Dhiraagu Annual Report 2012/13

Touch Maldives

Annual Report 2012/13

DHIRAAGU

Touch Maldives

Dhivehi Raajjeyge Gulhun Plc
ANNUAL REPORT 2012/13

Contents

1 Dhiraagu

Leading provider of telecommunication services in the Maldives.

Dhivehi Raajjeyge Gulhun Private Limited ("Dhiraagu") was established in 1988 and commenced its operations as the sole provider of telecommunications services to the Maldives.

With very limited services provided to Male' and its nearby islands at the start, the Company progressed to successfully establish a fully digital communications backbone network covering the entire country, introduce Internet Service in 1996, provide all inhabited islands with access to telephone services and introduce GSM mobile services by 1999.

Today, Dhiraagu provides mobile coverage to all inhabited islands and resorts in the Maldives and provides Internet Broadband services to 98% of the population. Dhiraagu's communication network is further strengthened with a fibre-optic submarine cable network running the entire length of the country, from North to South, as part of the program to expand broadband services across the country.

With the issuance of a second Internet Service Provider (ISP) licence in 2003 and a second mobile licence in 2004, the telecommunications market was liberalised and opened to competition. Dhiraagu continues to lead the telecommunications market in the country and is the preferred service provider to over 350,000 customers.

Following the IPO in October 2011, 6.2% of the 48% Government of Maldives shareholding in Dhiraagu was sold to the public. Dhiraagu is now a public limited company, and has been listed on the Maldives Stock Exchange since January 2012.

Dhiraagu is an important contributor to the national income and socio-economic development of the Maldives. With a team of 627 colleagues, Dhiraagu stays close to its customers by way of 9 strategically located operating centers outside of Male' ensuring a nationwide presence.

This is further supported by the local partner network consisting of 42 exclusive partners, 55 wholesale distributors, 171 non-exclusive partners and over 3,000 retailers across the country.

It is the aim of the Company to lead the information communication technology industry through excellence in quality, value and customer experience. To achieve this, Dhiraagu adopts the following key strategies:

- Strong focus on customer service;
- Growth in mobile broadband and data across the country and expand services to the enterprise market;
- Build smart, competent and engaged teams;
- Continue to manage costs efficiently and maximize shareholder value;
- Contribute positively to society through corporate social responsibility programs.

2 The Shareholders

Dhiraagu continually strives to provide best value for its Shareholders' investments.

As at 31 March 2013, the Shareholding structure of the Company was as follows:

Name	Shareholding	Number of shares	Nominal Value	Share Capital (MVR)
Government of Maldives	41.80%	31,770,150	2.5	79,425,375
CWC Islands Limited	52.00%	39,520,000	2.5	98,800,000
General Public	5.90%	4,484,140	2.5	11,210,350
Dhiraagu Colleague Share Plan (on trust)	0.18%	137,539	2.5	343,847.50
Dhiraagu Colleague Share Plan (shares vested)	0.12%	88,171	2.5	220,427.50
	100.00%	**76,000,000**		**190,000,000**

Dhiraagu Colleague Share Plan

The Dhiraagu Colleague Share Plan (DCSP) was introduced as approved by the Shareholders of the Company and the Board on 25th September 2011 as part of the IPO and listing of the Company shares.

For the benefit of the employees in employment at the time of the IPO, Dhiraagu bought 225,710 (0.30%) of its own shares which have been held in an employee benefit trust. A total of 605 Dhiraagu staff have been awarded shares under the DCSP. These shares are to vest over a period of 3 years with 88,171 (0.12%) shares having vested on 1 January 2013.

i. About Cable and Wireless Communications Plc

Cable & Wireless Communications (CWC) is a global full-service communications business. CWC operates leading communications businesses offering mobile, broadband and domestic and international fixed line services in most of its markets as well as pay TV, data center and hosting, carrier and managed service solutions. CWC's operations are focused on providing its customers - consumers, businesses, governments - with world-class service. CWC is the market leader in most products it offers and territories it serves. For more information, please visit www.cwc.com.

ii. Bahrain Telecommunications Company BSC

On 3rd April 2013, CWC sold its wholly owned subsidiary CWC Islands Limited ("CWC Islands"), the entity which held its 52% shareholding in Dhiraagu, to Bahrain Telecommunications Company BSC ("Batelco Group"). Following this transaction, and the renaming of CWC Islands, 52% of Dhiraagu is now held by a subsidiary of Batelco Group, BTC Islands Limited ("Batelco").

The Batelco Group, listed on the Bahrain Boarse operates across 16 markets in the MEA region and internationally. The Batelco Group serves the consumer, corporate and wholesale markets in Bahrain and also delivers cutting-edge fixed and wireless telecommunication services to its customers in Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives Diego Garcia, St. Helena, Ascension Islands, Falklands, Monaco and Afghanistan.

3 Corporate Information

Initially incorporated as a private limited telecommunications company on 16 May 1988 and subsequently changed to a public limited company in 27 September 2011, Dhiraagu was listed on the Maldives Stock Exchange on 19 January 2012.

Company registration number
C-0024/1988

Head Office
Dhivehi Raajjeyge Gulhun Plc
Ameenee Magu,
Male', Republic of Maldives.

Tel:	+960 3322802
Fax:	+960 3322800
Website:	www.dhiraagu.com.mv
Email:	123@dhiraagu.com.mv
	investor-relations@dhiraagu.com.mv

Place of incorporation
Male', Republic of Maldives

Chief Executive Officer
Mr. Ismail Waheed

Chief Financial Officer
Mr. Avnish Jindal

Company Secretary
Ms. Maryam Manal Shihab

Auditors
KPMG Chartered Accountants, Maldives

Legal Counsel
Ms. Hazrath Rasheed Hussain
General Counsel

Mr. Mohamed Shahdy Anwar, Partner
Suood & Anwar LLP

Ms. Laila Manik, Senior Associate
Attorney at Law

4 Investor Relations

Dhiraagu values efficient and timely communications with its Shareholders and the broader investment community.

The Company is dedicated to maintain effective communications with its Shareholders and potential investors and therefore strives to:

- provide clear, concise and timely disclosure of important information;
- use appropriate technology and mediums to inform and engage Shareholders; and
- ensure disclosure obligations under applicable laws and regulations are met and all communications comply with the Company Information Disclosure Policy.

Dhiraagu values dialogue with its Shareholders and believes it is important to listen, understand and respond to their feedback by maintaining an up to date and accessible investor relations website:
http://www.dhiraagu.com.mv/investor_relations/

The Key Information in relation to Dhiraagu shares as at 31 March 2013 is provided below:

Name	Share Capital (MVR)
Basic Earnings per Share	MVR 7.90
Diluted Earnings per Share	MVR 7.89
Net Asset Value per Share	MVR 32.18
Last Traded Price per Share	MVR 79.00
Highest Traded Price per Share during the FY	MVR 92.00
Lowest Traded Price per Share during the FY	MVR 70.00
Market Capitalization as at the end of FY	MVR 6.004 bn

A total of number 16 trades in Dhiraagu shares took place on the Maldives Stock Exchange in the financial year 2012/13 with a total of 1,066 Dhiraagu shares being traded.

5 Board of Directors and their Profiles

Dhiraagu is headed by a proficient Board of Directors with all members actively contributing to good governance and supervision of the Company's affairs.

The Company Articles of Association requires the Board to consist of 7 members; 4 directors appointed by CWC, 2 directors appointed by Government of Maldives and an independent director elected by public shareholders. The composition of the Board of Directors as at 31 March 2013 was as follows:

Board of Directors of Dhiraagu as at 31 March 2013:

▪ Mr. Ibrahim Athif Shakoor	Chairperson/Government Non-executive Director
▪ Ms. Idham Hussain	Government Non-executive Director
▪ Mr. Denis Martin	CWC Non-executive Director
▪ Mr. Ibrahim Shareef Mohamed	Independent Director
▪ Mr. Adam Dunlop	CWC Non-executive Director
▪ Mr. Sheldon Bruha	CWC Non-executive Director
▪ Mr. Ismail Waheed	CWC Executive Director/CEO & Managing Director

Profiles of Board Directors of Dhiraagu as at 31 March 2013:

Ibrahim Athif Shakoor
Chairperson

Mr. Ibrahim Athif Shakoor was appointed as the Chairperson of the Board of Directors in May 2012. He has over 18 years of senior managerial work experience and has held several key positions in both the public and the private sectors of the Maldives. He enjoys teaching Business Entrepreneurship and Maldives Business environment for both degree and diploma courses as a visiting lecturer at the Maldives National Universal and contributing as a columnist to economic related issues. Lately, together with other like-minded individuals, he has been contributing to www.economicdesk.mv in an attempt to raise the profile of economic issues of the country. In addition, he is the Managing Director at Acuity Quest – a financial and managerial consultancy service. Mr. Shakoor has also served as CEO and Managing Director both at the Maldives Transport and Contracting Company Plc (MTCC) and at the Maldives Industrial Fisheries Company Limited (MIFCO). Mr. Shakoor holds a Master in Business Administration from Monash University, Australia and a Bachelor of Arts at University of South Pacific, Fiji.

Idham Hussain

Non-executive Director

Ms. Hussain was appointed a member of the Dhiraagu Board of Directors in March 2012. She is the Head of the Statistics Division of Maldives Monetary Authority (MMA). Since 1990, she has served in various key positions of MMA including managing the Monetary Policy and the Balance & Payments Sections. She is an Executive Committee Member of MMA. Her research works and publications include 'Examining the Sustainability of the Twin Deficit of Maldives'. Ms. Hussain holds a Master's degree in Management Studies (Economics) from The University of Waikato, New Zealand and a Bachelor of Commerce from Curtin University of Technology, Australia.

Ibrahim Shareef Mohamed

Non-executive Director

Mr. Ibrahim Shareef Mohamed was elected as the Independent Director to the Dhiraagu Board of Directors at the Company's Annual General Meeting held on 30th August 2012. With 26 years of work experience, Mr. Shareef Mohamed has served in various key positions of STO; currently serving as the General Manager. He has held various directorship roles in numerous companies which in recent years include serving as Chairperson of Allied Insurance Company and as Executive Director of STO. Mr. Shareef Mohamed holds a Postgraduate Diploma in Shipping Management from the University of Lincoln, United Kingdom (formerly Humberside Polytechnic).

Denis Martin

Non-executive Director

Mr. Martin was appointed CEO of Monaco & Islands of the CWC Group in April 2008. His responsibility is to expand telecommunication services and to bring consistent quality of service across 18 markets, including the Principality of Monaco, The Channel Islands, Maldives, Seychelles and several countries in North and West Africa. Denis joined the C&W group in December 2005 as CEO of Monaco Telecom. Prior to this appointment, from 1999 to 2005 Denis held financial, marketing and executive positions in the French SFR-Cegetel group, a subsidiary of Vivendi and Vodafone. His last position was CEO of Cegetel, the fixed and internet access branch of the group. From 1980 to 1999, Denis worked internationally with Schlumberger, the multinational oilfield services leader, in several senior financial positions.

Sheldon Bruha

Non-executive Director

Mr. Bruha is the group director of corporate finance, treasury and tax for Cable & Wireless Communications Plc. His responsibility is for the development and execution of Group's global corporate development activities, including disposals, acquisitions, minority buy-outs and joint venture formations and restructurings. He is also responsible for the Group's treasury, tax and investor relations departments. Sheldon joined C&W group in April 2004 in the strategy and business development group. Prior to this, he spent over 12 years in both New York and London at Lehman Brothers, where he was involved in debt and equity underwriting, mergers and acquisitions advisory primarily for the telecommunications industry. Sheldon has an undergraduate business degree from Washington University in St. Louis, USA.

Adam Dunlop

Non-executive Director

Mr. Dunlop is the development director for Cable & Wireless Communications Plc focusing on the Monaco & Islands regional portfolio of businesses, which includes Dhiraagu. His current responsibilities include business development, customer experience and regulation. He is also responsible for two of CWC's business units, namely C&W South Atlantic and Diego Garcia and C&W Seychelles. He is a director of Monaco Telecom Group. He joined C&W Group in 2004 as strategic regulatory advisor working in the central group regulatory team on UK and international regulatory issues. Prior to this, he worked as a consultant on international trade and development issues, particularly regulatory issues arising from international trade agreements on services. Adam has an undergraduate degree from the University of Bristol, and a Master's degree from University of London.

Ismail Waheed

Executive Director, Chief Executive Officer and Managing Director

Mr. Waheed served as the Chief Executive Officer (CEO) of Dhiraagu from 2002 through to 2007, until he was appointed as an Executive Director and a member of the Board of Directors. Prior to this, since the formation of the Company in 1988, he also worked in several key operational and commercial positions including Head of Network and Head of Marketing and Customer Services of Dhiraagu. In 2009, Mr. Waheed was appointed as the CEO and Managing Director. Mr. Waheed holds a Bachelor's degree in Telecommunication Systems Management & Design from Anglia Polytechnic University, United Kingdom and has over 30 years of experience in the telecommunications industry.

Other Board Directors during Financial Year 2012/13

Mr. Ilyas Farhad served on the Dhiraagu Board of Directors from May 2012 – August 2012. He has over 16 years of work experience in both public and private sectors and has held several key positions in the Ministry of Health. Moving into the private sector, he served as the Human Resource Manager of ADK Hospital. He has undertaken Management Courses in Human Resource and a Management Development Program in Health Services from Jaipur, India. Mr. Farhad served on the Dhiraagu Board of Directors until end of August 2012.

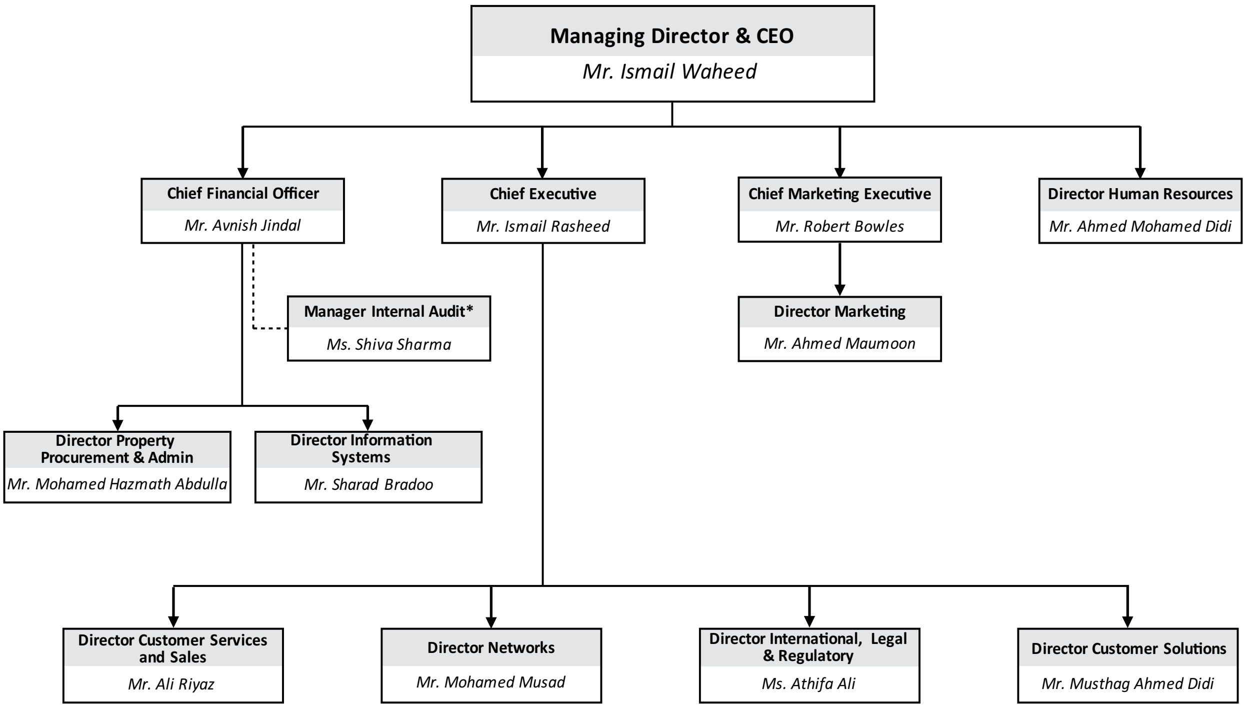
Dhiraagu expresses sincere gratitude and appreciation towards its former Board Directors for their dedication, support and invaluable contribution to the Company's growth and development over their tenure.

For information on the current composition of the Board of Directors of Dhiraagu, please visit:
http://www.dhiraagu.com.mv/Board_of_Directors_And_Management.aspx

6 Structure and Profiles of Executive Management Team

The Executive Management Team comprises key individuals possessing a mix of skills, experience and expertise to effectively lead the various departments of the Company.

The Structure of the Executive Management Team of Dhiraagu as at 31 March 2013 was as follows:



* Internal Audit Function directly reports to the Audit Committee of the Board and reports to the CFO for administrative purposes. The Internal Auditor does not sit in the Executive Committee.

Profiles of Executive Management Team of Dhiraagu as at 31 March 2013

Ismail Rasheed

Chief Executive

Mr. Rasheed is the Chief Executive of the Company and has been employed by the Company since 1988. Prior to serving in this role, Mr. Rasheed was the head of Networks from 2000 to 2007 and Manager Network Planning & Projects from 1999 to 2000.

Mr. Rasheed holds a Bachelor's degree in Telecommunications Systems Management and Design from Anglia Polytechnic University (UK), and a Master of Business Administration Degree (MBA) from University of Reading- Henley Business School (UK). He is a chartered engineer and a member of the Institute of Engineering and Technology (UK).

Avnish Jindal

Chief Financial Officer

Mr. Jindal is the Chief Financial Officer and has been employed by Dhiraagu since August 2011. Mr. Jindal has more than 24 years of experience in various industries, where he held key positions such as Chief Financial Officer at Telikom PNG Ltd, Papua New Guinea from 2010 to 2011, Chief Financial Officer at Etisalat India, Mumbai from 2008 to 2009 and Senior Vice President – Finance at BhartiAirtel, Gurgaon, India.

He is a Chartered Accountant and holds a Bachelor of Science Degree from University of Rajasthan, India.

Robert Bowles

Chief Marketing Executive

Mr. Bowles has been employed by the Company as Chief Marketing Executive since October 2012 with over 30 years of rich and relevant experience in the industry. Some of his key executive roles include the Chief Marketing Officer position for Monaco & Island Division of Cable & Wireless Communications Plc, UK and Chief Marketing Officer at Roshan, Afghanistan. Additionally, he has held key marketing roles for telecom operators including Romtelecom Romania, M-Tel Bulgaria and T-Mobile Croatia.

Mr. Bowles holds Master of Business Administration from Arizona State University, USA and Bachelor of Science Engineering from Michigan State University, USA.

Mohamed Hazmath Abdulla

Director, Property, Procurement and Administration

Mr. Abdulla has been employed by the Company since 2004. Prior to joining the Company, Mr. Abdulla served in senior positions at the Ministry of Finance and Treasury from 1995 to 2004.

Mr. Abdulla holds a Bachelor's degree in Business Administration from Hawaii Pacific University and a Master's degree in Economics, specialising in Public Policy and Taxation, from Yokohama National University, Japan.

Athifa Ali

Director, International, Legal and Regulatory

Ms. Ali has been employed by the Company since 1988. Prior to joining the Company's regulatory division in 2003, Ms. Ali served in various roles in the finance division from 1996 to 2003. She has also served as Chairperson of the Board of Maldives Pension Administration Office.

Ms. Ali holds a Master's degree in Business Administration from the University of Bradford, United Kingdom. Ms. Ali is a Chartered Management Accountant and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

Musthag Ahmed Didi

Director, Customer Solutions

Mr. Didi has been employed by the Company since 1994. Prior to serving as a Director of Customer Solutions, Mr. Didi was the Manager Data and IP Solutions from 2004 to 2009 and the Manager Information Systems from 1996 to 2009.

Mr. Didi holds a Bachelor's degree in Microelectronics & Computing from University College of Wales, United Kingdom.

Ahmed Maumoon

Director, Marketing

Mr. Maumoon has been employed in the Company since 1990. He has served in his current role since 2009. Mr. Maumoon has also worked in the Company's Networks Division, where key roles included Manager of Transmission and Earth Station Department from 1999 to 2002 and Manager of the Mobile Networks Department from 2003 to 2006, and as a Manager in the Marketing Division from 2006 to 2009.

Mr. Maumoon holds a Bachelor's degree in Engineering - Telecommunication Systems from Coventry University, United Kingdom.

Ali Riyaz

Director, Customer Service & Sales

Mr. Riyaz has been employed by the Company since 1999. He has served in this current role of Director Customer Services and Sales since 2004. Prior to that, Mr. Riyaz was the Head of Administration and Human Resources from 1999 to 2004.

With his previous experience of Group Sales & Marketing Manager at Universal Enterprises Pvt. Ltd. for 3 years and Human Resources Manager at Maldives Inflight Catering Pvt. Ltd. for 6 years, Mr. Riyaz possess over 20 years senior management experience in cross functional areas such as Strategic Management, Human Resources, Procurement and Supply Chain Management, Marketing, Sales and Customer Experience Management.

Sharad Bradoo

Director, Information Systems

Mr. Bradoo has been employed by the Company since December 2012. Prior to joining the Company, he served at various positions including Head of IT position in Bharti Airtel India from 2005 to 2012. With more than 15 years in the Telecommunication industry, he has held various other roles such as Manager IT with ICL at IDEA Cellular Ltd. India from 2004 to 2005 and Manager IT with EMCL at ESCOTEL Mobile Communication Ltd, Haryana from 2000 to 2004.

Mr. Bradoo holds a Post Graduate Diploma in Business Administration (Operations Management) from Symbiosis Center of Distance Learning (SCDL), Pune and a Bachelor of Science Degree from Agra University.

Mohamed Musad

Director, Networks

Mr. Musad started his Telecoms career in 1995 when he joined Dhiraagu as a fresh graduate. Since then he has progressed within the Company to become the Networks Director in January 2013. Over the past 18 years with Dhiraagu, Musad has worked in several key positions such as Manager Mobile Networks and Manager Core Networks. In addition, he has also played a key role in many of the major network projects and rollouts by the Company including the mobile network roll-out programs.

Mr. Musad holds a Bachelor's degree in Mobile Telecommunication Technology from the University of Hull, United Kingdom.

Ahmed Mohamed Didi

Director, Human Resources

Mr. Mohamed Didi has been employed in the Company since 2009. Prior to joining Dhiraagu, Mr. Didi worked for the Government of Maldives for over 10 years in various roles within Finance and HR functions. In his career with the Government, Mr. Didi also headed the Human Resource function of the Presidential Palace. He joined the Company as the Manager of Billing and Credit Control and became the Head of Human Resources in May 2010.

Mr. Didi holds a Master of Business Administration from Maquarie Graduate School of Management, Australia and a Bachelor of Business and Commerce (specializing in Accounting and Finance) from Monash University, Australia. Mr. Didi is also a Senior Member of the Certified Practicing Accountants (CPA) Maldives.

Dhiraagu expresses sincere appreciation for the contributions made by Mr. Umayr Shafeeu (former Director of Networks) and Mr. Manish Aurora (former Director of Information Systems) during the year.


DHIRAAGU

7 Message from Chairperson

Dear Shareholders,

On behalf of the Board of Directors of Dhivehi Raajjeyge Gulhun Plc, it is with great pleasure that I present the Annual Report for the financial year ended 31 March 2013. Let me take this opportunity to thank my fellow Board members, the Executive Management Team, the team of dedicated employees who make Dhiraagu what it is, and most importantly our loyal customers. I am pleased to announce that we ended the year in a strong financial position having delivered a sound and healthy performance throughout.

With the completion of the sale by Cable and Wireless Communications Plc (CWC) of its 52% majority shareholding in Dhiraagu to Bahrain Telecommunications Company Plc (Batelco) on 3 April 2013, the close of the financial year witnessed the conclusion of a twenty five year long relationship with our industry partners CWC. Let me express my sincere gratitude – not just on behalf of the Company, but on behalf of an entire nation – to Cable and Wireless for their invaluable contribution to the development of the telecommunications industry in the Maldives. And let me also welcome Batelco, and thank them for their interest in investing in Dhiraagu and for their commitment to build and further develop the Company.

As maintaining investor confidence is one of our core values, we have strived to achieve this through the delivery of promised dividend yields for the year as per the Dividend Policy of the Company. An interim dividend of MVR 4.35 per ordinary share (equivalent to a total of USD 21.4 million/MVR 330 million) was declared and paid to the Shareholders in October 2012. The Board has further approved a final dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) which will be proposed for Shareholder consideration and approval at the Company's next Annual General Meeting.

We are aware of the challenges faced by the industry in this economic climate and the competitive environment we are currently working in. I thank our customers for their loyalty and reassure them that we will continue to provide quality products competitively and continuously improve on service delivery to offer best value for money. As the total communications service provider in the Maldives that the public has learnt to trust, we will continue to foster our growth and implement our strategies to achieve our long term goals. The outlook for the business remains positive and we will continue to deliver value to our Shareholders and satisfaction to our customers.

Thank you.

Ibrahim Athif Shakoor
Chairperson

ANNUAL REPORT 2012/13

8 Message from Chief Executive Officer

Dear Shareholders,

Dhiraagu has had another successful year, and continues to play the vital role of connecting the lives of thousands of its customers every single day.

The Company recorded MVR 2.0 billion in revenue with EBITDA margin remaining strong at 54.8%. The business generally performed well across all products, despite the fact that we are experiencing saturation of the mobile voice market due to 100% coverage available across the country.

As a result of our investments in the Network, our Mobile and Enterprise services recorded growth, with our mobile customer base remaining fairly stable and mobile data revenue growth of 16%.

Dhiraagu continues to support its long-term strategic priorities with advanced products and a strong focus on customer service. In this respect, our initiatives to grow mobile data and broadband for both consumer and enterprise market across the country were reinforced with the launch of a Domestic Submarine Cable Project spanning across the country.

Mobile national revenue increased 5% due to a number of segment specific products and promotions that provided customers with increased options and greater value for money. The enterprise segment experienced a solid year of growth driven by a strong demand for dedicated internet access and lease line connectivity. Fixed broadband service continued to grow at a strong pace with a 10% increase in the subscriber base. The fixed line customer base decreased by 5% which is in line with previous and worldwide trends.

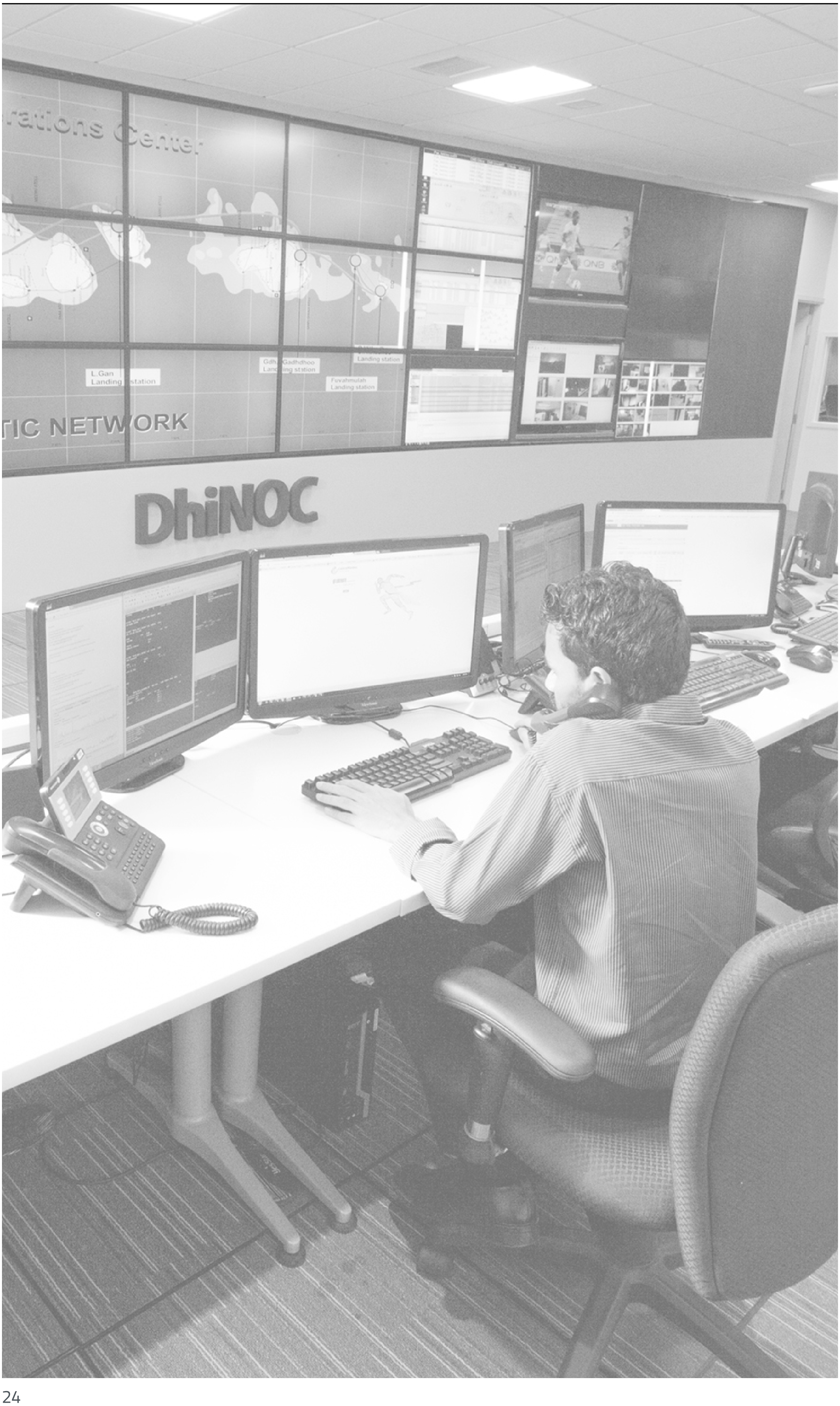
Better working environment and improved productivity and efficiencies are being achieved by moving all our colleagues, previously located in separate premises in Male', into the newly opened Dhiraagu Head Office building from July 2012.

I am particularly thankful to my colleagues in the Company working in different locations across the country, who have worked tirelessly to deliver what our Customers want and stay ahead of competition.

At Dhiraagu, we continuously strive to deliver value to you, our shareholders. We believe we are well on our way and look forward to the challenges of the year ahead.

Thank you.

Ismail Waheed
Chief Executive Officer & Managing Director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Gdh. Gadhdhoo
Landing station
Fuvahmulah
Landing station
Landing station
TIC NETWORK
DhiNOC

9 Directors' Report

i. Business Review

Dhiraagu completed the financial year 2012/13 strongly, maintaining its majority market position across all major products (mobile, fixed line and broadband internet).

During the past year, Dhiraagu launched a number of customer focused initiatives such as on-line bill payment, new mobile internet packages and expanded its partner-dealer network across the country. The national submarine cable network was completed and made operational during the year. In addition, other strategic investments were deployed in the Network, billing and IT infrastructure which will allow Dhiraagu to strengthen its geographical reach across the country, and deliver new and innovative products and services. In this respect, 3G services were rolled out to 49 new islands in the year.

The Company suffered a setback in April 2012, when its international submarine cable between Maldives and Colombo was damaged causing temporary disruptions to Internet and IDD services. Alternative temporary capacity was quickly acquired to reduce the impact of the disruptions until the cable was repaired.

The Company also made good progress in implementing efficiency and cost initiatives which improved the bottom line.

Mobile

Dhiraagu maintained strong mobile performance for period 2012/13 despite the tough market and economic conditions. Overall mobile revenue was maintained at the same level as the previous year. Despite the strong competition, the Company achieved a 4% growth in mobile national revenue, contributed mainly by mobile data.

Some of the major products and services introduced during the past year include:

343,000
Active Mobile Customers

+4%
Increase in Mobile National Revenue

+16%
Increase in Mobile Data Revenue

- Two new prepaid plans ("Prepaid Plus" and "Prepaid Hi-5");
- Increased Bundled Free Minutes;
- Conducted regular International Direct Dial (IDD) promotions to popular destinations;
- Special "Postpaid Connection Promotion" with 50% discount on first month monthly fee, with a chance for new subscribers to win trips to Turkey and Europe; and
- Four new Mobile Internet packages, including "Unlimited" package introduced for Prepaid and Postpaid subscriber.

Fixed Line & Enterprise

Despite fixed line customer base declining by 4.7% (in line with the general trend), the fixed line revenue drop is only marginal with 0.5% decline, mainly contributed by continued use of fixed lines by businesses. Enterprise segment continued to contribute significant revenue growth in this area, with a growth of 1.8%, driven by total solutions provided to the resorts, growth in national leased lines and dedicated internet connections.

+28%
in Data Connectivity Leased Line Revenue

+13.5%
in Dedicated Internet Access Revenue

Internet ADSL

Internet market position was maintained with strong growth in the customer base. The product portfolio was enhanced with a revamp of Broadband (ADSL) unlimited packages with "Fair Usage Policy (FUP) Plans", contributing to revenue growth of 10.7%. Some of the major products and services introduced during the past year include:

- Revamp of ADSL packages - Home50GB and Home75GB;
- Introduction of new ADSL Packages with built-in free parental control targeted for students and families; and
- ADSL Promotion was conducted nationwide from 18th December till 31st March 2013.

13,970
ADSL Customers

+10.1%
ADSL Broadband Customer Base

Customer Services, Sales, Marketing and Distribution

Improving the standard of customer care, through constant monitoring of key customer experience matrices and regular customer satisfaction surveys has continued to be a high priority during the year.

Major achievements in this area included improving call center service levels, maintaining high service levels on fixed line and broadband service provisioning and repair times. The Retail and Distribution Network continues to be a strength of the Company with the appointment of Partner Shops, Distributors in all the Atolls and Retailers in all the islands.

Key marketing activities included launch of new products and services, continued promotional offers for mobile, IDD and ADSL services.

Online interactions with customers were further strengthened with increased communications through social media and the launch of a brand new Dhiraagu website with revamped online services. The bilingual website provides customer friendly navigation and enhanced presentation of product information. Major online services offered include online bill-payment and monitoring of detailed bills.

Infrastructure and Networks

The USD 27 mn Dhiraagu Domestic Submarine Cable Project was completed during the year as part of the Dhiraagu High Speed Network Rollout Program, with the initiative to further enhance the core network infrastructure. A total of 1019 km of submarine cable was laid from Haa Alifu Atoll in the north to Seenu Atoll in the south with 8 landing stations.

A high quality of service and availability were maintained across the networks providing fixed, mobile and internet services. Other network and IT projects completed during the year included microwave network upgrade, mobile and internet network upgrades and expansion of 3G services to 49 new islands.

Additionally, to enhance the customer experience a new real time billing system for mobile services was commissioned during the year. Dhiraagu Head office building was completed in July 2012, and was officially opened in October 2012.

Financial Performance

	2012/2013 MVR "000" (12 Months)	2011/2012 MVR "000" (12 Months)
Revenue	2,030,536	2,044,391
Operating Costs before Interest, Depreciation and Amortization	918,542	925,299
EBITDA[1]	1,111,994	1,119,092
Net Profit	598,561	633,991
Basic Earnings per Share (Rufiyaa)	7.90	8.35

The Company achieved total revenue of MVR 2,030.5 mn for the period ended 31 March 2013, which is a 0.7% decrease over the revenue for 2011/2012. Operating costs of MVR 918.5 mn are a 0.7% decrease over 2011/12 operating costs. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of MVR 1,112 mn is a reduction of 0.6% over 2011/12 EBITDA.

The 2011/2012 net profit includes a net one-off foreign exchange gain of MVR 35.4 mn[2]. On a reported basis net profit was 5.6% lower than 2011/12. On a like-for-like basis excluding this exchange gain, net profit was on par with 2011/12.

Dhiraagu's Basic Earnings per Share (EPS) for the financial year ended March 2013 is MVR 7.90. This is a reduction of 5.4% against 2011/12. On a like-for-like basis[3], EPS would be 0.2% higher than 2011/12.

Dhiraagu's liquidity position continues to remain strong. As at 31 March 2013, the Company had cash and cash equivalents of MVR 638.4 mn. Total dividend payment of MVR 607 mn was made during the 12 month period ended on 31 March 2013.

ii. Business Outlook

The Company's top priority is to provide an excellent service for its customers. The infrastructure investments made last year will enable Dhiraagu to satisfy customer demand for mobile data and broadband services to a greater number of islands throughout the country. In addition, these investments will provide data connectivity and internet services to the growing enterprise and resort segment.

Dhiraagu is committed to providing the best customer experience and will continue to make it easier for customers to make inquiries, place orders, pay bills and obtain general information either in person, via the call centre or online. As the leading telecommunications operator in the Maldives, Dhiraagu will continue to roll out innovative products, tariffs, loyalty programs for its valued customers.

iii. Remuneration Package of Directors and Key Executives

For the year ended 31 March 2013, total aggregate compensation to the Board of Directors, including benefits in kind, was approximately MVR 0.96 mn. Stocks do not form part of the remuneration package offered to the

1. EBITDA is calculated as Revenue less Operating Costs before Interest, Depreciation and Amortization
2. Net Profit in 2011/12 contains a gain of MVR 35.4 mn on foreign currency denominated balance sheet accounts following the devaluation of MVR against USD in April 2011. On a like-for-like basis excluding this gain net profit would be MVR 598.6 mn.
3. EPS for 2011/12 would be 7.88 excluding the exchange gain of MVR 35.4 mn.

Board of Directors.

Aggregate compensation of the entire Executive Management Team for the financial year 2012/13 was approximately MVR 17.4 mn. Each of the directors and executive officers have presented to Dhiraagu that he or she has no conflicts of interest between his or her duties to Dhiraagu and his or her respective private interests.

iv. Proposed Dividend

Interim Dividend for Financial Year 2012/13

Pursuant to the Standing Resolution to declare Interim Dividend for the financial year 2012/13 passed by the Shareholders at the Company's Annual General Meeting 2011/12, the Board of Directors on 14 October 2012 resolved to approve and declare an interim dividend of MVR 4.35 per ordinary share (equivalent to USD 21.4 million/MVR 330 million) payable to Shareholders registered with the Company at the close of business on 21 October 2012 in respect of shares registered then in their names.

Final Dividend for Financial Year 2012/13

On 7 April 2013, the Board of Directors resolved to recommend a Final Dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) for the financial year 2012/13, to be proposed for Shareholder consideration and approval at the Company's Annual General Meeting 2012/13.

Thus, the total dividend per ordinary share for the year 2011/2012 comes to MVR 9.29.

v. Declaration of Interest

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2010, it is affirmed that as at 31 March 2013:

a) the Board of Directors of Dhiraagu and/or any of their associates did not have any significant interest in the equity or debt securities of the Company;
b) there were no service contracts of any director proposed for election at the upcoming Annual General Meeting unable to be determined by the Company within one year without payment of compensation (other than any statutory compensation); and
c) there were no contract(s) of significance subsisting during or at the end of the accounting period in which a Board Director of the Company has a direct or indirect interest.

For details of material contracts for the provision of services entered into between Dhiraagu and its substantial shareholders (CWC and Government of Maldives), please refer to Part 26 "Related Parties Transactions" of the Audited Financial Statements as at 31 March 2013 (pages 36 and 37).

Mr. Ibrahim Athif Shakoor
Chairperson

Mr. Ismail Waheed
CEO & Managing Directors

10 Board of Directors and Board Sub-Committees

The Board of Directors and Board Sub-Committees have provided invaluable contributions in piloting the Company through all stages of its successful developments.

i. Responsibilities of the Board

The Board of Directors is accountable to the Shareholders for overseeing the management and performance of the Company, and is responsible for the Company's overall strategy and governance. The Board has delegated responsibility for day-to-day management of the Company to the CEO/MD.

ii. Board Membership and Composition

The Company Articles of Association requires the Board to consist of seven members; four Directors to be appointed by CWC, two Directors to be appointed by the Government of Maldives and an Independent Director whereby applicants who meet the requirements for Independent Directorship are shortlisted by the Remunerations & Nominations Committee for public shareholder voting at every Annual General Meeting.

Due importance is given to ensure that the Board Directors possess the appropriate mix of skills, experience and expertise to be well equipped to handle challenges that Dhiraagu faces in today's dynamic business environment.

iii. Role of the Chairperson

The Chairperson is a Non-executive Director appointed by the Government of Maldives. The Chairperson's principal responsibilities are to ensure that the Board fulfills its obligations under the Company Articles of Association and under the relevant laws and regulations, through effective leadership and guidance to the Board and the Company. The current Chairperson of Dhiraagu is Mr. Ibrahim Athif Shakoor appointed by the Government of Maldives in May 2012.

iv. Board Meetings

The Board meets on a quarterly basis to review the business and financial performance of the Company against the 'Annual Operating Plan'. This process enables the Board to ascertain the strategic direction in which the Company is heading towards – while specifically looking at areas such as products and services, risk management, compliance and human resource development. Although it has scheduled meetings, the Board does meet on other occasions to deal with specific matters that need attention as and when required. Where appropriate, the Board liaises with senior management outside Board meetings, and consults with external advisers.

The following table summarizes the total number of meetings held by the Board of Directors and its committees during the year:

Meeting Type	Number of Meetings held during 2012/13
Board Meeting	3
Audit Committee	3
Governance Committee	1
Remuneration & Nomination Committee	2

During the financial year 2012/13, Mr. Ibrahim Athif Shakoor, Mr. Denis Martin, Mr. Ibrahim Shareef Mohamed, Mr. Adam Dunlop and Mr. Ismail Waheed attended all Board Meetings held during their tenure. Ms. Idham Hussain attended 2 out of 3 Meetings while Mr. Sheldon Bruha attended 1 out of 3 meetings held during the 2012/13 financial year.

v. Board Sub-Committees

The three active Board Sub-Committees of the Board during the year 2012/2013 were:

a) Audit Committee;
b) Remunerations & Nominations Committee; and
c) Governance Committee.

The Remunerations Committee and the Nominations Committee have been constituted as a single Committee (Remunerations & Nominations Committee) upon recommendation of the Board of Directors to enable the Committee to effectively address its obligations as required under the applicable laws and regulations and the Company's Articles of Association.

Following each Committee meeting, the Board receives a report from that Committee on its activities and including Committee recommendations for endorsement of the Board. Each Committee operates in accordance with its written terms of reference approved by the Board.

The Board appoints the Chairperson and members to each Committee. The role, function, terms of reference, performance and membership of each Committee is reviewed every year as part of the Board's annual evaluation process. Other members of the Board can attend Committee meetings and the Committee can invite others, including any Dhiraagu employees, to attend all or part of its meetings as it deems necessary or appropriate. However, if a person has a material personal interest in a matter that is being considered at a meeting, he/she will not be present.

a) Audit Committee

At the end of the financial year, the Audit Committee comprised four members with Mr. Denis Martin as Chair of the Committee. Mr. Athif Shakoor and Ms. Idham Hussain were appointed to the Audit Committee in June 2012. In ensuring compliance with Capital Market Development (CMDA) Corporate Governance Code and Dhiraagu Corporate Governance Code, Mr. Ibrahim Shareef as the Independent Director was appointed to the Audit Committee in November 2012. Additionally, all members of the Committee possessed the relevant financial expertise as required by the Codes.

The Committee meetings were attended by the CEO, Chief Executive and Head of Internal Audit as and when required along with the CFO (also the Secretary of the Committee). The Committee met three times during the 2012/13 financial year. The Committee's responsibilities as per its terms of reference include:

- Monitoring and reviewing of annual / interim financial statements before submission to the Board;
- Ensure the effectiveness of the internal control environment and risk management systems;

- Reviewing the implementation of internal and external audit observations/recommendations;
- Ensure that the Company is in compliance with legal and regulatory requirements.

During the financial year, Mr. Denis Martin, Mr. Ibrahim Athif Shakoor and Mr. Ibrahim Shareef Mohamed attended all Committee Meetings held during their tenure. Ms. Idham Hussain attended 2 out of 3 Audit Committee Meetings held for the 2012/13 financial year.

b) Governance Committee

At the end of the financial year, the Governance Committee comprised three Directors - Mr. Ismail Waheed (Chairperson of the Committee), Mr. Adam Dunlop and Mr. Ibrahim Shareef Mohamed who was appointed in November 2012. Mr. Ilyas Farhad was briefly a member of the Committee from June 2012 – August 2012.

The Committee is responsible for advising the Board on running the Company in accordance with sound corporate governance policies; by bringing to the Board's attention where to further strengthen or introduce new policies and advising the management on implementing those policies.

The Committee met once during the 2012/13 financial year with full attendance by all Committee Members and ensured that its responsibilities under its terms of reference were addressed.

c) Remunerations & Nomination Committee

At the end of the financial year, the Remunerations & Nominations Committee comprised four members with Mr. Adam Dunlop as Chair of the Committee and Mr. Ismail Waheed and Mr. Sheldon Bruha as members. Ms. Idham Hussain was also appointed to the Committee in June 2012.

The Committee is responsible for:

- Determining Board composition and evaluating performances;
- Remuneration of the Board of Directors;
- Evaluating the performance and determination of remuneration senior management team;
- Evaluating applications for independent directorship and making recommendations to the Board on shortlisted candidates to be proposed at the Company AGMs for Shareholder voting;
- Overseeing Dhiraagu Colleague Share Scheme.

Details of the remuneration paid to the Board member and declaration of interests can be found in the Directors' Report Section. The Committee met twice during the financial year 2011/12 with full attendance by all Committee Members and ensured that its responsibilities under its terms of reference were addressed.

11 Corporate Social Responsibility

Dhiraagu gives importance to the socio-economic developments of the country and aims to provide services in a conscientious and responsible manner.

Dhiraagu's Corporate Social Responsibility Policy is based on responsibly grounded business decision-making that considers the broad impact of corporate actions on both the community and the environment.

Within the Company, a strong emphasis has been placed on strengthening Employee Health & Safety to promote a safe work environment, protect employees, developing and implementing processes, procedures and conducting training programs. Also, the Company's Ethics Policy endorses respect for culture, values and human rights throughout the Company. The Procurement Policy establishes well-defined tender processes regarding purchases and procurements. The Policy also includes a Supplier Code of Conduct laying down rules of responsible business conduct within the Company's supply chain.

To further strengthen and focus on CSR, Dhiraagu became a signatory to the United Nations Global Compact (UNGC). Dhiraagu is amongst the first companies in the Maldives to adopt the UNGC, which is a widely recognized framework and the largest voluntary initiative for Corporate Social Responsibility in the world. The UNGC framework focuses on the areas of human rights, labour, environment and anti-corruption designed to help advance sustainable business models and markets. Dhiraagu also took the initiative to become a founding member of the interim committee to establish a Global Compact Local Network in the country.

Dhiraagu continued with its support for various community activities by contributing to social causes, in areas such as youth development, education and healthcare. The following are major highlights during the past year.

- Thirty apprentices were given the opportunity to undertake Dhiraagu Apprenticeship Program, which has been running successfully for the fourth consecutive year to train and develop work skills of young Maldivians with appropriate work skills.

- Technical support was provided to establish the country's first Online Blood Donor Database, a system designed by the local IT firm, Shell Tech Solutions, which enables blood seekers and donors to be connected via SMS. The Company provided technical support for integration with SMS network, offering free gateway connectivity, short code and further agreed to contribute all revenue collected from SMS proceeds to the National Thalassemia Fund.

- A Special Sports Festival which is an annual event focusing on providing opportunities for children and young adults with disabilities to participate in sports activities was conducted whereby creating a platform for further collaboration among various institutions and helped to advocate for people in need of special care. Over 160 children participated in the event.

- Continued its support to Kuda Kudhinge Hiyaa by sponsoring 03 teachers and by providing free internet services to the computer lab which is also set up by Dhiraagu.

- Annual Dhiraagu Broadband Road Race 2012 was held to raise awareness against child abuse and domestic violence, which also acted as a platform to raise funds for NGOs working in this area. Close to 3000 runners participated in the event.

- Renewed the Agreement with Football Association of Maldives to sponsor the national football league "Dhiraagu Dhivehi League", for the eighth year helping to empower youth and develop young talent in football.

12 Corporate Governance Practices

Ensuring compliance with good Corporate Governance Practices to enhance Shareholder interests is a core principle of the Company.

Dhiraagu considers good corporate governance to be fundamental to the development of the Company. The Dhiraagu Corporate Governance Code ensures that proper governance mechanisms are in place and the Board of Directors together with all the employees places great emphasis on following such practices.

i. Performance Evaluation

According to the Dhiraagu Corporate Governance Code, the Board's performance is required to be annually reviewed. The first such review of overall Board's performance was conducted by the Governance Committee in March 2013 as per the evaluation criteria set in accordance with the Terms of Reference of the Committee.

ii. Declaration of Interests

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interest and to be sensitive to situations in which these may arise. The Maldives Company's Act (Law No. 10/96), Company Articles of Association and the Dhiraagu Corporate Governance Code require the Directors to disclose any conflicts of interest and, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest.

iii. Risk Oversight and Management

Dhiraagu faces an array of risks due to the complexity of its business and the business environment in which it operates. Risks have been monitored, reported and addressed regularly throughout the year. A Decision Matrix approved by the Board that sets approval limits for all business transactions and expenditures within the Company. The Board is presented with a "Risks Register" every quarter whereby approaches to manage, monitor and report risks are discussed and developed. The Audit Committee regularly reviews the effectiveness of the Company's internal controls and reports to the Board on its findings regularly.

iv. Code of Conduct

Dhiraagu follows both internal and CWC Group policies which operate to promote ethical and responsible conduct. These provide guidance to the Company's Directors, senior management and employees on the standards of ethical business and personal conduct required of all employees in undertaking their daily business activities. The Company adopted its Ethics Policy in September 2011 and all new staff are briefed on the requirements under the policy immediately upon joining the Company.

v. Anti-Corruption

Dhiraagu has a zero tolerance approach to bribery and corruption. Dhiraagu implements the CWC Group policy on anti-bribery and anti-corruption, which requires that Company employees and contractors must show integrity and be honest and trustworthy in all dealings. To this effect, Supplier Conduct Principles have been incorporated into contracts with the Company's vendors and suppliers.

vi. System to Raise Concerns

An amendment was made in February 2012 to CMDA Corporate Governance Code requiring public companies to have systems to raise concerns. Such a system had already been in place since September 2011 under the Dhiraagu Ethics Policy together with the CWC Anti-Bribery Policy, which enables employees and the management of the Company to raise any concerns that they have (whether on a confidential basis or otherwise), of any non-compliance or fraud or other misdemeanor within the Company.

vii. Information Disclosure

Dhiraagu is committed to fulfilling its statutory reporting obligations under the Securities Act (Law No. 2/2006) and the Maldives Stock Exchange (MSE) Listing Rules. Dhiraagu has established a comprehensive Information Disclosure Procedure with the aim of ensuring the release of price-sensitive information in a timely fashion to ensure that the Company provides Shareholders, potential investors and other stakeholders of the financial community with the latest information.

The Company placed great importance in publishing all Shareholder communications and notices on its website and in at least one news media in a timely manner to ensure effective information disclosure.

viii. Legal and Regulatory Compliance

Dhiraagu conducts its business in compliance with its legal and regulatory obligations under the Company's Act (Law No. 10/96), the Securities Act (Law No. 2/2006), the MSE Listing Rules and the CMDA Corporate Governance Code. With appropriate controls and governance procedures in place, the Company continues to comply with relevant laws, regulations and industry codes.

This Annual Report 2012/13 has been prepared in compliance with all the reporting requirements in accordance with the relevant laws and regulations.

Detailed information on Dhiraagu Corporate Governance Code is available at:
http://www.dhiraagu.com.mv/investor/.


DHIRAAGU BROADBAND ROAD RACE 2012
START
Run Against Child Abuse
Domestic Violence
Touch Maldives
T1016
T1019
T1020
T1017

13 Auditors' Report & Audited Financial Statements

DHIVEHI RAAJJEYGE GULHUN PLC.

FINANCIAL STATEMENTS

AS AT

31ST MARCH 2013

DHIVEHI RAAJJEYGE GULHUN PLC.

(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS

AS AT

31ST MARCH 2013

DHIVEHI RAAJJEYGE GULHUN PLC.
FINANCIAL STATEMENTS

For the year ended 31st March 2013

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Independent Auditors' Report
To the Shareholders of
Dhivehi Raajjeyge Gulhun PLC.

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st March 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information exhibited on pages 2 to 38.

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 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

24th July 2013
Male'

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH	Note	2013 MRf "000"	2012 MRf "000"
Revenue	**7**	2,030,536	2,044,391
Operating costs	**8**	(918,542)	(925,299)
Depreciation and amortization	**14 & 15**	(323,367)	(317,973)
Other income	**9**	5,607	91,227
Other expense	**10**	(24,652)	(35,533)
Results from operating activities		769,582	856,813
Finance income	**11**	6,592	6,277
Finance costs	**11**	(83,175)	(148,252)
Net Finance costs		(76,583)	(141,975)
Profit before tax		692,999	714,838
Tax expense	**12**	(94,438)	(80,847)
Profit for the year		598,561	633,991
Other comprehensive income		-	-
Total comprehensive income for the year		598,561	633,991
Earnings per share			
Basic earnings per share (MRf.)	**13.1**	7.90	8.35
Diluted earnings per share (MRf.)	**13.2**	7.89	8.34

The Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 6 to 38.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH	Note	2013 MRf "000"	2012 MRf "000"
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,224,717	2,198,478
Intangible assets	15	30,856	31,937
Deferred tax asset	12.2	16,256	15,272
Total non-current assets		2,271,829	2,245,687
Current assets			
Inventories	16	28,803	39,785
Trade and other receivables	17	244,113	282,028
Cash and cash equivalents	18	638,390	810,422
Total current assets		911,306	1,132,235
Total assets		3,183,135	3,377,922
EQUITY AND LIABILITIES			
Equity			
Share capital	19	190,000	190,000
Treasury shares	19.2	(5,326)	(15,126)
Retained earnings		2,258,139	2,266,530
Total equity		2,442,813	2,441,404
Non-current liabilities			
Loans and borrowings	20	-	29,013
Provisions	21	118,414	109,366
Total non-current liabilities		118,414	138,379
Current liabilities			
Loans and borrowings	20	29,127	144,640
Trade and other payables	22	592,781	653,499
Total current liabilities		621,908	798,139
Total liabilities		740,322	936,518
Total equity and liabilities		3,183,135	3,377,922

The Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 6 to 38.

These financial statements were approved by the board of directors and signed on its behalf by:

Mr. Athif Shakoor **Chairperson**	**Mr. Ismail Waheed** **Chief Executive Officer and Managing Director**	**Mr. Avnish Jindal** **Chief Financial Officer**

2 4 JUL 2013

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Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2013

	Note	Share capital MRf "000"	Treasury shares MRf "000"	Retained earnings MRf "000"	Total MRf "000"
As at 1st April 2011		190,000	-	2,647,259	2,837,259
Profit for the year		-	-	633,991	633,991
Total comprehensive income for the period		-	-	633,991	633,991
Own shares acquired	**24**	-	(18,057)	-	(18,057)
Share-based payment expenses	**24**	-	2,931	-	2,931
Dividends	**19.3**	-	-	(1,014,720)	(1,014,720)
As at 31st March 2012		190,000	(15,126)	2,266,530	2,441,404
As at 1st April 2012		190,000	(15,126)	2,266,530	2,441,404
Profit for the year		-	-	598,561	598,561
Total comprehensive income for the year		-	-	598,561	598,561
Share-based payment expenses	**24**	-	9,800	-	9,800
Dividends	**19.3**	-	-	(606,952)	(606,952)
As at 31st March 2013		190,000	(5,326)	2,258,139	2,442,813

The Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 6 to 38.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH	Note	2013 MRf "000"	2012 MRf "000"
Cash flows from operating activities			
Profit before Tax		692,999	714,838
Adjustments for:			
Depreciation	14	312,276	312,292
Amortization of intangible assets	15	11,091	5,681
Provision for slow-moving / obsolete inventories	16.1	6,465	2,556
(Reversal) / provision for impairment loss on trade and other receivables	17.1	(7,786)	10,894
Finance income	11	(6,592)	(6,277)
Finance expense	11	83,175	148,252
Share-based payment expenses	24	9,800	2,931
Loss on write off of property, plant and equipment	10	24,386	32,082
Loss on disposal of property, plant and equipment	10	5	3,451
Operating profit before working capital changes		1,125,819	1,226,700
Working capital changes			
Change in inventories		4,517	12,210
Change in trade and other receivables		45,701	19,510
Change in trade and other payables		(20,597)	197,185
Cash generated from operating activities		1,155,440	1,455,605
Income tax paid		(81,978)	-
Net cash from operating activities		1,073,462	1,455,605
Cash from investing activities			
Purchase and construction of property, plant and equipment	14	(414,571)	(544,163)
Purchase of intangible assets		(10,010)	(9,584)
Proceeds from disposal of property, plant and equipment		15	258
Interest received	11	6,592	6,277
Net cash used in investing activities		(417,974)	(547,212)
Cash from financing activities			
Loans repaid during the year	20	(145,205)	(164,480)
Interest paid	11	(11,198)	(29,913)
Repurchase of own shares	24	-	(18,057)
Dividend paid to the shareholders	19.3	(606,952)	(1,014,720)
Net cash used in financing activities		(763,355)	(1,227,170)
Net decrease in cash and cash equivalents		(107,867)	(318,777)
Effect of difference in foreign exchange		(64,165)	(54,730)
Cash and cash equivalents at beginning of the year		810,422	1,183,929
Cash and cash equivalents at end of the year	18	638,390	810,422

The figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 6 to 38.

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Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Dhivehi Raajjeyge Gulhun PLC (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.

The Company became listed in the Maldives Stock Exchange, in the Republic of Maldives with effect from 29th September 2011.

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 basis.

(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 except where otherwise indicated.

(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 to the financial statements.

(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 April 2013.

Title	Effective Date	Description	Impact on the Company
Amendments to IAS 1 Presentation of Financial Statements	1st July 2012	These amendments provide guidance on presentation of items of other comprehensive income.	The Company adopted in 2012/13. These improvements did not have a material impact on the Company.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Title	Effective Date	Description	Expected adoption date and impact on the Company
IFRS 9 Financial Instruments	Annual period beginning on or after 1st January 2015	This IFRS requires that entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.	The Company will not early adopt this standard.
IFRS 13 "Fair value measurement"	Annual periods beginning on or after 1st January 2013.	This IFRS provides frame work for determining fair value.	The Company will not early adopt this standard.

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 the Company.

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 reporting date are recognized in profit or loss.

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.

3.2 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 are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (Continued)

3.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

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 cash in 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 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.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Repurchase and reissue of share capital (Treasury Shares)

When share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable cost is recognised as a deduction from equity. Repurchase shares are classified as treasury shares and are presented in the reserves for own shares. When treasury shares are sold, transfer to the employees under share based payment arrangement or reissued subsequently, the consideration received is recognised as an increase or decrease in equity, and the resulting surpluses or deficit on the transaction is presented in share premium.

Dividends

Interim dividends to ordinary shareholders are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability in the period which they are approved by the shareholders.

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 labour, 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.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (Continued)

3.3 Property, Plant and Equipment (Continued)

(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.

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 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.

Revision of useful life of assets

The useful lives of the following categories of property, plant and equipment were reviewed and the followings changes were made during the year.

	Useful life after revision	Useful life before revision
Plant and Equipment		
- Radio equipment	7 years	10 years
- Base station controllers	7 years	10 years

Assets under construction

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

3.4 Intangible assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company are recognised as intangible assets. Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (Continued)

3.4 Intangible assets (Continued)

(ii) Subsequent expenditure

Subsequent expenditure is only capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company has sufficient resources to complete development and to use the asset.

(iii) Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3 Years
Licences	3 Years or less if the licence term is shorter

3.5 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.

3.6 Construction work in progress (Enterprise 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.

3.7 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.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (Continued)

3.7 Impairment (Continued)

(i) Financial Assets (Including receivables) (Continued)

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 other than inventories 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.

3.8 Employee Benefits

(a) Defined contribution plans

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

The Company contributes 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.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting policies (Continued)

3.8 Employee Benefits (Continued)

(b) Short-term benefits (Continued)

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.

(c) Share-based compensation

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of shares in the Company is recognised as an operating cost through profit or loss over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, which excludes the impact of any non-market vesting conditions (for example, service, profitability and sales growth targets). Non-market vesting conditions are included in estimates about the number of options that are expected to vest. At each reporting date, the Company revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original non-market estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the shares are vested.

3.9 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.

A provision is 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.

3.10 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.

3.11 Cash flow statement

Cash flow statement has been prepared using the "indirect method".

3.12 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.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (Continued)

3.13 Commitments and contingencies

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

3.14 Revenue recognition

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

(a) 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.

(b) 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 profit and loss 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 telecommunication operators for interconnect fees.

Customer revenues 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.

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.

The Company recognises revenue from the transmission of content and traffic on its network originated by third-party providers. The Company assesses 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.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Significant accounting policies (Continued)

3.15 Expenditure

(a) 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 profit or loss on a straight-line basis over the term of the lease.

(b) Finance income and expense

Finance income comprises interest income on funds invested. 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, unwinding of discounts on provisions and foreign exchange losses that are recognised in profit or loss.

3.16 Tax Expenses

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

(a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax assets are recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

(a) 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.

(b) 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.

(a) 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.

(b) Impairment of property, plant and equipment and intangible assets

The Company assesses 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;

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(b) Impairment of property, plant and equipment and intangible assets (Continued)

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.

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.

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 3.9 to the financial statements. Judgement is required to quantify such amounts.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2013

6 SEGMENT INFORMATION

The Company is a national telecommunications service provider in the Maldives. During the year ended 31st March 2013, 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 Chief Executive Officer (CEO) of the Company. The CEO considers the performance of the Company as a whole considering the total operations of the Company as 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.

	2013 MRf "000"	2012 MRf "000"
Segment revenue		
Mobile telephony	1,392,651	1,403,134
Fixed line telephony	256,027	277,141
Internet services	139,808	126,303
Enterprise, Data & Other Services	242,050	237,813
Total revenue	2,030,536	2,044,391

Results from operating activities	2013 MRf "000"	2012 MRf "000"
Revenue	2,030,536	2,044,391
Cost of sales	(260,786)	(276,071)
Gross profit	1,769,750	1,768,320
Operating costs	(657,756)	(649,228)
Earnings before Interest, depreciation and amortization	1,111,994	1,119,092
Depreciation and amortization	(323,367)	(317,973)
Other operating income	5,607	91,227
Other operating expense	(24,652)	(35,533)
Results from operating activities	769,582	856,813

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2013

7 REVENUE	**2012/2013 MRf "000"**	**2011/2012 MRf "000"**
Mobile telephony	1,392,651	1,403,134
Fixed line telephony	256,027	277,141
Internet services	139,808	126,303
Enterprise, Data & Other Services	242,050	237,813
	2,030,536	2,044,391

Revenue is shown on gross basis and before out-payments to other telecommunication companies and license payments.

8 OPERATING COSTS	**2012/2013 MRf "000"**	**2011/2012 MRf "000"**
Cost of sales	260,786	276,071
Personnel Costs **(Note 8.1)**	185,540	184,699
License fees	89,136	88,768
Operating lease rentals	52,352	51,099
(Reversal) / provision for impairment loss on trade receivables	(7,786)	10,894
Professional fees	14,996	21,762
Support Services	35,845	32,382
External Publicity	24,651	25,248
Other administrative expenses	59,115	65,564
Network costs	87,290	60,519
Property and utility costs	116,617	108,293
	918,542	925,299

8.1 Personnel Costs		
Wages and salaries	144,511	132,982
Performance reward scheme	7,258	29,503
Defined contribution expense	10,328	6,949
Share-based payment	9,800	2,931
Temporary labour and recruitments	703	759
Training	7,487	8,433
Medical benefits	5,401	6,096
Board of directors fees and related expenses	1,234	1,168
Others	11,234	7,379
	197,956	196,200
Less: Staff costs capitalized	(12,416)	(11,501)
	185,540	184,699

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2013

9 OTHER INCOME

	2012/2013 MRf "000"	2011/2012 MRf "000"
Insurance claim received	5,368	39
Foreign exchange gain	-	91,188
Miscellaneous income	239	-
	5,607	91,227

10 OTHER EXPENSE

	2012/2013 MRf "000"	2011/2012 MRf "000"
Loss on write off of Property, Plant and Equipment	24,386	32,082
Loss on disposal of Property, Plant and Equipment	5	3,451
Foreign exchange loss	261	-
	24,652	35,533

11 NET FINANCE COSTS

	2012/2013 MRf "000"	2011/2012 MRf "000"
Finance Income		
Interest Income	6,592	6,277
Finance Costs		
Interest Expenses	(11,198)	(29,913)
Unwinding of discounts on provisions	(7,133)	(7,819)
Foreign exchange loss	(64,844)	(110,520)
	(83,175)	(148,252)
Net Finance Costs	(76,583)	(141,975)

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2013

12 TAX EXPENSE

	2012/2013 MRf "000"	2011/2012 MRf "000"
On Current profits **(Note 12.1)**	109,563	96,119
Over provision of previous year tax	(14,141)	-
Deferred tax Assets **(Note 12.2)**	(984)	(15,272)
	94,438	80,847

12.1 Reconciliation between accounting profit and taxable income:

	2012/2013 MRf "000"	2011/2012 MRf "000"
Accounting profit before Tax	692,999	714,838
Profit attributable to non taxable period	-	(185,869)
Profit attributable to taxable period	692,999	528,969
Disallowable expenses	409,135	235,118
Allowable expenses	(371,214)	(122,945)
Tax free allowance	(500)	(353)
Total taxable income	730,420	640,789
Income tax @ 15%	109,563	96,119

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, regulations and subsequent amendments thereto. The Company is liable for income tax on its taxable profits at the rate of 15% with effect from 18th July 2011.

12.2 Deferred Tax Assets

	31/03/2013 MRf "000"	31/03/2012 MRf "000"
As at 1st April	15,272	-
Deferred tax asset recognized during the year	984	15,272
As at 31st March	16,256	15,272

12.3 Deferred Tax Assets / (Liability) are attributable for following:

	31/03/2013		31/03/2012	
	Temporary Difference MRf "000"	Tax Effect MRf "000"	Temporary Difference MRf "000"	Tax Effect MRf "000"
Property, Plant and Equipment	(169,787)	(25,468)	(158,922)	(23,838)
Intangible Assets	166,484	24,973	155,833	23,375
Provisions	111,675	16,751	104,902	15,735
	108,372	16,256	101,813	15,272

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2013

13 EARNINGS PER SHARE

13.1 Basic earnings per share

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

	2012/2013	2011/2012
Profit for the period attributable to the ordinary shareholders (MRf "000")	598,561	633,991
Weighted average number of ordinary shares outstanding ("000")	75,796	75,954
Basic earnings per share (MRf)	7.90	8.35

13.2 Diluted earnings per share

The calculation of diluted earning per share was based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2012/2013	2011/2012
Profit for the period attributable to the ordinary shareholders (MRf "000")	598,561	633,991
Weighted average number of ordinary shares outstanding (diluted) ("000")	75,857	75,990
Diluted earnings per share (MRf)	7.89	8.34

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

14 PROPERTY, PLANT AND EQUIPMENT

31st March 2013	Buildings	Plant and Equipment	Vehicles, spares, launches, furniture and fittings	Assets under Construction	Total
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st April 2012	139,888	3,877,351	30,770	625,926	4,673,935
Additions during the year	-	-	-	361,006	361,006
Movements in asset retirement obligations	-	1,915	-	-	1,915
Transfer during the year	269,969	589,934	2,113	(862,016)	-
Disposals during the year	-	(74)	-	-	(74)
Write off during the year	(3,902)	(78,503)	-	-	(82,405)
As at 31st March 2013	405,955	4,390,623	32,883	124,916	4,954,377
Accumulated Depreciation					
As at 1st April 2012	63,005	2,388,101	24,351	-	2,475,457
Charge for the year	16,377	294,080	1,819	-	312,276
Disposals during the year	-	(54)	-	-	(54)
Write off during the year	(1,598)	(56,421)	-	-	(58,019)
As at 31st March 2013	77,784	2,625,706	26,170	-	2,729,660
Net carrying amount as at 31st March 2013	328,171	1,764,917	6,713	124,916	2,224,717

31st March 2012	Buildings	Plant and Equipment	Vehicles, spares, launches, furniture and fittings	Assets under Construction	Total
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st April 2011	124,196	3,659,833	26,572	473,756	4,284,357
Additions during the year	-	-	-	479,064	479,064
Movements in asset retirement obligations	-	7,298	-	-	7,298
Transfers during the year	16,794	306,812	3,288	(326,894)	-
Disposals during the year	(1,102)	(10,121)	910	-	(10,313)
Write off during the year	-	(86,471)	-	-	(86,471)
As at 31st March 2012	139,888	3,877,351	30,770	625,926	4,673,935
Accumulated Depreciation					
As at 1st April 2011	53,779	2,147,214	23,165	-	2,224,158
Charge for the year	9,835	302,198	259	-	312,292
Disposals during the year	(609)	(6,922)	927	-	(6,604)
Write off during the year	-	(54,389)	-	-	(54,389)
As at 31st March 2012	63,005	2,388,101	24,351	-	2,475,457
Net carrying amount as at 31st March 2012	76,883	1,489,250	6,419	625,926	2,198,478

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

15 INTANGIBLE ASSETS

	2013 MRf "000"	2012 MRf "000"
Cost		
As at 1st April	95,902	86,318
Additions during the year	10,010	9,584
As at 31st March	105,912	95,902
Accumulated Amortization		
As at 1st April	63,965	58,284
Amortization for the year	11,091	5,681
As at 31st March	75,056	63,965
Net Carrying Value	30,856	31,937

The purchase and upgrade cost of software has been recognized as intangible assets and amortized over a period of 3 to 5 years.

16 INVENTORIES

	2013 MRf "000"	2012 MRf "000"
Cost of inventories	42,496	47,013
Less: Provision for slow moving / obsolete items **(Note 16.1)**	(13,693)	(7,228)
	28,803	39,785

16.1 Provision for Slow-Moving / Obsolete Inventories

As at 1st April	7,228	4,672
Provision made during the year	6,465	2,556
As at 31st March	13,693	7,228

17 TRADE AND OTHER RECEIVABLES

	2013 MRf "000"	2012 MRf "000"
Gross trade receivables	185,778	226,815
Less: Provision for impairment loss **(Note 17.1)**	(88,214)	(96,000)
	97,564	130,815
Other receivables	1,965	5,159
Prepayments and accrued income	144,584	146,054
	244,113	282,028

17.1 Provision for Impairment Loss

As at 1st April	96,000	201,902
Provision made during the year	-	10,894
Provision reversed during the year	(7,784)	-
Bad debt written off during the year	(2)	(116,796)
As at 31st March	88,214	96,000

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

18 CASH AND CASH EQUIVALENTS

	2013 MRf "000"	2012 MRf "000"
Cash in hand	5,144	8,241
Balance with banks	425,148	517,255
Short term deposits	208,098	284,926
	638,390	810,422

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 2013 was 4.05% p.a (2012: 1.219% p.a). These deposits had an average maturity of 38 days as at 31st March 2013. (2012: 20 days).

MRf 32 Mn of Short term deposits has been mortgaged under the loans and borrowings obtained by the Company as disclosed under Note 20 to the financial statements.

19 CAPITAL

	2013 MRf "000"	2012 MRf "000"
19.1 Share Capital		
Authorized share capital		
80,000,000 ordinary shares of MRf 2.5 each	200,000	200,000
Issued and fully paid share capital		
76,000,000 ordinary shares of MRf 2.5 each	190,000	190,000

19.2 Treasury Shares

The reserves for the Company's own shares comprises the cost of own shares held by the Company less the cost of services received from employees in exchange for grant of shares in the Company under share based compensation arrangement.

19.3 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 shareholders' meetings of the Company. The board of directors has declared dividends for the year as follows.

	2013		2012	
	per share MRf.	Dividend MRf "000"	per share MRf.	Dividend MRf "000"
Dividend payment – 1st tranche	3.66	277,334	31.83	604,800
Dividend payment – 2nd tranche	4.35	329,618	21.57	409,920
		606,952		1,014,720

On 27th September 2011, the Company has performed a share split at the ratio of 1:4 shares. From this date, the total number of ordinary shares in issue has been increased to 76,000,000. Both dividend payments in 2011/12 were made when 19,000,000 ordinary shares were in issue and 2012/13 dividend payments have been made when 76,000,000 shares are in issue.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

20 LOANS AND BORROWINGS	**2013 MRf "000"**	**2012 MRf "000"**
As at 1st April	173,653	282,343
Add: Effect on currency revaluation	679	55,790
Less: Loan repayments during the year	(145,205)	(164,480)
As at 31st March	29,127	173,653
20.1 Sources of Finance		
HSBC - Male' Branch US$ - Loan I **(Note 20.3)**	-	57,600
HSBC - Male' Branch US$ - Loan II **(Note 20.4)**	29,127	116,053
	29,127	173,653
20.2 Maturity Analysis		
Payable within one year	29,127	144,640
Payable after one year	-	29,013
	29,127	173,653

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

The Company obtained a loan facility of US$ 15 Mn (MRf 231.3 Mn) from HSBC - Male' branch in December 2009 to finance general corporate expenses. This Facility was secured against cash deposits. The facility carried an interest rate of three month LIBOR plus 12.5% p.a. The facility was repayable over a 3 year period and the loan has been fully settled during the year.

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

The Company obtained a loan facility of US$ 17 Mn (MRf 262.14 Mn) from HSBC - Male' branch in July 2010 to finance general corporate expenses. This Facility is secured against cash deposits. The facility carries an interest rate of three 3 month LIBOR plus 10 % p.a. The facility is repayable over a 3 year period with the final repayment due in July 2013.

21 PROVISIONS	**2013 MRf "000"**	**2012 MRf "000"**
Network and asset retirement obligation	118,414	109,366
Movement during the period		
As at 1st April	109,366	94,249
Provision made during the year	1,915	7,298
Unwinding of discounts on provisions	7,133	7,819
As at 31st March	118,414	109,366

The provisions of network and asset retirement obligations represent the provisions 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. The following assumptions have been used to calculate the network and asset retirement obligation.

	2013	**2012**
Discount Rate	7.70%	7.70%
Inflation Rate	8.06%	8.06%

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

22 TRADE AND OTHER PAYABLES	**2013 MRf "000"**	**2012 MRf "000"**
Trade payables	34,819	83,181
Accruals	357,606	395,504
Deferred income	58,569	49,335
Dividends payable	245	-
Refundable deposits from GSM customers	15,737	15,424
Other payables	16,242	13,936
Income tax payable	109,563	96,119
	592,781	653,499

23 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 34,398 thousands (2011/12: MRf 52,381 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 and escalation clauses.

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

31st March 2013	**Less than one year MRf"000"**	**1 to 2 Years MRf"000"**	**2 to 5 Years MRf"000"**	**Over 5 Years MRf"000"**	**Total MRf"000"**
Future Operating Lease Rentals on Land and Buildings	9,840	6,953	3,668	68,552	89,014

31st March 2012	**Less than one year MRf"000"**	**1 to 2 Years MRf"000"**	**2 to 5 Years MRf"000"**	**Over 5 Years MRf"000"**	**Total MRf"000"**
Future Operating Lease Rentals on Land and Buildings	10,749	11,405	4,053	62,027	88,234

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

24 SHARE-BASED PAYMENTS ARRANGEMENTS

A Dhiraagu Colleague Share Plan (DCSP) has been introduced and approved by the Shareholders of the Company and the Board on 25th September 2011 as a part of listing of the Company Shares. The DSCP replaced the top 100 managers retention plan operated in Dhiraagu. The DCSP (equity-settled) has two levels of participation for Dhiraagu colleagues. Dhiraagu has bought 225,710 of its own shares during the year ended 31st March 2012 and has vested 88,171 of shares to employees during the year ended 31st March 2013. Accordingly, 137,539 of shares are held in an employee benefit trust established for the benefit of the employees.

24.1 Dhiraagu Colleague Share Plan (DCSP)

Employees entitled	Number of Instruments "000"	Vesting Conditions
Scheme ("A")		
Shares grant to senior management	173	Three year service from the date of grant.
Scheme ("B")		
Shares grant to all other employees	53	One year service from the date of grant.
	226	

24.2 Reconciliation of carrying value of shares acquired under the employee share based payment arrangement.

	2013 MRf "000"	2012 MRf "000"
Outstanding at the beginning of the year	15,126	-
Shares purchased during the year	-	18,057
Share-based payment expenses	(9,800)	(2,931)
Outstanding at the end of the year	5,326	15,126

24.3 The fair value of the employee services received in exchange for the grant of shares in the Company is recognized as an operating cost through profit or loss over the vesting period.

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

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

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

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 financial statements.

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.

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(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 Company Treasury Policy. 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.

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.

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

	Carrying Amount	
	2013	**2012**
	MRf "000"	**MRf "000"**
Trade and Other Receivables	187,743	231,974
Cash at Banks and Short Term Deposits	633,246	802,181
	820,989	1,034,155

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Impairment Losses	2013		2012	
	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:				
0-30 days	17,663	262	23,970	291
Past due 31-180 days	110,814	28,686	141,387	36,697
More than 180 days	59,266	59,266	66,617	59,012
Total	187,743	88,214	231,974	96,000

The movement in the provision for impairment in respect of trade and other receivables during the year is given in Note 17.1 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 also believes that, apart from the above, no further provision for impairment is necessary in respect of trade and other receivables.

(ii) 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 assets. 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.

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

31st March 2013	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"
Financial Liabilities			
Loans and Borrowings	29,127	29,127	-
Trade and Other Payables	592,781	592,781	-
Total	621,908	621,908	-

31st March 2012	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"
Financial Liabilities			
Loans and Borrowings	173,653	144,640	29,013
Trade and Other Payables	653,499	653,499	-
Total	827,152	798,139	29,013

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk (Continued)

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 2013, the Company had cash and cash equivalents of MRf 638,390 thousands (2012: MRf. 810,422 thousands). 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 32.6% of the Company's cash and cash equivalents are invested in short-term bank deposits (2012: 35.2%).

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices 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.

(a) Interest rate risk

The Company is exposed to movements in interest rates on its floating rate loans. Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate. There were no interest rate derivatives used by the Company as at 31st March 2013, 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 increases in the interest rates will have an approximate MRf 60 thousands 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

	Carrying Amount	
	2013	**2012**
	MRf "000"	**MRf "000"**
Fixed Rate Instruments		
Financial Assets - Short Term Deposits	208,098	284,926
Variable Rate Instruments		
Financial Liabilities - Loans and Borrowings	(29,127)	(173,653)

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

(b) Currency risk

Exposure to currency risk

The Company is exposed to the risk of available foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions (US Dollars, Euro, Sterling Pounds and Singapore Dollars). 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 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 use 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) :

	2013			
	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	27,265	1,258	25	36
Trade and Other Receivables	7,413	96	-	1
Loans and Borrowings	(1,889)	-	-	-
Trade and Other Payables	(20,265)	(155)	-	(12)
Gross statement of financial position exposure	12,524	1,199	25	25

	2012			
	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	33,064	1,532	25	25
Trade and Other Receivables	9,006	-	-	-
Loans and Borrowings	(11,313)	-	-	-
Trade and Other Payables	(17,734)	(572)	(148)	(886)
Gross statement of financial position exposure	13,023	960	(123)	(861)

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

(b) Currency risk (Continued)

The following significant exchange rates were applied during the period:

	Average Rate		Reporting Date	
	2012/13	2011/12	2013	2012
US$ 1 : MRf	15.42	15.15	15.42	15.35
Euro 1: MRf	19.83	20.99	19.80	20.67
SGD 1: MRf	12.37	12.07	12.36	12.23
GBP 1: MRf	24.34	24.21	23.43	24.34

Sensitivity Analysis

A strengthening (weakening) of the MRf, as indicated below, against the foreign currencies as at 31st March would have increased / (decreased) profit or loss by the amounts shown below.

	2013		2012	
	Strengthening MRf "000"	Weakening MRf "000"	Strengthening MRf "000"	Weakening MRf "000"
US$ (10% Movement)	(19,312)	19,312	(19,990)	19,990
Euro (10% Movement)	(2,374)	2,374	(1,984)	1,984
SGD (10% Movement)	(31)	31	150	(150)
GBP (10% Movement)	(59)	59	2,096	(2,096)

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

Fair value versus carrying amount

As at 31st March 2013	Loans and Receivables MRf "000"	Other financial Liabilities MRf "000"	Carrying amount MRf "000"	Fair value MRf "000"
Assets				
Cash and Cash Equivalents	638,390	-	638,390	638,390
Trade and Other Receivables	244,113	-	244,113	244,113
	882,503	-	882,503	882,503
Liabilities				
Loans and Borrowings	-	29,127	29,127	29,127
Trade and Other Payables	-	592,781	592,781	592,781
	-	621,908	621,908	621,908

As at 31st March 2012	Loans and Receivables MRf "000"	Other financial Liabilities MRf "000"	Carrying amount MRf "000"	Fair value MRf "000"
Assets				
Cash and Cash Equivalents	810,422	-	810,422	810,422
Trade and Other Receivables	282,028	-	282,028	282,028
	1,092,450	-	1,092,450	1,092,450
Liabilities				
Loans and Borrowings	-	173,653	173,653	173,653
Trade and Other Payables	-	653,499	653,499	653,499
	-	827,152	827,152	827,152

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DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

26 RELATED PARTY TRANSACTIONS

26.1 Parent and Ultimate Holding Company

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

Subsequent to the period ended 31st March 2013, on 3rd April 2013, Batelco Islands Limited, a subsidiary of Bahrain Telecommunications Company BSC (Batelco), acquired the full shareholding of the Company held by CWC Islands Limited (52%). Effectively from 3rd April 2013, the Parent of the Company is Batelco Islands Limited, a Company incorporated in the United Kingdom and the ultimate parent is Bahrain Telecommunications Company BSC (Batelco), a Company incorporated in Bahrain.

26.2 Transactions with key management personnel

Key management's remuneration

Key management includes Directors and Executive committee members 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:

	2013 MRf "000"	2012 MRf "000"
Directors Fees	960	960
Salaries to Executives	15,035	14,701
Short term Benefits to Executives	2,372	5,864
	18,367	21,525

26.3 Transactions with Cable and Wireless Communications Group of companies

CWC Islands Limited had a 52% shareholding in the Company as at 31st March 2013 (31st March 2012: 52%). Transactions with Companies in the Cable and Wireless Communications Group included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Cable and Wireless Communications Group during the periods, and outstanding balances at the year ends, are as follows:

Transactions	2013 MRf "000"	2012 MRf "000"
In-payments	(16,266)	(3,106)
Out-payments	997	525
Dividends	316,555	527,654
Others	35,845	32,382

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

26 RELATED PARTY TRANSACTIONS (CONTINUED)

26.3 Transactions with Cable and Wireless Communications Group of companies (Continued)

Balances outstanding	2013 MRf "000"	2012 MRf "000"
Amounts receivable in respect of goods and services	435	18,346
Amounts payable in respect of goods and services	(546)	-
	(111)	18,346

26.4 Transactions with the Government of Maldives

The Government of Maldives had a 41.8% shareholding in the Company as at 31st March 2013 (31st March 2012: 41.8%). Transaction with the Government of the Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transaction with the Government of Maldives during the year, and outstanding balance at the year end are as follows:

Transactions	2013 MRf "000"	2012 MRf "000"
License fees	89,136	88,768
Rentals on land space	9,944	28,423
Dividends	254,479	487,066

Balances outstanding	2013 MRf "000"	2012 MRf "000"
Amounts payable in respect of rentals on land space	(798)	(1,101)
Amounts payable in respect of license payments	(8,457)	(5,696)
	(9,255)	(6,797)

27 MANAGEMENT RESPONSIBILITY

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

28 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustments to / or disclosure in the financial statements.

29 CONTINGENT LIABILITIES

There were no contingent liabilities which require adjustments to / or disclosure in the financial statements as at the reporting date.

Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PLC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 2013

30 COMPARATIVE FIGURES

Comparative figures of the financial statements have been reclassified to conform with current year's presentation. The Following reclassifications have been made for comparative figures for better presentation of the financial statements of the Company.

Reclassification of comparative information	**Current Presentation**	**As Reported Previously**
Intangible assets	**2013**	**2012**
	MRf "000"	**MRf "000"**
Cost		
Reclassified as intangible assets	64,731	-
Intangible assets classified as property, plant and equipment	-	64,731
	64,731	64,731
Accumulated amortization		
Reclassified as intangible assets	42,868	-
Intangible assets classified as property, plant and equipment	-	42,868
	42,868	42,868
Net book value as at 31st March	21,863	21,863

Computer software classified under property, plant and equipment in previous year was reclassified as intangible assets as at 31st March 2012 for more appropriate presentation of the financial statements.