

Robi Axiata Limited

Report and financial statements as at and
for the year ended 31 December 2017



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**Independent Auditor's Report
to the Shareholders of Robi Axiata Limited**

Report on the financial statements

We have audited the accompanying financial statements of Robi Axiata Limited ("the Company") which comprise the statement of financial position as at 31 December 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation 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.

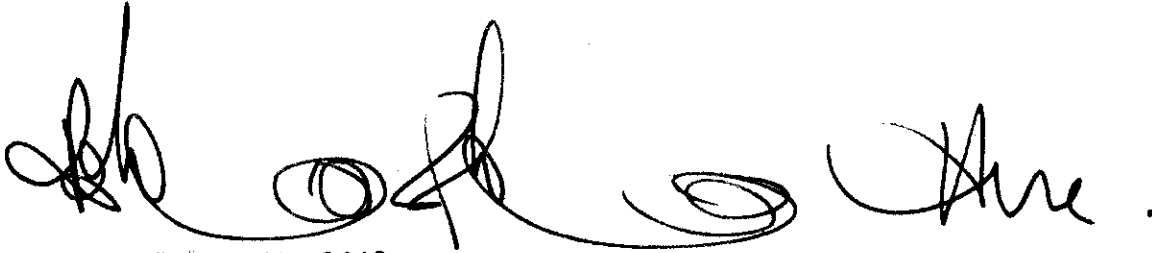
Opinion

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

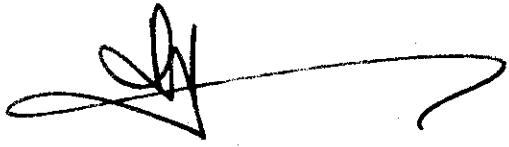
Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.



Dhaka, 19 FEB 2018



Robi Axiata Limited
Statement of Financial Position


<i>In BDT'000</i>	<i>Note</i>	31 December 2017	31 December 2016 Restated
Assets			
Property, plant and equipment, net	5	91,128,128	78,739,616
Intangible assets, net	6	30,197,719	34,260,865
Investment in associate	7	3,509,437	-
Investment in subsidiary	7	-	6,394,854
Deferred tax assets	15	463,740	-
Non-current assets		125,299,024	119,395,335
Inventories	8	210,834	132,512
Accounts and other receivables, net	9	9,743,805	8,088,082
Advances, deposits and prepayments	10	5,122,121	1,791,959
Cash and cash equivalents	11	1,725,366	4,014,306
Current assets		16,802,126	14,026,859
Total assets		142,101,150	133,422,194
Equity			
Share capital	12	47,141,400	47,141,400
Other reserves	13	6,662,397	6,662,397
Retained earnings		4,867,025	4,873,409
Total equity		58,670,822	58,677,206
Liabilities			
Interest bearing term loans	14	8,094,034	10,657,332
Deferred tax liabilities	15	-	3,812,453
Asset retirement obligation	16	429,151	546,802
Other non-current liabilities	17	3,173,865	1,931,553
Non-current liabilities		11,697,050	16,948,140
Accounts and other payables	18	41,084,592	29,328,598
Current tax liabilities	19	3,745,957	4,124,823
Intercompany payables - edotco BD	20	3,012,166	443,712
Intercompany payables - Parent Co.	21	1,801,542	1,687,083
Subscribers' security deposit	22	249,021	307,717
Interest bearing term loans - current portion	14.1	3,140,000	2,687,165
Short term loan	23	18,700,000	19,217,750
Current liabilities		71,733,278	57,796,848
Total liabilities		83,430,328	74,744,988
Total equity and liabilities		142,101,150	133,422,194

The annexed notes 1 to 46 form an integral part of these financial statements.

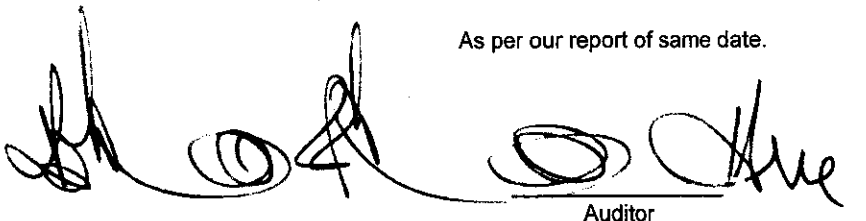

Managing Director

Director


Chief Financial Officer


Company Secretary

As per our report of same date.


Auditor

Dhaka, 19 FEB 2018


Rahman Rahman Huq
Chartered Accountants


Robi Axiata Limited

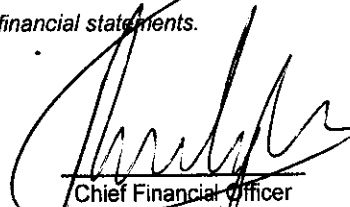
Statement of profit or loss and other comprehensive income

In BDT'000	Note	For the year ended 31 December	
		2017	2016 Restated
Revenue	24	68,255,508	51,131,424
Cost of revenue	25	(52,829,469)	(45,566,581)
Administrative expenses	26	(3,262,469)	(2,907,782)
Selling and distribution expenses	27	(11,320,396)	(7,454,488)
Operating expenses	28	(3,658,771)	(3,757,931)
Profit/(loss) from operations		(2,815,597)	(8,555,358)
Share of profit from associate		306,089	-
Gain relating to disposal of shares in edotco BD	29	1,777,770	-
Net finance expense	30	(1,326,377)	(809,348)
Foreign exchange gain/(loss)		(677,398)	24,001
Non-operating income/(expense)	31	163,818	(91,961)
Profit/(loss) before tax		(2,571,695)	(9,432,666)
Income tax expense	32	2,467,112	2,501,593
Net profit/(loss) for the year		(104,583)	(6,931,073)
Other comprehensive income			
Actuarial gain from defined benefit plan	33	98,200	-
Total comprehensive income/(loss)		(6,383)	(6,931,073)
Earnings per share			
Basic earnings per share (in BDT)	34	(0.02)	(1.88)

The annexed notes 1 to 46 form an integral part of these financial statements.

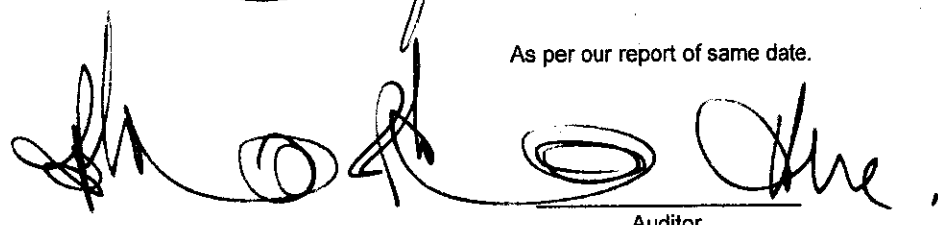

Managing Director


Director


Chief Financial Officer


Company Secretary

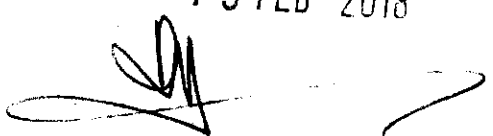
As per our report of same date.



Auditor

Rahman Rahman Huq
Chartered Accountants

Dhaka, 19 FEB 2018



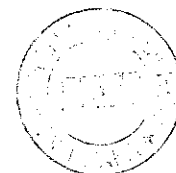
Robi Axiata Limited

Statement of changes in equity

<i>In BDT'000</i>	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2017	47,141,400	6,662,397	4,873,409	58,677,206
Total comprehensive income				
Profit/(loss)	-	-	(104,583)	(104,583)
Other comprehensive income	-	-	98,200	98,200
Total comprehensive income	-	-	(6,383)	(6,383)
Transaction with owners of the Company				
Contributions and distributions				
Business combination	-	-	-	-
Total contributions and distributions	-	-	-	-
Total changes in ownership interests	-	-	-	-
Total transaction with owners of the Company	-	-	-	-
Balance as at 31 December 2017	47,141,400	6,662,397	4,867,025	58,670,822
Balance as at 1 January 2016	35,356,050	-	11,804,482	47,160,532
Total comprehensive income				
Profit/(loss)*	-	-	(6,931,073)	(6,931,073)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(6,931,073)	(6,931,073)
Transaction with owners of the Company				
Contributions and distributions				
Business combination	11,785,350	6,662,397	-	18,447,747
Total contributions and distributions	11,785,350	6,662,397	-	18,447,747
Total changes in ownership interests	-	-	-	-
Total transaction with owners of the Company	11,785,350	6,662,397	-	18,447,747
Balance as at 31 December 2016	47,141,400	6,662,397	4,873,409	58,677,206

*This is restated profit/(loss) for the year ended 31 December 2016. For details please see notes 1.3 and 1.4.

The annexed notes 1 to 46 form an integral part of these financial statements.



Robi Axiata Limited
Statement of cash flows

<i>In BDT'000</i>	For the year ended 31 December	
	2017	2016
Cash flows from operating activities		
Cash received from customers	68,149,445	55,822,527
Cash paid to suppliers, employees and others	(36,152,002)	(34,412,450)
Cash generated from operations	31,997,443	21,410,077
VAT and tax paid	(17,761,541)	(9,077,739)
Net cash from operating activities	14,235,902	12,332,338
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(20,514,980)	(20,299,731)
Proceeds from sale of property, plant and equipment	2,694,721	532,768
Acquisition of cash at business combination	-	793,588
Interest and insurance claim received	158,876	112,490
Loan repayment from edotco BD	740,875	-
Proceeds from sale of edotco BD shares	4,969,276	-
Net cash used in investing activities	(11,951,232)	(18,860,885)
Cash flows from financing activities		
Proceeds from loans and borrowings	35,820,000	46,132,750
Repayment of borrowings	(39,108,422)	(36,564,611)
Payment of finance lease liabilities	-	(3,149)
Interest paid	(1,285,188)	(859,267)
Net cash (used in)/from financing activities	(4,573,610)	8,705,723
Net change in cash and cash equivalents	(2,288,940)	2,177,176
Cash and cash equivalents as at 1 January	4,014,306	1,837,130
Cash and cash equivalents as at 31 December	1,725,366	4,014,306

The annexed notes 1 to 46 form an integral part of these financial statements.



Robi Axiata Limited

Notes to the financial statements as at and for the year ended 31 December 2017

1 Reporting entity

1.1 Company profile

Robi Axiata Limited (hereinafter referred to as "Robi"/"the Company"), is a public company limited by shares, was incorporated under Companies Act, 1994 on 22 October 1995 and currently has its registered office at Nafi Tower (19th Floor), 53 Gulshan South Avenue, Gulshan 1, Dhaka 1212. The issued and paid up capital was BDT 35,356,050,000 till 15 November 2016 of which 91.59% was held by Axiata Group and the balance 8.41% was held by NTT DOCOMO INC. On 16 November 2016 the merger of Airtel Bangladesh Limited with Robi has been affected via issuance and allotment of 1,178,535,001 new ordinary shares by Robi to Bharti International (Singapore) Pte Ltd. for shareholding of up to 25% plus 1 share of the combined entity of Robi and Airtel Bangladesh Limited as consideration. Details of shareholding is shown in note 12.

On 1 October 2012, Robi Axiata Limited, formed a subsidiary, namely Bangladesh Infrastructure Company Limited ("BICL"), to provide necessary complete passive telecom infrastructure solutions to Robi and to other external customers. Subsequently BICL was renamed as "edotco Bangladesh Co Ltd" (herein after referred to as edotco BD) on 18 November 2013. In 2015, 489,993 (49%) shares of edotco BD have been sold to edotco Group Sdn. Bhd.

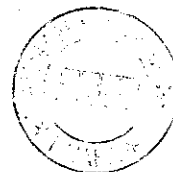
On 18 January 2017, further 1,252,892,940 shares were allotted by edotco BD to edotco Group Sdn. Bhd. and Robi Axiata Limited in the proportion of 49% and 51% respectively. On 19 January 2017, Robi sold 388,832,200 shares of edotco BD to edotco Investments (Labuan) Limited. After this sale transaction, Robi's stake in edotco BD has come down to 20%. Robi lost control but retains significant influence over edotco BD after this 31% share sale.

1.2 Nature of business

Robi Axiata Limited is a mobile telecommunication service provider in Bangladesh providing voice, data and other related services. The Company also provides international roaming services through international roaming agreements with various operators of different countries across the world. The Company obtained a radio system operating licence from the Ministry of Posts and Telecommunications (MOPT), Government of Bangladesh in 1996 which expired on 10 November 2011. The licence was renewed for a period of 15 years with effect from 11 November 2011.

The Company obtained 3G cellular mobile phone services operator licence from Bangladesh Telecommunication Regulatory Commission (BTRC) on 12 September, 2013 to establish, maintain and operate 3G mobile phone systems and to provide 3G services throughout the country. The licence is given for a period of 15 years with effect from 12 September 2013.

The Company launched its commercial operations on 15 November 1997 and currently has nationwide network coverage which spreads over 64 districts and 544 thanas.



1.3 Merger of Robi Axiata Limited ("Robi") and Airtel Bangladesh Limited

On 28 January 2016, Robi had entered into an agreement with, inter-alia, Bharti Airtel Holdings (Singapore) Pte. Ltd. ("Bharti Singapore") for the merger of Airtel Bangladesh Limited with Robi on the terms set in the Agreement and Companies Act, 1994 of Bangladesh ("Companies Act"). The Merger has been effected via issuance of 1,178,535,001 new ordinary shares with a face value of BDT 10 each by Robi to Bharti International (Singapore) Pte Ltd. for shareholding of up to 25% plus 1 share of the combined entity of Robi and Airtel Bangladesh Limited ("Consideration").

On 16 November 2016 (date of acquisition), Robi and Airtel Bangladesh Limited registered the merger filing with the Registrar of Joint Stock Companies and Firms of Bangladesh. Pursuant to the above and in accordance with the Agreement, the merger was completed on 16 November 2016.

On 31 December 2016, financial statement of the merged company was prepared considering the purchase consideration and fair value of net assets acquired. However, International/Bangladesh accounting standard allows one year measurement period to reassess the provisional numbers considered in the merger accounting. Following this guidance, few areas of the merger accounting have been revisited. This has brought in some changes in the net asset valuation of Airtel in the areas of land revaluation, asset retirement obligation measurement, employee handset asset fair valuation and related deferred taxes. Though the resulting net impact on goodwill is insignificant (BDT 29 million), these financial statements have been restated considering the significance of merger accounting. The following table summarises the non-cash consideration on the acquisition of Airtel, the fair value of assets acquired, liabilities assumed and goodwill on the date of acquisition (both initial and restated). BDT 14 million change in the profit or loss account resulting from the change in net assets of Airtel has also been accounted for as prior period impact/restatement in these financial statements.

<i>In BDT'000</i>	Restated	Initial
Purchase consideration	20,379,299	20,379,299
Details of net assets acquired:		
Property, plant and equipment	13,399,021	13,222,558
Intangible assets	10,267,943	10,267,943
Other non current assets	16,914	16,914
Indemnification assets	2,934,459	2,934,459
Deferred tax assets, net	6,706,493	6,769,208
Trade and other receivables	2,724,991	2,724,991
Advance income tax, net	233,651	233,651
Cash and cash equivalents	793,588	793,588
Long term employee benefit	(214,872)	(214,872)
Asset retirement obligation	(522,058)	(379,414)
Short term loan	(8,667,750)	(8,667,750)
Accounts and other payables	(7,695,081)	(7,695,081)
Total net assets	19,977,299	20,006,195
Goodwill on acquisition	402,000	373,104



1.4 Summary of restatement

<i>In BDT'000</i>	Financial statements of 2016
Property, plant and equipment (previously reported)	78,575,002
Addition through fair valuation of Airtel land	37,097
Addition of ARO assets as part of accounting alignment	142,644
Employee handset write off as part of accounting alignment	(3,278)
Net incremental depreciation charged	(11,849)
Property, plant and equipment (restated)	78,739,616
Intangible assets (previously reported)	34,231,969
Incremental goodwill	28,896
Intangible assets (restated)	34,260,865
Asset retirement obligation (previously reported)	402,249
Addition of ARO assets as part of accounting alignment	142,644
Incremental finance cost charged	1,909
Asset retirement obligation (restated)	546,802
Deferred tax liabilities (previously reported)	3,749,738
Net impact due to change in net assets	62,715
Deferred tax liabilities (restated)	3,812,453
Net Profit or loss (previously reported)	(6,917,315)
Net incremental depreciation charged	(11,849)
Incremental finance cost charged	(1,909)
Net Profit or loss (restated)	(6,931,073)
Retained earnings (previously reported)	4,887,167
Net incremental depreciation charged	(11,849)
Incremental finance cost charged	(1,909)
Retained earnings (restated)	4,873,409

2 Basis of preparation

As mentioned in note 1.1, Robi has lost control but retains significant influence over edotco BD after the sale of 31% stake in January 2017. Hence, consolidated financial statements are not required to be presented as Robi is no longer a parent of edotco BD at the end of this reporting period.

These unconsolidated financial statements are not separate financial statements of Robi as these financial statements present the financial position and performance of Robi and Robi's investment in edotco BD under the equity method in accordance with BAS 28. These financial statements are also known as individual financial statements in some publications. Comparative information presented in these financial statements are separate financial statements of Robi as the separate financial statements are more comparable with unconsolidated financial statements except "share of profit from associate" under equity method accounting.

Separate standalone financial statements of Robi have been reported as supplementary information as Annexures 1 and 2 for understanding of Robi's standalone financial position and performance.

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the Companies Act 1994.



2.2 Date of authorisation

These financial statements have been authorised for issue by the Board of Directors of the Company on ~~1-9 FEB 2018~~

2.3 Reporting period

The financial period of the Company covers one year from 1 January to 31 December and is followed consistently.

Details of the Company's accounting policies including changes during the year are included in notes 44, 45 and 46.

3 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional and presentation currency of the Company. All financial information are presented in BDT and have been rounded off to the nearest BDT in thousand unless otherwise indicated.

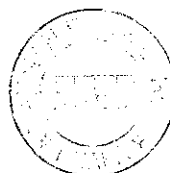
4 Use of estimates and judgements

The preparation of financial statements in conformity with BFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

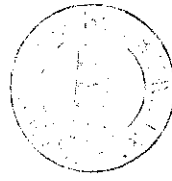
In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

	<u>Note reference</u>
Property, plant and equipment	5 and 46.1
Intangible assets	6 and 46.2
Employee benefits	18 and 46.7
Asset retirement obligation	16 and 46.8
Provision for expenses	18 and 46.8
Deferred tax (assets)/liabilities	15 and 46.10
Current tax liabilities	19 and 46.10



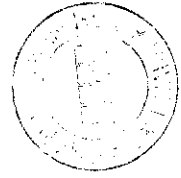
5 Property, plant and equipment, net

	Land	Furniture and fixture	Office and other equipment	Computer	IT infrastructure	IT applications	Billing equipment	Telecom equipment and infrastructure	Motor vehicle	Capital work-in-progress (CWIP)	Total
<i>In BDT'000</i>											
Cost											
Balance as at 1 January 2016	201,137	374,005	1,044,980	296,172	1,577,973	929,546	970,691	77,912,414	220,160	9,354,726	92,881,804
Acquisitions through business combination	92,748	29,024	947,579	9,964	27,965	-	-	12,219,628	34	72,080	13,399,022
Additions	-	162,516	317,444	35,491	1,520,884	388,207	36,551	18,803,440	2,114	16,502,144	37,768,791
Disposals/Adjustments	-	(571)	(191,467)	(9,065)	-	(13,844)	-	(8,203,376)	(15,684)	(20,626,652)	(29,060,699)
Balance as at 31 December 2016	293,885	564,974	2,118,536	332,562	3,126,822	1,303,909	1,007,242	100,732,106	206,624	5,302,298	114,988,958
Balance as at 1 January 2017	293,885	564,974	2,118,536	332,562	3,126,822	1,303,909	1,007,242	100,732,106	206,624	5,302,298	114,988,958
Additions	-	44,304	232,600	42,136	807,945	2,359,765	-	14,530,977	-	22,162,963	40,180,690
Disposals/Adjustments	-	(8,532)	(14,676)	(7,512)	(107)	-	(14,899)	(2,410,826)	(35,493)	(16,934,031)	(19,426,080)
Balance as at 31 December 2017	293,885	600,746	2,336,458	367,186	3,934,660	3,663,674	992,343	112,852,255	171,131	10,531,230	135,743,568
Accumulated depreciation											
Balance as at 1 January 2016	-	271,153	688,421	213,651	721,595	603,041	681,394	26,604,884	200,404	-	29,984,543
Depreciation	-	97,327	505,209	39,126	548,117	143,718	97,718	10,744,357	6,526	-	12,182,098
Disposals/Adjustments	-	(375)	(2,107)	(8,704)	-	(11,800)	-	(5,878,630)	(15,684)	-	(5,917,300)
Balance as at 31 December 2016	-	368,105	1,191,523	244,073	1,269,712	734,959	779,112	31,470,611	191,246	-	36,249,341
Balance as at 1 January 2017	-	368,105	1,191,523	244,073	1,269,712	734,959	779,112	31,470,611	191,246	-	36,249,341
Depreciation	-	46,876	489,407	38,259	868,608	272,544	92,008	8,974,317	4,344	-	10,786,363
Disposals/Adjustments	-	(5,855)	(14,602)	(6,836)	(39)	-	(14,899)	(2,342,541)	(35,493)	-	(2,420,265)
Balance as at 31 December 2017	-	409,126	1,566,328	275,496	2,138,281	1,007,503	856,221	38,102,387	160,097	-	44,615,439
Carrying amounts											
As at 31 December 2016	293,885	196,869	927,013	88,489	1,857,110	568,950	228,130	69,261,494	15,378	5,302,298	78,739,616
As at 31 December 2017	293,885	191,620	670,130	91,690	1,796,379	2,656,171	136,122	74,749,867	11,034	10,531,230	91,128,128



6 Intangible assets, net

	Softwares	IRU assets	Spectrum assignment fee	2G licence fee	3G licence fee	Customer list	Brand	Goodwill	Total
<i>In BDT'000</i>									
Cost									
Balance as at 1 January 2016	1,839,488	442,000	1,600,000	19,198,412	8,701,349	-	-	-	31,781,249
Acquisitions through business combination	-	132,441	-	958,373	6,909,688	1,700,380	567,061	402,000	10,669,943
Additions	24,918	-	-	3,070,000	-	-	-	-	3,094,918
Disposals/Adjustments	(15,688)	-	-	-	-	-	-	-	(15,688)
Balance as at 31 December 2016	1,848,718	574,441	1,600,000	23,226,785	15,611,037	1,700,380	567,061	402,000	45,530,422
Balance as at 1 January 2017	1,848,718	574,441	1,600,000	23,226,785	15,611,037	1,700,380	567,061	402,000	45,530,422
Additions	-	-	-	640,000	-	-	-	-	640,000
Disposals/Adjustments	(101,350)	-	-	-	-	-	-	-	(101,350)
Balance as at 31 December 2017	1,747,368	574,441	1,600,000	23,866,785	15,611,037	1,700,380	567,061	402,000	46,069,072
Accumulated amortisation									
Balance as at 1 January 2016	1,300,103	34,997	629,630	5,332,892	1,307,158	-	-	-	8,604,780
Amortisation	367,059	45,967	88,889	1,404,852	662,783	85,859	23,822	-	2,679,231
Disposals/Adjustments	(14,454)	-	-	-	-	-	-	-	(14,454)
Balance as at 31 December 2016	1,652,708	80,964	718,519	6,737,744	1,969,941	85,859	23,822	-	11,269,557
Balance as at 1 January 2017	1,652,708	80,964	718,519	6,737,744	1,969,941	85,859	23,822	-	11,269,557
Amortisation	158,916	54,574	88,889	2,364,359	1,166,116	681,272	189,020	-	4,703,146
Disposals/Adjustments	(101,350)	-	-	-	-	-	-	-	(101,350)
Balance as at 31 December 2017	1,710,274	135,538	807,408	9,102,103	3,136,057	767,131	212,842	-	15,871,353
Carrying amounts									
As at 31 December 2016	196,010	493,477	881,481	16,489,041	13,641,096	1,614,521	543,239	402,000	34,260,865
As at 31 December 2017	37,094	438,903	792,592	14,764,682	12,474,980	933,249	354,219	402,000	30,197,719



7 Investment in associate/subsidiary

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Investment in edotco BD		3,509,437	6,394,854
		3,509,437	6,394,854

Robi disposed of 31% out of its 51% stake in edotco BD on 19 January 2017 and thereby lost control, but retains significant influence over edotco BD. The remaining stake (20%) in edotco BD has been measured at fair value at the date when control was lost. This fair value is regarded as the cost of initial recognition of 'investment in associate'. This fair value (BDT 3,203,347,896) has been determined based on the transaction price of 31% shares. Later, the investment value has increased by share of profit from associate under equity method of accounting.

8 Inventories

<i>In BDT'000</i>	<i>Note</i>	2017	2016
SIM cards and starter kits		117,018	66,521
Scratch cards		13,892	9,695
Device and others		96,128	59,726
		227,038	135,942
Provision for obsolescence		(16,204)	(3,430)
		210,834	132,512

8.1 Number of inventories

<i>In Number '000</i>	<i>Note</i>	2017	2016
SIM cards and starter kits		3,942	1,639
Scratch cards		55,673	55,350
Device and others		6,942	6,930
		66,557	63,919

9 Accounts and other receivables, net

<i>In BDT '000</i>	<i>Note</i>	2017	2016
Accounts receivable, net	9.1	6,809,346	5,153,623
Other receivables		2,934,459	2,934,459
		9,743,805	8,088,082

Other receivables consists of indemnification assets arising from business combination.



9.1 Accounts receivable, net

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Interconnection		2,907,807	3,443,775
Post-paid		355,775	393,454
Infrastructure sharing		133,688	224,433
International roaming		151,137	141,456
Others		4,911,163	2,588,910
		8,459,570	6,792,028
Provision for doubtful debts	9.2	(1,650,224)	(1,638,405)
		6,809,346	5,153,623

Other account receivables includes receivable from dealers/channel partners for sale of handsets, sales from walk in centers, interest receivable, etc.

9.2 Provision for doubtful debts

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Balance as at 1 January		1,638,405	1,288,694
Added through business combination		-	201,219
Provision made during the year		178,995	315,995
Collection/adjustment during the year		(68,189)	(130,222)
Bad debt written off during the year		(98,987)	(37,281)
Balance as at 31 December		1,650,224	1,638,405

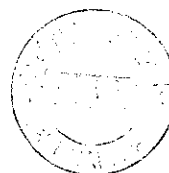
10 Advances, deposits and prepayments

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Advances		4,335,401	703,181
Deposits		303,453	188,787
Prepayments		483,267	899,991
		5,122,121	1,791,959

11 Cash and cash equivalents

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Cash in hand		24,953	27,796
Collection in hand		37,997	-
Cash at bank		1,662,416	3,986,510
		1,725,366	4,014,306

FDRs with Bank Al-falah Limited and Eastern Bank Limited amounting to BDT 349,379,291 are under lien against bank guarantee for customs duty in respect of import of Subscriber Identification Module (SIM) card, scratch card and network equipment.



12	Share capital	Note	2017	2016
			In BDT'000	In BDT'000
	Authorised:		60,000,000	60,000,000
	6,000,000,000 ordinary shares of BDT 10 each		60,000,000	60,000,000
	Issued, subscribed, called up and paid up:			
	Balance as at 1 January		47,141,400	35,356,050
	Issued in business combination	12.2	-	11,785,350
	Balance as at 31 December		47,141,400	47,141,400

12.1	Shareholding position	2017				2016			
		Name of shareholders	No. of share In '000	% of holding	Value BDT'000	No. of share In '000	% of holding	Value BDT'000	
	Axiata Investment (Labuan) Ltd.	3,238,304	68.7%	32,383,040	3,238,304	68.7%	32,383,040		
	Axiata Group Berhad	1	0.0%	10	1	0.0%	10		
	Bharti International (Singapore) Pte Ltd	1,178,535	25.0%	11,785,350	1,178,535	25.0%	11,785,350		
	NTT DOCOMO INC.	297,300	6.3%	2,973,000	297,300	6.3%	2,973,000		
	Other shareholders	0	0.0%	0	0	0.0%	0		
		4,714,140	100%	47,141,400	4,714,140	100.0%	47,141,400		

Other shareholders include Neasden Assets Limited, Ephraim Assets Limited, Calamint Investments Limited and Thurso Investments Limited having 10 share for each valued BDT 10 per share.

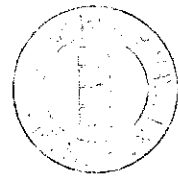
12.2 Share capital issued in business combination

On 28 January 2016, Robi entered into an agreement ("the Agreement") with, inter-alia, Bharti International (Singapore) Pte. Ltd. for the merger of Airtel Bangladesh Limited with Robi on the terms set in the Agreement and Companies Act, 1994 of Bangladesh. The merger has been effected via issuance and allotment of 1,178,535,001 new ordinary shares at face value of BDT 10 each by Robi to Bharti International (Singapore) Pte Ltd. for shareholding of up to 25% plus 1 share of the combined entity of Robi and Airtel Bangladesh Limited as consideration.

13 Other reserves

On 28 January 2016 Robi had entered into an agreement ("the Agreement") with, inter-alia, Bharti International (Singapore) Pte Ltd. for the merger of Airtel Bangladesh Limited with Robi on the terms set in the Agreement and Companies Act, 1994 of Bangladesh ("Companies Act"). The Merger has been effected via issuance of 1,178,535,001 new ordinary shares of face value BDT 10 each by Robi to Bharti International (Singapore) Pte Ltd. for shareholding of up to 25% plus 1 share of the combined entity of Robi and Airtel Bangladesh Limited ("Consideration").

In accordance with BFRS 3: *Business Combinations*, consideration given for any business combination has to be measured at fair value on the acquisition date. Based on the Purchase Price Allocation (PPA) exercise (as referred in note 1.3), the total fair value of the shares issued to Bharti International (Singapore) Pte Ltd. was derived at BDT 18,447,746,789 resulting in the recording of an amount of BDT 6,662,396,779 in excess of face value of shares. The excess amount has been recorded as "Other reserves".



14 Interest bearing term loans

<i>In BDT'000</i>	<i>Note</i>	2017	2016
CDB	14.2	-	1,390,391
SCB (EKN backed)	14.3	93,873	442,339
SCB (Finnvera backed)	14.4	167,846	601,297
SCB (Sinosure backed)	14.5	1,199,365	1,574,134
IFC	14.6	8,172,950	7,736,336
EBL	14.7	1,600,000	1,600,000
Total outstanding interest bearing term loans		11,234,034	13,344,497
Interest bearing term loans-current portion	14.1	(3,140,000)	(2,687,165)
Interest bearing term loans (non-current portion)		8,094,034	10,657,332

14.1 Interest bearing term loans - current portion

<i>In BDT'000</i>	<i>Note</i>	2017	2016
CDB	14.2	-	1,390,391
SCB (EKN backed)	14.3	93,873	362,992
SCB (Finnvera backed)	14.4	167,846	465,806
SCB (Sinosure backed)	14.5	462,437	467,976
IFC	14.6	1,615,844	-
EBL	14.7	800,000	-
		3,140,000	2,687,165

- 14.2 The amount represents loan received from China Development Bank (CDB) USD 100m facility which has been fully paid off in 2017.
- 14.3 The amount represents the loan of USD 29.185m received from Standard Chartered Bank (SCB) London which is guaranteed by EKN to finance the purchase of telecommunication equipment supplied by ERICSSON against hypothecation of the Company's property, plant and equipment, all bank accounts and book debts.
- 14.4 The amount represents the loan facility of USD 42m received from SCB London which is guaranteed by Finnvera to finance the purchase of telecommunication equipment supplied by Nokia Solutions Networks (NSN) against hypothecation of the Company's property, plant and equipment, all bank accounts and book debts.
- 14.5 The amount represents the loan facility of USD 29.60m of which USD 25.20m received from SCB London which is guaranteed by Sinosure and USD 4.4m received from SCB, OBU, Bangladesh to finance the purchase of telecommunication equipment supplied by Huawei against hypothecation of the Company's property, plant and equipment, all bank accounts and book debts.
- 14.6 The amount represents the loan facility of USD 99m received from International Finance Corporation (IFC) for purchase of telecommunication equipment supplied by foreign vendors through Letter of credit. This financing has been guaranteed by Axiata Group Berhad.
- 14.7 The amount represents the loan facility of BDT 1600m received from Eastern Bank Limited (EBL) for take over funded liability of Airtel Bangladesh Limited with EBL. Security of this Loan is standard Charge documents (e.g. Promissory note, Letter of arrangement, Letter of continuity etc.) as per Bank's format.



15 Deferred tax assets/liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of BAS 12: *Income Taxes*.

As at 31 December 2017

<i>In BDT'000</i>	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
As at 31 December 2017			
Property, plant and equipment (excluding land,IRU,goodwill)	109,777,543	73,845,674	35,931,868
Provision for doubtful debt	(1,650,224)	-	(1,650,224)
Provision for inventory obsolescence	(20,952)	-	(20,952)
Employee benefit	(214,872)	-	(214,872)
Unabsorbed depreciation and business loss	-	35,076,354	(35,076,354)
Net taxable/(deductible) temporary difference			(1,030,534)
Applicable tax rate			45%
Deferred tax assets			463,740

As at 31 December 2016

Property, plant and equipment (excluding land,IRU,goodwill)	106,636,007	75,928,874	30,707,133
Provision for doubtful debt	(1,638,405)	-	(1,638,405)
Provision for inventory obsolescence	(68,964)	-	(68,964)
Employee benefit	(214,872)	-	(214,872)
Unabsorbed depreciation and business loss	-	20,312,773	(20,312,773)
Net taxable/(deductible) temporary difference			8,472,119
Applicable tax rate			45%
Deferred tax liabilities			3,812,453

15.1 Deferred tax expense/(income)

<i>In BDT'000</i>	Note	2017	2016
Deferred tax liabilities as at 1 January		3,812,453	13,490,847
Added through business combination		-	(6,706,493)
		3,812,453	6,784,354
Deferred tax (assets)/liabilities as at 31 December		(463,740)	3,812,453
Sharing with Bharti International (Singapore) Pte Ltd.		1,242,313	-
Deferred tax expense/(income)		(3,033,880)	(2,971,901)

As part of agreement between Axiata and Bharti, Robi will pay to Bharti, 40% of Airtel's carried forward tax benefits that is utilised by the MergedCo, subject to certain terms and conditions.

16 Asset retirement obligation

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



17 Other non-current liabilities

This represents provision for Robi's obligation to Bharti International (Singapore) Pte Limited under tax offset agreement of merger.

18 Accounts and other payables

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Accounts payable including liability for capital expenditure		9,054,881	5,209,996
Accrued expenses including accrual for capital expenditure		14,763,506	11,159,722
Other payables		7,616,056	7,222,606
Provisions		9,650,150	5,736,274
		41,084,592	29,328,598

19 Current tax liabilities

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Balance as at 1 January		4,124,823	4,465,153
Added through business combination as provision		-	437,863
Provision made during the year		566,768	470,308
		4,691,591	5,373,324
Added through business combination as advance tax		-	(671,514)
Paid in advance/adjusted during the year		(945,634)	(576,987)
Balance as at 31 December		3,745,957	4,124,823

20 Intercompany payables - edotco BD

This represents receivable/payable from/to edotco BD in connection with asset transfer, expenses incurred in relation to Master Service Agreement (MSA), income recognised from Shared Service Agreement (SSA), expenses paid on behalf, etc.

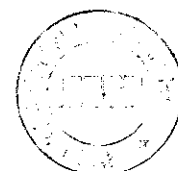
21 Intercompany payables - Parent Co.

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Balance as at 1 January		1,687,083	1,681,913
Secondment fees and other intercompany payables		295,097	330,360
Repayment/ Transfer		(273,400)	(324,401)
Unrealised foreign exchange (gain) /loss		92,762	(789)
Balance as at 31 December		1,801,542	1,687,083

22 Subscribers' security deposit

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Balance as at 1 January		307,717	132,693
Added through business combination		-	169,390
Addition during the year		14,035	10,091
		321,752	312,174
Adjustment/refunded to the subscribers		(72,731)	(4,457)
Balance as at 31 December		249,021	307,717

Subscribers' security deposits represents security money deposited by subscribers at the time of obtaining the new connection as safeguard against default in payment of bills against future mobile usage. This amount may be applied to all or any portion thereof in payment of any amount due from the subscriber at the time of termination of the contract or disconnection.



23 Short term loan

This represents local currency loan taken for short tenure to meet the working capital requirements of the Company from different banks. The tenure of the loan is from 30 days to 180 days and renewable in nature maximum up to 360 days. The interest rate for this loan is between 4% to 10%.

24 Revenue

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Installation charges		52,242	247,235
Monthly access fee		10,714	5,667
Replacement SIM card sales		-	35,340
Post-paid airtime		1,073,564	657,196
Pre-paid airtime		38,054,392	29,964,329
Data		12,477,460	6,043,827
Value added services (VAS)		4,643,566	4,821,783
Interconnection revenue		4,802,616	5,099,500
International roaming		187,376	119,717
Device and other non mobile revenue		6,720,321	4,102,598
Infrastructure sharing revenue		233,257	34,232
		68,255,508	51,131,424

25 Cost of revenue

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Direct cost of revenue		20,220,583	13,963,918
Network operation and maintenance expenses		17,208,856	16,884,313
Depreciation		10,696,884	12,039,119
Amortisation		4,703,146	2,679,231
		52,829,469	45,566,581

26 Administrative expenses

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Salaries and allowances		2,798,775	2,134,484
Gratuity expenses		110,300	122,528
Provident fund		112,627	66,966
Staff welfare		109,851	428,227
Gas and petrol		62,093	71,485
Stationery and printing		14,361	12,551
Office expenses		54,462	71,541
		3,262,469	2,907,782

27 Selling and distribution expenses

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Advertisement and promotion		2,426,430	2,693,801
Trade promotion expenses		42,881	75,137
Dealers commission		8,643,730	4,393,042
Subsidy on SIM (VAT & SD)		207,355	292,508
		11,320,396	7,454,488



28 **Operating expenses**

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Audit fees		1,200	1,200
Automobile insurance and licence		2,494	3,659
Automobile repair and maintenance		13,839	7,773
Bank charges		18,866	9,051
Subscription		13,364	26,156
Electricity and water		55,270	53,654
Licence fees		139,147	115,417
Office rentals		526,946	433,185
Vehicle rentals		341,318	328,918
Postage and courier		20,617	9,028
Professional fees		332,613	370,490
Merger fee		-	650,000
Legal fees		51,728	42,528
Repair and maintenance-building and equipment		30,909	35,374
Security guard		214,624	75,387
Software and hardware maintenance		921,538	503,609
Telephone and fax		2,985	353
Training expense		17,368	18,304
Travelling and accommodation		69,317	80,454
Directors' allowance		24,975	26,168
Shared service expenses		650,903	595,518
Expense for doubtful debt	28.1	110,806	185,773
Depreciation		89,479	142,979
Other expenses		8,465	42,953
		3,658,771	3,757,931

28.1 **Expense for doubtful debt**

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Charged during the year		178,995	315,995
Recovery from previous bad debt		(68,189)	(130,222)
		110,806	185,773

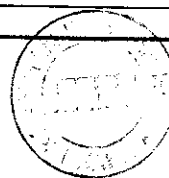
29 **Gain relating to disposal of shares in edotco BD**

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Gain realised from sale of shares in edotco BD		1,080,954	-
Gain from fair valuation of remaining stake in edotco BD		696,816	-
		1,777,770	-

On 19th January 2017, Robi sold 388,832,200 number of shares of edotco BD to edotco Investments (Labuan) Limited. The gain resulted from this sale transaction is BDT 1,080,953,516. The remaining stake in edotco BD has been measured at fair value at the date when control was lost. The resulting gain from fair valuation is BDT 696,815,913. IFRS considers this fair value at loss of control date as the cost for subsequent accounting of "Investment in associate". Hence the entire gain associated with edotco share disposal has been recognised as gain in Robi's unconsolidated financial statements. However, the fair value gain of BDT 696,815,913 has not been recognised in Robi's separate financial statements as per IAS 27 Separate financial statements.

30 **Net finance expense**

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Interest income		(103,078)	(179,886)
Interest expense		1,366,371	984,744
		1,263,293	804,858
Financing cost		63,084	4,490
		1,326,377	809,348



31 Non-operating income/(expense)

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Gain/(loss) on disposal of fixed assets	31.1	59,713	(104,795)
Other miscellaneous income/(expense)		104,105	12,834
		163,818	(91,961)

31.1 (Gain)/loss on disposal of fixed assets

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Disposed assets:			
Cost		2,593,399	8,449,695
Adjustments		(52,595)	(32,377)
Accumulated depreciation		(2,521,615)	(5,931,754)
Net book value		19,189	2,485,564
Sales proceeds		(78,901)	(2,380,769)
(Gain)/loss on disposal		(59,713)	104,795

32 Income tax expense

<i>In BDT'000</i>	<i>Note</i>	2017	2016
Current tax		566,768	470,308
Deferred tax	15.1	(3,033,880)	(2,971,901)
		(2,467,112)	(2,501,593)

33 Other comprehensive income

Other comprehensive income resulted from the actuarial valuation of gratuity fund conducted by a professional actuary firm. This gain is the net impact of the actuarial gain due to liability experience (BDT 107 million) and return on plan assets less than discount rate (BDT 8.87 million).

34 Earnings per share

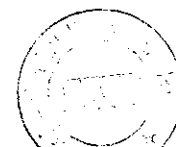
	<i>Note</i>	2017	2016
Earnings attributable to ordinary shareholders (net profit after tax) (BDT'000)		(104,583)	(6,931,073)
Weighted average number of ordinary shares outstanding during the year (number'000)	34.1	4,714,140	3,684,133
Basic earnings per share (in BDT)		(0.02)	(1.88)

No diluted earnings per share is required to be calculated for the year as there was no convertible securities for dilution during the year.

34.1 Weighted average number of ordinary shares

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

<i>In Number'000</i>	2017	2016
Issued ordinary shares as at 1 January	4,714,140	3,535,605
Effect of share issued at 16 November 2016 due to business combination	-	148,528
Weighted average number of ordinary shares as at 31 December	4,714,140	3,684,133



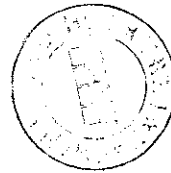
35 Financial instruments - fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In BDT'000	Note	Carrying amount							Total amount
		Held-for-trading	Designated at fair value	Fair value hedging instruments	Held-to-maturity	Loans and receivables	Available for sale	Other financial liabilities	
31 December 2017									
Financial assets not measured at fair value									
Accounts receivable, net	9	-	-	-	-	6,809,346	-	-	6,809,346
Other receivables	9	-	-	-	-	2,934,459	-	-	2,934,459
Deposits	10	-	-	-	-	303,453	-	-	303,453
Cash at bank	11	-	-	-	-	1,662,416	-	-	1,662,416
		-	-	-	-	11,709,674	-	-	11,709,674
Financial liabilities not measured at fair value									
Interest bearing term loans	14	-	-	-	-	-	-	11,234,034	11,234,034
Other non-current liabilities	17	-	-	-	-	-	-	3,173,865	3,173,865
Accounts and other payables	18	-	-	-	-	-	-	41,084,592	41,084,592
Intercompany payables - edotco BD	20	-	-	-	-	-	-	3,012,166	3,012,166
Intercompany payables - Parent Co.	21	-	-	-	-	-	-	1,801,542	1,801,542
Subscribers' security deposit	22	-	-	-	-	-	-	249,021	249,021
Short term loan	23	-	-	-	-	-	-	18,700,000	18,700,000
		-	-	-	-	-	-	79,255,220	79,255,220
31 December 2016									
Financial assets not measured at fair value									
Accounts receivable, net	9	-	-	-	-	5,153,623	-	-	5,153,623
Other receivables	9	-	-	-	-	2,934,459	-	-	2,934,459
Deposits	10	-	-	-	-	188,787	-	-	188,787
Cash at bank	11	-	-	-	-	3,986,510	-	-	3,986,510
		-	-	-	-	12,263,379	-	-	12,263,379
Financial liabilities not measured at fair value									
Interest bearing term loans	14	-	-	-	-	-	-	13,344,497	13,344,497
Other non-current liabilities	17	-	-	-	-	-	-	1,931,553	1,931,553
Accounts and other payables	18	-	-	-	-	-	-	29,328,598	29,328,598
Intercompany payables - edotco BD	20	-	-	-	-	-	-	443,712	443,712
Intercompany payables - Parent Co.	21	-	-	-	-	-	-	1,687,083	1,687,083
Subscribers' security deposit	22	-	-	-	-	-	-	307,717	307,717
Short term loan	23	-	-	-	-	-	-	19,217,750	19,217,750
		-	-	-	-	-	-	66,260,910	66,260,910

The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair values.



B. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- I) Credit risk
- II) Liquidity risk
- III) Market risk

Risk management framework

The Company's 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 the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to financial risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

I) 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, interconnection 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, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Trade and other receivables are mainly related to the Company's subscribers/customers, interconnection operators and roaming partners for provision of services. The Company's exposure to credit risk on trade and other receivables is mainly influenced by the individual payment characteristics of post paid subscribers and interconnection operators.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) 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:

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Accounts receivable, gross			
Interconnection	9	2,907,807	3,443,775
Post-paid	9	355,775	393,454
Infrastructure sharing	9	133,688	224,433
International roaming	9	151,137	141,456
Others	9	4,911,163	2,588,910
		8,459,570	6,792,028
Other receivables	9	2,934,459	2,934,459
Deposits	10	303,453	188,787
Cash at bank	11	1,662,416	3,986,510
		13,359,898	13,901,784

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

<i>In BDT'000</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Domestic		8,255,898	6,650,572
Foreign		203,672	141,456
		8,459,570	6,792,028



b) Ageing of account receivables

The ageing of gross trade and other receivables at the statement of financial position date was:

31 December 2017

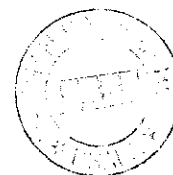
<i>In BDT'000</i>	Inter-connection	Post-paid	Infrastructure sharing	International roaming	Other receivables
Not past due	1,086,410	142,441	43,541	15,932	1,987,964
0-90 days past due	272,159	153,276	37,267	19,758	1,785,621
91-180 days past due	47,466	12,127	14,988	4,564	249,815
181-365 days past due	7,495	27,553	17,662	26,304	367,820
Over 365 days past due	1,494,276	20,378	20,229	84,579	519,943
	2,907,807	355,775	133,688	151,137	4,911,163

31 December 2016

<i>In BDT'000</i>	Inter-connection	Post-paid	Infrastructure sharing	International roaming	Other receivables
Not past due	1,071,151	127,913	52,253	33,209	-
0-90 days past due	570,067	41,243	49,001	8,276	1,917,749
91-180 days past due	285,259	35,008	66,834	6,257	403,461
181-365 days past due	26,771	43,739	45,897	2,861	118,916
Over 365 days past due	1,490,527	145,551	10,448	90,853	148,784
	3,443,775	393,454	224,433	141,456	2,588,910

c) Impairment losses

Impairment losses on the above receivables were recognised as per the Company policy mentioned in note: 46.5. Quantitative disclosure for such impairment losses are disclosed in note: 9.2 of the financial statements.



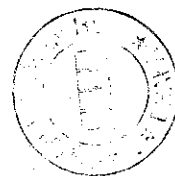
ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its liabilities 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 unacceptable 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, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company seeks to maintain short term and long term lines of credit with scheduled commercial banks and in form of suppliers' credit (showing credit facility) to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

In extreme stressed conditions, the Company may get support from the ultimate parent company (Axiata Group Berhad) in the form of shareholders' term loan or equity injection. The Company is not associated with any derivative transaction.

The following are the financial liabilities of the Company:

31 December 2017	Carrying amount	Contractual cash flows						
		Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>In BDT'000</i>								
Non-derivative financial liabilities								
Interest bearing term loans	11,234,034	11,234,034	1,700,860	1,439,141	2,878,281	5,215,753	-	-
Accounts and other payables	9,054,881	9,054,881	8,648,692	406,189	-	-	-	-
Accounts payable including liability for capital expenditure	14,763,506	14,763,505	13,751,190	1,012,315	-	-	-	-
Accrued expenses including accrual for capital expenditure	1,801,542	1,801,542	-	1,801,542	-	-	-	-
Intercompany payables - Parent Co.	3,012,166	3,012,166	3,012,166	-	-	-	-	-
Intercompany payables - edotco BD	18,700,000	18,700,000	16,700,000	2,000,000	-	-	-	-
Short term loan	58,566,129	58,566,129	43,812,908	6,659,187	2,878,281	5,215,753	-	-

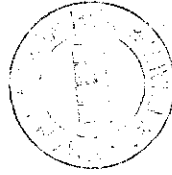


31 December 2016

In BDT'000

	Carrying amount	Contractual cash flows						
		Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
Non-derivative financial liabilities								
Interest bearing term loans	13,344,497	13,344,497	1,404,130	1,283,035	2,993,635	6,116,430	1,547,267	
Accounts and other payables	5,209,996	5,209,996	5,209,996	-	-	-	-	-
Accounts payable including liability for capital expenditure	11,159,722	11,159,722	9,917,146	1,242,576	-	-	-	-
Accrued expenses including accrual for capital expenditure	1,687,083	1,687,083	1,687,083	-	-	-	-	-
Intercompany payables - Parent Co.	443,712	443,712	443,712	-	-	-	-	-
Intercompany payables - edotco BD	19,217,750	19,217,750	9,250,000	9,967,750	-	-	-	-
Short term loan	51,062,760	51,062,760	27,912,067	12,493,361	2,993,635	6,116,430	1,547,267	

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



III) Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchases such as roaming revenues and expenses, telecom equipment purchases, network related costs and interest expense and repayment relating to borrowings incurred in foreign currencies. Majority of the Company's foreign currency transactions are denominated in USD and related to procurement of capital items from abroad. The Company maintains a USD bank account where all receipts from international roaming services are deposited and all corresponding payments are made.

i) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (in BDT):

	2017		2016	
	USD	EURO	USD	EURO
Foreign currency denominated assets				
Trade receivables	203,672	-	141,456	-
Cash at bank	344,705	-	246,038	-
	548,377	-	387,494	-
Foreign currency denominated liabilities				
Interest bearing term loans	(9,634,034)	-	(11,744,497)	-
Accounts and other payables	(3,469,107)	(2,825)	(2,185,781)	(2,414)
Intercompany payables - Parent Co.	(1,801,542)	-	(1,687,083)	-
Interest on borrowings	(25,960)	-	(50,121)	-
	(14,930,643)	(2,825)	(15,667,482)	(2,414)
Net exposure	(14,382,266)	(2,825)	(15,279,988)	(2,414)

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
US Dollar (USD)	81.73	78.97	83.20	79.05
EURO	93.40	88.59	100.35	84.05



ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the BDT, as indicated below, against the foreign currencies at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

<i>In BDT'000</i>	Profit /(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
2017				
USD (0.5% movement)	(71,911)	71,911	(71,911)	71,911
EURO (0.5% movement)	(14)	14	(14)	14
	(71,925)	71,925	(71,925)	71,925
2016				
USD (0.5% movement)	(76,400)	76,400	(76,400)	76,400
EURO (0.5% movement)	(12)	12	(12)	12
	(76,412)	76,412	(76,412)	76,412

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

i) Profile

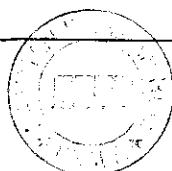
The interest rate profile of the Company's interest bearing financial instruments was:

<i>In BDT'000</i>	Carrying amount	
	2017	2016
Fixed rate instruments		
Financial assets		
Cash at bank	1,662,416	3,986,510
Financial liabilities		
Interest bearing term loans	1,600,000	1,600,000
Short term loan	18,700,000	19,217,750
	21,962,416	24,804,260
Floating rate instruments		
Financial assets		
Financial liabilities		
Interest bearing term loans	9,634,034	11,744,497
	9,634,034	11,744,497

ii) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 1% in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<i>In BDT'000</i>	Profit /(loss)		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2017				
Variable rate instruments	(1,386)	1,386	(1,386)	(1,386)
2016				
Variable rate instruments	(1,664)	1,664	(1,664)	(1,664)



36 Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Board of directors are charged with the ultimate responsibility for maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. All major investment and operational decisions with exposure to certain amount is evaluated and approved by the Board. The Board of directors also monitors the return on capital, which the Company defines as post tax result from operating activities divided by average invested capital.

The Company monitors capital using gearing ratio and return on invested capital (ROIC). For this purpose, adjusted net debt is defined as total interest bearing debt, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve, if any. As there is no hedging reserve in the Company, the total equity equals to the adjusted equity.

The Company's policy is to maintain a stable gearing ratio supported by low cost borrowing while maintaining a healthy enterprise value of the Company. The Company's gearing ratio at the reporting date was as follows:

<i>In BDT'000</i>	2017	2016
Total interest bearing debts (notes 14 and 23)	29,934,034	32,562,247
Less: Cash and cash equivalents	(1,725,366)	(4,014,306)
Adjusted net debt	28,208,668	28,547,941
Adjusted equity	58,670,822	58,677,206
Adjusted net debt to adjusted net equity	0.48	0.49



37 Related party disclosures

i) Transactions with key management personnel

Key management personnel comprises the directors. The remunerations accrued for the directors in 2017 and 2016 are as follows:

<i>In BDT'000</i>	2017	2016
Fees (sitting and other allowance)	1,289	2,021
Monthly allowance	23,686	24,147
	24,975	26,168

ii) Other related party transactions

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties. nature of transactions and their total value have been set in accordance with the provisions of BAS 24: *Related party disclosures*.

<i>In BDT'000</i>	2017	2016
<u>Name of related parties</u>		
Axiata Group	295,097	330,360
Axiata Digital Services	378	(563)
Smart Axiata Co. Limited	(395)	(18)
	17	-
Dialog Axiata PLC	-	(53)
	(303)	(340)
	15	16,155
	6,718	9,181
	(143)	(196)
Celcom Axiata Berhad	28	58
	-	3,564
	(0.4)	(4)
PT XL Axiata Tbk	10	81
	(2,191)	(3,806)
NTT DOCOMO INC.	778	527
	-	-

Nature of transactions

Advances, expenses paid on behalf, management fee

Dividend

Expense reimbursement

Roaming revenue

Roaming expenses

Other expenses

Roaming revenue

Roaming expenses

Other expenses

Roaming revenue

Roaming expenses

Other expenses

Roaming revenue

Roaming expenses

Roaming revenue

Roaming expenses

Roaming revenue

Roaming expenses

Dividend

Nature

Shareholder

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

Axiata Group Company

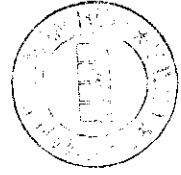
Axiata Group Company

Axiata Group Company

Shareholder

Shareholder

Shareholder

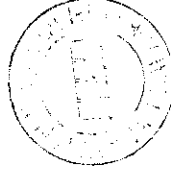


In BDT'000

2017

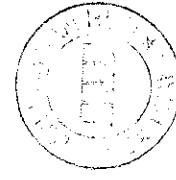
2016

	2017	2016
edotco Bangladesh Co Ltd		
Associate		
Associate	740,875	392,998
Associate	-	(2,041,132)
Associate	(10,146)	(80,793)
Associate	12,368,889	12,833,921
Associate	(78,274)	(95,314)
Associate	(714)	(21,818)
Associate	(2,994)	-
Associate	-	-
edotco Group Sdn. Bhd.		
Axiata Group Company		
Axiata Group Company		
Axiata Group Company		
Axiata Group Company	(4,969,276)	-
Axiata Group Company	(367)	(383)
Axiata Group Company	666	613
Axiata Group Company	(95)	(58)
Axiata Group Company	302	32
Shareholder	(13,121)	(496)
Shareholder	(42,176)	(3,325)
Shareholder	2,033	2,326
Shareholder	1,480	55
Shareholder	2,829	19,091
Axiata Group Company	(161)	805
Axiata Group Company	91	179
edotco Investments (Labuan) Limited		
M1 Limited (M1)		
Ncell Private Limited		
Bharti Airtel		
Idea Cellular Limited		
Loan given		
Loan repaid		
Assets sold		
Interest income		
Infrastructure service expense		
Shared service income		
Revenue		
Payment/(Collection) on behalf		
Payment on behalf		
Operational support service		
31% Share sale of edotco BD		
Roaming revenue		
Roaming expenses		
Roaming revenue		
Roaming expenses		
Roaming revenue		
Roaming revenue		
A2P & P2P revenue		
A2P & P2P expense		
Roaming expenses		
Support service		
Roaming revenue		
Roaming expenses		



iii) Receivables/(payables) with related parties

In BDT'000		2017	2016
	<u>Nature</u>		
	<u>Name of related parties</u>		
	Axiata Management Service	4,840	4,840
	Axiata Group Berhad	(1,806,381)	(1,691,923)
	Axiata Digital Services	-	563
		(378)	-
	Smart Axiata Co. Limited	323	19
		(29)	(12)
		53	53
	Dialog Axiata PLC	74,534	76,053
		(24,419)	(17,701)
		(26,734)	(26,768)
		15	21
	Celcom Axiata Berhad	(10,560)	(10,561)
		(19)	(3)
		0.20	0.09
	PT XL Axiata Tbk	(7)	(1)
	NTT DOCOMO INC.	391	854
		(89)	(158)
	edotco Bangladesh Co Ltd	-	-
		(3,012,166)	(443,712)
		-	-
	edotco Group Sdn. Bhd.	-	-
		125	1,599
	M1 Limited (M1)	(308)	(1,567)
		120	34
	Ncell Private Limited	(392)	(357)
		12,201	2,098
		30,186	10,569
	Bharti Airtel	(4,191)	(6,539)
		(2,023)	(3,670)
		(3,739)	(19,091)
	Idea Cellular Limited	654	1,142
		(566)	(538)



38 Expenditure and revenue in foreign currency during the year

<i>In BDT'000</i>	2017	2016
CIF value of imports		
Telecommunication equipment	11,286,753	7,493,513
Expenditure in foreign currency		
Transaction with group companies	305,022	361,580
International roaming cost	88,301	31,421
Interest on foreign loan	454,299	400,187
Consultancy fee	8,926	123,625
Foreign earnings		
Revenue from roaming partners	187,376	119,717
Proceeds for edotco share sales	4,969,276	-

39 Financing arrangements

At the year end, discussion is ongoing with relevant borrowers for the following financing, which are expected to be arranged within next year.

BDT 8,000 million syndication term loan with Standard Chartered Bank (SCB), Dhaka for a duration of 3 years. The purpose of this funding is to meet capital expenditure requirement for payment of spectrum/technical neutrality fees. The normal charge documents (promissory notes, letter of continuity etc.) will be the security of this loan. The facility is still in the discussion level between Robi and SCB management. However, management expect to make the drawdown by March 2018.

USD 55 million facility with Citi-DFI for the purpose of capital expenditures related to expansion or modernization of the telecommunications network. The lenders of this facility is Citibank, N.A. Dhaka and the development finance institutions ("DFIs"), namely the Netherlands Development Finance Company ("FMO") and Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG"). The security will be hypothecation of the Company's fixed and floating assets; equal ranking vis-à-vis other Senior Lenders. The Company has accepted the mandate letter of this facility and facility agreement will be signed based on further assessment of funding requirement in 2018.

40 Capital commitments

<i>In BDT'000</i>	2017	2016
Purchase orders - capital expenditures	9,646,682	6,528,727
	9,646,682	6,528,727

41 Contingencies

There are some litigations for example in connection with SIM replacement, VAT on 2G licence and certain company expenses, corporate tax disallowances etc. against the Company. In consultation with lawyers, management has reviewed the merits of those lawsuits to assess the potential impact those may have on the financial performance of the Company. Based on such assessment, management is of the opinion that the likelihood of losing those lawsuits is remote and therefore, no provision has been accounted for during the year.

42 Number of employees

The Company employed 1,568 (2016:1,621) permanent employees. All employees receive total remuneration in excess of BDT 36,000 per annum.

43 Events after the reporting period

There is no significant event which provide additional information of the condition existed at the reporting period which requires either disclosure or adjustment to the financial statements.



44 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for the followings items, which are measured on an alternative basis on each reporting date.

- (a) Asset retirement obligations (ARO) are measured at present value of expected future expenditure.
- (b) Defined post-employment benefit plan is measured on the basis of projected unit credit method.

45 New accounting standards not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements.

BFRS 15 : Revenue from Contracts with Customers

This standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, this notion of control replaces the existing notion of risks and rewards. The standard is mandatory for reporting periods commencing on or after 1 January 2018. The Company is currently assessing the implications and consequences of this standard.

BFRS 9 : Financial Instruments

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The standard is mandatory for reporting periods commencing on or after 1 January 2018. The Company is currently assessing the implications and consequences of this standard.

BFRS 16 : Leases

This standard introduces a single, on-balance sheet lease accounting model for leases where a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating lease. The standard is mandatory for reporting periods commencing on or after 1 January 2019. The Company is currently assessing the implications and consequences of this standard.

46 Significant accounting policies

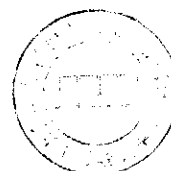
The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

46.1 Property, plant and equipment

46.1.1 Recognition and measurement

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

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



46.1.2 Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

46.1.3 Depreciation

No depreciation is charged on freehold land as it has unlimited useful life.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. For property, plant and equipment, depreciation is charged from the date of capitalisation up to the immediately preceding day of disposal. Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The current and comparative depreciation rates are as follows:

	<u>2017</u>	<u>2016</u>
Building	2.50%	2.50%
Furniture and fixture	12.5%-20%	12.5%-20%
Office and other equipment	20%	20%
Computer	25%	25%
Billing system	20%	20%
Telecom equipment and infrastructure	7-20%	7-20%
IT infrastructure	20%	20%
IT applications	20%	20%
Motor vehicle	20%	20%

46.1.4 Capitalisation of borrowing costs

The amount of interest on term loan obtained and used exclusively for the purchase or acquisition of capital assets is being capitalised during construction period for all qualifying assets as per BAS 23: *Borrowing Costs*. Subsequent costs are charged to statement of comprehensive income.

46.2 Intangible assets

46.2.1 Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per BAS 38: *Intangible Assets* are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use. Intangible assets with finite useful lives comprise software, spectrum acquisition charge, IRU assets, 2G licence renewal fee, 3G licence fee, customer list and brand.

Goodwill arising on business combination is measured at cost less accumulated impairment losses.

46.2.2 Subsequent costs

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



46.2.3 Amortisation

Amortisation of the intangible assets is recognised on a straight-line basis over the estimated useful lives of each item. Goodwill is not amortised. The useful lives of the items at the reporting date are as follows:

	<u>2017</u> <u>In years</u>	<u>2016</u> <u>In years</u>
Software	4	4
Spectrum assignment fee	18	18
2G license fee	15	15
3G license fee	15	15
Customer list	2.5	2.5
Brand	3	3

IRU assets are amortised over the agreement term, 2G and 3G license acquired through business combination are amortised over the remaining tenure of the license.

46.3 Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date.

46.4 Financial instruments

46.4.1 Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include accounts receivables, other receivables, long term receivables, cash and cash equivalents and deposits.

(a) *Accounts receivables*

Accounts receivables represent the amounts due from mobile telephony subscribers for telecom services, other operators for interconnection services, international roaming services, infrastructure sharing and includes both billed and unbilled portion of such services at the date of statement of financial position, receivable from channel partners, other non-mobile receivables, receivable for mobile money service. Accounts receivable are stated net of provision for doubtful debts.

(b) *Other receivables*

Other receivables comprise indemnification assets arising from business combination.

(c) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.



46.4.2 Financial liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include obligation for finance lease, accounts and other payables, intercompany payable, subscribers' security deposit, interest bearing term loans, suppliers' credit and short term loan.

(a) *Accounts payable and other financial liabilities*

Trade and other payables and other financial liabilities are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits.

46.5 Impairment

(a) *Financial assets*

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

Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, indicates that a debtor or issuer will enter bankruptcy etc. Accordingly, 100% provision is made over the amount outstanding (after considering security deposits) from churned post paid subscribers.

As per the existing credit policy, provision is created at the rate of 50% as doubtful debts against those unsecured bills (the amount outstanding, net of respective security deposits) which remain unpaid for a consecutive period of 3 months to 6 months and 100% provision is created against those unsecured bills (the amount outstanding, net of respective security deposits) which remain unpaid/unallocated for a consecutive period above 6 months. Doubtful debts those remain uncollected for a period of more than 12 months, are written-off upon approval from the Board of Directors.

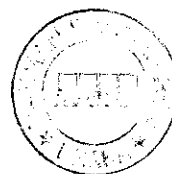
(b) *Non-financial assets*

The carrying amounts of Company's assets are reviewed to consider possible impairment of assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of comprehensive income.

46.6 Inventories

Inventories consist of SIM cards, starter kits, scratch cards and handsets which are valued at lower of cost and net realisable value. Cost of the SIM cards, starter kits and scratch cards are determined by the weighted average basis and comprises all cost of purchases and other cost incurred in bringing the inventories to their present location. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of the inventories to the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated cost of completion and the estimated cost necessary to make the sale.



46.7 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees in accordance with local conditions and practices. The eligibility is being determined according to the terms and conditions set out in the respective deeds.

(a) *Defined contribution plan*

The Company maintains contributory recognised provident fund for its eligible permanent employees. The recognised provident fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. The Company's obligation for each period is determined by the amount contributed for that period. The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contributions.

(b) *Defined benefit plan*

The Company operates a funded gratuity scheme. This gratuity scheme is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to the eligible employees as per condition of the fund.

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

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

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

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

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

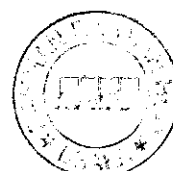
46.8 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation in compliance with BAS 37: *Provisions, Contingent Liabilities and Contingent Assets*.

Provision also include provisions for dismantling, removal or restoration. This provision is reviewed at the end of the reporting period and adjusted to property, plant and equipment to reflect the current best estimation.

Asset retirement obligations (ARO)

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



46.9 Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

46.10 Taxation

Provision for current year's taxation is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provision of the prevailing Finance Act/Income Tax Ordinance 1984.

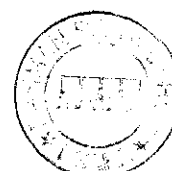
Deferred tax income is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

46.11 Revenue recognition

Revenues are measured at fair value of the consideration received or receivable, net of discount and sales related taxes and VAT. Revenues are recognised or accrued at the time of the provision of the products or services. Revenues are reported gross with separate recording of expenses to vendors of products or services. Revenues of the Company comprise:

- (a) *Installation charges*
Installation charges revenue represents the revenue arising from prepaid service registration fees, sale of prepaid registration forms, sale of replacement SIMs and fees from ownership change etc.
- (b) *Monthly rent/subscription revenue (access fee)*
Monthly rental / subscription revenue is the monthly rental charges of the connection for the post-paid subscribers and is recognised as revenue on accrual basis (exclusive of VAT).
- (c) *Airtime/Traffic revenue - prepaid*
Revenue from sale of prepaid recharge are deferred at the time of sale and recognised as revenue based on the actual use of the airtime, net of VAT and discounts. Unrecognised amount is presented as unearned revenue and disclosed as current liabilities.
- (d) *Airtime/Traffic revenue - post-paid*
Post-paid revenue is recognised on accrual basis and recorded as income (exclusive of VAT) as services are rendered.
- (e) *Roaming revenue*
International roaming revenue is recognised as income on accrual basis as services are rendered.
- (f) *Interconnection revenue*
Interconnection revenue with other operators is recognised on accrual basis based on actual recorded off-net incoming traffic during the period.
- (g) *Revenue from international gateways (IGW)*
International gateway exchange (IGW) is a telephone switch that forms the gateway between a national telephone network and one or more other international gateway exchanges, thus providing cross-border connectivity. Revenue from IGW is recognised on accrual basis based international incoming calls.



(h) *Value added service*

Value Added Services (VAS) are non core services beyond standard voice calls and are availed of separately by the end user. It includes SMS, MMS, GPRS and CRBT etc. VAS revenue from prepaid and post-paid is recognised same as prepaid traffic revenue and post-paid traffic revenue recognition policy respectively.

(i) *Data revenue*

Data revenue is recognised as income when services are rendered.

(j) *Infrastructure sharing revenue*

Income from lease of passive infrastructure is recognised as revenue as per BAS 17: *Leases* based on prices agreed with customers, net of VAT and discounts.

46.12 Leases

Finance lease payments are apportioned between finance expenses and reduction of lease obligation.

Operating lease payments are recognised as an expense on straight line basis over the lease term, except where another systemic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

46.13 Foreign currency

Foreign currency transactions are translated into Taka at the rates ruling on the dates of transactions and year end balances of monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Differences arising on conversion are charged or credited to the statement of profit or loss and other comprehensive income.

46.14 Workers' Profit Participation Fund (WPPF)

Workers' Profit Participation Fund means the workers' participation fund established under Bangladesh Labour Act 2006 (amended in 2013). The Company provides 5% of its net profit before tax as WPPF contribution.

46.15 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final and special dividend which one subject to approval by the Company's shareholders.

46.16 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

46.17 Events after the reporting period

In accordance with BAS 10: *Events after the Reporting Period*, amounts recognised in the financial statements are adjusted for events after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.



Robi Axiata Limited

Separate statement of financial position

In BDT'000	Note	31 December	31 December
		2017	2016 Restated
Assets			
Property, plant and equipment, net	5	91,128,128	78,739,616
Intangible assets, net	6	30,197,719	34,260,865
Investment in associate		2,506,532	-
Investment in subsidiary	7	-	6,394,854
Deferred tax assets	15	463,740	-
Non-current assets		124,296,119	119,395,335
Inventories	8	210,834	132,512
Accounts and other receivables, net	9	9,743,805	8,088,082
Advances, deposits and prepayments	10	5,122,121	1,791,959
Cash and cash equivalents	11	1,725,366	4,014,306
Current assets		16,802,126	14,026,859
Total assets		141,098,245	133,422,194
Equity			
Share capital	12	47,141,400	47,141,400
Other reserves	13	6,662,397	6,662,397
Retained earnings		3,864,120	4,873,409
Total equity		57,667,917	58,677,206
Liabilities			
Interest bearing term loans	14	8,094,034	10,657,332
Deferred tax liabilities	15	-	3,812,453
Asset retirement obligation	16	429,151	546,802
Other non-current liabilities	17	3,173,865	1,931,553
Non-current liabilities		11,697,050	16,948,140
Accounts and other payables	18	41,084,592	29,328,598
Current tax liabilities	19	3,745,957	4,124,823
Intercompany payables - edotco BD	20	3,012,166	443,712
Intercompany payables - Parent Co.	21	1,801,542	1,687,083
Subscribers' security deposit	22	249,021	307,717
Interest bearing term loans - current portion	14.1	3,140,000	2,687,165
Short term loan	23	18,700,000	19,217,750
Current liabilities		71,733,278	57,796,848
Total liabilities		83,430,328	74,744,988
Total equity and liabilities		141,098,245	133,422,194



Robi Axiata Limited

Separate statement of profit or loss and other comprehensive income

In BDT'000	Note	For the year ended 31 December	
		2017	2016 Restated
Revenue	24	68,255,508	51,131,424
Cost of revenue	25	(52,829,469)	(45,566,581)
Administrative expenses	26	(3,262,469)	(2,907,782)
Selling and distribution expenses	27	(11,320,396)	(7,454,488)
Operating expenses	28	(3,658,771)	(3,757,931)
Profit/(loss) from operations		(2,815,597)	(8,555,358)
Gain on sale of shares in edotco BD	29	1,080,954	-
Net finance expense	30	(1,326,377)	(809,348)
Foreign exchange gain/(loss)		(677,398)	24,001
Non-operating income/(expense)	31	163,818	(91,961)
Profit/(loss) before tax		(3,574,600)	(9,432,666)
Income tax expense	32	2,467,112	2,501,593
Net profit/(loss) for the year		(1,107,488)	(6,931,073)
Other comprehensive income	33		
Actuarial gain from defined benefit plan		98,200	-
Total comprehensive income/(loss)		(1,009,288)	(6,931,073)
Earnings per share			
Basic earnings per share (in BDT)		(0.23)	(1.88)

