

2014 THIRD QUARTER REPORT

July to September 2014



Dhivehi Raajjeyge Gulhun PLC

www.dhiraagu.com.mv

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1 SUMMARY

Dhiraagu experienced lower trading performance on most product lines during the quarter, combined with low seasonal roaming revenues, resulting in a 4% revenue reduction compared to the previous quarter. ADSL broadband revenue continued to grow following the trend in Q1 and Q2. Net profit and earnings per share grew by 6% against the previous quarter on lower operating costs. There was a reduction in cash flow before financing due to lower operating cash flows and interim tax payments made during the quarter, partially offset by a reduction in capital investment. The Company paid a dividend of 341.5m MVR to shareholders during the quarter following the declaration of the interim dividend for the financial year 2014.

2 DEVELOPMENTS DURING THE QUARTER

2.1 Products and Services

Key products, services and promotions introduced during the third quarter includes:

- Reduction of excess data rate charges for Postpaid data bundles and non-bundle rate.
- Prepaid Data intro bonus: Offering 150 MB with every new prepaid connection in July.
- Free Fridays promo for Prepaid during the month of Ramadhan offering free calling on Fridays.
- Postpaid promotion with a grand prize Lucky draw + first month half-price rental Promo for all new connections.
- Introduced mechanism for online bill payments and online recharge without having to register via MyAccount.

2.2 Corporate Social Responsibility

During the quarter, Dhiraagu enrolled 12 new apprentices for the 2014 intake of the Dhiraagu Apprenticeship Programme (DAP). DAP is a key CSR initiative, with the purpose to enhance work skills of young Maldivians through a well-rounded, structured training programme. 98 apprentices have participated in the programme since its inception in 2009 and this is the 6th consecutive year for the programme.

Dhiraagu renewed its commitment to extend support to Kuda Kudhinge Hiya by sponsoring 3 teachers at the orphanage. Dhiraagu continues to support the orphanage by providing free internet with parental control service.

Dhiraagu also extended its support to various island communities through social sponsorships by offering prizes for Quran Competitions and Annual Prize Day ceremonies of schools throughout the country.

3 BOARD ADMINISTRATION

3.1 Board & Committee Composition

During the quarter there were no changes to the Board, and the composition of the Board and its subcommittees at the end of the third quarter was as follows.

Position/Name	Representing	Committee	Committee Position
<u>Chairperson</u>			
Mr. Riluwan Shareef	Government	RNG Committee	Chairperson
<u>Deputy Chairperson</u>			
Mr. AbdulRazzaq AlQassim	Batelco		
<u>Executive Director</u>			
Mr. Ismail Waheed	Batelco		
<u>Non-Executive Directors</u>			
Mr. Ihab Hinnawi	Batelco	Audit Committee	Chairperson
Mr. AbdulRahman Fakhro	Batelco	RNG Committee	Member
Mr. Abdulla Ahmed	Government	Audit Committee	Member
Mr. Imran Ali	Public	Audit Committee	Member
		RNG Committee	Member

3.2 Board Activity

Frequency of Board meetings held during the quarter are as follows:

	# of Meetings
Board Meeting	1
Audit Committee	1
Remuneration, Nomination & Governance Committee	1

3.3 Board Decisions during the Quarter

During the quarter the following key decisions were made by the Board:

- Approval of US\$3.09 million for the Nationwide Broadband Policy Capital Expenditure Project.
- Declaration of MVR 4.50 per ordinary share as the Interim Dividend for the financial year 2014.
- Appointment of Mr Imran Ali to the Remuneration, Nomination and Governance Committee, and the Audit Committee.

4 SHARE INFORMATION

4.1 Shareholding

Dhiraagu PLC's shareholding as at 30th September 2014 is as follows:

Shareholding	%	Number of Shares
BTC Islands Limited (Batelco)	52.0%	39,520,000
Government of Maldives	41.8%	31,770,150
Public	6.1%	4,608,863
Dhiraagu Colleague Share Plan (on trust)	0.1%	100,987
	100%	76,000,000

4.2 Share Trading

	Q3 2014	Q2 2014
Highest Traded Price	MVR 80.00	MVR 80.00
Lowest Traded Price	MVR 65.00	MVR 65.00
Last Traded Price	MVR 76.00	MVR 78.00
Number of Shares Traded	1376	1,064,216
Number of Trades	7	9
Weighted Average Traded Price	MVR 76.70	MVR 79.99
Market Capitalization as at Quarter End	MVR 5.78 billion	MVR 5.93 billion

4.3 Share Performance

	Q3 2014	Q2 2014
EPS (Annualized) MVR	9.16	8.64
P/E Ratio (Annualized)	8.30	9.03
Net Asset Per Share (MVR)	30.20	32.40
Dividend Yield	NA	NA

5 FINANCIAL STATEMENTS

The unaudited Balance Sheet, Income Statement and Cash Flow Statement for the third quarter of 2014 are set out below:

5.1 Balance Sheet

AS AT	30-Sep-14 (Q3 2014) MVR "000"	30-Jun-14 (Q2 2014) MVR "000"
ASSETS AND LIABILITIES		
Non-Current Assets		
Intangible Assets	60,099	56,248
Property, Plant and Equipment	1,934,110	1,975,925
Deferred Tax Asset	6,721	5,403
Total Non-Current Assets	2,000,930	2,037,576
Current Assets		
Inventories	20,496	24,467
Trade and Other Receivables	266,758	258,910
Cash and Cash Equivalents	695,222	845,990
Total Current Assets	982,476	1,129,367
Total Assets	2,983,406	3,166,943
Current Liabilities		
Loans and Borrowings	-	-
Trade and Other Payables	(534,775)	(527,612)
Current Tax Liabilities	(32,438)	(56,279)
Total Current Liabilities	(567,213)	(583,891)
Non-Current Liabilities		
Loans and Borrowings	-	-
Provisions	(120,794)	(120,660)
Total Non-Current Liabilities	(120,794)	(120,660)
Total Liabilities	(688,007)	(704,551)
Net Assets	2,295,399	2,462,392
Equity		
Share Capital	190,000	190,000
Treasury Shares	(865)	(1,297)
Retained Earnings	2,106,264	2,273,689
Total Equity	2,295,399	2,462,392

5.2 Income Statement

FOR THE QUARTER ENDED	30-Sep-14 (Q3 2014) MVR "000"	30-Jun-14 (Q2 2014) MVR "000"
Revenue	498,218	522,005
Operating Costs	(207,000)	(245,954)
Depreciation and Amortization	(85,009)	(84,594)
Results from Operating Activities	206,209	191,457
Net Financing Expense	(1,471)	(910)
Profit Before Taxation	204,738	190,547
Income Tax Expense	(30,616)	(26,690)
Net Profit	174,122	163,857

Basic Earnings Per Share (Weighted Average Ordinary Shares Outstanding)

Basic Earnings Per Share (Annualized MVR)	9.16	8.64
Basic Earnings Per Share (Q3 MVR)	2.29	2.16

5.3 Cash Flow Statement

FOR THE QUARTER ENDED	30-Sep-14 (Q3 2014) MVR "000"	30-Jun-14 (Q2 2014) MVR "000"
Net Cash Inflow from Operating Activities	218,319	291,929
Net Cash Outflow from Investing Activities	(22,878)	(44,078)
Net Cash Outflow from Financing Activities	(346,209)	(440,432)
Net Decrease in Cash and Cash Equivalents	(150,768)	(192,581)
Cash and Cash Equivalents at beginning of the Period	845,990	1,038,571
Cash and Cash Equivalents at end of the Period	695,222	845,990



Robin Wall
Chief Financial Officer (Acting)



Ismail Waheed
CEO & Managing Director

6 LEGAL AND REGULATORY UPDATE

6.1 National Broadband Policy

During the first quarter of 2014, the Government announced its plans to introduce a National Broadband Policy. The objective of the policy is to ensure broadband internet services are available to all the inhabited islands, and is expected to be implemented by within 18 months. The Communications Authority of Maldives has assigned 40 islands to be covered by Dhiraagu under this policy.

6.2 Mobile Number Portability

The Mobile Number Portability business rules have been finalized by the Communications Authority of Maldives in consultation with the operators.

7 CORPORATE GOVERNANCE

7.1 Compliance to CMDA Corporate Governance Code

The Company has been in compliance with the Dhiraagu Corporate Governance Code during the quarter. Highlights include ensuring regular, timely and effective disclosures as required by the Code.

The Company's Corporate Governance Code can be viewed in the investor relations section of the Dhiraagu website: <http://www.dhiraagu.com.mv/investor/>.

7.2 Reporting Compliance

This Report has been prepared in compliance with CMDA's Minimum Quarterly Reporting Requirements for Listed Companies.