0%), ANS (20.0%) and the BTRC (51.75%). The BTRC reserves the right to change these interconnection rates at any time, and pursuant to the new revenue sharing model, with effect from July 22, 2012, to address the presence of VSPs, the percentages with respect to incoming international calls changed to IGW (13.25%), ICX (15.0%), ANS (20.0%), the BTRC (46.75%) and VSP (5.0%).

Spectrum Allocation

The BTRC set up the Spectrum Management Committee (the "SMC") to manage radio frequency. Subject to other provisions of the BTA, the functions of the SMC include making recommendations to the BTRC on frequency uses, allocations and fees, coordinating the use of radio frequencies, determining technical standards and monitoring compliance with the BTA and related regulations. Spectrum charges are fixed by the BTRC and set in accordance with the current spectrum. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Taxes, duties and fees—Spectrum charges" for a summary of the current spectrum charges.

The BTRC, in consultation with the SMC, has produced the National Frequency Allocation Plan ("NFAP") to manage Bangladesh's spectrum resources. The NFAP identifies the distribution of spectrum between stakeholders, both governmental and non-governmental, and provides an indication of the manner in which radio frequency spectrum is utilized in Bangladesh. The NFAP is reviewed periodically, before and immediately after an ITU World Radio Communication Conference or subsequent to any frequency harmonization initiative of the Asia Pacific Telecommunity. In 2012, the BTRC rearranged spectrum allocation in the GSM 1800 MHz band to ensure allocation continuity among all operators.

Recent spectrum allocation

In September 2008, the BTRC allocated additional spectrum to three mobile operators: 5.1 MHz to us (in the 1800 MHz band), 7.4 MHz to Grameenphone, and 5 MHz to Robi. The price for the additional spectrum was BDT 800.0 million per MHz. Each operator made a down payment of 25.0% prior to October 30, 2008 and paid the balance in equal monthly installments by June 2009. The allocation is for 18 years, and the operators are allowed to provide services using this spectrum in accordance with the terms of their mobile cellular licenses. We acquired 2.6 MHz of the bandwidth allocated to us, while Grameenphone paid for the full amount of its allocated bandwidth and Robi acquired 2.0 MHz. However, in February 2009, we surrendered 0.1 MHz of our bandwidth allocation of 7.5 MHz in the GSM 1800 MHz band, and our current spectrum allocation is 5 MHz in the GSM 900 band and 10 MHz in the GSM 1800 band.

In addition, the BTRC allocated 3G spectrum to five mobile operators on September 8, 2013 following a competitive auction process. See "—Licensing Procedures—3G Licenses" for more information about the 3G licenses and spectrum allocations.

Social Obligation Fund

All operators have universal service obligations in their licenses, as mandated by the National Telecommunications Policy. Examples of such obligations are the need to perform all work and maintain all equipment in accordance with ITU standards; to provide service with cellular cell sizes of a maximum of 7.0 km for urban areas and 17.5 km for rural areas; and to set up an internal management information service to handle customer service issues, including a mechanism to settle complaints and disputes.

Each license further requires the operators to maintain the quality and standard of services as may be determined by the BTRC from time to time, and to submit compliance reports to the BTRC at specified intervals. In accordance with the prevailing licensing guidelines, each operator must provide 1.0% of its annual audited gross revenue, as adjusted pursuant to the applicable guidelines, to the Social Obligation Fund (payable on a quarterly basis and reconciled at the end of each year), in addition to the 5.5% annual revenue sharing, although the BTRC has not yet detailed the allocation and usage of the Social Obligation Fund contributions.

Registration Requirements

In February 2006, the BTRC directed all mobile operators to register all new subscribers using a prescribed form, imposing additional documentation requirements. In July 2007, the BTRC instructed all cellular mobile operators to re-register all their subscribers who had signed up before February 28, 2006, requiring the operators to obtain the subscribers' fingerprints and copies of specified documents for identification and verification purposes, including a picture and a copy of a driver's license or identification card. Mobile operators were required to deactivate the accounts of all subscribers not re-registered by the May 31, 2008 deadline. On July 29, 2008, the BTRC then imposed a penalty of US$50.0 for each non-registered phone number found to be active on or after August 1, 2008.

The BTRC has also formed a committee, including mobile operators and other law enforcement agencies, to improve and streamline the existing registration process.

National Numbering Plan

Pursuant to Section 30(1)(h) of the BTA, the BTRC is responsible for creating (and modifying as necessary) a national numbering plan that all operators must follow. Operators are required to update the BTRC at regular intervals on their progress regarding such plan. The Bangladesh Numbering Plan (the "Numbering Plan") is intended to operate for the next 25 years for a projected forecast of 100% teledensity by the year 2031. The Numbering Plan conforms with applicable ITU standards to the fullest extent possible. It reserves the numbering capacity to meet future needs by supporting effective competition through fair access to numbering resources, while keeping the changes in the existing scheme to a minimum. The decimal character set 0-9 has only been used to form part of the National (Significant) Number ("N(S)N") and the dialing procedure followed is in accordance with ITU Recommendation E.164. A 10-digit N(S)N is used for both basic and cellular mobile services, where basic and cellular mobile service calls use prefix "0," and a carrier access code for international long distance has been reserved as "10" to cater for multiple international long distance telecommunications operators in the coming years. The BTRC allocates identification codes to different licensees and service providers, for example, "100," "101" and "100" are the codes for police, fire and ambulance services, respectively.

Marketing and Promotions

There are several regulations governing marketing and promotions within the telecommunications industry in Bangladesh.

As to promotions, if bonus or free airtime is granted as part of a package, such airtime can only be used for off-net or different network call purposes, and no on-net or same network bonus or free airtime is allowed. This restriction also applies to the usual practice of offering bonus airtime in recharge or refill promotions. No goods of value other than free airtime, SMSs or mobile handsets can be offered as promotional prizes. Other prizes, however, are allowed if they are given to all participating subscribers (but not through a lottery).

All advertisements in print and electronic media and all marketing and promotional display materials, campaigns, events, and similar promotions must conform to the culture, social values, norms, practices, beliefs and heritage of Bangladesh.

In addition, prior approval from the BTRC is mandatory for any new operator-designed promotion or scheme which has not been addressed by the existing provisions, and operators must file details of such promotion on the same day of declaring it. See "—Tariffs and Charges" for more information on promotional tariffs.

Formation of the Association of Mobile Telecom Operators in Bangladesh

On August 13, 2008, AMTOB, consisting of the six mobile operators in Bangladesh, created a trust with the objectives of looking after the collective interests of the operators and their employees and subscribers; establishing a common platform for promoting and upgrading the local telecommunications system and services; and collecting and disseminating technical information and knowledge.

Guidelines for Infrastructure Sharing

On September 13, 2008, the BTRC published guidelines for infrastructure sharing among telecommunications service providers. The guidelines provide for sharing certain infrastructure and facilities, including non-electronic infrastructure and fiber optic networks. Under the guidelines, an existing operator may reserve no more than 25.0% of spare capacity, and must negotiate in good faith with any other operator that is seeking to use its infrastructure. Operators will be required to provide capacity to other operators on a "first come first served" basis, but may refuse an application on grounds of insufficient capacity. Operators shall enter into agreements for sharing infrastructure, with tariffs and charges to be mutually agreed upon based on directives from the BTRC. Each operator will be required to publish detailed information on its website, to be updated monthly, regarding its infrastructure installations that are available for sharing with other operators. The Company is in material compliance with the infrastructure sharing guidelines.

Subscriber Complaints

Individual subscriber complaints are normally addressed by the individual operators through their customer care centers. Subscriber complaints also come through the BTRC and the news media. The BTA sets out procedures for the receipt and management of consumer complaints, and operators' licenses also include provisions for the management of customer services and the settlement of disputes and complaints with subscribers.

Section 59 of the BTA provides that operators must establish a sufficient number of complaint centers to receive and dispose of subscriber complaints, and from time to time, operators must publish information about the locations of, and communications with, such complaint centers. If an operator fails to properly resolve the complaint in a timely manner, the consumer may apply to the BTRC to take action. The BTRC must respond to a consumer's complaint within seven days of the filing of the complaint. The BTRC can also direct the operator involved to take the steps necessary to resolve the complaint. In early 2013, the BTRC issued a draft National Telecommunications Consumer Protection guideline (the "NTCP"), designed to protect telecom consumers from unfair or inappropriate practices in telecom service and to establish complaint redressing process. AMTOB, on behalf of the telecommunications industry, has provided suggestions and recommendations for the NTCP, which are now under the BTRC's consideration.

Privacy

The privacy of individual citizens is protected under the Constitution of Bangladesh. Section 71 of the BTA provides that a person commits an offense if he intentionally listens to a telephone conversation between two other persons, and for such offense he may liable to imprisonment for a term not exceeding two years or to a fine not exceeding BDT 50.0 million. This section was amended in 2006 to grant law enforcement agencies the power to monitor telecommunications traffic in the interests of state security.

The BTRC has provided instructions to operators to maintain their customers' basic subscription and identification data in their records.

The following table sets forth information on the Company's directors and senior management as of the date of this offering memorandum.

Name[1]	Age	Title
Ahmed Abou Doma	45	Director and Chairman of the Board
Mikhail Gerchuk	42	Non-Executive Director
Ziad Shatara	47	Director and Chief Executive Officer
Philip Tohmé	47	Non-Executive Director
Yasser Hakim	41	Interim Chief Financial Officer[2]
Ahmad Yousif Haleem	52	Chief Financial Officer[3]
Shihab Ahmad	43	Chief Commercial Officer
Perihane Elhamy	43	Chief Technical Officer
Nizar El-Assaad	43	Information Technology Director
Riviera Ho Rathore	35	Human Resources & Administration Director
Zakiul Islam	50	Regulatory & Legal Affairs Senior Director
Mahmoud Mohamed Hosny	40	Strategy & Business Planning Director
M Nurul Alam	53	Company Secretary

(1) The registered business address of each of the individuals is Tigers' Den, House No. 4, SW, Bir Uttam Mir Shawkat Sharak, Gulshan-1, Dhaka-1212, Bangladesh.

(2) Mr. Hakim is expected to serve as the Interim Chief Financial Officer until the end of April 2014.

(3) Effective March 24, 2014.

Biographies of Directors and Senior Management

Ahmed Abou Doma has been the chairman of our board of directors since September 2011 and is the chairman of the audit committee. He is also the Group Executive Vice President, Head of the Asia and Africa Business Unit, of VimpelCom, a position he has held since June 2011, as well as the Chief Executive Officer of GTH since June 2011. Previously, Mr. Abou Doma served as the Chief Executive Officer of the Company from January 2009 to December 2012. From 1998 to 2009, Mr. Abou Doma worked for Mobinil, holding various positions, including Development Manager from 2000 to 2003 and Marketing Director from 2003 to 2009. Before working for Mobinil, Mr. Abou Doma worked for IBM and Datum IDS. He received his BS in Electronics and Communication Engineering from the University of Cairo in 1992 and later completed the International Executive Program at INSEAD Business School in Singapore and France.

Mikhail Gerchuk has been a member of our board of directors since 2011 and is a member of the audit committee. Mr. Gerchuk was appointed as Group Chief Commercial and Strategy Officer of VimpelCom in July 2012 and is currently the acting head VimpelCom's Commonwealth of Independent States or "CIS" business unit. Prior to this appointment, he had served as the Group Chief Commercial Officer since October 2011. Previously, Mr. Gerchuk was the Vice President and Chief Commercial Officer of OJSC Mobile TeleSystems ("MTS") from December 2008 until October 2011. He joined MTS in August 2007 as the Group Marketing Director. While at MTS, he served on the boards of several of its subsidiaries (such as Comstar, MGTS and MTS Ukraine). Prior to working for MTS, Mr. Gerchuk was the Chief Commercial Officer at Vodafone Malta from 2006 to 2007. He also held senior marketing positions at Vodafone Group, UK from 2002 to 2006, including, Head of Voice Propositions from 2004 to 2006 and Senior Global Marketing Manager from 2002 to 2004. Mr. Gerchuk also worked as an associate at Booz Allen Hamilton in London from 1999 to 2002 and, prior to that, at PepsiCo and Mars, Inc. Mr. Gerchuk holds an MBA from INSEAD and an MA in Economic Geography and English from the Moscow State University, which he received in 1999 and 1994, respectively.

Ziad Shatara has been a member of our board of directors since March 2013. He is also the Managing Director of the Company since March 2013 and the Chief Executive Officer since January 2013. Prior to joining us, Mr. Shatara was the Chief Technology Officer of Wind Telecomunicazioni S.p.A. ("Wind"), Italy, from 2010 to 2012. Mr. Shatara started his career in the IT industry in 1991 and then moved to Telecommunications, GSM in particular, where from 1994 to 2007, he worked at various regional networks in the Middle and Far East. Mr. Shatara holds a BS and an MS in Electrical and Computer Engineering, which he received from the Technical University of Budapest, Hungary, in 1991.

Philip Tohmé has been a member of our board of directors since 2012 and is a member of the audit committee. Mr. Tohme has also served as the Group Chief Technology Officer of VimpelCom since May 2011 and is currently the Chief Executive Officer of Orascom Telecom Algérie S.p.A. From January 2010 until April 2011, Mr. Tohme served as Chief Technology Officer of GTH. Prior to his position at GTH, Mr. Tohme worked at Wind Italy, first as a Network Director from 2006 to 2008 and then as Chief Technology Officer from 2008 to 2009. Mr. Tohme also served as Chief Operating Officer of Orascom Telecom Algeria from 2003 to 2004 and as Technical Director of Mobinil from 2000 to 2002. Prior to joining the GTH Group, Mr. Tohme worked in various technical positions as part of the launch of several mobile operators, including Mobilrom (Romania) from 1997 to 1999 and France Telecom and Mobile Lebanon during 1995 and 1996. Mr. Tohme is a member of the board of directors of Wind Mobile Canada and Kyivstar. He received a BA in Electrical Engineering from the American University of Beirut in 1989 and an MA in Electrical Engineering from Virginia Polytechnic Institute and State University in 1991.

Yasser Abdel Hakim is the interim Chief Financial Officer of the Company, a position he has held since July 2013. Prior to joining Banglalink, Mr. Hakim was the Chief Financial Officer of Sotelco Ltd., formerly VimpelCom's Cambodian subsidiary, from 2012 to 2013. Prior to his position at Sotelco Ltd., he worked at GTH as Senior Manager, Revenue Assurance from 2008 to 2012. Before joining GTH, Mr. Hakim worked in various executive positions at Wataniya Telecom/QTEL Group, including Chief Financial Officer for Wataniya Maldives from 2005 to 2007. While working in the Maldives, he was also a member of the board of directors of WARF Telecom (Maldives). From 1997 to 2004, Mr. Hakim worked for several mobile operators, as part of the launch team of their operations, such as Telecom Egypt from 1997 to 1998, Mobinil (Egypt) from 1998 to 2003 and Asiacell (Wataniya Telecom Iraq) from 2003 to 2004. He received a BA in Commerce, majoring in Accounting, from the Ain Shams University, Cairo, in 1994.

Ahmad Yousif Haleem is the Chief Financial Officer of the Company, a position he has held since March 24, 2014. Prior to joining Banglalink, Mr. Haleem led investment activities as Chairman of ILA Holding SPC (Bahrain) from 2011 to 2013 and was the interim Executive President of Red Lambda Inc. (USA) from March 2013 to December 2013. Prior to that, he served as Chief Strategy Officer of the Zain Group from 2009 to 2010. Mr. Haleem was the Chief Executive Officer and Managing Director of Wataniya International from 2004 to 2007 and the Chief Financial Officer of Wataniya Telecom Kuwait from 2001 to 2003. Before joining Wataniya, Mr. Haleem worked for Motorola Inc. from 1987 to 2001, holding such positions as President and General Manager of Mobile Data Service Co. Ltd. (a joint venture between Orascom Telecom and Motorola in Dubai) from 2000 to 2001 and Chief Financial Officer of Mobinil (Egypt) from 1998 to 2000, as well as Director of Finance and Director of Operations of Fastlink (Jordan) from 1995 to 1998. Mr. Haleem is a member of the board of directors of Red Lambda Inc., Mobila Inc (USA) and ILA BSC (Bahrain). He received his BSc in Accounting from the University of Illinois in 1987 and is a Certified Public Accountant.

Shihab Ahmad is the Chief Commercial Officer of the Company, a position he has held since June 2013. He is also a member of the Management Committee. Mr. Ahmad has worked as Senior Marketing Director of Banglalink from July 2011 to June 2013 and as Marketing Director from July 2009 to June 2011. Prior to that position, Mr. Ahmad worked in the Market Analysis & Planning department of the Company from 2004 to 2008 and later became the Head of the Commercial Strategy & Business Development department. Before joining Banglalink, Mr. Ahmad served in different capacities at various other companies in Bangladesh from 1995 to 1997 and from 1999 to 2004. He holds a degree in Electrical and Electronic Engineering from the Bangladesh University of Engineering & Technology ("BUET"), which he received in 1995. In 1999, he completed his Masters in Business Administration (MBA) at Lahore University of Management Science ("LUMS"), Pakistan.

Perihane Elhamy has been the Company's Chief Technical Officer since March 2013. Prior to joining the Company, Ms. Elhamy was the Chief Technical Officer of VimpelCom's operation in Burundi from 2012 to 2013. Previously, she held the positions of Chief Technical Officer at Wataniya Telecom Maldives, Engineering and Development Director at Orascom Telecom Tunisia, Engineering Director at Mobinil Pakistan and Global Middle East and Africa Senior Consultant at Nokia Siemens Networks. Ms. Elhamy graduated from the University of Cairo in 1992 with a BA in Electronics and Communications and received her MBA in 1997 from the American University in Cairo.

Nizar El-Assaad is the Information Technology Director of the Company, a position he has held since July 2009. Mr. Assaad joined the Company in 2004 as Senior Manager for IT Infrastructure & Operations. Prior to joining us, he co-founded Anzima Cooperative Solutions, an IT solutions firm which provides state-of-the-art IT solutions in Beirut, Lebanon. Mr. Assaad holds a BE (Bachelor of Engineering) in Computer and Communications Engineering from the American University of Beirut, Lebanon, which he received in 1992 and a TGM (Transition to General Management) certification from INSEAD, Fontainebleau, France, which he received in 2011.

Riviera Ho Rathore is the Company's Human Resources & Administration Director, a position she has held since June 2012. Prior to joining us, Ms. Rathore served as the HR&OD Director of Sotelco Ltd., formerly VimpelCom's Cambodian subsidiary, from October 2008 to June 2012. Prior to joining VimpelCom's subsidiaries, Ms. Rathore held senior Human Resources leadership roles at CamGSM Co. Ltd. (a Millicom International Cellular subsidiary) from May 2007 to October 2008, Vattanac Bank Limited from March 2005 to May 2007, and Peninsula Hotels from June 2000 to February 2005. Ms. Rathore was a member of the board of directors of CAMFEBA, Cambodia's Employers' Federation, from 2010 to 2012, and since 2011 she has been appointed by Cambodia's Ministry of Labor and Vocational Training as an employer representative to a national tripartite consultative group that works on Cambodia's policies for social protection and employment. Ms. Rathore is also a founding member of the Asia-Pacific knowledge-sharing network on industrial relations ("ap-irnet"). She studied for an MA in Industrial Relations, with a major in labor management relations and industrial relations, at the University of the Philippines until 2005 and received her BSc in Hotel and Restaurant Administration from the University of the Philippines in 2000.

Zakiul Islam is the Company's Regulatory & Legal Affairs Senior Director, a position he has held since July 2009. In 2007, he was appointed as the Company's Senior Manager for Regulatory Affairs, a position he held until his promotion in 2009. Prior to joining us, he worked at Warid Telecom as the Head of Project Management. He started his career with Philips N.V. in the Netherlands. He was also involved in the deployment of a satellite communication network in Saudi Arabia, a Saudi Telecom company project with Scientific Atlanta. Mr. Islam has more than twenty years of experience in Telecommunication and ICT technology. In addition to his other positions, he was the president of the Association of Telecom Operators Bangladesh from 2009 to 2011. Mr. Islam holds a degree in Electrical and Electronic Engineering from the Bangladesh University of Engineering & Technology (BUET), which he received in 1987. In 2010, he completed his MA in Business Administration and Executive Management at Royal Roads University of Canada and, in 2011, received a Post-graduate Diploma in the Transition to General Management Program at INSEAD.

Mahmoud Mohamed Hosny is the Company's Strategy & Business Planning Director, a position he has held since March 2013. Previously, Mr. Hosny was the Strategic Planning Director at GTH from August 2008 to February 2013. Prior to that, Mr. Hosny held the position of Business Planning & Profitability Senior Manager at Mobinil from November 2000 to August 2008 and was also a consultant at KPMG from October 1994 to October 2000. He holds an MBA from the Maastricht School of Management, which he received in 1999 and a BA in Accounting from the University of Cairo, which he received in 1994.

M Nurul Alam has been the Company Secretary since November 2007. Prior to joining us, he worked as the Deputy Company Secretary of GlaxoSmithKline Limited, a multinational pharmaceutical manufacturing and marketing company. From April 1981 until 2000, Mr. Alam worked for Glaxo Bangladesh Ltd. (currently GlaxoSmithKline) in a variety of roles in the Internal Audit Department. Mr. Alam has a Masters in Accounting, which he received in 1994 from the University of Chittagong. He is a professional chartered secretary and obtained his professional degree of "Chartered Secretary" from the National Institute of Chartered Secretaries of Bangladesh in 2004. Mr. Alam is also a member of the Institute of Internal Auditors of Bangladesh, as well as the Institute of Accounting Technicians of Bangladesh.

Board Practices

According to our constitutional documents, our board of directors is the sole authority for business operations and is responsible for compliance with provisions of law. The Company Secretary is the principal compliance officer and ensures such compliance with provisions of law on behalf of the board. Unless otherwise determined by the Company at a general meeting, the board must have no fewer than three and no more than ten directors. The directors must be elected at general meetings of the Company by a majority of the votes of the shareholders of the Company. One-third (or the number nearest to one-third if not a multiple of three) of the directors retire at each annual general meeting. The board may appoint a director to fill in a vacancy on the board, but this director must retire at the next annual general meeting. A nominated director does not have to hold any qualification shares in the Company.

Overall management of the Company is the responsibility of the Managing Director. The management team, headed by the Company CEO (also the Managing Director), is responsible for running the business activities of the Company on behalf of the board of directors. The management team consists of the following positions: Chief Executive Officer, Chief Financial Officer, Chief Technical Officer, Chief Commercial Officer, Human Resources & Administration Director, Regulatory & Legal Affairs Senior Director, Information Technology Director, Strategy & Business Planning Director and Company Secretary. The board of directors may from time to time entrust the Managing Director with such powers as the board sees fit and may also revoke, withdraw, alter or vary any such power, subject to the provisions of any contract or agreement between the Managing Director and the Company. The board of directors also determines the terms, remuneration and length of the appointment period of the Managing Director.

The board of directors also appoints an audit committee and authorizes the audit committee to perform the activities within the scope of the audit committee charter. The audit committee was formed at the meeting of the board of directors held on June 11, 2009, and the charter of the audit committee was first adopted at the board meeting held on August 20, 2009 and amended on October 9, 2012. The audit committee must be comprised of a minimum of three and a maximum of four directors, including a non-executive director. The chairman of the board is selected from the audit committee members. The current members of the audit committee are Mr. Ahmed Abou Doma (chairman), Mr. Mikhail Gerchuk (non-executive director) and Mr. Philip Tohme (non-executive director). The Company Secretary attends the audit committee meetings as the Secretary of the audit committee.

Compensation

Unless otherwise determined by the board of directors, the remuneration of our directors (other than the Managing Director and our executive directors) is BDT 5,000.0 for attending each meeting of the board (and each meeting of the audit committee). The Company may otherwise reimburse any director for all reasonable expenses incurred in attending board meetings or in performing other business for the Company.

The members of our senior management are compensated on the basis of a fixed salary plus a bonus tied to their performance. For the year ended December 31, 2013, we paid total remuneration to our senior management of BDT 144.6 million.

As of the date of this offering memorandum, we have no outstanding loans to any director.

The Company does not have any pension, retirement or similar benefit plans available to its directors (including its audit committee members) or members of senior management.

As of the close of business on April 2, 2014 (being the last practicable date prior to the publication of this offering memorandum), none of the directors or members of senior management beneficially owned more than one percent of the share capital of the Company.

Employees

As of December 31, 2013 we had 2,708 total employees (2,506 full time and 202 part time), of which 6.0% were in management positions, and the breakdown of full time employees by department was as follows: 5 employees in the CEO's office, 1,515 employees in the Commercial department, 645 employees in the Technical department, 131 employees in Accounting and Finance, 104 employees in the Information Technology department, 67 employees in Human Resources and Administration, 19 employees in Government and Regulatory Affairs, 6 employees in the Strategy and Business Planning department and 14 expatriate employees.

We have not experienced any work stoppages and consider relations with our employees to be good.

Shareholder Structure

The following table sets forth certain information about our direct shareholders as of April 2, 2014, the latest practicable date prior to the publication of this offering memorandum:

	No. of Shares	Holding (%)
Shareholders		
Telecom Ventures Limited	4,760,377,396	99.9999874
Other shareholders[(1)]	600	0.0000126
Total	**4,760,377,996**	**100.0**

(1) Shares held by directors and other individuals to satisfy local regulatory requirements.

GTH

GTH presently holds a 100% interest in the Company through its wholly owned subsidiary Telecom Ventures (the percentage ownership includes a *de minimis* number of director and other qualifying shares as listed in the table above). GTH is a leading international telecommunications company operating GSM networks in several high growth emerging markets in Africa and Asia. It is 51.9% indirectly owned by VimpelCom, with the remaining 48.1% held by public shareholders. GTH's shares are listed on the Egyptian Stock Exchange and its global depositary receipts are listed on the London Stock Exchange.

VimpelCom

On April 15, 2011, VimpelCom acquired an indirect 51.9% interest in GTH. VimpelCom is one of the world's largest integrated telecommunications services operators providing voice and data services through a range of traditional and broadband mobile and fixed technologies in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Bangladesh, Pakistan, Burundi, Zimbabwe, Central African Republic and Canada. VimpelCom's American Depositary Shares are listed on the NASDAQ Stock Market.

The following table sets forth information with respect to the beneficial ownership of VimpelCom as of April 2, 2014 by each person who to our knowledge, based on public filings with the U.S. Securities and Exchange Commission (the "U.S. SEC"), is a beneficial owner of 5.0% or more of VimpelCom's common or convertible preferred shares. As of April 2, 2014, VimpelCom had outstanding 1,756,731,135 issued common shares and 305,000,000 issued convertible preferred shares.

Shareholder	Number of VimpelCom Ltd. Common Shares	Percent of VimpelCom Ltd. Common Shares	Number of VimpelCom Ltd. Preferred Shares	Percent of VimpelCom Ltd.
Voting Shares				
Telenor East Holding II AS	580,578,840	33.0%	305,000,000	43.0%
Altimo Coöperatief U.A.	986,572,563	56.2%	0	47.9%

Altimo Coöperatief U.A. ("Altimo") is a member of the Alfa Group and Telenor East Holding II AS ("Telenor East") is a subsidiary of Telenor ASA.

As reported on Schedule 13D filings with the U.S. SEC, in June 2011, Altimo sold 123.6 million convertible preferred shares of VimpelCom to Forrielite Limited, resulting in Telenor East, Altimo, Weather Investments II S.à r.l. and Forrielite Limited holding approximately 25.0%, 25.0%, 29.6% and 6.0% of VimpelCom's outstanding voting shares, respectively. Forrielite Limited subsequently sold the 123.6 million convertible preferred shares (representing approximately 6.0% of VimpelCom's voting shares) to Bertofan Investments Limited in January 2012. In February 2012, Telenor East acquired 234.0 million convertible

preferred shares of VimpelCom from Weather Investments II S.à r.l., increasing its voting interest from 25.0% to approximately 36.4% of VimpelCom's outstanding voting shares. In April 2012, Telenor East acquired 65.0 million of VimpelCom's American Depositary Shares from JPMorgan, raising Telenor East's voting interest in VimpelCom to approximately 39.5%. In August 2012, Weather Investments II S.à r.l. exercised its put option rights to sell 71.0 million convertible preferred shares to Telenor East, further increasing Telenor East's voting interest to approximately 43.0% of VimpelCom's outstanding voting shares. As of April 2, 2014, Telenor East owned 580,578,840 VimpelCom common shares, representing approximately 43.0% of VimpelCom's voting capital.

According to additional Schedule 13D filings with the U.S. SEC, in August 2012, Altimo purchased 305.0 million of VimpelCom's common shares from Weather Investments II S.à r.l., 12.0 million of VimpelCom's common shares from Natixis and 3.3 million of VimpelCom's common shares from other investors. As a result of these transactions, Altimo's voting interest increased from approximately 25.0% to approximately 40.5% of VimpelCom's outstanding voting shares. Through a series of share purchases between August and December 2012, Altimo's voting interest in VimpelCom further increased from approximately 40.5% to approximately 47.9%, notably through its repurchase of 123.6 million of VimpelCom's convertible preferred shares from Bertofan in December 2012. In April 2013, Altimo converted 128.5 million of its convertible preferred shares into common shares, raising Altimo's economic interest in VimpelCom to 56.2%, while its voting interest remained at 47.9%. As of April 2, 2014, Altimo owned 986,572,563 VimpelCom common shares, representing approximately 47.9% of VimpelCom's voting capital.

See "Risk Factors—Risks Related to Our Business—We are a wholly owned indirect subsidiary of GTH, which is majority owned by VimpelCom. We currently rely on GTH for continued financial and other support, and GTH, in turn, relies on VimpelCom for continued financial and other support. If we are no longer able to rely on GTH, or GTH is no longer able to rely on VimpelCom, for financial or other support, our business may be materially and adversely affected" and "Risk Factors—Risks Related to Our Business—The interests of our principal shareholders may conflict with Noteholders' interests."

RELATED PARTY TRANSACTIONS

We enter into transactions with related parties in the ordinary course of business. These transactions include, but are not limited to, providing and receiving technical assistance, exchanging services and financial transactions (including loans from our shareholders). Our material related party transactions are described below.

Shareholder Loans

As of December 31, 2013, three loans from our parent company, Telecom Ventures (referred to in this offering memorandum as the Shareholder Loans), in the aggregate principal amount of BDT 28,782.3 million, were outstanding.

The first loan, a US$50.6 million facility, carries an interest rate of 3-month US$ LIBOR + 2.5% (payable quarterly) has been fully drawn and currently matures in November 2018. As of December 31, 2013 the principal amount outstanding under this loan was BDT 3,929.5 million.

The second loan, a US$150.0 million facility, carries an interest rate of 3-month US$ LIBOR + 2.5% (payable quarterly) has been fully drawn and currently matures in May 2019. As of December 31, 2013 the principal amount outstanding under this loan was BDT 11,649.8 million.

The third loan, a US$170.0 million facility, carries an interest rate of 3-month of US$ LIBOR + 2.5% (payable quarterly) has been fully drawn and currently matures in January 2020. As of December 31, 2013, the principal amount outstanding under this loan was BDT 13,203.1 million.

We made cash payments of interest on the Shareholder Loans in the amount of BDT 90.5 million, BDT 485.9 million and BDT 692.2 million in the years ended December 31, 2011, 2012 and 2013, respectively.

We intend to amend the terms of the Shareholder Loans upon the issuance of the Notes to extend their maturities until at least six months after the final maturity of the Notes and not to require cash payments of principal until after the final maturity of the Notes. In addition, we intend to enter into a subordination deed, so that upon the issuance of the Notes, our Shareholder Loans will be subordinated to the Notes and our other senior indebtedness and will constitute "Subordinated Shareholder Loans" for purposes of the Indenture. Under this subordination deed, Telecom Ventures will agree in favor of the Trustee, for the benefit of the Noteholders, that for so long as the Notes are outstanding, no cash payments of interest will be required to be made under the Shareholder Loans unless such payments are permitted under the restricted payments covenant in the Indenture, and, in the event of insolvency, Telecom Ventures' right to receive payment under the Shareholder Loans will be subordinated to payments under the Notes. While we do not require BOI approval to enter into the contractual amendments to the Shareholder Loans described above, we intend to apply, immediately after the issuance of the Notes, for BOI permission to make the rescheduled principal repayments. We do not require BOI approval for the subordination deed described above to be effective.

Bridge Loan

On December 17, 2013, the Company entered into an amendment of the Bridge Loan, a short-term local Taka-denominated facility with Standard Chartered Bank, Dhaka to finance capital expenditures in connection with our 3G network roll-out (including license fees and network equipment). As cash collateral for the Bridge Loan, Telecom Ventures placed a U.S. dollar deposit (equivalent to 105% of the drawn facility amount) in a bank account pledged in favor of Standard Chartered Bank, Dhaka. The Bridge Loan carries an interest rate of 13.0% (payable quarterly) and expires in December 2014. The Bridge Loan is treated as a permitted shareholder loan for purposes of our covenant compliance under the Common Terms Agreement. As of December 31, 2013, the principal amount outstanding under the Bridge Loan was BDT 13,658.0 million.

We intend to use a portion of the proceeds of the Offering to repay all amounts outstanding under the Bridge Loan. In connection with this repayment, we expect that the Bridge Loan will be terminated and that the cash collateral securing the Bridge Loan will be released in accordance with the terms of the applicable account pledge agreement and the Bridge Loan. For more information, see "Description of Other Indebtedness—Bridge Loan."

Technical Services Agreement with GTH and Telecom Ventures

The Company entered into a technical services agreement with its parent companies, GTH and Telecom Ventures, effective September 12, 2004 (the "Technical Services Agreement"). Pursuant to the Technical Services Agreement, Telecom Ventures provides to the Company advisory services related to mobile telecommunication operations, including technical, operational, regulatory, marketing and management support, particularly in the form of expatriate employee services, in exchange for fees based on hourly rates set out in the agreement. While no cash payments have been made to Telecom Ventures under the Technical Services Agreement as of the date of this offering memorandum, the Company has accounted for BDT 266.8 million, BDT 202.9 million and BDT 225.6 million in the years ended December 31, 2011, 2012 and 2013, respectively.

Standard Agency Agreement with VimpelCom International Services B.V.

On December 2, 2012, the Company entered into a roaming agency agreement (the "Roaming Services Agreement") with VimpelCom International Services B.V. ("VIS"), a subsidiary of VimpelCom. Under the Roaming Services Agreement, VIS will provide the Company with roaming agency services (including roaming inter-operator tariff management, roaming retail product development and roaming technology management) in exchange for a services fee that is based on the total value of the cost savings and revenues received by Banglalink in connection with the services provided by VIS. The services fees are payable by the Company to VIS in quarterly installments. However, the Company has not yet submitted the Roaming Services Agreement to the BOI for approval, and VIS has not yet provided services to the Company under this agreement. Until receipt of approval, no payments will be made to VIS under the Roaming Services Agreement.

Service Agreement with Mobizone

On June 20, 2008, the Company entered into a service agreement with Mobizone Telecommunications Services Limited ("Mobizone"), a company engaged in the business of providing third party VAS to telecommunications operators. Pursuant to the agreement, the Company granted Mobizone the right to connect its servers to the Banglalink network for the provision of these services. The Company remains responsible for the billing and collection of the revenue generated from these services provided to its subscribers, with Mobizone receiving 40.0% of the net revenue earned. In 2011 and 2012, the Company paid Mobizone BDT 151.5 million and BDT 214.9 million, respectively. Mobizone was formerly a subsidiary of GTH, but as of January 2012, Mobizone is no longer a subsidiary of GTH, and this was not considered a related party transaction in 2013.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the Company's credit arrangements, bonds and other indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying credit agreements, bonds and other documentation.

The Company's principal sources of external financing include both secured and unsecured short-term as well as long-term facilities (denominated in Taka and U.S. dollars). As of December 31, 2013, the carrying value of our total debt (excluding loans from parent company), which we calculate as our total debt for vendor financing, lease financing, bank and other short-term and long-term loans, excluding loans from our parent company (the Shareholder Loans), was BDT 33,239.3 million, BDT 5,735.3 million of which was outstanding under the Secured Facilities (which excludes BDT 37.6 million of outstanding finance lease liabilities).

Long-Term Borrowings

On June 13, 2007, the Company (under our former name, Sheba Telecom (Pvt.) Limited), as borrower, and Telecom Ventures, as guarantor, entered into the Common Terms Agreement, which sets out certain provisions (including in respect of prepayment and cancellation, the Telecom Ventures guarantee, representations, warranties, covenants and events of default and pro-rata sharing) in relation to:

(a) four separate loan agreements dated June 13, 2007, as amended from time to time;

(b) the Additional Hermes Facility dated December 3, 2009, as amended from time to time; and

(c) the BDT Bond Facility dated March 23, 2010 (the BDT Bond Facility is also subject to terms and conditions attached to the trust deed dated March 15, 2010 made between the Company and Eastern Bank Limited as trustee for the holders of the bonds), providing for financing in an aggregate principal amount of BDT 7,070.0 million.

The following table sets forth a summary of the existing facilities governed by the Common Terms Agreement (the "Secured Facilities") and the principal amounts outstanding thereunder as of December 31, 2013. We intend to repay the BDT Bond Facility and the BDT Commercial Facility B (together, the "Secured BDT Facilities") with the proceeds of the Offering, and we intend to repay the Hermes Facility, the Additional Hermes Facility and the DFI Facility (together, the "Secured USD Facilities") with other funds available to us.

Secured Facility	Facility Currency	Principal Amount Outstanding as of December 31, 2013	Final Maturity Date
BDT Bond Facility	BDT	BDT 2,828.0 million	June 30, 2014
BDT Commercial Facility B	BDT	BDT 102.0 million	June 30, 2014
Total Secured BDT Facilities		**BDT 2,930.0 million**	
DFI Facility	USD	BDT 291.2 million	June 15, 2014
Hermes Facility	USD	BDT 964.1 million	July 1, 2014
Additional Hermes Facility	USD	BDT 1,664.3 million	Sept 30, 2016
Total Secured USD Facilities		**BDT 2,919.6 million**	
Total Secured Facilities		**BDT 5,849.6 million**	**(US$75.2 million)**

The Secured Facilities are also governed by an intercreditor deed dated June 13, 2007 (as amended or restated from time to time, the "Intercreditor Deed"), with Standard Chartered Bank, London acting as Intercreditor Agent for the finance parties and Standard Chartered Bank, Dhaka acting as Security Agent. The Secured Facilities are secured, inter alia, by: (i) a first demand payment guarantee dated June 13, 2007 (as amended from time to time) granted by GTH in favor of the Intercreditor Agent on behalf of the secured creditors guaranteeing all financial and payment obligations of the Company and Telecom Ventures under the relevant finance documents (including the facilities under the Common Terms Agreement); (ii) pursuant to the terms of the Common Terms Agreement, a guarantee granted by Telecom Ventures in favor of the Intercreditor Agent on behalf of the Secured Creditors guaranteeing the obligations of GTH and the Company under the relevant finance documents (including the facilities under the Common Terms Agreement); (iii) a first ranking pledge by GTH of 100% of the issued share capital it holds in Telecom Ventures; (iv) a first ranking pledge by Telecom Ventures of the shares it holds in our issued share capital; (v) a first ranking pledge by Ahmed Abou Doma of the 100 shares he holds in our issued share capital; (vi) a first ranking floating charge over certain of our material agreements, certain intellectual property rights and all of our present and future receivables and tangible moveable property; (vii) by a lien by us over our bank accounts; and (viii) by an irrevocable power of attorney given by us in favor of the Security Agent.

Since December 31, 2013, we have repaid additional amounts of BDT 1,116.7 million under the Secured Facilities in accordance with the terms of the relevant facilities. We have obtained the necessary consent under the Common Terms Agreement and intend to prepay all amounts outstanding under the Secured Facilities shortly after the completion of the Offering, using a portion of the proceeds of the Offering to repay the amounts outstanding under the Secured BDT Facilities and other funds available to us to repay the amounts outstanding under the Secured USD Facilities. For more information, see "Use of Proceeds." In connection with these repayments, we expect that the Common Terms Agreement will be terminated and that all security relating to the Secured Facilities will be released in accordance with the terms of the Intercreditor Deed, the Common Terms Agreement and the applicable security documents.

Bridge Loan

On December 17, 2013, the Company entered into an amendment of the Bridge Loan, a short-term local Taka-denominated facility with Standard Chartered Bank, Dhaka to finance capital expenditures in connection with our 3G network roll-out (including license fees and network equipment). As cash collateral for the Bridge Loan, Telecom Ventures placed a U.S. dollar deposit (equivalent to 105% of the drawn facility amount) in a bank account pledged in favor of Standard Chartered Bank, Dhaka. The Bridge Loan has a term of one year and contains covenants, events of default, prepayment and other provisions that are typical for local short-term facilities. The Bridge Loan is treated as a permitted shareholder loan for purposes of our covenant compliance under the Common Terms Agreement. As of December 31, 2013, the principal amount outstanding under the Bridge Loan was BDT 13,658.0 million.

Since December 31, 2013, we have drawn additional amounts of BDT 4,320.0 million under the Bridge Loan. We intend to use a portion of the proceeds of the Offering to repay all amounts outstanding under the Bridge Loan. For more information, see "Use of Proceeds." In connection with this repayment, we expect that the Bridge Loan will be terminated and that the cash collateral securing the Bridge Loan will be released in accordance with the terms of the applicable account pledge agreement and the Bridge Loan.

Short-Term Loans

In addition to the Bridge Loan, we have entered into a number of unsecured short-term facilities with various domestic lenders which provide working capital facilities used for selling and operational expenses, and for general corporate purposes. As of December 31, 2013, the aggregate principal amount outstanding under these short-term loans from banks (excluding the Bridge Loan) was BDT 12,605.0 million. These facilities contain events of default typical for local short-term facilities, including in certain facilities, an agreed leverage test of debt to contributed equity of 60:40. We were in compliance with this debt to contributed equity threshold as of December 31, 2013. We draw down and make repayments on our short-term facilities from time to time. Since December 31, 2013, there has been a net reduction of BDT 3,455.0 million, outstanding principal amount under our short-term loans (excluding the Bridge Loan).

Vendor Financing

We have entered into vendor-financed deferred payment arrangements with Huawei Tech. Investment Co. Ltd. to provide us credit in relation to equipment we have purchased from Huawei. As of December 31, 2013, the principal amount outstanding under our loans from Huawei Tech Investment Co. Ltd was BDT 1,153.6 million. This vendor financing bears interest at a rate of 6-month US$ LIBOR + 2.9%. Deferred payments are made in four semi-annual installments starting six months after the delivery date of the relevant purchase order. Since December 31, 2013, we have repaid BDT 310.0 million under our loans from Huawei Tech Investment Co. Ltd.

Lease Financing

We have entered into a number of lease financings with various domestic leasing and banking companies which provide leasing facilities for vehicles. As of December 31, 2013, our finance lease liabilities amounted to BDT 37.6 million.

Shareholder Loans

For a description of our Shareholder Loans, see "Related Party Transactions—Shareholder Loans."

DESCRIPTION OF THE NOTES

Banglalink Digital Communications Limited (formerly, Orascom Telecom Bangladesh Limited), a public limited company incorporated in Bangladesh (the "*Company*"), will issue the Notes under an Indenture, to be dated May 6, 2014, among the Company and The Bank of New York Mellon, as trustee (the "*Trustee*"). The issuance of the Notes will not be subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*."

We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. Because it is a summary, it may not contain all the information that is important to potential investors in the Notes. This summary is subject to and qualified in its entirety by reference to all of the provisions of the Indenture and you should read the Indenture in its entirety. You can obtain a copy of the Indenture on or after the Issue Date at the corporate trust office of the Trustee located at 101 Barclay Street, Floor 4E New York, NY 10286, United States of America.

Key terms used in this section are defined under "*—Certain Definitions*." When we refer to:

- the Company in this section, we mean Banglalink Digital Communications Limited (formerly, Orascom Telecom Bangladesh Limited), a public limited company incorporated in Bangladesh, and not its subsidiaries; and

- Notes in this section, we mean the Notes originally issued on the Issue Date and any Additional Notes.

General

The Notes will:

- be senior, direct, unconditional and unsecured obligations of the Company;

- rank equally with any other existing and future Indebtedness of the Company that is unsecured and that is not subordinated in right of payment to the Notes;

- rank senior in right of payment to all existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes;

- will be effectively subordinated to all obligations of future Subsidiaries of the Company that do not guarantee the Notes; and

- be effectively subordinated to any existing and future obligations of the Company that are secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations.

On the Issue Date, the Company has no Subsidiaries. Future Subsidiaries will be "Restricted Subsidiaries" unless specifically designated as "Unrestricted Subsidiaries." Future Subsidiaries of the Company may be required to become Guarantors of the Notes pursuant to the Indenture, and may be required to provide Note Guarantees of the Notes under certain circumstances, see "*—Certain Covenants—Limitation on Guarantees of Indebtedness*."

Under applicable foreign exchange regulations, the Company may need to receive the prior approval of Bangladesh Bank before the Company would be able to provide notice of or to effect any payments, prepayments or redemptions of or in connection with the Notes for which the amounts cannot be determined as of the Issue Date. These types of payments, prepayments or redemptions could include amounts pursuant to the optional redemption, tax redemption, change of control offer, defeasance and discharge, acceleration or indemnification provisions. Any such approval, if required, would be granted at the sole discretion of Bangladesh Bank, and there can be no assurance that such approval would be granted in a timely manner, if at all. See "Risk Factors—Our ability to enter into foreign exchange transactions is subject to approval of regulatory authorities such as Bangladesh Bank and the BOI and we may be unable to make foreign currency payments, including certain payments on the Notes that are not determinable on the date of issuance of the Notes, if we do not receive these approvals."

Additional Notes

The Company will issue US$300.0 million in aggregate principal amount of Notes in this offering. Subject to the limitations set forth under *"—Certain Covenants—Limitation on Incurrence of Additional Indebtedness*," the Company and any Restricted Subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("*Additional Notes*") issued in one or more transactions, which have identical terms (except the issue date of such additional notes) as Notes issued by the Company in this offering, *provided*, *however*, that Additional Notes that are not issued pursuant to a "qualified reopening" for US federal income tax purposes shall be issued with a different ISIN or CUSIP number. Additional Notes may be issued and offered outside the United States in reliance on Regulation S and/or in the United States in reliance on Rule 144A under the Securities Act, *provided* certain conditions set out in the Indenture are met. Holders of Additional Notes would have the right to vote together with Noteholders issued in this offering as one class.

Noteholders should note that Additional Notes that are treated as a single series for non-tax purposes may be treated as separate issues for US federal income tax purposes. In such case, the Additional Notes may be considered to have been issued with original issue discount as defined in the US Internal Revenue Code of 1986, as amended (the "*Code*"), and the US Treasury Regulations issued thereunder, which may affect the market value of the Notes since such Additional Notes may not be distinguishable from the Notes.

Principal, Maturity and Interest

The Company will issue Notes in registered form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will mature on May 6, 2019 at their principal amount, unless redeemed prior thereto as described herein. The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 8.625% per annum and will be payable in cash semi-annually in arrears on each May 6 and November 6, commencing on November 6, 2014. Payments will be made to the persons who are registered Noteholders at the close of business on April 21 and October 22, respectively (the "*Record Date*"), immediately preceding the applicable interest payment date.

Interest on the Notes will accrue from and including the most recent date to which interest has been paid or, if no interest has been paid, from and including May 6, 2014. Interest will be computed on the basis of a 360-day year comprised of 12 30-day months. The redemption of Notes with unpaid and accrued interest to the date of redemption will not affect the right of Noteholders of record on a Record Date to receive interest due on an interest payment. If a Note is redeemed on or after the Record Date for an Interest Payment Date, but on or prior to the related Interest Payment Date, then any accrued and unpaid interest and Additional Amounts, if any, shall be paid to the Person in whose name such Note was registered at the close of business on such Record Date.

Claims against the Company for the payment of principal of, or premium, if any, or interest, or Additional Amounts on the Notes will become void unless presentation is made as required in the Indenture within a period of 10 years, in the case of principal or premium, if any, or five years, in the case of interest or Additional Amounts, if any, from the applicable original payment date therefor.

Additional Amounts

All payments by the Company in respect of the Notes will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties or assessments, fees or other governmental charges imposed or levied by or on behalf of Bangladesh or any political subdivision or taxing authority thereof or therein (each a "*Taxing Jurisdiction*"), unless such withholding or deduction is required by law. If the Company is required by law to make any such withholding or deduction, the Company will pay to any Noteholder such additional amounts ("*Additional Amounts*") as may be necessary in order that every net payment made by the Company on such Note after deduction or withholding for or on account of any such

present or future tax, duty, assessment, fee or other governmental charge will not be less than the amount then due and payable on such Note. The foregoing obligation to pay Additional Amounts, however, will not apply to:

(i) any tax, duty, assessment, fee or other governmental charge that would not have been imposed but for the existence of any present or former connection between a Noteholder or beneficial owner of Notes (or between fiduciary, settlor, beneficiary, member, interest holder or shareholder of such Noteholder or beneficial owner, if such Noteholder or beneficial owner is an estate, a trust, a partnership, a limited liability company or a corporation) and the Taxing Jurisdiction including, without limitation, such Noteholder or beneficial owner of Notes (or such a fiduciary, settlor, beneficiary, member, interest holder or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere receipt of such payment or the ownership or holding of such Note;

(ii) any tax, duty, assessment, fee or other governmental charge that would not have been imposed but for the presentation by the Noteholder for payment on a date more than 30 days after the date on which such payment became due and payable, or the date on which payment thereof is duly provided for, whichever occurs later;

(iii) any tax, duty, assessment, fee or other governmental charge required to be deducted or withheld by any paying agent from a payment on a Note, if such payment can be made without such deduction or withholding by any other paying agent;

(iv) any tax, duty, assessment, fee or other governmental charge that would not have been imposed but for the failure of the Noteholder or beneficial owner of a Note to comply with any applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the taxing jurisdiction of the Noteholder or beneficial owner of such Note;

(v) any withholding or deduction imposed on a payment to an individual that is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;

(vi) any estate, inheritance, gift, sales, excise, transfer or personal property tax or any similar tax, duty, assessment, fee or other governmental charge;

(vii) any tax, duty, assessment or other governmental charge that is payable otherwise than by deduction or withholding from payment on the Notes;

(viii) for or on account of any taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof; or

(ix) any combination of items (i) through (viii) above.

In addition, no Additional Amounts shall be paid with respect to any payment on a Note to a Noteholder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the Noteholder.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents for the Notes in the Borough of Manhattan, The City of New York, which will initially be The Bank of New York Mellon (the "*Principal Paying Agent*"), and the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes is exchanged for Definitive Registered Notes for so long as the Notes are listed on the SGX-ST and its rules so require. In the event that a global certificate is exchanged for certificates in definitive form, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the Singapore paying agent by way of an announcement to the SGX-ST, for so long as the Notes are listed on the SGX-ST. If the European Council Directive 2003/48.EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 is brought into force, the Company will ensure that it maintains a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings.

The Company will also maintain one or more registrars which will initially be The Bank of New York Mellon (the "*Registrar*") with offices in the Borough of Manhattan, The City of New York. The Company will also maintain a transfer agent in New York. The initial transfer agent will be The Bank of New York Mellon (the "*Transfer Agent*" and, together with the Principal Paying Agent and the Registrar, the "*Agents*"). The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and the Paying Agent will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company. If Definitive Registered Notes are issued, announcement of such exchange shall be made by the Company or on its behalf through the SGX-ST. Such announcement shall include all material information with respect to the delivery of the individual certificates including the details of the paying agent in Singapore.

The Company may change the Paying Agent, the Registrar or the Transfer Agent without prior notice to the Noteholders. For so long as the Notes are listed on the SGX-ST and its rules so require, the Company will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Singapore (which is expected to be *The Business Times*, Singapore edition).

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The Transfer Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Company will not be required to transfer or exchange any Note selected for redemption. Also, the Company will not be required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Optional Redemption

Optional Redemption prior to May 6, 2017. At any time prior to May 6, 2017, upon not less than 30 nor more than 120 days' notice, the Company may, on any one or more occasions, redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium plus accrued and unpaid interest to the redemption date. These redemptions will be in minimum amounts of US$200,000 and integral multiples of US$1,000 in excess thereof, except that, if all the Notes of a holder are to be redeemed, the entire outstanding amount of Notes held by such holder shall be redeemed, even if not in minimum amounts of US$200,000 or integral multiples of US$1,000 in excess thereof. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the Applicable Premium.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the excess of:

(a) the present value at such redemption date of (x) the redemption price of such Note at May 6, 2017 (such redemption price being set forth in the table appearing below under the caption "*—Optional Redemption on or after May 6, 2017*"), plus (y) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and May 6, 2017 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of the Note.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) ("*Statistical Release*") that has become publicly available at least two Business Days prior to such redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to May 6, 2017; *provided, however*, that if the period from such redemption date to May 6, 2017 is less than one year, the weekly average yield on actually traded United States Treasury Securities adjusted to a constant maturity of one year shall be used.

If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any recognized securities exchange and are held through any clearing systems, by the relevant clearing systems in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed, if any, and the requirements of the clearing system through which the Notes are held, as applicable; or

(2) if the Notes are not listed on any recognized securities exchange or not held through the clearing systems, by the Trustee on a *pro rata* basis, (with adjustments to prevent fractions), by lot or by such other method as the Trustee in its sole and absolute discretion deems fair and appropriate.

Optional Redemption on or after May 6, 2017. At any time on or after May 6, 2017 and prior to maturity, upon not less than 30 nor more than 120 days' notice, the Company may, on any one or more occasions, redeem all or part of the Notes. These redemptions will be in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof (except that, if all the Notes of a holder are to be redeemed, the entire outstanding amount of Notes held by such holder shall be redeemed, even if not in minimum amounts of US$200,000 or integral multiples of US$1,000 in excess thereof) at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on May 6 of the years set forth below:

Year	Redemption Price
2017	104.313%
2018	102.156%

Optional Redemption upon Equity Offerings. At any time prior to May 6, 2017, upon not less than 30 days nor more than 120 days' notice, the Company may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from one or more Equity Offerings at a redemption price equal to 108.625% of the aggregate principal amount of the Notes plus accrued and unpaid interest to the redemption date; *provided*, that:

(1) after giving effect to any such redemption, at least 65% of the aggregate principal amount of the Notes that were initially issued under the Indenture remains outstanding; and

(2) the Company shall make such redemption not more than 120 days after the closing of such Equity Offering.

These redemptions will be in minimum amounts of US$200,000 and integral multiples of US$1,000 in excess thereof, except that, if all the Notes of a holder are to be redeemed, the entire outstanding amount of Notes held by such holder shall be redeemed, even if not in minimum amounts of US$200,000 or integral multiples of US$1,000 in excess thereof.

Redemption for Changes in Withholding Taxes. If the Company becomes obliged to pay Additional Amounts as referred to above, as a result of the imposition of withholding taxes or deductions resulting from a change of law, regulation or interpretation of law or regulation following the Issue Date, the Company may,

subject to satisfaction of certain conditions, redeem all (but not some only) of the Notes at any time (upon giving not less than 30 nor more than 120 days' notice), at their principal amount plus accrued and unpaid interest to the redemption date. These redemptions will be in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof.

Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the preceding paragraph, the Company will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing to the effect that the Company has been or will become obligated to pay Additional Amounts as a result of such change of law, regulation or interpretation of law. The Trustee will accept and shall be entitled to conclusively rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Noteholders.

Change of Control

Upon the occurrence of a Change of Control, each Noteholder will have the right to require that the Company purchase all or a portion (in minimum principal amount of US$200,000 and in integral multiples of US$1,000 in excess thereof) of the Noteholder's Notes pursuant to a Change of Control Offer at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase (the "*Change of Control Payment*") in accordance with the procedures set forth below.

Within 30 days following the date upon which the Change of Control occurs, the Company must send, by first-class mail, a notice to each Noteholder at its registered address, with a copy to the Trustee, offering to purchase the Notes as described above (a "*Change of Control Offer*"). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 120 days from the date the notice is mailed, other than as may be required by law (the "*Change of Control Payment Date*").

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

On one Business Day prior to the Change of Control Payment Date, the Company will deposit with the Paying Agent immediately available and cleared funds in an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Noteholder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate) *provided* that each such new Note will be in the minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof.

Certain Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness to be repurchased upon a Change of Control. Moreover, the acceptance by the Noteholders of the Change of Control Offer could cause a default under certain Indebtedness of the Company even if this Change of Control itself does not, due to the possible financial effect on the Company of a repurchase of the Notes.

If a Change of Control Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Payment for all the Notes that might be tendered in the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does

not have available funds to meet its or the Company's purchase obligations and any other obligations in respect of other Indebtedness of the Company or a Restricted Subsidiary which requires redemption or the making of an offer to repurchase upon a Change of Control. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Company will not be required to make a Change of Control Offer upon a Change of Control if:

(1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer; or

(2) the Company has unconditionally exercised its rights to redeem all of the Notes as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived.

Noteholders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control.

The Company will comply with applicable securities laws and regulations in connection with the purchase of Notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control event or any event which could lead to the occurrence of a Change of Control event has occurred and shall not be liable to any person for any failure to do so.

Certain Covenants

The Indenture will contain, among others, the following covenants:

Limitation on Incurrence of Additional Indebtedness

The Company will not, and will not cause or permit any Restricted Subsidiary to, incur any Indebtedness (other than Permitted Indebtedness), except that Indebtedness (including Acquired Indebtedness) may be incurred by the Company or any Subsidiary Guarantor, if, (1) after giving effect to such incurrence and the use of proceeds on a *pro forma* basis, the Consolidated Leverage Ratio for the most recent four full fiscal quarters immediately preceding the incurrence of such Indebtedness for which financial statements have been furnished to the Trustee under the Indenture, would be less than 3.5 to 1 and (2) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to the incurrence of such Indebtedness.

"*Permitted Indebtedness*", means, without duplication, each of the following:

(1) Indebtedness of the Company outstanding on the Issue Date;

(2) refinancing or substantially concurrent replacing (including successive refinancings or substantially concurrent replacements) of Indebtedness permitted pursuant to the category of Permitted Indebtedness specified in the first paragraph of this covenant or under clause (1) above or clauses (8), (10) or (13) below; *provided* (a) that the aggregate principal amount is not thereby increased by more than the expenses incurred by the Company or the Restricted Subsidiaries in connection with such refinancing plus the lesser of (i) the stated amount of any premium to be paid in connection with such refinancing and (ii) the amount of premium actually paid to refinance such Indebtedness, and (b) that the average life and maturity of such Indebtedness is no shorter than the average life and maturity of the Indebtedness which it refinances;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however,* that:

(a) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be; and

(b) if the Company or a Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and, to the extent legally permitted, expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes or the relevant Note Guarantee thereof, as applicable;

(4) Indebtedness arising out of Interest Rate Agreements or Currency Hedging Agreements relating to (i) Indebtedness of the Company or any Restricted Subsidiary or (ii) ordinary course obligations to purchase or sell assets or properties; *provided* that such Interest Rate Agreements do not exceed the aggregate principal amount of the related Indebtedness or the purchase or sale price of such assets or properties, as the case may be, and such Currency Hedging Agreements do not increase the obligations of the Company or any Restricted Subsidiary other than as a result of fluctuations in interest or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder ("*Permitted Hedging*");

(5) any Indebtedness arising from any guarantee, performance guarantee, indemnity, or letter of credit: (i) in respect of Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred under this "*Limitation on Incurrence of Additional Indebtedness*" covenant; (ii) in connection with environmental licenses and any other permits, licenses or authorizations, or in compliance with any other regulatory requirements in relation to any Permitted Business of the Company or any Restricted Subsidiary; and (iii) in connection with operation and maintenance contracts, management services contracts or consultancy services contracts of the Company or any Restricted Subsidiary;

(6) ordinary course of business Indebtedness in respect of letters of credit to support workers' compensation obligations, performance notes, completion guarantees, bid notes, bankers acceptances and surety or appeal notes for the Company or any Restricted Subsidiary, in each case other than in connection with the borrowing of money;

(7) Indebtedness pursuant to indemnification, adjustment of purchase price or similar obligations incurred in connection with the purchase or disposal of a business or asset;

(8) Indebtedness represented by the Notes issued on the Issue Date (and any Note Guarantee thereof);

(9) the incurrence of Indebtedness by the Company or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days after the Company receives notice of such drawing against insufficient funds;

(10) Indebtedness of a Restricted Subsidiary incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided, however*, that after giving effect to the consummation of the

acquisition of such Restricted Subsidiary on a *pro forma* basis, either (x) the Company would have been able to incur US$1.00 of Indebtedness pursuant to the first paragraph of this covenant or (y) the Consolidated Leverage Ratio would not be more than it was immediately prior to giving effect to such acquisition and incurrence of such Indebtedness and *provided further* that such Restricted Subsidiary executes and delivers a Note Guarantee guaranteeing the Notes on an equal and ratable basis with such Indebtedness within 10 Business Days of becoming a Restricted Subsidiary;

(11) Guarantees by the Company or any Restricted Subsidiary of Indebtedness or any other obligation or liability of any Restricted Subsidiary (other than of any Indebtedness incurred by such Restricted Subsidiary in violation of this covenant) and guarantees by any Restricted Subsidiary of Indebtedness of the Company (assuming compliance with the "*—Limitation on Guarantees of Indebtedness*" covenant);

(12) Subordinated Shareholder Loans incurred by the Company;

(13) the incurrence by the Company or any Restricted Subsidiary of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in a Permitted Business, in an aggregate principal amount, including all permitted refinancing Indebtedness incurred to renew, refund, refinance, replace, decease or discharge any Indebtedness incurred pursuant to this clause (13), not to exceed US$30.0 million at any time outstanding;

(14) the incurrence by the Company or any Subsidiary Guarantor of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (14) not to exceed US$200.0 million less the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the date of the Indenture to repay any term Indebtedness under a Credit Facility or to repay any revolving credit Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to the covenant described under "*—Limitation on Sales of Certain Assets*";

(15) Attributable Debt or Capital Lease Obligations incurred in connection with a Qualifying Towers Transaction; and

(16) other Indebtedness of the Company and its Restricted Subsidiaries in an aggregate outstanding principal amount not to exceed US$10.0 million at any time outstanding.

For purposes of determining any particular amount of Indebtedness under this "*Limitation on Incurrence of Additional Indebtedness*" covenant:

(1) obligations with respect to letters of credit, guarantees or Liens, in each case supporting Indebtedness otherwise included in the determination of such particular amount will not be included;

(2) any Liens subject to the "*—Limitation on Liens*" covenant will not be treated as Indebtedness; and

(3) accrual of interest, accrual of dividends, the accretion of accreted value, the amortization of original issue discount, the obligation to pay commitment fees and the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or dividends on Disqualified Capital Stock or Preferred Stock or Restricted Subsidiaries paid in additional shares of Disqualified Capital Stock or Preferred Stock, as the case may be, will not be treated as an incurrence of Indebtedness.

In the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in this "*Limitation on Incurrence of Additional Indebtedness*" covenant, the Company, in its sole discretion, will be permitted to classify all or any portion of such item of Indebtedness on the date of its incurrence in any manner that complies with this covenant and, except as set forth below with respect to Indebtedness incurred under clause (14) of the definition of Permitted Indebtedness, to reclassify from time to time all or any portion of such item of Indebtedness in any manner that then complies

with this covenant. Indebtedness under Credit Facilities (excluding Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations) outstanding on the date on which Notes are first issued and authenticated under the Indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (14) of the definition of Permitted Indebtedness and may not be reclassified.

For the purposes of determining compliance with any restriction on the incurrence of Indebtedness in US dollars where Indebtedness is denominated in a different currency, the amount of such Indebtedness will be the US Dollar Equivalent determined on the date of such determination, provided that if any such Indebtedness denominated in a different currency is subject to a Currency Hedging Agreement (with respect to US dollars) covering principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in US dollars will be adjusted to take into account the effect of such agreement. The principal amount of any incurrence of additional Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the US Dollar Equivalent of the Indebtedness refinanced determined on the date such Indebtedness being refinanced was initially incurred. Notwithstanding any other provision of this covenant, for purposes of determining compliance with clauses (13), (14) and (16) of the definition of "Permitted Indebtedness" and clause (24) of the definition of "Permitted Liens" increases in Indebtedness solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that the Company or any Restricted Subsidiary may incur thereunder.

Neither the Company nor any Subsidiary Guarantor will incur any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Notes Guarantee; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Capital Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Loans; and

  (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Capital Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Incurrence of Additional Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Loans or (for the avoidance of doubt) make any payments of any management, services or similar fees to any direct or indirect Parent including pursuant to any technical services agreements existing on or after the Issue Date; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional US$1.00 of Indebtedness pursuant to the first paragraph under the "*—Limitation on Incurrence of Additional Indebtedness*" covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) would exceed the sum of (without duplication):

(i) an amount equal to 50% of the difference between (i) the Consolidated Cash Flow of the Company from the date of the Indenture to the end of the Company's most recently ended full fiscal quarter for which consolidated financial statements are available, taken as a single accounting period, minus (ii) the product of 2.5 times the Fixed Charges of the Company from the date of the Indenture to the end of the Company's most recently ended full fiscal quarter for which consolidated financial statements are available, taken as a single accounting period; *plus*

(ii) 100% of the aggregate net cash proceeds received by the Company since the date of the Indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Loans or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than (i) Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company or (ii) Excluded Contributions); *plus*

(iii) to the extent that any Restricted Investment that was made after the date of the Indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the date of the Indenture is redesignated as a Restricted Subsidiary after the date of the Indenture, the lesser of (i) the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the date of the Indenture; *plus*

(v) 100% of any dividends received by the Company or a Restricted Subsidiary of the Company after the date of the Indenture from an Unrestricted Subsidiary of the Company, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Company for such period.

Notwithstanding the foregoing limitations, the following payments are permitted provided solely that at the time thereof (except with respect to clauses (1), (2) and (4) below) there is no Default or Event of Default (each a "*Permitted Payment*"):

(1) payment of any dividend within 180 days after the date of declaration thereof, as long as the dividend was permitted under the above tests on the date of its declaration;

(2) repurchases or other acquisition of equity of the Company in exchange for, or out of the net cash proceeds of a substantially concurrent issuance and sale of, Capital Stock (other than Disqualified Capital Stock and Excluded Contributions) of the Company or Subordinated Shareholder Loans; *provided* the net cash proceeds from any issuance of Capital Stock or Subordinated Shareholder Loans will be excluded from clause (c) of the preceding paragraph;

(3) refinancing or repurchase of Subordinated Indebtedness (i) in exchange for, or out of the net cash proceeds of a substantially concurrent issuance and sale of, Capital Stock (other than Disqualified Capital Stock and Excluded Contributions) or Subordinated Shareholder Loans; *provided* the net cash proceeds from any issuance of Capital Stock or Subordinated Shareholder Loans will be excluded from clause (c) of the preceding paragraph; or (ii) in exchange for, or out of the net cash proceeds of a substantially concurrent incurrence of equally subordinated refinancing Indebtedness incurrence in accordance with clauses (2), (12) or (16) of the definition of "Permitted Indebtedness;"

(4) cash payments in lieu of fractional shares pursuant to the exercise or conversion of convertible securities;

(5) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions;

(6) the declaration and payment of dividends to holders of any class or series of Disqualified Capital Stock, or of any Preferred Stock of a Restricted Subsidiary issued in accordance with the "*—Limitation on Incurrence of Additional Indebtedness*" covenant;

(7) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company held by any member of the Company's management pursuant to any management equity subscription agreement or stock option agreement in effect as of the date of the Indenture; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$2.0 million in any calendar year;

(8) the declaration and payment of any Required Post-IPO Dividends; and

(9) other Restricted Payments in an aggregate amount since the Issue Date not to exceed US$10.0 million.

The actions described in clauses (1), (4), (7), (8) and (9) of the definition of "Permitted Payments" are Restricted Payments that reduce the amount available for Restricted Payments under clause (c) of the preceding paragraph.

Notwithstanding the foregoing covenant, (i) no Restricted Payment or Permitted Payment will be permitted in respect of any principal payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement for value on any Subordinated Shareholder Loans at any time and (ii) no Restricted Payment or Permitted Payment of any type other than those set forth in (i) above will be permitted in respect of Subordinated Shareholder Loans unless at the time of such payment, the Company has at least US$1.00 (in Bangladesh Taka equivalent) of profits available for distribution as a dividend (in accordance with Bangladesh law).

Limitation on Sales of Certain Assets

The Company shall not, and shall not cause or permit any Restricted Subsidiary to, directly or indirectly, consummate an Asset Sale, unless (except in the case of a Permitted Asset Swap) (i) 75% of the consideration is received in cash or Cash Equivalents, (ii) the Company or a Restricted Subsidiary receives Fair Market Value therefor and (iii) such Asset Sale is approved by a Board Resolution (or, in the case of an Asset Sale for consideration of less than US$5.0 million, an Officer's Certificate).

For the purposes of this covenant, each of the following shall be deemed to be cash:

(1) any liabilities (as shown on the Company's, or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto) of the Company or such Restricted Subsidiary (other than Subordinated Indebtedness or other liabilities that by their terms are expressly subordinated in right of payment to the Notes) that are assumed in writing by the transferee (or a third party on behalf of the transferee) of any assets involved in the Asset Sale, and the Company or such Restricted Subsidiary are released from further liability therefor; and

(2) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 189 days after the date of such Asset Sale (to the extent of the cash or Cash Equivalents received in that conversion).

In the case of such permitted Asset Sales, the Net Proceeds (any amounts of which in excess of US$20.0 million are Excess Proceeds as described below) must be:

(1) reinvested (including capital expenditures) in a Permitted Business of the Company or a Restricted Subsidiary within 360 days after the consummation of such Asset Sale (or, if such reinvestments are not so made by such 360th day, the Company or Restricted Subsidiary (as applicable) has entered into a binding agreement to purchase assets for a Permitted Business of the Company or a Restricted Subsidiary; *provided* that (x) such purchase is consummated within 180 days after the date of such binding agreement and (y) if such purchase is not consummated within such period, the Net Proceeds not so applied will be deemed to be Excess Proceeds under clause (3) below);

(2) used to purchase or permanently prepay in accordance with its terms Indebtedness of the Company or a Guarantor that is *pari passu* with the Notes or the Note Guarantee thereof or Indebtedness of a non-Guarantor Restricted Subsidiary that is not subordinated in right of payment to the Notes within 360 days after the consummation of such Asset Sale; or

(3) if not reinvested in a Permitted Business of the Company or a Restricted Subsidiary in accordance with clause (1) or used to repay Indebtedness in accordance with clause (2), in each case within the time periods prescribed, the Company must offer (an "*Excess Proceeds Offer*") to the extent the remaining amount exceeds US$20.0 million, to use such remaining amount (the "*Excess Proceeds*") to repurchase Notes and other *pari passu* Indebtedness ("*Pari Passu Indebtedness*") requiring a similar repurchase, in the case of the Notes at 100% of the Principal Amount Outstanding together with accrued and unpaid interest through the repurchase date.

To the extent that the aggregate principal amount of Notes and any such *Pari Passu* Indebtedness tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Company may use the amount of such Excess Proceeds not used to purchase Notes and *Pari Passu* Indebtedness for general corporate purposes that are not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any such *Pari Passu* Indebtedness validly tendered and not withdrawn by Noteholders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such *Pari Passu* Indebtedness to be purchased will be selected for redemption in accordance with the provisions described under "*—Optional Redemption.*" Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

If the Company is required to make an Excess Proceeds Offer, the Company will comply with the applicable securities laws and regulations and the requirements of any applicable securities exchange on which the Notes are then listed.

Limitation on Issuances and Sales of Capital Stock of Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary to issue, sell or transfer any Capital Stock of any Restricted Subsidiary except:

(1) to the Company or a Restricted Subsidiary;

(2) directors' qualifying shares or other legally required qualifying shares or shares required by applicable law to be held by third parties;

(3) equity issued by an entity prior to the time it becomes a Restricted Subsidiary or merges with a Restricted Subsidiary and not issued in contemplation of such entity becoming or merging into a Restricted Subsidiary; or

(4) the sale or transfer of Capital Stock of a Restricted Subsidiary held by an unaffiliated third party, unless:

(A) after giving effect to the consummation to such issuance, sale or transfer of any Capital Stock of such Restricted Subsidiary, either the Company or a wholly owned Subsidiary of the Company owns either (i) more than 50% of the outstanding Voting Shares of such Restricted Subsidiary and more than 50% of the economic interest in such Restricted Subsidiary or (ii) none of the outstanding Capital Stock of such Restricted Subsidiary; and

(B) such issuance, sale or transfer otherwise complies with the restrictions contained in the covenant described under "*—Limitation on Sales of Certain Assets*."

Limitation on Guarantees of Indebtedness

The Company shall not cause or permit any future Restricted Subsidiary, directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company or another Guarantor of the type specified in clauses (a), (b), (d) and to the extent applicable (k), unless such Restricted Subsidiary simultaneously therewith (or prior thereto) executes and delivers a Note Guarantee of payment on the Notes, on an equal and ratable basis with such guarantee for so long as such guarantee remains effective; *provided, however*, that any guarantee by a Restricted Subsidiary of Indebtedness which is a subordinated obligation of the Company or the relevant Guarantor shall be subordinated and junior in right of payment to the contemporaneous guarantee of the Notes by such Restricted Subsidiary.

Notwithstanding the foregoing:

(a) a Restricted Subsidiary's Note Guarantee may be limited in amount to the extent required by fraudulent conveyance, corporate benefit, financial assistance or other similar laws (but, in such a case (A) each of the Company and its Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit and (B) the relevant Note Guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Notes); and

(b) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become a Guarantor, such Restricted Subsidiary need not become a Guarantor (but, in such a case, each of the Company and its Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit, and shall give such Note Guarantee at such time (and to the extent) that it thereafter becomes permissible).

The first paragraph of this covenant shall not apply to the granting by such Restricted Subsidiary of a Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Company or the relevant Guarantor.

Notwithstanding the foregoing, any Note Guarantee created pursuant to the provisions described in this covenant shall provide by its terms that it shall be automatically and unconditionally released and discharged upon:

(1) the payment in full of the Notes and satisfaction of all obligations of the Company under the Indenture;

(2) defeasance or discharge of the Notes and the Note Guarantees in accordance with the terms of the Indenture;

(3) the designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the terms of the Indenture;

(4) such Subsidiary ceasing to be a Restricted Subsidiary (including as a result of any sale, exchange or transfer, to any Person other than the Company or another Restricted Subsidiary, of all of the Capital Stock in such Restricted Subsidiary) in compliance with "*—Limitation on Sales of Certain Assets*") (including the requirements relating to the application of proceeds) and otherwise in compliance with the Indenture; or

(5) the release by the holders or lenders of the Indebtedness of the Company or the relevant Guarantor of the guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all non-contingent obligations under such Indebtedness or under such Guarantee), at a time when (a) no other Indebtedness of the Company or the Guarantor has been guaranteed by such Restricted Subsidiary or (b) the holders of all such other Indebtedness which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company shall not, and shall not cause or permit any Restricted Subsidiary to, create, directly or indirectly, or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in or measured by its profits, (b) pay any Indebtedness owed to the Company or a Restricted Subsidiary, (c) make any loans or advances to the Company or another Restricted Subsidiary, (d) transfer any of its property or assets to the Company or any Restricted Subsidiary or (e) pay any management or similar fees to the Company or any Restricted Subsidiary except:

(1) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness incurred by such Restricted Subsidiary on or prior to the date on which such Subsidiary was acquired by the Company (other than Indebtedness incurred as consideration for, or to provide all or any portion of the funds or credit support utilized to consummate, or incurred in contemplation of or in connection with, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company) and outstanding on such date;

(2) any encumbrance or restriction pursuant to an agreement effecting a refinancing of Indebtedness incurred pursuant to an agreement referred to in sub-paragraph (1) above or this sub-paragraph (2) or contained in any amendment, modification, restatement, renewal, increase, supplement, refunding or replacement of an agreement referred to in sub-paragraphs (1) above or this sub-paragraph (2) *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such refinancing agreement or amendment, modification, restatement, renewal, increase, supplement, refunding or replacement agreements are no more restrictive in any material respect than those encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in such predecessor agreements;

(3) in the case of clause (d) of the first paragraph of this covenant, any such encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder;

(4) in the case of clause (d) of the first paragraph of this covenant, any encumbrance or restriction contained in security agreements or mortgages securing Indebtedness of, or in connection with purchase money Indebtedness for property acquired by, a Restricted Subsidiary in the ordinary course of business to the extent such encumbrances or restrictions restrict the transfer of the property subject to such security agreements, mortgages or purchase money Indebtedness;

(5) any encumbrance or restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of Capital Stock or assets in the ordinary course of business of such Restricted Subsidiary pending the closing of such sale or disposition;

(6) any encumbrance or restriction that is as a result of applicable law or regulation;

(7) non-assignment provisions in licenses and in conveyances entered into in the ordinary course of business; and

(8) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described in "*—Limitation on Incurrence of Additional Indebtedness*" above if such encumbrance or restriction is not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined by the Company in good faith but in its sole discretion) and either (x) the Company determines that such encumbrance or restriction will not materially affect the Company's ability to make principal or interest payments on the Notes as and when they come due or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness. In the case of encumbrances or restrictions arising pursuant to an agreement or instrument relating to Indebtedness whose principal amount is greater than US$20.0 million and for which this clause (8) is applicable, the Company must deliver to the Trustee an Officer's Certificate confirming the determinations of the Company specified in this clause (8).

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate, after the Issue Date, any Subsidiary as an "Unrestricted Subsidiary" under the Indenture (a "*Designation*") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(2) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation) pursuant to *"—Limitation on Restricted Payments*," in an amount equal to the greater of (a) the net book value of the Company's interest in such Subsidiary calculated in accordance with IFRS or (b) the Fair Market Value of the Company's interest in such Subsidiary as determined in good faith by the Company's board of directors;

(3) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary which is not simultaneously being designated an Unrestricted Subsidiary;

(4) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Indebtedness of an Unrestricted Subsidiary, and, at the time of designation, no default with respect to any Indebtedness of such Unrestricted Subsidiary would permit (upon notice, lapse of time or otherwise) any holder of any other Indebtedness (other than the Notes) of the Company or any Subsidiary of the Company to declare a default or such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(5) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding, at the time of designation, with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or any Restricted Subsidiary or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Company shall be deemed to have made an Investment constituting a Restricted Payment pursuant to "*—Limitation on Restricted Payments*" or a Permitted Investment, as applicable, for all purposes of the Indenture.

The Company shall not and shall not cause or permit any Restricted Subsidiary to, at any time:

(1) provide credit support for, guarantee or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) (other than Permitted Investments in Unrestricted Subsidiaries); or

(2) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary.

For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "*Revocation*") if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at the time of Revocation, have been permitted to be incurred for all purposes of the Indenture; and

(3) such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness which would be Permitted Indebtedness if deemed incurred on the date of Revocation, or which, after giving *pro forma* effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Company could incur as additional Indebtedness (other than Permitted Indebtedness) under the first paragraph of "*—Limitation on Incurrence of Additional Indebtedness*").

All Designations and Revocations must be evidenced by a Board Resolution of the Company delivered to the Trustee certifying compliance with the foregoing provisions.

Limitation on Liens

Neither the Company nor any Restricted Subsidiary will, directly or indirectly, create, incur, assume or suffer to exist any Lien (except for Permitted Liens) on assets of the Company or any Restricted Subsidiary or assign or convey any income or profits therefrom (other than any assignment or conveyance with respect to a Permitted Lien), unless the Notes are directly secured equally and ratably with (or in the case of Indebtedness which is subordinate in right of payment to the Notes, prior or senior thereto, with the same relative priority as the Notes shall have with respect to such Indebtedness) the obligation or liability secured by such Lien.

Any such Lien in favor of the Trustee and the holders of the Notes will be automatically and unconditionally released and discharged (i) concurrently with the unconditional release of the Lien which gave rise to the Lien in favor of the Trustee and the holders of the Notes (other than as a consequence of an enforcement action with respect to the assets subject to such Lien), (ii) concurrently with the full and final payment of all amounts payable by the Company under the Notes and the Indenture or (iii) upon defeasance or discharge of the Notes in accordance with the terms of the Indenture.

Limitation on Sale and Lease-back Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; *provided* that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(1) the Company or that Restricted Subsidiary, as applicable, could have (a) incurred Indebtedness pursuant to the covenant described under "*—Limitation on Incurrence of Additional Indebtedness*" (including under clause (15) under the caption "*—Limitation on Incurrence of Additional Indebtedness*") in an amount equal to the Attributable Debt relating to such sale and leaseback transaction and (b) incurred a Lien pursuant to the covenant described under "*—Limitation on Liens*" (including of the type specified under clause (23) of the definition of "*Permitted Liens*" to secure such Indebtedness);

(2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors of the Company and set forth in an Officer's Certificate delivered to the Trustee, of the property that is the subject of that sale and leaseback transaction; and

(3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described under "*—Limitation on Sales of Certain Assets*."

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any of its Restricted Subsidiaries to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of its properties and assets (determined, in the case of the Company, on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

  (1) the Company shall be the surviving or continuing corporation, or

  (2) the resulting, surviving or transferee Person (if other than the Company) (the "*Successor Company*"):

    (A) will be a corporation organized and validly existing under the laws of any member state of the European Union as of the date of the Indenture, the United States of America, any state thereof, or the District of Columbia or Bangladesh; and

    (B) expressly assumes, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, all of the obligations of the Company under the Notes and the Indenture, to the extent a party thereto, and the performance and observance of every covenant of the Notes and the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, incurred or anticipated to be incurred in connection with or in respect of such transaction), either (a) the Company or, in the case of a transaction to which this covenant applies with respect to the Company, the Successor Company, as the case may be, will be able to incur at least US$1.00 of additional Indebtedness (other than Permitted Indebtedness) under the first paragraph of "*Limitation on Incurrence of Additional Indebtedness*"; or (b) the Consolidated Leverage Ratio of the Company would not be greater than it was immediately prior to giving effect to such transaction;

(c) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default will have occurred and be continuing; and

(d) the Company or the Successor Company, as the case may be, shall have delivered to the Trustee an Officer's Certificate, stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied and an Opinion of Counsel that the conditions set forth in clause (a)(2)(A) above have been satisfied.

The provisions of clause (b) above shall not apply to:

(1) any amalgamation, combination, consolidation or merger of a Restricted Subsidiary into the Company;

(2) any amalgamation, combination, consolidation or merger of the Company into a Restricted Subsidiary created for the purpose of holding the Capital Stock of the Company; or

(3) any amalgamation, combination, consolidation or merger of the Company with an Affiliate holding 100% of its Capital Stock which was incorporated solely for the purposes of reincorporating the Company in another jurisdiction to realize tax or other benefits,

so long as, in each case, the Indebtedness of the Company and its Restricted Subsidiaries is not increased thereby. This "*Limitation on Merger, Consolidation and Sale of Assets*" covenant will not apply to any sale, assignment, transfer, lease or other disposition of assets between or among the Company and any Restricted Subsidiaries.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Successor Company formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes, to the extent a party thereto, with the same effect as if such Successor Company had been named as such. For the avoidance of doubt, compliance with this covenant shall not affect the obligations of the Company (including a Successor Company, if applicable) under "—*Change of Control*," if applicable.

Limitation on Transactions with Affiliates

Transactions by the Company and the Restricted Subsidiaries with Affiliates ("*Affiliate Transactions*") are required to be on terms no less favorable to the Company or the applicable Restricted Subsidiary than those that could reasonably have been obtained in a comparable transaction in arm's length dealings with an unrelated party and:

(a) if the Affiliate Transaction (or, if part of a series, the transaction and its related transactions) involves aggregate payments exceeding US$10.0 million, a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction is no less favorable to the Company, or applicable Restricted Subsidiary than those that could reasonably have been obtained in a comparable transaction in arm's length dealings with an unrelated party and that such Affiliate Transaction (or, if part of a series, the transaction and its related transactions) has been approved by a majority of the disinterested members of the Company's board of directors; and

(b) if the Affiliate Transaction (or, if part of a series, the transaction and its related transactions) involves aggregate payments exceeding US$30.0 million, the Company must deliver to the Trustee an opinion from an investment banking firm or international accounting firm of international standing, or other recognized independent expert, stating that it is on fair and reasonable terms (from a financial point of view).

The preceding paragraph shall not apply to:

(1) benefits to employees, officers or directors in the ordinary course of business and which are customary in the industry;

(2) transactions entered into on or prior to the Issue Date and any amendment, modification or supplement thereto; *provided* that any such amendment, modification or supplement to terms thereof is not more disadvantageous to the holders of the Notes and is no less favorable to the Company and its Restricted Subsidiaries (taken as a whole), in each case, in any material respect than the original agreement or arrangement as in effect on the Issue Date;

(3) payment of compensation to and reimbursement of expenses of employees, officers and directors;

(4) transactions between the Company and any Restricted Subsidiary or between Restricted Subsidiaries;

(5) advances to employees, officers and directors in the ordinary course of business but not exceeding US$2.0 million outstanding at any one time;

(6) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*" or any Permitted Investment;

(7) arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Company and its Restricted Subsidiaries are fair to the Company and its Restricted Subsidiaries and are on terms no less favorable to the Company and its Restricted Subsidiaries than those that could have reasonably been obtained in a comparable in arm's length dealing with an unrelated party;

(8) any employment, consulting or similar agreement or other compensation arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business of the Company or such Restricted Subsidiary;

(9) transactions with a Person that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls (including pursuant to a shareholders agreement), or can designate one or more Persons to the Board of Directors of, such Person; provided that no Affiliate of the Company (other than a Restricted Subsidiary) owns an Equity Interest in such Person;

(10) transactions with a Towers Entity in which the Company or a Restricted Subsidiary owns an Equity Interest;

(11) any Subordinated Shareholder Loans;

(12) any other loans or extensions of credit (other than Subordinated Shareholder Loans) by any Parent to the Company or any Restricted Subsidiary; *provided* such transaction will be subject to the requirements of the first paragraph of this "*—Limitation on Transactions with Affiliates*" covenant excluding clause (b) of such paragraph;

(13) transactions between (i) any Parent and (ii) the Company or any Restricted Subsidiary, relating to the provision of technical services, roaming advisory services, or other provision of assistance with management and operation of the business of the Company; *provided* such transaction entered into after the Issue Date will be subject to the requirements of the first paragraph of this "*—Limitation on Transactions with Affiliates*" covenant excluding clause (b) of such paragraph; and

(14) any sale of equity of the Company (other than Disqualified Capital Stock).

Conduct of Business

The Company and the Restricted Subsidiaries will limit their direct and indirect activities to operating, acquiring, developing or constructing any telecommunications services and related businesses or any business activity that is a reasonable extension, development or expansion thereof. In addition, the Company and the Restricted Subsidiaries will maintain due corporate existence, comply with any terms of statutory or licensing requirements relating to insurance, pay taxes when due, maintain their respective properties and in general comply with applicable law and issue customary compliance certificates as necessary.

Maintenance of Listing

The Company will use its reasonable best efforts to list and to maintain the listing of the Notes on the SGX-ST for so long as such Notes are outstanding; *provided* that if, at any time, the Company determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the SGX-ST, or if maintenance of such listing becomes unduly onerous, it will obtain, prior to the delisting of the Notes from the SGX-ST, and thereafter use its reasonable best efforts to maintain, a listing of such Notes on another internationally recognized stock exchange.

Reports

So long as any Notes are outstanding, the Company shall provide the Trustee for the benefit of the holders of Notes and, upon request, potential purchasers of Notes:

(1) within 180 days after the end of the Company's fiscal year, audited consolidated balance sheets of the Company and as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow (in English) of the Company for the three most recent fiscal years, including complete notes to such financial statements and the report of the independent auditors on the financial statements;

(2) within 90 days following the end of each of the first three fiscal quarters in each fiscal year of the Company, an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow (in English) for the quarterly and year-to-date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; and

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring, (b) any senior management change at the Company, (c) any change in the auditors of the Company, (d) any resignation or a member of the Board of Directors of the Company as a result of a disagreement with the Company, (e) the entering into an agreement that will result in a Change of Control, or (f) any material events that the Company announces publicly, in each case, a report (in English) containing a description of such events.

In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (1) within 120 days after the close of each fiscal year, an Officer's Certificate stating the Consolidated Leverage Ratio with respect to such fiscal year and showing in reasonable detail the calculation of the Consolidated Leverage Ratio, including the arithmetic computations of each component of the Consolidated Leverage Ratio; (2) as soon as possible and, in any event, within 14 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information (in English) required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the notes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, for so long as any Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant on its website.

Payments for Consent

Neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Noteholder for, or as an inducement to, any consent, waiver or amendment of any terms or provisions of the Notes, unless the consideration is offered to be paid or agreed to be paid to all Noteholders which so consent, waive or agree to amend, in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders in any jurisdiction where (1) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or offer to purchase for cash, or (2) the payment of the consideration therefor (A) would require the Company or any of the Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Suspension of Covenants upon Investment Grade Status

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an "*Investment Grade Status Period*"), then the covenants in the Indenture described under "*—Limitation on Incurrence of Additional Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Sales of Certain Assets*," *"—Limitation on Issuances and Sales of Capital Stock of Restricted Subsidiaries*," "*—Limitation on Guarantees of Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Transactions with Affiliates*," the provisions of clause (b) of the first paragraph under "—Limitation on Merger, Consolidation and Sale of Assets" and the provisions under *"—Limitation on Sale and Lease-back Transactions*" with respect to compliance with treatment of lease obligations as Indebtedness and any related default provisions of the Indenture will be suspended and will not during such Investment Grade Status Period be applicable to the Company and its Restricted Subsidiaries.

As a result, during any such Investment Grade Status Period, the Notes will lose the covenant protection initially provided under the Indenture. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Notes in the event that suspended covenants are subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status. The Company will promptly notify the Trustee and the Noteholders in writing when the Notes achieve Investment Grade Status and of any failure of the Notes to maintain Investment Grade Status.

Market Purchases

The Company and any of the Company's Subsidiaries (if any) may purchase Notes in the open market at any time, *provided that* (i) the Limitations on Incurrence of Additional Indebtedness are observed, and (ii) the Notes, once purchased, cannot be voted and are cancelled forthwith.

Events of Default

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest on, or Additional Amounts, if any, with respect to, the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described under the captions *"—Change of Control*" or *"—Certain Covenants—Limitations on Merger, Consolidation and Sale of Assets*" and the provisions requiring the making of an Excess Proceeds Offer under the caption "*—Certain Covenants—Limitation on Sales of Certain Assets*";

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice of default to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, voting as a single class to comply with any of the other agreements in the Indenture or the Notes;

(5) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default:

   (a) is caused by a failure to pay principal of such Indebtedness at its stated maturity prior to the expiration of the grace period provided in such Indebtedness (a "*Payment Default*"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity such that the Indebtedness has been declared immediately due and payable (and such acceleration has not been rescinded, cured or waived),

   and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated (and not rescinded, cured or waived), aggregates US$20.0 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of US$20.0 million (net of any amount for which a solvent insurance company has acknowledged liability), (a) which judgments are not paid, discharged or stayed for a period of 60 days or (b) where an agreed instalment payment plan with respect to any such judgment has been approved by such court of competent jurisdiction, any instalment payment under such plan has not been paid for a period of 60 days after the date it was due;

(7) breach by the Company or any of its Restricted Subsidiaries of any material agreement in any Subordination Agreement, the repudiation by the Company, any of its Restricted Subsidiaries or the relevant Parent of any of its material obligations under any Subordination Agreement or the unenforceability of any material obligation under any Subordination Agreement against the Company, any of its Subsidiaries or the relevant Parent for any reason;

(8) to the extent any Note Guarantee is issued and except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; or

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If an Event of Default (other than an Event of Default arising from certain events of bankruptcy or insolvency described above) occurs under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may and the Trustee at the written direction of Holders at least 25% in aggregate principal amount of the Notes then outstanding (subject to being indemnified and/or secured to its satisfaction) shall declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. The Trustee will not be required to expend its own funds in following such direction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction in writing of any Noteholders unless such holder has offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts, if any, when due, no holder of a note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default has occurred;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy in writing;

(3) such holder has offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such written request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such written request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium or Additional Amounts, if any, on, or the principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture within 120 days of the end of each fiscal year or within 14 days upon request from the Trustee. In addition, forthwith upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default. In the event of any acceleration of Indebtedness specified in clause (5) of the first paragraph of this covenant, the Company is required to deliver to the Trustee a statement setting forth the details of such acceleration forthwith and in any case with ten Business Days of receiving any such notice of acceleration in respect of such Indebtedness.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes ("*Legal Defeasance*"). Such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on and after the date the conditions set forth in the second following paragraph have been satisfied, except for:

(1) the rights of Noteholders to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its and the Company's obligations released with respect to certain covenants that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Noteholders, cash in US dollars or certain non-callable US dollar-denominated government securities together with a certificate from a firm of international, independent public accountants, confirming that such securities are sufficient without reinvestment, to pay the principal of, premium, if any, and interest on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be and, for the avoidance of doubt, all costs and expenses relating to such securities;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel under US federal law in form and substance reasonably acceptable to the Trustee to the effect that:

    (a) the Company have received from, or there has been published by, the Internal Revenue Service a ruling; or

    (b) since the Issue Date, there has been a change in the applicable US federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel under US federal law shall state that, the Noteholders will not recognize income, gain or loss for US federal income tax purposes as a result of such Legal Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel under US federal law in form and substance reasonably acceptable to the Trustee to the effect that the Noteholders will not recognize income, gain or loss for US federal income tax purposes as a result of such Covenant Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with *"—Certain Covenants—Limitation on Incurrence of Additional Indebtedness*" as a result of the borrowing of the funds required to effect such deposit) and the Trustee shall have received an Officer's Certificate to such effect on the date of such;

(5) the Trustee shall have received an Officer's Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company, with the intent of preferring the Noteholders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(7) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Trustee for the Noteholders) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable (including by way of delivery of an irrevocable notice of redemption in accordance with the terms of the Indenture), and the Company has irrevocably deposited, or caused to be deposited, with the Trustee funds or certain non-callable US dollar-denominated government securities together with a certificate from a firm of international, independent accountants, confirming that such funds or securities are sufficient without reinvestment to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit, and, for the avoidance of doubt, all costs and expenses relating to such securities, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the Notes by it; and

(3) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company and the Trustee, without the consent of the Noteholders, may amend the Indenture or the Notes for certain specified purposes, including curing ambiguities, defects or inconsistencies, adding covenants, issuing Additional Notes and making other changes which do not adversely affect the rights of any of the Noteholders in any material respect. With respect to such matters, the Trustee will be entitled to conclusively rely on an Opinion of Counsel and Officer's Certificate. Other

modifications and amendments of the Indenture or the Notes may be made with the consent of the Noteholders of at least a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each holder of the then outstanding Notes issued under the Indenture, no amendment may:

(1) reduce the amount of Notes whose Noteholders must consent to an amendment or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in a currency other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Noteholder to receive payment of principal of, premium, if any, and interest on such Note on or after the due date thereof or to bring suit to enforce such payment, or permitting Noteholders holding a majority in principal amount of Notes to waive Defaults or Events of Default;

(6) make any change in the provisions of the Indenture described under "*Additional Amounts*" that adversely affects the rights of any Noteholder; or

(7) release a Note Guarantee except in compliance with the terms of the Indenture.

Governing Law; Jurisdiction

The Indenture will provide that the Indenture and the Notes will be governed by, and construed in accordance with, the law of the State of New York. The Company consents to the non-exclusive jurisdiction of the federal and state courts located in the City of New York, Borough of Manhattan, and has appointed an agent for service of process with respect to any actions brought in these courts arising out of or relating to the Indenture or the Notes. The Indenture will further provide that at the sole option of the Trustee, or in certain circumstances, the Noteholders, the Trustee or the Noteholders may require that any Dispute be resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce, with the seat of any such arbitration in Singapore.

The Trustee

The Bank of New York Mellon is to be appointed as Trustee, the Principal Paying and Transfer Agent and the Registrar under the Indenture. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes and no implied covenant or obligation shall be read into the Indenture and the Notes against the Trustee. If an Event of Default has occurred, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture and the Notes as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense. Pursuant to the terms of the Indenture and the Notes, the Company will reimburse the Trustee and the agents for all costs and expenses incurred in the performance of its duties and in the course of administration of the Indenture and the Notes.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates; *provided*, *however*, that if it becomes aware it has acquired any conflicting interest, it must eliminate such conflict or resign.

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

If the Company maintains a paying agent in a European Union member state, then it will ensure that it maintains a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (each, a "*Directive*") or any law implementing or complying with, or introduced in order to conform to, such Directive.

No Personal Liability

The Indenture provides that an incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability.

Certain Definitions

Terms used herein but not otherwise defined above shall have the following meanings:

"*Acquired Indebtedness*" means Indebtedness of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary; or

(b) assumed in connection with the acquisition of assets from such Person,

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary, as the case may be.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Asset Sale*" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares);

(b) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or

(c) any other properties or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business.

For the purposes of this definition, the term "*Asset Sale*" shall not include any of the following:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) the sale of cash, Cash Equivalents or Investment Grade Securities;

(3) a disposition of equipment, inventory or accounts receivable in the ordinary course of business;

(4) a disposition of obsolete or worn out equipment or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and that is disposed of in each case in the ordinary course of business;

(5) transactions permitted under *"—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets*";

(6) an issuance of Capital Stock by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary;

(7) the making of a Permitted Investment and the making of a Restricted Payment or a disposition subject to *"—Certain Covenants—Limitation on Restricted Payments*";

(8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value of less than US$2.0 million;

(9) any sale, transfer or other disposition deemed to occur in connection with the creation of a Permitted Lien and dispositions in connection with the enforcement of Permitted Liens under "*—Certain Covenants—Limitation on Liens*";

(10) tax loss surrenders to any Unrestricted Subsidiary on arm's length terms; and

(11) unwinding and settlement of any Permitted Hedging.

"*Attributable Debt*" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with IFRS; *provided*, *however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the board of directors of such Person and to be in full force and effect on the date of such certification.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York, London and Dhaka or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is not a Business Day at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue on such payment for the intervening period.

"*Capital Lease Obligations*" of any Person means any obligation of such Person and its Restricted Subsidiaries on a Consolidated basis under any capital lease of (or other agreement conveying the right to use) real or personal property which, in accordance with IFRS, is required to be recorded as a capitalized lease obligation.

"*Capital Stock*" of any Person means:

(a) any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of common stock and Preferred Stock of such Person whether now outstanding or issued after the Issue Date;

(b) any and all partnership, whether general or limited, or other equity or ownership interests of such Person; and

(c) limited liability company interests, any other interest or participation that confers on a Person that right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, including any Preferred Stock, and any rights (other than debt securities convertible into Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock.

"*Cash Equivalents*" means:

(a) marketable direct obligations issued by, or unconditionally guaranteed by, the government of any of the United States of America, the United Kingdom, France, Germany, Japan, Italy or Canada (the "*G7 Countries*") or issued by any agency thereof and backed by the full faith and credit of any of the G7 Countries, in each case maturing within one year from the date of acquisition thereof;

(b) marketable direct obligations issued by any political subdivision or public instrumentality of any of the G7 Countries maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation ("*S&P*") or Moody's Investors Service, Inc. ("*Moody's*");

(c) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's;

(d) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of any of the G7 Countries or any political subdivision thereof having at the date of acquisition thereof a rating of at least AA- from S&P and Aa3 from Moody's;

(e) repurchase obligations with a term of not more than seven days for underlying securities of the types described in sub-paragraph (a) above entered into with any bank meeting the qualifications specified in sub-paragraph (d) above; and

(f) investments in money market funds which invest substantially all their assets in securities of the types described in sub-paragraphs (a) through (e) above.

"*Change of Control*" means the occurrence of one or more of the following events:

(a) the Permitted Holder shall hold, directly or indirectly, less than 50% plus one Voting Share of the total outstanding Voting Shares of the Company;

(b) the replacement of a majority of the board of directors of the Company over a two year period with Persons other than the directors who constituted such board of directors at the beginning of such period and such replacement shall not have been approved by the Permitted Holder;

(c) the Company amalgamates, combines or consolidates with or merges into or with any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets (as determined on a consolidated basis) to any Person, or any Person amalgamates, combines or consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Shares of the Company are converted into or exchanged for cash, securities or other property, other than any such transaction where:

    (i) the outstanding Voting Shares of the Company are changed into or exchanged for:

        (A) Voting Shares of the surviving or transferee corporation which are not redeemable Equity Interests; or

        (B) cash, securities and other property (other than Equity Interests of the surviving or transferee corporation) in an amount which could be paid by the Company as a Restricted Payment (and such amount shall be treated as a Restricted Payment subject to the provisions of such paragraph); or

        (C) a combination thereof; and

(ii) immediately after such transaction, no "*person*" or "*group*" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act, except that a person shall be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time) other than a Permitted Holder becomes the beneficial owner, directly or indirectly, of more than 50% of the total outstanding voting equity of the surviving or transferee corporation; or

(d) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution.

"*Change of Control Offer*" has the meaning set forth under "Change of Control."

"*Change of Control Payment*" has the meaning set forth under "Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "Change of Control."

"*Consolidated Cash Flow*" means, with respect to the Company for any period, the Consolidated Net Income of the Company for such period *plus*, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of the Company and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of the Company and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of, or reserve for, cash expenses in any future period, amortization of a prepaid cash expense that was paid in a prior period) of the Company and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(5) the cumulative effect of a change in accounting principles; *plus*

(6) any goodwill or other intangible asset impairment charge; *plus*

(7) any non-cash compensation charges arising from any grant of stock, stock options or other equity based awards; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company will be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted

Subsidiary or its stockholders (unless otherwise permitted, or not prohibited by, restrictions specified in any agreement or instrument relating to Indebtedness permitted pursuant to the covenant set forth under the section entitled *"—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries"*).

"*Consolidated Leverage*" means, with respect to the Company as of any date of determination, the sum without duplication of

(a) the total amount of Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis (excluding the amount of all Subordinated Indebtedness), plus

(b) an amount equal to the greater of the liquidation preference or the maximum fixed redemption or repurchase price of all Disqualified Stock of the Company and all preferred stock of Restricted Subsidiaries of the Company, in each case, determined on a consolidated basis in accordance with IFRS.

"*Consolidated Leverage Ratio*" means, with respect to the Company as of any date of determination, the ratio of

(a) the Consolidated Leverage of the Company on such date to;

(b) the Consolidated Cash Flow of the Company for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available;

provided, however, that for purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the Company or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the Company or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "*Calculation Date*") (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For purposes of this definition, (i) whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated Cash Flow associated therewith, the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company and (ii) turnover contribution shall not be included in the calculation of Consolidated Cash Flow for any period. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

"*Consolidated Net Income*" means, with respect to the Company for any period, the aggregate of the Net Income of the Company and its Restricted Subsidiaries for such period, on a Consolidated basis, determined in accordance with IFRS; *provided* that:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Company or a Restricted Subsidiary of the Company;

(2) the Net Income (or loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders (unless otherwise permitted, or not prohibited by, restrictions specified in any agreement or instrument relating to Indebtedness permitted pursuant to the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*");

(3) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness will be excluded;

(4) unrealized exchange gains or losses including those arising on translation of currency debt will be excluded;

(5) any capitalized interest on Subordinated Shareholder Loans will be excluded;

(6) the cumulative effect of a change in accounting principles will be excluded; and

(7) notwithstanding clause (1) above, the Net Income of any Unrestricted Subsidiary will be excluded, whether or not distributed to the Company or one of its Subsidiaries.

"*Consolidation*" means, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries if and to the extent the accounts of such Person and each of its Subsidiaries would normally be consolidated with those of such Person, all in accordance with IFRS. The term "*Consolidated*" shall have a similar meaning.

"*Credit Facilities*" means, one or more debt facilities or arrangements, commercial paper facilities, export credit facilities, domestic bonds or term finance certificates, in each case, with banks or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit (other than letters of credit supporting trade payables or similar obligations incurred in the ordinary course of business) or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*Currency Hedging Agreements*" means one or more of the following agreements which shall be entered into by one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

"*Default"* means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Capital Stock*" means any Capital Stock of a Person or a Restricted Subsidiary thereof which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable solely at the option of the holder thereof, on or prior to the date of maturity of the Notes, for cash or securities constituting Indebtedness; *provided, however*, that Preferred Stock of a Person or any Restricted Subsidiary thereof that is issued with the benefit of provisions requiring a change of control offer or an asset sale offer to be made for such Preferred Stock

in the event of a change of control of or sale of assets by such Person or Restricted Subsidiary, which provisions have substantially the same effect as the provisions of those described under *"—Change of Control*" and *"—Certain Covenants—Limitation on Sales of Certain Assets*," shall not be deemed to be Disqualified Capital Stock solely by virtue of such provisions so long as such provisions provide that such Person or Restricted Subsidiary may not repurchase or redeem such Capital Stock prior to any repurchase of the Notes required by the Indenture.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means the offering of Capital Stock (other than Disqualified Capital Stock) of the Company.

"*Excluded Contribution*" means net cash proceeds received by the Company from:

(1) contributions (other than from a Restricted Subsidiary) to its common equity capital (other than through the issuance of Disqualified Capital Stock) after the Issue Date; and

(2) the sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Capital Stock),

in each case to the extent designated as Excluded Contributions pursuant to an Officer's Certificate on the date such capital contributions are made or the date such common equity capital is sold, as the case may be, which are excluded from the calculation set forth in clause (c) of the first paragraph of *"—Certain Covenants—Limitation on Restricted Payments*."

"*Fair Market Value*" means, with respect to any asset or property, the price that could be negotiated in an arm's length free market transaction, for cash, between a willing seller and a willing buyer, neither of whom is under pressure or compulsion to complete the transaction. Unless otherwise specified in the Indenture, Fair Market Value shall be determined by the Company acting in good faith, whose determination shall be conclusive (such determination shall be evidenced by an Officer's Certificate if in excess of US$2.0 million and also by a Board Resolution of the Company, if such Fair Market Value exceeds US$5.0 million).

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Interest Rate Agreements in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with IFRS.

"*Group*" means the Company and its Subsidiaries.

"*Guarantor*" means any Person that becomes a Guarantor in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture. On the Issue Date, there were no Guarantors of Notes.

"*IFRS*" means the International Financial Reporting Standards adopted by the International Accounting Standards Board and its predecessors, consistently applied, in effect from time to time.

"*incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation, including by acquisition of Subsidiaries (the Indebtedness of any other Person becoming a Subsidiary of such Person being deemed for this purpose to have been incurred at the time such other Person becomes a Subsidiary), or the recording, as required, pursuant to IFRS or otherwise, of any such Indebtedness or other obligation on the balance sheet of such Person (and "*incurrence*", "*incurred*", "*incurrable*" and "*incurring*" shall have meanings correlative to the foregoing); *provided, however*, that a change in IFRS that results in an obligation of such Person that exists at such time becoming Indebtedness shall not be deemed an incurrence of such Indebtedness.

"*Indebtedness*" means, with respect to any Person, without duplication:

(a) the principal component of all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit facilities, acceptance facilities or other similar facilities;

(b) the principal component of all obligations of such Persons evidenced by bonds, notes, debentures or other similar instruments;

(c) the principal component of all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables and accrued expenses;

(d) the principal component of all obligations under Interest Rate Agreements or Currency Hedging Agreements (the amount of any such obligations at any given time to be equal to the marked to market termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(e) all Capital Lease Obligations of such Person or Attributable Debt in respect of sale and leaseback transactions;

(f) the principal component of all Indebtedness referred to in sub-paragraphs (a) through (e) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness;

(g) the guarantee by such Person of the principal component of Indebtedness of other Persons to the extent guaranteed by such Person;

(h) the principal component of all Disqualified Capital Stock issued by such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends;

(i) the principal component of Preferred Stock of any Restricted Subsidiary;

(j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(k) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in sub-paragraphs (a) through (j) above;

provided that Indebtedness shall not include indebtedness (including in respect of a counter-indemnity obligation) to pay the deferred and unpaid purchase price of property or services if the relevant purchase price is due less than 180 days after taking delivery of or title to such assets or the completion of such services.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; *provided, however*, that in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value at such time.

The term "Indebtedness" shall not include any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, or any prepayments of deposits received from clients or customers in the ordinary course of business (or guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business.

For purposes hereof, the "*maximum fixed repurchase price*" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Capital Stock, such Fair Market Value shall be determined in good faith by the board of directors of the Company of such Disqualified Capital Stock.

"*Indenture*" means the Indenture to be dated as of the Issue Date, among the Company and Trustee in connection with the issuance of the Notes.

"*Interest Payment Dates*" mean May 6 and November 6 in each year.

"*Interest Rate Agreements*" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

"*Investment*" by any Person means any direct or indirect loan, advance or other extension of credit or capital contribution (by means of transfers of cash or other property to others or payments for property or services for the account or use of others, or otherwise) to, or purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities or evidence of Indebtedness issued by, any other Person, including, without limitation, any payment on a guarantee or any obligation of such other Person.

"*Investment Grade Securities*" means:

(1) securities issued by the US government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the US government and in each case with maturities not exceeding two years from the date of the acquisition;

(2) securities issued by a member of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union, and in each case with maturities not exceeding two years from the date of the acquisition;

(3) debt securities or debt instruments with a rating of A or higher by S&P or A-2 or higher by Moody's or the equivalent of such rating by such rating organization, or if no rating of S&P or Moody's then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash pending investment and/or distribution; and

(5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "*Baa3*" (or the equivalent) or higher from Moody's Investors Service, Inc. or any of its successors or assigns; and

(2) a rating of "*BBB-*" (or the equivalent) or higher from Standard & Poor's Ratings Services, or any of its successors or assigns,

in each case, with at least a "*stable outlook*" from such rating agency.

"*IPO*" means an Equity Offering which is initially public offering and sale of a portion of the Capital. Stock of the Company pursuant to a listing on a stock exchange in Bangladesh.

"*Issue Date*" means May 6, 2014, the date of original issuance of the Notes.

"*Lien*" means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security (including without limitation any sale and leaseback), but excludes any rights of set-off or combination of accounts arising under common law, in equity or under statute or regulation.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (but not loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain, loss or charge (including without limitation any fees, expenses and charges associated with any acquisition, merger, consolidation, Equity Offering or recapitalization after the Issue Date).

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (i) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, property repair and replacement costs, amounts paid in reimbursement of prepaid expenses associated with such assets to the extent required by the terms of such Asset Sale, and any relocation expenses incurred as a result of the Asset Sale, (ii) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements; (iii) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale; (iv) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with IFRS; and (v) any amount established by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, established in accordance with IFRS.

"*Noteholders*" means the holders of the Notes.

"*Note Guarantee*" means the guarantee by a Guarantor of the Company's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Officer's Certificate*" means a certificate signed by (1) the Chairman of the Board, any Director, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Treasurer or the Secretary of the Board of the Company or (2) an officer of the Company holding a correlative position to those described in clause (1), as the case may be, and delivered to the Trustee to the extent required by the Indenture.

"*Opinion of Counsel*" means a written opinion of counsel, who may be counsel to the Company, and which shall in form and substance be reasonably acceptable to the Trustee, which opinion may be subject to customary qualifications, assumptions and limitations.

"*Parent*" means Global Telecom Holding S.A.E., a company incorporated in Egypt, VimpelCom Ltd., a company incorporated in Bermuda, and any direct or indirect Subsidiary at any time of Global Telecom Holding S.A.E. or VimpelCom Ltd. of which the Company at any time is or becomes a Subsidiary after the Issue Date.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets (including, for the avoidance of doubt, Towers Assets provided that to the extent the Company or a Restricted Subsidiary receives Equity Interests in exchange for Towers Assets such transaction constitutes a Qualifying Towers Transaction) used or useful in a Permitted Business or a combination of such assets and cash or Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with *"—Certain Covenants—Limitation on Sales of Certain Assets*."

"*Permitted Business*" means any business carried on by the Company and any Restricted Subsidiary in accordance with "*—Certain Covenants—Conduct of Business*."

"*Permitted Hedging*" has the meaning set forth under "Permitted Indebtedness."

"*Permitted Holder*" means Vimpelcom Ltd.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment:

   (a) such Person becomes a Restricted Subsidiary of the Company; or

   (b) such Person is amalgamated, combined, merged, or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

   and in each case, any Investment held by such Person; p*rovided* that such Investment was not acquired by such Person in contemplation of such acquisition, amalgamation, combination, merger, consolidation or transfer;

(3) Investments in intercompany Indebtedness of the Company or a Restricted Subsidiary;

(4) Investments representing Permitted Hedging;

(5) Investments in the Notes;

(6) Investments in cash and Cash Equivalents;

(7) Investments acquired by the Company or any Restricted Subsidiary in connection with Asset Sales permitted as described in "*—Certain Covenants —Limitation on Sales of Certain Assets*";

(8) Investments in existence on the Issue Date; and any extension, modification or renewal of such Investments or commitments, but only to the extent such extension, modification or renewal does not involve additional advances, contributions or other Investments (other than as a result of the accrual or accretion of interest or original issue discount or the issuance by such investee of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the Issue Date);

(9) customary trade receivables owing to the Company or any Restricted Subsidiary created in the ordinary course of business and payable in accordance with customary trade terms (including such concessionary trade terms as the Company or such Restricted Subsidiary deems reasonable under the circumstances);

(10) ordinary course of business payroll, travel and similar advances expected to be treated as expenses;

(11) ordinary course of business loans and advances to officers and employees of the Company or the Restricted Subsidiaries consistent with past practices not exceeding an aggregate of US$2.0 million at any time;

(12) guarantees issued in accordance with *"—Limitation on Incurrence of Additional Indebtedness*" above;

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Capital Stock) as consideration;

(14) any Investment to the extent made using the proceeds of Subordinated Shareholder Loans as consideration;

(15) workers' compensation, utility, lease and other deposits and prepaid expenses in the ordinary course of business, other pledges and deposits permitted under the definition of "Permitted Liens", and endorsements of negotiable instruments and documents in the ordinary course of business;

(16) any Investment acquired by the Company or any of its Restricted Subsidiaries:

(a) in exchange for any Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Company of such other Investment or accounts receivable; or

(b) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(17) fully refundable construction advances made with respect to the construction of properties of a nature or type that are used in the Permitted Business;

(18) any Investment made as a result of the contribution of Towers Assets into a Towers Entity (including any Investment in a Towers Entity where such Investment was acquired by the Company or any of its Restricted Subsidiaries in exchange for the contribution of the Towers Assets into a Towers Entity) and any Investment constituting Equity Interests in a Towers Entity, in each case so long as (a) the transaction is a Qualifying Towers Transaction in which the greater of (i) the aggregate consideration (in the form of cash or equity) received from transaction of which such contribution forms a part and (ii) the Fair Market Value of the Towers Assets subject to such transaction, in each case together with Investments of the type specified under this clause (18) since the Issue Date, does not exceed 15% of Total Assets and (b) to the extent such transaction would have constituted an Asset Sale but for clause (7) of the second paragraph of the definition thereof, such transaction would have complied with the covenant described under "*—Certain Covenants—Limitation on Sales of Certain Assets*;"

(19) Investments in a special purpose finance entity (which is not owned, wholly or partially, by any entity other than the Company, a Restricted Subsidiary or a charitable trust or similar organization) formed for the primary purpose of issuing indebtedness, the gross or net proceeds of which will be on-lent to the Company or a Restricted Subsidiary and such Investments related to the maintenance of such entity or the servicing of its debt obligations; and

(20) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investment made pursuant to this clause (20) that are at the time outstanding, not to exceed the greater of US$10.0 million.

"*Permitted Liens*" means:

(1) Liens existing on the Issue Date (other than Liens securing Indebtedness and other obligations under the Secured Facilities);

(2) Liens in favor of the Company or any Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company, any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or a Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those acquired;

(5) Liens to secure the performance of bids, tenders, trade or government contracts (other than for borrowed money), leases, licenses, statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings, *provided* that any reserve or other appropriate provision as shall be required in conformity with IFRS shall have been made therefor;

(7) carrier's, warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not yet due or that are bonded or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or such Restricted Subsidiary, as the case may be, in accordance with IFRS;

(8) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(9) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, that do not in the aggregate materially detract from the aggregate value of the properties of the Company and its Restricted Subsidiaries, taken as a whole, or in the aggregate materially interfere with or adversely affect in any material respect the ordinary conduct of the business of the Company and its Restricted Subsidiaries on the properties subject thereto, taken as a whole;

(10) Liens on goods (and the proceeds thereof) and documents of title and the property covered thereby securing Indebtedness in respect of commercial letters of credit;

(11) (A) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary on the Issue Date and subordination or similar agreements relating thereto and (B) any condemnation or eminent domain proceedings or compulsory purchase order affecting any real property;

(12) leases or subleases to third parties;

(13) Liens in connection with the workers' compensation obligations and general liability exposure of the Company and the Restricted Subsidiaries;

(14) Liens arising by reason of a judgment, decree or court order, to the extent not otherwise resulting in an Event of Default and any Liens that are required to protect or enforce any rights in any administrative, arbitration or other court proceedings in the ordinary course of business;

(15) Liens securing Currency Hedging Agreements and Interest Rate Agreements entered into in the ordinary course of business;

(16) any provision for the retention of title to an asset by the vendor or transferor of such asset which asset is acquired by the Company or any Restricted Subsidiary in a transaction entered into in the ordinary course of business of the Company, or such Restricted Subsidiary and for which kind of transaction it is normal market practice for such retention of title provision to be included;

(17) Liens that secure Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary, *provided* that such Liens do not extend to any assets other than those of the Person that became a Restricted Subsidiary;

(18) any Lien which (A) constitutes a customary contractual right of any bank or financial institution in connection with the ordinary banking arrangements of the Company or any Restricted Subsidiary to apply any credit balance maintained by the Company or such Restricted Subsidiary, as the case may be, with that bank or financial institution against any amount due and payable to such bank or financial institution by the Company or such Restricted Subsidiary, as the case may be and (B) arises in connection with the ordinary banking arrangements of the Company, or any Restricted Subsidiary;

(19) renewals and/or refinancings of any of the above (including upon renewal or refinancing of the Indebtedness to which such Lien relates) *provided* that such renewed/refinanced Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) or is in respect of property that is security for a Lien permitted under the "*—Limitation on Liens*" covenant;

(20) Liens to secure Indebtedness (including any Capital Lease Obligations, mortgage financings or purchase money obligations) permitted to be incurred under clause (13) of the definition of "Permitted Indebtedness"; *provided* that such Liens do not extend to any property or assets which are not leased property subject to such Capital Lease Obligations, mortgage financings or purchase money obligations;

(21) Liens on Capital Stock of Unrestricted Subsidiaries that secure Indebtedness of such Unrestricted Subsidiaries;

(22) Liens incurred by the Company or any Restricted Subsidiary to secure other Indebtedness in an aggregate principal amount not to exceed 7.5% of Total Assets, measured at the time of incurrence thereof;

(23) Liens incurred in connection with a Qualifying Towers Transaction and customary for a sale and leaseback transaction;

(24) Liens securing Indebtedness and other obligations under the Secured Facilities; and

(25) Liens Incurred with respect to Indebtedness which does not exceed US$10.0 million at any one time outstanding.

"*Person*" means any individual, corporation, private company with limited liability, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision or any other entity.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"*Principal Amount Outstanding*" of a Note on any date shall be its original principal amount less, the aggregate amount of all principal payments in respect of such Note which have been paid on or prior to such date.

"*Qualifying Towers Transaction*" means, with respect to the Company or any Restricted Subsidiary, one or more transactions involving either (a) the sale and leaseback of Towers Assets or (b) the sale or contribution of Towers Assets in a transaction resulting in an Investment of the type specified in clause (18) of "Permitted Investments", in each case where:

(i) the greater of (a) the aggregate consideration received therefrom (in the form of cash or equity) and (b) the Fair Market Value of the Towers Assets subject to such transaction, in each case together with all transactions that are classified by the Company as Qualifying Towers Transactions under the Indenture undertaken since the Issue Date, does not exceed 20% of Total Assets;

(ii) any such transaction is entered into with a counterparty which is competent to own and operate the Towers Assets and will result in the Company or its Restricted Subsidiaries continuing to have sufficient use of and access to such Towers Assets to allow it to carry on its business until the Notes are repaid in full;

(iii) the Company's Board of Directors approves the transaction, as evidenced by a Board Resolution delivered to the Trustee, after determining, in good faith, that such transaction or will not have a material adverse commercial impact on the business; and

(iv) the Company obtains a written opinion of counsel, who may be counsel to the Company, and which shall in form and substance be reasonably acceptable to the Trustee, which opinion may be subject to customary qualifications, assumptions and limitations, that such transaction will be in compliance with the prevailing rules and regulations for telecommunications and related businesses in Bangladesh.

"*Repayment Date*" means each date upon which the Company redeems or repays all or part of the outstanding Notes.

"*Required Post-IPO Dividend*" means the minimum amount of dividends the Company is required to pay to shareholders following an IPO, including declaration of dividends from the current profits of the Company, in order to avoid (1) being classified as a "Z category" company by the stock exchanges of Bangladesh under the Settlement of Stock Exchange Transactions Regulations 1998 and (2) having restrictions in relation to "Z category" companies imposed by the Bangladesh Securities and Exchange Commission.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any future Subsidiary of the Company that has not been designated by the board of directors of the Company by a Board Resolution delivered to the Trustee as an Unrestricted Subsidiary pursuant to and in compliance with *"—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries*."

"*Secured Facilities*" means the facilities governed by the Common Terms Agreement dated June 13, 2007 among, inter alia, the Company, Telecom Venture Limited of Malta and Standard Chartered Bank, London as agent, as in effect on the Issue Date comprising the BDT Bond Facility dated March 23, 2010, the BDT Commercial Facility B dated June 13, 2007, the Hermes Facility dated June 13, 2007, the Additional Hermes Facility dated December 3, 2009 and the DFI Facility dated June 13, 2007, each as in effect on the Issue Date.

"*SGX-ST*" means the Singapore Exchange Securities Trading Limited.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(a) the Company's and its Restricted Subsidiaries' Investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(b) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(c) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter incurred) which is expressly subordinated in right of payment to each of (i) the Notes or the Note Guarantees thereof and (ii) any other senior Indebtedness of such Person, pursuant to a written agreement, including Subordinated Shareholder Loans.

"*Subordinated Shareholder Loans*" means, collectively, any funds provided to the Company, directly or indirectly, by any direct or indirect Parent of the Company in exchange for or pursuant to any security, instrument or agreement, together with any such security, instrument or agreement and any other security, instruments or agreement other than Capital Stock (excluding Disqualified Capital Stock) issued in payment of any obligation under any Subordinated Shareholder Loans; *provided, however*, that any such security, instrument or agreement in respect of Subordinated Shareholder Loans (i) does not mature or require (or the lending Parent entity has agreed in writing in favour of the Trustee for the benefit of the Noteholders not to require) any amortization, redemption or other payment of principal or any sinking fund payment prior to six months after the later of the maturity of the Notes or any other senior Indebtedness of the Group (other than through conversion or exchange of any such security, instrument or agreement into Capital Stock (other than Disqualified Capital Stock) or any other security, instrument or agreement, meeting the requirements of this definition), (ii) does not require (or the lending Parent entity has agreed in writing in favour of the Trustee for the benefit of the Noteholders not to require) the payment of cash interest if at the time for payment, such payment would not be permitted under the terms of the Indenture, (iii) does not allow for (or the lending Parent entity has agreed in writing in favour of the Trustee for the benefit of the Noteholders not to take action with respect to) (1) acceleration, (2) declaration of a default or event of default or (3) enforcement action prior to one year after the later of the maturity (or earlier redemption in full) of the Notes or any other senior Indebtedness of the Group, (iv) is not secured by any asset of the Company or a Restricted Subsidiary, (v) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or the Guarantee or compliance by the Company with its respective obligations under the Notes, the Guarantee and the Indenture and (vi) is fully subordinated and junior in right of payment to all obligations in respect of the Notes and the Indenture and any other senior Indebtedness of the Company pursuant to the Subordination Agreement or another agreement which is substantially identical thereto or more favorable to the holders of Notes or the creditors of such Indebtedness.

"*Subordination Agreement*" means an agreement subordinating any Subordinated Shareholder Loans.

"*Subsidiary*" of any Person means:

(a) a corporation more than 50% of the combined Voting Shares of which is owned, directly or indirectly, by that Person or by one or more other Subsidiaries of the Person or by the Person and one or more Subsidiaries of the Person; or

(b) any other Person (other than a corporation) in which the Person, one or more Subsidiaries of the Person or such Person and one or more other Subsidiaries of the Person, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs of the Person.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Company prepared in accordance with IFRS.

"*Towers Assets*" means assets constituting towers and other physical structures (including, without limitation, roof sites) on which telecommunications and transmission equipment and other assets are placed, together with passive infrastructure and equipment relating to such assets including without limitation tower lights, lightning rods, shelters, cooling systems, power supply, generators, battery sets, alarms, cable ladders, grounding, walls and fencing, private access road and other facilities at a site, as well as interests in the real property (including without limitation site leases, guarantees and tenant leases) on which any such assets are located, but excluding, for avoidance of doubt, any active telecommunications and transmission equipment; provided that such towers are suitable for the placing of telecommunication and transmission equipment.

"*Towers Entity*" means a Person formed for the primary purpose of operating Towers Assets and the related infrastructure.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company designated as such in compliance with "*—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries*."

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statues thereto.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"*US*" means the United States of America.

"*US Dollar Equivalent*" means with respect to any monetary amount in a currency other than US dollars, at any time for the determination thereof, the amount of US dollars obtained by converting such foreign currency involved in such computation into US dollars at the spot rate for the purchase of US dollars with the applicable foreign currency as published under "Currency Rates" in the section of the *Financial Times* (or, if the *Financial Times* is no longer published, or if such information is no longer available in the *Financial Times*, such internationally recognized source for currency conversions as may be selected in good faith by the Company) entitled "Currencies, Bonds & Interest Rates" on the date two Business Days prior to such determination.

"*US$*" and "*US dollars*" means the lawful currency of the United States of America.

"*Voting Shares*" of any Person means shares of the Person which ordinarily have voting power for the election of directors or persons performing similar functions of such Person, whether at all times or only for so long as no senior class of securities has that voting power by reason of any contingency.

TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, the information below does not consider any specific facts or circumstances that may apply to a particular purchaser. Prospective purchasers of Notes should consult their tax advisers as to the consequences of a purchase of Notes, including but not limited to the consequences of receipt of interest and of sale or redemption of the Notes. This summary is based upon the laws, regulations, resolutions, decrees and administrative practice, and the interpretation thereof, in effect on the date of this offering memorandum and is subject to any change in laws, regulations, resolutions, decrees and administrative practice, or in their interpretation, that may take effect after such date, possibly with retroactive effect. This summary does not seek to address the availability of double tax treaty relief.

Bangladesh Taxation

The following discussion summarizes certain Bangladesh tax consequences relevant to the acquisition, ownership, disposition and retirement of the Notes by a Noteholder who is not resident for tax purposes in Bangladesh ("non-resident Noteholders"), and does not purport to be a complete analysis of all potential tax considerations.

VAT

Bangladesh has an extensive indirect tax/VAT withholding regime, under which the customer is required to withhold VAT from payments of most goods and services. VAT is levied at a rate of 15.0% on importation of services in Bangladesh and is borne by the customer. The Second Schedule of the Bangladesh VAT Act 1991 does not specifically list interest payments as being exempted from VAT.

Nevertheless, we do not believe the Company's payments of interest on the Notes should be categorized as "fees" remitted to foreign investors and we do not expect the Company's payments of interest on the Notes to non-resident Noteholders to be subject to VAT.

Income Tax

Bangladesh income tax law requires Bangladesh tax residents to withhold income tax at source from interest paid to foreign lenders. Interest payments to foreign corporate lenders (i.e., corporate entities who are not resident in Bangladesh for tax purposes), for example, are subject to 37.5% to 45.0% withholding tax depending on the nature of activities of the foreign corporate lender, and subject to any double taxation avoidance treaty that may be in effect between Bangladesh and the country where the foreign corporate lender is located.

However, in accordance with a notification issued by the Bangladesh Ministry of Finance on November 29, 1976 (the "Notification"), interest payable by an industrial undertaking in Bangladesh on money borrowed by it in foreign currency from a financial institution in a foreign country, under an agreement approved by the Government of Bangladesh, should be exempt from income tax withholding subject to certain requirements.

Bangladesh tax laws do not contain a general definition of an "industrial undertaking." Based on a recent pronouncement from Bangladesh Ministry of Labour and Employment and the Company's registration with Bangladesh Board of Investment as an "industry," we believe that the Company will be considered an industrial undertaking in Bangladesh. In addition, the Indenture and the issuance of the Notes have been approved by the BOI and Bangladesh Bank in advance of the Offering. The Company must also meet the other requirements to benefit from the exemption provided under the Notification. We expect to meet all of the above conditions, and we therefore expect to be eligible for the exemption from the requirement to withhold tax at source on the interest on the Notes.

Redemption Premium

In the absence of specific legislation or known precedents, there is uncertainty as to the Bangladesh tax treatment of premium paid upon early redemption of the Notes. There are arguments that the premium paid may be treated as a substitution of an interest payment. Under this interpretation, payments of a premium upon redemption of the Notes should be subject to the same exemption from withholding tax at source as interest payments, as described above under "—Income Tax." Alternatively, because there is a declared coupon rate, there is a risk that Bangladesh tax authorities would consider the premium paid as capital gain. In this case, capital gain tax on the redemption premium would be deducted by the bank through which the payments are made.

Gift or Estate Tax

No gift, estate or inheritance tax liability will arise in Bangladesh on the transfer, by way of gift or inheritance, of the Notes, if the transferor or the deceased, at the time of the gift or at the time of death, is neither a resident nor a deemed resident of Bangladesh.

Stamp Duty

No stamp duty should be payable on a transfer of the Notes as long as the transfers occur outside Bangladesh.

United States Taxation

Circular 230 Notice

The tax discussion contained in this offering memorandum is not a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, investors cannot rely upon the tax discussion in this offering memorandum for the purpose of avoiding United States federal tax penalties. The tax discussion contained in this offering memorandum was written to support the promotion or marketing of the transactions or matters described in this offering memorandum. Each investor should seek advice based on the investor's particular circumstances from an independent tax advisor.

General

The following discussion summarizes certain U.S. federal income tax consequences relevant to the acquisition, ownership, disposition and retirement of the Notes by a Noteholder, and does not purport to be a complete analysis of all potential tax considerations. This discussion only applies to Notes that are held as capital assets within the meaning of Section 1221 of the Code and that are purchased in the initial offering at the initial offering price by Noteholders. This discussion does not describe all of the U.S. federal income tax consequences that may be relevant to Noteholders in light of their particular circumstances or to Noteholders subject to special treatment under U.S. federal income tax law, such as financial institutions; tax-exempt organizations; insurance companies; real estate investment trusts; regulated investment companies; entities treated as partnerships for U.S. federal income tax purposes; traders or dealers in securities; persons holding Notes as part of a straddle, hedge, conversion transaction or other integrated transaction; or certain former citizens or residents of the United States. This summary also does not address tax consequences to U.S. Noteholders (as defined below) whose "functional currency" is not the U.S. dollar. Persons considering the purchase of Notes are urged to consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Furthermore, this discussion does not describe the effect of U.S. federal estate and gift tax laws or the effect of any applicable foreign, state or local law.

This summary is based on the Code, Treasury regulations promulgated thereunder (the "Regulations") administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or differing interpretations which could affect the tax consequences described herein. The Issuer has not and will not seek any rulings or opinions from the Internal Revenue Service (the "IRS") with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership or disposition of the Notes or that any such position would not be sustained.

For purposes of this summary, a "U.S. Noteholder" is a beneficial owner of Notes, who is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation or other entity subject to tax as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes, or (2)(a) the administration of which a U.S. court can exercise primary supervision over and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

A "Non-U.S. Noteholder" is a beneficial owner of Notes other than a U.S. Noteholder.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner will depend on the status of the partner and the activities of the partnership. A holder of Notes that is a partnership and partners in such partnership should consult their own tax advisors as to the tax consequences to them of acquiring, owning, disposing and retirement of Notes.

In certain circumstances, which are discussed in "Description of the Notes—Additional Amounts," "Description of the Notes—Optional Redemption" and "Description of the Notes—Change of Control," we might be obligated to make payments on the Notes in excess of stated principal and interest. We intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments. Assuming such position is respected, a U.S. Noteholder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. Noteholder's method of accounting for U.S. federal income tax purposes. However, the IRS may take a different position, which could require a U.S. Noteholder to accrue income on its Notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a Note. In the event such a contingency occurs, it would affect the amount and timing of the income recognized by a U.S. Noteholder. This discussion assumes that the Notes will not be considered contingent payment debt instruments. Prospective purchasers should consult their own tax advisors as to the tax considerations that relate to the likelihood of redemption.

Interest

Interest paid on a Note (including any additional amounts paid by the Issuer to the Noteholders pursuant to "Description of the Notes—Additional Amounts") generally will be taxable to a U.S. Noteholder as ordinary interest income when paid or accrued, in accordance with the U.S. Noteholder's method of accounting for U.S. federal income tax purposes.

Withholding and Payment of Additional Amounts

If any non-U.S. taxes are withheld with respect to interest payments on the Notes, a U.S. Noteholder would be required to include in income any additional amounts (as described under "Description of the Notes—Additional Amounts") paid and any tax withheld from the interest payment, notwithstanding that

such withheld tax is not in fact received by the U.S. Noteholder. A U.S. Noteholder may be eligible, subject to a number of limitations, for a deduction or U.S. foreign tax credit with respect to any non-U.S. tax withheld. Interest on the Notes will generally be treated as foreign source income for U.S. federal income tax purposes, and for purposes of certain limitations imposed on the United States foreign tax credit, generally will be considered passive income. The rules relating to U.S. foreign tax credits or deductions and the timing thereof are extremely complex and U.S. Noteholders should consult their own tax advisors with regard to the availability of a U.S. foreign tax credit or deduction and the application of the U.S. foreign tax credit limitations to their particular situations.

Subject to the discussion below under "—U.S. Backup Withholding Tax and Information Reporting," payments of interest on a Note to a Non-U.S. Noteholder generally will not be subject to U.S. federal income tax, unless such income is effectively connected with the conduct by such Non-U.S. Noteholder of a trade or business in the United States.

Sale, Exchange, Retirement or Other Disposition

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Noteholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (other than accrued but unpaid interest which will be taxable as ordinary income to the extent not yet included in income by the U.S. Noteholder) and the U.S. Noteholder's adjusted tax basis in such Note. A U.S. Noteholder's adjusted tax basis in a Note generally should equal the cost of the Note to such U.S. Noteholder.

Any capital gain or loss recognized on the disposition of a Note will generally be long-term capital gain or loss if the U.S. Noteholder has held the Note for more than one year. Long-term capital gain of a non-corporate U.S. Noteholder is generally subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Any gain or loss realized by a U.S. Noteholder on the sale, exchange, retirement or other disposition of a Note generally will be treated as U.S. source income or loss, as the case may be. Subject to the discussion below under "—U.S. Backup Withholding Tax and Information Reporting," any capital gain realized by a Non-U.S. Noteholder upon the sale, exchange, retirement or other disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Noteholder of a trade or business in the United States, or (ii) in the case of any gain realized by an individual Non-U.S. Noteholder, such Non-U.S. Noteholder is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition and certain other conditions are met.

U.S. Backup Withholding Tax and Information Reporting

U.S. backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest (including additional amounts, if any) on, Notes and to proceeds of dispositions of Notes, to certain non-corporate U.S. Noteholders. The payor currently will be required to withhold backup withholding tax from any such payment within the United States on a Note to a U.S. Noteholder (other than an "exempt recipient") if such U.S. Noteholder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding requirements. Backup withholding is not an additional tax.

Payments within the United States of principal and interest to a Non-U.S. Noteholder that is not a United States person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the Non-U.S. Noteholder to the payor and the payor does not have actual knowledge or reason to know that the certification is false.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Noteholder's federal income tax liability, provided that the requisite procedures are followed and certain information is provided to the IRS.

In addition, individuals and, to the extent provided by Regulations or other guidance, certain U.S. entities that hold an interest in a "specified foreign financial asset" are required to attach certain information regarding such assets to their U.S. federal income tax returns for any year in which the aggregate value of all such assets held by such persons exceeds US$50,000. A "specified foreign financial asset" includes, among other things, any depository or custodial accounts at a foreign financial institution, and to the extent not held in an account at a financial institution, (1) stocks or securities issued by non-U.S. persons, and (2) any interest in a non U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Noteholders should consult their tax advisors regarding the potential application of these rules to their ownership of a Note.

Medicare Tax on Unearned Income

A 3.8% tax is imposed on the "net investment income" of certain U.S. citizens and U.S. resident aliens, and on the undistributed "net investment income" of certain estates and trusts, in both cases to the extent that net investment income exceeds a certain threshold. Among other items, "net investment income" generally includes interest and certain net gains from the disposition of property, less certain deductions. Prospective Noteholders should consult their own tax advisors with respect to such tax.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, the Notes will be issued in registered global form in minimum denominations of US$200,000 and integral multiples of US$1,000, in excess thereof. The Notes will be issued at the closing of the Offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Global Notes will be deposited upon issuance with the The Bank of New York Mellon as custodian for The Depository Trust Company (the "DTC"), in New York, New York, and registered in the name of the DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in the DTC as described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of the DTC or to a successor of the DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive Notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described in "Transfer Restrictions." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of the DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, Luxembourg), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of the DTC, Euroclear and Clearstream, Luxembourg are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We do not take responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

The DTC has advised us that it is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchaser), banks, trust companies, clearing corporations and certain other organizations. Access to the DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of the DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of the DTC are recorded on the records of the Participants and Indirect Participants.

The DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, the DTC will credit the accounts of the Participants designated by the Initial Purchaser with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by the DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through the DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream, Luxembourg) which are Participants. Investors in the Regulation S Global Notes may hold their interests therein through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations that are participants. Investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are J.P. Morgan Chase, on behalf of Euroclear, and Citibank N.A., on behalf of Clearstream, Luxembourg. All interests in a Global Note, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of the DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in the definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because the DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of the DTC or its nominee will be payable to the DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we and the Trustee will treat the Persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee, nor or any of our respective agents, has or will have any responsibility or liability for:

(1) any aspect of the DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of the DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of the DTC or any of its Participants or Indirect Participants.

The DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless the DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of the DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be our responsibility or the responsibility of the DTC or the Trustee. Neither we nor the Trustee will be liable for any delay by the DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from the DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth in "Transfer Restrictions," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through the DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in the DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositories for Euroclear or Clearstream, Luxembourg.

The DTC has advised us that it will take any action permitted to be taken by a holder of the Notes only at the direction of one or more Participants to whose account the DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although the DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in the DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we, the Trustee, nor any of our respective agents will have any responsibility for the performance by the DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) The DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes, or (b) has ceased to be a clearing agency registered under the U.S. Exchange Act and, in either case, we fail to appoint a successor depositary;

(2) we, at our option, notify the Trustee in writing that we elect to cause the issuance of the Certificated Notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

If there is an Event of Default under the Notes, the DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants. In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of the DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures). In addition, Certificated Notes delivered in exchange for Rule 144A Global Notes will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions."

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available).

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by the DTC by means of an instruction originated by the Trustee through the DTC's Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

Same Day Settlement and Payment

We will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, interest, if any) by wire transfer of immediately available funds to the accounts specified by the DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in the DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by the DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of the DTC. The DTC has advised us that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant will be received with value on the settlement date of the DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among us and the Initial Purchaser dated April 25, 2014 (the "Purchase Agreement"), we have agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase from us, the Notes.

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchaser has agreed to purchase all of the Notes sold under the Purchase Agreement if any of the Notes are not purchased. The Initial Purchaser has advised the Issuer that it proposes initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial Offering, the offering price or any other term of the Offering may be changed. The Initial Purchaser may offer and sell the Notes through certain of its affiliates.

The Issuer has agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments the Initial Purchaser may be required to make in respect of those liabilities.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of the Notes.

The Initial Purchaser is offering the Notes, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchaser of officer's certificates and legal opinions. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Notes Are Not Being Registered

The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Initial Purchaser proposes to offer the Notes for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchaser will not offer or sell the Notes:

- within the United States, except to persons they reasonably believe to be QIBs (as defined in Rule 144A);

- except pursuant to offers and sales outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

The Notes sold pursuant to Regulation S may not be offered or resold in the United States, except under an exemption from the registration requirements of the U.S. Securities Act or under a registration statement declared effective under the U.S. Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of the Notes

The Notes are a new issue of securities with no established trading market. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, we cannot assure you that such listing will be maintained; although we will be required under the Indenture governing the Notes to use our commercially reasonable efforts to list and maintain the listing and quotation of the Notes on the SGX-ST or another comparable exchange. We have been advised by the Initial Purchaser that it presently intends to make a market in the Notes after completion of the Offering. However, it is under no obligation to do so and may discontinue any market-making activities at any time in its sole discretion without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

The Issuer will agree, pursuant to the Purchase Agreement, not to sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition in the future of) any of our debt securities with terms substantially similar (including having equal rank) to the Notes for a period of 90 days after the date of the Purchase Agreement, without first obtaining the prior consent of the Initial Purchaser.

Price Stabilization and Short Positions

In connection with the Offering, Citigroup Global Markets Inc. (the "Stabilizing Manager") may engage in transactions that stabilize the market price of the Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Notes. If the Stabilizing Manager creates a short position in the Notes in connection with the Offering by selling more Notes than are listed on the cover page of this offering memorandum, the Stabilizing Manager may reduce that short position by purchasing the Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor the Stabilizing Manager make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Stabilizing Manager make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued in their sole discretion without notice.

Selling Restrictions

General

The Initial Purchaser has undertaken to us that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes this offering memorandum (in preliminary, proof or final form) or any other Offering material related to the Notes.

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchaser that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or the Offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Initial Purchaser has acknowledged that the Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act or in transactions not subject to those registration requirements, including sales pursuant to Rule 144A and Regulation S.

The Initial Purchaser has represented, warranted and agreed that, during the initial distribution of the Notes, it will not offer or sell the Notes within the United States except to persons they reasonably believe to be qualified institutional buyers as defined in Rule 144A of the U.S. Securities Act.

In addition, until 40 days following the later of the date of the commencement of the Offering and the closing of the Offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the U.S. Securities Act. Each purchaser of the Notes will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions."

Bangladesh

This offering does not constitute a public offering in Bangladesh. This offering memorandum may not be distributed in Bangladesh and the Notes may not be offered, purchased, sold, transferred or re-sold in Bangladesh, or to, or in the name of, Bangladesh citizens wherever they are domiciled or residents in Bangladesh. The offering is subject to approvals, consents and permissions under laws and regulations of Bangladesh.

United Kingdom

The Initial Purchaser has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or "FSMA") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Initial Purchaser has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (the "SFO") of Hong Kong and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Japan

The Initial Purchaser has represented, warranted and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "FIEA") and may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This offering memorandum has not been and will not be registered as an offering memorandum with the Monetary Authority of Singapore. Accordingly, the Initial Purchaser has represented, warranted and agreed that it has not (i) circulated or distributed, nor will it circulate or distribute, this offering memorandum and/or any other document or material in connection with the offer and sale, or invitation for subscription

or purchase, of the Notes and (ii) offered or sold or caused any Notes to be made the subject of an invitation for subscription or purchase, nor will it offer or sell or cause any of the Notes to be made the subject of an invitation for subscription or purchase, in each case whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of such corporation or the beneficiaries' rights and interest (howsoever described) in such trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Manager; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU."

The Netherlands

The offer is not a public offering in The Netherlands. The Notes may not be offered or sold to individuals or legal entities in The Netherlands unless (i) a prospectus relating to the offer is available to the public, which has been approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by the competent supervisory authority of another state that is a member of the European Union or party to the Agreement on the European Economic Area, as amended or (ii) an exception or exemption applies to the offer pursuant to Article 5:3 of The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) or Article 53 paragraph 2 or 3 of the Exemption Regulation of the Financial Supervision Act, for instance due to the offer targeting exclusively "qualified investors" (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of The Netherlands Financial Supervision Act.

Russian Federation

The Initial Purchaser has represented and agreed that it has not offered or sold or transferred or otherwise disposed of, and will not offer or sell or transfer or otherwise dispose of, any Notes (as part of their initial distribution or at any time thereafter) to, or for the benefit of, any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation, or to any person located within the territory of the Russian Federation, unless and to the extent otherwise permitted under Russian law.

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this offering circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither this offering memorandum or any other offering or marketing material relating to the offering, nor the Issuer, or the Notes, have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority (FINMA), and investors in the Notes will not benefit from protection or supervision by such authority.

Settlement and Delivery

Delivery of the Notes will be made against payment therefor on or about May 6, 2014, which will be the sixth business day following the date of pricing of the bonds (such settlement being referred to as "T+6"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the six succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+6, to specify alternative settlement arrangements to prevent a failed settlement. Such purchasers should also consult their own advisors.

Other Relationships

The Initial Purchaser and certain of its affiliates have engaged in, and may in the future engage in, advisory and investment banking services and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Citibank N.A., Bangladesh, is a lender under the Company's local short-term facilities.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The Notes have not been registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only (i) to qualified institutional buyers in compliance with Rule 144A and (ii) in offshore transactions (as defined in Rule 902 under the U.S. Securities Act) in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the Offering and the closing date of the Offering an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the Notes hereunder (other than the Initial Purchaser) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) it is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:

    (i) a qualified institutional buyer and is aware that any sale of the Notes to it will be made in reliance on Rule 144A and the acquisition of the Notes will be for its own account or for the account of another QIB; or

    (ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S;

(2) it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion: in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws and it and any such account (i) is a qualified institutional buyer, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) is aware that the sale is being made in accordance with Regulation S;

(3) it acknowledges that the Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold except as set forth below;

(4) it acknowledges that neither we nor the Initial Purchaser, nor any person representing us or the Initial Purchaser, has made any representation to it with respect to the Offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. It acknowledges that neither the Initial Purchaser nor any person representing the Initial Purchaser makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes;

(5) it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes prior to the date which is one year (or such shorter period of time as permitted by Rule 144 under the U.S. Securities Act or any successor provision thereunder) after the later of the date of original issue and the last date on which the Issuer or an affiliate of the Issuer was the owner of the Notes (or any predecessor thereto), it will do so only (A)(i) to the Issuer or any affiliate thereof, (ii) to a person whom the seller, and any person acting

on its behalf, reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of a qualified institutional buyer or qualified institutional buyers, in a transaction complying with Rule 144A, (iii) in an offshore transaction in compliance with Regulation S or (iv) pursuant to any other available exemption from registration under the U.S. Securities Act, or (B) pursuant to an effective registration statement under the U.S. Securities Act, and in each of such cases in accordance with any applicable securities law of any state of the United States;

(6) it agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in clause (3) above, if then applicable;

(7) in the case of offers and sales of Notes pursuant to Rule 144A, it understands and agrees that Notes initially offered to qualified institutional buyers in reliance on Rule 144A will be represented by a Rule 144A Global Note, and that before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who is not a qualified institutional buyer, the transferee will be required to provide the Transfer Agent with a written certification (the form of which certification can be obtained from the Transfer Agent as to compliance with the transfer restriction referred to above);

(8) it understands that the Rule 144A Global Notes will bear a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) (A "QIB") OR (B) IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON IN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN THE TIME PERIOD REFERRED TO IN RULE 144 UNDER THE U.S. SECURITIES ACT AS IN EFFECT WITH RESPECT TO SUCH TRANSFER, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE U.S. SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRANSFER AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

By purchasing these Notes, the purchaser will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(9) it acknowledges that prior to any proposed transfer of the Notes or beneficial interests in the Global Notes (in each case other than pursuant to an effective registration statement) the holder of such Notes or beneficial interests in Global Notes may be required to provide an opinion of counsel, certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;

(10) it acknowledges that the Issuer and the Initial Purchaser and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements set forth herein and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Initial Purchaser in writing. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account;

(11) either (a) it is not and is not using the assets of any (i) "employee benefit plan" within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") which is subject to Title I of ERISA or "plan" which is subject to Section 4975 of the Internal Revenue Code (the "Code") or entity whose underlying assets are treated as assets of any such employee benefit plan or plan pursuant to the U.S. Department of Labor regulation codified at 29 C.F.R. Section 2510.3-101 or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law"), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a Note will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or violation of applicable Similar Law;

(12) it confirms that neither we nor the Initial Purchaser, nor any person acting on our or the Initial Purchaser's behalf, has offered to sell the Notes by, and that it has not been made aware of the offering of the Notes by, any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio; and

(13) it acknowledges that the transfer agent will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the transfer agent that the restrictions set forth herein have been complied with.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfer of interests in the Global Notes, see "Book-Entry, Delivery and Form."

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Issuer by Akin Gump LLP, the Issuer's U.S. counsel, as to matters of United States federal and New York State law and by SIA&A, the Issuer's Bangladesh counsel, as to matters of Bangladesh law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchaser by White & Case, the Initial Purchaser's U.S. counsel, as to matters of United States federal and New York State law, and by Maxima Legal, the Initial Purchaser's Bangladesh counsel, as to matters of Bangladesh law.

INDEPENDENT AUDITORS

The financial statements of the Issuer as of and for the years ended December 31, 2011, 2012 and 2013 included in this offering memorandum have been audited by S.R. Batliboi & Co. LLP, independent auditors.

2G	The second-generation mobile telephony system based on the standards defined by the ITU.
3G	The third-generation mobile telephony system based on the standards defined by the ITU.
ANS	Access Network Service.
APPM	Average Price Per Minute, calculated over a given period of time as the total voice revenue divided by the total billable incoming and outgoing minutes of usage.
ARPU	Average Revenue Per User of telephone services, calculated over a given period of time for the average number of total subscribers or of active subscribers in the same period. The Company calculates ARPU using active subscribers.
Backbone	This refers to a high-capacity network backbone providing connectivity between sites and that picks up and conveys the traffic of lower-capacity peripheral rings.
Base station controller (BSC)	Equipment in a mobile telecommunications network by means of which the call set-up, signaling of continued operation and the use of the radio channels of one or more BTSs is controlled.
Broadband	A technological environment consisting of applications, contents, services and infrastructures enabling the use of digital technology and high levels of interactivity.
BTS	Base Transceiver Station: fixed transmitter/receiver equipment located within cells of a mobile telecommunications network that enables communications by means of radio signals with mobile telephones.
CDMA	Code Division Multiple Access mobile phone operator.
Cell	Geographical area covered by a receiver and transmitter within the mobile telecommunications network. A cell is part of a BTS site.
Churn or Churn Rate	A measure of the proportion of our customer base that disconnects from our service over a period of time. Prepaid and postpaid churn rates are each calculated by dividing the respective total number of prepaid or postpaid subscriber disconnections (including subscribers who disconnect and reactivate with us with the same phone number) for the period by the average number of prepaid or postpaid subscribers for the period. The average number of subscribers for the period is calculated by taking the average of each month's average number of prepaid or postpaid subscribers (calculated as the average of the total number of subscribers at month-end and the total number of subscribers at the end of the previous month) during the period. Our total churn rate is the weighted average of our prepaid churn rate and postpaid churn rate over the period, based on weighted number of prepaid and postpaid subscribers.

EDGE	Enhanced Data rates for GSM Evolution: evolution of data communications within the existing GSM standard. Designed as a step forward from GPRS, EDGE improves the GSM radio interface in that it increases the data transfer speed by optimizing use of the available spectrum.
Fiber optic cables	Cables made of fiberglass over which digital signals are transmitted as pulses of light.
GHz	Giga Hertz: the Hertz is a unit of frequency of one cycle per second. A Giga Hertz refers to a frequency of one thousand million Hertz.
GMPCS	Global Mobile Personal Communication by Satellite.
GPRS	General Packet Radio Service: data transmission technology using packet-based transmission for providing mobile telecommunications.
GSM	Global System for Mobile Communications: a mobile-telephony standard based on digital transmission and cellular network architecture with a roaming system.
H.S. code	Harmonized system code: a specific code used to classify goods for purposes of assessing import duties and other charges.
HLR	Home Location Register: a database used by mobile-telephone operators to keep track of all the network's subscribers. When a mobile phone is switched on, it informs the network which cell it is in at intervals of a second or so. This information is stored in the HLR to enable the subscriber to be identified.
ICX	Refers to an interconnection exchange.
IIG	Refers to an international internet gateway.
IGW	Refers to an international gateway.
Incumbent	The term defining the telephone carrier company which once had a monopoly on the market, and now has a dominating position on a free market.
I'top-up	I'top-up is a recharge service that allows postpaid customers to pay phone bills and allows prepaid customers to use balance for making calls. Recharge amount for single transaction is limited to amounts ranging from BDT 10 up to BDT 5,000. This service is available for all "banglalink" prepaid and postpaid and "call & control" packages.
Intelligent Network (IN)	A telecommunications network in which the network intelligence is centralized and separated from switching functions, allowing more flexibility than switch based systems.

Interconnection	The physical and logical connection of public communications networks used by the latter and by other operators to enable the operator's customers to communicate with their own subscribers or with those of another operator, or to access services offered by another operator. The services may be supplied either by the parties concerned or by other parties having access to the network. Interconnection is one specific mode of access among operators of the public communications network.
Internet	An extensive collection of interconnected networks that use the IP communications protocol.
IP	Internet Protocol: the universal communications protocol based on the exchange of packets of information between telecommunications equipment. It is the standard protocol used on the Internet.
ISP	Internet Service Provider: provider of access to the Internet and to the service linked to the latter.
IVR	Interactive Voice Response: a phone technology that allows a computer to detect voice and touch tones using a normal phone call.
LTU-VAT	Large Taxpayers Unit-VAT of the Bangladesh Government.
MHz	Mega Hertz: the Hertz is a unit of frequency of one cycle per second. A Mega Hertz refers to a frequency of one million Hertz.
MMS	Multimedia Messaging Service: an evolution of SMS services that, in addition to text messages, offer several types of multimedia contents such as images, audio and video-clips.
MNO	Mobile Network Operator: operators who have licenses to use the range of radio frequencies that manage whole mobile communications networks, including BTSs, switching centers and HLRs.
MNP	Mobile Number Portability: a service, recently approved by the BTRC in Bangladesh, which allows customers to keep their mobile number when switching between mobile operators. The BTRC directive, instructing mobile telecommunications operators to make this service available to subscribers in Bangladesh, was approved by the BTRC on May 6, 2013 (the "MNP Directive").
Mobile operator	Provider of telecommunications services using the range of radio frequencies assigned to it.
MOU	Refers to minutes of use.
MSC	Mobile Switching Center: a central switching point to which each call is connected, which controls the routing of calls. A mobile switching center allows cellular telephone users to move freely from cell to cell while continuing their calls.
Multimedia	Communications using any combination of different media and which may comprise text, audio, music, images, animation and video.

N(S)N	National (Significant) Number: refers to the digits that follow the country code for telephone numbers within a country. In Bangladesh, the N(S)N is the portion of a telephone number that follows +880.
OTT	Over-the-top. Refers to content service providers such as Google and Facebook.
PCO	Public Call Office: a telephone facility located in a public place.
Penetration rate	This is a measure of access to telecommunications, normally calculated by dividing the number of subscribers to a particular service by the population to whom it is available and multiplying by 100. It is also referred to as teledensity (for fixed-line networks) or mobile density (for cellular networks).
Prepaid	Mobile telephony service paid for in advance by the subscriber.
Postpaid	Mobile telephony service paid for after usage by the subscriber has occurred.
Protocol	The standard communication rules between two computers or within a computer network. Two computers using the same protocol can exchange data. The Internet is based on a series of protocols, for example www is based on http protocol. The most popular is IP, Internet Protocol, which is a data transfer protocol.
PSTN	Public Switched Telephone Network: the circuit-switched public telephone network.
QBR	Refers to the quarterly business review of the network.
Recharge	This refers to the ability of prepaid subscribers to top-up their prepaid accounts by either purchasing scratch cards or I'top-ups, or both.
Roam or roaming	The ability to make and receive calls on the same mobile phone even when travelling outside the area covered by the "home" network operator.
SIM card	Subscriber Identity Module card: magnetic cards with a memory for data storage and software applications.
SME	Refers to the small- and medium-size enterprise market which consists of businesses having between 3 and 50 employees.
SMS	Short Message Service: a protocol that uses the signaling channel to transmit text messages up to 160 characters long.
Spectrum	A continuous range of frequencies, usually wide in extent within which waves have some specific common characteristics.
Subscriber	For mobile line telephone services, the terms refers to anyone: (a) who is a holder of a SIM card; (b) in the event of prepaid services, anyone who has made at least one recharge after the second month of making the SIM purchase; and

	(c) who has any sort of activity within the last 90 days.
Switching center	Switching centers direct signals within a network or towards points of interconnection with other networks.
Teledensity	See "Penetration rate" above.
Value-Added Services or VAS	These are services that provide a higher level of functionality than those offered by basic transmission services made available by a telecommunications network for transferring information via terminals.
VoIP	Voice over IP: digital technology enabling the transmission of voice packages via the Internet, Intranet, Extranet and VNP networks. The packets are carried according to H.323 specifications, that is to say the ITU standard forming the basis for data, audio, video and communications services over IP type networks.
VRS	Refers to a voice recording system.
VSP	Refers to VoIP service providers.
WAP	Wireless Application Protocol: this protocol enables connection to the Internet and to advanced services using a cell phone.
WiMAX	Worldwide Interoperability for Microwave Access: a set of technical standards based on IEEE 802.16 technical specifications. WiMAX operates on long-distance point-to-multipoint broadband wireless accesses.

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S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Independent Auditors' Report

To
The Board of Directors
Banglalink Digital Communications Limited
(Formerly Orasacom Telecom Bangladesh Limited)

Introduction

We have audited the accompanying financial statements of Banglalink Digital Communications Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board, 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..

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

Conclusion

In our opinion, the financial statements give a true and fair view of the financial position of Banglalink Digital Communications Limited as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.

For S.R. Batliboi & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place: 22 Camac Street
Block-C, 3rd Floor
Kolkata- 700 016.

Date: March 3, 2014

S.R. Batliboi & Co. LLP Kolkata

S.R. Batliboi & Co. (a partnership firm) converted into S.R. Batliboi & Co. LLP (a Limited Liability Partnership with LLP Identity No. AAB-4294) effective 1st April, 2013

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

Particulars	Notes	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
ASSETS			
Non-current assets:			
Property, plant and equipment	5	58,679,142.12	61,643,289.18
Intangible assets	7	30,460,819.38	20,848,045.88
Other financial assets	8	107,620.51	107,082.30
Other non-financial assets	9	1,146,902.92	807,588.25
		90,394,484.93	83,406,005.61
Current assets:			
Inventories	10	89,931.45	109,772.96
Prepayments and advances	11	1,323,141.25	1,504,933.74
Accounts receivable	12	2,342,280.30	2,208,803.11
Other receivables	13	45,485.65	4,572.25
Accrued revenue	14	357,538.77	404,399.34
Cash and bank balances	15	2,672,589.71	3,890,294.88
		6,830,967.13	8,122,776.28
TOTAL ASSETS		**97,225,452.06**	**91,528,781.89**
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	16	47,603,779.96	47,603,779.96
Share money deposits	17	0.99	0.99
Accumulated loss		(43,712,748.39)	(38,702,232.95)
		3,891,032.56	8,901,548.00
Non- current liability:			
Loans and borrowings	18.1	30,151,255.56	29,068,202.99
Provisions	19	639,219.45	644,844.34
Employee benefit liability	19.1	119,447.77	-
		30,909,922.78	29,713,047.33
Current liabilities:			
Loans and borrowings	18.2	31,870,337.83	21,883,266.91
Provisions	19	2,684,727.98	959,314.65
Employee benefit liability	19.1	22,524.00	-
Accounts payable	20	16,925,531.97	20,120,770.79
Accrued and other liabilities	21	9,574,954.75	8,592,960.97
Deferred revenue	22	1,346,420.19	1,357,873.24
		62,424,496.72	52,914,186.56
TOTAL EQUITY AND LIABILITIES		**97,225,452.06**	**91,528,781.89**

The annexed notes 1 to 45 form an integral part of these financial statements.

For S.R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communications Limited

per Raj Agarwal
Partner
Membership No. 82028
Place : Kolkata, India
Date: March 3, 2014

Chief Executive Officer
(Ziad Shatara)

Chief Finance Officer
(Yasser Abdel Hakim)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

Particulars	Notes	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Revenue	23	39,352,461.75	45,228,892.94
Other operating income	24	605,438.22	561,581.21
Network operation cost	25.1	(11,101,405.67)	(12,741,660.14)
Revenue sharing, spectrum charges and license fee	25.2	(3,299,469.65)	(3,686,825.11)
Employee costs	25.3	(2,348,872.38)	(2,052,827.56)
Other expenses	25.4	(8,417,054.30)	(10,287,441.20)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**14,791,097.97**	**17,021,720.14**
Depreciation, amortisation & impairment	26	(15,290,660.46)	(15,723,033.68)
Earnings / (Loss) before finance income, finance cost and tax		**(499,562.49)**	**1,298,686.46**
Finance income	27	130,605.93	161,485.49
Finance cost	28	(4,641,306.80)	(4,332,458.88)
(Loss) before tax		**(5,010,263.36)**	**(2,872,286.93)**
Current tax expense	29	(252.08)	(15,965.54)
Net (Loss) after tax for the year		**(5,010,515.44)**	**(2,888,252.47)**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**(5,010,515.44)**	**(2,888,252.47)**
Loss per share			
-Basic & Diluted (in BDT)	38	**(1.05)**	**(0.61)**

The annexed notes 1 to 45 form an integral part of these financial statements.

For S.R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communications Limited

per Raj Agarwal
Partner
Membership No. 82028
Place : Kolkata, India
Date: March 3, 2014

Chief Executive Officer
(Ziad Shatara)

Chief Finance Officer
(Yasser Abdel Hakim)

BANGLALINK DIGITAL COMMUNICATIONS LIMITED **December 31, 2013**
(FORMERLY ORASCOM TELECOM BANGLADESH LIMITED)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2013

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Cash from operating activities:		
Loss before tax	(5,010,263.36)	(2,872,286.93)
Adjustments :		
Depreciation of Property, Plant and Equipment	12,740,075.90	12,659,799.87
Amortisation of intangible assets	2,312,440.03	1,695,735.40
Foreign Exchange Fluctuation (Net)	(1,067,526.29)	(1,209,780.27)
Provision for Bad debt	53,085.73	(6,217.72)
Provision for Inventory	(18,708.82)	(4,898.31)
Provision no longer required written back	(4,789.13)	(8,038.96)
Provision for litigations	296,076.46	316,899.98
Loss on assets discarded / technological impairment	238,144.53	1,367,498.41
Financial Income	(130,605.93)	(161,485.49)
Finance costs	4,641,306.80	4,332,458.88
	19,059,499.28	**18,981,971.79**
Operating profit before working capital changes	**14,049,235.92**	**16,109,684.86**
Working Capital Adjustment:-		
Decrease/(increase) in current assets:		
Inventories	38,550.33	(33,269.84)
Prepayments, advances and other financial assets	162,106.84	(239,958.87)
Accounts receivable	(186,966.60)	(632,260.66)
Other receivables	(42,256.94)	47,549.92
Accrued revenue	46,860.59	(87,409.08)
Total	**18,294.22**	**(945,348.53)**
(Decrease)/increase in current liabilities:		
Accounts payable	(1,209,153.48)	334,656.50
Accrued and other liabilities	178,520.78	765,515.39
Provisions	141,971.77	-
Deferred revenue	(11,453.05)	364,913.87
Total	**(900,113.98)**	**1,465,085.76**
Net Change in working Capital	**(881,819.76)**	**519,737.23**
Interest paid	(4,771,995.83)	(3,486,395.23)
Taxes paid	(339,566.75)	(174,664.26)
Net Cash Flow from operating Activities:	**8,055,853.58**	**12,968,362.60**

Investing Activities:		
Purchase of property, plant and equipment and project under construction	(9,862,781.07)	(9,529,466.61)
Proceed from sale of property, plant and equipment	79,689.67	117,394.22
Purchase of intangible assets	(11,638,747.59)	(5,892,473.97)
Interest received	146,859.62	147,431.70
Net cash used in investing activities	**(21,274,979.37)**	**(15,157,114.66)**
Financing activities:		
Net proceeds from short term loans	12,281,600.00	2,149,998.16
Proceeds from loan from Parent Company	7,349,530.00	10,292,119.00
Payment under finance lease obligation	(11,960.44)	(9,027.65)
Repayment of long term loan from banks	(4,553,039.21)	(5,782,147.93)
Repayment of bonds	(1,416,400.00)	(1,414,000.00)
Repayment of loans from Vendor financing	(1,574,258.31)	(981,100.45)
Net cash flows from financing activities	**12,075,472.04**	**4,255,841.13**
Net (decrease) / increase in cash and cash equivalents	(1,143,653.75)	2,067,089.07
Effect of exchange rate changes on cash and cash equivalents	(58,428.92)	(39,413.07)
Cash and Cash Equivalents as at the beginning of the year	3,868,337.35	1,840,661.35
Balance as at the end of the year (Refer Note No. 15)	**2,666,254.68**	**3,868,337.35**

The annexed notes 1 to 45 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013

(BDT In '000)

Particulars	Share capital	Share money deposit	Accumulated loss	Total
Balance as at January 1, 2012	42,951,232.00	4,652,548.95	(35,813,980.48)	11,789,800.47
Net Loss for the year	-	-	(2,888,252.47)	(2,888,252.47)
Other comprehensive income	-	-	-	-
Shares issued during the year	4,652,547.96	(4,652,547.96)	-	-
Balance as at December 31, 2012	**47,603,779.96**	**0.99**	**(38,702,232.95)**	**8,901,548.00**
Balance as at January 1, 2013	47,603,779.96	0.99	(38,702,232.95)	8,901,548.00
Shares issued during the year	-	-	-	-
Net Loss for the year	-	-	(5,010,515.44)	(5,010,515.44)
Other comprehensive income	-	-	-	-
Balance as at December 31, 2013	**47,603,779.96**	**0.99**	**(43,712,748.39)**	**3,891,032.56**

The annexed notes 1 to 45 form an integral part of these financial statements.

Notes to the financial statements as at and for the year ended December 31, 2013

1. Corporate Information

Banglalink Digital Communications Limited (formerly known as Orascom Telecom Bangladesh Limited) ("Banglalink" or "the Company") is domiciled and incorporated in Bangladesh and is an unlisted joint stock Company. The Registered office of the Company is situated at Tigers' Den, House 4, (SW), Bir Uttam Mir Shawkat Sharak, Gulshan 1, Dhaka 1212, Bangladesh.

The principal activity of the Company is provision of telecommunication services.

The Company's principal shareholder as at December 31, 2013 is Telecom Ventures Ltd (TVL) (formerly Orascom Telecom Ventures Ltd), domiciled in Malta and its ultimate parent company is VimpelCom Ltd.

2. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on March 3, 2014.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (Refer Note No. 4 on Significant accounting judgments, estimates and assumptions).

The significant accounting policies used in preparing the financial statements are set out in Note No. 3 of the notes to the financial statements.

2.1 Summary of changes made in the figures of comparative period

The VAT input credit of BDT 144,879.00 thousands included under "Advance VAT " for which the Company had legal right to set off against the VAT payable of BDT 173,592.29 thousands as on December 31, 2012 included under "VAT, supplementary duty and withholding tax" has been netted off to the extent of VAT input credit available.

3. Summary of Significant Accounting Policies

a) The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Standards and Interpretations effective from the current year:

IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosures of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Revised IAS 19	Employee benefits	January 1, 2013
Revised IAS 27	Separate financial statements	January 1, 2013
Revised IAS 28	Investments in associates and joint ventures	January 1, 2013
Amendments to IFRS 7		
Disclosures - Offsetting of financial assets and liabilities		January 1, 2013
Amendments to IAS 1 Presentation of items of other comprehensive income		July 1, 2012
Amendments to IFRS 1 Government Loans		January 1, 2013
Improvements to IFRSs 2009-2011 (May 2012)		January 1, 2013
Interpretations		
IFRIC 20 Stripping costs in the production phase of a surface mine		January 1, 2013

The adoption of the Standards mentioned above does not have any impact on the financial position or performance of the Company.

b) Standards issued but not yet effective

At the date of preparation of the accompanying financial statements, the following IFRS, amendments and IFRIC interpretations had been issued by the IASB, but their application was not mandatory:

Standard and amendments	Effective Date
IFRS 9 Financial instruments	January 1, 2015
Disclosures - Transition to IFRS 9	January 1, 2015
Amendments to IAS 32 Offsetting of financial assets and liabilities	January 1, 2014
Amendments to IFRS 10, IFRS 11, IFRS 12 and IAS 27 Investment entities	January 1, 2014
IAS 36 Impairment of Assets: Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
IAS 39 Financial Instruments: Recognition and Measurement: Amendments for novation of derivatives	January 1, 2014
Improvements to IFRSs 2010-2012 and 2011-2013 (December 2013)	July 1, 2014
Amendment to IAS 19 (November 2013)	July 1, 2014
Amendment to IFRS 14 Regulatory Deferral Accounts (January 2014)	January 1, 2016
Interpretations	
IFRIC 21 Levies	January 1, 2014

The Company is currently assessing the impact of the application of these standards, amendments and interpretations. Based on the analyses made to date, the Company estimates that their adoption will not have a significant impact on the financial statements in the initial period of application.

3.1 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These financial statements have been presented in Bangladesh Taka ('BDT'), which is the functional and presentation currency of the Company. The figures presented are rounded off to thousands.

3.2 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of intangible assets from the date they are available for use. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

a. Software

Software is capitalized at the amounts paid to acquire the respective license for use and is amortized at the lower of expected usage of license and the period of license. If there is no defined period for any software, then it is amortized over a period of 5 years. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

b. Licenses

Acquired licenses (including spectrum) are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use and is disclosed under 'depreciation and amortization' in the Statement of Comprehensive Income.

The revenue-share, fee on license and spectrum is computed as per the licensing agreement and is expensed as incurred.

The estimated useful lives of the intangible assets for the current and comparable years are as follows:

Computer software	3-5 years
GSM license fee	15 years

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

3.3 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour any other costs directly attributable to bringing the asset to a working condition for their intended use, if any. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised in the Statement of Comprehensive Income as incurred.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income on the date of retirement and disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful life. The asset's residual value and useful life are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Considering the legal embargo on the sale of telecom equipments, their residual value is considered to be Nil. 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. Land is not depreciated. Estimated useful life of the assets are as follows:

Owned assets	
Plant and equipments	5-15 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold improvement	2-10 years
Computers	3 years
Electricals	5 years
Leased assets	
Motor vehicles	5 years

Projects under construction comprise capital assets not yet available for use by the Company. These are measured at incurred costs attributable to acquisition of network plant and machinery, capital components and related installation cost (including direct overheads) until the asset is ready for its intended use.

3.4 Impairment of non-financial assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at the level of Cash Generating Unit ('CGU'). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in the Statement of Comprehensive Income as a component of depreciation and amortization expense.

Other impairment losses recognised in prior periods are assessed at the end of each reporting year 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 only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognised.

3.5 Asset Retirement Obligation (ARO)

Asset Retirement Obligation (ARO) is recognised when there is a legal or constructive obligation for dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located. The Company recognises site restoration costs at the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in Statement of Comprehensive Income as a finance cost.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flow, cash and cash equivalents include, outstanding bank overdrafts included under borrowings in current liabilities in the Statement of Financial Position and which are considered an integral part of the Company's cash management.

3.7 Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) and estimated net realizable value. Inventory costs include purchase price, freight inwards, transit insurance and other charges for bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of arrangement at inception date, whether fulfillment 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.

Company as a lessee:
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and is not recognised as an asset in the Statement of Financial Position.

Company as a lessor:
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on a straight line basis. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Financial instruments – initial recognition and subsequent measurement

A. Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are required for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Statement of Comprehensive Income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Company has not designated any financial assets at fair value through profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Comprehensive Income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flow that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. 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. The EIR amortisation is included as finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs. The Company did not have any held-to-maturity investments during the year ended December 31, 2013 and December 31, 2012.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the Statement of Comprehensive Income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to Statement of Comprehensive Income over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The right to receive cash flow from the asset have expired
ii. The Company has transferred its rights to receive cash flow from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flow from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

B. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flow of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in Statement of Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flow for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the Statement of Comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Comprehensive Income.

Available for sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flow for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

C. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include Accounts payables, loans and borrowings and Accrued and other Liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

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 acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Comprehensive Income 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. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note No. 30.

3.10 Foreign currency transactions

a. Functional and presentation currency
Financial statements have been presented in Bangladesh Taka (BDT), which is the Company's functional currency.

b. Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange component of the gain or loss arising on fair valuation of non monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, free time given to subscribers, rebates, and VAT. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. Revenues are reported gross with separate recording of expenses to vendors of products or services. However, when the Company acts only as an agent or broker on behalf of suppliers of products or services, revenues are reported on a net basis. Revenue of the Company comprises of:

a. Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet usage charges, roaming charges, data usage charges and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the mobile network of other operators for local, domestic long distance and international calls.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation costs are recognised as expense as incurred. Subscriber acquisition costs are expensed as incurred. The Company considers that the activation fees is a recovery from customers towards SIM tax and hence is netted off against the SIM Tax charge.

Monthly access fees represents the fixed subscription fees paid by postpaid customers to keep the services active and are recognised as revenue on time proportion basis.

SMS revenue is recognised as income on actual usage.

Content providers' revenue (VAS) is recognised on gross basis when service is rendered to customer, because the Company acts as a principal.

Revenue from passive infrastructure sharing (including fiber optical network) comprises of lease of land, base station shelter, and power support taken together and revenue from passive fiber optical network sharing comprises of lease of fiber optical network, which are recognised as operating lease as per IAS 17: Leases. The lease rentals are recognized as income over the lease period on a straight line basis.
M commerce revenue comprises bill pay service of PDB, remittance service and ticketing which is recognised on a net basis when the service is provided to customers.

b. Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the Statement of Comprehensive Income.

3.12 Taxes

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the average interest rate for specific borrowings. All other borrowing costs are expensed in the year they occur.

3.14 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 year. 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.

3.15 Employee Benefits

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 contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

From March 2008, the Company introduced an employee's provident fund (the Fund) scheme, which is a defined contribution plan. The assets of the plan are held separately from the Company under the supervision of a trustee board. The Company is required to contribute a specified percentage of basic salary to the Fund. The only obligation of the Company with respect to the above plan is to make the specified contribution towards the aforesaid provident fund.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the short term cash bonus or leave encashment facilities if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and obligation can be estimated reliably.

With effect from January 1, 2013, the Company has introduced a defined benefit scheme in the form of employee terminal benfits. The liability in respect of such obligation is determined based on acturial valuation carried out as at the balance sheet date under projected unit credit method by an independent actuary.

3.16 Provisions

a) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 Statement of Comprehensive Income 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 in the Statement of Comprehensive Income.

b) Contingencies

Contingent liabilities are recognised at their fair value only if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

3.17 Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Comprehensive Income. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation, amortization & impairment expense, loss on discard of fixed assets, finance income, finance costs, current tax expense and other comprehensive income.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Critical judgments in applying the entity's accounting policies

a) Arrangement containing lease

The Company applies IFRIC 4, "Determining Whether an Arrangement Contains a Lease", to contracts entered with telecom operators to share passive infrastructure services. IFRIC 4 deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating leases.

b) Revenue recognition and presentation

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of a principal, revenue comprises amount billed to the customer/distributor, after trade discounts. The Company's relation with its distributors / dealers are that of "principal to agent".

c) Going concern assumption

In view of the losses incurred by the Company coupled with negative working capital position, the management is required to make assessment of the appropriateness of the going concern assumption while preparing the financial statements. In making those assumptions, the management considers future projections of the business and its ability to borrow funds from outside / parent company, which may be necessary to honor its short term and long term commitments. Such assessment is sensitive to the achievement of the business plan of the Company as well as the Company's ability to obtain desired funds from external sources in the form of borrowings etc. Refer Note No. 41.

4.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

a) Impairment reviews

Impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, ARPU, long term growth rates, and the selection of discount rates to reflect the risks involved. Also, judgment is involved in determining the CGU. The determination of value in use is most sensitive to the discounting rate used for discounting the future cash flow as well as expected future cash flow and the growth rate used while estimation the cash inflows. Refer Note No. 40 also.

Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, volume of outstanding receivables, unbilled traffic, advance payments, collections during the month, historical collection trends, security deposits and general economic conditions, expected timing of the receipt of the dues and loss on account of time value of money. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

c) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. Considering the losses incurred by the Company in the current year and earlier years, management had considered it prudent to not recognise deferred tax asset over and above the deferred tax liability. Refer Note No. 32.

d) Provision for Asset Retirement Obligation (ARO)

In determining the fair value of the ARO provision, the Company uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site, the expected timing of these costs and appropriate rate for discounting the cash flow. Such estimations are sensitive to the discounting rates and the rate of inflation. The carrying amount of provision for ARO is BDT 639,219.45 thousands and BDT 644,844.34 thousands as on December 31, 2013 and December 31, 2012 respectively.

e) Property, plant and equipment

Refer Note No. 3.3 for the estimated useful life of property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in profit or loss.

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure is depreciated over a period beyond the expiry of the associated, under which the operator provides telecommunications services, if there is a reasonable expectation of renewal or an alternative future use for the asset. Refer Note No. 5 and 7 for carrying amount of Property, Plant and Equipment and Intangible Assets.

f) Customer Loyalty Program

The Company estimates the fair value of points awarded under the "Customer Loyalty Programme" by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates. As points issued under the programme expire at the end of 18 months from the date of their issue, such estimates are subject to significant uncertainty as regards the actual trend of the utilisation. As at December 31, 2013, the deferred revenue for unredeemed points stood at BDT 103,132.02 thousands (2012: BDT 135,909.72 thousands).

g) Provisions and contingencies

Provision for expenses are recognised based on estimated costs of settling liabilities. The latter are based on terms of relevant contracts with suppliers, purchase orders signed by the company and advice of its legal counsel. Contingency is not recognised, rather disclosed in notes because its existence is dependent on the occurrence or non-occurrence of one or more uncertain future events which is not wholly within the control of the Company. Refer Note No. 19 also.

5. Property, plant and equipment

(BDT In '000)

Particulars	Cost					Less: Depreciation					Net carrying amount as at December 31, 2013
	Balance as at January 1, 2013	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2013	Balance as at January 1, 2013	Depreciation for the year	On disposals during the year	Impairment for the year **	As at December 31, 2013	
Owned assets											
Land	58,155.34	-	-	-	58,155.34	-	-	-	-	-	58,155.34
Plant & equipments	10,36,15,504.86	70,70,887.51	(53,67,110.19)	-	10,53,19,282.18	4,77,56,320.00	1,22,83,931.76	(51,23,090.31)	62,953 21	5,49,80,114.66	5,03,39,167.52
Office equipments	3,99,014.43	37,537.57	(7,813.86)	-	4,28,738.14	2,36,062.87	51,672.65	(7,782.95)	301 07	2,80,253.64	1,48,484.50
Furniture and fixtures	1,81,928.40	6,719.87	(1,723.49)	-	1,86,924.78	82,842.82	17,573.74	(1,723.49)	772 80	99,465.87	87,458.91
Leasehold improvements	2,99,885.94	47,213.24	-	-	3,47,099.18	1,51,720.28	36,049.23	-	-	1,87,769.51	1,59,329.67
Computer	21,89,266.14	5,23,505.06	(2,69,243.87)	-	24,43,527.33	14,51,787.60	3,37,785.40	(2,67,849.05)	139 58	15,21,863.53	9,21,663.80
Electricals	6,312.17	-	-	-	6,312.17	5,762.31	279.31	-	-	6,041.62	270.55
	10,67,50,067.28	76,85,863.25	(56,45,891.41)	-	10,87,90,039.12	4,96,84,495.88	1,27,27,292.09	(54,00,445.80)	64,166 66	5,70,75,508.83	5,17,14,530.29
Leased assets											
Motor vehicles	52,180.44	19,065.76	-	-	71,246.20	24,777.21	12,783.81	-	-	37,561.02	33,685.18
Project under construction (PUC)											
Capital assets in transit	9,858.10	44,67,958.34	-	(44,51,165.39)	26,651.05	-	-	-	-	-	26,651.05
Project in process -											
Plant & equipments	45,29,089.03	36,89,847.27	(4,775.16)	(13,57,807.41)	68,56,353.73	5,206.75	-		3,280 75	8,487.50	68,47,866.23
Others	16,574.17	66,293.55	(166.05)	(26,292.30)	56,409.37	-	-	-	-	-	56,409.37
	45,55,521.30	82,24,099.16	(4,941.21)	(58,35,265.10)	69,39,414.15	5,206.75	-	-	3,280 75	8,487.50	69,30,926.65
Total tangible assets	**11,13,57,769.02**	**1,59,29,028.17**	**(56,50,832.62)**	**(58,35,265.10)**	**11,58,00,699.47**	**4,97,14,479.84**	**1,27,40,075.90**	**(54,00,445.80)**	**67,447.41**	**5,71,21,557.35**	**5,86,79,142.12**

Refer Note No.18 for the loans taken against security of the above assets.

* Includes BDT 5,835,265.10 thousands transferred from PUC and BDT 103,334.74 transferred from advances.

** Pertains to items impaired by the Company on account of technological obsolescence.

Notes to the financial statements as at and for the year ended December 31, 2013

(BDT In '000)

Particulars	Cost					Less: Depreciation					Net carrying amount as at December 31, 2012
	Balance as at January 1, 2012	Add: Additions during the year *	Less : Disposals during the year	Less : Capitalised during the year	Balance As at December 31, 2012	Balance as at January 1, 2012	Depreciation for the year	On disposals during the year	Impairment for the year **	Balance As at December 31, 2012	
Owned assets											
Land	30,142.63	28,012.71	-	-	58,155.34	-	-	-	-	-	58,155.34
Plant & equipments	9,41,25,698.11	1,09,78,125.25	(14,88,318.50)	-	10,36,15,504.86	3,56,13,533.44	1,21,98,798.28	(9,24,762.93)	8,68,751.21	4,77,56,320.00	5,58,59,184.86
Office equipments	3,14,744.22	84,571.20	(300.99)	-	3,99,014.43	1,93,782.79	42,581.07	(300.99)	-	2,36,062.87	1,62,951.56
Furniture and fixtures	1,76,830.81	5,324.40	(226.81)	-	1,81,928.40	67,694.65	15,318.96	(170.79)	-	82,842.82	99,085.58
Leasehold improvements	2,55,035.95	44,849.99	-	-	2,99,885.94	1,24,383.37	27,336.91	-	-	1,51,720.28	1,48,165.66
Computers	17,86,876.70	4,64,520.28	(62,130.84)	-	21,89,266.14	11,47,833.06	3,65,331.20	(61,398.57)	21.91	14,51,787.60	7,37,478.54
Electricals	9,173.30	-	(2,861.13)	-	6,312.17	7,142.33	540.36	(2,055.59)	135.21	5,762.31	549.86
	9,66,98,501.72	1,16,05,403.83	(15,53,838.27)	-	10,67,50,067.28	3,71,54,369.64	1,26,49,906.78	(9,88,688.87)	8,68,908.33	4,96,84,495.88	5,70,65,571.40
Leased assets											
Motor vehicles	48,560.44	3,620.00	-	-	52,180.44	14,884.12	9,893.09	-	-	24,777.21	27,403.23
Project under construction (PUC)											
Capital assets in transit	4,46,201.77	38,30,410.82	-	(42,66,754.49)	9,858.10	-	-	-	-	-	9,858.10
Project in process -											
Plant & equipments	58,08,524.52	45,36,436.95	(45,628.16)	(57,70,244.28)	45,29,089.03	-	-	-	5,206.75	5,206.75	45,23,882.28
Others	14,442.55	4,27,166.06	-	(4,25,034.44)	16,574.17	-	-	-	-	-	16,574.17
	62,69,168.84	87,94,013.83	(45,628.16)	(1,04,62,033.21)	45,55,521.30	-	-	-	5,206.75	5,206.75	45,50,314.55
Total tangible assets	**10,30,16,231.00**	**2,04,03,037.66**	**(15,99,466.43)**	**(1,04,62,033.21)**	**11,13,57,769.02**	**3,71,69,253.76**	**1,26,59,799.87**	**(9,88,688.87)**	**8,74,115.08**	**4,97,14,479.84**	**6,16,43,289.18**

Refer Note No.18 for the loans taken against security of the above assets.

* Includes BDT 10,462,033.21 thousands transferred from PUC and BDT 397,670.46 transferred from Advances.

** Pertains to items impaired by the Company on account of technological obsolescence.

6 Other capitalised costs

Plant & equipments includes BDT 378,686.09 thousands (2012: BDT 402,115.16 thousands) being technical knowhow fees, staff salaries and other costs incurred directly in connection with installation and commissioning thereof.

7. Intangible assets

(BDT In '000)

Particulars	Cost					Less : Amortisation				Net carrying amount as at December 31, 2013
	Balance as at January 1, 2013	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2013	Balance as at January 1, 2013	Amortisation for the year	On disposals during the year	As at December 31, 2013	
GSM license (2G)	2,18,96,150.00	29,72,422.50 **	-	-	2,48,68,572.50	20,13,878.59	18,66,857.36	-	38,80,735.95	2,09,87,836.55
GSM license (3G)	-	86,77,462.50			86,77,462.50	-	1,45,432.33		1,45,432.33	85,32,030.17
Computer software	18,83,030.74	1,76,579.22	-	-	20,59,609.96	9,28,737.97	3,00,150.34	-	12,28,888.31	8,30,721.65
Total	2,37,79,180.74	1,18,26,464.22	-	-	3,56,05,644.96	29,42,616.56	23,12,440.03	-	52,55,056.59	3,03,50,588.37
Project under construction (PUC)										
Project in process - Computer software	11,481.70	1,35,769.67	-	(37,020.36)	1,10,231.01	-	-	-	-	1,10,231.01
Total	**2,37,90,662.44**	**1,19,62,233.89**	-	**(37,020.36)**	**3,57,15,875.97**	**29,42,616.56**	**23,12,440.03**	-	**52,55,056.59**	**3,04,60,819.38**

* Includes BDT 37,020.36 thousands transferred from PUC during the year

** Refer Note No. 44

The Written Down Value (WDV) and the remaining amortization year of the GSM licenses are as under -

Particulars	WDV as at December 31, 2013 (BDT In '000)	Remaining ammortisation year as at December 31, 2013
2.6 MHZ - 2G	14,92,592.59	9 Years
12.4 MHZ - 2G	1,94,95,243.96	13 Years
5 MHZ - 3G	85,32,030.17	14.75 Years
Total	**2,95,19,866.72**	

(BDT In '000)

Particulars	Cost					Less : Amortisation				Net carrying amount as at December 31, 2012
	Balance as at January 1, 2012	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2012	Balance as at January 1, 2012	Amortisation during the year	On disposals during the year	As at December 31, 2012	
GSM license (2G)	2,18,96,150.00	-	-	-	2,18,96,150.00	5,76,585.83	14,37,292.76	-	20,13,878.59	1,98,82,271.41
Computer software	15,34,005.24	4,19,316.94	(70,291.44)	-	18,83,030.74	7,40,586.77	2,58,442.64	(70,291.44)	9,28,737.97	9,54,292.77
Total	2,34,30,155.24	4,19,316.94	(70,291.44)	-	2,37,79,180.74	13,17,172.60	16,95,735.40	(70,291.44)	29,42,616.56	2,08,36,564.18
Project under construction (PUC)										
Project in process - Computer software	77,178.58	3,10,870.53	-	(3,76,567.41)	11,481.70	-	-	-	-	11,481.70
Total	**2,35,07,333.82**	**7,30,187.47**	**(70,291.44)**	**(3,76,567.41)**	**2,37,90,662.44**	**13,17,172.60**	**16,95,735.40**	**(70,291.44)**	**29,42,616.56**	**2,08,48,045.88**

* Includes BDT 376,567.41 thousands transferred from PUC during the year

The Written Down Value (WDV) and the remaining amortization year of the GSM licenses are as under -

Particulars	WDV as at December 31, 2012 (BDT In '000)	Remaining amortisation period as at December 31, 2012
2.6 MHZ	16,08,148.15	10 Years
12.4 MHZ	1,82,74,123.26	14 Years
Total	**1,98,82,271.41**	

8 Other financial assets (non-current)

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Security deposits (Note No. 8.1)	101,804.32	101,897.30
Fixed Deposit & accrued interest thereon (Note No. 8.2)	5,816.19	5,185.00
Total	**107,620.51**	**107,082.30**

8.1 Security deposits consists of the following :

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Rental (office)	80,077.17	73,475.00
Deposits with municipal authorities and others	15,477.20	22,264.00
Utilities (telephone, electricity, etc)	6,249.95	6,158.30
Total	**101,804.32**	**101,897.30**

The above security deposits are refundable at the end of the lease/ surrender of the respective utility connection.

8.2 Fixed deposit receipts of BDT 1,500 thousands (2012: BDT 1,500 thousands) has been deposited with the Commercial Bank of Ceylon PLC against issue of bank guarantee on behalf of the Company in favor of Ministry of Post & Telecommunications against the GSM license issued in the year 2008. Interest of BDT 4,316.19 thousands (2012: BDT 3,685.00 thousands) has been accumulated thereon up to December 31, 2013.

9 Other non-financial asset (non-current)

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Advance income tax (Note No. 9.1)	1,146,902.92	807,588.25
Total	**1,146,902.92**	**807,588.25**

9.1 Based on the future projections, the Company believes that it will be able to utilise the above advance income tax against the minimum income tax based on the turnover.

10 Inventories

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Scratch cards (Note No. 10.3)	37,269.97	69,945.02
Cellular handsets and single line telephones	26,532.97	4.94
SIM cards (Note No. 10.2)	25,972.35	39,775.00
Data Card & Qubee products	156.16	48.00
Total	**89,931.45**	**109,772.96**

10.1 Refer Note no.18 for the loans taken against security of the above inventories

10.2 On the issue of a SIM Card, the net realization after paying the SIM Tax is negative and hence it has been valued at BDT Nil except for SIM Cards to be issued as replacement SIM on which the Company is not required to pay SIM tax which are measured at cost.

10.3 Scratch Cards include Stock in transit of BDT Nil (BDT 15,318.00 thousands).

11 Prepayments and advances

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Prepayments:		
Rent (offices, warehouses, MSCs etc)	403,706.13	449,699.25
Insurance (equipments, vehicles and staff)	5,226.35	57,854.99
BTRC (annual license fees)	50,000.00	50,000.00
BTS rent	324,960.98	283,903.65
BTCL (leased lines, microwave, license fee, etc.)	1,300.00	1,300.00
Marketing expense	5,653.04	12,273.84
Dealer commission	39,786.99	50,695.63
Scratch cards commission	53,290.05	54,588.98
Utility (telephone, electricity, etc.)	155,145.46	163,203.44
Other prepayments	118,718.34	49,117.68
	1,157,787.34	**1,172,637.46**
Advances:		
Advances to employees	10,917.76	19,931.73
Advances to suppliers (Note No. 11.1)	90,743.03	133,299.24
Advance VAT (Note No. 2.1)	13,341.10	128,713.29
Advance against litigations	50,352.02	50,352.02
	165,353.91	**332,296.28**
Total	**1,323,141.25**	**1,504,933.74**

11.1 Advances to suppliers includes:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
CAPEX suppliers	28,500.43	52,365.21
OPEX suppliers	62,242.60	80,934.03
Total	**90,743.03**	**133,299.24**

12 Accounts receivable

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Post paid receivables	155,312.64	106,114.01
Less: Provision for doubtful debts	26,476.80	22,043.27
Net receivables	128,835.84	84,070.74
Interconnection Receivables	1,740,853.89	1,768,464.95
Less: Provision for doubtful debts	107,162.71	58,262.59
Net receivables	1,633,691.18	1,710,202.36
Roaming Receivables		
International roaming - subscribers	7,275.83	6,875.83
International roaming - operators	53,378.30	55,117.20
	60,654.13	61,993.03
Receivable from Dealers	130,432.07	58,194.06
Infrastructure sharing revenue receivables	242,032.30	190,730.93
Receivable from prepaid customers	94,757.41	68,044.54
Others	51,877.37	35,567.45
	519,099.15	352,536.98
Total	**2,342,280.30**	**2,208,803.11**

12.1 Refer Note No. 18.6 for the loans taken against security of the above receivables.
12.2 Refer Note No. 30.1 with regards to other terms and conditions.

13 Other receivables

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Insurance receivables	233.38	553.18
Others	45,252.27	4,019.07
Total	**45,485.65**	**4,572.25**

14 Accrued revenue

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Post Paid (Note No. 14.1)	33,409.03	9,336.62
Interconnect (Note No. 14.2)	288,949.88	309,038.00
Roaming	7,131.19	46,088.56
Others	28,048.67	39,936.16
Total	**357,538.77**	**404,399.34**

14.1 Represents revenue accrued for subscriber calls and other mobile services, which have not been billed. Due to volume of subscribers, there are two different billing cycles; accordingly an accrual is made at each year end to accrue revenue for services rendered, between the balance sheet date and last billing date, but not yet billed.

14.2 Represents interconnection charges accrued for calls made and SMS's sent by subscribers of other operators to the subscribers of the Company, for which other operators have not yet been billed.

15 Cash and bank balances

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Cash on hand	500.00	500.00
Cash in transit	1,029.06	1,354.59
Cash at bank		
Current accounts (Note No. 15.1)	1,826,489.69	1,537,278.64
Fixed and short term deposits (Note No. 15.2)	838,235.93	2,329,204.12
Cash and cash equivalent	2,666,254.68	3,868,337.35
Accrued interest on fixed and short term deposits	6,335.03	21,957.53
Total	**2,672,589.71**	**3,890,294.88**

15.1 Includes money collected on behalf of bill pay services BDT 92,250.81 thousands (2012:BDT 47,227.83 thousands) and for ticketing services BDT 147.34 thousands (2012:BDT 687.66 thousands).

15.2 Fixed deposits with a carrying amount of BDT 560,203.74 thousands (2012: BDT 568,124.25 thousands) are pledged as security against Bank Guarantees issued by the banks on behalf of the Company.

15.3 Refer Note No.18.6 for the loans taken against security of the above cash and bank balances.

16 Share capital

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Authorised:		
7,000,000,000 (7,000,000,000) ordinary equity shares of BDT 10 each	70,000,000.00	70,000,000.00
Issued, subscribed and fully paid up shares:		
4,760,377,996 (4,760,377,996) ordinary equity shares of BDT 10 each, fully paid up	47,603,779.96	47,603,779.96

16.1 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Particulars	December 31, 2013		December 31, 2012	
	Number of shares	Value of shares (BDT In '000)	Number of shares	Value of shares (BDT In '000)
At the beginning of the year	4,760,377,996	47,603,779.96	4,295,123,200	42,951,232.00
Add: Issued during the year	-	-	465,254,796	4,652,547.96
Outstanding as at the end of the year	**4,760,377,996**	**47,603,779.96**	**4,760,377,996**	**47,603,779.96**

16.2 Shareholding position

Particulars	As at December 31, 2013 Number of shares	As at December 31, 2012 Number of shares
Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd)	4,760,377,396.00	4,760,377,396.00
Mr. Philip Tohme	100.00	100.00
Mr. Ahmed Abou Doma	100.00	100.00
Mr. Khalid Ellaicy	100.00	100.00
Mr. Ziad Shatara	100.00	-
Mr. Mohamed Osman	-	100.00
Mr. Rashid Naseer Khan	100.00	100.00
Mr. Afzal Hussain Choudhury	100.00	100.00
Total	**4,760,377,996.00**	**4,760,377,996.00**

16.3 Terms/rights attached to equity shares

The Company has only one class of ordinary shares having a nominal value of BDT 10 per share. Each holder of ordinary shares is entitled to one vote per share. The Company declares and pays dividends in BDT. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of ordinary shares held by the shareholders.

17 Share money deposits

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Balance at the beginning of the year *	0.99	4,652,548.95
Less: Issued during the year	-	(4,652,547.96)
Balance at the end of the year	**0.99**	**0.99**

* Telecom Ventures Ltd ("TVL") (formerly Orascom Telecom Ventures Ltd) had given loan to the Company amounting to BDT 4,652,548.95 in earlier years, which it decided to convert into ordinary shares of the Company. Share money deposit represents the aforesaid loan pending to be converted into fixed number of ordinary shares. There was no obligation on the Company to refund this share deposit money to TVL. During the year 2012, the share money deposit had been converted into 465,254,796 number of ordinary shares of the Company as fully paid up.

18 Loans and borrowings

The notes below provide informations regarding the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost after considering amortisation of arrangement and other ancillary costs in Statement of Comprehensive Income as part of finance cost using effective interest method. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks and payment schedule of such loans, see Note No. 30.

18.1 Non-current borrowings

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Secured :		
Hermes facility	-	986,281.12
DFI facilities	-	298,897.93
BDT B facility	-	104,797.27
Standard Chartered Bank, London	1,063,357.87	1,612,029.82
Finance lease liabilities	25,572.01	21,053.10
Bonds	-	2,794,771.04
	1,088,929.88	5,817,830.28
Unsecured :		
Loans from Parent Company	28,782,293.44	22,065,399.78
Loans from Huawei Tech Investment Co. Ltd	280,032.24	1,184,972.93
	29,062,325.68	23,250,372.71
Total	**30,151,255.56**	**29,068,202.99**

18.2 Current borrowings

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
A. Current portion of long term debt :		
Secured :		
Hermes facility	973,128.44	1,312,554.92
USD commercial facility	-	1,978,178.16
DFI facilities	291,594.65	589,140.94
BDT B facility	103,567.63	212,754.43
Standard Chartered Bank, London	509,030.20	513,094.21
Finance lease liabilities	12,040.16	9,770.60
Bonds	2,794,659.87	1,622,690.10
Unsecured :		
Loan from Parent Company	-	747.23
Loan from Huawei Tech Investment Co. Ltd	873,598.90	1,612,532.88
	5,557,619.85	7,851,463.47
B) Short term loans from banks (Unsecured)*	26,312,717.98	14,031,803.44
	31,870,337.83	**21,883,266.91**

* Includes short term loan of BDT 13,658,000 thousands (BDT Nil) from a Bank which is fully secured by cash collateral provided by the parent company.

18.3 Finance lease liabilities

The Company has taken certain vehicles on lease which are in the nature of finance leases. No contingent rent is payable by the Company in respect of such leases. The total of minimum lease payments at the end of the year and their present value, for each of the following years is as follows:

Present Value of minimum lease payments:-

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Less than one year	12,040.16	9,770.60
Between one and five years	25,572.01	21,053.10
Total	**37,612.17**	**30,823.70**

Minimum lease payments:-

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Less than one year	16,528.37	13,269.43
Between one and five years	30,413.78	24,719.58
Total	**46,942.15**	**37,989.01**

18.4 Terms and conditions of outstanding loans – Interest Rate, currency and maturity

18.4.1 Long term debt (inlcuding current maturities)

Facilities/ banks/ institutions	Currency	Date of maturity	Interest rate	Carrying value as at December 31, 2013 (BDT In '000)
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+0.55%	973,128.44
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	291,594.65
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+7.5%	103,567.63
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	1,572,388.07
Loan from Parent Company	USD	24-Nov-18 28-May-19 10-Jan-20	3 months USD LIBOR+2.50%	28,782,293.44
Finance lease liabilities	BDT	23-Aug-15 28-Sep-15 04-Apr-16 03-Aug-16 16-Oct-17 20-Jan-18 25-Sep-18	12.46% to 15.00%	37,612.17
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	2,794,659.87
Loan from Huawei Tech Investment Co. Ltd	USD	various dates*	6 months USD LIBOR+2.9%	1,153,631.14
				35,708,875.41

*Payable semi-anually in 4 equal installments. The earliest date of payment is January 2, 2014 and the last date is May 4, 2015.

Facilities/ banks/ institutions	Currency	Date of maturity	Nominal interest rate	Carrying value as at December 31, 2012 (BDT In '000)
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+1.8%	2,298,836.04
USD Commercial Facility	USD	1-Aug-13	3 months USD LIBOR+4.7%	1,978,178.16
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	888,038.87
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+8.7%	317,551.70
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	2,125,124.03
Loan from Parent Company	USD	24-Nov-18 28-May-19 10-Jan-20	3 months USD LIBOR+2.50%	22,066,147.01
Finance lease liabilities	BDT	05-Aug-13 23-Aug-15 28-Sep-15 04-Apr-16 03-Aug-16 16-Oct-17	12.46% to 16.21%	30,823.70
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	4,417,461.14
Loan from Huawei Tech Investment Co. Ltd	USD	various dates*	6 months USD LIBOR+2.9%	2,797,505.81
				36,919,666.46

*Payable semi-anually in 4 equal installments. The earliest date of payment is January 3, 2013 and the last date is May 4, 2015.

18.4.2 Short term debt *

Facilities/ banks/ institutions	Currency	Nominal Interest Rate	Carrying value (BDT In '000)
As at December 31, 2013 -			
Commercial Bank of Ceylon	BDT	13.50%	100,000.00
Citibank, N.A.	BDT	13.25%	1,361,560.76
Standard Chartered Bank**	BDT	13.00% to 15.00%	18,043,000.00
BRAC Bank Ltd.	BDT	14.25%	200,000.00
Eastern Bank Ltd.	BDT	14.50%	1,450,000.00
The City Bank	BDT	14.50%	508,157.22
The Trust Bank Limited	BDT	14.50%	550,000.00
Mutual Trust Bank Limited	BDT	15.00%	100,000.00
Premier Bank Limited	BDT	13.15%	500,000.00
Dutch Bangla Bank Limited	BDT	15.00%	400,000.00
Dhaka Bank Limited	BDT	14.00%	800,000.00
Pubali Bank Limted	BDT	12.50% to 15.50%	2,000,000.00
One Bank Limited	BDT	15.00%	200,000.00
Jamuna Bank Limited	BDT	15.00%	100,000.00
			26,312,717.98
As at December 31, 2012 -			
Commercial Bank of Ceylon	BDT	14.50%	100,000.00
Citibank, N.A.	BDT	14.50%	1,159,586.12
Standard Chartered Bank	BDT	15.50%	5,895,400.00
BRAC Bank Ltd.	BDT	16.00%	840,000.00
Eastern Bank Ltd.	BDT	16.00%	1,150,000.00
The City Bank	BDT	16.00%	881,606.25
The Trust Bank Limited	BDT	15.50%	400,000.00
Mutual Trust Bank Limited	BDT	16.00%	796,008.29
Premier Bank Limited	BDT	16.50%	500,000.00
Dutch Bangla Bank Limited	BDT	15.00%	700,583.33
Dhaka Bank Limited	BDT	16.00%	258,619.45
Pubali Bank Limited	BDT	16.50%	1,000,000.00
One Bank Limited	BDT	15.50%	350,000.00
			14,031,803.44

* These loans are payable within one year from the balance sheet date.
** Includes short term loan of BDT 13,658,000 thousands (BDT Nil) from a Bank which is fully secured by cash collateral provided by the parent company.

18.5 Credit facilities available as at December 31, 2013

The company has fund based and non-funded based short term working capital facilities with banks. The non-fund based facilities include Letters of Credit (LC) and Letters of Guarantee. The fund based facilities include overdraft facility, short term loan and Loan Against Trust Receipt (LATR). The aggregate amount of available and unused short term working capital facilities is BDT 18,380,144.05 thousands (2012: BDT 5,370,486.60 thousands) of which non fund based position is BDT 5,015,374.92 thousands (2012: BDT 3,714,985.83 thousands) and fund based limit is BDT 13,364,769.13 thousands (2012: BDT 1,655,500.77 thousands).

18.6 Security details

Securities provided by the Company in respect of loans taken are as under:

A. Foreign syndication loan

(Includes Hermes Facility, USD Commercial Facility, DFI Facility, BDT A Facility, BDT B Facility, Standard Chartered Bank, London)

1 A pledge by GTH of 100% of the issued share capital of TVL.
2 A pledge by TVL of 100% of the issued share capital it holds in the Company.
3 A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4 A lien by the Company over its bank accounts.
5 Guarantee given by GTH.

B. Bond

1 A pledge by GTH of 100% of the issued share capital of TVL.
2 A pledge by TVL of 100% of the issued share capital it holds in the Company.
3 A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4 A lien by the Company over its bank accounts.
5 Guarantee given by GTH.

C. Short Term Loan from Banks (other than short term loan from Standard Chartered Bank of BDT 13,658,000 thousands (BDT Nil).

1 Demand Promissory Note
2 Letter of Continuation
3 Letter of Comfort from GTH.

D. Short term loan of BDT 13,658,000 thousands (BDT Nil) from Standard Chartered Bank is fully secured by cash collateral provided by the parent company.

E. Finance Lease

Finance lease liabilities are secured by hypothecation of underlying leased vehicles.

18.7 Financial Covenants

A. **Foreign syndication loans, Loan from Parent Company and Bonds -**

Under common terms agreement (CTA) signed between the Company, as amended from time to time, Telecom Ventures Ltd (formerly known as Orascom Telecom Ventures Ltd.), Standard Chartered Bank, USD facility agent (KfW), HSBC France, DFI facility agent (DEG), the Company must ensure:

a. **Net Borrowings to Adjusted EBITDA:** Net Borrowings as at the end of a Measurement Period ending on an Accounting date falling on or after 30 June 2009 shall not be more than 'X' times Adjusted EBITDA of the Company for that Measurement Period, where X has the value indicated in the table below opposite the Accounting Date on which that Measurement Period ends;

b. **Debt Service Cover Ratio (Cashflow to Debt Service):** Cashflow for the Company for any Measurement Period ending on an Accounting Date falling on or after 30 June 2009, shall not be less than 'Y' times Debt Service for the Company for such Measurement Period, where Y has the value indicated in the table below opposite the Accounting Date on which such Measurement Period ends; and

c. **Net Borrowings to Contributed Equity:** The ratio of Contributed Equity at any Accounting Date as a percentage of the aggregate of Net Borrowings of the Company as at such Accounting Date and Contributed Equity as at such Accounting Date, shall not be less than 40 per cent.

For the purpose of the ratios set out above, Adjusted EBITDA, Cashflow, Debt Service, Net Borrowings will each be calculated in US Dollars on the basis set out below -

Accounting Date	**X**	**Y**
31-Dec-11	3.50	1.20
31-Mar-12	3.50	1.20
30-Jun-12	2.50	1.20
30-Sep-12	2.50	1.20
31-Dec-12	2.00	1.20
and each Accounting Date thereafter		

B. **Short term Loan working capital syndication loans**

For short term working capital syndication loans taken from Standard Chartered Bank, the Company must ensure that the Debt to Contributed Equity does not exceed 60:40.

Contributed Equity means at any time the aggregate of:

(a) the amount of share capital
(b) the amount of share money deposits
(c) Permitted Intercompany loans (Includes short term loan of BDT 13,658,000 thousands (BDT Nil) from Standard Chartered Bank which is to be considered as permitted intercompany loan as per the amendment to CTA dated December 19, 2013)

expressed in USD (other than Short term loan of BDT 13,658,000 thousands from Standard Chartered Bank), based on historical amounts and exchange rates.

In addition to above, as per the terms of short term loans, the Company has created a negative pledge not to create any further charge over its fixed and floating assets in favor of any working capital lenders.

Based on the specified formula prescribed in the CTA, the above ratios have been complied with by the Company as at December 31, 2013.

19 Provisions

Particulars	As at December 31, 2013 (BDT In '000)	As at 31 December 2012 (BDT In '000)
Non-current provisions		
Provision for Asset Retirement Obligation*		
Balance as at the beginning of the year	644,844.34	553,961.68
Arisen during the year	14,597.72	17,444.50
Interest unwinding for the year	34,902.69	73,438.16
ARO liability settled/written back	(55,125.30)	-
Balance as at the end of the year	**639,219.45**	**644,844.34**

* Expected cash outflow will happen over next 4-15 years.

Current provisions		
Provision for contingency		
Balance as at the beginning of the year	959,314.65	2,296,939.08
Arisen during the year	1,745,202.46	316,899.98
Liabilities crystallised/reclassified during the year	(15,000.00)	(1,646,485.45)
Unused amounts reversed during the year	(4,789.13)	(8,038.96)
Balance as at the end of the year	**2,684,727.98**	**959,314.65**

The details of above provision for contingency are as under :-

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Minimum tax @ 0.5% on turnover	774,477.80	577,056.55
Custom cases (HS code classification)	173,349.67	193,138.80
VAT on rent	287,115.72	189,119.30
VAT on License fee (Refer Note No 44)	1,449,126.00	-
Others	658.79	-
Total	**2,684,727.98**	**959,314.65**

The management is presently uncertain about the timings of the outflow in respect of the provisions for litigations.

19.1 Employee benefit liability

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Terminal benefit		
Current service cost	17,041.69	-
Actuarial losses/(gains)	8,566.19	-
Past service cost	117,499.37	-
Net benefit expense	143,107.25	-
Terminal benefit		
Defined benefit obligation as January 1, 2013 (Refer Note below)	-	-
Current service cost	17,041.69	-
Past service cost	117,499.37	-
Benefits paid	(1,135.48)	-
Actuarial losses/(gains) on obligation	8,566.19	-
Defined benefit obligation as on December 31, 2013	141,971.77	-
Terminal benefit		
Defined benefit obligation	141,971.77	-
Plan assets	-	-
Deficit/(surplus)	141,971.77	-
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-
Current	**22,524.00**	**-**
Non Current	**119,447.77**	**-**
Discounting Rate	12%	-
Average Remaining Working Life (in years)	27.67	-

Note: During the year, the management has approved a terminal benefit plan for its employees starting January 1, 2013 with retrospective effect, which is in the nature of a defined benefit obligation and is unfunded. The benefit entitles an employee to 15-45 days of salary of each completed year. The liability in respect thereof has been determined based on an actuarial valuation carried out by an independent actuary under projected unit credit method. No comparative have been presented as the said plan was not existent in earlier years.

20 Accounts payable

20.1 Current

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Payable to Suppliers (Note No. 20.1.1)	7,062,650.65	8,642,930.58
Other creditors (Note No. 20.1.2)	9,197,230.82	9,655,282.76
VAT on license fee	665,650.50	999,271.67
SIM tax payable for 2006-07	-	823,285.78
Total	**16,925,531.97**	**20,120,770.79**

20.1.1 Payable to Suppliers

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
CAPEX Suppliers	6,566,298.40	8,170,528.67
OPEX Suppliers	496,352.25	472,401.91
Total	**7,062,650.65**	**8,642,930.58**

20.1.2 Other creditors

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Payable to Group Company towards technical knowhow fees, management fees, etc.	6,927,547.43	6,789,830.92
BTRC - (Revenue sharing, Spectrum charges and Annual License Fees)	1,404,531.40	1,630,995.48
Interconnect charges	802,057.52	1,125,212.46
Roaming payables - international operators	62,993.33	108,684.81
Dealers' deposits	101.14	559.09
Total	**9,197,230.82**	**9,655,282.76**

The amounts as covered in Note No. 20.1 are payable in the normal course.

21 Accrued and other liabilities

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Staff cost	286,159.12	290,157.28
Utilities and postage	373,742.37	358,848.81
VAT, supplementary duty and withholding tax (Note No. 2.1)	592,839.54	928,882.57
Technical and professional fees	1,563,399.07	1,425,126.20
Interconnect charges	473,020.13	336,316.03
Roaming charges	10,013.51	6,918.60
Dealers commissions	310,883.86	213,449.83
Advertising, marketing and promotional expenses	495,513.18	497,180.86
Accrued fixed assets (Tangible)	4,168,933.27	3,346,528.89
Accrued fixed assets (Intangible)	147,888.71	174,372.07
General and administrative expenses	46,448.68	81,396.01
Lease equalisation reserve	734,175.31	621,018.01
Subscribers' deposits and advances	156,959.00	110,039.11
M Commerce advance (Refer Note No. 21.1)	120,467.69	70,114.93
Other expenses	94,511.31	132,611.77
Total	**9,574,954.75**	**8,592,960.97**

21.1 Payable to Bangladesh Power Development Board (PDB) for bill pay service, payable to Bangladesh Post Office (BPO), Dhaka Bank Limited and Eastern Bank Limited for remittance service and payable to Bangladesh Railway (BR) for ticketing services carried through Company's portal.

22 Deferred revenue

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Pre paid	1,317,941.91	1,314,817.09
Advance received from post paid customers	22,554.33	43,037.24
Others	5,923.95	18.91
Total	**1,346,420.19**	**1,357,873.24**

23. Revenue

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Pre paid:		
Air time voice charges	28,140,217.68	33,789,700.54
Mobile terminated calls (Interconnect)	3,497,648.43	2,901,314.59
SMS	589,108.43	531,365.51
Call center revenue	71,500.43	61,028.59
Other service fees (VAS, GPRS, etc)	2,458,961.85	1,691,544.80
	34,757,436.82	38,974,954.03
Post paid:		
Air time voice charges	3,548,171.70	5,307,974.49
Mobile terminated calls (Interconnect)	247,302.64	250,312.65
SMS	146,920.86	111,117.17
Roaming	200,265.54	270,442.14
Monthly access fees	20,988.35	31,034.92
Other service fees (VAS, GPRS, etc)	431,375.84	283,057.54
	4,595,024.93	6,253,938.91
Total	**39,352,461.75**	**45,228,892.94**

24. Other operating income

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Infrastructure sharing revenue	499,084.31	487,297.94
M Commerce revenue	89,767.74	64,343.70
Mobile Devices (Hand Set, Data Card etc.) sales revenue	15,518.74	8,231.83
Miscellaneous Revenue	1,067.43	1,707.74
Total	**605,438.22**	**561,581.21**

25.1 Network operation cost

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Mobile originated calls (Interconnect)	3,505,320.81	4,534,288.13
Network maintenance	1,871,619.59	2,550,251.42
Utilities (electricity, telephone, etc)	2,228,932.79	2,450,777.10
Rent (BTS, BSC and MSC)	1,587,809.60	1,475,249.21
Cost of SIM cards	590,507.89	640,303.11
Cost of Scratch cards	141,483.65	81,677.35
Value added service cost	604,256.64	424,767.10
Security expenses	185,688.52	197,631.59
Vehicle running expenses (Technical)	172,132.77	167,306.21
Lease line charges	114,187.45	103,733.47
Roaming interconnect charge	41,273.42	38,999.02
Logistics charges	58,192.54	76,676.43
Total	**11,101,405.67**	**12,741,660.14**

25.2 Revenue sharing, spectrum charges and license fee

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Revenue sharing	2,596,624.47	2,976,380.82
Frequency, royalty and bandwidth fees	652,845.18	660,457.62
Annual license fees	50,000.00	49,986.67
Total	**3,299,469.65**	**3,686,825.11**

25.3 Employee costs

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Salary and wages (Note No. 25.3.1)	2,348,872.38	2,052,827.56
Total	**2,348,872.38**	**2,052,827.56**

25.3.1 Contribution to provident fund	43,480.72	35,032.56
25.3.2 Employee Terminal Benefit	143,107.25	-

25.4. Other expenses

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
SIM Tax charge and Sales Promotion Expenses *	2,753,383.20	4,755,479.93
Dealers' commissions	3,343,449.12	3,515,505.77
Advertising expenses	1,471,868.52	1,226,010.42
Office rent	362,389.84	374,337.16
IT development, recruitment and training	323,543.56	373,420.51
Minimum tax - 0.5% tax on turnover	197,421.25	227,635.96
Technical know how fees	148,279.74	202,888.07
Office expenses	151,205.82	160,191.03
Vehicle running expenses	135,397.51	130,910.94
Marketing research and operations	44,623.93	104,698.00
Provision for litigations	93,866.09	89,264.01
Credit management fees (Includes provision for doubtful receivable of BDT 53,085.73 thousands (BDT (-) 5,870.00 thousands)	154,652.87	88,587.84
Postage, telephone and stationeries	68,337.00	58,746.41
Legal and professional fees	52,314.27	54,377.76
Other marketing expenses	52,413.64	44,420.39
Travelling expenses	44,996.28	36,112.48
Other general expenses	86,437.95	54,634.79
Foreign exchange (gain)/loss	(1,067,526.29)	(1,209,780.27)
Total	**8,417,054.30**	**10,287,441.20**

* During the current year, the SIM Tax levied on the issue of new SIM card to a new customer was revised from BDT 605.52 to BDT 300.01 per SIM Card issued w.e.f. 16th May 2013.

26. Depreciation, amortisation & impairment

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Depreciation on tangible property, plant and equipment (Note No. 5)	12,740,075.90	12,659,799.87
Amortisation of license fees and softwares (Note No. 7)	2,312,440.03	1,695,735.40
Loss on assets discarded/technological impairment (Note No. 5) *	238,144.53	1,367,498.41
Total	**15,290,660.46**	**15,723,033.68**

* Includes Impairment on account of technological obsolence of BDT 67,447.41 thousands (BDT 874,115.08 thousands)

27. Finance income

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Interest on fixed and short term deposits	130,605.93	161,485.49
Total	**130,605.93**	**161,485.49**

28. Finance cost

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Interest and other financial charges	4,641,306.80	4,332,458.88
Total	**4,641,306.80**	**4,332,458.88**

29. Current tax expense

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Capital Gain tax	252.08	15,965.54
Total	**252.08**	**15,965.54**

30. Financial instruments

30.1 Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these liabilities is to finance the Company's operations. The Company has trade and other receivables as well as cash and short-term deposits that originate in the normal course of its operations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and management of capital. The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from subscribers, other telecom operators, roaming partners and dealers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, accounts receivable are grouped according to aging profile, maturity and existence of history of financial difficulties. The Company's exposure to credit risk on accounts receivables from post paid customers is mainly influenced by the individual payment characteristics of the subscribers. Interconnection receivables are normally received within 3 months from the date of invoice and credit risk from these receivables is very minimal. The Company employs financial clearing house to minimize credit risk involving collection of roaming receivables.

At the reporting date, there were no significant concentrations of credit risk except that the Company has a net receivables of BDT 763,381.72 thousands (2012: BDT 1,032,467.95 thousands) from BTCL where the management does not expect any credit risk as it is a Government enterprise.

Refer Note No. 30.2 below for quantitative analysis.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring substantial losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses and other financial obligations through Cash Flow forecast and accordingly arranges for sufficient liquidity/funds to make the expected payment within due date through internal accruals and short term borrowings. Moreover, the Company receives support from Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd), the parent company, in the form of equity contribution and long term loans.

Refer Note No. 30.3 below for quantitative analysis

c) Market risk

Market risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates and interest rates and will in turn, affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. However, the company does not hold any financial instrument for which market risk arises due to market price movement and thus affect company's income or the value of its holdings of financial instruments.

d) Currency risk

The Company is exposed to currency risk on certain revenues and purchases such as roaming revenues, telecom equipment purchases, certain operating costs such as roaming expenses and network related costs, foreign currency borrowings, resulting receivables and payables, and interest expense and repayments relating to borrowings incurred in foreign currencies. Majority of the Company's cross border transactions are denominated in USD and a few in EUROS. The Company maintains a USD bank account where all receipts are denominated in USD and payment in USD is made through this account. The Company's foreign exchange risks are un-hedged due to regulatory impositions.

Refer Note No. 30.4 below for quantitative analysis

e) Interest rate risk

Interest rate risk is the risk due to changes in interest rates on borrowings. The risk arises for fluctuation of floating interest rates. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk.

Refer Note No. 30.5 below for quantitative analysis

30.2 Credit risk

30.2.1 Exposure to credit risk

The carrying amount of financial assets excluding those classified as inter company receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Accounts receivables (excluding receivables of BDT 12,154.43 thousands (BDT 17,760.08 thousands) from related parties)	2,330,125.87	2,191,043.03
Accrued revenue	357,538.77	404,399.34
Other receivables	45,485.65	4,572.25
Total	**2,733,150.29**	**2,600,014.62**

The maximum exposure to credit risk for accounts receivable arising from airtime charges, roaming services and interconnection revenue excluding those classified as inter company receivables at the reporting date by type of receivable is:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Interconnection Receivables	1,633,691.18	1,710,202.36
Infrastructure sharing revenue receivables	242,032.30	190,730.93
Post paid receivables	128,835.84	84,070.74
Receivable from prepaid customers	94,757.41	68,044.54
Roaming Receivables	60,654.13	61,993.03
Receivable from Dealers	130,432.07	58,194.06
Others (excluding receivables of BDT 12,154.43 thousands (BDT 17,760.08 thousands) from related parties)	39,722.94	17,807.37
Total	**2,330,125.87**	**2,191,043.03**

The maximum exposure to credit risk for accounts receivable at the end of the reporting year by geographic region is:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Domestic	2,258,862.73	2,135,925.83
Asia	40,394.02	25,549.40
Europe	16,647.54	15,437.43
Americas	2,631.25	2,257.80
Africa	11,363.31	11,741.40
Australia	227.02	131.17
Total	**2,330,125.87**	**2,191,043.03**

30.2.2 Aging Analysis of Accounts Receivable

The aging of interconnection receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
0-30 days	335,829.88	265,811.95
31-60 days	330,379.52	259,319.54
61-90 days	69,816.10	75,410.54
91-120 days	69,710.86	74,899.73
121-150 days	71,371.36	82,007.82
151-180 days	56,762.89	61,204.53
Over 180 days	806,983.28	949,810.84
Gross	1,740,853.89	1,768,464.95
Less : Provision for doubtful debts	107,162.71	58,262.59
Net	**1,633,691.18**	**1,710,202.36**

The aging of infrastructure sharing revenue receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
0-30 days	48,200.05	50,693.45
31-60 days	29,819.08	34,753.33
61-90 days	16,840.76	17,943.61
91-120 days	16,419.40	26,272.89
121-150 days	15,462.67	12,787.96
151-180 days	14,097.13	9,767.47
Over 180 days	101,193.21	38,512.22
Total	**242,032.30**	**190,730.93**

The aging of post paid receivables from the date of invoice at the end of the reporting year is:

(BDT In '000)

Particulars	As at December 31, 2013			As at December 31, 2012		
	Gross	Impairment	Net	Gross	Impairment	Net
0-30 days	67,003.92	3,466.88	63,537.04	50,598.89	2,023.96	48,574.93
31-60 days	13,395.87	2,009.38	11,386.49	9,391.66	1,408.75	7,982.91
61-90 days	11,905.10	3,571.53	8,333.57	6,150.21	1,845.06	4,305.15
91-120 days	7,193.27	5,035.29	2,157.98	4,516.72	3,161.70	1,355.02
121 days and above	12,393.72	12,393.72	-	13,603.80	13,603.80	-
Receivables covered by advances and deposits	43,420.76	-	43,420.76	21,852.73	-	21,852.73
Post paid receivables	**1,55,312.64**	**26,476.80**	**1,28,835.84**	**1,06,114.01**	**22,043.27**	**84,070.74**

The aging of roaming receivables (excluding receivable from related party) from the date of invoice at the end of the year was:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
0-30 days	6,501.15	9,315.78
31-60 days	5,592.03	5,391.70
61-90 days	5,318.68	3,091.88
91-120 days	1,929.82	10,182.77
121-150 days	841.29	2,668.59
151-180 days	3,579.74	2,417.20
Over 180 days	36,071.32	28,925.11
Total	**59,854.03**	**61,993.03**

The movement in the allowance for impairment (provision for doubtful debts) in respect of accounts receivable during the year was as follows:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Opening balance	80,305.86	86,523.58
Impairment loss recognized/(reversed)	53,333.65	(6,217.72)
Closing balance	**1,33,639.51**	**80,305.86**

Based on the past experience, the Company believes that no impairment allowance is necessary in respect of billed post paid receivables which is covered by security deposit, unbilled receivables against which advance is received, interconnection receivables and roaming receivables;

Impairment allowance for postpaid billed receivables are calculated as follows:

Invoice age	Percentage of allowance on balance due
Terminated customers	100%
Invoiced over 90 days	70%
Invoiced over 60 and less than 90 days	30%
Invoiced over 30 and less than 60 days	15%
Current - less than 30 days (accrued revenue less advance received)	4%

30.3 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

(BDT In '000)

Particulars	As at December 31, 2013						
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	3,57,08,875.41	(3,92,80,060.31)	(53,60,287.26)	(13,72,574.75)	(41,73,164.99)	(2,20,41,733.59)	(63,32,299.72)
Short term loans from banks	2,63,12,717.98	(2,75,26,682.00)	(2,66,65,723.10)	(8,60,958.90)	-	-	-
Accounts payable	1,69,25,531.97	(1,69,25,531.97)	(1,69,25,531.97)	-	-	-	-
Accrued and other liabilities	95,74,954.75	(95,74,954.75)	(95,74,954.75)	-	-	-	-
Total	**8,85,22,080.11**	**(9,33,07,229.03)**	**(5,85,26,497.08)**	**(22,33,533.65)**	**(41,73,164.99)**	**(2,20,41,733.59)**	**(63,32,299.72)**

(BDT In '000)

Particulars	As at December 31, 2012						
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	3,69,19,666.46	(4,10,54,652.25)	(57,66,866.20)	(35,89,179.87)	(66,09,310.65)	(1,78,93,480.35)	(71,95,815.18)
Short term loans from banks	1,40,31,803.44	(1,49,29,129.63)	(94,13,986.24)	(55,15,143.39)	-	-	-
Accounts payable	2,01,20,770.79	(2,01,20,770.79)	(1,57,83,250.79)	(43,37,520.00)	-	-	-
Accrued and other liabilities	85,92,960.97	(85,92,960.97)	(85,92,960.97)	-	-	-	-
Total	**7,96,65,201.66**	**(8,46,97,513.64)**	**(3,95,57,064.20)**	**(1,34,41,843.26)**	**(66,09,310.65)**	**(1,78,93,480.35)**	**(71,95,815.18)**

Note: The above table excludes Employee benefit liability and provisions.

30.4 Currency risk

30.4.1 Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts of respective currencies:

Particulars	As at December 31, 2013 (In '000)			As at December 31, 2012 (In '000)		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	1,066.19	13.23	-	905.98	5.51	-
Cash and bank balances	20,710.89	-	-	11,973.02	-	-
	21,777.08	13.23	-	12,879.00	5.51	-
Foreign currency denominated liabilities						
Loans and borrowings	(4,21,979.47)	-	-	(4,01,882.52)	-	-
Accounts payables	(1,21,431.56)	(154.96)	-	(1,10,189.74)	(5,163.88)	(109.80)
Accrued and other liabilities	(117.42)	-	-	(9.37)	(100.13)	
	(5,43,528.45)	(154.96)	-	(5,12,081.63)	(5,264.01)	(109.80)
Net exposure	**(5,21,751.37)**	**(141.73)**	-	**(4,99,202.63)**	**(5,258.50)**	**(109.80)**

BDT equivalent of exposure to foreign currency risk based on closing exchange rates of respective years are as follows:-

Particulars	As at December 31, 2013 (In BDT '000)			As at December 31, 2012 (In BDT '000)		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	82,805.71	1,411.97	-	72,274.33	579.95	-
Cash and bank balances	16,08,511.27	-	-	9,55,147.68	-	-
	16,91,316.98	1,411.97	-	10,27,422.01	579.95	-
Foreign currency denominated liabilities						
Loans and borrowings	(3,27,73,035.74)	-	-	(3,20,60,177.72)	-	-
Accounts payables	(94,30,982.10)	(16,540.18)	-	(87,90,386.29)	(5,43,465.17)	(14,229.65)
Accrued and other liabilities	(9,119.43)	-	-	(747.23)	(10,538.04)	-
	(4,22,13,137.27)	(16,540.18)	-	(4,08,51,311.24)	(5,54,003.21)	(14,229.65)
Net exposure	**(4,05,21,820.29)**	**(15,128.21)**	-	**(3,98,23,889.23)**	**(5,53,423.26)**	**(14,229.65)**

The following significant exchange rates are applied during the year:

Particulars	Closing rate at the end of the reporting year	
	As at December 31, 2013	As at December 31, 2012
BDT/USD	77.67	79.78
BDT/EUR	106.74	105.24
BDT/GBP	130.22	129.60

30.4.2 Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 10 percent strengthening of BDT against the following currencies as at December 31, 2013 and December 31, 2012 would have increased comprehensive income and equity by the amounts (BDT) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Comprehensive Income		Equity	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
For USD nominated items	4,052,182.02	3,982,388.98	-	-
For EURO nominated items	1,512.82	55,342.35	-	-
For GBP nominated items	-	1,422.97	-	-

A 10 percent weakening of BDT against the following currencies as at December 31, 2013 and December 31, 2012 would have decreased comprehensive income and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Comprehensive Income		Equity	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
For USD nominated items	(4,052,182.02)	(3,982,388.98)	-	-
For EURO nominated items	(1,512.82)	(55,342.35)	-	-
For GBP nominated items	-	(1,422.97)	-	-

30.5 Interest rate risk

30.5.1 Profile

At the end of the reporting year the interest rate profile of the Company's interest-bearing financial instruments was:

Particulars	As at December 31, 2013		As at December 31, 2012	
	Interest profile	Carrying amount (BDT In '000)	Interest profile	Carrying amount (BDT In '000)
Fixed rate instruments				
Fixed and short term deposits	3% to 12.50%	838,235.93	2.5% to 13.00%	2,330,704.12
Finance lease liabilities	12.46% to 15.00%	37,612.17	12.46% to 16.21%	30,823.70
Short term loans from banks	13.00% to 15.00%	26,312,717.98	14.00% to 17.00%	14,031,803.44
Bonds	13.50% (Floor 12.75 % - Cap 14.25%)	2,794,659.87	13.50% (Floor 12.75 % - Cap 14.25%)	4,417,461.14
Floating rate instruments				
Long term debt (including current maturities)	0.824% to 16.50%	32,876,603.37	2.16% to 19.95%	32,471,381.62

30.5.2 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for loans as at the end of the year would have increased/ (decreased) equity and comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates remain constant.

(BDT In '000)

Particulars	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2013				
Foreign currency loans	(327,730.36)	327,730.36	-	-
Other Loans	(1,035.68)	1,035.68	-	-
Cash flow sensitivity (net)	**(328,766.04)**	**328,766.04**	**-**	**-**

(BDT In '000)

Particulars	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2012				
Foreign loans	(320,601.78)	320,601.78	-	-
Loans	(4,112.04)	4,112.04	-	-
Cash flow sensitivity (net)	**(324,713.82)**	**324,713.82**	**-**	**-**

30.5.3 Fair values

The fair values of financial assets and liabilities (excluding provisions) together with the carrying amounts shown in the statement of financial position are as follows:

(BDT In '000)

Particulars	As at December 31, 2013		As at December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Accounts receivables	2,342,280.30	2,342,280.30	2,208,803.11	2,208,803.11
Other financial assets (non current)	107,620.51	107,620.51	107,082.30	107,082.30
Advances to employees	10,917.76	10,917.76	19,931.73	19,931.73
Other receivables	45,485.65	45,485.65	4,572.25	4,572.25
Accrued revenue	357,538.77	357,538.77	404,399.34	404,399.34
Cash and bank balances	2,672,589.71	2,672,589.71	3,890,294.88	3,890,294.88
Total	**5,536,432.70**	**5,536,432.70**	**6,635,083.61**	**6,635,083.61**
Financial liabilities				
Loans and borrowings	(62,021,593.39)	(62,021,593.39)	(50,951,469.90)	(50,951,469.90)
Employee benefit liability	(141,971.77)	(141,971.77)	-	-
Accounts payables	(16,925,531.97)	(16,925,531.97)	(20,120,770.79)	(20,120,770.79)
Accrued and other liabilities	(9,574,954.75)	(9,574,954.75)	(8,737,839.97)	(8,737,839.97)
Total	**(88,664,051.88)**	**(88,664,051.88)**	**(79,810,080.66)**	**(79,810,080.66)**

The above fair values are determined under discounted cash flow method.

30.6 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares to the parent company. No changes were made in the objectives, policies or processes during the year end December 31, 2013 and December 31, 2012.

The Company monitors capital using a Contributed Equity to Net Borrowings ratio which is the ratio of Contributed Equity as a percentage of the aggregate of Net Borrowings of the Company and Contributed Equity. The Company's policy is to keep the above ratio above 40% in view of significant amount of loans being carried forward. The Company's objective is to improve the ratio through scheduled payments, issue of further Ordinary Shares and drawdown of the loan from its parent company. Net Borrowings consists of total borrowings (excluding any Financial Indebtedness treated as permitted Inter-Company loan as per the CTA, as amended from time to time) less cash and cash equivalents. Contributed equity means at any time the aggregate of the amount of share capital, the amount of share money deposits and permitted intercompany loans as per CTA, as amended from time to time, in all cases expressed in USD, based on historical amounts and exchange rates but it does not include accumulated loss.

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Long term borrowings	6,926,581.97	14,853,519.45
Short term borrowings	26,312,717.98	14,031,803.44
Cash and cash equivalents	(2,672,589.71)	(3,890,294.88)
Net borrowings (A)	**30,566,710.24**	**24,995,028.01**
Share Capital	47,603,779.96	47,603,779.96
Share Money deposits	0.99	0.99
Permitted Intercompany loan*	42,440,293.44	22,066,147.01
Contributed equity (B)	**90,044,074.39**	**69,669,927.96**
Contributed Equity Ratio: (B)/(A)+(B)	**75%**	**74%**

* Includes short term loan of BDT 13,658,000 thousands (BDT Nil) from Standard Chartered Bank to be treated as permitted inter company loan as per the CTA, as amended dated December 19, 2013.

31. Operating leases

Company as lessee

The Company has taken warehouse, office and BSC, MSC and BTS sites on operating lease. These leases have life of between one to fifteen years, which is renewable upon mutual agreement of concerned parties. There are no restrictions placed upon the Company by entering into these leases. No contingent rent is payable by the Company in respect of the above leases.

Future minimum rentals payable under non-cancellable operating leases as at the end of the year are as follows:

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,152,869.82	1,134,476.71
Between one and five years	4,274,655.55	4,261,184.12
More than five years	4,743,995.17	5,418,305.21
Total	**10,171,520.54**	**10,813,966.04**

The Company has taken sites along with infrastructures on operating lease from other telecom companies. This leases have life ranging between 0-5 years, which is renewable upon mutual agreement between the concerned parties but the non-cancellable period in respect of such leases is less than 1 year.

Company as lessor

The Company has given sites along with infrastructures on operating lease from other telecom companies. This leases have life ranging between 0-5 years, which is renewable upon mutual agreement between the concerned parties but the non-cancellable period in respect of such leases is less than 1 year.

32. Deferred tax assets (net)

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Deferred Tax Asset		
Impact of Brought forward losses and unabsorbed Depreciation	14,050,293.38	11,467,709.68
Impact of expenditure charged to the Statement of Comprehensive Income in the current year but allowable for tax purposes in subsequent years	339,527.15	210,024.45
Gross Deferred Tax Asset (A)	**14,389,820.53**	**11,677,734.13**
Deferred Tax Liability		
Deferred Tax impact of difference between written down value of fixed assets as per books of accounts and for tax purposes	14,389,820.53	11,677,734.13
Gross Deferred Tax Liability (B)	**14,389,820.53**	**11,677,734.13**
Net Deferred Tax Assets (A-B)	**-**	**-**
Unrecognised Deferred Tax Assets *	**13,462,419.55**	**12,805,674.96**
Expiry date of unrecognised Deferred Tax Assets	Unlimited	Unlimited

* Net deferred tax assets have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

33. Contingent liabilities

(The amounts stated below are as per the demands raised by concerned authorities.)

Particulars	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
VAT and license fee under dispute/appeal	1,404,623.57	3,706,930.63
Customs duty under dispute/appeal	382,309.37	381,388.87
Claims Against the Company not acknowledged as debts	5,000.00	5,000.00
Total	**1,791,932.94**	**4,093,319.50**

The above contingent liabilities consist of the following:-

a. BDT 103,004.17 thousands (BDT 103,004.17 thousands) towards interest on the demand made by BTRC on delayed payment of 2G license fees/VAT on license fees paid in the year 2011. Refer Note No. 44 also.

b. BDT Nil (BDT 857,646.00 thousands) on account of disallowance of VAT Input credit on the VAT on 2G license fee paid in the year 2012. Refer Note No. 44 also.

c. BDT 471,466.67 thousands (BDT 471,466.67 thousands) demanded by BTRC against the already allocated spectrum in 2008 based on market competitive factors.

d. BDT 490,442.41 thousands (BDT 490,442.41 thousands) demanded by VAT appellate tribunal on account of levy of SIM Tax on SIM cards sent to job worker godown for processing.

e. Various custom duty and VAT cases aggregating to BDT 398,828.48 thousands (BDT 393,443.04 thousands) and BDT 328,191.21 thousands (BDT 328,191.21 thousands) respectively on account of dispute in classification under HS codes for levy of custom duty and wrong availment of input credit.

The Company believes that all the above demands are not probable in nature and hence has not been provided for in the books. No reimbursement is expected to arise to the Company in respect of above cases. Presently the management is uncertain about the timing of the settlement of the above cases.

34. Guarantees given by the Company

Name of beneficiary	Nature	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Commissioner of Custom House, Chittagong	Import of materials/ equipments	369,688.87	369,688.87
Custom House Dhaka*	Import of materials/ equipments	180,514.87	180,514.87
The Chief Controller of Exports and Imports	Import of materials/ equipments	20,681.03	25,308.29
Power Grid Company of Bangladesh Ltd	Against leasing of fiber optical connectivity	10,000.00	10,000.00
Power development board (PDB)	Electricity Bill collection	10,000.00	10,000.00
Dhaka Electricity Supply Company	Electricity Bill collection	29,000.00	-
West Zone Power Distribution Co. Ltd.Khulna	Electricity Bill collection	75,000.00	-
Bangladesh Telecommunication Regulatory Commission	Against 3G licenses	1,500,000.00	-
Chittagong Water and Sewerage Authority	Water & Sewerage Bill collection	15,000.00	15,000.00
West Zone Power Distribution Co. Ltd.	Electricity Bill collection	-	14,000.00
New Generation Graphics Ltd	Internet Bill pay collection	100.00	2,000.00
Total		**2,209,984.77**	**626,512.03**

* Guarantee issued in favour of Customs House Dhaka amounting to BDT 155,863.14 thousands (2012: BDT 155,863.14 thousands) have been already accounted as provisions.

Note: The above guarantees are given by the Company agaisnt specific performance, which it is confident to fulfill and hence does not expect any cash outflow there against, at this point of time.

35. Capital expenditure commitments

The Company has commitments on following purpose:

Purpose	As at December 31, 2013 (BDT In '000)	As at December 31, 2012 (BDT In '000)
Capital spares inventory	161,764.70	160,632.90
Land	-	148.94
Leasehold Improvement	99,842.71	81,022.96
Office equipments	41,655.54	23,740.85
Furniture & Fixture	11,722.78	7,786.50
PM Tools	145,440.46	3,073.59
Cell sites equipment (Radio)	809,063.71	182,353.68
Cell sites equipment (Switch)	89,020.61	326,857.31
Cell sites equipment (Microwave)	199,579.28	1,923.79
Cell sites equipment (Related services)	647,190.82	1,055,391.58
Cell sites equipment (Infrastructure)	1,181,763.69	1,224,990.03
Cell sites equipment (Other network equipment)	10,492.65	8,200.29
Computer hardwares	26,917.17	47,005.72
Computer softwares	31,244.23	40,349.11
Total	**3,455,698.35**	**3,163,477.25**

36. Related party transactions

During the year, the Company carried out transactions with related parties in the normal course of business. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24 : Related party disclosure in Note No. 36.2.

36.1 Transactions with key management personnel

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Short term employee benefits (salary and other allowances)	48,692.18	39,379.25
Total	**48,692.18**	**39,379.25**

Key management personnel comprise the Company's directors and key management executive officers (CEO, CFO, CTO and COO). As at December 31, 2013 and December 31, 2012, none of the Company's directors and executive officers has outstanding personal loans from the Company. In addition to salaries, the Company also provides other benefits to executive officers in the nature of rent free accomodation, travelling, medical facilities,etc

The details of above are as follows -

Particulars	Year ended December 31, 2013 (BDT In '000)	Year ended December 31, 2012 (BDT In '000)
Ziad Shatara (Abou Douma)	21,521.75	6,631.61
Mohamed Hassan Osman***	8,310.47	13,280.25
Yasser Abdel Hakim****	2,291.43	-
Perihane Elhamy *	6,100.80	-
Ahmed Fady **	2,680.96	7,468.28
Ashar Yaqub Khan	7,786.77	11,999.11
Total	**48,692.18**	**39,379.25**

*Joined w.e.f. April 1, 2013
**Resigned w.e.f. April 1, 2013
***Resigned w.e.f. July 31, 2013
****Joined w.e.f. July 20, 2013

36.2 Other related party transactions

The following transactions took place during the year with other related parties:

(BDT In '000)

Srl No.	Name of the party	Nature of transactions	December 31, 2013				December 31, 2012			
			Expenses /Income/Others	Transaction during the year	Asset /Liability/ Share money deposit	Closing Balance	Expenses /Income/Others	Transaction during the year	Asset /Liability/ Share money deposit	Closing Balance
Parent Companies										
1	Orascom Telecom Holding S.A.E.	Technical assistance fees	Expenses	257,309.23	Liability	6,902,685.03	Expenses	240,916.91	Liability	6,730,972.09
		Reimbursement of expenditure	Reimbursement	92,861.55		-	Reimbursement	120,193.54		
2	Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd)	Share money deposit (Equity Contribution)	-	-	Share money deposit	0.99	-	-	Share money deposit	0.99
		Loan taken	Loan	7,349,530.00	Liability	28,782,293.44	Loan	10,300,460.00	Liability	22,066,147.01
		Interest	Expenses	693,964.57	-	-	Expenses	491,317.95	-	-
		Closing Balance			Asset	1,121.25			Asset	1,150.72
3	Weather Investments Spa	Administrative expense			Liability	13,771.35			Liability	13,578.30
4	Wind Teleconnunicazioni Spa	International roaming & Administrative expense	Expenses	479.91	Liability	5,838.93	Expenses	485.94	Liability	5,659.61
5	Wind Teleconnunicazioni Spa	International roaming	Income	3,492.65	Asset	1,411.96	Income	1,934.42	Asset	579.95
6	JSC Vimplecom	International roaming	Income	1,016.41	Asset	236.61	Income	640.09	Asset	149.40
			Expenses	101.15	Liability	11.40	Expenses	92.83	Liability	16.18
7	Vip International Services	Management fees	Expenses	3,548.69	Liability	3,478.69				-
8	VIP VimpelCom Ltd.	Reimbursement of expenditure	Reimbursement		Asset	5,049.98				
Fellow Subsidiaries										
1	Koryolink - North Korea*	Closing Balance		-	Asset	-			Asset	8,608.57
2	Telecel Globe (Nepal and Namibia)*	Closing Balance		-	Asset	-			Asset	2,047.50
3	Telecel Zimbabwe	Closing Balance		-	Asset	1,041.70			Asset	1,070.00
4	MobiNil, Egypt*	International roaming	Expenses	-	Liability	-	Expenses	458.33	Liability	1,117.95
		International roaming	Income	-	Asset	-	Income	1,813.26	Asset	199.25
5	Mobilink-Pakistan	International roaming	Income	1,015.15	Asset	1,635.88	Income	4,659.39	Asset	2,157.38
		International roaming	Expenses	106.83	Liability	1,762.12	Expenses	129.51	Liability	1,870.83
6	MobiZone*	Value added service	Expenses	-	Liability	-	Expenses	183,416.53	Liability	36,585.77
		Value added service	Income	-	Asset	-	Income	138.00	Asset	23.00
7	WIND Mobile - Canada	Closing Balance		-	Asset	1,657.05			Asset	1,702.06

*The same has ceased to be a related party with effect from September 30, 2013

Notes - 1. The Company's exposure to currency and liquidity risk related to inter-company receivables and payables are disclosed in Note No. 30.
2. In addition, the Company's borrowings are secured by guarantee given by the Parent Company. For further details, please refer Note No. 18.6
3. The closing balances are payable/receivable in the normal course of business. The terms of repayment of the loan taken from the Parent Company is disclosed vide Note No. 18.4.

37. Events after the reporting period

There were no subsequent events either adjusting or non adjusting after the reporting period till the date of adoption of these financial statements.

38. Loss per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Loss (BDT in '000)	(5,010,515.44)	(2,888,252.47)
Weighted average number of shares as at the end of the year	4,760,377,996	4,760,377,996
Loss per share (Basic and Diluted) (in BDT)	(1.05)	(0.61)

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

39. For management review and monitoring purposes, the Company is organized into business units based on its products and services. The Company is engaged in the business of providing telecommunications services in Bangladesh. Hence, the management team monitors the operating results of the entire Company for the purpose of making decisions about resource allocation and performance assessment. Such performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Thus, the management considers the telecommunication services to be its single operating segment of the Company. The Company's entire revenues from external customers is attributed to its country of domicile. Also, all the non-current assets, other than financial instruments are located in Bangladesh. The Company does not earn 10% or more of its total revenues from transactions with a single external customer.

40. In terms of IAS 36 "Impairment of Assets", the management has carried out impairment testing of the Property, Plant& Equipment (PPE) of the Company. The carrying value of the Cash Generating Unit ("CGU") (being the Company itself, as there is only one CGU) is lower than the recoverable value, arrived at based on the "value in use" model. Hence no impairment charge against PPE is required to be recognized in the books of account. The "Value in Use" is computed based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

41. The Company has incurred a loss of BDT 5,010,515.44 thousands for the year ended December 31, 2013 and its net current liabilities and equity stands at BDT 55,593,529.59 thousands and BDT 3,891,032.56 thousands respectively as at the year end. The management is hopeful of improvement in the financial health of the Company, based on its financial projections and continued support from its intermittent parent Company, Global Telecom Holding S.A.E.. In keeping with the above, the books of account have been drawn based on going concern assumption.

42. During the year 2012, the Company had received a demand notice of BDT 7,740,489.12 thousands from the VAT authorities towards the SIM Card issued as replacement SIM by the Company up to December 31, 2011. The issue of SIM Cards to a new customer attracts the levy of SIM Tax per SIM in Bangladesh as per the applicable rates. However, if a SIM Card is issued to an existing customer, whose SIM Card is lost, damaged, destroyed or mutilated, then such SIM Cards are exempted from the levy of SIM Tax. The Company has a process of filling up a requisite form containing the information so as to verify/confirm the identity of the customer so that it could be proved that the replacement SIM is issued to the same user who was using the SIM Card, being replaced on above grounds. The management is certain that it has complied with BTRC guidelines issued in this regards. The Company had disputed the above demand and got a stay order from the court directing the Company not to pay the demand amount. During the year, pursuant to judgment of the High Court Division, the Commissioner of VAT directed the Company to appear for a hearing on 24th July 2013. However, the Company made an application praying for a joint inspection of the documents relating and arising out of the replacement SIM Cards. The Commissioner of VAT allowed the joint inspection by forming a Review Committee for reviewing randomly selected 1200 SIM cards. After verification of 1200 samples, the Committee found errors in 58 SIMs regarding the documentation of replaced SIM cards. The Company had submitted its reply to NBR stating that the VAT is not payable on replacement SIMs and that it has complied with the regulatory requirements. Pending disposal of the case, the Company is of the opinion that probability of any liability devolving on it in this regard is remote.

43. The Company has dismantled certain old technology network equipments from about 765 sites (2012: 405 Sites) having gross cost of BDT 1,183,341.58 thousands (2012: 572,836 thousands) (net carrying value of BDT 222,336.54 thousands as on December 31, 2013 (2012: BDT 264,955 thousands)) and replaced the same with new technology equipments. The management is confident that the old technology equipments would be redeployed on other sites in due course and does not expect any impairment charge on them as they are in good working condition.

44. In respect of the renewal of the 2G license in the year 2011, the matter of applicability of VAT on the license fee was under dispute as to whether the VAT is payable on the part of the license fee paid in the year 2011 and whether the VAT paid / to be paid on the license fee in the year 2012 and 2013 will be eligible for input credit or not. Considering that there has not been any positive development in the case till now and also considering that as per the Statutory Regulatory Order dated August 11, 2013 issued by the NBR, the VAT paid on 3G license is not eligible for input VAT, the Company, based on the advise of its legal counsel, decided to accrue the VAT liability of BDT 1,449,126.00 thousand on the license fee paid in the year 2011 and also considered the VAT of BDT 2,972,422.50 thousands on the entire license fee of BDT19,816,150.00 thousands as part of the cost of 2G license cost and capitalised the same with the cost of 2G License. The amortisation of aforesaid VAT on 2G license fee has been considered w.e.f November 2011 and accordingly an amount of BDT 429,349.92 thousands has been included under amortisation expenses for the year.

45. During the year, the Company has been awarded 5MHZ of 3G licence through the competitive bidding process. While the management has decided to roll out 3G services in Bangladesh in phased manner, in order to provide high quality telecommunication services to its customers, the Company has also decided to modernize its existing 2G setup on selected basis over next three to five years. Although the detailed plan of the 2G modernisation has not yet been finalised, the management has, in the month of December 2013, identified certain equipment having a WDV of 846,305.60 thousands as on December 31, 2013 which it expects to use till end of the year 2014. Accordingly their useful life has been revised and have been subjected to accelerated depreciation because of which the depreciation charge for the year is higher by BDT 66,716.13 thousands. In respect of other existing 2G equipments which are presently in use that may be modernised over next 3-5 years, the management has not yet finalised the detailed plan, however, considering that those equipments are in good working conditions, it expects to use them after they are dismantled on other sites where the modernisation may not take place or take place later.

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Independent Auditors' Report

The Board of Directors of
Banglalink Digital Communications Limited
(formerly known as Orascom Telecom Bangladesh Limited)

We have audited the accompanying financial statements of Banglalink Digital Communications Limited, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board, 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

S.R. Batliboi & Co. LLP Kolkata

S.R. Batliboi & Co. (a partnership firm) converted into S.R. Batliboi & Co. LLP (a Limited Liability Partnership with LLP Identity No. AAB-4294) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Banglalink Digital Communications Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number: 301003E

Raj Agrawal
Partner
Membership No.82028
July 31, 2013
Kolkata, India

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

Particulars	Notes	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
ASSETS			
Non-current assets:			
Property, plant and equipment	5	61,643,289.18	65,846,977.24
Intangible assets	6	20,848,045.88	22,190,161.22
Other financial assets	8	107,082.30	97,668.89
Other non-financial assets	9	807,588.25	648,889.53
		83,406,005.61	88,783,696.88
Current assets:			
Inventories	10	109,772.96	71,604.81
Prepayments and advances	11	1,649,812.74	1,513,670.38
Accounts receivable	12	2,208,803.11	1,571,468.86
Other receivables	13	4,572.25	53,260.97
Accrued revenue	14	404,399.34	316,990.26
Cash and bank balances	15	3,890,294.88	1,848,565.09
		8,267,655.28	5,375,560.37
TOTAL ASSETS		**91,673,660.89**	**94,159,257.25**
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	16	47,603,779.96	42,951,232.00
Share money deposits	17	0.99	4,652,548.95
Accumulated loss		(38,702,232.95)	(35,813,980.48)
		8,901,548.00	11,789,800.47
Non-current liabilities:			
Loans and borrowings	18	29,068,202.99	25,812,548.82
Provisions	19	644,844.34	553,961.68
Accounts payable	20	-	4,337,520.00
		29,713,047.33	30,704,030.50
Current liabilities:			
Loans and borrowings	18	21,883,266.91	19,815,180.21
Provisions	19	959,314.65	2,296,939.08
Accounts payable	20	20,120,770.79	20,351,417.28
Accrued and other liabilities	21	8,737,839.97	8,208,930.34
Deferred revenue	22	1,357,873.24	992,959.37
		53,059,065.56	51,665,426.28
TOTAL EQUITY AND LIABILITIES		**91,673,660.89**	**94,159,257.25**

The annexed notes 1 to 44 form an integral part of these financial statements.

For S. R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communications Limited

per Raj Agrawal
Partner
Membership No. 82028
Place: Kolkata, India
Date: July 31, 2013

Chief Executive Officer **Chief Finance Officer**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

Particulars	Notes	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Revenue	23	45,228,892.94	37,856,953.86
Other operating income	24	561,581.21	339,375.41
Network operation cost	25.1	(12,741,660.14)	(10,203,653.70)
Revenue sharing, spectrum charges and license fee	25.2	(3,686,825.11)	(2,577,265.44)
Employee costs	25.3	(2,052,827.56)	(1,640,813.97)
Other expenses	25.4	(10,287,441.20)	(14,960,295.22)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**17,021,720.14**	**8,814,300.94**
Depreciation, amortisation & impairment	26	(15,723,033.68)	(11,135,307.72)
Earnings / (Loss) before finance income, finance cost and tax		**1,298,686.46**	**(2,321,006.78)**
Finance income	27	161,485.49	122,015.09
Finance cost	28	(4,332,458.88)	(3,705,142.20)
Loss before tax		**(2,872,286.93)**	**(5,904,133.89)**
Current tax expense	29	(15,965.54)	-
Net Loss after tax for the year		**(2,888,252.47)**	**(5,904,133.89)**
Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the year		**(2,888,252.47)**	**(5,904,133.89)**
Loss per share			
- Basic and Diluted (in BDT)	38	**(0.61)**	**(1.24)**

The annexed notes 1 to 44 form an integral part of these financial statements.

For S. R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communications Limited

per Raj Agrawal
Partner
Membership No. 82028
Place: Kolkata, India
Date: July 31, 2013

Chief Executive Officer **Chief Finance Officer**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

(BDT In '000)

Particulars	Share capital	Share money deposit	Accumulated loss	Total Equity
Balance as at January 1, 2011	42,951,232.00	4,652,548.95	(29,909,846.59)	17,693,934.36
Total comprehensive income for the year	-	-	(5,904,133.89)	(5,904,133.89)
Other comprehensive income	-	-	-	-
Balance as at December 31, 2011	**42,951,232.00**	**4,652,548.95**	**(35,813,980.48)**	**11,789,800.47**
Balance as at January 1, 2012	42,951,232.00	4,652,548.95	(35,813,980.48)	11,789,800.47
Total comprehensive income for the year	-	-	(2,888,252.47)	(2,888,252.47)
Other comprehensive income	-	-	-	-
Shares issued during the year	4,652,547.96	(4,652,547.96)	-	-
Balance as at December 31, 2012	**47,603,779.96**	**0.99**	**(38,702,232.95)**	**8,901,548.00**

The annexed notes 1 to 44 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Cash from operating activities:		
Loss before tax	(2,872,286.93)	(5,904,133.89)
Adjustments :		
Depreciation of Property, Plant and Equipment	12,659,799.87	9,959,863.25
Amortisation of intangible assets	1,695,735.40	527,069.91
Foreign Exchange Fluctuation (Net)	(1,209,780.27)	4,071,082.29
Provision for Bad debt	(6,217.72)	1,158.54
Provision for Inventory	(4,898.31)	50,608.07
Provision no longer required written back	(8,038.96)	-
Provision for litigations	316,899.98	387,219.74
Loss on assets discarded / technological impairment	1,367,498.41	648,374.56
Financial Income	(161,485.49)	(122,015.09)
Finance costs	4,332,458.88	3,705,142.20
	18,981,971.79	19,228,503.47
Operating profit before working capital changes	**16,109,684.86**	**13,324,369.58**
Working Capital Adjustment:-		
Decrease/(increase) in current assets:		
Inventories	(33,269.84)	(45,028.81)
Prepayments, advances and other financial assets	(239,958.87)	(363,388.69)
Accounts receivable	(632,260.66)	(269,678.49)
Other receivables	47,549.92	(12,471.69)
Accrued revenue	(87,409.08)	(22,736.80)
Total	(945,348.53)	(713,304.48)
(Decrease)/increase in current liabilities:		
Accounts payable	334,656.50	965,249.99
Accrued and other liabilities	765,515.39	(753,151.16)
Deferred revenue	364,913.87	50,216.76
Total	1,465,085.76	262,315.59
Net Change in working Capital	519,737.23	(450,988.89)
Interest paid	(3,486,395.23)	(3,025,837.14)
Taxes paid	(174,664.26)	(163,323.15)
Net Cash Flow from operating Activities:	**12,968,362.60**	**9,684,220.40**

Investing Activities:		
Purchase of property, plant and equipment and project under construction	(9,529,466.61)	(12,151,387.08)
Proceed from sale of property, plant and equipment	117,394.22	127,294.17
Purchase of intangible assets	(5,892,473.97)	(8,760,783.94)
Interest received	147,431.70	120,879.36
Net cash used in investing activities	**(15,157,114.66)**	**(20,663,997.49)**
Financing activities:		
Net proceeds from short term loans	2,149,998.16	7,061,402.23
Proceeds from loan from Parent Company	10,292,119.00	11,405,552.07
Payment under finance lease obligation	(9,027.65)	(6,845.06)
Repayment of long term loan	(5,782,147.93)	(5,576,253.47)
Repayment of bonds	(1,414,000.00)	(1,414,000.00)
Repayment of loan from Huawei Tech Investment Co. Ltd	(981,100.45)	-
Net cash flows from financing activities	**4,255,841.13**	**11,469,855.77**
Net increase in cash and cash equivalents	2,067,089.07	490,078.68
Effect of exchange rate changes on cash and cash equivalents	(39,413.07)	-
Cash and Cash Equivalents as at the beginning of the year	1,840,661.35	1,350,582.67
Balance as at the end of the year (Refer Note No. 15)	**3,868,337.35**	**1,840,661.35**

The annexed notes 1 to 44 form an integral part of these financial statements.

Notes to the financial statements as at and for the year ended December 31, 2012

1. Corporate Information

Banglalink Digital Communications Limited (formerly known as Orascom Telecom Bangladesh Limited) ("Banglalink" or "the Company") is domiciled and incorporated in Bangladesh and is an unlisted joint stock Company. The Registered office of the Company is situated at Tigers' Den, House 4, (SW), Bir Uttam Mir Shawkat Sharak, Gulshan 1, Dhaka 1212, Bangladesh.

The principal activity of the Company is provision of telecommunication services.

The Company's principal shareholder as at December 31, 2012 is Telecom Ventures Ltd (TVL) (formerly Orascom Telecom Ventures Ltd), domiciled in Malta and its ultimate parent company is VimpelCom Ltd.

2. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on July 31, 2013

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (Refer Note No. 4 on Significant accounting judgments, estimates and assumptions).

The significant accounting policies used in preparing the financial statements are set out in Note No. 3 of the notes to the financial statements.

The accumulated loss as at January 1, 2011 has been considered based on the accumulated loss reported in the restated financial statements of the Company for the year ended December 31, 2010.

3. Summary of Significant Accounting Policies

a) The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Standards and Interpretations effective from the current year:

- Amendment to IFRS 1, "First time adoption of International Financial Reporting Standards" – July, 2011
- Amendment to IFRS 7, Financial Instruments : Disclosures – July 2011
- IAS 12, Income Taxes – January 2012

The adoption of the Standards mentioned above does not have any impact on the financial position or performance of the Company.

b) Standards issued but not yet effective

At the date of preparation of the accompanying financial statements, the following IFRS, amendments and IFRIC interpretations had been issued by the IASB, but their application was not mandatory:

The Company is currently assessing the impact of the application of these standards, amendments and interpretations. Based on the analyses made to date, the Company estimates that their adoption will not have a significant impact on the financial statements in the initial period of application.

Notes to the financial statements as at and for the year ended December 31, 2012

Standard and amendments		Effective Date
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosures of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Revised IAS 19	Employee benefits	January 1, 2013
Revised IAS 27	Separate financial statements	January 1, 2013
Revised IAS 28	Investments in associates and joint ventures	January 1, 2013
Amendments to IFRS 7		
Disclosures - Offsetting of financial assets and liabilities		January 1, 2013
Disclosures - Transition to IFRS 9		January 1, 2015
Amendments to IAS 1 Presentation of items of other comprehensive income		July 1, 2012
Amendments to IAS 32 Offsetting of financial assets and liabilities		January 1, 2014
Amendments to IFRS 10,IFRS 11, IFRS 12 and IAS 27 Investment entities		January 1, 2014
Amendments to IFRS 1 Government Loans		January 1, 2013
Improvements to IFRSs 2009-2011 (May 2012)		January 1, 2013
IAS 36 Impairment of Assets: Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets		January 1, 2014
IAS 39 Financial Instruments: Recognition and Measurement: Amendments for novation of derivatives		January 1, 2014
Interpretations		
IFRIC 20 Stripping costs in the production phase of a surface mine		January 1, 2013
IFRIC 21 Levies		January 1, 2014

3.1 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These financial statements have been presented in Bangladeshi Taka ('BDT'), which is the functional and presentation currency of the Company. The figures presented are rounded off to thousands.

3.2 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

a. Software

Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license. If there is no defined period for any software, then it is amortized over a period of 5 years. Purchased

Notes to the financial statements as at and for the year ended December 31, 2012

software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

b. Licenses

Acquired licenses (including spectrum) are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use and is disclosed under 'depreciation and amortization'.

The revenue-share, fee on license and spectrum is computed as per the licensing agreement and is expensed as incurred.

The estimated useful lives of the intangible assets for the current and comparable periods are as follows:

Computer software	3-5 years
GSM license fee	15 years

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

3.3 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use if any. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised in the Statement of Comprehensive Income as incurred.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income on the date of retirement and disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Considering the legal embargo on the sale of telecom equipments, their residual value is considered to be Nil. 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. Land is not depreciated. Estimated useful lives of the assets are as follows:

Own assets	
Plant and equipments	8-15 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold improvement	2-10 years
Computers	3 years
Electricals	5 years

Leased assets	
Motor vehicles	5 years

Projects under construction comprise capital assets not yet available for use by the Company. These are measured at incurred costs attributable to acquisition of network plant and machinery, capital components and related installation cost (including direct overheads) until the asset is ready for its intended use.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at the level of Cash Generating Unit ('CGU'). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in the Statement of Comprehensive Income as a component of depreciation and amortization expense.

Other impairment losses recognised in prior periods are assessed at the end of each reporting period 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 only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognised.

3.5 Asset Retirement Obligation (ARO)

Asset Retirement Obligation (ARO) is recognised when there is a legal or constructive obligation for dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located. The Company recognises site restoration costs at the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in Statement of Comprehensive Income as a finance cost as it is incurred.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include, outstanding bank overdrafts shown within the borrowings in current liabilities in the Statement of Financial Position and which are considered an integral part of the Company's cash management.

3.7 Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) and estimated net realizable value. Inventory costs include purchase price, freight inwards, transit insurance and other charges for bringing them to their existing location and condition.

Notes to the financial statements as at and for the year ended December 31, 2012

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of arrangement at inception date: whether fulfillment 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.

Company as a lessee:

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and is not recognised as an asset in the Statement of Financial Position.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on a straight line basis. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Financial instruments – initial recognition and subsequent measurement

A. Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are required for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Notes to the financial statements as at and for the year ended December 31, 2012

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Statement of Comprehensive Income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Company has not designated any financial assets at fair value through profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Comprehensive Income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. 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. The EIR amortisation is included as finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs. The Company did not have any held-to-maturity investments during the years ended 31 December 2012 and 2011.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the Statement of Comprehensive Income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company

may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to Statement of Comprehensive Income over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The rights to receive cash flows from the asset have expired

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

B. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in Statement of Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the Statement of Comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Comprehensive Income.

Available for sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

C. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include Accounts payables, loans and borrowings and Accrued and other Liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

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.

Notes to the financial statements as at and for the year ended December 31, 2012

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Comprehensive Income 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. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note No 30

3.10 Foreign currency transactions

a. Functional and presentation currency

Financial statements have been presented in Bangladesh Taka (BDT), which is the Company's functional currency.

b. Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of

exchange ruling at the reporting date with resulting exchange difference recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange component of the gain or loss arising on fair valuation of non monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, free time given to subscribers, rebates, and VAT. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. Revenues are reported gross with separate recording of expenses to vendors of products or services. However, when the Company acts only as an agent or broker on behalf of suppliers of products or services, revenues are reported on a net basis. Revenue of the Company comprises:

a. Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet usage charges, roaming charges, data usage charges and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the mobile network of other operators for local, domestic long distance and international calls.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation costs are recognised as expense as incurred. The excess of activation costs over activation revenue, if any, are expensed as incurred. Subscriber acquisition costs are expensed as incurred. The Company considers that the activation fees is a recovery from customers towards SIM tax and hence is netted off against the SIM Tax charge.

Monthly access fees represent the fixed subscription fees are paid by postpaid customers to keep the services active for specific period.

Air time data (SMS) revenue is recognised in the same manner as corresponding air time voice charges for post-paid and pre-paid.

Other service fees comprise migration, SIM replacement, reactivation, MMS and VAS. Revenue from SIM replacement and reactivation is recognised at the time of replacement/reactivation. Package migration, MMS and VAS (other than revenue from content providers) are recognised when service is provided. Content providers' revenue is recognised on gross basis when service is rendered to customer, because the Company acts as a principal

Revenue from passive infrastructure sharing (including fiber optical network) comprises lease of land, base station shelter, and power support and revenue from passive fiber optical network sharing comprises lease of fiber optical network, which are recognised as operating lease as per IAS 17: Leases. The lease rentals are recognized as income over the lease period on a straight line basis.

M commerce revenue comprises bill pay service of PDB, remittance service and ticketing which is recognised on a net basis when the service is provided to customers.

b. Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the Statement of Comprehensive Income.

Notes to the financial statements as at and for the year ended December 31, 2012

3.12 Taxes

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the average interest rate for specific borrowings. All other borrowing costs are expensed in the year they occur.

3.14 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 year. 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.

3.15 Employee Benefits

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 contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

From March 2008, the Company introduced an employees' provident fund (the Fund) scheme, which is a defined contribution plan. The assets of the plan are held separately from the Company under the supervision of a trustee board. The Company is required to contribute a specified percentage of basic salary to the Fund. The only obligation of the Company with respect to the above plan is to make the specified contribution towards the aforesaid provident fund.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the short term cash bonus or leave encashment facilities if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and obligation can be estimated reliably.

3.16 Provisions

a) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 Statement of Comprehensive Income 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.

b) Contingencies

Contingent liabilities are recognised at their fair value only if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

3.17 Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Comprehensive Income. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation, amortization & impairment expense, finance income, finance costs, current tax expense and other comprehensive income.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Critical judgments in applying the entity's accounting policies

a) Arrangement containing lease

The Company applies IFRIC 4, "Determining Whether as Arrangement Contains a Lease", to contracts entered with telecom operators to share passive infrastructure services. IFRIC 4 deals with the method of identifying and recognizing

service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating leases.

In finance lease arrangement, the Company recognises the object as an asset in the financial statements although the legal right is retained by the lessor.

b) Revenue recognition and presentation

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of a principal, revenue comprises amount billed to the customer/distributor, after trade discounts. The Company's relations with its distributors / dealers are that of "principal to agent".

4.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

a) Impairment reviews

Impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, ARPU, long term growth rates; and the selection of discount rates to reflect the risks involved. Also, judgment is involved in determining the CGU. The determination of value in use is most sensitive to the discounting rate used for discounting the future cash flows as well as expected future cash flows and the growth rate used while estimation the cash inflows. Refer Note No. 40 also.

Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, volume of outstanding receivables, unbilled traffic, advance payments, collections during the month, historical collection trends, security deposits and general economic conditions. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

c) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

d) Provision for Asset Retirement Obligation (ARO)

In determining the fair value of the ARO provision the Company uses technical estimates to determine the expected cost

Notes to the financial statements as at and for the year ended December 31, 2012

to dismantle and remove the infrastructure equipment from the site, the expected timing of these costs and appropriate rate for discounting the cash flows. Such estimations are sensitive to the discounting rates and the rate of inflation

The carrying amount of provision for ARO is BDT 644,844.34 thousands and BDT 553,961.68 thousands as of December 31, 2012 and December 31, 2011 respectively.

e) Property, plant and equipment

Refer Note No. 3.3 for the estimated useful life of property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in profit or loss.

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure is depreciated over a period beyond the expiry of the associated, under which the operator provides telecommunications services, if there is a reasonable expectation of renewal or an alternative future use for the asset.

f) Customer Loyalty Program

The Company estimates the fair value of points awarded under the "Customer Loyalty Programme" by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates. As points issued under the programme expire at the end of 18 months from the date of their issue, such estimates are subject to significant uncertainty as regards the actual trend of the utilisation . As at 31 December 2012, the deferred revenue for unredeemed points stood at BDT 135,909.72 thousands (2011: BDT 87,872.45 thousands).

g) Provisions and contingencies

Provisions for expenses are recognised based on estimated costs of settling liabilities. The latter are based on terms of relevant contracts with suppliers, purchase orders signed by the company and advice of its legal counsel. Contingency is not recognised rather disclosed in notes because its existence is dependent on the occurrence or non-occurrence of one or more uncertain future events which is not wholly within the control of the Company.

h) Going concern assumption

In view of the losses incurred by the Company coupled with negative working capital position, the management is required to make assessment of the appropriateness of the going concern assumption while preparing the financial statements. In making those assumptions, the management considers future projections of the business and its ability to borrow funds from outside / parent company, which may be necessary to honor its short term and long term commitments. Such assessment is sensitive to the achievement of the business plan of the Company as well as the Company's ability to obtain desired funds from external sources in the form of borrowings etc.

Notes to the financial statements as at and for the year ended December 31, 2012

5. Property, plant and equipment

(BDT In '000)

Particulars	Cost					Less: Depreciation					Net carrying amount as at December 31, 2012
	Balance as at January 1, 2012	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2012	Balance as at January 1, 2012	Depreciation during the year	Disposals during the year	Impairment during the year**	As at December 31, 2012	
Land	30,142.63	28,012.71	-	-	58,155.34	-	-	-	-	-	58,155.34
Plant & equipments	94,125,698.11	10,978,125.25	(1,488,318.50)	-	103,615,504.86	35,613,533.44	12,198,798.28	(924,762.93)	868,751.21	47,756,320.00	55,859,184.86
Office equipments	314,744.22	84,571.20	(300.99)	-	399,014.43	193,782.79	42,581.07	(300.99)	-	236,062.87	162,951.56
Furniture and fixtures	176,830.81	5,324.40	(226.81)	-	181,928.40	67,694.65	15,318.96	(170.79)	-	82,842.82	99,085.58
Leasehold improvements	255,035.95	44,849.99	-	-	299,885.94	124,383.37	27,336.91	-	-	151,720.28	148,165.66
Computers	1,786,876.70	464,520.28	(62,130.84)	-	2,189,266.14	1,147,833.06	365,331.20	(61,398.57)	21.91	1,451,787.60	737,478.54
Electricals	9,173.30	-	(2,861.13)	-	6,312.17	7,142.33	540.36	(2,055.59)	135.21	5,762.31	549.86
	96,698,501.72	11,605,403.83	(1,553,838.27)	-	106,750,067.28	37,154,369.64	12,649,906.78	(988,688.87)	868,908.33	49,684,495.88	57,065,571.40
Leased assets											
Motor vehicles	48,560.44	3,620.00	-	-	52,180.44	14,884.12	9,893.09	-	-	24,777.21	27,403.23
Project under construction (PUC)											
Capital assets in transit	446,201.77	3,830,410.82	-	(4,266,754.49)	9,858.10	-	-	-	-	-	9,858.10
Project in process -											
Plant & equipments	5,808,524.52	4,536,436.95	(45,628.16)	(5,770,244.28)	4,529,089.03	-	-	-	5,206.75	5,206.75	4,523,882.28
Others	14,442.55	427,166.06	-	(425,034.44)	16,574.17	-	-	-	-	-	16,574.17
	6,269,168.84	8,794,013.83	(45,628.16)	(10,462,033.21)	4,555,521.30	-	-	-	5,206.75	5,206.75	4,550,314.55
Total tangible assets	**103,016,231.00**	**20,403,037.66**	**(1,599,466.43)**	**(10,462,033.21)**	**111,357,769.02**	**37,169,253.76**	**12,659,799.87**	**(988,688.87)**	**874,115.08**	**49,714,479.84**	**61,643,289.18**

Notes -

Refer Note No.18 for the loan taken against security of the above assets.

* Includes BDT 10,462,033.21 thousands transferred from PUC and BDT 397,670.46 transferred from Advances

** Pertains to items impaired by the Company on account of technological obsolescence

Notes to the financial statements as at and for the year ended December 31, 2012

(BDT In '000)

Particulars	Cost					Less: Depreciation					Net carrying amount as at December 31, 2011
	Balance as at January 1, 2011	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2011	Balance as at January 1, 2011	Depreciation during the year	Disposals during the year	Impairment during the year**	As at December 31, 2011	
Land	22,821.25	7,321.38	-		30,142.63	-	-	-	-	-	30,142.63
Plant & equipments	81,321,766.55	13,151,720.62	(347,789.06)		94,125,698.11	25,524,321.87	9,662,000.53	(186,877.73)	614,088.77	35,613,533.44	58,512,164.67
Office equipments	252,916.88	62,142.14	(314.80)		314,744.22	150,443.58	43,654.01	(314.80)	-	193,782.79	120,961.43
Furniture and fixtures	147,615.14	29,595.62	(379.95)		176,830.81	53,040.85	14,830.32	(379.00)	202.48	67,694.65	109,136.16
Leasehold improvements	230,674.11	24,564.84	(203.00)		255,035.95	106,706.01	17,879.36	(202.00)	-	124,383.37	130,652.58
Computers	1,360,304.83	443,560.55	(16,988.68)		1,786,876.70	952,127.39	212,228.21	(16,537.11)	14.57	1,147,833.06	639,043.64
Electricals	10,573.15	-	(1,399.85)		9,173.30	7,854.18	688.00	(1,399.85)	-	7,142.33	2,030.97
	83,346,671.91	13,718,905.15	(367,075.34)	-	96,698,501.72	26,794,493.88	9,951,280.43	(205,710.49)	614,305.82	37,154,369.64	59,544,132.08
Leased assets											
Motor vehicles	31,092.44	17,468.00	-		48,560.44	6,301.30	8,582.82	-	-	14,884.12	33,676.32
Project under construction (PUC)											
Capital assets in transit	1,669,494.35	5,522,718.33	-	(6,746,010.91)	446,201.77	-			-	-	446,201.77
Project in process -											
Plant & equipments	7,583,205.84	3,981,401.94	-	(5,756,083.26)	5,808,524.52	-			-	-	5,808,524.52
Others	88,879.14	429,473.04	-	(503,909.63)	14,442.55	-			-	-	14,442.55
	9,341,579.33	9,933,593.31	-	(13,006,003.80)	6,269,168.84	-	-	-	-	-	6,269,168.84
Total tangible assets	**92,719,343.68**	**23,669,966.46**	**(367,075.34)**	**(13,006,003.80)**	**103,016,231.00**	**26,800,795.18**	**9,959,863.25**	**(205,710.49)**	**614,305.82**	**37,169,253.76**	**65,846,977.24**

Notes -

Refer Note No.18 for the loan taken against security of the above assets.

* Includes BDT 13,006,003.80 thousands transferred from PUC

** Pertains to items impaired by the Company on account of technological obsolescence

5.1 Other capitalised costs

Plant & equipments includes BDT 402,115.16 thousands (2011: BDT 370,319.24 thousands) being technical knowhow fees, staff salaries and other costs incurred directly in connection with installation and commissioning thereof.

Notes to the financial statements as at and for the year ended December 31, 2012

6. Intangible assets

(BDT In '000)

Particulars	Cost					Less : Amortisation				Net carrying amount as at December 31, 2012
	Balance as at January 1, 2012	Add: Additions during the year*	Less : Disposals during the year	Less : Capitalised during the year	As at December 31, 2012	Balance as at January 1, 2012	Amortisation during the year	Disposals during the year	As at December 31, 2012	
GSM license	21,896,150.00	-	-		21,896,150.00	576,585.83	1,437,292.76	-	2,013,878.59	19,882,271.41
Computer software	1,534,005.24	419,316.94	(70,291.44)		1,883,030.74	740,586.77	258,442.64	(70,291.44)	928,737.97	954,292.77
	23,430,155.24	419,316.94	(70,291.44)		23,779,180.74	1,317,172.60	1,695,735.40	(70,291.44)	2,942,616.56	20,836,564.18
Project under construction (PUC)										
Project in process -										
Computer software	77,178.58	310,870.53	-	(376,567.41)	11,481.70	-	-	-	-	11,481.70
Total	**23,507,333.82**	**730,187.47**	**(70,291.44)**	**(376,567.41)**	**23,790,662.44**	**1,317,172.60**	**1,695,735.40**	**(70,291.44)**	**2,942,616.56**	**20,848,045.88**

* Includes BDT 376,567.41 thousands transferred from Project under constructions during the year

The Written Down Value (WDV) and the remaining amortization period of the GSM license is as under -

Particulars	WDV as at December 31, 2012	Remaining amortisation period as at December 31, 2012
2.6 MHZ	1,608,148.15	10 Years
12.4 MHZ	18,274,123.26	14 Years
Total	**19,882,271.41**	

Notes to the financial statements as at and for the year ended December 31, 2012

(BDT In '000)

Particulars	Cost				Less : Amortisation			Net carrying amount as at December 31, 2011
	Balance as at January 1, 2011	Add: Additions during the year*	Less : Capitalised during the year	As at December 31, 2011	Balance as at January 1, 2011	Amortisation during the year	As at December 31, 2011	
GSM license	2,080,000.00	19,816,150.00	-	21,896,150.00	240,740.74	335,845.09	576,585.83	21,319,564.17
Computer software	1,002,149.52	531,855.72	-	1,534,005.24	549,361.95	191,224.82	740,586.77	793,418.47
	3,082,149.52	20,348,005.72	-	23,430,155.24	790,102.69	527,069.91	1,317,172.60	22,112,982.64
Project under construction (PUC)								
Project in process -								
Computer software	276,452.63	217,284.09	(416,558.14)	77,178.58	-	-	-	77,178.58
Total	**3,358,602.15**	**20,565,289.81**	**(416,558.14)**	**23,507,333.82**	**790,102.69**	**527,069.91**	**1,317,172.60**	**22,190,161.22**

* Includes BDT 416,558.14 thousands transferred from Project under constructions during the year

The Written Down Value (WDV) and the remaining amortization period of the GSM license is as under -

Particulars	WDV as at December 31, 2011	Remaining amortisation period as at December 31, 2011
2.6 MHZ	1,723,703.70	11 Years
12.4 MHZ	19,595,860.47	15 Years
Total	**21,319,564.17**	

Notes to the financial statements as at and for the year ended December 31, 2012

7 Additional notes pertaining to Property plant and equipments

a. During the year, the Company has decided to replace its old technology IN Equipments with the IN Equipments of new technology. As a result of this, the remaining useful life of the old technology IN Equipments has been revised. As a result of this, the depreciation charged for the year is higher by BDT 945,912.71 thousands.

b. Based on an analysis carried out by the Company and considering the recent experience, the Company has revised the estimated useful life of the batteries from 8 years to 5 years. As a result of this change in estimate, the depreciation charge for the year is higher by BDT 369,079.38 thousands.

8. Other financial assets (non current)

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Security deposits (Note No. 8.1)	101,897.30	93,266.72
Fixed Deposit & accrued interest thereon (Note No. 8.2)	5,185.00	4,402.17
Total	107,082.30	97,668.89

8.1 Security deposit consists of the following:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Rental (office)	73,475.00	72,696.60
Deposits with municipal authorities and others	22,264.00	14,704.91
Utilities (telephone, electricity, etc)	6,158.30	5,865.21
Total	101,897.30	93,266.72

The above security deposits are refundable at the end of the lease / surrender of the utility connection

8.2 Fixed deposit receipt (FDR) of BDT 1,500 thousands (BDT 1,500 thousands) has been deposited with the Commercial Bank of Ceylon PLC against issue of bank guarantee on behalf of the Company, in favor of Ministry of Post & Telecommunications against the GSM license issued in the year 2008. Interest of BDT 3,685 thousands (BDT 2902.17 thousands) has been accumulated thereon up to 31 December 2012.

Notes to the financial statements as at and for the year ended December 31, 2012

9. Other non-financial asset (non current)

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Advance income tax	807,588.25	648,889.53
Total	807,588.25	648,889.53

10. Inventories

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Scratch cards	69,945.02	20,924.62
SIM cards (Note No. 10.2 and 10.3)	39,775.00	43,223.00
Cellular handsets and single line telephones	4.94	12.59
Data Card & Qubee products	48.00	7,444.60
Total	109,772.96	71,604.81

10.1 Refer Note No.18 for the loan taken against security of the above inventories.

10.2 On the issue of a SIM card, the net realization after paying the SIM tax is negative and hence it has been valued at Nil except for SIM Cards to be issued as replacement SIM on which the Company is not required to pay SIM tax which are measured at cost.

10.3 SIM Cards include Stock in transit of BDT 15,318.00 thousands (BDT 13.52 thousands)

Notes to the financial statements as at and for the year ended December 31, 2012

11. Prepayments and advances

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Prepayments:		
Rent (offices, warehouses, etc)	449,699.25	505,655.66
Insurance (equipments, vehicles and staff)	57,854.99	42,768.20
BTRC (annual license fees)	50,000.00	66.67
BTS rent	283,903.65	271,953.22
BTCL (leased lines, microwave, license fee, etc.)	1,300.00	370.91
Marketing expense	12,273.84	7,376.30
Dealer commission	50,695.63	41,927.95
Scratch cards commission	54,588.98	41,358.42
Utility (telephone, electricity, etc.)	163,203.44	110,344.34
Other prepayments	49,117.68	30,640.92
	1,172,637.46	1,052,462.59
Advances:		
Advances to employees	19,931.73	18,070.98
Advances to suppliers (Note No. 11.1)	133,299.24	236,762.41
Advance VAT	273,592.29	157,330.16
Advance against litigations	50,352.02	49,044.24
	477,175.28	461,207.79
Total	1,649,812.74	1,513,670.38

11.1 Advances to suppliers include:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
CAPEX suppliers	52,365.21	147,551.14
OPEX suppliers	80,934.03	89,211.27
Total	133,299.24	236,762.41

Notes to the financial statements as at and for the year ended December 31, 2012

12. Accounts receivable

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Post paid receivables	106,114.01	86,723.83
Less: Provision for doubtful receivables	22,043.27	18,115.58
Net receivables	84,070.74	68,608.25
Interconnection Receivables	1,768,464.95	1,281,150.16
Less: Provision for doubtful receivables	58,262.59	68,408.00
Net receivables	1,710,202.36	1,212,742.16
Roaming Receivables		
International roaming - subscribers	6,875.83	13,243.55
International roaming - operators	55,117.20	52,647.26
	61,993.03	65,890.81
Receivable from Dealers	58,194.06	62.56
Infrastructure sharing revenue receivables	190,730.93	148,189.44
Receivable from prepaid customers	68,044.54	48,788.59
Others	35,567.45	27,187.05
Total	2,208,803.11	1,571,468.86

12.1 Refer Note No.18.6 for the loans taken against security of the above receivables.

13. Other receivables

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Insurance receivables	553.18	21,361.14
Others	4,019.07	31,899.83
Total	4,572.25	53,260.97

Notes to the financial statements as at and for the year ended December 31, 2012

14. Accrued revenue

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Post Paid (Note No. 14.1)	9,336.62	5,278.21
Interconnect (Note No. 14.2)	309,038.00	263,918.11
Roaming	46,088.56	42,206.02
Others	39,936.16	5,587.92
Total	404,399.34	316,990.26

14.1 Represents revenue accrued for subscriber calls and other mobile services, which have not been billed. Due to volume of subscribers, there are two different billing cycles; accordingly an accrual is made at each year end to accrue revenue for services rendered, between the balance sheet date and last billing date, but not yet billed.

14.2 Represents interconnection charges accrued for calls made and SMSs sent by subscribers of other operators to the subscribers of the Company, for which other operators have not yet been billed.

15. Cash and bank balances

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Cash on hand	500.00	500.00
Cash in transit	1,354.59	714.76
Cash at bank (Note No. 15.1)		
Current accounts	1,537,278.64	1,384,384.15
Fixed and short term deposits (Note No. 15.2)	2,329,204.12	455,062.44
Cash and cash equivalent	3,868,337.35	1,840,661.35
Accrued interest on fixed and short term deposits	21,957.53	7,903.74
Total	3,890,294.88	1,848,565.09

15.1 Includes money collected on behalf of bill pay service BDT 47,227.83 thousands (2011:BDT 21,718.27 thousands) and for ticketing service BDT 687.66 thousands (2011:BDT 613.48 thousands).

15.2 Fixed deposits with a carrying amount of BDT 568,124.25 thousands (2011: BDT 171,783.65 thousands) are pledged as security against Bank Guarantees issued by the banks on behalf of the Company.

15.3 Refer Note No.18.6 for the loans taken against security of the above cash and bank balances.

Notes to the financial statements as at and for the year ended December 31, 2012

16. Share Capital

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Authorised shares:		
7,000,000,000 (7,000,000,000) Ordinary equity shares of BDT 10 each	70,000,000.00	70,000,000.00
Issued, subscribed and fully paid up shares:		
4,760,377,996 (4,295,123,200) ordinary equity shares of BDT 10 each, fully paid up	47,603,779.96	42,951,232.00

16.1 The authorized share capital of the Company was increased to BDT 70,000,000 thousands from BDT 47,000,000 thousands as well as the denomination of face value of shares was also changed to BDT10 each from BDT1,000 each through a 100:1 split at the EGM held on January 10, 2011. This was approved by Registrar of Joint Stock Companies on January19, 2011.

16.2 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	December 31, 2012		December 31, 2011	
	Number of shares	Value of shares (BDT In '000)	Number of shares	Value of shares (BDT In '000)
At the beginning of the year	4,295,123,200	42,951,232.00	42,951,232	42,951,232.00
Add: Shares added on split	-	-	4,252,171,968	-
Add: Issued during the year	465,254,796	4,652,547.96	-	-
Outstanding as at the end of the year	4,760,377,996	47,603,779.96	4,295,123,200	42,951,232.00

Notes to the financial statements as at and for the year ended December 31, 2012

16.3 Shareholding Pattern

Name of shareholders	Value of shares (BDT In '000) 31 December 2012	Value of shares (BDT In '000) 31 December 2011
Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd)	47,603,773.96	42,951,226.00
Mr. Philip Tohme	1.00	-
Mr. Ahmed Abou Doma	1.00	-
Mr. Khalid Ellaicy	1.00	-
Mr. Mohamed Osman	1.00	-
Mr. Rashid Naseer Khan	1.00	1.00
Mr. Afzal Hussain Choudhury	1.00	1.00
Mr. Naguib Onsi Naguib Sawiris	-	1.00
Mr. Ragy Gamal El Din Mahmoud Soliman	-	1.00
Mr. Ezzelding Mohamed Mohamed Elsyed Heikal	-	1.00
Mr. Khaled Galal Bishara	-	1.00
Total	47,603,779.96	42,951,232.00

16.4 Terms/rights attached to equity shares

The Company has only one class of ordinary shares having a nominal value of BDT 10 per share. Each holder of ordinary shares is entitled to one vote per share. The Company declares and pays dividends in BDT. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of ordinary shares held by the shareholders.

17. Share money deposits

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Balance at the beginning of the year	4,652,548.95	4,652,548.95 *
Less: applied towards ordinary shares issued	(4,652,547.96)	-
Balance at the end of the year	0.99	4,652,548.95

* Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd) had given loan to the Company amounting to BDT 4,652,548.95 in earlier years, which, TVL decided to convert into ordinary shares of the Company. Share money deposit represents the aforesaid loan pending to be converted into fixed number of ordinary shares. There is no obligation on the Company to refund this money to TVL. During the year, the share money deposit has been converted into 465,254,796 number of ordinary shares of the Company.

18. Loans and borrowings

This note provides information regarding the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost after considering arrangement and other ancillary costs in Statement of Comprehensive Income as part of finance cost using effective interest method. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks and payment schedule of such loans, see Note No. 30.

Notes to the financial statements as at and for the year ended December 31, 2012

18.1 Non-current borrowings

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Secured :		
Hermes facility	986,281.12	2,344,334.73
USD commercial facility	-	1,992,693.29
DFI facilities	298,897.93	913,550.50
BDT B facility	104,797.27	301,660.14
Standard Chartered Bank, London	1,612,029.82	2,179,578.85
Finance lease liabilities	21,053.10	27,287.00
Bonds	2,794,771.04	4,123,516.24
	5,817,830.28	11,882,620.75
Unsecured :		
Loan from Parent Company	22,065,399.78	12,403,038.95
Loan from Huawei Tech Investment Co. Ltd	1,184,972.93	1,526,889.12
	23,250,372.71	13,929,928.07
Total	29,068,202.99	25,812,548.82

18.2 Current borrowings

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
A) Current portion of long term debt :		
Secured :		
Hermes facility	1,312,554.92	1,332,868.18
USD commercial facility	1,978,178.16	2,679,828.17
DFI facilities	589,140.94	600,686.13
BDT A facility	-	312,699.90
BDT B facility	212,754.43	197,584.87
Standard Chartered Bank, London	513,094.21	514,983.91
Finance lease liabilities	9,770.60	8,945.40
Bonds	1,622,690.10	1,308,237.58
Unsecured :		
Loan from Parent Company	747.23	-
Loan from Huawei Tech Investment Co. Ltd	1,612,532.88	989,473.35
	7,851,463.47	7,945,307.49
B) Short term loans from banks (Unsecured)	14,031,803.44	11,869,872.72
Total	21,883,266.91	19,815,180.21

Notes to the financial statements as at and for the year ended December 31, 2012

18.3 Finance lease liabilities

The Company has taken certain vehicles on lease which are in the nature of finance leases. No contingent rent is payable by the Company in respect of such leases. The total of minimum lease payments at the end of the year and their present value, for each of the following years is as follows:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
	Minimum lease payments	Minimum lease payments
Less than one year	13,269.43	13,252.75
Between one and five years	24,719.58	32,994.10
Total	37,989.01	46,246.85

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
	Present value of minimum lease payments	Present value of minimum lease payments
Less than one year	9,770.60	8,945.40
Between one and five years	21,053.10	27,287.00
Total	30,823.70	36,232.40

Notes to the financial statements as at and for the year ended December 31, 2012

18.4 Terms and conditions of outstanding loans – Interest Rate, currency and maturity of borrowings

18.4.1 Long term debts (including current maturities)

Facilities/ banks/ institutions	Currency	Date of maturity	Interest rate	Carrying value as at December 31, 2012 (BDT In '000)
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+1.8%	2,298,836.04
USD Commercial Facility	USD	1-Aug-13	3 months USD LIBOR+4.7%	1,978,178.16
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	888,038.87
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+8.7%	317,551.70
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	2,125,124.03
Loan from Parent Company	USD	24-Nov-18 28-May-19 10-Jan-20	3 months USD LIBOR+2.50%	22,066,147.01
Finance lease liabilities	BDT	04-Apr-16 23-Aug-15 28-Sep-15 03-Aug-16 05-Aug-13 16-Oct-17	12.46% to 16.21%	30,823.70
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	4,417,461.14
Loan from Huawei Tech Investment Co. Ltd	USD	various dates	6 months USD LIBOR+2.9%	2,797,505.81
				36,919,666.46

Notes to the financial statements as at and for the year ended December 31, 2012

Facilities/ banks/ institutions	Currency	Date of maturity	Interest rate	Carrying value as at December 31, 2011 (BDT In '000)
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+1.8%	3,677,202.91
USD Commercial Facility	USD	1-Aug-13	3 months USD LIBOR+4.7%	4,672,521.46
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	1,514,236.63
BDT A Facility	BDT	30-Jun-12	Money Market rate (14.25%)	312,699.90
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+8.7%	499,245.01
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	2,694,562.76
Loan from Parent Company	USD	24-Nov-18 28-May-19	3 months USD LIBOR+2.50%	12,403,038.95
Finance lease liabilities	BDT	05-Aug-13 23-Aug-15 28-Sep-15 04-Apr-16 03-Aug-16	12.46% to 16.21%	36,232.40
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	5,431,753.82
Loan from Huawei Tech Investment Co. Ltd	USD	various dates	6 months USD LIBOR+2.9%	2,516,362.47
				33,757,856.31

Notes to the financial statements as at and for the year ended December 31, 2012

18.4.2 Short term loans from banks (Unsecured)

Facilities/ banks/ institutions	Currency	Interest Rate	Maturity date	Carrying value (BDT In '000)
As at December 31, 2012 -				
Commercial Bank of Ceylon	BDT	14.50%	31-May-13	100,000.00
Citibank, N.A.	BDT	14.50%	24-Apr-13	1,159,586.12
Standard Chartered Bank	BDT	15.50%	12-Oct-13; 2-Nov-13; 13-Dec-13	5,895,400.00
BRAC Bank Ltd.	BDT	16.00%	29-Oct-13	840,000.00
Eastern Bank Ltd.	BDT	16.00%	31-May-13	1,150,000.00
The City Bank	BDT	16.00%	14-Aug-13	881,606.25
The Trust Bank Limited	BDT	15.50%	31-May-13	400,000.00
Mutual Trust Bank Limited	BDT	16.00%	30-Nov-13	796,008.29
Premier Bank Limited	BDT	16.50%	30-Oct-13	500,000.00
Dutch Bangla Bank Limited	BDT	15.00%	31-Oct-13	700,583.33
Dhaka Bank Limited	BDT	16.00%	28-Feb-13	258,619.45
Pubali Bank Limited	BDT	16.50%	31-Jan-13	1,000,000.00
One Bank Limited	BDT	15.50%	30-Apr-13	350,000.00
				14,031,803.44
As at December 31, 2011 -				
Commercial Bank of Ceylon	BDT	14.00%	9-Apr-12	100,000.00
Citibank, N.A.	BDT	14.00%	19-Sep-12	800,622.22
Standard Chartered Bank	BDT	14.50%; 15.00%	18-Nov-12; 21-Oct-12	4,985,400.00
BRAC Bank Ltd	BDT	15.00%	28-Jan-12	600,000.00
Eastern Bank Ltd	BDT	15.00%	31-May-12	1,300,000.00
The City Bank	BDT	15.00%	14-Aug-12	1,087,249.57
Mutual Trust Bank Ltd	BDT	15.00%	30-Nov-12	746,600.93
The Premier Bank Ltd	BDT	14.50%	17-Mar-12	250,000.00
Dutch Bangla Bank Ltd	BDT	14.50%	31-Oct-12	900,000.00
Pubali Bank Limited	BDT	15.00%	18-Jan-12	750,000.00
One Bank Limited	BDT	15.50%	28-Feb-12	350,000.00
				11,869,872.72

18.5 Credit facilities available as at December 31, 2012

The Company has fund based and non-fund based short term working capital facilities with 13 banks. The non-fund based facilities include Letters of Credit (LC) and Letters of Guarantee. The fund based facilities include overdraft facility, short term loan and Loan Against Trust Receipt (LATR). The aggregate amount of available and unused short term working capital facilities is BDT 5,370,486.60 thousands (2011 :BDT 6,043,544.67 thousands) of which non fund based position is BDT.3,714,985.83 thousands (2011 : BDT 4,194,144.67 thousands) and fund based limit is BDT 1,655,500.77 thousands (2011 : BDT 1,849,400.00 thousands).

Notes to the financial statements as at and for the year ended December 31, 2012

18.6 Security details

Securities provided by the Company in respect of loans taken are as under:

A. Foreign syndication loans
(Including Hermes Facility, USD Commercial Facility, DFI Facility, BDT A Facility, BDT B Facility, Standard Chartered Bank, London)

1. A pledge by OTH of 100% of the issued share capital of OTV.
2. A pledge by OTV of 100% of the issued share capital it holds in the Company.
3. A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4. A lien by the Company over its bank accounts.
5. Guarantee given by OTH.

B. Bonds

1. A pledge by OTH of 100% of the issued share capital of OTV.
2. A pledge by OTV of 100% of the issued share capital it holds in the Company.
3. A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4. A lien by the Company over its bank accounts.
5. Guarantee given by OTH.

C. Short Term Loans from Banks

1. Demand Promissory Note
2. Letter of Continuation
3. Letter of Comfort from OTH

D. Finance Lease

Finance lease obligations are secured by hypothecation of underlying leased vehicles.

18.7 Financial Covenants

A. Foreign syndication loans, Loan from Parent Company and Bonds –

Under Common Terms Agreement (CTA) signed between the Company, Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd), Standard Chartered Bank, USD facility agent (KfW), HSBC France and DFI facility agent (DEG), the Company must ensure:

a. **Net Borrowings to Adjusted EBITDA**: Net Borrowings as at the end of a Measurement Period ending on an Accounting date falling on or after 30 June 2009 shall not be more than **'X'** times Adjusted EBITDA of the Company for that Measurement Period, where 'X' has the value indicated in the table below opposite the Accounting Date on which that Measurement Period ends;

b. **Debt Service Cover Ratio (Cashflow to Debt Service)**: Cashflow for the Company for any Measurement Period ending on an Accounting Date falling on or after 30 June 2009, shall not be less than **'Y'** times Debt Service for the Company for such Measurement Period, where 'Y' has the value indicated in the table below opposite the Accounting Date on which such Measurement Period ends; and

Notes to the financial statements as at and for the year ended December 31, 2012

c. Net Borrowings to Contributed Equity: The ratio of Contributed Equity at any Accounting Date as a percentage of the aggregate of Net Borrowings of the Company as at such Accounting Date and Contributed Equity as at such Accounting Date, shall not be less than 40 per cent.

For the purpose of the ratios set out above, Adjusted EBITDA, Cashflow, Debt Service, Net Borrowings will each be calculated in USD on the basis set out below –

Accounting Date	X	Y
31 March 2011	5.0	1.1
30 June 2011	4.0	1.2
30 September 2011	4.0	1.2
31 December 2011	3.5	1.2
31 March 2012	3.5	1.2
30 June 2012	2.5	1.2
30 September 2012	2.5	1.2
31 December 2012 and each Accounting Date thereafter	2.0	1.2

B. Short term working capital syndication loans

For short term syndication loans taken from Standard Chartered Bank, the Company must ensure that the Debt to Contributed Equity does not exceed 60:40.

Contributed Equity means at any time the aggregate of:

(a) the amount of share capital
(b) the amount of share money deposits
(c) Permitted Intercompany loans

expressed in USD, based on historical amounts and exchange rates.

In addition to above, as per the terms of short term loans, the Company has created a negative pledge not to create any further charge over its fixed and floating assets in favor of any working capital lenders.

Based on the specified formula prescribed in the CTA, the above ratios have been complied with by the Company as at December 31, 2012.

Notes to the financial statements as at and for the year ended December 31, 2012

19. Provisions

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Non-current provisions		
Provision for Asset Retirement Obligation		
Balance at the beginning of the year	553,961.68	443,530.48
Arisen during the year	17,444.50	50,348.45
Interest unwinding for the year	73,438.16	60,082.75
Balance at the end of the year	644,844.34	553,961.68
Current provisions		
Provision for litigations		
Balance at the beginning of the year	2,296,939.08	1,864,150.99
Arisen during the year	316,899.98	432,788.09
Liabilities crystallised during the year	(1,646,485.45)	-
Unused amounts reversed during the year	(8,038.96)	-
Balance at the end of the year	959,314.65	2,296,939.08

The details of above provision for litigations are as under:-

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
SIM tax payable for 2006-07	-	1,646,485.45
Minimum tax @ 0.5% on turnover	577,056.55	349,420.59
Custom cases (HS code classification)	193,138.80	201,177.77
VAT on rent	189,119.30	99,855.27
Total	959,314.65	2,296,939.08

The management is presently uncertain about the timings of the outflow in respect of the provisions for litigations

Notes to the financial statements as at and for the year ended December 31, 2012

20. Accounts payable

20.1 Non-current

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
CAPEX Payable	-	4,337,520.00
Total	-	4,337,520.00

20.2 Current

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Payable to Suppliers (Note No. 20.2.1)	8,642,930.58	10,699,232.88
Other creditors (Note No. 20.2.2)	9,655,282.76	8,203,058.40
VAT on license fee	999,271.67	1,449,126.00
SIM tax payable for 2006-07	823,285.78	-
Total	20,120,770.79	20,351,417.28

20.2.1 Payable to suppliers

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
CAPEX Suppliers	8,170,528.67	10,282,287.97
OPEX Suppliers	472,401.91	416,944.91
Total	8,642,930.58	10,699,232.88

Notes to the financial statements as at and for the year ended December 31, 2012

20.2.2 Other creditors

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Payable to Holding Company towards technical knowhow fees, management fees, etc.	6,789,830.92	6,649,075.20
BTRC - (Revenue sharing, Royalty and Annual License Fees)	1,630,995.48	815,473.21
Interconnect charges	1,125,212.46	665,656.66
Roaming payables - international operators	108,684.81	72,294.24
Dealers' deposits	559.09	559.09
Total	9,655,282.76	8,203,058.40

The amounts as covered in Note No. 20.1 and 20.2 are payable in the normal course.

21. Accrued and other liabilities

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Staff cost	290,157.28	252,114.85
Utilities and postage	358,848.81	314,202.56
VAT, supplementary duty and withholding tax	1,073,761.57	905,694.81
Technical and professional fees	1,425,126.20	1,217,002.65
Interconnect charges	336,316.03	336,983.16
Roaming charges	6,918.60	21,028.45
Dealers commissions	213,449.83	204,489.33
Advertising, marketing and promotional expenses	497,180.86	474,792.45
Accrued fixed assets (Tangible)	3,346,528.89	3,553,586.90
Accrued fixed assets (Intangible)	174,372.07	195,063.01
General and administrative expenses	81,396.01	101,914.73
Lease equalisation reserve	621,018.01	370,000.56
Subscribers' deposits and advances	110,039.11	84,610.30
M Commerce advance (Refer Note 21.1)	70,114.93	41,520.53
Other expenses	132,611.77	135,926.05
Total	8,737,839.97	8,208,930.34

21.1 Payable to Bangladesh Power Development Board (PDB) for bill pay service, Bangladesh Post Office (BPO), Dhaka Bank Limited and Eastern Bank Limited for remittance service and Bangladesh Railway (BR) for ticketing services carried thorough Company's portal.

Notes to the financial statements as at and for the year ended December 31, 2012

22. Deferred revenue

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Pre paid	1,314,817.09	957,295.70
Advance received from post paid customers	43,037.24	35,644.76
Others	18.91	18.91
Total	1,357,873.24	992,959.37

23. Revenue

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Pre paid:		
Air time voice charges	33,789,700.54	28,193,987.71
Mobile terminated calls (Interconnect)	2,901,314.59	2,877,003.19
Other service fees	1,691,544.80	1,798,218.38
SMS	531,365.51	499,180.17
Call center revenue	61,028.59	51,524.05
	38,974,954.03	33,419,913.50
Post paid:		
Air time voice charges	5,307,974.49	3,743,882.98
Other service fees	283,057.54	100,761.16
Roaming	270,442.14	237,085.14
Mobile terminated calls (Interconnect)	250,312.65	244,272.59
SMS	111,117.17	85,671.36
Monthly access fees	31,034.92	25,367.13
	6,253,938.91	4,437,040.36
Total	45,228,892.94	37,856,953.86

24. Other operating income

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Infrastructure sharing revenue	487,297.94	293,169.66
M Commerce revenue	64,343.70	32,734.85
Mobile Devices (Hand Set, Data Card etc.) sales revenue	8,231.83	13,408.90
Miscellaneous Revenue	1,707.74	62.00
Total	561,581.21	339,375.41

Notes to the financial statements as at and for the year ended December 31, 2012

25.1 Network operation cost

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Mobile originated calls (Interconnect)	4,534,288.13	3,109,779.35
Network maintenance	2,550,251.42	2,143,061.50
Utilities (electricity, telephone, etc)	2,450,777.10	2,168,730.31
Rent (BTS, BSC and MSC)	1,475,249.21	1,166,172.73
Cost of SIM cards	640,303.11	728,811.35
Value added services and SMS	424,767.10	317,397.31
Security expenses	197,631.59	195,776.61
Vehicle running expenses (Technical)	167,306.21	143,177.14
Lease line charges	103,733.47	52,691.30
Cost of Scratch cards	81,677.35	54,915.14
Roaming interconnect charge	38,999.02	45,320.99
Logistics charges	76,676.43	77,819.97
Total	12,741,660.14	10,203,653.70

25.2 Revenue sharing, spectrum charges and license fee

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Revenue sharing	2,976,380.82	2,040,385.58
Frequency, royalty and bandwidth fees	660,457.62	486,708.19
Annual license fees	49,986.67	50,171.67
Total	3,686,825.11	2,577,265.44

25.3. Employee costs

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Salary and wages (Note No. 25.3.1)	2,052,827.56	1,640,813.97
Total	2,052,827.56	1,640,813.97
25.3.1 Contribution to provident fund	35,032.56	25,707.75

Notes to the financial statements as at and for the year ended December 31, 2012

25.4 Other expenses

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
SIM Tax charge	4,755,479.93	5,074,403.23
Dealers' commissions	3,515,505.77	2,954,897.38
Advertising expenses	1,226,010.42	1,079,304.80
Office rent	374,337.16	247,471.65
IT development, recruitment and training	373,420.51	319,633.57
Minimum tax - 0.5% tax on turnover*	227,635.96	303,852.24
Technical know how fees	202,888.07	266,800.89
Office expenses	160,191.03	121,563.26
Vehicle running expenses	130,910.94	92,797.04
Marketing research and operations	104,698.00	49,341.94
Provision for litigations	89,264.01	83,367.50
Credit management fees	88,587.84	72,937.59
Postage, telephone and stationeries	58,746.41	51,475.27
Legal and professional fees	54,377.76	39,772.85
Other marketing expenses	44,420.39	26,068.91
Travelling expenses	36,112.48	30,345.05
Other general expenses	54,634.79	75,179.76
Foreign exchange (gain)/loss	(1,209,780.27)	4,071,082.29
Total	10,287,441.20	14,960,295.22

* net of reversal of BDT Nil (BDT 45,568.35 thousands) for earlier years

26. Depreciation, amortisation & impairment

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Depreciation on tangible property, plant and equipment (Note No. 5)	12,659,799.87	9,959,863.25
Amortisation of license fees and softwares (Note No. 6)	1,695,735.40	527,069.91
Loss on assets discarded / technological impairment (Note No. 5)	1,367,498.41	648,374.56
Total	15,723,033.68	11,135,307.72

27. Finance income

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Interest on fixed and short term deposits	161,485.49	122,015.09
Total	161,485.49	122,015.09

Notes to the financial statements as at and for the year ended December 31, 2012

28. Finance cost

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Interest and other financial charges	4,332,458.88	3,705,142.20
Total	4,332,458.88	3,705,142.20

29. Current tax expense

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Capital Gain tax	15,965.54	-
Total	15,965.54	-

30.1 Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade & other receivables and cash and short-term deposits that originate in the normal course of its operations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and management of capital. The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from subscribers, other telecom operators, roaming partners and dealers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, accounts receivable are grouped according to aging profile, maturity and existence of history of financial difficulties. The Company's exposure to credit risk on accounts receivables from post paid customers is mainly influenced by the individual payment characteristics of the subscribers. Interconnection receivables are normally received within 3 months from the date of invoice and credit risk from these receivables is

Notes to the financial statements as at and for the year ended December 31, 2012

very minimal. The Company employs financial clearing house to minimize credit risk involving collection of roaming receivables.

At the reporting date, there were no significant concentrations of credit risk except that the Company has a net receivables of BDT 1,032,467.95 thousands (BDT 697,507.74 thousands) from BTCL where the management does not expect any credit risk as it is a Government enterprise.

Refer Note No. 30.2 below for quantitative analysis.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring substantial losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses and other financial obligations through Cash Flow forecast and accordingly arranges for sufficient liquidity/funds to make the expected payment within due date through internal accruals and short term borrowings. Moreover, the Company receives support from Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd), the parent company, in the form of equity contribution and long term loans.

Refer Note No. 30.3 below for quantitative analysis

c) Market risk

Market risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates and interest rates and will in turn; affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. However, the company does not hold any financial instrument for which market risk arises due to market price movement and thus affect company's income or the value of its holdings of financial instruments.

d) Currency risk

The Company is exposed to currency risk on certain revenues and purchases such as roaming revenues, telecom equipment purchases, certain operating costs such as roaming expenses and network related costs, foreign currency borrowings, resulting receivables and payables, and interest expense and repayments relating to borrowings incurred in foreign currencies. Majority of the Company's cross border transactions are denominated in USD and a few in EUROS. The Company maintains a USD bank account where all receipts are denominated in USD and payment in USD is made through this account. The Company’s foreign exchange risks are un-hedged due to regulatory impositions.

Refer Note No. 30.4 below for quantitative analysis

e) Interest rate risk

Interest rate risk is the risk due to changes in interest rates on borrowings. The risk arises for fluctuation of floating interest rates. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk.

Refer Note No. 30.5 below for quantitative analysis

Notes to the financial statements as at and for the year ended December 31, 2012

30.2 Credit Risk

30.2.1 Exposure to credit risk

The carrying amount of financial assets excluding those classified as Inter-Company receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Accounts receivables (excluding receivables of BDT 17,760.08 thousands (BDT 18,087.02 thousands) from related parties)	2,191,043.03	1,553,381.84
Accrued revenue	404,399.34	316,990.26
Other receivables	4,572.25	53,260.97
Total	2,600,014.62	1,923,633.07

The maximum exposure to credit risk for accounts receivable arising from airtime charges, roaming services and interconnection revenue excluding those classified as intercompany receivables at the reporting date by type of receivable is:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Interconnection Receivables	1,710,202.36	1,212,742.16
Infrastructure sharing revenue receivables	190,730.93	148,189.44
Post paid receivables	84,070.74	68,608.25
Receivable from prepaid customers	68,044.54	48,788.59
Roaming Receivables	61,993.03	65,890.81
Receivable from Dealers	58,194.06	62.56
Others (excluding receivables of BDT 17,760.08 thousands (BDT 18,087.02 thousands) from related parties)	17,807.37	9,100.03
Total	**2,191,043.03**	**1,553,381.84**

Notes to the financial statements as at and for the year ended December 31, 2012

The maximum exposure to credit risk for accounts receivable at the end of the reporting period by geographic region is:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Domestic	2,135,925.83	1,500,734.58
Asia	25,549.40	29,279.94
Europe	15,437.43	11,684.08
Americas	2,257.80	1,574.73
Africa	11,741.40	10,059.81
Australia	131.17	48.70
Total	**2,191,043.03**	**1,553,381.84**

30.2.2 Provision for doubtful debts

1. The aging of interconnection receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
0-30 days	265,811.95	277,466.10
31-60 days	259,319.54	277,337.15
61-90 days	75,410.54	72,122.08
91-120 days	74,899.73	76,628.85
121-150 days	82,007.82	50,853.36
151-180 days	61,204.53	40,436.58
Over 180 days	949,810.84	486,306.04
Gross	1,768,464.95	1,281,150.16
Less : Provision for doubtful debts	(58,262.59)	(68,408.00)
Net	**1,710,202.36**	**1,212,742.16**

2. The aging of infrastructure sharing revenue receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
0-30 days	50,693.45	33,646.75
31-60 days	34,753.33	23,952.39
61-90 days	17,943.61	24,821.82
91-120 days	26,272.89	15,098.13
121-150 days	12,787.96	17,636.34
151-180 days	9,767.47	7,933.15
Over 180 days	38,512.22	25,100.86
Total	**190,730.93**	**148,189.44**

Notes to the financial statements as at and for the year ended December 31, 2012

3. The aging of post paid accounts receivables from the date of invoice at the end of the reporting year is:

(BDT In '000)

Particulars	As at December 31, 2012			As at December 31, 2011		
	Gross	Impairment	Net	Gross	Impairment	Net
0-30 days	50,598.89	2,023.96	48,574.93	43,467.95	1,738.72	41,729.23
31-60 days	9,391.66	1,408.75	7,982.91	6,345.32	951.80	5,393.52
61-90 days	6,150.21	1,845.06	4,305.15	3,300.12	990.04	2,310.08
91-120 days	4,516.72	3,161.70	1,355.02	1,307.36	915.14	392.22
121 days and above	13,603.80	13,603.80	-	13,519.88	13,519.88	-
Receivables covered by advances and deposits	21,852.73	-	21,852.73	18,783.20	-	18,783.20
Post paid receivables	**106,114.01**	**22,043.27**	**84,070.74**	**86,723.83**	**18,115.58**	**68,608.25**

4. The aging of roaming receivables (excluding receivable from related party) from the date of invoice at the end of the year was:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
0-30 days	9,315.78	4,138.61
31-60 days	5,391.70	13,197.70
61-90 days	3,091.88	6,448.05
91-120 days	10,182.77	4,229.35
121-150 days	2,668.59	4,354.28
151-180 days	2,417.20	3,604.84
Over 180 days	28,925.11	29,917.98
Total	**61,993.03**	**65,890.81**

Notes to the financial statements as at and for the year ended December 31, 2012

The movement in the allowance for impairment (provision for doubtful debts) in respect of accounts receivable and accrued revenue during the year was as follows:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Opening balance	86,523.58	85,365.04
Impairment loss recognized/(reversed)	(6,217.72)	1,158.54
Closing balance	**80,305.86**	**86,523.58**

Based on the past experience, the Company believes that no impairment allowance is necessary in respect of billed post paid receivables which is covered by security deposit, unbilled receivables against which advance is received, interconnection receivables and roaming receivables;

Impairment allowance for postpaid bills receivables are calculated as follows:

Invoice age	Percentage of allowance on balance due
Terminated customers	100%
Invoiced over 90 days	70%
Invoiced over 60 and less than 90 days	30%
Invoiced over 30 and less than 60 days	15%
Current - less than 30 days (accrued revenue less advance received)	4%

Notes to the financial statements as at and for the year ended December 31, 2012

30.3 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

(BDT In '000)

Particulars	As at 31 December 2012						
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	36,919,666.46	(41,054,652.25)	(5,766,866.20)	(3,589,179.87)	(6,609,310.65)	(17,893,480.35)	(7,195,815.18)
Short term loans from banks	14,031,803.44	(14,929,129.63)	(9,413,986.24)	(5,515,143.39)	-	-	-
Accounts payable	20,120,770.79	(20,120,770.79)	(15,783,250.79)	(4,337,520.00)	-	-	-
Accrued and other liabilities	8,737,839.97	(8,737,839.97)	(8,737,839.97)				
Total	**79,810,080.66**	**(84,842,392.64)**	**(39,701,943.20)**	**(13,441,843.26)**	**(6,609,310.65)**	**(17,893,480.35)**	**(7,195,815.18)**

(BDT In '000)

Particulars	As at 31 December 2011						
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	33,757,856.31	(39,247,046.54)	(5,674,840.70)	(4,083,101.81)	(8,337,015.38)	(13,994,909.82)	(7,157,178.83)
Short term loans from banks	11,869,872.72	(12,617,178.31)	(7,196,773.82)	(5,420,404.49)	-	-	-
Accounts payable	24,688,937.28	(24,688,937.28)	(14,633,777.28)	(5,717,640.00)	(4,337,520.00)	-	-
Accrued and other liabilities	8,208,930.34	(8,208,930.34)	(8,208,930.34)				
Total	**78,525,596.65**	**(84,762,092.47)**	**(35,714,322.14)**	**(15,221,146.30)**	**(12,674,535.38)**	**(13,994,909.82)**	**(7,157,178.83)**

Notes to the financial statements as at and for the year ended December 31, 2012

30.4 Currency risk

30.4.1 Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts of respective currencies:

Particulars	As at 31 December 2012 (In '000)			As at 31 December 2011 (In '000)		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	905.98	5.51	-	856.16	1.73	-
Cash and bank balances	11,973.02	-	-	11,030.19	-	-
	12,879.00	5.51	-	11,886.35	1.73	-
Foreign currency denominated liabilities						
Loans and borrowings	(401,882.52)	-	-	(332,041.05)	-	-
Accounts payables	(110,189.74)	(5,163.88)	(109.80)	(110,906.68)	(2,617.06)	(832.22)
Accrued and other liabilities	(9.37)	(100.13)		(108.17)	-	-
	(512,081.63)	(5,264.01)	(109.80)	(443,055.90)	(2,617.06)	(832.22)
Net exposure	(499,202.63)	(5,258.50)	(109.80)	(431,169.55)	(2,615.33)	(832.22)

BDT equivalent of exposure to foreign currency risk based on closing exchange rates of respective years are as follows -

Particulars	As at 31 December 2012 (In BDT '000)			As at 31 December 2011 (In BDT '000)		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	72,274.33	579.95	-	70,513.34	186.64	-
Cash and bank balances	955,147.68	-	-	908,446.82	-	-
	1,027,422.01	579.95	-	978,960.16	186.64	-
Foreign currency denominated liabilities						
Loans and borrowings	(32,060,177.72)	-	-	(27,346,900.67)	-	-
Accounts payables	(8,790,386.29)	(543,465.17)	(14,229.65)	(9,134,274.02)	(282,197.21)	(106,906.60)
Accrued and other liabilities	(747.23)	(10,538.04)	-	(8,908.83)	-	-
	(40,851,311.24)	(554,003.21)	(14,229.65)	(36,490,083.52)	(282,197.21)	(106,906.60)
Net exposure	(39,823,889.23)	(553,423.26)	(14,229.65)	(35,511,123.36)	(282,010.57)	(106,906.60)

Notes to the financial statements as at and for the year ended December 31, 2012

The following exchange rates are applied during the year:

Particulars	Closing rate at the end of the reporting period	
	31 December 2012	31 December 2011
BDT/USD	79.78	82.36
BDT/EUR	105.24	107.83
BDT/GBP	129.60	128.46

30.4.2 Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure comprises all assets and liabilities denominated in foreign currencies.

A 10 percent strengthening of BDT against the following currencies as at 31 December 2012 and 31 December 2011 would have increased comprehensive income and equity by the amounts (BDT) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Comprehensive Income		Equity	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
For USD nominated items	3,982,388.98	3,551,112.41	-	-
For EURO nominated items	55,342.35	28,201.10	-	-
For GBP nominated items	1,422.97	10,690.70	-	-

A 10 percent weakening of BDT against the following currencies as at 31December 2012 and 31 December 2011 would have decreased comprehensive income and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Comprehensive Income		Equity	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
For USD nominated items	(3,982,388.98)	(3,551,112.41)	-	-
For EURO nominated items	(55,342.35)	(28,201.10)	-	-
For GBP nominated items	(1,422.97)	(10,690.70)	-	-

Notes to the financial statements as at and for the year ended December 31, 2012

30.5 Interest rate risk

30.5.1 Profile

At the end of the year, the interest rate profile of the Company's interest-bearing financial instruments was:

Particulars	As at 31 December 2012		As at 31 December 2011	
	Interest profile (Effective Interest Rate)	Carrying amount (BDT In '000)	Interest profile (Effective Interest Rate)	Carrying amount (BDT In '000)
Fixed rate instruments				
Fixed and short term deposits	2.5% to 13.00%	2,330,704.12	3% to 12.00%	456,562.44
Finance lease liabilities	12.46% to 16.21%	30,823.70	12.46% to 16.21%	36,232.40
Short term loans from banks	14.00% to 17.00%	14,031,803.44	9.50% to 16.00%	11,869,872.72
Bonds	13.50% (Floor 12.75% - Cap 14.25%)	4,417,461.14	13.50% (Floor 12.75% -	5,431,753.82
Floating rate instruments				
Long term debt (including current maturities)	2.16% to 19.95%	32,471,381.62	2.09% to 17.75%	28,289,870.09

30.5.2 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for loans as at the end of the year would have increased/ (decreased) equity and comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates remain constant.

(BDT In '000)

Particulars	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 December 2012				
Foreign currency loans	(320,601.78)	320,601.78	-	-
Other Loans	(3,175.52)	3,175.52	-	-
Cash flow sensitivity (net)	(323,777.30)	323,777.30	-	-

(BDT In '000)

Particulars	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 December 2011				
Foreign loans	(273,469.01)	273,469.01	-	-
Loans	(8,119.45)	8,119.45	-	-
Cash flow sensitivity (net)	(281,588.46)	281,588.46	-	-

Notes to the financial statements as at and for the year ended December 31, 2012

30.5.3 Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the Statement of Financial Position are as follows:

(BDT In '000)

Particulars	As at 31 December 2012		As at 31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Accounts receivables	2,208,803.11	2,208,803.11	1,571,468.86	1,571,468.86
Other financial assets (non current)	107,082.30	107,082.30	97,668.89	97,668.89
Advances to employees	19,931.73	19,931.73	18,070.98	18,070.98
Other receivables	4,572.25	4,572.25	53,260.97	53,260.97
Accrued revenue	404,399.34	404,399.34	316,990.26	316,990.26
Cash and bank balances	3,890,294.88	3,890,294.88	1,848,565.09	1,848,565.09
Total	6,635,083.61	6,635,083.61	3,906,025.05	3,906,025.05
Financial liabilities				
Loans and borrowings	(50,951,469.90)	(50,951,469.90)	(45,627,729.03)	(45,627,729.03)
Accounts payables	(20,120,770.79)	(20,120,770.79)	(24,688,937.28)	(24,688,937.28)
Accrued and other liabilities	(8,737,839.97)	(8,737,839.97)	(8,208,930.34)	(8,208,930.34)
Total	(79,810,080.66)	(79,810,080.66)	(78,525,596.65)	(78,525,596.65)

The above fair values are determined under discounted cash flow method

30.6 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares to the parent company. No changes were made in the objectives, policies or processes during the years end December 31, 2012 and December 31, 2011.

The Company monitors capital using a Contributed Equity to Net Borrowings ratio which is the ratio of Contributed Equity as a percentage of the aggregate of Net Borrowings of the Company and Contributed Equity. The Company's policy is to keep the above ratio above 40% in view of significant amount of loans being carried forward. The Company's objective is to improve the ratio through scheduled payments, issue of further Ordinary Shares and drawdown of the loan from its parent company. Net Borrowings consists of total borrowings (excluding any Financial Indebtedness permitted under an Inter-Company loan) less cash and cash equivalents. Contributed equity means at any time the aggregate of the amount of share capital, the amount of share money deposits and permitted intercompany loans in all cases expressed in USD, based on historical amounts and exchange rates but it does not include accumulated loss.

Notes to the financial statements as at and for the year ended December 31, 2012

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Long term borrowings	14,853,519.45	21,354,817.36
Short term borrowings	14,031,803.44	11,869,872.72
Cash and cash equivalents	(3,890,294.88)	(1,848,565.09)
Net borrowings	**24,995,028.01**	**31,376,124.99**
Share Capital	47,603,779.96	42,951,232.00
Share Money deposits	-	4,652,548.95
Permitted Intercompany loan	22,066,147.01	12,403,038.95
Contributed equity	**69,669,926.97**	**60,006,819.90**
Contributed Equity : Net Borrowings	**74%**	**66%**

31. Operating leases

Company as lessee

The Company has taken warehouse, office and BSC, MSC and BTS Sites on operating lease. These leases have life of between one to fifteen years, which is renewable upon mutual agreement of concerned parties. There are no restrictions placed upon the Company by entering into these leases. No contingent rent is payable by the Company in respect of the above leases.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2012 are as follows:

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,134,476.71	871,932.49
Between one and five years	4,261,184.12	3,495,662.84
More than five years	5,418,305.21	6,398,858.12
Total	10,813,966.04	10,766,453.45

Notes to the financial statements as at and for the year ended December 31, 2012

32. Deferred tax assets (net)

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Deferred Tax Asset		
Impact of Brought forward losses and unabsorbed Depreciation	11,467,709.68	12,852,065.30
Impact of expenditure charged to the Statement of Comprehensive income in the current year but allowable for tax purposes in subsequent years.	210,024.45	134,239.69
Gross Deferred Tax Asset (A)	**11,677,734.13**	**12,986,304.99**
Deferred Tax Liability		
Deferred Tax impact of difference between written down value of fixed assets as per books of accounts and for tax purposes	11,677,734.13	12,984,817.90
Other Differences	-	1,487.09
Gross Deferred Tax Liability (B)	**11,677,734.13**	**12,986,304.99**
Net Deferred Tax Assets (A-B)	**-**	**-**
Unrecognised Deferred Tax Assets *	**12,805,674.96**	**12,626,221.65**
Expiry date of unrecognised Deferred Tax Assets	Unlimited	Unlimited

* Net deferred tax assets have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

33. Contingent liabilities

(The amounts stated below are as per the demands raised by concerned authorities.)

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
VAT and license fee under dispute/appeal	3,381,048.75	2,521,398.52
Customs duty under dispute/appeal	843,195.26	337,581.88
Claims Against the Company not acknowledged as debts	5,000.00	5,000.00
Total	4,229,244.01	2,863,980.40

The above contingent liabilities consist of the following:-

a. BDT 1,552,130.17 thousands (BDT 1,552,130.17 thousands) pertaining to the demand made by BTRC towards the 15% on the license fee paid in the year 2011.The Company has filed an application to BTRC to respond as to why the above demand should not be considered to have been made without any legal authority and also filed another application with BTRC to stay the operation of the demand of 15%. The matter has been partly heard by BTRC and has not been concluded yet by BTRC. The Company, based on its legal

Notes to the financial statements as at and for the year ended December 31, 2012

counsel's advice, believes that the liability in this regard is not "probable" and accordingly, it has not been accrued in the books of account.

b. BDT 857,646.00 thousands (BDT Nil) on account of disallowance of VAT Input credit on the VAT on license fee paid in the year 2012. Based on the decision of High Court in similar case of another telecom player, decision taken in the inter ministerial meetings and also based on the views of Company's legal counsel, the management believes that it is certain to get the input credit of VAT paid on license fee.

c. BDT 471,466.67 thousands (BDT 471,466.67 thousands) demanded by BTRC against the already allocated spectrum in 2008 based on market competitive factors.

d. BDT 490,442.41 thousands (BDT 490,442.41 thousands) demanded by VAT appellate tribunal on account of levy of SIM Tax on SIM cards sent to job worker godown for processing.

e. Various custom duty cases aggregating to BDT 843,195.26 thousands (BDT 337,581.88 thousands) on account of dispute in classification under HS codes for levy of custom duty

The Company believes that all the above demands are not probable in nature and hence has not provided for in the books. No reimbursement is expected to arise to the Company in respect of above cases. Presently the management is uncertain about the timing of the settlement of the above cases.

34. Guarantees given by the Company

Name of beneficiary	Nature	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Commissioner of Custom House, Chittagong	Import of materials/ equipments	369,688.87	-
Custom House Dhaka	Import of materials/ equipments	24,651.73	-
The Chief Controller of Exports and Imports	Import of materials/ equipments	25,308.29	39,148.56
Power Grid Company of Bangladesh Ltd	Against leasing of fiber optical connectivity	10,000.00	-
Power development board (PDB)	Electricity Bill collection	10,000.00	10,000.00
Dhaka Electricity Supply Company	Electricity Bill collection	-	17,500.00
Computer Network Systems Ltd	Railway Ticket Bill collection	-	3,500.00
Chittagong Water and Sewerage Authority	Water & Sewerage Bill collection	15,000.00	15,000.00
West Zone Power Distribution Co. Ltd.	Electricity Bill collection	14,000.00	7,000.00
New Generation Graphics Ltd	Internet Bill pay collection	2,000.00	-
Total		470,648.89	92,148.56

Notes to the financial statements as at and for the year ended December 31, 2012

35. Capital expenditure commitments

Purpose	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Capital spares inventory	160,632.90	177,905.81
Land	148.94	390.26
Leasehold Improvement	81,022.96	77,245.61
Office equipments	23,740.85	4,858.20
Furniture & Fixture	7,786.50	3,611.66
PM Tools	3,073.59	3.99
Cell sites equipment (Radio)	182,353.68	757,288.16
Cell sites equipment (Switch)	326,857.31	126,264.12
Cell sites equipment (Microwave)	1,923.79	107,329.09
Cell sites equipment (Related services)	1,055,391.58	416,350.26
Cell sites equipment (Infrastructure)	1,224,990.03	1,705,474.19
Cell sites equipment (Other network equipment)	8,200.29	14,947.07
Computer hardwares	47,005.72	170,513.97
Computer softwares	40,349.11	135,182.56
Total	**3,163,477.25**	**3,697,364.95**

36. Related party transactions

During the year, the Company carried out certain transactions with related parties in the normal course of business. The name of these related parties, nature of these transactions and their total value has been set out in accordance with the provisions of IAS 24: Related party disclosure in Note 36.2.

36.1 Transactions with key management personnel

Particulars	Year ended December 31, 2012 (BDT In '000)	Year ended December 31, 2011 (BDT In '000)
Short term employee benefits (salary and other allowances)	39,379.25	40,258.46
Total	39,379.25	40,258.46

Key management personnel comprise the Company's directors and key management executive officers (CEO, CFO, CTO and COO). As at December 31, 2011, none of the Company's directors and executive officers has outstanding personnel loans from the company. In addition to salaries, the Company also provides other benefits to executive officers in the nature of rent free accommodation, travelling, medical facilities etc.

Notes to the financial statements as at and for the year ended December 31, 2012

The details of above are as follows -

Particulars	As at December 31, 2012 (BDT In '000)	As at December 31, 2011 (BDT In '000)
Ahmed Abdel Salam Abdel Rahman Abou Douma	6,631.61	12,169.54
Mohamed Hassan Osman	13,280.25	9,493.99
Ahmed Fady	7,468.28	8,092.74
Ashar Yaqub Khan	11,999.11	10,502.19
	39,379.25	40,258.46

Notes to the financial statements as at and for the year ended December 31, 2012

36.2 Other related party transactions

The following transactions took place during the year with other related parties:

(BDT In '000)

Srl No.	Name of the party	Nature of transactions	December 31, 2012				December 31, 2011			
			Expenses /Income/Others	Transaction during the year	Asset /Liability/ Share money deposit	Closing Balance	Expenses /Income/Others	Transaction during the year	Asset /Liability/ Share money deposit	Closing Balance
Parent Companies										
1	Orascom Telecom Holding S.A.E.	Technical assistance fees	Expenses	240,916.91	Liability	6,730,972.09	Expenses	233,637.90	Liability	6,587,826.28
		Reimbursement of expenditure	Reimbursement	120,193.54			Reimbursement	413,175.07		
2	Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd)	Share money deposit (Equity Contribution)	-	-	Share money deposit	0.99	-	-	Share money deposit	4,652,548.95
		Loan taken	Loan	10,300,460.00	Liability	22,066,147.01	Loan	11,500,648.10	Liability	12,403,038.95
		Interest	Expenses	491,317.95	-	-	Expenses	84,863.06	-	-
		Closing Balance			Asset	1,150.72			Asset	1,189.03
3	Weather Investments Spa	Administrative expense			Liability	13,578.30	Expenses	2,576.50	Liability	13,911.99
4	Wind Teleconnunicazioni Spa	International roaming & Administrative expense	Expenses	485.94	Liability	5,659.61	Expenses	576.09	Liability	5,863.75
5	Wind Teleconnunicazioni Spa	International roaming	Income	1,934.42	Asset	579.95	Income	757.88	Asset	186.64
6	JSC Vimplecom	International roaming	Income	640.09	Asset	149.40				
			Expenses	92.83	Liability	16.18				
Fellow Subsidiaries										
1	Koryolink - North Korea	Closing Balance			Asset	8,608.57			Asset	8,887.52
2	Telecel Globe (Nepal and Namibia)	Closing Balance			Asset	2,047.50			Asset	2,113.85
3	Telecel Zimbabwe	Closing Balance			Asset	1,070.00				
4	MobiNil, Egypt	International roaming	Expenses	458.33	Liability	1,117.95	Expenses	544.43	Liability	1,040.43
		International roaming	Income	1,813.26	Asset	199.25	Income	2,754.20	Asset	693.84
5	Mobilink-Pakistan	International roaming	Income	4,659.39	Asset	2,157.38	Income	7,532.17	Asset	3,224.41
		International roaming	Expenses	129.51	Liability	1,870.83	Expenses	96.86	Liability	1,894.46
6	MobiZone	Value added service	Expenses	183,416.53	Liability	36,585.77	Expenses	126,417.06	Liability	38,537.86
		Value added service	Income	138.00	Asset	23.00	Income	138.00	Asset	34.50
7	WIND Mobile - Canada	Closing Balance			Asset	1,702.06			Asset	1,757.22

Notes - 1. The Company's exposure to currency and liquidity risk related to inter-company receivables and payables are disclosed in Note No. 30.

2. In addition, the Company's borrowings are secured by guarantee given by the Parent Company. For further details, please refer Note No. 18.6

3. The closing balances are payable/receivable in the normal course of business. The terms of repayment of the loan taken from the Parent Company is disclosed vide Note No. 18.4

Notes to the financial statements as at and for the year ended December 31, 2012

37. Events after the reporting period

The Company had, in earlier years, based on the demand received from NBR, provided for BDT 1,936,322.40 thousands in the books towards the SIM Tax for the year 2006 – 2007 where in it did not collect and pay the SIM Tax, on the SIM Cards issued in that year, pursuant to a stay order from the High Court. During the year 2012, NBR has revised the demand to BDT 1,646,485.45 thousands against the above liability of BDT 1,936,322.40 thousands. The Hon'ble Supreme Court in March 2013 decided that the SIM tax is payable for the year 2006-2007. The management considers this to be an adjusting event within the meaning of IAS 10 and hence the reversal of excess liability has been considered in the books of the year 2010.

38. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	As at December 31, 2012	As at December 31, 2011
Loss (BDT in '000)	(2,888,252.47)	(5,904,133.89)
Weighted average number of shares as at the end of the year	4,760,377,996	4,760,377,996*
Loss per share (Basic and Diluted) (in BDT)	(0.61)	(1.24)

* Including the shares to be allotted against share money deposit.

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

39. For management purposes, the Company is organized into business units based on its products and services. The Company is engaged in the business of providing telecommunications services in Bangladesh. Hence, the management team monitors the operating results of the entire Company for the purpose of making decisions about resource allocation and performance assessment. Such performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Thus, the management considers the telecommunication services to be its single operating segment of the Company. The Company's entire revenues from external customers is attributed to its country of domicile. Also, all the non-current assets, other than financial instruments are located in Bangladesh. The Company does not earn 10% or more of its total revenues from transactions with a single external customer.

40. In terms of IAS 36 "Impairment of Assets", the management has carried out impairment testing of the Property, Plant & Equipment (PPE) of the Company. The carrying value of the CGU (being the Company itself, as there is only one CGU) is lower than the recoverable value, arrived at based on the "value in use" model. Hence no impairment charge against PPE is required to be recognized in the books of account. The "Value in Use" is computed
based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

41. The Company has incurred a loss of BDT 2,888,252.47 thousands for the year ended December 31, 2012 and its net current liabilities and equity stands at BDT 44,791,410.28 thousands and BDT 8,901,548.00 thousands respectively as at the year end. The management is hopeful of improvement in the financial health of the Company, based on its financial projections and continued support from its parent Company, Telecom Ventures Ltd (formerly Orascom Telecom Ventures Ltd). In keeping with the above, the books of accounts have been drawn based on going concern assumption.

42. During the year, the Company has dismantled certain old technology network equipments from about 405 sites having gross cost of BDT 572,836 thousands (net carrying value of BDT 264,955 thousands as at 31 December 2012) and replaced

Notes to the financial statements as at and for the year ended December 31, 2012

the same with new technology equipments. The management is confident that these old technology equipments would be redeployed on other sites in due course and does not expect any impairment charge on them as these are in good working condition.

43. During the year, the Company has received a demand notice of BDT 7,740, 489.12 thousands from the VAT authorities towards the SIM Card issued as replacement by the Company up to December 31, 2011. The issue of SIM Cards to a new customer attracts the levy of SIM Tax of BDT 605.52 per SIM in Bangladesh. However, if a SIM Card is issued to an existing customer, whose SIM Card is lost, damaged, destroyed or mutilated, then such SIM Cards are exempted from the levy of SIM Tax. The Company has a process of filling up a requisite form containing the information so as to verify/confirm the identity of the customer so that it could be proved that the replacement SIM is issued to the same user who was using the SIM Card, being replaced on above grounds. The management is certain that it has complied with BTRC guidelines issued in this regards. The Company has disputed the above demands and got a stay order from the court directing the Company not to pay the demand. The Company has submitted its reply to NBR stating that the VAT is not payable of replacement SIM. Pending disposal of the case, the Company is of the opinion that probability of any liability devolving on the Company in this regard is remote.

44. The Company has not employed any employee which falls within the purview of 'worker' as defined under Bangladesh Labour Act, 2006. As such, the management believes that the Payment of Gratuity Act is not applicable to it.

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Independent Auditors' Report

The Board of Directors of
Banglalink Digital Communications Limited
(formerly known as Orascom Telecom Bangladesh Limited)

We have audited the accompanying financial statements of Banglalink Digital Communications Limited, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board, 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

S R Batliboi & Co. LLP Kolkata

S.R. Batliboi & Co. (a partnership firm) converted into S.R. Batliboi & Co. LLP (a Limited Liability Partnership with LLP Identity No. AAB-4294) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Banglalink Digital Communications Limited as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.

Other matter

The financial statements of Banglalink Digital Communications Limited (formerly known as Orascom Telecom Bangladesh Limited) for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 31 July 2013.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number: 301003E

Raj Agrawal
Partner
Membership No. 82028
July 31, 2013
Kolkata, India

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

Particulars	Notes	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
ASSETS			
Non-current assets:			
Property, plant and equipment	5	65,846,977.24	65,918,548.51
Intangible assets	6	22,190,161.22	2,568,499.46
Other financial assets	7	97,668.89	80,067.25
Other non-financial assets	8	648,889.53	485,566.38
		88,783,696.88	69,052,681.60
Current assets:			
Inventories	9	71,604.81	77,184.07
Prepayments and advances	10	1,513,670.38	1,383,866.38
Accounts receivable	11	1,571,468.86	1,302,948.91
Other receivables	12	53,260.97	38,972.67
Accrued revenue	13	316,990.26	294,253.46
Cash and bank balances	14	1,848,565.09	1,357,350.69
		5,375,560.37	4,454,576.18
TOTAL ASSETS		**94,159,257.25**	**73,507,257.78**
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	15	42,951,232.00	42,951,232.00
Share money deposits	16	4,652,548.95	4,652,548.95
Retained Earnings		(35,813,980.48)	(29,909,846.59)
		11,789,800.47	17,693,934.36
Non - Current liabilities:			
Loans and borrowings	17	25,812,548.82	16,908,879.36
Provisions	18	553,961.68	443,530.48
Accounts payable	19	4,337,520.00	-
		30,704,030.50	17,352,409.84
Current liabilities:			
Loans and borrowings	17	19,815,180.21	11,425,682.81
Provisions	18	2,296,939.08	1,864,150.99
Accounts payable	19	20,351,417.28	13,368,466.93
Accrued and other liabilities	20	8,208,930.34	10,859,870.24
Deferred revenue	21	992,959.37	942,742.61
		51,665,426.28	38,460,913.58
TOTAL EQUITY AND LIABILITIES		**94,159,257.25**	**73,507,257.78**

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

For S.R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communicatons Limited

per Raj Agarwal
Partner
Membership No. 82028
Place: Kolkata, India
Date: July 31, 2013

Chief Executive Officer

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Notes	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Revenue	22	37,856,953.86	31,843,290.37
Other operating income	23	339,375.41	154,594.05
Network operation cost	24.1	(10,203,653.70)	(9,244,677.22)
Revenue sharing,spectrum charges and license fee	24.2	(2,577,265.44)	(2,027,707.95)
Employee costs	24.3	(1,640,813.97)	(1,390,514.68)
Other expenses	24.4	(14,960,295.22)	(10,571,934.61)
Earning before interest, tax, depreciation and amortisation (EBITDA)		**8,814,300.94**	**8,763,049.96**
Depreciation, impairment & amortization	25	(11,135,307.72)	(8,660,903.60)
Earnings / (Loss) before finance income, finance cost and tax		**(2,321,006.78)**	**102,146.36**
Finance income	26	122,015.09	65,295.48
Finance Cost	27	(3,705,142.20)	(2,827,197.00)
Loss before tax		**(5,904,133.89)**	**(2,659,755.16)**
Tax expense		-	-
Net Loss after tax for the year		**(5,904,133.89)**	**(2,659,755.16)**
Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the year		**(5,904,133.89)**	**(2,659,755.16)**
Loss per share			
- Basic and Diluted (in BDT)	36	(1.24)	(1.06)

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

For S.R. Batliboi & Co. LLP
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
Banglalink Digital Communicatons Limited

per Raj Agarwal
Partner
Membership No. 82028
Place: Kolkata, India
Date: July 31, 2013

Chief Executive Officer

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011

(BDT In '000)

Particulars	Share capital	Share money deposit	Retained Earnings	Total Equity
Balance as at January 1, 2010	24,764,881.00	18,186,351.97	(27,250,091.43)	15,701,141.54
Total Comprehensive Income for the year	-	-	(2,659,755.16)	(2,659,755.16)
Addition to share money deposit	-	4,652,547.98	-	4,652,547.98
Transferred to share capital	18,186,351.00	(18,186,351.00)	-	-
Other comprehensive income	-	-	-	-
Balance as at 31 December 2010	**42,951,232.00**	**4,652,548.95**	**(29,909,846.59)**	**17,693,934.36**
Balance as at January 1, 2011	42,951,232.00	4,652,548.95	(29,909,846.59)	17,693,934.36
Total Comprehensive Income for the year	-	-	(5,904,133.89)	(5,904,133.89)
Other comprehensive income	-	-	-	-
Balance as at 31 December 2011	**42,951,232.00**	**4,652,548.95**	**(35,813,980.48)**	**11,789,800.47**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Year ended Decemeber 31, 2011 (BDT In '000)	Year ended Decemeber 31, 2010 (BDT In '000)
Cash from operating activities:		
Loss before tax	(5,904,133.89)	(2,659,755.16)
Adjustments:		
Depreciation of Property, Plant and Equipment	9,959,863.25	8,313,656.75
Amortization of intangible assets	527,069.91	232,068.31
Foreign Exchange Fluctuation (Net)	4,071,082.29	350,560.84
Provision for Bad debt	1,158.54	69,294.79
Provision for Inventory	50,608.07	45,999.57
Provision for litigations	387,219.74	-
Loss on sale/discard of property, plant and equipment	648,374.56	115,178.54
Financial Income	(122,015.09)	(65,295.48)
Finance costs	3,705,142.20	2,827,197.00
	19,228,503.47	11,888,660.32
Operating profit before working capital changes	**13,324,369.58**	**9,228,905.16**
Working Capital Adjustment:-		
Decrease/(increase) in current assets:		
Inventories	(45,028.81)	(79,927.60)
Prepayments, advances and other financial assets	(363,388.69)	259,346.23
Accounts receivable	(269,678.49)	(882,803.59)
Other receivables	(12,471.69)	8,851.50
Accrued revenue	(22,736.80)	178,451.86
Total	(713,304.48)	(516,081.60)
(Decrease)/increase in current liabilities:		
Accounts payable	965,249.99	341,836.07
Accrued and other liabilities	(753,151.16)	940,708.83
Deferred revenue	50,216.76	96,240.31
Total	262,315.59	1,378,785.21
Net Change in working Capital	(450,988.89)	862,703.61
Interest paid	(3,025,837.14)	(2,158,607.90)
Taxes paid	(163,323.15)	(85,557.29)
Net Cash Flow from operating Activities:	**9,684,220.40**	**7,847,443.58**

Investing Activities:		
Purchase of property, plant and equipment and project under construction	(12,151,387.08)	(11,711,932.30)
Loss on assets discarded / technological impairment	127,294.17	59,747.18
Purchase of intangible assets	(8,760,783.94)	(345,950.41)
Interest received	120,879.36	60,189.56
Net cash used in investing activities	**(20,663,997.49)**	**(11,937,945.97)**
Financing activities:		
Net proceeds from short term loans	7,061,402.23	429,999.97
Proceeds from of long term loan	-	1,777,541.21
Proceeds from bond financing	-	7,070,000.00
Proceeds from loan from Parent Company	11,405,552.07	-
Payment under finance lease obligation	(6,845.06)	(2,897.13)
Repayment of long term loan	(5,576,253.47)	(5,013,904.90)
Repayment of bonds	(1,414,000.00)	-
Proceeds from share money deposits	-	210,598.95
Net cash flows from financing activities	**11,469,855.77**	**4,471,338.10**
Net increase in cash and cash equivalents	490,078.68	380,835.71
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and Cash Equivalents as at beginning of the year	1,350,582.67	969,746.96
Balance as at the end of the year (Refer Note No. 14)	**1,840,661.35**	**1,350,582.67**

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

Notes to the Financial Statements as at and for the year ended December 31, 2011

1. Corporate Information

Banglalink Digital Communications Limited (formerly known as Orascom Telecom Bangladesh Limited) ("Banglalink" or "the Company") is domiciled and incorporated in Bangladesh and is an unlisted joint stock Company. The Registered office of the Company is situated at Tigers' Den, House 4, (SW), Bir Uttam Mir Shawkat Sharak, Gulshan 1, Dhaka 1212, Bangladesh.

The principal activity of the Company is provision of telecommunication services.

The Company's principal shareholder as at December 31, 2011 is Telecom Ventures Ltd (TVL) (formerly known as Orascom Telecom Ventures Ltd), domiciled in Malta and its ultimate parent company is VimpelCom Ltd.

2. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on July 31, 2013.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (Refer Note No. 4 on Significant accounting judgments, estimates and assumptions).

The significant accounting policies used in preparing the financial statements are set out in Note No. 3 of the notes to the financial statements.

3. Summary of Significant Accounting Policies

a) The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Standards and Interpretations effective from the current year:

- IAS 24, "Related party disclosures – January 2011
- Amendment to IFRIC 14, "IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" - January 2011
- IFRIC 13, Customer Loyalty Programmes – January 2011
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments - July, 2010
- Amendment to IAS 1, Presentation of Financial Statements – January 2011
- Improvement to certain IFRS - May, 2010
- Amendment to IFRS 1, "First time adoption of International Financial Reporting Standards" – July, 2010
- Amendment to IAS 32, Financial Instruments: Presentation - February 2010
- Amendment to IFRS 7, Financial Instruments : Disclosures – July 2010

b) Standards issued but not yet effective

At the date of preparation of the accompanying financial statements, the following IFRS, amendments and IFRIC interpretations had been issued by the IASB, but their application was not mandatory:

Notes to the Financial Statements as at and for the year ended December 31, 2011

The Company is currently assessing the impact of the application of these standards, amendments and interpretations. Based on the analyses made to date, the Company estimates that their adoption will not have a significant impact on the financial statements in the initial period of application.

Standard and amendments		Effective Date
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosures of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Revised IAS 19	Employee benefits	January 1, 2013
Revised IAS 27	Separate financial statements	January 1, 2013
Revised IAS 28	Investments in associates and joint ventures	January 1, 2013
Amendment to IAS 12	Income Taxes	January 1, 2012
Amendment to IAS 1	Presentation of Comprehensive income	July 1, 2012

Amendments to IFRS 7

Disclosures – Offsetting of financial assets and liabilities	January 1, 2013
Disclosures - Transition to IFRS 9	January 1, 2015
Amendments to IAS 1 Presentation of items of other comprehensive income	July 1, 2012
Amendments to IAS 32 Offsetting of financial assets and liabilities	January 1, 2014
Amendments to IFRS 10,IFRS 11, IFRS 12 and IAS 27 Investment entities	January 1, 2014
Improvements to IFRSs 2009-2011 (May 2012)	January 1, 2013

Interpretations

IFRIC 20 Stripping costs in the production phase of a surface mine	January 1,2013

3.1 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These financial statements have been presented in Bangladeshi Taka ('BDT'), which is the functional and presentation currency of the Company. The figures presented are rounded off to thousands.

3.2 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortization period and the amortization method for an intangible asset is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

a. Software

Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over

Notes to the Financial Statements as at and for the year ended December 31, 2011

the period of license. If there is no defined period for any software, then it is amortized over a period of 5 years. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

b. Licenses

Acquired licenses (including spectrum) are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognised in the Statement of Comprehensive Income on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use and is disclosed under 'depreciation and amortization'.

The revenue-share, fee on license and spectrum is computed as per the licensing agreement and is expensed as incurred.

The estimated useful lives of the intangible assets for the current and comparable periods are as follows:

Computer software	3-5 years
GSM license fee	15 years

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

3.3 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use if any. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised in the Statement of Comprehensive Income as incurred.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income on the date of retirement and disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Considering the legal embargo on the sale of telecom equipments, their residual value is considered to be Nil. 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. Land is not depreciated. Estimated useful lives of the assets are as follows:

Notes to the Financial Statements as at and for the year ended December 31, 2011

Own assets	
Plant and equipments	8-15 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold improvement	2-10 years
Computers	3 years
Electricals	5 years
Leased assets	
Motor vehicles	5 years

Projects under construction comprise capital assets not yet available for use by the Company. These are measured at incurred costs attributable to acquisition of network plant and machinery, capital components and related installation cost (including direct overheads) until the asset is ready for its intended use.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at the level of Cash Generating Unit ('CGU'). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in the Statement of Comprehensive Income as a component of depreciation and amortization expense.

Other impairment losses recognised in prior periods are assessed at the end of each reporting period 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 only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognised.

3.5 Asset Retirement Obligation (ARO)

Asset Retirement Obligation (ARO) is recognised when there is a legal or constructive obligation for dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located. The Company recognises site restoration costs at the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in Statement of Comprehensive Income as a finance cost as it is incurred.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that is readily convertible to a known

Notes to the Financial Statements as at and for the year ended December 31, 2011

amount of cash and is subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include, outstanding bank overdrafts shown within the borrowings in current liabilities in the Statement of Financial Position and which are considered an integral part of the Company's cash management.

3.7 Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) and estimated net realizable value. Inventory costs include purchase price, freight inwards, transit insurance and other charges for bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of arrangement at inception date: whether fulfillment 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.

Company as a lessee:

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and is not recognised as an asset in the Statement of Financial Position.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on a straight line basis. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Financial instruments – initial recognition and subsequent measurement

A. Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the

Notes to the Financial Statements as at and for the year ended December 31, 2011

date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are required for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Statement of Comprehensive Income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Company has not designated any financial assets at fair value through profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Comprehensive Income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. 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. The EIR amortisation is included as finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income in finance costs. The Company did not have any held-to-maturity investments during the years ended 31 December 2011 and 2010.

Notes to the Financial Statements as at and for the year ended December 31, 2011

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the Statement of Comprehensive Income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new ammortised cost and any previous gain or loss on the asset that has been recognised in equity is ammortised to Statement of Comprehensive Income over the remaining life of the investment using the EIR. Any difference between the new ammortised cost and the maturity amount is also ammortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The rights to receive cash flows from the asset have expired

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation today the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

B. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a

Notes to the Financial Statements as at and for the year ended December 31, 2011

group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at ammortised cost

For financial assets carried at ammortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in Statement of Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the Statement of Comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Comprehensive Income.

Available for sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at ammortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the ammortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements as at and for the year ended December 31, 2011

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

C. Financial Liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include Accounts payables, loans and borrowings and Accrued and other Liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

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 acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at ammortised cost using the EIR method. Gains and losses are recognised in Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR ammortisation process. Ammortised 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. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.When an existing financial liability is replaced by another from the same lender on substantially different terms,or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements as at and for the year ended December 31, 2011

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note No 28

3.10 Foreign currency transactions

a. Functional and presentation currency

Financial statements have been presented in Bangladesh Taka (BDT), which is the Company's functional currency.

b. Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange component of the gain or loss arising on fair valuation of non monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, free time given to subscribers, rebates, and VAT. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. Revenues are reported gross with separate recording of expenses to vendors of products or services. However, when the Company acts only as an agent or broker on behalf of suppliers of products or services, revenues are reported on a net basis. Revenue of the Company comprises:

a. Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet usage charges, roaming charges, data usage charges and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the mobile network of other operators for local, domestic long distance and international calls.

Notes to the Financial Statements as at and for the year ended December 31, 2011

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation costs are recognised as expense as incurred. The excess of activation costs over activation revenue, if any, are expensed as incurred. Subscriber acquisition costs are expensed as incurred. The Company considers that the activation fees is a recovery from customers towards SIM tax and hence is netted off against the SIM Tax charge.

Monthly access fees represent the fixed subscription fees are paid by postpaid customers to keep the services active for specific period.

Air time data (SMS) revenue is recognised in the same manner as corresponding air time voice charges for post-paid and pre-paid.

Other service fees comprise migration, SIM replacement, reactivation, MMS and VAS. Revenue from SIM replacement and reactivation is recognised at the time of replacement/reactivation. Package migration, MMS and VAS (other than revenue from content providers) are recognised when service is provided. Content providers' revenue is recognised on gross basis when service is rendered to customer, because the Company acts as a principal

Revenue from passive infrastructure sharing (including fibre optical network) comprises lease of land, base station shelter, and power support and revenue from passive fibre optical network sharing comprises lease of fibre optical network, which are recognised as operating lease as per IAS 17: Leases. The lease rentals are recognized as income over the lease period on a straight line basis.

M commerce revenue comprises bill pay service of PDB, remittance service and ticketing which is recognised on a net basis when the service is provided to customers.

b. Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the Statement of Comprehensive Income.

3.12 Taxes

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Notes to the Financial Statements as at and for the year ended December 31, 2011

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the average interest rate for specific borrowings. All other borrowing costs are expensed in the year they occur.

3.14 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 year. 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.

3.15 Employee Benefits

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 contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

From March 2008, the Company introduced an employees' provident fund (the Fund) scheme, which is a defined contribution plan. The assets of the plan are held separately from the Company under the supervision of a trustee board. The Company is required to contribute a specified percentage of basic salary to the Fund. The only obligation of the Company with respect to the above plan is to make the specified contribution towards the aforesaid provident fund.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the short term cash bonus or leave encashment facilities if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and obligation can be estimated reliably.

3.16 Provisions

a) General

Notes to the Financial Statements as at and for the year ended December 31, 2011

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 Statement of Comprehensive Income 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.

b) Contingencies

Contingent liabilities are recognised at their fair value only if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

3.17 Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Comprehensive Income. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation, amortization & impairment expense, finance income, finance costs, current tax expense and other comprehensive income.

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Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Critical judgments in applying the entity's accounting policies

a) Arrangement containing lease

The Company applies IFRIC 4, "Determining Whether as Arrangement Contains a Lease", to contracts entered with telecom operators to share passive infrastructure services. IFRIC 4 deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature

Notes to the Financial Statements as at and for the year ended December 31, 2011

of operating leases.

In finance lease arrangement, the Company recognises the object as an asset in the financial statements although the legal right is retained by the lessor.

b) Revenue recognition and presentation

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of a principal, revenue comprises amount billed to the customer/distributor, after trade discounts. The Company's relations with its distributors / dealers are that of "principal to agent".

Notes to the Financial Statements as at and for the year ended December 31, 2011

4.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

a) Impairment reviews

Impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, ARPU, long term growth rates; and the selection of discount rates to reflect the risks involved. Also, judgment is involved in determining the CGU. The determination of value in use is most sensitive to the discounting rate used for discounting the future cash flows as well as expected future cash flows and the growth rate used while estimation the cash inflows. Refer Note No. 40 also.

Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, volume of outstanding receivables, unbilled traffic, advance payments, collections during the month, historical collection trends, security deposits and general economic conditions. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

c) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

d) Provision for Asset Retirement Obligation (ARO)

In determining the fair value of the ARO provision the Company uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site, the expected timing of these costs and appropriate rate for discounting the cash flows. Such estimations are sensitive to the discounting rates and the rate of inflation

The carrying amount of provision for ARO is BDT 553,961.67 thousands and BDT 443,530.48 thousands as of December 31, 2011 and December 31, 2010 respectively.

e) Property, plant and equipment

Refer Note No. 3.3 for the estimated useful life of property, plant and equipment.

Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in profit or loss.

Notes to the Financial Statements as at and for the year ended December 31, 2011

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure is depreciated over a period beyond the expiry of the associated, under which the operator provides telecommunications services, if there is a reasonable expectation of renewal or an alternative future use for the asset.

f) Customer Loyalty Program

The Company estimates the fair value of points awarded under the "Customer Loyalty Programme" by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates. As points issued under the programme expire at the end of 18 months from the date of their issue, such estimates are subject to significant uncertainty as regards the actual trend of the utilisation. As at 31 December 2011, the deferred revenue for unredeemed points stood at BDT 87,872.45 thousands (2010: BDT 69,537.18 thousands).

g) Provisions and contingencies

Provisions for expenses are recognised based on estimated costs of settling liabilities. The latter are based on terms of relevant contracts with suppliers, purchase orders signed by the company and advice of its legal counsel. Contingency is not recognised rather disclosed in notes because its existence is dependent on the occurrence or non-occurrence of one or more uncertain future events which is not wholly within the control of the Company.

h) Going concern assumption

In view of the losses incurred by the Company coupled with negative working capital position, the management is required to make assessment of the appropriateness of the going concern assumption while preparing the financial statements. In making those assumptions, the management considers future projections of the business and its ability to borrow funds from outside / parent company, which may be necessary to honor its short term and long term commitments. Such assessment is sensitive to the achievement of the business plan of the Company as well as the Company's ability to obtain desired funds from external sources in the form of borrowings etc.

5. Property, plant and equipment

(BDT In '000)

Particulars	Cost					Less: Depreciation					Carrying amount as at December 31, 2011
	Balance as at January 1, 2011	Add: Additions during the year *	Less: Disposals during the year	Less: Capitalised during the year	As at December 31, 2011	Balance as at January 1, 2011	Depreciation during the year	Disposals during the year	Impairment during the year**	As at December 31, 2011	
Land	22,821.25	7,321.38	-	-	30,142.63	-	-	-	-	-	30,142.63
Plant & equipment	81,321,766.55	13,151,720.62	(347,789.06)	-	94,125,698.11	25,524,321.87	9,662,000.53	(186,877.73)	614,088.77	35,613,533.44	58,512,164.67
Office equipments	252,916.88	62,142.14	(314.80)	-	314,744.22	150,443.58	43,654.01	(314.80)	-	193,782.79	120,961.43
Furniture and fixtures	147,615.14	29,595.62	(379.95)	-	176,830.81	53,040.85	14,830.32	(379.00)	202.48	67,694.65	109,136.16
Leasehold improvements	230,674.11	24,564.84	(203.00)	-	255,035.95	106,706.01	17,879.36	(202.00)	-	124,383.37	130,652.58
Computer	1,360,304.83	443,560.55	(16,988.68)	-	1,786,876.70	952,127.39	212,228.21	(16,537.11)	14.57	1,147,833.06	639,043.64
Electricals	10,573.15	-	(1,399.85)	-	9,173.30	7,854.18	688.00	(1,399.85)	-	7,142.33	2,030.97
	83,346,671.91	13,718,905.14	(367,075.34)	-	96,698,501.72	26,794,493.89	9,951,280.43	(205,710.49)	614,305.82	37,154,369.64	59,544,132.08
Leased assets											
Motor vehicles	31,092.44	17,468.00	-	-	48,560.44	6,301.30	8,582.82	-	-	14,884.12	33,676.32
Project under construction											
Capital assets in transit	1,669,494.35	5,522,718.33	-	(6,746,010.91)	446,201.77	-	-	-	-	-	446,201.77
Project in process											-
- Plant & equipments	7,583,205.84	3,981,401.94	-	(5,756,083.26)	5,808,524.52	-	-	-	-	-	5,808,524.52
- Others	88,879.14	429,473.04	-	(503,909.63)	14,442.55	-	-	-	-	-	14,442.55
	9,341,579.33	9,933,593.31	-	(13,006,003.81)	6,269,168.84	-	-	-	-	-	6,269,168.84
Total	**92,719,343.68**	**23,669,966.45**	**(367,075.34)**	**(13,006,003.81)**	**103,016,231.00**	**26,800,795.19**	**9,959,863.25**	**(205,710.49)**	**614,305.82**	**37,169,253.76**	**65,846,977.24**

Refer Note No. 17 for the loan taken against security of the above assets.

* Includes BDT 13,006,003.81 thousand transferred from project under construction

** Pertains to items impaired by the Company on account of technological obsolescence

Notes to the Financial Statements as at and for the year ended December 31, 2011

(BDT In '000)

Particulars	Cost					Less: Depreciation					Carrying amount as at December 31, 2010
	Balance as at January 1, 2010	Add: Additions during the year*	Less: Disposals during the year	Less: Capitalised during the year	As at December 31, 2010	Balance as at January 1, 2010	Depreciation during the year	Disposals during the year	Impairment during the year	As at December 31, 2010	
Land	23,173.89	-	(352.64)	-	22,821.25	-	-	-	-	-	22,821.25
Plant & equipment	69,432,252.42	12,182,801.66	(293,287.53)	-	81,321,766.55	17,661,053.02	7,983,555.15	(120,286.30)	-	25,524,321.87	55,797,444.68
Office equipments	217,296.30	37,972.09	(2,351.51)	-	252,916.88	107,199.57	45,563.80	(2,319.78)	-	150,443.58	102,473.30
Furniture and fixtures	140,464.18	7,558.59	(407.63)	-	147,615.14	38,881.46	14,332.14	(172.75)	-	53,040.85	94,574.29
Leasehold improvements	212,663.94	18,010.17	-	-	230,674.11	86,185.73	20,520.28	-	-	106,706.01	123,968.10
Computer	1,189,493.67	215,397.74	(44,586.58)	-	1,360,304.83	749,549.39	245,506.72	(42,928.71)	-	952,127.39	408,177.44
Electricals	10,573.15	-	-	-	10,573.15	7,164.81	689.37	-	-	7,854.18	2,718.97
	71,225,917.53	12,461,740.26	(340,985.89)	-	83,346,671.91	18,650,033.97	8,310,167.45	(165,707.54)	-	26,794,493.89	56,552,178.03
Leased assets											
Motor vehicle	11,149.00	20,547.44	(604.00)	-	31,092.44	3,416.00	3,489.30	(604.00)	-	6,301.30	24,791.14
Project under construction											
Capital assets in transit	147,803.62	7,014,331.96	-	(5,492,641.23)	1,669,494.35	-	-	-	-	-	1,669,494.35
Project in process											
- Plant & equipments	5,551,963.38	5,813,774.46	-	(3,782,532.00)	7,583,205.84	-	-	-	-	-	7,583,205.84
- Others	41,809.80	140,521.77	-	(93,452.43)	88,879.14	-	-	-	-	-	88,879.14
	5,741,576.80	12,968,628.19	-	(9,368,625.66)	9,341,579.33	-	-	-	-	-	9,341,579.33
Total	**76,978,643.33**	**25,450,915.89**	**(341,589.89)**	**(9,368,625.66)**	**92,719,343.68**	**18,653,449.97**	**8,313,656.75**	**(166,311.54)**	**-**	**26,800,795.19**	**65,918,548.50**

Refer Note No. 17 for the loan taken against security of the above assets.

* Includes BDT 9,368,625.66 thousand transferred from project under construction

5.1 Other capitalized cost

Plant & equipment includes BDT. 370,319.24 thousands (2010: BDT 334.557.50 thousands) being technical knowhow fees, staff salary and other costs incurred directly in connection with installation and commissioning thereof.

Notes to the Financial Statements as at and for the year ended December 31, 2011

6. Intangible assets

(BDT in '000)

Particulars	Cost				Less : Amortization			Carrying amount as at December 31, 2011
	Balance as at January 1, 2011	Add: Additions during the year*	Less: Capitalised during the year	As at December 31, 2011	Balance as at January 1, 2011	Amortization during the year	As at December 31, 2011	
GSM license	2,080,000.00	19,816,150.00	-	21,896,150.00	240,740.74	335,845.09	576,585.83	21,319,564.17
Computer software	1,002,149.52	531,855.72	-	1,534,005.24	549,361.95	191,224.82	740,586.77	793,418.47
	3,082,149.52	20,348,005.72	-	23,430,155.24	790,102.69	527,069.91	1,317,172.60	22,112,982.64
Project under construction								
Project in process - Computers	276,452.63	217,284.09	(416,558.14)	77,178.58	-	-	-	77,178.58
Total	**3,358,602.15**	**20,565,289.81**	**(416,558.14)**	**23,507,333.82**	**790,102.69**	**527,069.91**	**1,317,172.60**	**22,190,161.22**

*Includes BDT 416,558.14 thousands transferred from project under construction

The Written Down Value (WDV) and the remaining amortization period of the GSM license is as under -

Particulars	WDV as at December 31, 2011	Remaining amortisation period as at December 31, 2011
2.6 MHZ	1,723,703.70	11 Years
12.4 MHZ	19,595,860.47	15 Years
Total	**21,319,564.17**	

Notes to the Financial Statements as at and for the year ended December 31, 2011

(BDT in '000)

Particulars	Cost				Less : Amortization			Carrying amount as at December 31, 2010
	Balance as at January 1, 2010	Add: Additions during the year*	Less: Capitalised during the year	As at December 31, 2010	Balance as at January 1, 2010	Amortization during the year	As at December 31, 2010	
GSM license	2,080,000.00	-	-	2,080,000.00	125,185.19	115,555.56	240,740.75	1,839,259.25
Computer software	801,647.32	200,502.20	-	1,002,149.52	432,849.20	116,512.75	549,361.95	452,787.57
	2,881,647.32	200,502.20	-	3,082,149.52	558,034.39	232,068.31	790,102.70	2,292,046.82
Project under construction								
Project in process - Computers	131,004.42	295,855.13	(150,406.92)	276,452.63	-	-	-	276,452.63
Total	**3,012,651.74**	**496,357.33**	**(150,406.92)**	**3,358,602.15**	**558,034.39**	**232,068.31**	**790,102.70**	**2,568,499.45**

* Includes BDT 150,406.92 thousand (2009: 299,243.901 thousand) transferred from project under construction

The Written Down Value (WDV) and the remaining amortization period of the GSM license is as under -

Particulars	WDV as at December 31, 2010	Remaining amortisation period as at December 31, 2010
2.6 MHZ	1,839,259.25	12 Years
Total	**1,839,259.25**	

Notes to the Financial Statements as at and for the year ended December 31, 2011

7. Other financial assets (non current)

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Security deposits (Note No. 7.1)	93,266.72	75,665.08
Fixed Deposit & accrued interest thereon (Note No. 7.2)	4,402.17	4,402.17
Total	**97,668.89**	**80,067.25**

7.1 Security deposits consists of the following

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Rental (office)	72,696.60	62,038.79
Deposits with municipal authorities and others	14,704.91	7,823.58
Utilities (telephone, electricity etc.)	5,865.21	5,802.71
Total	**93,266.72**	**75,665.08**

The above security deposits are refundable at the end of the lease / surrender of the utility connection.

7.2 Fixed deposit receipt (FDR) of BDT. 1,500.00 thousands (2010: BDT 1,500.00 thousands) has been deposited with the Commercial Bank of Ceylon PLC against issue of a bank guarantee on behalf of the Company, in favor of Ministry of Post & Telecommunications against the GSM license issued in the year 2008. Interest of BDT 2,902.17 thousands (2010: 2,902.17 thousands) have been accumulated thereon up to 31 December 2011.

Notes to the Financial Statements as at and for the year ended December 31, 2011

8 Other non-financial asset (non-current)

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Advance income tax	648,889.53	485,566.38
Total	**648,889.53**	**485,566.38**

9. Inventories

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
SIM cards (Refer Note No. 9.2 and 9.3)	43,223.00	34,006.05
Scratch cards	20,924.62	23,022.00
Data Card & Qubee products	7,444.60	20,105.62
Cellular handsets and single line telephone	12.59	50.40
Total	**71,604.81**	**77,184.07**

9.1 Refer Note No.17 for the loan taken against security of the above inventories.

9.2 On the issue of a SIM card, the net realization after paying the SIM tax is negative and hence it has been valued at Nil except for SIM Cards to be issued as replacement SIM on which the Company is not required to pay SIM tax which are measured at cost.

9.3 SIM cards include Stock in transit of BDT 13.52 thousands (BDT Nil)

Notes to the Financial Statements as at and for the year ended December 31, 2011

10. Prepayments and Advances

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Prepayments:		
Rent (offices, warehouses, etc)	505,655.66	120,809.55
Insurance (equipments, vehicles and staff)	42,768.20	31,712.63
BTRC (annual license fees)	66.67	150.00
BTS rent	271,953.22	241,851.14
BTCL (leased lines, microwave, license fee, etc.)	370.91	-
Dealer commission	41,927.95	157,011.24
Scratch cards commission	41,358.42	47,119.52
Marketing expense	7,376.30	20,530.22
Utility (telephone,electricity etc.)	110,344.34	100,875.00
Other prepayments	30,640.92	58,296.84
	1,052,462.59	778,356.14
Advances:		
Advances to suppliers (Note 10.1)	236,762.41	448,117.28
Advance VAT	157,330.16	145,845.76
Advance against litigation	49,044.24	-
Advances to Employees	18,070.98	11,547.20
	461,207.79	605,510.24
Total	**1,513,670.38**	**1,383,866.38**

10.1 Advances to suppliers includes:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
CAPEX suppliers	147,551.14	363,534.19
OPEX suppliers	89,211.27	84,583.09
Total	**236,762.41**	**448,117.28**

Notes to the Financial Statements as at and for the year ended December 31, 2011

11. Accounts receivable

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Post paid receivables	86,723.83	82,583.86
Less: Provision for doubtful receivables	18,115.58	16,957.04
Net receivables	68,608.25	65,626.82
Interconnection Receivables	1,281,150.16	1,067,035.94
Less: Provision for doubtful debts	68,408.00	68,408.00
Net receivables	1,212,742.16	998,627.94
Roaming Receivables		
International roaming - subscribers	13,243.55	15,873.27
International roaming - operators	52,647.26	123,694.82
	65,890.81	139,568.09
Receivable from Dealers	62.56	382.77
Infrastructure sharing revenue receivables	148,189.44	53,216.10
Receivable from prepaid customers	48,788.59	26,333.81
Others	27,187.05	19,193.38
	224,227.64	99,126.06
Total	**1,571,468.86**	**1,302,948.91**

11.1 Refer Note No.17 for the loans taken against security of the above receivables.

Notes to the Financial Statements as at and for the year ended December 31, 2011

12 Other receivables

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Insurance receivables	21,361.14	1,166.88
Receivables from VAT authority	-	36,590.79
Others	31,899.83	1,215.00
Total	**53,260.97**	**38,972.67**

13. Accrued revenue

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Postpaid (Note No. 13.1)	5,278.21	8,402.80
Interconnect (Note No. 13.2)	263,918.11	245,789.80
Roaming	42,206.02	40,060.86
Others	5,587.92	-
Total	**316,990.26**	**294,253.46**

13.1 Represents revenue accrued for subscriber calls and other mobile services, which have not been billed. Due to volume of subscribers, there are two different billing cycles; accordingly an accrual is made at each year end to accrue revenue for services rendered, between the balance sheet date and last billing date, but not yet billed.

13.2 Represents interconnection charges accrued for calls made and SMSs sent by subscribers of other operators to the subscribers of the Company, for which other operators have not yet been billed.

14. Cash and bank balances

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Cash on hand	500.00	100.00
Cash in transit	714.76	832.83
Cash at bank (Note No.14.1)		
Current accounts	1,384,384.15	762,950.49
Fixed deposits (Note No. 14.2)	455,062.44	586,699.35
Cash and cash equivalents	1,840,661.35	1,350,582.67
Accrued interest income on fixed deposits	7,903.74	6,768.02
Total	**1,848,565.09**	**1,357,350.69**

Notes to the Financial Statements as at and for the year ended December 31, 2011

14.1 Includes money collected on behalf of bill pay service BDT. 21718.27 thousands (2010:BDT.13,757.93 thousands) and for ticketing service BDT. 613.48 thousands (2010:BDT. 75.78 thousands).

14.2 Fixed deposits with a carrying amount of BDT. 171,783.65 thousands (2010: BDT 166,783.65 thousands) are pledged as security against Bank Guarantees issued by the banks on behalf of the Company.

14.3 Note No.17.6 for the loans taken against security of the above cash and bank balances.

15. Share capital

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Authorized shares:		
7,000,000,000 (4,700,000,000) Ordinary equity shares of BDT 10 each	70,000,000.00	47,000,000.00
Issued, subscribed and fully paid up shares:		
4,295,123,200 (42,951,232) ordinary equity shares of BDT 10 each (BDT 1,000 each), fully paid up	42,951,232.00	42,951,232.00

15.1 The authorized share capital of the Company was increased to BDT 70,000,000 thousands from BDT 47,000,000 thousands as well as the denomination of face value of shares was also changed to BDT 10 each from BDT 1,000 each through a 100:1 split at the EGM held on January 10, 2011. This was approved by Registrar of Joint Stock Companies on January 19, 2011.

15.2 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	December 31, 2011		December 31, 2010	
	Number of shares	Value of shares (BDT In '000)	Number of shares	Value of shares (BDT In '000)
At the beginning of the year	42,951,232	42,951,232.00	24,764,881	24,764,881.00
Add: Shares added on Split	4,252,171,968	-	-	-
Add: Issued during the year	-	-	18,186,351	18,186,351.00
Outstanding as at the end of the year	4,295,123,200	42,951,232.00	42,951,232	42,951,232.00

Notes to the Financial Statements as at and for the year ended December 31, 2011

15.3 Shareholding position

Name of shareholders	Value of shares (BDT In '000) 31 December 2011	Value of shares (BDT In '000) 31 December 2010
Telecom Ventures Ltd. (Formerly known as Orascom Telecom Ventures Ltd.)	42,951,226.00	42,951,226.00
Afzal Husain Choudhury	1.00	1.00
Naguib Onsi Naguib Sawiris	1.00	1.00
Ragy Gamal El Din Mahmoud Soliman	1.00	1.00
Rashid Naseer Khan	1.00	1.00
Ezzelding Mohamed Mohamed Elsyed Heikal	1.00	1.00
Khaled Galal Bishara	1.00	1.00
Total	**42,951,232.00**	**42,951,232.00**

15.4 Terms/rights attached to equity shares

The Company has only one class of ordinary shares having a nominal value of BDT 10 per share. Each holder of ordinary shares is entitled to one vote per share. The Company declares and pays dividends in BDT. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of ordinary shares held by the shareholders.

16. Share money deposits

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Balance as at the beginning of the year	4,652,548.95	18,186,351.97
Add: Received for allotment of shares*	-	4,652,547.98
Less: Applied towards ordinary shares issued	-	(18,186,351.00)
Balance as at the closing of the year	**4,652,548.95**	**4,652,548.95**

* Telecom Ventures Ltd (formerly known as Orascom Telecom Ventures Ltd) had given loan to the Company amounting to BDT 4,652,548.95 thousands in earlier years, which, TVL decided to convert into ordinary shares. Share money deposit represents the aforesaid loan pending to be converted into fixed number of ordinary shares of the Company. There is no obligation on the Company to refund this money to TVL.

17. Loans and borrowings

This note provides information regarding the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost after considering arrangement and other ancillary costs in Statement of Comprehensive Income as part of finance cost using effective interest method. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks and payment schedule of such loans, see Note No. 28.

Notes to the Financial Statements as at and for the year ended December 31, 2011

17.1 Non-current borrowings

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Secured:		
Hermes facility	2,344,334.73	3,103,861.04
USD commercial facility	1,992,693.29	3,934,589.29
DFI facilities	913,550.50	1,284,325.39
BDT A facility	-	309,881.77
BDT B facility	301,660.14	474,950.59
Standard Chartered Bank, London	2,179,578.85	2,305,772.56
Finance lease liabilities	27,287.00	20,470.12
Bond financing	4,123,516.24	5,475,028.60
	11,882,620.75	16,908,879.36
Unsecured :		
Loan from Parent Company	12,403,038.95	-
Loan from Huawei Tech Investment Co. Ltd.	1,526,889.12	-
	13,929,928.07	-
Total	**25,812,548.82**	**16,908,879.36**

17.2 Current borrowings

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
A) Current portion of long term debt :		
Secured:		
Hermes facility	1,332,868.18	1,115,629.38
USD commercial facility	2,679,828.17	2,260,285.88
DFI facilities	600,686.13	504,511.04
BDT A facility	312,699.90	610,311.50
BDT B facility	197,584.87	179,853.03
Standard Chartered Bank, London	514,983.91	428,997.01
Finance lease liabilities	8,945.40	5,346.29
Bonds	1,308,237.58	1,312,842.00
Unsecured :		
Loan from Parent Company	-	208,831.67
Loan from Huawei Tech Investment Co. Ltd.	989,473.35	-
	7,945,307.49	6,626,607.80
B) Short term debts from banks (Unsecured)	11,869,872.72	4,799,075.01
	11,869,872.72	4,799,075.01
Total	**19,815,180.21**	**11,425,682.81**

Notes to the Financial Statements as at and for the year ended December 31, 2011

17.3 Finance lease liabilities

The Company has taken certain vehicles on lease, which are in the nature of finance leases. No contingent rent is payable by the Company in respect of such leases.

The totals of minimum lease payments at the end of year and their present value, for each of the following years are as follows:

Finance lease liabilities are payable as follows:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
	Minimum lease payments	Minimum lease payments
Less than one year	13,252.75	8,475.29
Between one and five years	32,994.10	25,194.55
Total	**46,246.85**	**33,669.84**

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
	Present value of minimum lease payments	Present value of minimum lease payments
Less than one year	8,945.40	5,346.29
Between one and five years	27,287.00	20,470.12
Total	**36,232.40**	**25,816.41**

Notes to the Financial Statements as at and for the year ended December 31, 2011

17.4 Terms and conditions of outstanding loans – Interest Rate, currency and maturity of borrowings

17.4.1 Long term debt (including current maturities)

Facilities/ banks/ institutions	Currency	Date of maturity	Nominal interest rate	Carrying value as at December 31, 2011 (BDT In '000)
As at 31 December 2011				
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+1.8%	3,677,202.91
USD Commercial Facility	USD	1-Aug-13	3 months USD LIBOR+4.7%	4,672,521.46
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	1,514,236.63
BDT A Facility	BDT	30-Jun-12	Money Market rate	312,699.90
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+8.7%	499,245.01
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	2,694,562.76
Loan from Parent Company	USD	24-Nov-18 28-May-19	3 months USD LIBOR+2.50%	12,403,038.95
Finance lease liabilities	BDT	05-Aug-13 23-Aug-15 28-Sep-15 04-Apr-16 03-Aug-16	16.21% 12.46% 12.46% 13.50% 14.00%	36,232.40
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	5,431,753.82
Loan from Huawei Tech Investment Co. Ltd	USD	Various dates	6 months USD LIBOR+2.9%	2,516,362.47
Total				**33,757,856.31**

Notes to the Financial Statements as at and for the year ended December 31, 2011

Facilities/ banks/ institutions	Currency	Date of maturity	Nominal interest rate	Carrying value as at December 31, 2010 (BDT In '000)
As at 31 December 2010				
Hermes Facility	USD	1-Jul-14	3 months USD LIBOR+1.8%	4,219,490.42
USD Commercial Facility	USD	1-Aug-13	3 months USD LIBOR+4.7%	6,194,875.17
DFI Facility	USD	15-Jun-14	3 months USD LIBOR+4.85%	1,788,836.43
BDT A Facility	BDT	30-Jun-12	Money Market rate	920,193.27
BDT B Facility	BDT	30-Jun-14	91 days treasury bill rate+8.7%	654,803.62
Standard Chartered Bank, London	USD	30-Sep-16	6 months USD LIBOR+2.0%	2,734,769.57
Loan from Parent Company	USD	24-Nov-18 28-May-19	3 months USD LIBOR+2.50%	208,831.67
Finance lease liabilities	BDT	05-Aug-13 23-Aug-15 28-Sep-15	16.21%, & 12.46%.	25,816.40
Bonds	BDT	30-Jun-14	13.50% (Floor 12.75% - Cap 14.25%)	6,787,870.60
Total				**23,535,487.15**

Notes to the Financial Statements as at and for the year ended December 31, 2011

17.4.2 Short term loans from banks (Unsecured)

Facilities/ banks/ institutions	Currency	Maturity date	Nominal Interest Rate	Carrying value (BDT In '000)
As at 31 December 2011				
Commercial Bank of Ceylon	BDT	9-Apr-12	14.00%	100,000.00
Citibank, N.A.	BDT	19-Sep-12	14.00%	800,622.22
Standard Chartered Bank	BDT	18-Nov-12, 21-Oct-12	14.5%,15.00%	4,985,400.00
BRAC Bank Ltd	BDT	28-Jan-12	15.00%	600,000.00
Eastern Bank Ltd	BDT	31-May-12	15.00%	1,300,000.00
The City Bank	BDT	14-Aug-12	15.00%	1,087,249.57
Mutual Trust Bank Ltd	BDT	30-Nov-12	15.00%	746,600.93
The Premier Bank Ltd	BDT	17-Mar-12	14.50%	250,000.00
Dutch Bangla Bank Ltd	BDT	31-Oct-12	14.50%	900,000.00
Pubali Bank Limited	BDT	18-Jan-12	15.00%	750,000.00
One Bank Limited	BDT	28-Feb-12	15.50%	350,000.00
Total				**11,869,872.72**
As at 31 December 2010				
Commercial Bank of Ceylon	BDT	4-Jan-11	11.00%	100,000.00
Citibank, N.A.	BDT	12-Jan-11 & 17-Jan-11	10.00%	650,000.00
Standard Chartered Bank	BDT	08-Jan-11 & 14-Mar-11	9.50%	1,019,302.79
BRAC Bank Ltd.	BDT	8-Jan-11 & 07-Feb-11	11.00%	408,122.22
Eastern Bank Ltd.	BDT	6-Feb-11	11.00%	100,000.00
The City Bank	BDT	8-May-11	10.50%	200,000.00
Short Term WCS - SCB - 650mln	BDT	30-Jul-11	13.00%	650,000.00
Short Term WCS - SCB - 1.21bln	BDT	26-Aug-11	12.00%	1,210,000.00
Mutual Trust Bank Limited	BDT	8-Jan-11 & 21-Mar-11	11.00%	360,000.00
Dutch Bangla Bank Limited	BDT	7-May-11	11.00%	101,650.00
Total				**4,799,075.01**

17.5 Credit facilities available as at December 31, 2011

The Company has fund based and non-fund based short term working capital facilities with 13 banks. The non-fund based facilities include Letters of Credit (LC) and Letters of Guarantee. The fund based facilities include overdraft facility, short term loan and Loan Against Trust Receipt (LATR). The aggregate amount of available and unused short term working capital facilities is BDT. 6,043,544.67 thousands (2010:BDT.8,371,486.90 thousands) of which non fund based is BDT. 4,194,144.67 thousands (2010: BDT.3,734,889.98 thousands) and fund based limit is BDT. 1,849,400.00 thousands (2010: BDT.4,636,596.92 thousands)

Notes to the Financial Statements as at and for the year ended December 31, 2011

17.6 Security details

Securities provided by the Company in respect of loans taken are as under:

A. Foreign syndication loans
(Including Hermes Facility, USD Commercial Facility, DFI Facility, BDT A Facility, BDT B Facility, Standard Chartered Bank, London)

1. A pledge by OTH of 100% of the issued share capital of OTV.
2. A pledge by OTV of 100% of the issued share capital it holds in the Company.
3. A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4. A lien by the Company over its bank accounts.
5. Guarantee given by OTH.

B. Bonds

1. A pledge by OTH of 100% of the issued share capital of OTV.
2. A pledge by OTV of 100% of the issued share capital it holds in the Company.
3. A first ranking floating charge by the Company over certain Material Agreements, Intellectual Property Rights and all of its present and future receivables and tangible property (Deed of Hypothecation).
4. A lien by the Company over its bank accounts.
5. Guarantee given by OTH.

C. Short Term loans from Banks

1. Demand Promissory Note
2. Letter of Continuation
3. Letter of Comfort from OTH

D. Finance Lease

Finance lease obligations are secured by hypothecation of underlying leased vehicles.

17.7 Financial Covenants

A. Foreign syndication loans, Loan from Parent Company and Bonds –

Under Common Terms Agreement (CTA) signed between the Company, Telecom Ventures Ltd. (Formerly known as Orascom Telecom Ventures Ltd.), Standard Chartered Bank, USD facility agent (KfW), HSBC France and DFI facility agent (DEG), the Company must ensure:

a. **Net Borrowings to Adjusted EBITDA**: Net Borrowings as at the end of a Measurement Period ending on an Accounting date falling on or after 30 June 2009 shall not be more than **'X'** times Adjusted EBITDA of the Company for that Measurement Period, where 'X' has the value indicated in the table below opposite the Accounting Date on which that Measurement Period ends;

b. **Debt Service Cover Ratio (Cashflow to Debt Service)**: Cashflow for the Company for any Measurement Period ending on an Accounting Date falling on or after 30 June 2009, shall not be less than **'Y'** times Debt Service for the Company for such Measurement Period, where 'Y' has the value indicated in the table below opposite the Accounting Date on which such Measurement Period ends; and

Notes to the Financial Statements as at and for the year ended December 31, 2011

c. Net Borrowings to Contributed Equity: The ratio of Contributed Equity at any Accounting Date as a percentage of the aggregate of Net Borrowings of the Company as at such Accounting Date and Contributed Equity as at such Accounting Date, shall not be less than 40 per cent.

For the purpose of the ratios set out above, Adjusted EBITDA, Cashflow, Debt Service, Net Borrowings will each be calculated in USD on the basis set out below –

Accounting Date	X	Y
31 March 2010	6.5	1.0
30 June 2010	6.5	1.1
30 September 2010	6.5	1.1
31 December 2010	5.0	1.1
31 March 2011	5.0	1.1
30 June 2011	4.0	1.2
30 September 2011	4.0	1.2
31 December 2011	3.5	1.2
31 March 2012	3.5	1.2
30 June 2012	2.5	1.2
30 September 2012	2.5	1.2
31 December 2012 and each Accounting Date thereafter	2.0	1.2

B. Short term working capital syndication loan

For short term syndication loan taken from Standard Chartered Bank, the Company must ensure that the Debt to Contributed Equity does not exceed 60:40.

Contributed Equity means at any time the aggregate of:

(a) the amount of share capital
(b) the amount of share money deposits
(c) Permitted Intercompany loans

expressed in US Dollars, based on historical amount on exchange rate.

In addition to above, as per the terms of short term borrowings, the Company has created a negative pledge not to create any future charge over its fixed and floating assets in favour of any floating capital lenders.

Based on the specified formula in CTA, the above ratios has been complied with by the Company as at December 31, 2011.

Notes to the Financial Statements as at and for the year ended December 31, 2011

18. Provisions

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Non-current provisions		
Provision for Asset Retirement Obligation		
Balance at the beginning of the year	443,530.48	336,053.50
Arisen during the year	50,348.45	60,306.57
Interest unwinding for the year	60,082.75	47,170.41
Balance at the end of the year	**553,961.68**	**443,530.48**
Current provisions		
Provision for Litigation		
Balance at the beginning of the year	1,864,150.99	2,137,500.16
Arisen during the year	432,788.09	16,487.78
Unused amounts reversed during the year (Refer Note No. 35)	-	(289,836.95)
Balance at the closing of the year	**2,296,939.08**	**1,864,150.99**

The details of above provision for litigation are as under;

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
SIM tax payable for 2006-07	1,646,485.45	1,646,485.45
Minimum tax @ .5% on turnover	349,420.59	-
Custom cases (HS code classification)	201,177.77	201,177.76
VAT on rent	99,855.27	16,487.78
Total	**2,296,939.08**	**1,864,150.99**

The management is presently uncertain about the timings of the outflow in respect of the provisions for litigations.

Notes to the Financial Statements as at and for the year ended December 31, 2011

19. Accounts payable

19.1 Non-current

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
CAPEX Payable	4,337,520.00	-
Total	**4,337,520.00**	**-**

19.2 Current

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Payable to suppliers (Note 19.2.1)	10,699,232.88	6,772,160.86
Other creditors (Note 19.2.2)	8,203,058.40	6,596,306.07
VAT on licence fee	1,449,126.00	-
Total	**20,351,417.28**	**13,368,466.93**

Notes to the Financial Statements as at and for the year ended December 31, 2011

19.2.1 Suppliers

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
CAPEX Suppliers	10,282,287.97	6,384,573.11
OPEX Suppliers	416,944.91	387,587.75
Total	**10,699,232.88**	**6,772,160.86**

19.2.2 Other creditors

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Payable to Holding Company towards technical knowhow fees, management fees, etc.	6,649,075.20	5,524,099.58
BTRC - (Revenue sharing, Royalty and Annual License Fees)	815,473.21	637,865.10
Interconnect charges	665,656.66	371,821.90
Roaming payables - international operators	72,294.24	62,371.11
Dealers' deposits	559.09	148.38
Total	**8,203,058.40**	**6,596,306.07**

The amounts as covered in Note No. 19.1 and 19.2 are payable in the normal course.

Notes to the Financial Statements as at and for the year ended December 31, 2011

20. Accrued and other liabilities

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Staff cost	252,114.85	274,858.68
Utilities and postage	314,202.56	280,811.60
VAT, supplementary duty and withholding tax	905,694.81	1,128,151.06
Technical and professional fees	1,217,002.65	1,139,801.57
Interconnect charges	336,983.16	473,149.21
Roaming charges	21,028.45	14,662.47
Dealers commissions	204,489.33	198,318.86
Advertising, marketing and promotional expenses	474,792.45	481,831.43
Accrued fixed assets (Tangible)	3,553,586.92	5,425,195.50
Accrued fixed assets (Intangible)	195,062.98	221,900.79
General and administrative expenses	101,914.73	699,092.60
Lease equalisation reserve	370,000.56	269,336.17
Subscribers' deposits and advances	84,610.30	93,113.62
M Commerce advance (Note No. 20.1)	41,520.53	13,948.99
Other expenses	135,926.06	145,697.69
Total	**8,208,930.34**	**10,859,870.24**

20.1 Payable to Bangladesh Power Development Board (PDB) for bill pay service, Bangladesh Post Office (BPO), Dhaka Bank Limited and Eastern Bank Limited for remittance service and Bangladesh Railway (BR) for ticketing services carried thorough Company's portal.

21. Deferred revenue

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Pre paid	957,295.70	903,189.72
Advance received from post paid customers	35,644.76	39,532.07
Others	18.91	20.82
Total	**992,959.37**	**942,742.61**

Notes to the Financial Statements as at and for the year ended December 31, 2011

22. Revenue

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Pre paid:		
Air time voice charges	28,193,987.71	22,888,156.97
Mobile terminated calls (Interconnect)	2,877,003.19	2,468,425.10
Other service fees	1,798,218.38	673,836.44
SMS	499,180.17	391,938.50
Call center revenue	51,524.05	51,168.24
Connection fees	-	765.90
	33,419,913.50	26,474,291.15
Post paid:		
Air time voice charges	3,743,882.98	4,674,550.04
Mobile terminated calls (Interconnect)	244,272.59	218,306.59
Roaming	237,085.14	284,821.52
Other service fees	100,761.16	92,599.43
SMS	85,671.36	74,376.10
Monthly access fees	25,367.13	24,345.54
	4,437,040.36	5,368,999.22
Total	**37,856,953.86**	**31,843,290.37**

23. Other operating income

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Infrastructure sharing revenue	293,169.66	146,807.14
M Commerce revenue	32,734.85	7,741.04
Mobile Devices (Hand Set, Data Card etc.) sales revenue	13,408.90	45.87
Miscellaneous Revenue	62.00	-
Total	**339,375.41**	**154,594.05**

Notes to the Financial Statements as at and for the year ended December 31, 2011

24.1 Network operation cost

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Mobile originated calls (Interconnect)	3,109,779.35	2,831,287.77
Utilities (electricity, telephone etc.)	2,168,730.31	1,784,576.24
Network maintenance	2,143,061.50	2,150,105.41
Rent (BTS, BSC and MSC)	1,166,172.73	849,697.42
Vehicle running expenses (Technical)	143,177.14	128,675.69
Security expenses	195,776.61	343,896.95
Cost of SIM cards	728,811.35	732,712.06
Value added services and SMS	317,397.31	180,009.03
Logistics charges	77,819.97	104,582.62
Cost of Scratch cards	54,915.14	39,167.72
Lease line charges	52,691.30	63,130.95
Roaming interconnect charge	45,320.99	36,835.36
Total	**10,203,653.70**	**9,244,677.22**

24.2 Revenue sharing,spectrum charges and license fee

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Revenue sharing	2,040,385.58	1,590,163.88
Frequency, royalty and bandwidth fees	486,708.19	387,405.74
Annual license fees	50,171.67	50,138.33
Total	**2,577,265.44**	**2,027,707.95**

24.3. Employee costs

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Salary and wages (Note No. 24.3.1)	1,640,813.97	1,390,514.68
Total	**1,640,813.97**	**1,390,514.68**

24.3.1 Contribution to provident fund	25,707.75	18,662.73

Notes to the Financial Statements as at and for the year ended December 31, 2011

24.4. Other expenses

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
SIM Tax charge	5,074,403.23	5,470,113.79
Dealers' commissions	2,954,897.38	2,849,849.44
Foreign exchange (gain)/loss	4,071,082.29	350,560.84
Office rental expense	247,471.65	147,040.81
Advertising expenses	1,079,304.80	861,909.78
Minimum tax - 0.5 % tax on turnover*	303,852.24	-
IT development, recruitment and training	319,633.57	243,174.22
Technical know how fees	266,800.89	156,949.81
Vehicle running expenses	92,797.04	73,970.72
Office expenses	121,563.26	104,794.37
Provision for litigations	83,367.50	-
Credit management fees	72,937.59	59,218.60
Postage, telephone and stationeries	51,475.27	35,210.00
Marketing research and operation	49,341.94	40,389.18
Legal and professional fees	39,772.85	17,876.43
Other general expenses	75,179.76	35,641.88
Travelling expenses	30,345.05	29,659.75
Other marketing expenses	26,068.91	95,574.99
Total	**14,960,295.22**	**10,571,934.61**

* net of reversal of BDT 45,568.35 thousands for earlier years

25. Depreciation, impairment & amortization

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Depreciation on tangible property, plant and equipment (Note No. 5)	9,959,863.25	8,313,656.75
Ammortization of license fee and computer software (Note No. 6)	527,069.91	232,068.31
Loss on assets discarded / technological impairment (Note No.5)	648,374.56	115,178.54
Total	**11,135,307.72**	**8,660,903.60**

Notes to the Financial Statements as at and for the year ended December 31, 2011

26. Finance income

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Interest on fixed and short term deposits	122,015.09	65,295.48
Total	**122,015.09**	**65,295.48**

27. Finance cost

Particulars	Year ended December 31, 2011 (BDT In '000)	Year ended December 31, 2010 (BDT In '000)
Interest and other financial charges	3,705,142.20	2,827,197.00
Total	**3,705,142.20**	**2,827,197.00**

Notes to the Financial Statements as at and for the year ended December 31, 2011

28. Financial Instruments

28. 1 Financial Risk Management

The Company's principal financial liabilities other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade & other receivables and cash and short-term deposits that originate in the normal course of its operations.

The Company has exposure to the following risks from its use of financial instruments:

Credit risks
Liquidity risks
Market risk
Currency risk
Interest rate risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and management of capital. The management has overall responsibility for the establishment and oversight of the company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risks

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from subscribers, other telecom operators, roaming partners and dealers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, accounts receivable are grouped according to aging profile, maturity and existence of history of financial difficulties. The Company's exposure to credit risk on accounts receivables from post paid customers is mainly influenced by the individual payment characteristics of the subscribers. Interconnection receivables are normally received within 3 months from the date of invoice and credit risk from these receivables is very minimal. The Company employs financial clearing house to minimize credit risk involving collection of roaming receivables.

At the reporting date, there were no significant concentrations of credit risk except that the Company has a net receivables of BDT 697,507.74 thousands (BDT 69,708.57 thousands) from BTCL where the management does not expect any credit risk as it is a Government enterprise.

Refer Note No. 28.2 below for quantitative analysis.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring substantial losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses and other financial obligations through Cash Flow forecast and accordingly arranges for sufficient liquidity/fund to make the expected payment within due date through internal accruals and short term borrowings. Moreover, the Company receives support from Telecom

Notes to the Financial Statements as at and for the year ended December 31, 2011

Ventures Ltd. (Formerly known as Orascom Telecom Ventures Ltd.), the parent company, in the form of equity contribution, and long term loans.

Refer Note No. 28.3 below for quantitative analysis

c) Market risk

Market risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates and interest rates and will in turn; affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. However, the company does not hold any financial instrument for which market risk arises due to market price movement and thus affect company's income or the value of its holdings of financial instruments.

d) Currency risk

The Company is exposed to currency risk on certain revenues and purchases such as roaming revenues, telecom equipment purchases, certain operating costs such as roaming expenses and network related costs, foreign currency borrowings, resulting receivables and payables, and interest expense and repayments relating to borrowings incurred in foreign currencies. Majority of the Company's cross border transactions are denominated in USD and a few in EUROS. The Company maintains a USD bank account where all receipts are denominated in USD and payment in USD is made through this account. The Company's foreign exchange risks are un-hedged due to regulatory impositions.

Refer Note No. 28.4 below for quantitative analysis

e) Interest rate risk

Interest rate risk is the risk due to changes in interest rates on borrowings. The risk arises for fluctuation of floating interest rates. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk.

Refer Note No. 28.5 below for quantitative analysis

28.2 Credit risk

28.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Accounts receivable (excluding receivables BDT 18,087.02 thousands (BDT 13,977.84 thousands) receivables from related parties)	1,553,381.84	1,288,971.07
Accrued revenue	316,990.26	294,253.46
Other receivables	53,260.97	38,972.67
Total	**1,923,633.07**	**1,622,197.20**

Notes to the Financial Statements as at and for the year ended December 31, 2011

The maximum exposure to credit risk for accounts receivable arising from airtime charges, roaming services and interconnection revenue excluding those classified as inter company receivables at the reporting date by type of receivable is:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Interconnection Receivables	1,212,742.16	998,627.94
Infrastructure sharing revenue receivables	148,189.44	53,216.10
Post paid receivables	68,608.25	65,626.82
Roaming Receivables	65,890.81	139,568.09
Receivable from prepaid customers	48,788.59	26,333.81
Others	9,100.03	5,215.54
Receivable from Dealers	62.56	382.77
Total	**1,553,381.84**	**1,288,971.07**

The maximum exposure to credit risk for accounts receivable at the end of the year by geographic region was:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Domestic	1,500,734.58	1,165,276.25
Asia	29,279.94	28,338.70
Europe	11,684.08	72,895.99
Africa	10,059.81	21,038.25
Americas	1,574.73	1,390.28
Australia	48.70	31.60
Total	**1,553,381.84**	**1,288,971.07**

1) The aging of postpaid receivables from the date of invoice for the reporting year was:

(BDT In '000)

Particulars	As at December 31, 2011			As at December 31, 2010		
	Gross	Impairment	Net	Gross	Impairment	Net
0-30 days	43,467.95	1,738.72	41,729.23	33,594.58	1,343.78	32,250.79
31-60 days	6,345.32	951.80	5,393.52	7,135.88	1,070.38	6,065.50
61-90 days	3,300.12	990.04	2,310.08	4,123.59	1,237.08	2,886.51
91-120 days	1,307.36	915.14	392.22	2,805.98	1,964.18	841.79
121 days and above	13,519.88	13,519.88	-	11,341.61	11,341.61	-
Receivables covered by advances and deposits	18,783.20	-	18,783.20	23,582.23	-	23,582.23
Post paid receivables	**86,723.83**	**18,115.58**	**68,608.25**	**82,583.87**	**16,957.03**	**65,626.82**

Notes to the Financial Statements as at and for the year ended December 31, 2011

2) The aging of interconnection receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
	Gross	Gross
0-30 days	277,466.10	230,694.64
31-60 days	277,337.15	225,786.04
61-90 days	72,122.08	74,277.91
91-120 days	76,628.85	50,421.07
121-150 days	50,853.36	47,681.23
151-180 days	40,436.58	44,261.12
Over 180 days	486,306.04	393,913.93
	1,281,150.16	1,067,035.94
Less : Provision for doubtful debts	68,408.00	68,408.00
Total	**1,212,742.16**	**998,627.94**

3) The aging of infrastructure sharing revenue receivables from the date of invoice at the end of the year was:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
0-30 days	33,646.75	16,015.23
31-60 days	23,952.39	10,815.78
61-90 days	24,821.82	11,516.53
91-120 days	15,098.13	1,919.23
121-150 days	17,636.34	1,823.58
151-180 days	7,933.15	11,125.75
Over 180 days	25,100.86	-
Total	**148,189.44**	**53,216.10**

4) The aging of roaming receivables (excluding receivables from related parties) from the date of invoice at the end of the year was:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
0-30 days	4,138.61	4,960.40
0-60 days	13,197.70	13,777.67
61-90 days	6,448.05	65,319.64
91-120 days	4,229.35	4,302.48
121-150 days	4,354.28	3,690.51
151-180 days	3,604.84	3,283.34
Over 180 days	29,917.98	44,234.05
Total	**65,890.81**	**139,568.09**

Notes to the Financial Statements as at and for the year ended December 31, 2011

The movement in the allowance for impairment (provision for doubtful debts) in respect of accounts receivable and accrued revenue during the year was as follows:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Opening balance	85,365.04	16,070.25
Impairment loss recognized	1,158.54	69,294.79
Closing balance	**86,523.58**	**85,365.04**

Based on the past experience, the Company believes that no impairment allowance is necessary in respect of billed post paid receivables which is covered by security deposit, unbilled receivables against which advance is received, interconnection receivables and roaming receivables;
Impairment allowance for postpaid billed receivables are calculated as follows:

Invoice age	Percentage of allowance on balance due
Terminated customers	100%
Invoiced over 90 days	70%
Invoiced over 60 and less than 90 days	30%
Invoiced over 30 and less than 60 days	15%
Current - less than 30 days (accrued revenue less advance received)	4%

Notes to the Financial Statements as at and for the year ended December 31, 2011

28.3 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	As at December 31, 2011						(BDT In '000)
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	33,757,856.31	(39,247,046.54)	(5,674,840.70)	(4,083,101.82)	(8,337,015.38)	(13,994,909.82)	(7,157,178.83)
Short term bank loans	11,869,872.72	(12,617,178.30)	(7,196,773.82)	(5,420,404.49)	-	-	-
Accounts payable	24,688,937.28	(24,688,937.28)	(14,633,777.28)	(5,717,640.00)	(4,337,520.00)	-	-
Accrued and other liabilities	8,208,930.34	(8,208,930.34)	(8,208,930.34)	-	-	-	-
	78,525,596.65	**(84,762,092.46)**	**(35,714,322.14)**	**(15,221,146.31)**	**(12,674,535.38)**	**(13,994,909.82)**	**(7,157,178.83)**

	As at 31 December 2010						(BDT In '000)
	Carrying amount	Contractual cash flows	6 months or less	7-12 months	1-2 year	2-5 years	More than 5 years
Long term debt (including current maturities)	23,535,487.15	(28,586,951.81)	(3,563,725.14)	(4,902,880.37)	(7,666,947.42)	(11,932,671.25)	(520,727.59)
Short term bank loans	4,799,075.01	(5,068,249.44)	(5,068,249.44)	-	-	-	-
Accounts payable	13,368,466.93	(13,368,466.93)	(13,368,466.93)	-	-	-	-
Accrued and other liabilities	10,859,870.24	(10,859,870.24)	(10,859,870.24)	-	-	-	-
	52,562,899.33	**(57,883,538.42)**	**(32,860,311.75)**	**(4,902,880.37)**	**(7,666,947.42)**	**(11,932,671.25)**	**(520,727.59)**

Notes to the Financial Statements as at and for the year ended December 31, 2011

28.4 Currency risk

28.4.1 Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts of respective currencvies:

	As at 31 December 2011 BDT In '000			As at 31 December 2010 BDT In '000		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	856.16	1.73	-	1,911.03	12.95	-
Cash and bank balances	11,030.19	-	-	9,467.92	-	-
	11,886.35	1.73	-	11,378.95	12.95	-
Foreign currency denominated liabilities						
Loans and borrowings	(332,041.05)	-	-	(207,390.10)	-	-
Accounts payables	(110,906.68)	(2,617.06)	(832.22)	(153,067.30)	(6,908.16)	-
Accrued and other liabilities	(108.17)	-	-	(2,926.86)	-	-
	(443,055.90)	(2,617.06)	(832.22)	(363,384.26)	(6,908.16)	-
Net exposure	(431,169.55)	(2,615.33)	(832.22)	(352,005.31)	(6,895.21)	-

BDT equivalent of exposure to foreign currency risk based on closing exchange rates of respective years are as follows -

	As at 31 December 2011 BDT In '000			As at 31 December 2010 BDT In '000		
	USD	EUR	GBP	USD	EUR	GBP
Foreign currency denominated assets						
Accounts receivable	70,513.14	186.64	-	136,351.84	1,251.82	-
Cash and bank balances	908,446.82	-	-	675,536.28	-	-
	978,959.96	186.64	-	811,888.12	1,251.82	-
Foreign currency denominated liabilities						
Loans and borrowings	(27,346,900.67)	-	-	(14,797,283.64)	-	-
Accounts payables	(9,134,274.16)	(282,197.21)	(106,906.60)	(10,921,351.59)	(667,880.96)	-
Accrued and other liabilities	(8,908.83)	-	-	(208,831.46)	-	-
	(36,490,083.66)	(282,197.21)	(106,906.60)	(25,927,466.69)	(667,880.96)	-
Net exposure	(35,511,123.70)	(282,010.57)	(106,906.60)	(25,115,578.57)	(666,629.14)	-

Notes to the Financial Statements as at and for the year ended December 31, 2011

The following exchange rates are applied during the year:

	Closing rate at the end of the reporting period	
	31 December 2011	**31 December 2010**
BDT/USD	82.36	71.35
BDT/EUR	107.83	96.68
BDT/GBP	128.46	112.79

28.4.2 Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure comprises all assets and liabilities denominated in foreign currencies.

A 10 percent strengthening of BDT against the following currencies as at 31 December 2011 and 31 December 2010 would have increased/(decreased) comprehensive income and equity by the amounts (BDT) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(BDT In '000)

	Comprehensive Income		Equity	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
For USD nominated items	3,551,112.41	2,511,557.89	-	-
For EURO nominated items	28,201.10	66,662.89	-	-
For GBP nominated items	10,690.70	-	-	-

A 10 percent weakening of BDT against the following currencies as at 31 December 2011 and 31 December 2010 would have increased/(decreased) comprehensive income and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(BDT In '000)

	Comprehensive Income		Equity	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
For USD nominated items	(3,551,112.41)	(2,511,557.89)	-	-
For EURO nominated items	(28,201.10)	(66,662.89)	-	-
For GBP nominated items	(10,690.70)	-	-	-

Notes to the Financial Statements as at and for the year ended December 31, 2011

28.5 Interest rate risk

28.5.1 Profile

At the end of the reporting year, the interest rate profile of the Company's interest-bearing financial instruments was:

	As at 31 December 2011		As at 31 December 2010	
	Interest profile (Effective interest rate)	Carrying amount - BDT ('000)	Interest profile (Effective interest rate)	Carrying amount - BDT ('000)
Fixed rate instruments				
Fixed and short term deposits	3% to 12.00%	456,562.44	3% to 14.00%	585,199.35
Finance lease liabilities	12.46% to 16.21%	36,232.40	12.46% to 16.21%	25,816.40
Short term loans from banks	9.50% to 16.00%	11,869,872.72	9.50% to 13.00%	4,799,075.01
Bonds	13.50% (Floor 12.75% - Cap 14.25%)	5,431,753.82	13.50% (Floor 12.75 % - Cap 14.25%)	6,787,870.60
Floating rate instruments				
Long term loan	2.09% to 17.75%	28,289,870.10	5.26% to 19.01%	16,721,800.15

28.5.2 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for foreign currency loans and 100 basis points change for loans in BDT as at 31 December 2011 would have increased/ (decreased) equity and profit or loss by the amounts (BDT) shown below. This analysis assumes that all other variables, in particular foreign exchange rates remain constant.

BDT ('000)

Particulars	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 December 2011				
Foreign currency loans	(273,469.01)	273,469.01	-	-
Other Loans	(8,119.45)	8,119.45	-	-
Cash flow sensitivity (net)	(281,588.46)	281,588.46	-	-

	Comprehensive Income		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 December 2010				
Foreign currency loans	(147,972.84)	147,972.84	-	-
Other Loans	(15,749.97)	15,749.97	-	15,749.97
Cash flow sensitivity (net)	(163,722.81)	163,722.81	-	15,749.97

Notes to the Financial Statements as at and for the year ended December 31, 2011

28.5.3 Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the Statement of Financial Position are as follows:

	As at 31 December 2011		As at 31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Accounts receivables	1,571,468.86	1,571,468.86	1,302,948.91	1,302,948.91
Other financial assets (non current)	97,668.89	97,668.89	80,067.25	80,067.25
Advances to employees	18,070.98	18,070.98	11,547.20	11,547.20
Other receivables	53,260.97	53,260.97	38,972.67	38,972.67
Accrued revenue	316,990.26	316,990.26	294,253.46	294,253.46
Cash and bank balances	1,848,565.09	1,848,565.09	1,357,350.69	1,357,350.69
Total	**3,906,025.05**	**3,906,025.05**	**3,085,140.18**	**3,085,140.18**
Financial liabilities				
Loans and borrowings	(45,627,729.03)	(45,627,729.03)	(28,334,562.17)	(27,952,444.92)
Accounts payable	(24,688,937.28)	(24,688,937.28)	(13,368,466.93)	(7,758,812.80)
Accrued and other liabilities	(8,208,930.34)	(8,208,930.34)	(10,859,870.24)	(13,895,706.29)
Total	**(78,525,596.65)**	**(78,525,596.65)**	**(52,562,899.34)**	**(49,606,964.01)**

The above fair values are determined under discounted cash flow method.

28.6 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares to the parent company. No changes were made in the objectives, policies or processes during the years end December 31, 2011 and December 31, 2010.

The Company monitors capital using a Contributed Equity to Net Borrowings ratio which is the ratio of Contributed Equity as a percentage of the aggregate of Net Borrowings of the Company and Contributed Equity. The Company's policy is to keep the above ratio above 40% in view of significant amount of loans being carried forward. The Company's objective is to improve the ratio through scheduled payments, issue of further Ordinary Shares and drawdown of the loan from its parent company. Net Borrowings consists of total borrowings (excluding any Financial Indebtedness permitted under an intercompany loan) less cash and cash equivalents. Contributed equity means at any time the aggregate of the amount of share capital, the amount of share money deposits and permitted intercompany loans in all cases expressed in USD, based on historical amounts and exchange rates but it does not include accumulated loss.

Notes to the Financial Statements as at and for the year ended December 31, 2011

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Long term borrowings	21,354,817.36	23,326,655.48
Short term borrowings	11,869,872.72	4,799,075.01
Cash and cash equivalents	(1,848,565.09)	(1,357,350.69)
Net borrowings	**31,376,124.99**	**26,768,379.80**
Share Capital	42,951,232.00	42,951,232.00
Share Money deposits	4,652,548.95	4,652,548.95
Permitted Intercompany loan	12,403,038.95	208,831.67
Contributed equity	**60,006,819.90**	**47,812,612.62**
Contributed Equity : Net Borrowings	**66%**	**64%**

29. Operating leases

Company as lessee

The Company has taken warehouse, office and BSC, MSC and BTS Sites on operating lease. These leases have life of between one to fifteen years, which is renewable upon mutual agreement of concerned parties. There are no restrictions placed upon the Company by entering into these leases. No contingent rent is payable by the Company in respect of the above leases.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2011 are as follows:

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	871,932.49	748,561.02
Between one and five years	3,495,662.84	2,727,273.61
More than five years	6,398,858.12	4,730,251.82
Total	**10,766,453.45**	**8,206,086.45**

Notes to the Financial Statements as at and for the year ended December 31, 2011

30. Deferred Tax Asset (Net)

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Deferred Tax Asset		
Impact of Brought forward losses and unabsorbed Depreciation	12,852,065.30	12,158,724.10
Impact of expenditure charged to the Statement of Profit and Loss in the current period but allowable for tax purposes on payment basis in subsequent periods.	134,239.69	367,873.68
Gross Deferred Tax Asset (A)	**12,986,304.99**	**12,526,597.78**
Deferred Tax Liability		
Deferred Tax impact of difference between written down value of fixed assets as per books of accounts and for tax purposes	12,984,817.90	11,866,767.74
Other Differences	1,487.09	659,830.04
Gross Deferred Tax Liability (B)	**12,986,304.99**	**12,526,597.78**
Net Deferred Tax Assets (A-B)	**-**	**-**
Unrecognised Deferred Tax Assets*	**12,626,221.65**	**11,298,613.96**
Expiry date of unrecognised Deferred Tax Assets	Unlimited	Unlimited

*Net deferred tax assets have not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

Notes to the Financial Statements as at and for the year ended December 31, 2011

31. Contingent Liabilities

(The amounts stated below are as per the demands raised by concerned authorities.)

Particulars	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
VAT on License fees under dispute/appeal	2,521,398.52	7,801.68
Customs duty under dispute/appeal	337,581.88	337,581.88
Claims Agaisnt the Company not acknowledged as debts	5,000.00	5,000.00
Total	**2,863,980.40**	**350,383.56**

The above contingent liability consist of :-

a) BDT 1,552,130.17 thousands (2010: BDT Nil)) pertaining to the demand made by BTRC towards the 15% on the license fee paid in the year 2011.The Company has filed an application to BTRC to respond as to why the above demand should not be considered to have been made without any legal authority and also filed another application with BTRC to stay the operation of the demand of 15%. The matter has been partly heard by BTRC and has not been concluded yet by BTRC. The Company, based on its legal counsel's advise, believes that the liability in this regard is not "probable" and accordingly, it has not been accrued in the books of account.

b) BDT 471,466.66 thousands (2010: BDT Nil) demanded byBTRC agaisnt the already allocated spectrum in 2008 based on market competive factors.

c) BDT 490,442.41 (2010: BDT Nil) thousands demanded by VAT appellate tribunal on account of levy of SIM Tax on sim cards sent to job worker godown for processing.

d) Various custm duty cases aggregating to BDT 337,581.88 thousands (BDT 337,581.88 thousands) on account of dispute in classification under HS codes for levy of custom duty.

The Company believes that all the above demands are not probable in nature and hence not provided in the books. No reimbursement is expected to arise to the company in respect of above cases. Presently the movement is uncertain about the timing of the settlement of the above cases.

Notes to the Financial Statements as at and for the year ended December 31, 2011

32. Guarantees given by the Company

Particulars	Nature	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Name of beneficiary			
Ministry of Post & Telecommunications	Operating license	-	1,500.00
The Chief Controller of Exports and Imports	Import of materials/ equipments	39,148.56	63,736.43
Power development board (PDB)	Electricity Bill collection	10,000.00	10,000.00
Dhaka Electricity Supply Company (DESCO)	Electricity Bill collection	17,500.00	5,000.00
Computer Network Systems Ltd	Railway Ticket Bill collection	3,500.00	3,500.00
Chitagong Water and Sewerage Authority	Water & Sewerage Bill collection	15,000.00	15,000.00
West Zone Power Distribution Co. Ltd.	Electricity Bill collection	7,000.00	5,000.00
Total		**92,148.56**	**103,736.43**

Notes to the Financial Statements as at and for the year ended December 31, 2011

33. Capital expenditure commitments

Purpose	As at December 31, 2011 (BDT in '000)	As at December 31, 2010 (BDT in '000)
Capital spares inventory	177,905.81	18,476.65
Land	390.26	-
Leasehold Improvements	77,245.61	58,648.18
Office equipments	4,858.20	4,295.66
Office Furniture & Fixtures	3,611.66	2,998.54
PM Tools	3.99	-
Cell sites equipment (Radio)	757,288.16	341,164.67
Cell sites equipment (Switch)	126,264.12	43,155.53
Cell sites equipment (Microwave)	107,329.09	283,364.31
Cell sites equipment (Related services)	416,350.26	462,057.43
Cell sites equipment (Infrastructure)	1,705,474.19	254,531.10
Cell sites equipment (Other network equipment)	14,947.07	164.09
Computer hardwares	170,513.97	3,645.50
Computer softwares	135,182.56	128,681.81
Other purchase	-	5,460.03
	3,697,364.95	**1,606,643.50**

Notes to the Financial Statements as at and for the year ended December 31, 2011

34. Related party transactions

During the year, the Company carried out certain transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value has been set out in accordance with the provisions of IAS 24: Related party disclosure in note 34.2.

34.1 Transactions with key management personnel

Transactions with key management personnel

Particulars	Year ended December 31, 2011 (BDT in '000)	Year ended December 31, 2010 (BDT in '000)
Short term employee benefits (salary and other allowances)	40,258.45	36,631.49
Total	**40,258.45**	**36,631.49**

Key management personnel comprise the Company's directors and key management executive officers (CEO, CFO, CTO and COO). As at 31 December 2011 and 31 December 2010, none of the Company's directors and executive officers has outstanding personnel loans from the company. In addition to salaries, the company also provides other benefits to executive officers in the nature of rent free accommodation, travelling, medical facilities etc.

The details of above are as follows -

Name of KMP	As at December 31, 2011 (BDT In '000)	As at December 31, 2010 (BDT In '000)
Ahmed Abdel Salam Abdel Rahman Abou Douma	12,169.54	17,368.23
Mohamed Hassan Osman	9,493.99	5,301.96
Ahmed Fady	8,092.74	5,602.50
Ashar Yaqub Khan	10,502.18	8,358.80
Total	40,258.45	36,631.49

Notes to the Financial Statements as at and for the year ended December 31, 2011

34.2 Other related party transactions

The following transactions took place during the year with other related parties:

BDT ('000)

Sl.	Name of the party	Nature of transactions	December 31, 2011				December 31, 2010			
			Expenses /Income	Transaction during the year	Asset /Liability	Closing Balance	Expenses /Income	Transaction during the year	Asset /Liability	Closing Balance
Parent companies										
1	Orascom Telecom Holding S.A.E	Technical assistance fees	Expenses	233,637.90	Liability	6,587,826.28	Expenses	240,521.54	Liability	5,326,593.79
		Reimburement of expenditure	Reimbursement	413,175.07	-	-	Reimbursement	524,317.67	-	-
2	Telecom Ventures Ltd. (Formerly Orascom Telecom Ventures Ltd.)	Share money deposit (Equity Contribution)	-	-	Liability	4,652,548.95	-	4,652,547.98	Liability	4,652,547.98
		Loan taken	Loan	11,500,648.10	Liability	12,403,038.95	-	4,441,949.03	Liability	-
		Ordinary shares alloted against share money deposit	-	-	-	-	-	18,186,351.00	Liability	-
		Interest	Expenses	84,863.06	-	-	Expenses	118,701.31	-	208,831.67
		Closing Balance	-	-	Asset	1,189.03	-	-	Asset	1,030.08
3	Weather Investments Spa	Administrative expense	Expenses	2,576.50	Liability	13,911.99	Expenses	2,195.10	Liability	10,680.10
4	Wind Teleconnunicazioni Spa	International roaming & Administrative expense	Expenses	576.09	Liability	5,863.75	Expenses	358.16	Liability	5,140.58
5	Wind Teleconnunicazioni Spa	International roaming	Income	757.88	Asset	186.64	Income	370.78	Asset	138.76
6	Orascom Telecom - Algerie	Closing Balance	-	-	-	-	-	-	Liability	3,622.54
Fellow Subsidiaries										
1	Koryolink - North Korea	Closing Balance	-	-	Asset	8,887.52	-	-	Asset	7,699.43
2	Telecel Globe (Nepal and Namibia)	Closing Balance	-	-	Asset	2,113.85	-	-	Asset	1,831.27
3	M-link Sarl	International roaming	-	-	-	-	Expenses	1,516.73	Liability	107.03
4	M-link Sarl	Closing Balance	-	-	-	-	-		Asset	1,113.06
5	MobiNil, Egypt	International roaming	Expenses	544.43	Liability	1,040.43	Expenses	336.83	Liability	378.40
		International roaming	Income	2,754.20	Asset	693.84	Income	1,699.12	Asset	200.56
6	Mobilink-Pakistan	International roaming	Income	7,532.17	Asset	3,224.41	-	-	-	-
		International roaming	Expenses	96.86	Liability	1,894.46	-	-	Liability	1,482.17
7	MobiZone	Value added service	Income	138.00	Asset	34.50	Income	138.00	Asset	69.00
8	MobiZone	Value added service	Expenses	126,417.06	Liability	38,537.86	Expenses	71,404.90	Liability	12,607.46
9	WIND Mobile - Canada	Administrative expense	-	-	Asset	1,757.22	-	-	Asset	1,522.31

Notes: 1) The Company's exposure to currency and liquidity risk related to inter-company receivables and payables are disclosed in Note No. 28.

2) In addition, the Company's borrowings are secured by guarantee given by the Parent Company. For further details, please refer Note No. 17.

3) The closing balances are payable/receivable in the normal course of business. The terms of repayment of the loan taken from the parent companies is disclosed vide Note. No. 17.4.

Notes to the Financial Statements as at and for the year ended December 31, 2011

35. Events after the reporting period

The Company had, in earlier years, based on the demand received from NBR, provided for BDT 1,936,322.40 thousands in the books towards the SIM Tax for the year 2006 – 2007 where in it did not collect and pay the SIM Tax, on the SIM Cards issued in that year, pursuant to a stay order from the High Court. During the year 2012, NBR has revised the demand to BDT 1,646,485.45 thousands against the above liability of BDT 1,936,322.40 thousands. The Hon'ble Supreme Court in March 2013 decided that the SIM tax is payable for the year 2006-2007. The management considers this to be an adjusting event within the meaning of IAS 10 and hence the reversal of excess liability has been considered in the books of the year 2010.

36. Earnings per share

	As at December 31, 2011	As at December 31, 2010
Loss (BDT In '000)	(5,904,133.89)	(2,659,755.16)
Weighted average number of shares at the end of the year	4,760,377,996*	2,501,400,910
Loss per share (Basic and Diluted)	(1.24)	(1.06)

* Including the shares to be allotted against share money deposit.

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

37. For management purposes, the Company is organized into business units based on its products and services. The Company is engaged in the business of providing telecommunications services in Bangladesh. Hence, the management team monitors the operating results of the entire Company for the purpose of making decisions about resource allocation and performance assessment. Such performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Thus, the management considers the telecommunication services to be its single operating segment of the Company. The company's entire revenues from external customers is attributed to its country of domicile. Also, all the non-current assets, other than financial instruments are located in Bangladesh. The Company does not earn 10% or more of its total revenues from transactions with a single external customer.

38. During the year, NBR has reduced the VAT and Supplementary duty payable by the Company on issue of a SIM card to its subscriber, commonly referred to as SIM tax, from BDT 800.48 per SIM to BDT 606 per SIM w.e.f. June 9, 2011.

39. During the year, the income tax law was amended on June 9, 2011 so as to levy a minimum income tax @ 0.5% of the gross receipts w.e.f. January 1, 2010. Therefore, even if a company is making losses, still it is required to pay the minimum income tax as stated above. Accordingly, the Company has made provision of BDT 349,420.59 thousands towards such tax, which includes BDT 159,089.38 thousands for the year ended December 31, 2010 and BDT 190,331.21 thousands for the year ended December 31, 2011. The Company has filed a "Writ" challenging the above 0.5% "Imposition of minimum tax". The matter is presently sub-judice.

40. In terms of IAS 36 "Impairment of Assets", the management has carried out impairment testing of the Property, Plant & Equipment (PPE) of the Company. The carrying value of the CGU (being the Company itself, as there is only one CGU) is lower than the recoverable value, arrived at based on the "value in use" model. Hence no impairment charge against PPE is required to be recognized in the books of account. The "Value in Use" is computedbased on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Notes to the Financial Statements as at and for the year ended December 31, 2011

41. The Company has incurred a loss of BDT 5,904,133.89 thousands for the year ended December 31, 2011 and its net current liabilities and equity stands at BDT 46,289,865.91 thousands and BDT 11,789,800.85 thousands respectively as at the year end. The management is hopeful of improvement in the financial health of the Company, based on its financial projections and continued support from its parent Company, Telecom Ventures Ltd. (Formerly known as Orascom Telecom Ventures Ltd.). In keeping with the above, the books of accounts have been drawn based on going concern assumption.

42. The Company has not employed any employee which falls within the purview of "worker" as defined under Bangladesh Labour Act, 2006. As such, the management believes that the Payment of Gratuity Act is not applicable to it.

43. The amounts presented as comparatives in these Financial Statements of the Company are based on the restated Financial Statements of the Company for the year ended December 31, 2010, audited by another auditor.

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Citigroup

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