DHIVEHI RAAJJEEYGE GULHUN PRIVATE LIMITED

(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS

AS AT

31ST MARCH 2011

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

CHAIRPERSON'S STATEMENT

It is my privilege to present the Twenty Second Report and Financial Statements of Dhivehi Raajjeyge Gulhun Private Limited (trading as Dhiraagu) for the 15 months ended 31 March 2011.

The Company has decided to change the financial year end from 31 December to 31 March to align it with the Parent Company, Cable & Wireless Communications Plc. Accordingly, the current period financial statements have been prepared and presented for the period of 15 months ended 31 March 2011.

I am pleased to report that the Company has enjoyed another successful 15 month period and achieved its business and strategic objectives for the period with profits increasing to MRf 968 million on a turnover of MRf 2,549 million. This has resulted in the Company being able to declare a dividend of MRf 435 million during the period.

Business Outlook

The Government of the Maldives announced number of initiatives to improve the economic climate in the Maldives. One of these initiatives was the introduction of a Business Profit Tax with effect from 18th July 2011. Accordingly, the Company is liable to pay business profit tax at the rate of 15% to the Government of the Maldives on its taxable profit from that date. Although this legislation had no impact on the results reported for the period ended 31 March 2011, it clearly will reduce the net profit and cash available for dividend distribution in subsequent periods.

The second initiative by the Government of the Maldives was to sanction a partial flotation of Maldivian Rufiyaa, to US Dollar within a ± 20% band from the mid rate of 12.85 per 1 US$ with effect from 11 April 2011. This has effectively resulted devaluation of Maldivian Rufiyaa against US dollar by approximately by 20% (1 US$: 15.42 Maldivian Rufiyaa). The impact of this initiative has had no impact on the reported results for the period ended 31 March 2011. However this will have a significant impact on the performance and financial position of the company in subsequent periods.

The Company announced on 24 August 2011 that the Government of the Maldives would sell part of its shareholding in the Company through an Initial Public Offering (IPO) during October 2011. Following the IPO the Company will become a publicly listed company (PLC) on the Maldives Stock Exchange. Clearly this represents a milestone in Dhiraagu's evolution and I believe that this strategy will be in the long term interest of its customers, the public and employees. At the time of writing this report the Company continues to prepare for what the Board believe will be a successful execution.

In 2010/2011, the Company's mobile business, fixed-line broadband and data communications businesses maintained sound growth. The capacity and quality of the mobile network and the fixed-line broadband network were continuously improved.

In 2010/2011, Dhiraagu announced new products, services and initiatives, and significant milestones achieved during the year including:

CHAIRPERSON'S STATEMENT (CONTINUED)

Mobile

- Introduction of Prepaid online recharging.
- Implementation of 3G Plus Network.
- Launching of TouchNet, our fastest Mobile Broadband service.
- Launching of first ever Prepaid Mobile Broadband service in the Maldives.
- Launching of exclusive mobile entertainment portal for downloading full music track, short movies, complete videos for the first time in the Maldives.
- Revamping of FnF number updating which allows Dhiraagu customers to instantly add remove or list FnF numbers.
- Introduction of unlimited free calls to prepaid customers and 1 laari per SMS for the first time in Maldives.
- Introduction of postpaid flex: A postpaid package with a fixed bill.

Fixed & Internet

- Extension of Broadband Internet Service to further islands, with WIMAX Technology.
- Introduction of Mobile Internet packages.
- Introduction of 10 Mbps Broadband Service for home and business users.
- Launching of a special Broadband ADSL promotion.

Others

- Launching of World cup experience promotions.
- Launching of a "connect your life" campaign.
- 4th Annual Dhiraagu Broadband Road race.
- Dhiraagu Partner conference held at Bandos Island Resort.
- Donation of a telemedicine system to the Ministry of Health and Family.
- Dhiraagu to lay Fibre optic submarine cable network system from North to South across the Maldives.

The results achieved in 2010/2011 and the strength of Dhiraagu's business model and of its brands put the Company in an ideal position to continue throughout 2011/2012 with solid, stable growth in net sales and a more than proportionate increase in profitability.

The future looks highly promising for Dhiraagu, and our strategy for success in a competitive environment is to maintain our position as a reliable and quality service provider, to provide total customer satisfaction and to remain flexible. We have developed a vision that builds on our tradition of reliable, competitively priced services. Dhiraagu has delivered a solid return to its shareholders through an intense commitment that emphasizes the importance of the customer at all levels of the organization together with an adherence to the highest quality standards and creating value for our customers.

The coming year will be about building on the positive momentum that we have developed. With a strong Board and a highly committed, customer focussed workforce, I am confident that we are building the foundations to deliver significant value to our shareholders

In conclusion I would like to record my appreciation for the contribution of the management, staff, and my fellow Directors which has led to another excellent year for the Company. In an increasingly challenging environment, the pursuit of business efficiency, technological advancement, competitive advantage, customer focus and corporate integrity will continue to preoccupy us all. These are the foundations of our business.

Ms Juwairiya Saeed
Chairperson

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

REPORT OF THE DIRECTORS

Introduction

Dhivehi Raajjeyge Gulhun Private Limited (trading as Dhiraagu) is a private shareholding company which was incorporated in Male' in the Republic of Maldives on 16th May 1988, and began operation on 1st October 1988.

Dhiraagu is a joint venture company that is 52% owned by the CWC Islands Limited and 48% owned by the Government of the Maldives. The ultimate Parent Company is Cable & Wireless Communications Plc, a publicly quoted company listed on the London Stock Exchange.

Dhiraagu's operating licence, granted by the Government of Maldives, gives the right to provide national and international communication services. Upon expiry of the existing licence in December 2008, the license was renewed in January 2009, for a further period of 15 years.

Review of Operations

2010/2011 witnessed some key milestones in Dhiraagu's history and was another dynamic period for the Company.

Dhiraagu expanded 3G network to cover additional 50 islands and microwave network was upgraded to create capacity required for mobile broadband and data services.

In 2010/2011, Dhiraagu launched new value added services, conducted effective and timely promotions across all of its products. In addition to the product innovation, which increased focus on maintaining superior network Quality of Service and customer experience, Dhiraagu was successfully retained and increased customer base and revenue.

The following provides a brief summary of the major activities conducted during 2010/2011 period:

Mobile

With the introduction of 3G, several new mobile products were introduced in 2010/2011. New products include Mobile Broadband, launch of Entertainment portal and Home Guard video surveillance service. Other major products that made a breakthrough were Prepaid Best Friend plan, allowing free calls for prepaid customers for the first time in the market and automation of Friend and Family (FnF) service via SMS, which improved the customer experience with Dhiraagu.

Fixed, Internet & Data

During 2010/2011, the key objective was to increase the penetration of broadband ADSL service that resulted in a 9% growth in customer base during the year, as in plan. With the roll-out of 3G service nationwide Wireless Zone service has being affected. A new strategy is being worked to better position the product in the market. Commercial WiMax service was launched to more than 27 islands nationwide during the month of February 2011, expanding Dhiraagu Broadband Service footage in to 15 new islands. Fixed Line service has been in declining trend due to increased popularity of the Mobile service. Session Initiation Protocol (SIP) technologies are being tested targeting to grow fixed voice business.

REPORT OF THE DIRECTORS (CONTINUED)

A video conferencing facility was made available for the enterprise market. This is being further developed to provide VC facilities to key Government bodies that are involved in muilti-location administrations. Led by the two most popular online newspapers, Dhiraagu managed virtual private hosting service continues to expand.

International Services

International Direct Dialing (IDD)
IDD services started seeing significant impact from VOIP based alternative means of international communication in 2010/2011. Hence, VOIP based mobile traffic was seen to have grown 82% over a period of 6 months, whilst IDD traffic had declined by 16% over the same period. 2010/2011 was also a year of fierce competition for IDD services due to the aggressive price competition for IDD. Especially, the first few months of 2010/2011 were a period of price war for the top 2 destinations. Nevertheless, a significant number of IDD promotions were conducted during the year to maintain our competitive edge and helped to retain market share on IDD service and revenue.

Roaming
After the global economic recession of 2009, tourist arrivals increased by more than 20% during 2010/2011. The year also marked the first ever 750,000th tourist in to the country. Despite the increase of arrivals the mix of tourist was different and Maldives attracted price sensitive markets such as China. Despite the increase in arrivals, with the increase competitions, discounts and price-sensitive tourists the roaming performance was maintained. Focus was also given to increase our worldwide roaming footprint and at by the end of the year 92 additional roaming operators were tested and commercially opened. At the end of the 2010/2011 period we had 396 operators in 143 countries.

Customer Services, Marcoms and Public Relations

In line with Dhiraagu's mission to be the market leader through excellent customer service, various important initiatives were carried out during the period.

Customer experience was reviewed with more challenging targets on operational, customer satisfaction and efficiency. Regular customer surveys continued throughout the period to listen and collect customer inputs for service improvements.

The extension of Partner Shops to an additional 25 islands were continued and completed during the period. Some of the key services, such as paying for Dhiraagu bills were introduced in these shops and more services planned for introduction the future.

The company continued its close relationship with corporate and Government customer segment, retaining most of these customers with Dhiraagu and improving service levels through introduction of service level agreements and strengthening support services from the Call Centre and regional centres.

High brand awareness and leadership position was retained through heavy advertising, strategic IMC & PR campaigns and conducting stimulating events during 2010/2011. One of the main themes promoted during the period was Dhiraagu 3G mobile broadband and associated services and CSR Corporate Advertisements.

REPORT OF THE DIRECTORS (CONTINUED)

As an initiative to revitalize the brand a thematic campaign under the slogan 'Connect Your Life' was implemented using celebrity brand ambassadors to endorse and promote the brand.

To enhance the emotional bond between the customers and the Dhiraagu brand, a corporate social brand campaign under the theme 'Alhugandumennakee Dhivehi Raajjeyge Gulhun' (We are the Maldivian Connection) was launched and received highly positive feedback.

Major sponsorships include Dhiraagu Dhivehi League, Athletics activities as Development Partner, Basketball activities as Development Partner, Swimming activities as Development Partner, Youth Music Festival, Main Sponsor of Youth Challenge 2010, Main Sponsor of 25th National Table Tennis Tournament, Baibalaa Tournament during Eid, and Haveeru Sports Award.

Under CSR related initiatives some noteworthy initiatives include Donation of a Telemedicine System to Ministry of Health & Family; Continued support for Kudakudhinge Hiya with the sponsorship of 3 teachers; Dhiraagu Apprentice Program; Dhiraagu Dhivehi League sponsorship for supporting youth development; assistance to NGO's such as ARC and 1Plus and for activities conducted by island communities and NGOs associations. Dhiraagu also supported the telethon for fundraising events via SMS for the campaigns 'Help Pakistan' and 'Maldives with Japan.'

Staff and Staff Development

As always, human resource development, staff welfare, employee engagement as well as key staff retention were given significant importance by Dhiraagu during 15 months ended 31 March 2011. Consequently, the competence, perseverance, loyalty and the commitment of the staff continues to be one of driving forces behind the success of Dhiraagu. At 31 March the total staff strength of the Company was 617 full time staff and 21 temporary staff.

Dhiraagu as an employer started participating in the Maldives Retirement Pension Scheme from November 2010 and all employees of Dhiraagu were enrolled on the Scheme by April 2011. Despite the legal requirement of only 7% contribution by the Employer, the Board of Directors of Dhiraagu has generously approved a 10% contribution from the Company, effective from the date of participation.

Engaged and motivated staff base is a pre-requisite of the success of Dhiraagu and the Company continued to participate in the Gallup Q12 survey in 2010 as well. The results of the last wave of the survey in 2010 indicated an increase in employee engagement with a score of 3.80. As the intensity of the competition for key talent increases, key staff retention was also given a significant focus during 2010/2011 and will continue to be so.

Work to further develop Human Resources Management (HRM) system, was carried out during the period. These developments are expected to reap a number of benefits to the organisation, especially in areas such as staff utilisation, overtime management as well as payroll processing over the years to come.

During 2010/2011, the Company made significant investment in human resource development and training. Dhiraagu continued to invest in its future by providing a mix of long term and short-term training programmes for staff in both technical and non-technical areas.

REPORT OF THE DIRECTORS (CONTINUED)

Dhiraagu Apprenticeship Program (DAP), was also continued successfully into yet another year. DAP is an education and training program designed to provide the apprentices with the skills and knowledge and develop competencies while providing them with paid work experience. The DAP is a CSR activity to improve the youth employability in the Maldives.

Network & Operations

A fully digital microwave SDH network across the country provides the backbone for distributing telecommunication services to all the 200 inhabited islands and other industrial islands including all resorts. Services to Southern atolls (Gaafu, Gnaviyani and Addu) are provided via submarine cable system on the One and Half Degree Channel. Low and medium capacity digital radios are used to extend services to the outlying islands from the backbone node sites.

Parts of the trunk backbone network high capacity links were upgraded during the period to cater for the increasing demands and customer requirements (Sh.Funadhu to HDh.Kulhudhufushi from STM 1+1 to 2+1, K.Rasfari to ADh.Dhangethi from STM 2+1 to 6+1, K.Male' to K. Rasfari and K.Fihaalohi from STM 6+1 to 7+1)

To further increase the network availability and efficiency, a diversity ring was created Northwards up to Baa atoll (STM 2+1)

To meet the growing high capacity demands of customers off Male, expansion of the existing IP MPLS network, with 3 additional nodes was completed. Upgrade of the SDH core ring from 2.5G to 10G, serving greater Male' has been completed, and this has established a high capacity, secure transmission core in the greater Male' region. Services that were deployed using WiMax technology are now being transferred to access radio network and cable due to lack of support from the WiMax vendor.

A nationwide domestic submarine cable network project has been approved and contracted to NEC to carry out the installation and commissioning of the system. The project includes installation of approximately 1000Km of subsea cable, between key landing node stations. The system will comprise of 6 cable-segments. This will further enhance the backbone capacity to 10Gbps between major node sites. The existing subsea link between L.Gan and Gdh.Gadhdhoo, will complement the new cables in completing the north to south fiber backbone. The new project is expected to be complete in April 2012.

Anti-DDoS (distributed denial-of-service) capabilities were upgraded expanding the monitoring capabilities and mitigation strategies for DDoS attacks. Dhiraagu Internet core has been upgraded and are now IPv6 enabled. Service Policy Engine was upgraded to cater for the growth in broadband traffic. Virtual Private Servers (VPS) based web hosting was launched.

Commercial launch of 3G services in greater Male' area with a 3G HSPA network was completed during 2010/2011. A project to expand 3G services to the islands was initiated in 2010/2011 and 3G coverage was extended to 62 islands including 20 resort islands.

Migration of PSTN customers in obsolete NEC switches to the new Softswitch has been completed. NEC switches have been completely decommissioned and removed from the sites.

REPORT OF THE DIRECTORS (CONTINUED)

VoIP SIP-trunking services have been introduced to businesses with IP PABXs. To align with the demands of an increasingly networked world, PON core and fiber network has been upgraded and is now capable of providing standard PON and Metro services.

Financial performance

	2010/2011 MRf "000" (15 Months)	**2010** MRf "000" (Annualised)**	**2009** MRf "000" (12 Months)
Revenue	2,548,505	2,038,804	1,888,420
Operating costs before interest, depreciation and amortisation	1,160,512	928,409	800,571
EBITDA	**1,387,993**	**1,110,395**	**1,087,849**
Net Profit	**968,424**	**774,739**	**830,441**
Basic earnings per share (Rufiyaa)	50.97	40.78	43.71

** Annualised year figures are calculated on a pro-rata basis; 2010/11 multiplied by 12/15.

The company achieved total revenue of MRf 2,548.5Mn for the 15 month period ended 31 March 2011 and on an annualised basis, in 2010, the company achieved total revenue of MRf 2,038 Mn, which is an increase of 7.9% over the 12 month period ended 31 December 2009. Costs have increased by 16% over the same period achieving Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of MRf 1,388Mn for the 15 month period ended 31 March 2011 and MRf 1,110Mn for the annualised year 2010. This amounts to an increase of 2% on the EBITDA of the 12 month period ended 31 December 2009

The company's Basic Earnings per Share has increased by 17% for the 15 Month period ended 31st March 20011 to MRf 50.97 from MRf 43.71 for the 12 month period ended 31st December 2009. In comparison with the annualised year 2010, Basic Earnings per Share has reduced by 7%.

Free Cash flow and Dividends

Dhiraagu's liquidity position continued to remain strong. As at 31 March 2011 the Company had cash and cash equivalent of MRf 1,183.9Mn.

A dividend payment of MRf 434.96 Mn (MRf. 22.8927 per share) was made during the 15 month period ended 31st March 2011.

Auditors

The auditors, KPMG Ford, Rhodes, and Thornton & Co.- Maldives have expressed their willingness to continue in office and a resolution proposing their re-appointment and authorising the Directors to agree their remuneration will be put to the Annual General Meeting.

REPORT OF THE DIRECTORS (CONTINUED)

Directors

The following served as Directors during the period:

Ms. Juwairiya Saeed(Chairperson)	(appointed 9th February 2009)
Mr. Ahmed Zareer	(appointed 9th February 2009)
Mr. Fayyaz Ismail	(appointed 7th March 2009)
Mr. Ismail Waheed	(appointed May 2007)
Mr. Denis Martin	(appointed 28th May 2008
Mr. Adam Dunlop	(appointed 13th August 2008)
Mr. Sheldon Bruha	(appointed 9th December 2009)

This report, set out on pages 3 to 8 herein, was approved by the Board on 21st September 2011, and signed on its behalf by:

Director	**Director**	**Chief Financial Officer &**
Government of Maldives	**Cable & Wireless Communications**	**Company Secretary**
Ms. Juwairiya Saeed	**Mr. Ismail Waheed**	**Mr. David Jonathan Blake**

KPMG Ford, Rhodes, Thornton & Co.
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Independent Auditors' Report
To the Shareholders of
Dhivehi Raajjeyge Gulhun Private Limited

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun Private Limited, which comprise the statement of financial position as at 31st March 2011, and the statement of comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information exhibited on pages 10 to 42.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 Company's preparation and fair presentation of the financial statements 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 Company'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 31st March 2011 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

***KPMG* Ford, Rhodes, Thornton & Co. - Maldives**
Chartered Accountants

21st September 2011
Male'

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED	Note	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Revenue	**8**	2,548,505	1,888,420
Operating costs excluding depreciation	**9**	(1,160,512)	(800,571)
Depreciation		(356,189)	(253,915)
Other Operating Income	**10**	1,162	190
Results from Operating Activities		1,032,966	834,124
Financial Income	**11**	20,629	18,599
Financial Expense	**11**	(85,171)	(22,282)
Net Financing Costs		(64,542)	(3,683)
Profit Before Taxation		968,424	830,441
Taxation	**12**	-	-
Profit for the Period		968,424	830,441
Other Comprehensive income		-	-
Total Comprehensive income for the period		968,424	830,441
Basic Earnings Per Share (MRf)	**13**	50.97	43.71

The Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT	Note	31/03/2011 MRf "000"	31/12/2009 MRf "000"
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	**14**	2,088,233	1,995,421
Total Non- Current Assets		2,088,233	1,995,421
Current Assets			
Inventories	**15**	54,551	38,301
Trade and Other Receivables	**16**	312,432	298,706
Cash and Cash Equivalents	**17**	1,183,929	718,765
Total Current Assets		1,550,912	1,055,772
Total Assets		3,639,145	3,051,193
EQUITY AND LIABILITIES			
Equity			
Share Capital	**18**	190,000	190,000
Retained Earnings		2,647,259	2,113,797
Total Equity		2,837,259	2,303,797
Non-Current Liabilities			
Loans and Borrowings	**19**	145,276	128,500
Provisions	**20**	94,249	81,154
Total Non-Current Liabilities		239,525	209,654
Current Liabilities			
Loans and Borrowings	**19**	137,067	76,206
Trade and Other Payables	**21**	425,294	461,536
Total Current Liabilities		562,361	537,742
Total Liabilities		801,886	747,396
Total Equity and Liabilities		3,639,145	3,051,193

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.

These financial statements on a page 10 to 42 were approved on the 21 September 2011 by the board of Directors and sign on behalf by:

…………………………	……………………..	…………………………
Ms. Juwairiya Saeed	**Ismail Waheed**	**Mr. David Blake**
Director	**Director**	**Chief Finance Officer and**
(Government of Maldives)	**(Cable & Wireless Communications)**	**Company Secretary**

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31ST MARCH 2011

	Share Capital MRf "000"	Retained Earnings MRf "000"	Total MRf "000"
As at 1st January 2009	190,000	2,172,383	2,362,383
Profit for the Period	-	830,441	830,441
Dividends	-	(889,027)	(889,027)
As at 31st December 2009	190,000	2,113,797	2,303,797
As at 1st January 2010	190,000	2,113,797	2,303,797
Profit for the Period	-	968,424	968,424
Dividend	-	(434,962)	(434,962)
As at 31st March 2011	190,000	2,647,259	2,837,259

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CASH FLOW STATEMENT

FOR THE PERIOD ENDED	31/03/2011 (15 Months) MRf "000"	31/12/2009 (12 Months) MRf "000"
Cash Flows from Operating Activities		
Profit for the Period	968,424	830,441
Adjustment for:		
Depreciation	356,189	253,915
Provision for Impairment Loss on Trade and Other Receivables	94,677	72,206
Finance Income	(20,629)	(18,599)
Finance Expense	85,171	22,282
Profit on Disposal of Property, Plant and Equipment	(1,162)	(135)
	1,482,670	1,160,110
Changes in Inventories	(16,250)	9,711
Changes in Trade and Other Receivables	(108,403)	(121,174)
Changes in Trade and Other Payables	52,239	(34,090)
Cash Flow From Operating Activities	1,410,256	1,014,557
Cash Flows From Investing Activities		
Purchase and Construction of Property, Plant and Equipment	(425,931)	(357,769)
Proceeds from Disposal of Property, Plant and Equipment	1,162	135
Interest Received	20,629	18,599
Net Cash Used in Investing Activities	(404,140)	(339,035)
Cash Flows From Financing Activities		
Loans Obtained during the period	218,450	215,185
Loans Repaid during the period	(140,813)	(10,479)
Interest Paid	(71,409)	(3,827)
Dividend Paid to the shareholders	(546,513)	(777,476)
Net Cash Flow Used in Financing Activities	(540,285)	(576,597)
Net Increase in Cash and Cash Equivalents	465,831	98,925
Effect of difference in Foreign Exchange	(667)	(8,541)
Cash and Cash Equivalents at beginning of the Period	718,765	628,381
Cash and Cash Equivalents at end of the Period (Note 17)	1,183,929	718,765

The figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Dhivehi Raajjeyge Gulhun Private Limited (the "Company") was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and, presently governed under the Companies Act No. 10 of 1996 as a limited liability company in the Republic of Maldives. The company provides telecommunication services in the Maldives. The registered office of the Company is situated at 19, Medhuziyaaraiy Magu, Male' 20-03, Republic of Maldives.

2. Basis of preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of Measurement

The financial statements have been prepared based on the historical costs except assets and liabilities which are stated at their fair value.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is also the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS 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 estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 5.

(e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company

New and Amended Standards and Interpretations effective and adopted by the Company from 1 January 2010

Title	Effective date	Description	Impact on the Company
Amendments to IFRS 2 Group cash settled Share -based payment transaction	Annual periods beginning on or after 1 January 2010.	IFRS 2 amended to clarify scope and accounting for Group cash- settled share – based payment (SBP) transactions in the separate financial of the entity receiving the goods or services when that entity has no obligation to settle the SBP transaction.	This amendments did not have a material impact on the Company.

2. Basis of preparation (Continued)

(e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company (Continued)

New and Amended Standards and Interpretations effective and adopted by the Company from 1 January 2010 (Continued)

Title	Effective date	Description	Impact on the Company
IFRIC 17 *Distribution of Non-cash Assets to Owners*	Annual periods Beginning on or after 1 July 2009.	This interpretation applies to non-cash dividends excluding those controlled by the same party before and after the transaction. It clarifies the recognition and measurement of non-cash dividends payable and is applied to transactions on a prospective basis.	This interpretation did not have a material impact on the Company.
Improvements to IFRS 2009	Various dates, earliest is Annual periods beginning on or after 1 July 2009	The Improvements to IFRS contains miscellaneous necessary but non-urgent amendments to IFRS.	These improvements did not have a material impact on the Company.

New and Amended Standards and Interpretations not yet effective and not adopted by the Company

Title	Effective date	Description	Expected adoption date and impact on the Company
Revised IAS 24 Related Party Disclosures	Annual periods beginning on or after 1 January 2011.	The revisions provide an exemption from disclosure requirements for transactions between state-controlled entities and remove some inconsistencies.	The Company will adopt for 2011/12. These revisions are not expected to have a material impact on the Company.
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement	Annual periods beginning on or after 1 January 2011.	The amendments permit entities to treat an early payment of a contribution to cover minimum funding requirements as an asset.	The Company will adopt for 2011/12. These amendments are not expected to have a material impact on the Company.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	Annual periods beginning on or after 1 July 2010.	This IFRIC provides guidance on accounting for 'debt to equity swaps' where a debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor.	The Company will adopt for 2011/12. This interpretation is not expected to have a material impact on the Company.

2. Basis of preparation (Continued)

(e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company (continued)

New and Amended Standards and Interpretations not yet effective and not adopted by the Company (Continued)

Title	Effective date	Description	Impact on the Company
Improvements to IFRS 2010	Various dates, earliest is annual periods beginning on or after 1 January 2011.	The Improvements to IFRS contains miscellaneous necessary but non-urgent amendments to IFRS.	The Company will adopt for 2011/12. These improvements are not expected to have a material impact on the Company.
Amendments to IAS 32 *Classification of Rights Issues*	Annual periods beginning on or after 1 February 2010.	The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	This amendment did not have a material impact on the Company

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Company.

Wherever necessary, comparative amounts have been reclassified to conform to the current period's presentation.

3.1 Transactions in foreign currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa (functional currency) at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are recognized in the income statement.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

3. Significant accounting policies (Continued)

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to 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. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalents

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits, cash at bank and hand.

(ii) Financial liabilities (Non-derivative)

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables and loans and borrowings.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3. Significant accounting policies (Continued)

3.2 Financial Instruments (Continued)

(iii) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Dividends

Dividends to ordinary shareholders are recognised as a liability in the period in which they are declared.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

3. Significant accounting policies (Continued)

3.3 Property, Plant and Equipment (Continued)

(iii) Depreciation (Continued)

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings (Technical and domestic)		25 to 40 years
Plant and equipment	- Switches, network equipment and computer equipment	3 to 25 years
	- Ducting	40 years
Vehicles, launches, furniture and fittings		4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction

Assets under construction as at the period end represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the period end.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5 Construction work in progress (Sales Projects)

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

Construction work in progress is presented as part other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

3. Significant accounting policies (Continued)

3.6 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is 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.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets and inventories (refer Note 3.4) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (Continued)

3.7 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Dhiraagu Retirement Benefit Plan (DRBP) is funded externally and is a defined contribution plan. The Company's contribution of 5% on basic salary of employees who join the plan are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to the DRBP scheme ceased from 31st October 2010, and the Company has commenced procedures for the winding up the scheme.

A new local pension scheme, Maldives Retirement Pension Scheme (MRPS) was introduced to the Company effective from 1st November 2010. For the period 1st November 2010 to 31st March 2011, participating in the MRPS scheme was voluntary. The Company contributed 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

(b) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimate reliably.

3.8 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

Provisions are recognised for unavoidable lease payments in onerous contracts as the difference between the rentals due and any income expected to be derived from the vacant properties being sublet. Redundancy provisions, relating to both continuing and discontinued operations, comprise employee termination payments. Legal provisions comprise legal fees and, where appropriate, expected settlement costs.

3.9 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3. Significant accounting policies (Continued)

3.10 Cash flow statement

Cash flow statement has been prepared using the “indirect method”.

3.11 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.12 Commitments and contingencies

Commitments and contingent liabilities of the Company are disclosed wherever appropriate.

3.13 Revenue recognition

Revenue is recognised net of discounts and represents the amounts receivables in respect of goods and services provided to the customers.

Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue from sales of telecommunications equipment is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecommunications equipment and ongoing service) is allocated to those components that are separable based on the estimated fair value of the components.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

Services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the income statement in proportion to the services delivered at the reporting date. In respect of services invoiced in advance, amounts are deferred until provision of the service.

Amounts payable by and to other telecommunications operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

3. Significant accounting policies (Continued)

3.13 Revenue recognition (Continued)

Services (Continued)

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service. Unbilled revenue resulting from mobile services provided to contract customers from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

The Company recognises revenue from the transmission of content and traffic on its network originated by third-party providers. The Company assess whether revenue should be recorded gross as principal or net as agent, based on the particular features of such arrangements.

Revenue arising from the provision of other services, including maintenance contracts, is recognised evenly over the periods in which the service is provided.

3.14 Expenditure

Operating lease payments

Leases comprising a lease of land and a lease of buildings within a single contract are split into the two component parts. The component part for buildings is then tested to determine whether the lease is a finance or operating lease and treated accordingly. Leases of land and all other leases are classified as operating leases and are not recognised in the statement of financial position. Payments made under operating leases, net of lease incentives or premiums received, are charged to the income statement on a straight-line basis over the period of the lease. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance income and expense

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Financing costs comprise interest payable on borrowings and foreign exchange losses that are recognised in the income statement.

4. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4. Determination of Fair Values (Continued)

Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Critical accounting estimates, assumptions and judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

Impairment of property, plant and equipment and intangible assets

The Company assess the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence or physical damage;
- significant changes in technology and regulatory environments;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the use of its assets or the strategy for its overall business;
- significant negative industry or economic trends;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

5. Critical accounting estimates, assumptions and judgements (Continued)

Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

Customer and supplier commitments

The nature of the telecommunications industry is such that estimates are often required to be made in relation to customer or supplier commitments, the final outcome of which may not be known for some time.

It uses estimates of price or usage to determine the revenue and expense recognised in any period. These estimates are periodically adjusted to reflect actual pricing or usage as such information becomes available or is agreed. As issues arise or are resolved, accruals are created or released as appropriate—the net impact of this is included in operating profit within the relevant line item.

Interconnection with other operators

As part of the normal course of business, the Company interconnects with other telecommunications operators. In certain instances it uses estimates to determine the amount of revenue receivable from or expense payable to these other operators. The prices at which these services are charged are sometimes regulated and may be subject to retrospective adjustment. Estimates are used in assessing the likely impact of these adjustments. Adjustments to interconnect estimates are taken to operating profit in the period in which the adjustments are made.

Provisions

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 3.8 to the financial statements. Judgement is required to quantify such amounts.

6. Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

6. Financial Risk Management (Continued)

(i) Overview (Continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these company's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Treasury policy

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. Day to day management of treasury activities is delegated to the Company's treasury function (Treasury), within specified financial limits for each type of transaction and counterparty.

To the extent that the Company undertakes treasury transactions, these are governed by Company policies and delegated authorities.

The key responsibilities of Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Company's cash resources (including facilities) and borrowings are managed centrally by Treasury.

Company currently does not use derivatives including forward foreign exchange contracts, interest rate swaps, cross currency swaps and options, in the management of its foreign currency and interest rate exposures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

6. Financial Risk Management (Continued)

(iii) Credit risk (Continued)

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes 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, while optimizing the return.

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's debt to equity ratio at the end of the reporting period was as follows:

	31/03/2011 MRf "000"	**31/12/2009 MRf "000"**
Total liabilities	801,886	747,396
Less: cash and cash equivalents	1,183,929	718,765
Net cash/(Net debt)	382,043	(28,631)
Total equity	2,837,259	2,303,797
Debt to equity ratio	**N/A**	**0.01**

7 SEGMENTAL INFORMATION

The Company is a national telecommunications service provider in the Maldives. During the period ended 31st March 2011, the Company operated as a single business unit under one management team offering mobile, broadband and domestic and international fixed line services to residential and business customers.

The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors of the Company. The Board considers the performance of the Company as a whole considering total operation of the Company as a one segment in assessing the performance of the Company and making decisions about the resource allocation within the Organization. The disclosures on segmental information below have been presented on this basis.

Segment Revenue	**31/03/2011 MRf "000" (15 Months)**	**31/12/2009 MRf "000" (12 Months)**
Revenue comprises:		
Mobile telephony	1,668,994	1,302,865
Fixed line telephony	364,079	237,216
Internet services	276,834	198,843
Other services	238,598	149,496
Total revenue	2,548,505	1,888,420

Segmental Operating Results	**31/03/2011 MRf "000" (15 Months)**	**31/12/2009 MRf "000" (12 Months)**
Revenue	2,548,505	1,888,420
Cost of sales	(381,322)	(341,365)
Gross profit	2,167,183	1,547,055
Operating costs	(779,190)	(459,206)
Earning before Interest, depreciation and amortisation	1,387,993	1,087,849
Depreciation	(356,189)	(253,915)
Other operating income	1,162	190
Results from operating activities	1,032,966	834,124

Segmental Assets and Liabilities	**31/03/2011 MRf "000"**	**31/12/2009 MRf "000"**
Assets		
Total assets of the segment	3,007,056	2,793,376
Other assets – short term deposits	632,089	257,817
	3,639,145	3,051,193
Liabilities		
Total liabilities of the segment	801,886	747,396
	801,886	747,396

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31ST MARCH 2011

8 REVENUE

	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Revenue comprises:		
Mobile telephony	1,668,994	1,302,865
Fixed line telephony	364,079	237,216
Internet services	276,834	198,843
Other services	238,598	149,496
Total revenue	2,548,505	1,888,420

Revenue is shown on gross basis before outpayments to other telecommunication companies.

9 OPERATING COSTS EXCLUDING DEPRECIATION

	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Cost of sales	381,322	341,365
Employee and other staff expenses **(Note 9.1)**	224,677	127,506
License fees	110,878	79,976
Operating lease rentals	49,610	33,781
Provision for impairment loss on trade receivable	94,677	72,206
Other administrative expenses	141,094	40,756
Network costs	54,034	34,443
Property and utility costs	104,220	70,538
	1,160,512	800,571

9.1 Employee and other staff expenses

Wages and salaries	171,438	101,277
Performance reward scheme	41,914	21,423
Defined contribution expense	5,766	1,848
Temporary labor and recruitments	614	1,746
Training	11,858	9,948
Others	10,429	6,619
	242,019	142,861
Less: Staff costs capitalised	(17,342)	(15,355)
	224,677	127,506

The average number of employees of the Company for the period ended 31st March 2011 was 625. (2009: 596).

FOR THE PERIOD ENDED 31ST MARCH 2011

9 OPERATING COSTS EXCLUDING DEPRECIATION (CONTINUED)

9.2 Key management's remuneration

Key management includes Directors and any senior employees that have regular access to inside information and have the power to make managerial decisions affecting the future development and business prospects of the Company. Employee costs above include key management remuneration as follows:

	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Directors Fees	1,200	252
Salaries to Executives	13,451	7,590
Short Term Benefits to Executives	2,446	1,346
	17,097	9,188

10 OTHER OPERTING INCOME

	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Other income	-	55
Profit on disposal of property, plant and equipment	1,162	135
	1,162	190

11 NET FINANCING COSTS

	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Financial Income		
Interest Income	20,629	18,599
	20,629	18,599
Financial Expenses		
Interest Expenses	(71,409)	(3,827)
Unwinding of interest	(13,095)	(9,914)
Exchange loss	(667)	(8,541)
	(85,171)	(22,282)
Net financing Costs	(64,542)	(3,683)

12 TAXATION

All profits earned are free from income tax except for the profits earned by commercial banks in the Republic of Maldives.

13 BASIC EARNINGS PER SHARE

Basic earnings per ordinary share is based on the profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

	31/03/2011 (15 Months)	31/12/2009 (12 Months)
Profit for the period attributable to the ordinary shareholders (MRf "000")	968,424	830,441
Weighted average number of ordinary shares outstanding ("000")	19,000	19,000
Basic earnings per share (MRf)	50.97	43.71

AS AT 31ST MARCH 2011

14 PROPERTY, PLANT AND EQUIPMENT

2010/2011	Buildings	Plant and Equipment	Vehicles,launches, furniture and fittings	Assets under Construction	Total
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st January 2010	153,525	3,325,317	36,456	410,043	3,925,341
Additions	-	-	-	449,001	449,001
Transfers	16,353	367,512	1,423	(385,288)	-
Disposals	(42)	(1,751)	(1,874)	-	(3,667)
As at 31st March 2011	169,836	3,691,078	36,005	473,756	4,370,675
Depreciation					
As at 1st January 2010	53,588	1,845,780	30,552	-	1,929,920
Charge for the Period	6,439	346,956	2,794	-	356,189
Disposals	(42)	(1,751)	(1,874)	-	(3,667)
As at 31st March 2011	59,985	2,190,985	31,472	-	2,282,442
Net Carrying Value	109,851	1,500,093	4,533	473,756	2,088,233

2009	Buildings	Plant and Equipment	Vehicles,launches, furniture and fittings	Assets under Construction	Total
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st January 2009	143,223	3,003,687	34,605	407,727	3,589,242
Additions	-	-	-	336,864	336,864
Transfers	10,302	322,395	1,851	(334,548)	-
Disposals	-	(765)	-	-	(765)
As at 31st December 2009	153,525	3,325,317	36,456	410,043	3,925,341
Depreciation					
As at 1st January 2009	42,914	1,605,927	27,929	-	1,676,770
Charge for the Period	10,674	240,618	2,623	-	253,915
Disposals	-	(765)	-	-	(765)
As at 31st December 2009	53,588	1,845,780	30,552	-	1,929,920
Net Carrying Value	99,937	1,479,537	5,904	410,043	1,995,421

AS AT 31ST MARCH 2011

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
15 INVENTORIES		
Cost of inventories	59,223	47,525
Less: Provision for slow moving / obsolete items **(Note 15.1)**	(4,672)	(9,224)
	54,551	38,301

15.1 Provision for Slow-Moving /Obsolete Inventories

Opening balance	9,224	7,529
Provision made during the period	-	1,695
Provision reversed during the period	(4,552)	-
Closing balance	4,672	9,224

16 TRADE AND OTHER RECEIVABLES	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Gross trade receivables	402,813	361,527
Less: Provision for impairment loss **(Note 16.1)**	(201,902)	(107,225)
	200,911	254,302
Other receivables	10,118	4,538
Prepayments and accrued income	101,403	39,866
	312,432	298,706

The maximum exposure to credit risk for receivables is equal to their carrying value. There was no material difference between the carrying value and fair value of trade and other receivables as presented.

16.1 Provision for Impairment Loss

Opening Balance	107,225	35,019
Provision made during the period	94,677	72,206
Closing Balance	201,902	107,225

17 CASH AND CASH EQUIVALENTS	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Cash in hand	45,908	10,599
Balance with bank	505,932	450,349
Short term deposits	632,089	257,817
	1,183,929	718,765

Short-term deposits include fixed income instruments, which can be readily converted to cash at short notice.

The weighted average effective interest rate on short-term bank deposits at 31st March 2011 was 2.1% (2009: 4.4%). These deposits had an average maturity of 54 days as at 31st March 2011. (2009-31 days).

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value of those financial instruments

18 SHARE CAPITAL

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Authorised share capital		
20,000,000 ordinary shares of MRf 10.00 each	200,000	200,000
Issued and fully paid share capital		
19,000,000 ordinary shares of MRf 10.00 each	190,000	190,000

18.1 Dividends

The holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the meetings of the Company. The board of directors has declared dividends for the period as follows.

2009	**MRf "000"**
Dividend payment –1st tranche - MRf 9.1880 per share	174,572
Dividend payment – 2nd tranche - MRf 9.1880 per share	174,571
Dividend payment – 3rd tranche -MRf 22.5438 per share	428,333
Dividend payable – 3rd tranche -MRf. 5.8711per share	111,551
	889,027
2010/2011	
Dividend payment – MRf. 22.8927 per share	434,962
	434,962

19 LOANS AND BORROWINGS

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Opening Balance	204,706	-
Add: Borrowings during the period	218,450	215,185
Less: Loan Repayments during the period	(140,813)	(10,479)
Closing Balance	282,343	204,706

19.1 Sources of Finance

HSBC – Male' Branch Euro - Loan **(Note 19.3)**	-	11,956
HSBC – Male' Branch US$ - Loan I **(Note 19.4)**	112,437	192,750
HSBC – Male' Branch US$ - Loan II **(Note 19.5)**	169,906	-
	282,343	204,706

19.2 Maturity Analysis

Payable within one year	137,067	76,206
Payable after one year	145,276	128,500
	282,343	204,706

AS AT 31ST MARCH 2011

19 LOANS AND BORROWINGS (CONTINUED)

19.3 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - Euro loan

The Company has obtained a loan facility of Euro 1.3 Mn (MRf 11.95 Mn) from HSBC - Male' branch on 6th October 2009 to finance general corporate expenses. The facility is repayable over a 6 month period with the final repayment due on March 2010. This has been fully re-paid during the current year.

19.4 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - US$ loan I

The Company has obtained a loan facility of US$15 Mn (MRf 192.75 Mn) from HSBC - Male' branch on 30th December 2009 to finance general corporate expenses. This Facility is secured against cash deposits. The Facility is repayable over a 3 year period with the final repayment due on December 2012.

19.5 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - US$ loan II

During the current period, the Company has obtained a loan facility of US$17 Mn (MRf 218.45 Mn) from HSBC - Male' branch to finance general corporate expenses. This Facility is secured against cash deposits. The Facility is repayable over a 3 year period with the final repayment due on July 2013.

20 PROVISIONS

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Network and asset retirement obligation	94,249	81,154
	94,249	81,154
Movement during the period		
Opening balance	81,154	71,240
Unwinding of discounts	13,095	9,914
Closing balance	94,249	81,154

The provision of network and asset retirement obligations represents the provision made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located.

21 TRADE AND OTHER PAYABLES

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Trade payables	44,388	65,460
Accruals	296,780	230,509
Deferred income	41,850	32,119
Dividends payable	-	111,551
Other payables	42,276	21,897
	425,294	461,536

There is no material difference between carrying value and fair value of trade and other payables presented.

22 COMMITMENTS

Capital Commitments

The Company had capital commitments at the end of the financial year relating to the purchase of property, plant and equipment of MRf 457,190 thousands (2009: MRf 140,071 thousands). No provision has been made for these commitments.

Lease Commitments

The Company has a number of operating commitments arising in the ordinary course of the Company's business. The Company has obtained mainly land and buildings under various lease agreements (Operating Leases). The leases have varying terms, escalations, clauses and renewal rights.

The future operating lease commitments of the Company as at the balance sheet date are as follows.

	Less than one year MRf "000"	1 to 2 Years MRf "000"	3 to 5 Years MRf "000"	Over 5 Years MRf "000"	Total MRf "000"
Future Operating Lease Rentals on Land & Buildings	14,835	16,543	6,570	12,065	50,013
	14,835	16,543	6,570	12,065	50,013

23 RETIREMENT BENEFIT PLAN

The Dhiraagu Retirement Benefit Plan (DRBP) was established for Maldivian staff effective from 1st January 1992. Under the terms of the DRBP, each employee who joins contributes a minimum of 5% of their basic salary and the Company contributes 5% of the individual's basic salary. The DRBP is funded externally. The contributions for the current period were MRf' 5,766,000/- (2009: MRf 1,848,000/-). Contributions to the DRBP scheme ceased from 31st October 2010, and the Company has commenced procedures for the winding up the scheme.

A new local pension scheme, Maldives Retirement Pension Scheme (MRPS) was introduced to the Company effective from 1st November 2010. For the period 1st November 2010 to 31st March 2011 participating in the MRPS scheme was voluntary. The Company contributed 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

24 FINANCIAL INSTRUMENTS

(i) Credit Risk

The carrying amount of financial assets of the Company represents the maximum credit exposure. In relation to deposits held, the management seeks to reduce the credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks. The counterparties are selected in compliance with Group Treasury Policy, adopted by the board of the Company. The types of instrument used for investment of funds are prescribed by the Board. These policies contain limits on exposure for the Company as a whole to any one counterparty.

AS AT 31ST MARCH 2011

24 FINANCIAL INSTRUMENTS (CONTINUED)

(i) Credit Risk (Continued)

The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Trade and Other Receivables	312,432	298,706
Cash at Bank and Short Term Deposits	1,138,021	708,166
	1,450,453	1,006,872

Impairment Losses	31/03/2011		31/12/2009	
	Gross MRf "000"	Impairment MRf "000"	Gross MRf "000"	Impairment MRf "000"

The aging of trade and other receivables as at the reporting date was:

	Gross	Impairment	Gross	Impairment
Not Past Due	103,142	-	96,490	-
Past Due 0-30 days	98,929	269	26,310	278
Past due 31-180 days	148,608	44,053	41,083	72,875
More than 180 days	163,655	157,580	242,048	34,072
Total	514,334	201,902	405,931	107,225

The movement in the provision for impairment in respect of trade and other receivables during the period is given in Note 16.1 to the financial statements

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no further provision for impairment is necessary in respect of trade and other receivables.

(ii) Liquidity Risk

The Company's exposure to liquidity risk as at reporting date is against the following liabilities.

31st March 2011	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"	2-5 Years MRf "000"	More than 5 years MRf "000"
Financial Liabilities					
Loans and Borrowings	282,343	137,067	121,004	24,272	-
Trade and Other Payables	425,294	425,294	-	-	-
Total	707,637	562,361	121,004	24,272	-

AS AT 31ST MARCH 2011

24 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Liquidity Risk (Continued)

31 December 2009	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"	2-5 Years MRf "000"	More than 5 years MRf "000"
Financial Liabilities					
Loans and Borrowings	204,706	76,206	64,250	64,250	-
Trade and Other Payables	461,536	461,536	-	-	-
Total	666,242	537,742	64,250	64,250	-

The Company manages its own liquidity to meet its financial obligations of servicing and repaying external debt, dividends, Company costs and strategic initiatives. The principal source of liquidity for the Company is its operating cash inflows from the business, supported by bank finance.

At 31st March 2011, the Company had cash and cash equivalents of MRf 1,184 Mn. These amounts are highly liquid and are a significant component of the Company's overall liquidity and capital resources. The company has no undrawn loan facilities.

The Management produces liquidity forecasts on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Company.

Approximately 53.4% of the Company’s cash and cash equivalents are invested in short-term bank deposits (2009 – 35.9%).

(iii) Interest rate risk

The Company is exposed to movements in interest rates on its floating rate loans. There were no interest rate derivatives used by the Company as at 31 March 2011, no debt was held for trading purposes and it is intended that loans and borrowings will be kept in place until maturity. A one percentage point increase in interest rates will have an approximate MRf 2.8 million impact on the floating rate loans of the Company.

Profile

At the reporting date, the interest rate profile of the Company’s interest-bearing financial instruments was:

	Carrying Amount	
	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Fixed Rate Instruments		
Financial Assets - Short Term Deposits	632,089	257,817
	632,089	257,817
Variable Rate Instruments		
Financial Liabilities - Loans and Borrowings	(282,343)	(204,706)
	(282,343)	(204,706)

AS AT 31ST MARCH 2011

24 FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Currency risk

Exposure to currency risk

The Company is exposed to the risk of availability adequate foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions. (Mainly US dollars, euro and sterling pounds.) The Company receives certain collections such as roaming and interconnect in terms of foreign currency and on the other hand, the Company makes certain payments such as capex payments, dividends, out payments, payments relating to group management are made in terms of foreign currencies.

Currency risk is managed by the Company's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Company also monitors its exposure to movements in exchange rates on a net basis. The Company currently does not uses forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term.

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

	31/03/2011				
	MRf "000"	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	845,032	25,695	449	25	11
Trade and Other Receivables	178,690	10,408	-	-	-
Loans and Borrowings	-	(21,972)	-	-	-
Trade and Other Payables	(138,702)	(14,870)	(3,301)	(33)	(1,673)
Gross statement of financial position exposure	885,021	(739)	(2,852)	(8)	(1,661)

	31/12/2009				
	MRf "000"	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	655,360	6,134	(858)	-	18
Trade and Other Receivables	172,910	9,790	-	-	-
Loans and Borrowings	-	(15,000)	(650)	-	-
Trade and Other Payables	(207,560)	(11,634)	(4,376)	(32)	(1,147)
Gross statement of financial position exposure	620,710	(10,711)	(5,884)	(32)	(1,129)

The following significant exchange rates were applied during the period:

	Average Rate		Reporting Date Spot Rate	
	2010/11	2009	31/03/2011	31/12/2009
US$ 1 : MRf	12.85	12.85	12.85	12.85
Euro 1: MRf	17.33	18.10	18.29	18.39
GBP 1: MRf	20.20	20.31	20.81	20.67
SGD 1: MRf	9.65	8.93	10.29	9.23

AS AT 31ST MARCH 2011

25 RELATED PARTY TRANSACTIONS

25.1 Parent and Ultimate Holding Company

The parent of Dhivehi Raajjeyge Gulhun Private Limited is CWC Islands Limited and the ultimate parent is Cable & Wireless Communications Plc, a company incorporated in the United Kingdom.

On the 26th of March 2010, the Cable & Wireless group of companies was demerged into two separate listed entities, Cable & Wireless Communications Plc and Cable & Wireless Worldwide Plc. The former ultimate holding company of the group, Cable and Wireless Plc, has now become a subsidiary of Cable & Wireless Communications Plc and it has been delisted and renamed Cable & Wireless Limited. Following the demerger, the entity which directly holds Cable & Wireless Communications' shareholding in Dhiraagu, has been renamed from Cable & Wireless Middle East & Islands Limited to CWC Islands Limited. Its ultimate parent company is Cable & Wireless Communications Plc.

25.2 Transactions with key management personnel

There were no material transactions with key management personnel except for those relating to remuneration (see Note 9.2).

25.3 Transactions with Cable & Wireless Communications Group of companies

CWC Islands Limited had a 52% shareholding in the Company as at 31st March 2011 (31st December 2009 – 52%). Transactions with companies in the Cable & Wireless Communications Group included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Cable & Wireless Communications Group during the periods, and outstanding balances at the year ends, are as follows:

Transactions	**2010/11**	**2009**
	MRf "000"	**MRf "000"**
In-payments	(16,025)	(7,891)
Out-payments	5,318	8,653
Dividends	226,180	400,062
Others	26,371	19,299
Balances outstanding	**31/03/2011**	**31/12/2009**
	MRf "000"	**MRf "000"**
Amounts payable in respect of dividends	-	50,198
Amounts payable in respect of goods and services	10,723	3,902
	10,723	54,100

25 RELATED PARTY TRANSACTIONS (CONTINUED)

25.4 Transactions with the Government of Maldives

The Government of Maldives had a 48% shareholding in the Company as at 31 March 2011 (31 December 2009 – 48%). Transactions with the Government of the Maldives included licence fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives assets. Transactions with the Government of Maldives during the periods, and outstanding balances at the year ends, are as follows:

Transactions	**2010/11** **MRf "000"**	**2009** **MRf "000"**
Licence fees	110,878	79,976
Rentals on land	24,989	10,398
Dividends	208,782	488,965

Balances outstanding	**31/03/2011** **MRf "000"**	**31/12/2009** **MRf "000"**
Amounts payable in respect of dividends	-	61,353
Amounts payable in respect of license payments	8,186	7,754
	8,186	69,107

26 MANAGEMENT RESPONSIBILITY

The management of the Company is responsible for the preparation and presentation of these financial statements.

27 CHANGE IN FINANCIAL PERIOD AND CORRESPONDING FIGURES

The Management of the Company has decided to change the financial year end from 31 December to 31 March effective from the period ended 31 March 2011 in order to align the company's financial statements to the parent Company. Accordingly, these financial statements have been prepared and presented for the period of 15 months ended 31 March 2011. The comparative amounts presented in these financial statements are as at and for the year ended 31 December 2009 and not entirely comparable with the current period amounts.

28 EVENTS OCCURRING AFTER THE REPORTING DATE

(i) Partial flotation of Maldivian Rufiyaa against US Dollar

Government of Maldives announced a partial flotation of Maldivian Rufiyaa, the functional currency of the Company to US dollar within the ± 20% band from the mid rate of 12.85 per 1 US$ with effect from 11 April 2011. This has effectively resulted devaluation of Maldivian Rufiyaa against US dollar by approximately by 20% (1 US$: 15.42 Maldivian Rufiyaa). Although this legislation had no impact on the figures reported for the period ended 31 March 2011, the devaluation may have effects on transactions, receivables and payables which have been designated in US dollars in future periods.

(ii) Dividends for the financial year 2010/2011 and 2011/2012

The Board of Directors has proposed an interim and final dividend of MRf 604,799,833 for the financial year 2010/2011, on 26th April 2011, for approval by the shareholders at their forthcoming Annual General Meeting.

(iii) Introduction of Business Profit Tax by the Government of Maldives

The Government of Maldives sanctioned Business Profit Tax Act (Act Number 5/2011) in their gazette dated 18th January 2011 and the regulations to the Act were issued on 26th of August 2011. In accordance with the Business Profit Tax Act and subsequent regulations, all persons who are resident or carrying out business in Maldives would be subject to tax (Business Profit Tax) under this Act with effect from 18th July 2011. In addition, certain categories of payments made by a person to foreign parties would also be subject to a withholding tax under the Act. According to the Business Profit Tax Act and the regulation, the Company is liable to pay business profit tax at the rate of 15% to the Government of Maldives on its taxable profits earned with effect from 18th July 2011. There is no effect on this legislation to results reported for the period ended 31st March 2011.

(iv) Announcement for Initial Public Offer and Listing of Shares

On 24 August 2011, the Company announced that the Government of the Maldives, an existing shareholder of the Company would plan to sell part of its shareholding in the Company to the General Public through an Initial Public Offering (IPO), during October 2011. Following the IPO, the Company will become a Publicly Listed Company (PLC) on the Maldives Stock Exchange, in the Republic of Maldives.

No other circumstances have arisen since balance sheet date which require adjustments to/or disclosure in the financial statements other than what is disclosed above.