

DHIVEHI RAAJJEYGE GULHUN PLC
ANNUAL REPORT 2014



DHIVEHI RAAJJJEYGE GULHUN PLC
ANNUAL REPORT 2014

**COMPANY REGISTRATION
NUMBER**

C-0024/1988

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CHIEF EXECUTIVE

Ismail Rasheed

CHIEF FINANCIAL OFFICER

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COMPANY SECRETARY

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GENERAL COUNSEL

Hazrath Rasheed Hussain

EXTERNAL AUDITORS

KPMG

EXTERNAL COUNSEL

Mohamed Shahdy Anwar

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LAILA MANIK

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DHIVEHI RAAJJEYGE GULHUN PLC
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DHIRAAGU PROFILE

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WHO WE ARE

Dhivehi Raajjeyge Gulhun Plc (DHIRAAGU), is the leading telecommunications provider in the Maldives offering a full range of communications services to over 385,000 customers.

We recognize that our customers using our services across the country want to communicate whenever and wherever they are and deserve a quality and reliable service. This is why we have established network presence in all the inhabited islands, resorts and industrial islands. We have also built the largest and most reliable telecommunications network in the Maldives. We are the only operator in the Maldives to have linked the country from north to south through a 1,200km long fibre-optic submarine cable system to enable high-speed data and next generation services across the country.

Customer Service is at the heart of everything we do, and bringing services closer to the customers and making it easier for customers has always been a high priority. Our services are offered through multiple channels including our flagship Customer Service Centre in Male', 9 strategic Dhiraagu Operations Centres across the country, 45 branded partner shops, over 3,000 retail agents, a state of the art Customer Contact Centre and online self-care channel. These channels enable Dhiraagu to provide superior service to a diverse range of customers, including consumers, SMEs, corporates, resorts and government institutions.

Dhiraagu has well-established relationships and a proven record in providing our corporate customers with reliable network solutions and superior account support in the rapidly changing corporate market place. We cater to specific needs ranging from simple telephone services to complex integrated private networking solutions for global corporate customers.

OUR MISSION

TO LEAD THE INFORMATION
COMMUNICATION MARKET
THROUGH EXCELLENCE
IN QUALITY, VALUE AND
CUSTOMER SERVICE

Our aim is to facilitate information communication technologies and services that drive Maldives towards a connected society, enabling communication between people, businesses and communities to improve peoples' quality of life and to create social and economic benefits to the country whilst creating value for our shareholders.

OUR VALUES

We have adopted a system of values that continuously represent the reference point for what we stand for.

KNOWLEDGEABLE

We understand our industry, our market, our business and above all our customers better than anyone else. Our customers turn to us for expert advice and solutions. We always listen and learn from our customers to deliver them the best service possible.

FAMILIAR

For over 25 years we have been helping the Maldives communicate with the rest of the world, and build a close relationship with our customers. We are proud of being Maldivian and our friendly face to our customers is our testimony.

TRUSTED

We deliver what we promise, we bring joy into their lives, we get them closer to their loved ones, and we connect the Maldives to their world and beyond.

EXCITING

We are passionate about our work and we demonstrate that passion and excitement to our customers.

CONTEMPORARY

We keep abreast of the latest developments. We aim to be the first to bring our customers the latest and best products and services that are meaningful and make them widely available. We actively bring in change, yet preserve the culture and tradition of our Maldivian identity.



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KEY HIGHLIGHTS

REVENUE

MVR 2,118
MILLION

EBITDA

MVR 1,190
MILLION

PROFIT AFTER TAX

MVR 701
MILLION

FREE CASH FLOW

MVR 798
MILLION

EARNINGS PER SHARE

MVR 9.23

DIVIDEND PER SHARE

MVR 9.22

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WELCOME REMARKS BY THE CHAIRPERSON

I would like to open my remarks by thanking the previous Chairperson Riluwan Shareef and the Board, for their collective leadership and strategic guidance in taking the Company forward throughout the year. In 2014, the Board focused on driving strategic, forward looking and critical investments while further strengthening the governance practices both at Board and operational level. This has contributed significantly to the positive results reported at the end of the year.

Despite an evolving global telecommunications industry, competitive pressures and new regulatory mandates, we closed the year with a revenue of MVR 2.1bn and a profit of MVR 701m. Delivering on our promise of ensuring a sustainable return to our shareholders, the Board recommends a final dividend of MVR 359m amounting to MVR 4.72 per ordinary share. Together with the interim dividend of MVR 342m paid out in August 2014, a total of MVR 701m will be paid as dividends to our shareholders.

This is a healthy return on investment and is a testimony to the dedication, hard work and skill of our people combined with a continued focus on driving operational efficiencies. On behalf of the Board, I wish to congratulate and thank our CEO, Ismail Waheed and his team for their commitment and determination in meeting the targets set at the beginning of the year.

We continued to give a high emphasis to CSR. In 2014, we switched to paperless billing and the Company has one of the biggest solar panel footprint in the country. Dhiraagu Apprenticeship Programme, Dhiraagu Road Race, Dhiraagu Dhivehi League and the Annual Special Sports Festival are ongoing CSR initiatives that supports communities. In this instance I express my gratitude to the Chairperson of Batelco Group, Sheikh Hamad Bin Abdulla Al Khalifa and the Board of Directors of Batelco Group, for the generous donation to the Government of Maldives during the Male' water crisis. Giving back to the society and doing business ethically and sustainably are embedded within the core values of Dhiraagu.

2014 was another year of progress in our vision to maintain our position as the leading telecoms service provider in Maldives. We expanded our 3G services and broadband services to new islands, revamped our network, introduced 4G services, superior speeds and offered customer oriented value for money packages. Our focus in 2015 and beyond will be on achieving 100% 3G coverage, growing our enterprise customer base and improving the IT infrastructure to achieve operational efficiencies which will help achieve our mission of providing an enhanced customer experience.

I wish to conclude by expressing my gratitude to our valued customers for entrusting us with their business. The Board remains confident that the Company's strategy will pave the way towards providing superior services to our customers, and a sustainable returns to our shareholders. I also wish to extend my sincere appreciation to His Excellency President Abdulla Yameen Abdul Gayoom and the Government of Maldives for the continued commitment and support to Dhiraagu.



Mohamed Ashmalee
Chairperson

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REVIEW FROM **THE CHIEF EXECUTIVE OFFICER & MD**

I am delighted to present this review of Dhiraagu's progress for the 2014 financial year where we have consistently maintained earnings, profit and shareholder returns. We also saw growth in our trading performance achieved by focusing on customer service. Improving our service levels was given the highest priority and I am pleased to note that a number of difficult issues we faced early in the year were successfully addressed during the year.

Dhiraagu operates in a dynamic and competitive environment where continuous changes in technologies are transforming the world we live in. Competing in such an environment, the telecommunications industry in particular, demands complete dedication to customer service excellence and innovation, areas where we continuously focus to improve.

Our full year results reflect the steady performance of the Company. Total trading revenue was at MVR 2.1bn, up 2.2%; EBITDA grew by 5.7% to MVR 1.2bn, and our Net Profit after Tax increased by 9.2% to MVR 701m. Our free cash flow improved by 11.1% to MVR 798m.

DELIVERING OUR STRATEGY

Our strategy is built around the customer and providing superior customer experience. During the year we brought about further refinements to how we serve our customers and improving the quality of services we provide. Particular focus was given on improving customer experience and advocacy, driving value from our investments and achieving operational efficiencies. Strategic investments to achieve these goals were made during the year, and I am pleased to say that we closed the year 2014 with significantly improved services to our customers and a much faster and leaner business.

Throughout the year we remained committed to improving the products and services and customer experience. We actively seek feedback from customers and measure our progress. In 2014 we introduced many initiatives to enhance our customers' experience resulting in an improvement of our Net Promoter Score (NPS) by eleven points over the year. However, we still have a lot of work to do to consistently deliver our customers an even better service experience.

In anticipation of the explosive growth and demand in broadband and data services, strategic investments had been made in the prior years by building a future proof backbone network across the country. We are now utilizing this network to provide services across the country. We have seen that our products and services mix continues to change, illustrating how fundamentally our business has been redefined by mobility, connectivity and data demand.

We are committed to maintaining our market leadership and during the year we invested MVR 226m on our network and services, including launching and rollout of our 4G mobile services to reach 44% of the population. Our 3G service also was extended to cover more islands and now provides coverage to 94% of the population.

We continue to execute our growth strategy focusing on broadband and data services, extending our reach across the country and at the same time delivering high quality services to our corporate, business and Government customers. Customized solutions and managed services to corporate and business customers have recorded a healthy growth of 30% throughout the year.

Throughout the year we continued to transform our internal business processes to simplify how we work to improve productivity, collaboration, innovation and better customer service. The total value of benefits from our efforts to drive operational efficiencies resulted in a saving of MVR 18 million in operating costs compared to the previous year.

We believe that our capable and dedicated employees has always been the driving force of our success. During the year we continued our emphasis on creating a high performance culture among our employees. Staff development and training initiatives were aligned towards achieving our strategic focus of providing an enhanced service quality to our customers.

During the year we continued to recognize and reward key innovations and high performers within the Company, reinforcing our efforts on continuous improvement of business performance and operational efficiencies. Engagement and social activities carried throughout the year ensures that our team across the nation remains united and engaged in striving to achieve the organizational objectives. As a result Dhiraagu continues to be one of the top employer of choice in the country.

LOOKING AHEAD

We have a clear strategy and our focus for the year ahead will be on improving customer service, investing to maintain our network advantage and investing in future capability to build a foundation for sustainable long term growth to take advantage of the evolving digital world. As more and more devices are connected to our networks we will continue our investment in backhaul and last-mile capabilities, greater network intelligence, resiliency and security. Just as importantly, we will be investing in software solutions that will dramatically change how we serve our customers.

One of our key focuses during the year 2015 will be to provide mobile broadband services to all the inhabited islands in the country.



Ismail Waheed
Chief Executive Officer &
Managing Director



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BOARD **OF DIRECTORS**

DHIVEHI RAAJJEYGE GULHUN PLC
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CHAIRPERSON
MOHAMED ASHMALEE

Nationality: Maldivian
Appointment; Since February 2015

QUALIFICATIONS AND EXPERIENCE

- Over 10 years of experience having served in various operational and managerial capacities in the public and private sector.
- Key positions within the public sector includes Deputy Minister of Transport & Communications in 2013 and as the Deputy Minister of Finance and Treasury in 2014.
- Also served as the former Chairman of the National Tender Board.
- Holds a Bachelor's Degree from Warnborough College (UK) and is currently pursuing a Master's in Business Administration.

OTHER APPOINTMENTS

- Minister of State for Finance and Treasury, and the Executive Head of the National Bureau of Statistics (NBS) under the Ministry of Finance and Treasury.

BOARD COMMITTEES

None



DEPUTY CHAIRPERSON
ABDULRAZAQ ALQASSIM

Nationality: Bahraini
Appointment; Since June 2013

QUALIFICATIONS AND EXPERIENCE

- A highly qualified & an experienced banker with over 40 years of expertise.
- Serving the National Bank of Bahrain for over 37 years.
- Over 9 years in Chase Manhattan Bank and Standard Chartered Bank.
- Holds a Master's degree in Management Sciences and a Sloan Fellowship from MIT Massachusetts Institute of Technology, USA).

OTHER APPOINTMENTS

- Chief Executive Officer of National Bank of Bahrain (NBB).
- Chairman of Benefit Company; Chairman of Bahrain Islamic Bank and Chairman of Bahrain Association of Banks.
- Board member of Bahrain Telecommunication Company (Batelco); Umniah, Jordan; SURE Guernsey Limited; Sure Jersey Limited and Sure Isle of Man Limited.

BOARD COMMITTEES

None



**CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
ISMAIL WAHEED**

Nationality: Maldivian

Appointment; Since June 2007

QUALIFICATIONS AND EXPERIENCE

- Thirty years of expertise in telecoms industry.
- Among the first employees of Dhiraagu, having joined C&W Maldives prior to the formation of Dhiraagu.
- Served Dhiraagu for 26 years, and held key positions including Head of Networks, Marketing & Customer Services. Career highlights:
 - Successfully led Dhiraagu through the transition and transformation of the Company from a monopoly into a competitive environment.
 - Led the IPO process & listed Dhiraagu on the Maldives Stock Exchange.
- Led the initial design, build & operation of the 1st telecommunications backbone network & subsequent introduction of multiple technologies to provide fixed line, mobile and Internet service.

OTHER APPOINTMENTS

None

BOARD COMMITTEES

None



NON-EXECUTIVE DIRECTOR
ABDULRAHMAN FAKHRO

Nationality: Bahraini

Appointment; Since March 2014

QUALIFICATIONS AND EXPERIENCE

- Immense experience of over 49 years in business, investment and insurance sector.
- Served on the board of various companies in Bahrain including Bahrain Kuwait Insurance Company (BSC), BMMI, National Motors, Bahrain Flour Mills and Seef Properties (BSC).
- Studied Commerce at the University of Cairo.

OTHER APPOINTMENTS

- Chairman of Bahrain Commercial Facilities Company (BSC) and Yusif bin Yusif Fakhro Group of Companies.
- Board member of Bahrain Telecommunications Company and the SIO, Innovest (BSC) and American Mission Hospital of Bahrain.

BOARD COMMITTEES

Member, Remuneration, Nomination and Governance Committee



NON-EXECUTIVE DIRECTOR
ABDULLA AHMED

Nationality: Maldivian

Appointment; Since January 2014

QUALIFICATIONS AND EXPERIENCE

- Over 12 years of professional experience in the corporate sector.
- Joined Maldives Industrial Fisheries Company (Mifco) in 2003, and held various managerial positions including the Chief Financial Officer position.
- Briefly worked in Koodoo Fisheries Maldives Ltd as the Director Finance and Procurement where he led the company's finance, procurement and business development functions.
- An ACCA fellow since 2011, and holds a Bachelor's Degree in Applied Accounting from the Oxford Brookes University, UK.

OTHER APPOINTMENTS

- Deputy Chief Executive Officer of Mifco since December 2014.
- Board member of Mifco, and Marine Maldives Products Pvt Ltd (a joint venture company of Mifco).

BOARD COMMITTEES

Member, Audit Committee



NON-EXECUTIVE DIRECTOR
IHAB HINNAWI

Nationality: Jordanian
Appointment: Since June 2013

QUALIFICATIONS AND EXPERIENCE

- Over 25 years of extensive managerial & operational experience to lead industry pioneering operations.
- Prior to assuming his role at Umniah, joined Batelco Bahrain in 2009 as General Manager of the Enterprise Division, Chief Executive Officer of Batelco Jordan in 2007.
- Helped establish Umniah in 2004 as a key member of its initial management team, and continued to work at Umniah as its Operations Director until 2007.
- Holds a BA in Business Administration.

OTHER APPOINTMENTS

- Acting Chief Executive Officer of Batelco Group and the Chief Executive Officer of Umniah, Jordan since 2009.
- Board member of Batelco-Jordan, CWC South Atlantic Limited (South Atlantic & Diego Garcia), CWC South Diego Garcia Limited (South Atlantic & Diego Garcia), and the Vice Chairman of Int@j, (Jordan), and a Board member of Endeavor Jordan.
- Board member of Jordan Strategy Forum (JSF).

BOARD COMMITTEES

Chairperson, Audit Committee



NON-EXECUTIVE DIRECTOR **IMRAN ALI**

Nationality: Maldivian

Appointment: Since May 2014

QUALIFICATIONS AND EXPERIENCE

- Over 11 years of industry experience in the private sector in areas of tourism and real estate development.
- Served the Board of Reethi Rah Resort, Maldives.
- Was a shareholder and Director of Mahogany Pvt Ltd, which operates Reethi Beach Resort, and a shareholder and Director of Blue Dot Pvt Ltd, a spa management company operating spas in four resorts in Maldives and Sri Lanka.
- Holds a Bachelor's degree in Economics from the University College London, UK and an MBA from Manchester Metropolitan University, UK.

OTHER APPOINTMENTS

- Majority shareholder, Chairman and CEO of Dhonkeyo Group of companies, a group engaged in developing tourist resort islands and commercial buildings in the Maldives.

BOARD COMMITTEES

Member, Audit Committee
Member, Remuneration, Nomination & Governance Committee

Riluwan Shareef chaired the Board from January 2014 to February 2015.

Murad Ali Murad resigned from the Board in March 2014.

Ibrahim Shareef Mohamed was the Independent Director of the Board until May 2014.

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EXECUTIVE MANAGEMENT

DHIVEHI RAAJJEYGE GULHUN PLC
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**CHIEF EXECUTIVE
OFFICER & MANAGING
DIRECTOR**

ISMAIL WAHEED

TENURE IN CURRENT
POSITION: 6 years

JOINED DHIRAAGU:
1988

EXPERIENCE & EXPERTISE

Immense managerial and technical expertise in the telecoms industry.

Executive Director of Dhiraagu Board since 2007.

Among the first employees of Dhiraagu, having joined Cable and Wireless Maldives prior to the formation of Dhiraagu.

Continuing to serve Dhiraagu for 26 years, and key positions held includes Head of Networks, Head of Marketing & Head of Customer Services. Key career highlights are:

- Led the initial design, build & operation of the 1st telecommunications backbone network & subsequent introduction of multiple technologies to provide fixed line, mobile and Internet service.
- Successfully led Dhiraagu through the transition and transformation of the Company from a monopoly into a competitive environment.
- Led the IPO process & listed Dhiraagu in Maldives Stock Exchange.

Holds a BSC in Telecommunications Systems Management & Design from Anglia Polytechnic University (UK).

RESPONSIBILITIES

Work closely with the Board of Directors in setting the strategic direction and objectives of Dhiraagu and has the overall responsibility to effectively implement those strategies and achieve the objectives efficiently.



**CHIEF EXECUTIVE
ISMAIL RASHEED**

TENURE IN CURRENT
POSITION: 8 years

JOINED DHIRAAGU:
1988

EXPERIENCE & EXPERTISE

A qualified chartered engineer with several years technical and management experience in the telecom industry.

Among the first employees of Dhiraagu.

Key positions held includes Director of Networks, Manager Networks Planning and Projects, and Engineer Switching. Key career highlights are:

- Successfully led key projects including network roll-out program to provide telephone service across the country, introduction of GSM/3G mobile service, International Submarine Cable to Sri Lanka, and the Domestic Submarine Cable Network across the country.
- Managed telecommunication networks using multiple technologies to provide fixed line, mobile, internet and enterprise services.
- Experience in managing senior management teams, technical and business operations.
- Assisted MD/CEO in leading change management programs and IPO process.

Holds an MBA from University of Reading (UK) & a BSC in Telecommunications Systems Management & Design from Anglia Polytechnic University (UK), and is a member of the Institute of Engineering and Technology (UK).

RESPONSIBILITIES

Oversee key business functions including customer services, sales, marketing, legal and regulatory. And assist and deputise for the CEO/MD in ensuring overall efficiency and effectiveness of the operational aspects of Dhiraagu.



**CHIEF FINANCIAL
OFFICER**

ROBIN WALL

TENURE IN CURRENT
POSITION: 2 months

JOINED DHIRAAGU:
2011

EXPERIENCE & EXPERTISE

Qualified Chartered Management Accountant with 10 years of financial & operational expertise in the telecommunications industry.

Lastly served as the acting Chief Financial Officer of Dhiraagu from Aug 2014 to Feb 2015, after serving as the Financial Controller.

International experience working within the Cable and Wireless Group of Companies as Financial Controller and Financial Analyst.

Holds a BSc in Management Studies from the University of Brunel (UK).

RESPONSIBILITIES

Lead the finance function of Dhiraagu, ensuring that adequate and proper controls are in place; effective and efficient management of cash flows; timely and accurate preparation & presentation of management and financial reports. Also responsible for financial & budgetary planning and providing support and advice to the Board and the CEO on financial matters.

** Avnish Jindal served as the Chief Financial Officer until 31st July 2014.*



**DIRECTOR,
INTERNATIONAL,
LEGAL AND
REGULATORY**

ATHIFA ALI

TENURE IN CURRENT
POSITION: 12 years

JOINED DHIRAAGU:
1988

EXPERIENCE & EXPERTISE

Qualified Chartered Management Accountant with 26 years of expertise in finance & telecommunication sector.

Among the first employees of Dhiraagu.

Appointed Director, International, Legal and Regulatory in 2003, after years of service within the Finance Department, lastly as the Financial Controller.

Currently serving as the Chairperson of the Board of Maldives Pension Administration Office.

Holds an MBA from the University of Bradford, (UK).

RESPONSIBILITIES

Oversee the legal & regulatory functions of Dhiraagu. Also responsible for domestic and international carrier service.



**DIRECTOR, MARKETING
AHMED MAUMOON**

TENURE IN CURRENT
POSITION: 6 years

JOINED DHIRAAGU:
1990

EXPERIENCE & EXPERTISE

Qualified engineer with over 25 years of experience in the telecommunications sector.

Appointed as Director of Marketing in 2009.

Key positions within Dhiraagu includes Manager Marketing Division (2006-2009), Manager Mobile Networks (2003-2006) and Manager of Transmission and Earth Station (1999-2000).

Holds a Bachelor's degree in Engineering Telecommunications Systems from Coventry University, UK.

RESPONSIBILITIES

Lead the marketing and public relations team of Dhiraagu, and oversees brand promotion activities, developing and maintaining attractive and competitive range of products and services to address varying needs of customers. Also leads the Corporate Social Responsibility activities of Dhiraagu.



DIRECTOR, CUSTOMER SOLUTIONS
MUSTHAG AHMED DIDI

TENURE IN CURRENT POSITION: 6 years

JOINED DHIRAAGU: 1994

EXPERIENCE & EXPERTISE

IT specialist with over 21 years of experience in the telecommunications industry.

Director, Customer Solutions since 2009.

Key positions includes Manager Data and IP solutions (2004-2009) and Manager Information Systems (1996-2009).

Holds a Bachelor's degree in Microelectronics & Computing, University College of Wales, UK.

RESPONSIBILITIES

Design and deliver customized solutions to large corporate customers, public sector organizations and SMEs. Also has the overall responsibility for installation and maintenance of Broadband Internet services as well as design and management of fixed cable network systems. health and safety hazards through preventive measures and improvement plans



DIRECTOR, NETWORKS
MOHAMED MUSAD

TENURE IN CURRENT POSITION: 2 years

JOINED DHIRAAGU: 1995

EXPERIENCE & EXPERTISE

Chartered engineer with 20 years of experience in the telecommunications industry.

Progressed within Dhiraagu and was appointed Director of Networks in 2013.

Key career positions includes Manager Mobile Networks and Manager Core Networks, Dhiraagu.

Holds a Bachelor's degree in Mobile Telecommunications Technology from the University of Hull, UK.

RESPONSIBILITIES

Design and delivery of key projects and monitor daily operations to ensure high levels of network quality of service to Dhiraagu customers through optimization of existing technologies and by keeping par with the latest technological developments in the market.



**DIRECTOR, CUSTOMER
SERVICES & SALES**
ALI RIYAZ

TENURE IN CURRENT
POSITION: 11 years

JOINED DHIRAAGU:
1999

EXPERIENCE & EXPERTISE

Widespread knowledge with over 20 years of industry experience in cross functional areas of business and management.

Held key positions within Dhiraagu including Head of Administration and Human Resources (1999 – 2004).

Served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd for 3 years.

Manager Human Resources at Maldives Inflight Catering for 6 years.

RESPONSIBILITIES

Lead the Sales and Customer Service function of Dhiraagu ensuring sales targets are met and high quality of customer services are delivered. Also responsible for overall management of Dhiraagu regional centres around the country.



**DIRECTOR, PROPERTY,
PROCUREMENT &
ADMINISTRATION**
**MOHAMED HAZMATH
ABDULLA**

TENURE IN CURRENT
POSITION: 6 years

JOINED DHIRAAGU:
2004

EXPERIENCE & EXPERTISE

Over 20 years of operational and managerial experience in both the public and private sector.

Served the Ministry of Finance and Treasury from 1995–2004 in various positions including Assistant Director of the Department of Inland Revenue.

Holds a Masters in Economics in Public Policy and Taxation from the Yokohama National University, Japan, and a Bachelor's degree in Business Administration from Hawaii Pacific University.

RESPONSIBILITIES

Responsible to manage the Company's properties and oversee the procurement and administration functions, ensuring safety and security of all properties, and efficient, cost effective delivery of all administrative and procurement services.



**DIRECTOR, HUMAN
RESOURCES**

AHMED MOHAMED DIDI

TENURE IN CURRENT
POSITION: 4 years

JOINED DHIRAAGU:
2009

EXPERIENCE & EXPERTISE

HR & finance specialist with over 15 years of industry and public sector experience.

10 year of service in the public sector in various finance and Human Resource functions, lastly serving as a head of HR function at the Presidents Palace.

Joined Dhiraagu as the Manager of Billing and Credit Control before taking on the current position.

Holds an MBA from Maquarie Graduate School of Management, Australia, and a Bachelor of Business & Commerce (specializing in Accounting and Finance) from Monash University, Australia.

RESPONSIBILITIES

Lead the HR function of Dhiraagu delivering the HR strategies to achieve high levels of colleague engagement and continuous performance improvement. Also responsible for the health and safety function.



**DIRECTOR,
INFORMATION
SYSTEMS**

SHARAD BRADOO

TENURE IN CURRENT
POSITION: 2 years

JOINED DHIRAAGU:
2012

EXPERIENCE & EXPERTISE

Skilled IT professional with over 16 years of experience in the telecommunications industry.

Joined as Director, Information Systems in 2012.

Career highlights includes, Head of IT, Bharti Airtel, India (2005 - 2012), Manager, ICL at IDEA Cellular Ltd, India (2004-2005), Manager IT at ESCOTEL Mobile Communication Ltd Haryana (2000 - 2004).

Holds a Post Graduate Diploma in Business Administration (Operations Management), Pune, India, and a Bachelor of Science, from Agra University, India.

RESPONSIBILITIES

Lead the IT support function, Information Systems Security, and Billing and Information systems. Also responsible for internal IT infrastructure and hardware to ensure efficient and effective operations of all other functions across the business.

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KEY PRIORITIES DURING
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KEY PRIORITIES DURING THE YEAR

ESTABLISHING SUPERIOR QUALITY OF SERVICE

During the year we focused on upgrading and enhancing the mobile network quality to provide our customers a superior level of coverage, data speeds and quality of service (QoS). We successfully implemented the widest 4G/LTE network in the country, covering greater Male and 4 of the most populated inhabited islands. These investments transformed our network and has brought significant enhancements to customer experience. We closed the year with more investments on the way to help improve coverage in densely populated areas.

in additional islands, rollout of 4G services and the high penetration of smart phones and devices in the market has supported the increased mobile data penetration.

IMPROVING AND OFFERING SUPERIOR CUSTOMER SERVICE

Improving customer service remains our top priority. Throughout 2014 we conducted independent market research programs, regular customer surveys and used our Customer Service Centre and Contact Centre to understand our customers better. We also launched a number of enhanced packages in the fixed broadband and mobile data plans.

GROWING ENTERPRISE AND BROADBAND MARKET

The enterprise and broadband market witnessed continued growth in data usage and revenue. Expansion of backhaul capacity and enhancements brought to our product and services portfolio helped to deliver required capacities and speeds to the enterprise segment. The introduction of higher speeds plans has driven strong revenue in the fixed broadband segment. Introduction of new postpaid plans inclusive of data bundles, supplemented by the improved mobile network speeds helped to maintain growth in mobile data users and revenue. Further expansion of 3G services

To ensure an enhanced service provision from the Customer Contact Centre, a new and state of art Interactive Voice Response (IVR) system was implemented in 2014 to interact better with our customers. We also improved benefits for our postpaid customers and our prepaid reward scheme gained a stronger acceptance from our customers.

As part of our strategy to improve customer service and introduce personalized service, we introduced multiple channels for customers to engage with Dhiraagu. Customers using our online services can now pay their bills, reload prepaid accounts, apply for new services and upgrade plans.

DRIVING OPERATIONAL EFFICIENCIES

Driving operation efficiencies is also an integral part of our strategy. In 2014 we continued efforts to ensure that internal business processes are simple, efficient and are cost competitive. Throughout the year strong emphasis was given on transforming our business processes and managing costs efficiently, and benchmarking and collaborating closely with the Batelco Group to drive value from Group synergies.

BUILDING AND RETAINING COMPETENT AND ENGAGED EMPLOYEES

We believe that building and retaining a competent and engaged team is essential, and that it contributes significantly to the continued success of Dhiraagu. We conducted training and development programs focused on Customer Services, Sales and Supervisory skills to ensure that our team of committed colleagues are not only highly skilled in handling the latest technologies, but also are competent in behavioural skills.

Colleague engagement and social activities organized by Dhiraagu recreation club (e-club) in collaboration with the Human Resources Department played a key role in enhancing the strong bond within the team and in further strengthening colleague engagement.

FINANCIAL PERFORMANCE

We are pleased to have achieved an improved financial performance in 2014 compared to the previous two years, on the back of customer oriented products and services, supported through focused investment in new technology and improved network coverage and QoS. We grew our top-line boosted by customer demand for high speed data and innovative technology and services and maintained a close watch on our costs enabling us to improve our EBITDA and profitability, returning value to our shareholders.

KEY HIGHLIGHTS OF FINANCIAL PERFORMANCE

	12 months ending 31/12/2014	9 months ending 31/12/2013 (Annualized) ¹
REVENUE (MVR MILLIONS)	2,118	2,073
OPERATING COSTS (MVR MILLIONS)	928	946
EBITDA ² (MVR MILLIONS)	1,190	1,126
EBITDA MARGIN ³ (%)	56.2	54.3
PROFIT AFTER TAX (MVR MILLIONS)	701	642
BASIC EARNINGS PER SHARE (MVR)	9.23	8.46
FREE CASH FLOW ⁴ (MVR MILLIONS)	798	718
NET ASSETS ⁵ (MVR MILLIONS)	2,481	2,554
RETURN ON CAPITAL EMPLOYED (%)	31.4	28.0

¹ Annualized figures for the 9 month ending 31 December 2013 are calculated using 31 December 2013 reported figures (275 days) multiplied by 365 / 275, based on the number of days in each period. These figures are used to offer a like for like comparison with the previous financial year.

² EBITDA is calculated as Revenue less Operating Costs before Interest, Tax, Depreciation and Amortization

³ EBITDA Margin is calculated as EBITDA/revenue.

⁴ Free Cash Flow is the cash flow from operating activities less capital expenditure

⁵ Net Assets are actuals as at the statutory year end in 2014 and 2013.

REVENUE

MVR 2,118M
[+2.2%]

Revenue increased by MVR 45m in 2014 largely contributed by the increasing popularity of non-voice products. New services including 4G/LTE, VDSL and data add-ons helped improve the experience for our customers, harnessing the growing appetite for high bandwidth and rich content services.

EBITDA

MVR 1,190M
[+5.7%]

Despite increased pressure, initiatives were introduced to manage and optimize costs resulting in a 2% reduction in operating costs for 2014. The reported EBITDA of MVR 1,190m was an increase of MVR 64m or 5.7% over 2013. EBITDA margin of 56.2% was achieved for the year representing an increase of 1.9% over the prior year.

PROFIT AFTER TAX (PAT)

MVR 701M
[+9.2%]

Profit increased by MVR 59m or 9.2% compared to 2013 mainly resulting from higher revenue and lower operating costs.

EARNINGS PER SHARE

MVR 9.23
[+9.1%]

The increased profitability in 2014 resulted in a 9.1% increase in EPS over the previous year, showing a constant growth in our EPS.

ASSETS

MVR 3,197M
[+1%]

At the end of 2014, Dhiraagu's total asset base stood at MVR 3.2bn and net assets were MVR 2.5bn. The Return on Capital Employed (ROCE) for 2014 increased to 31.4% versus 28.0% in 2013.

Total capital investment in 2014 was MVR 226m with significant expenditure on mobile network, including the launch of our state of the art 4G/LTE network, and continued investment in our 3G network across the country.

FREE CASH FLOW

MVR 798M
[+11.1%]

Free Cash flow of MVR 798m was an 11.1% increase from 2013 resulting from higher earnings and efficient working capital management.

DIVIDEND PAYOUT

MVR 777M

During the year 2014 MVR 777m was paid out as dividends. This represents MVR 435m paid in May 2014 as final dividend for the year 2013, and MVR 342m paid in August 2014 as the interim dividend for 2014.

DHIRAAGU SHARES

Creating sustainable shareholder value is a key focus of Dhiraagu, and this has been demonstrated by the healthy returns we continue to provide to our shareholders.

Since being listed on the Maldives Stock Exchange in January 2012, Dhiraagu has returned a cumulative dividend of MVR 1.8 bn⁶, to shareholders and has consistently paid over 90% of the Company's Profit After Tax (PAT) as dividends.

The current dividend policy assures that a minimum of 50% of PAT will be returned to shareholders, and dividend is declared/or proposed by the Board based on the available cash after meeting capital expenditure and other business requirements for future growth.

KEY TRADING HIGHLIGHTS AND SHARE PERFORMANCE RATIOS

	2014	2013 ⁷
TRADING DETAILS		
LAST TRADED PRICE (MVR)	70.00	60.00
HIGHEST TRADED PRICE (MVR)	89.00	91.00
LOWEST TRADED PRICE (MVR)	65.00	60.00
WEIGHTED AVERAGE TRADED PRICE (MVR)	79.98	77.74
NO OF SHARES TRADES	1,567,208	3,155
NO OF TRADES	33	29
MARKET CAPITALIZATION (MVR BN)	5.32	4.56

⁶ The calculation based on all dividends declared and paid after January 2012. The calculation excludes the interim dividend paid for the year 2011/2012 and the final dividend proposed for the year 2014.

⁷ For the period 1 April 2013 to 31 December 2013 for share trading details. For share performance information in 2013, are based on annualized figures for the 9 month ending 31 December 2013, except otherwise stated.

SHARE PERFORMANCE

EPS (MVR)	9.23	8.46
P/E RATIO	7.58	7.09
DIVIDEND PER SHARE (MVR)	9.22	7.61
NET ASSET PER SHARE (MVR)	32.69	33.67
DIVIDEND PAYOUT RATIO (ACTUAL)	100%	90%
DIVIDEND YIELD	13.2%	12.7%

LEGAL AND REGULATORY DEVELOPMENTS

In 2014 new regulatory mandates were announced for the telecommunications sector. As a company we ensured that we met all our regulatory requirements without interrupting any of our service provisions, and this was achieved through effective communication and dialogue with all the key stakeholders including our Regulators and customers.

INTRODUCTION OF 6% GST ON TELECOMS GOODS AND SERVICES

In February 2014, the Goods and Services Tax Act was amended requiring telecommunications service providers to charge GST on all goods and services they supply from 1 May 2014 onwards.

To ensure compliance by 1 May, we worked closely with MIRA and other stakeholders to formulate the amendments to the regulations and were granted an exemption to have telecoms services displayed exclusive of GST due to system limitations in implementing GST inclusive pricing by 1 May. A plan was developed and implemented to facilitate a smooth transition and to ensure that our customers are informed about it.

Under the policy, 40 islands were assigned to Dhiragu, and by the end of the year 3G services were introduced to 16 out of the 40 islands. 3G roll out to the remaining 24 islands will be completed by July 2015.

MOBILE NUMBER PORTABILITY TO BE INTRODUCED BY AUGUST 2015

In February 2014, the Government also announced its intention to introduce Mobile Number Portability (MNP) during 2015.

Dhiragu commenced work to provide MNP and are engaging with all stakeholders to finalize and complete the key work streams.

NATIONAL BROADBAND POLICY

The Ministry of Transport and Communications announced the National Broadband Policy in February 2014. The policy mandates all telecoms operators to share the task of rolling out basic broadband services to all inhabited islands by August 2015.

HUMAN RESOURCES

Our team of capable, dedicated and loyal colleagues remained one of the most important and a distinctive strength of the business. As one of the leading organizations in the country, we are proud to maintain an employment ratio of 99% Maldivians, indicating our continued efforts to employ and develop local talent.

STAFF TRAINING AND DEVELOPMENT

52 formal training/development programs were conducted during the year 2014 offering over 750 training slots to our colleagues. These programs focused on further development of technical, managerial and various other skills and competencies including Customer Service and People skills, which enables us to further improve our interactions with customers.

HEALTH AND SAFETY AT WORK

Health and safety of our colleagues also remained a top priority during 2014 as well. Specific trainings on health and safety aspects such as basic firefighting, climbing and working at heights and electrical safety trainings were provided to relevant staff in addition to the normal training and development programs conducted during the year. We are grateful that there were no major accidents or incidents during the year that resulted in any work related injuries or lost hours.

STAFF ENGAGEMENT ACTIVITIES AND SOCIAL ACTIVITIES

As part of our strategic initiatives to foster employee engagement, in 2014 we conducted numerous staff engagement/

social activities amongst staff through our employees club "Eclub" which most of the staff participated and actively involved. In addition to the interdepartmental events, our teams participated in national level events and performed extremely well, most particularly winning the Table Tennis Championship. All the activities were designed to enhance our employees' sense of well-being and drive motivation and commitment to organizational goals and values, thereby contributing to the organization's success.

Similar to previous years, Dhiraagu Annual Award Function was held in 2014, with Special Merit Awards, Divisional Merit Awards, Innovation Awards, Long Service Awards and the Chairperson's award to recognize the contributions of long-serving colleagues and the efforts of high performers and key contributors to the success of the Company. The Innovation Award continues to play a key role in encouraging innovative solutions for customers and to address technological and process challenges faced by the Company.

Additional shares were vested and transferred to colleagues during the year 2014 under the Dhiraagu Colleague Share Plan whilst over 600 staff benefited from the Scheme during the year in terms of dividends.

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility strategy (CSR) is based on responsibly grounded business decision-making that considers the broad impact of corporate actions on our people, communities and the environment. It is based on the idea that CSR is an integrated part of core business processes including, HR, Marketing, Procurement, Networks, etc.

Key highlights during the year 2014 are provided as follows, which falls under the three pillars; caring for our people, our community and our environment.

CARING FOR OUR PEOPLE

We believe in conduct of our affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. A “Whistle blowing and Fraud Reporting Policy” was issued during 2014 to protect our employees who wish to raise concerns about irregularities within the company and to provide a mechanism for employees and other stakeholders to report their concerns.

We further strengthened internal efforts to protect our employees by establishing a committee to prevent Sexual Harassment at the workplace. The committee is responsible for increasing awareness to prevent sexual harassment, conduct investigations regarding any complaints and take necessary actions.

CARING FOR OUR COMMUNITY

EMPOWER AND GROW

The Dhiraagu Apprenticeship Programme, is an educational and training program for Maldivian youth, designed to enhance the skills and knowledge needed for

different work disciplines. We selected 12 new apprentices for the 2014 intake of the Dhiraagu Apprenticeship Programme. 98 apprentices had participated in the programme since its inception in 2009 and 2014 marked the 6th consecutive year for the programme.

CARE FOR CHILDREN

Dhiraagu Maldives Road Race 2014 was dedicated to help protect children. It is the largest run in the Maldives and the platform was opened to all interested NGOs in the country working in the area of child protection. The race acted as a key platform for the NGOs to create awareness and enabled the NGOs to raise over MVR 240,000. With 3,000 registered participants, it remains as the largest run in the Maldives and this was the 8th consecutive year of the event.

Dhiraagu Special Sports Festival provides opportunities for children with various disabilities to participate in sports activities and creates a platform for collaboration among various institutions. This is an annual event organized and driven by Dhiraagu in association with various NGOs and institutions. 200 children participated in the event we had in 2014.

Volunteered by a group of Dhiraagu employees, around 50 children from the orphanage of Kuda Kudhinge Hiya were taken to the Magic Circus of Samoa. This initiative ensured that the children of the orphanage were given a great opportunity to have a joyful evening whilst enabling Dhiraagu employees to take part in a benevolent activity.

In 2014 we renewed our commitment to extend support to Kuda Kudhinge Hiya orphanage by sponsoring three teachers at the orphanage. We also continued to support the orphanage by providing free internet with parental control service since 2008. The company also continued to support the national Child Helpline 1412, a service dedicated to receive reports on child abuse cases, by enabling free calls from anywhere in the country.

SUPPORT THE VULNERABLE

We care about the well-being of the community and for the vulnerable in our society. Dhiraagu contributed MVR 200,000 worth of medical and physiotherapy equipment along with communication facilities to the Home for People with Special Needs at K. Guraidhoo. The initiative was based on a needs assessment conducted for the Home and the contribution was made at a special event actively participated by the Dhiraagu management and staff.

Dhiraagu collaborated with the Cancer Society of Maldives and created an SMS quiz to promote breast cancer awareness among the community.

DISASTER RELIEF

An important highlight during the year was Dhiraagu's role in the relief efforts during the unfortunate water crisis that affected

the city of Male'. A team of Dhiraagu volunteers joined the national disaster management team and set up a water distribution point near its Customer Service Centre to help distribute water to the public. Dhiraagu also hired lorries to assist MNDF in the transportation and distribution of water. Additionally, the company assisted the Maldives Autism Association in the delivery of water to the homes of children with special needs. Dhiraagu also collaborated with Kickstart to provide free SMS updates regarding water point locations and other helpful information to the public.

CARING FOR OUR ENVIRONMENT

REDUCE AND RECYCLE

Dhiraagu remains as one of the highest users of renewable energy throughout the Maldives.

During 2014, we switched to paperless billing and stopped sending paper bills to all our residential customers. A campaign was carried out to encourage customers to adopt online services, promoting it as a more convenient way for customers to pay their bills. This green initiative is part of the Company's ongoing support for environmental sustainability whilst reducing operational costs.

Dhiraagu supported the campaign, "It's cool at 25!" by the Ministry of Environment and Energy. The company signed an MOU and committed to a year-long awareness programme to promote energy conservation across the Company.

08



DHIVEHI RAAJJEYGE GULHUN PLC
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DIRECTORS' CORPORATE GOVERNANCE REPORT

OVERVIEW

Dhiraagu places strong emphasis on doing business fairly, ethically and sustainably, and the Board strives to promote and establish effective governance mechanisms which will help foster the trust of our shareholders and stakeholders.

Our corporate governance principles are set out in the Company's Corporate Governance (CG) Code, which was designed to align with the local legal and regulatory framework as well as the Batelco corporate governance framework.

The Remuneration, Nomination and Governance (RNG) Committee of the Board is responsible to review the CG Code of Dhiraagu.

The Dhiraagu Board and executive management undertook measures to ensure that for the year ended 31 December 2014 and up to the date of publication of the annual report, Dhiraagu was compliant with the compulsory provisions of Capital Market Development Authority's (CMDA) CG Code. Explanations are provided for variations, if any.

The Dhiraagu CG Code approved by the Board is uploaded on our website and can be downloaded from <http://www.dhiraagu.com.mv/investor/>.

DHIRAAGU SHAREHOLDERS

LISTING INFORMATION

Dhiraagu was listed on the Maldives Stock Exchange on the 19th of January 2012.

SHAREHOLDING STRUCTURE

Dhiraagu's shareholding structure as at 31st December 2014 was as follows:

SHAREHOLDING	%	NUMBER OF SHARES	SHARE CAPITAL (MVR)
BTC ISLANDS LIMITED (BATELCO)	52.0%	39,520,000	98,800,000
GOVERNMENT OF MALDIVES	41.8%	31,770,150	79,425,375
PUBLIC	6.2%	4,709,850	11,774,626
TOTAL	100%	76,000,000	190,000,000

BTC Islands Limited ("Batelco") is a subsidiary of Batelco Group and holds 52% majority of Dhiraagu. The Batelco Group, listed on the Bahrain Bourse {Bahrain Telecommunications Company BSC (BATELCO)}, operates across 14 markets in the Middle East North Africa region and internationally. The Batelco Group serves the consumer, corporate and wholesale markets in Bahrain and also delivers cutting-edge fixed and wireless telecommunications services to its customers in Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island, and Falkland Islands.

The Government of Maldives holds 41.8% of Dhiraagu shares, and 6.2% are held by the general public.

As at 31st December 2014, the two substantial shareholders were Batelco Group and the Government of Maldives. There were no other individual or institutional shareholders holding more than 5% of Dhiraagu shares.

DIRECTORS' SHAREHOLDING

Directors with Dhiraagu shares and the number of shares held as at 31st December 2014 are:

DIRECTOR	NO OF SHARES HELD
IMRAN ALI	15,000
ISMAIL WAHEED	1,510
ABDULLA AHMED	150
RILUWAN SHAREEF	11
IBRAHIM SHAREEF MOHAMED	5

5 LARGEST SHAREHOLDERS

The Top 5 holders of Dhiraagu shares at the end of 2014 are given below. These shareholders together holds 97.8% (74,353,540 shares) of the 76,000,000 shares.

SHAREHOLDER NAME	NO OF SHARES	% OF ISSUED SHARE CAPITAL
BTC ISLANDS LIMITED	39,520,000	52.00%
GOVERNMENT OF MALDIVES	31,770,150	41.80%
MALDIVES PENSION ADMINISTRATION OFFICE	2,813,390	3.70%
CHAMPA BROTHERS MALDIVES PVT LTD	125,000	0.16%
ALLIED INSURANCE COMPANY OF THE MALDIVES LTD	125,000	0.16%

INVESTOR RELATIONS & SHAREHOLDER COMMUNICATIONS

Dhiraagu strives to provide clear, accurate and timely information to our shareholders, and uses different mechanisms to ensure information are communicated in a transparent and non-discriminatory manner.

DHIRAAGU WEBSITE – INVESTOR RELATIONS (IR) SECTION

The investor relations section of our website is updated on a timely basis and contains all key information on Dhiraagu together with the financial reports, public announcements and details of shareholder meetings, allowing investors to be kept abreast of the business and its performance.

QUARTERLY REPORTS

Dhiraagu publishes performance reports on a quarterly basis within 30 days of each quarter end. Quarterly reports highlights the quarterly financial performance, key products and services, Board activities and share trading activities. Quarterly reports are submitted to CMDA, Maldives Stock Exchange and the Privatization and Corporatization Board (PCB) and uploaded in the IR section of the website.

ANNUAL REPORTS AND FINANCIAL STATEMENTS

Dhiraagu maintains all recent annual reports and financial statements on the IR section of our website at all times

ensuring all material facts are available to shareholders prior to any votes.

ANNUAL GENERAL MEETING (AGM)

The AGM is the principal platform where we interact with our shareholders, and shareholder participation is encouraged. Notice of AGM is provided 14 days ahead with proxy guidelines for shareholders unable to attend in person. Draft minutes of the preceding AGM are opened for public comments prior to issuing the Notice to ensure shareholder concerns raised at AGMs are truly reflected.

AGM agenda includes a video presentation on the Company's performance during the reported year. The Chairperson, Directors and key officials are in attendance to address queries and concerns from shareholders. The External Auditor also attends to help address any queries relating to the external audit and auditors' reports. Resolutions passed at the AGM are announced and uploaded on the IR section of the website together with the minutes of the AGM approved by the shareholders.

INVESTOR RELATIONS (IR) TEAM

Dhiraagu has a committed team responding daily to enquiries from shareholders and stakeholders. Information on shareholding details and dividend history are promptly shared at shareholders requests. Dhiraagu's customer service hotlines and offices also supports the IR team by forwarding queries from shareholders to the IR team.

BOARD OF DIRECTORS

ROLE OF THE BOARD & THE CHAIRPERSON

Dhiraagu Board is responsible for establishing the Company's policies and strategies and for regularly monitoring the effectiveness of executive management in carrying out those policies and strategies.

Dhiraagu Board is headed by the Chairperson, ensures that the Board fulfills its obligations under the Company's Articles of Association and under the relevant laws and regulations, through effective leadership and guidance to the Board and the Company.

The Board delegated responsibility for day-to-day management of Dhiraagu to the Chief Executive Officer/MD.

RESPONSIBILITIES

The Board Charter was revised in 2014, and under the new Charter the responsibilities are to:

- Review and approve Dhiraagu's strategic plans, management structure, systems and controls framework and monitor the performance of executive management against it.
- Ensure processes are in place to maintain the integrity and reputation of Dhiraagu including the compliance with applicable laws, regulations, accounting/auditing principles, and internal policies governing the Company; and the integrity of Dhiraagu's relationship with our shareholders.
- Prepare and present financial statements in accordance with the International Financial Reporting Standards (IFRS).
- Provide oversight and performance evaluation of the Board.
- Succession planning of key executives.
- Assess systems of control, risk recognition and assessment to ensure business operations are measured, monitored and controlled by appropriate, effective and prudent risk management systems.
- Approve and monitor the progress of major capital expenditure, capital management, loans, and acquisitions
- Establish policies and procedures to addresses potential conflicts of interest including matters such as related party transactions, the misuse of assets belonging to Dhiraagu, and the use of privileged information for personal advantage (insider trading).
- Establish and disseminate a corporate code of conduct to all employees and appointed representatives of Dhiraagu.

COMPOSITION & MEMBERSHIP

As per Dhiraagu's Articles of Association, the Board consists of 7 Directors appointed/elected as follows.

- 4 Directors appointed by Batelco (inclusive of the Chief Executive Officer and MD).
- 2 Directors appointed by the Government of Maldives (inclusive of the Chairperson).
- 1 Director elected by the public shareholders at the Annual General Meeting.

Appointments to the Board made by the majority shareholder (Batelco Group) and the Government of Maldives are made in writing to Dhiraagu and are signed on behalf of the respective shareholder. Directors appointed by the majority shareholder and the Government of Maldives hold office until removed in writing by the respective shareholder appointing them. The Independent Director is elected by the public shareholders and holds office from the AGM in which they are elected to the following AGM, provided that such Independent Director has either not resigned or has not been removed from office during the intervening period.

Board Directors who served Dhiraagu during the year 2014, with their lengths of tenure and attendance are given below. All the Directors, except the CEO/MD, are independent and non-executive Directors.

DIRECTOR	REPRESENTATION	TENURE	ATTENDANCE
CHAIRPERSON			
Riluwan Shareef	GoM	Jan 2014 – Feb 2015	5/5
DEPUTY CHAIRPERSON			
Murad Ali Murad ⁸	Batelco Group	Jun 2013 – Mar 2014	1/1
AbdulRazaq AlQassim ⁹	Batelco Group	Jun 2013 to date	4/5
CHIEF EXECUTIVE OFFICER & MD			
Ismail Waheed	Batelco Group	May 2007 to date	5/5

⁸ Murad Ali Murad served as the Deputy Chairperson from August 2013 to March 2014.

⁹ AbdulRazaq AlQassim was appointed as the Deputy Chairperson of the Board in May 2014 following the resignation of Murad Ali Murad from Dhiraagu Board.

NON-EXECUTIVE & INDEPENDENT DIRECTORS

AbdulRahman Fakhro	Batelco Group	Mar 2014 to date	4/4
Ihab Hinnawi	Batelco Group	June 2013 to date	5/5
Abdulla Ahmed	GoM	January 2014 to date	4/4
Imran Ali ¹⁰	Public Shareholders	May 2014 to date	2/2
Ibrahim Shareef Mohamed	Public Shareholders	August 2012 to May 2014	2/3

On 17 February 2015, the Government of Maldives appointed a new Chairperson and Non-Executive Director to the Board. The current Board composition is given in page 18 to 25.

BOARD COMMITTEES

In order to assist the Board in discharging its functions effectively, the Audit Committee and the Remuneration Nomination and Governance (RNG) Committee were active during 2014.

Each committee operates in accordance with defined terms of reference approved by the Board, and the chairperson and members for each committee are appointed by the Board. The Board ensured that the committees are provided with all necessary resources to enable them to undertake their duties in an effective manner, and had access to such information and advice, both from within the Company and externally, at the Company's cost as it deems necessary.

Board committee meetings are scheduled before the Board meeting and updates from the committees are part of the regular agenda of the Board meetings. The committee chairpersons presents all key committee highlights to the Board including items requiring Board decision and approval. Details of the work carried out by the individual committees are highlighted in the respective committee reports.

¹⁰ Imran Ali was elected by the Public Shareholders at the 25th AGM held on the 8th of May 2014.

BOARD MEETINGS

The Board is scheduled to meet once every quarter. The Board may also have meetings in between to address specific or urgent matters requiring Board direction and approval. Where appropriate, the Board liaises with senior management outside meetings, and consults with external advisers.

Board agendas are set in consultation with the Chairperson (representing the Government of Maldives) and shared with the Board Directors in advance providing major shareholders opportunities to include their views on the both agenda. The Board agenda also includes a permanent item for any other business where Directors are welcome to voice any pressing issues concerns that they have on behalf of the shareholders they are representing.

A total of five meetings were held in 2014. Attendance at the Board meetings from January 2014 to December 2014 are given in page 53 to 54.

KEY BOARD DECISIONS IN 2014

- Approved capital expenditure for the implementation of LTE/4G services.
- Appointed AbdulRazaq AlQassim as the Deputy Chairperson of the Board.
- Recommended the approval of the Annual Report for the period ending 31st December 2013.
- Proposed Final Dividend of MVR 5.73 per share for the year 2013 to the shareholders.
- Proposed nominations for the position of Independent Director.
- Proposed to re-appointment of KPMG as the External Auditors for 2014.
- Approved capital expenditure for the Nationwide Broadband Rollout Project.
- Declared MVR 4.50 per ordinary share as Interim Dividend for 2014.
- Approved the 5 Year Plan for 2015 to 2019.
- Revised the Treasury Policy.
- Approved the banks and limits for the Company.
- Revised the Credit Control & Collections Policy.
- Revised the Board Charter, Board committee charters and Dhiraagu CG Code.
- Revised the Board of Directors Remuneration Policy of Dhiraagu & the Board of Directors Performance Evaluation Policy for the Company.
- Approved the Annual Operating Plan for the year 2014.
- Adopted a new Dividend Policy.
- Resolved not to declare an Interim Dividend for 2014.
- Reconstituted members to Board committees.
- Approved capital expenditure for the upgrading of 3G services.

DIRECTORS DECLARATION

GOING CONCERN

The Directors believe that the Company's healthy financial standing, and position as the market leader leaves the Company well placed to manage its business risks in the current economic conditions. After reviewing the audited financial statements for the year ended 31st December 2014, Company's strategy and five year plan, the Directors confirm that the Company has the adequate resources to continue in operation for the foreseeable future. Accordingly, Dhiraagu will continue to adopt the going concern basis in preparing the financial statements.

CONFLICTS OF INTEREST

The Board is aware of the other commitments of the Directors and Directors are required to take all necessary 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), the Company's Articles of Association, the Company's CG Code and Board Charter requires Directors to disclose any conflicts of interest and, in certain circumstances, to abstain from participating in any discussions or voting on matters in which they have a material personal interest. During the year no such issues arose, and all material related party transactions of the majority shareholders and all Directors are regularly reported and reviewed by the Board.

INTERNAL CONTROL, RISK OVERSIGHT, AND RISK MANAGEMENT

Dhiraagu faces an array of risks due to the complexity of our business and the business environment in which we operate. Risks are monitored, reported and addressed regularly throughout the year, with the Audit Committee assisting the Board in its oversight function. A 'Decision Matrix' approved by the Board is in place that sets approval limits for all business transactions and expenditures within our Company. A 'Risks Register' is maintained and reviewed by the Audit Committee. The Internal Auditor supports the Audit Committee, through an approved internal audit plan, which is monitored closely by the Audit Committee.

CODE OF CONDUCT

Dhiraagu places great emphasis on conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Dhiraagu has adopted internal policies which promotes ethical and responsible conduct. These policies provide guidance to the Directors, executive management and employees on the standards of ethical business and personal conduct required of all employees in undertaking their daily business activities.

Dhiraagu's Ethics Policy, adopted in September 2011, recognizes that Dhiraagu's success depends on the ability to establish and maintain positive relationships, both internally within employees and externally with its stakeholders. It specifies the ethical standards of behavior expected of all our employees in their interactions with each other, customers, suppliers, government, business partners and the wider community in which we operate and targets all staff to be familiar with the policy.

The Ethics Policy together with the Code of Conduct is communicated with all new employees as part of the Employee Induction Programme and is shared on the online employee portal for further reference.

ANTI-CORRUPTION

Dhiraagu has a zero tolerance to bribery and corruption. The Anti-Bribery policy emphasizes the principles that employees need to follow to ensure they show integrity, honesty and remain trustworthy in all dealings. Dhiraagu refrains from making any political contributions either directly or indirectly to political parties, causes or individuals.

From 2013 onwards, key suppliers and vendors are required to sign the Supplier Code of Conduct when entering into a contract with us. This Code of Conduct addresses the commitment to comply with applicable laws and regulations concerning bribery, corruption, fraud, and any other prohibited business practices.

A Donations and Sponsorships Policy is also in place establishing a clear and transparent framework for all donations and sponsorships made by the Company. It complements the Anti-Bribery Policy in working against corruption

by implementing good governance and establishing a formal application, assessment, approval, notification and reporting process in accordance to the policy.

SYSTEM TO RAISE CONCERNS

A number of steps were taken during the year to strengthen the Human Resource governance structures within Dhiraagu. Formalization and communication of Fraud Reporting and Whistle Blowing Policy & Procedure, and the establishment of a Committee to prevent sexual harassment were among some of the key initiatives completed during the year raising confidence of our colleagues and other stakeholders in our systems and processes.

LEGAL AND REGULATORY COMPLIANCE

We have conducted our business in compliance with the legal and regulatory obligations under the Maldives Company's Act (Law No. 10/96), the Maldives Telecommunications Regulation 2003, the Securities Act (Law No. 2/2006), obligations under our operational licenses, the Maldives Stock Exchange Listing Rules and the CMDA's CG Code. With appropriate controls and governance procedures in place, the Company continues to comply with relevant laws, regulations and industry codes.

AUDITORS

The Audit Committee reviews the appointment of the External Auditor, as well as their independence and effectiveness. The Audit Committee also monitors their relationship with Dhiraagu, including the use of the External Auditors for non-audit services.

Since becoming listed on the Maldives Stock Exchange, the appointment of the External Auditor is confirmed by the shareholders at each AGM. KPMG have been the auditors of Dhiraagu for more than 10 years, and the Company has ensured that CMDA's requirements on audit partner rotation are strictly adhered to.

As required by the Company's Act and CMDA's CG Code, a formal tendering process was conducted to select an External Auditor for the financial year 2015. The Audit Committee is recommending the Board to propose the re-appointment of KPMG to carry out the statutory audit for the financial year 2015, for a maximum fee of US\$ 39,000 excluding out of pocket expenses and subject to GST of 6%.

BOARD NOMINATIONS

Pursuant to the Articles of Association, and the Corporate Governance Code of Dhiraagu, only the Directors elected by the public shareholders (excluding Batelco Group and Government of Maldives) is proposed for election at the AGM. The RNG Committee manages the nomination process, and reviews the eligibility of the candidates.

For the year 2015/2016, Imran Ali was the only eligible candidate who applied for the position. To avoid any conflicts of interest, the RNG Committee referred the matter to the Board. The Board recommends that public shareholders elect Imran Ali to hold office from 16th April 2015 until the next AGM.

26TH ANNUAL GENERAL MEETING (AGM)

The 26th AGM is scheduled to be held on Thursday, 16 April 2015 at the Hotel Jen, Male', Maldives. Details of the timings and proposed resolutions will be communicated in the Notice of AGM.

DIVIDENDS

The Board is recommending a final dividend of MVR 4.72 per ordinary share for shareholder's approval. Registered ordinary shareholders at the close of business on 9th April 2015 will be eligible for this dividend. This final dividend together with the interim dividend of MVR 4.50 paid out during 2014 makes a total dividend payment of MVR 9.22 per ordinary share for the year ended 31 December 2014.

DECLARATION OF INTEREST

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2010, the Board of Directors of Dhiraagu, affirms that:

This Annual Report 2014 has been prepared in compliance with all the reporting requirements, and in accordance with the relevant laws and regulations.

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.

There were no service contracts of the Director proposed for election at the upcoming AGM unable to be determined by the Company within one year without payment of compensation (other than any statutory compensation); and

There were no contract(s) of significance subsistence during or at the end of the accounting period in which a Board Director of the Company has a direct or indirect interest.

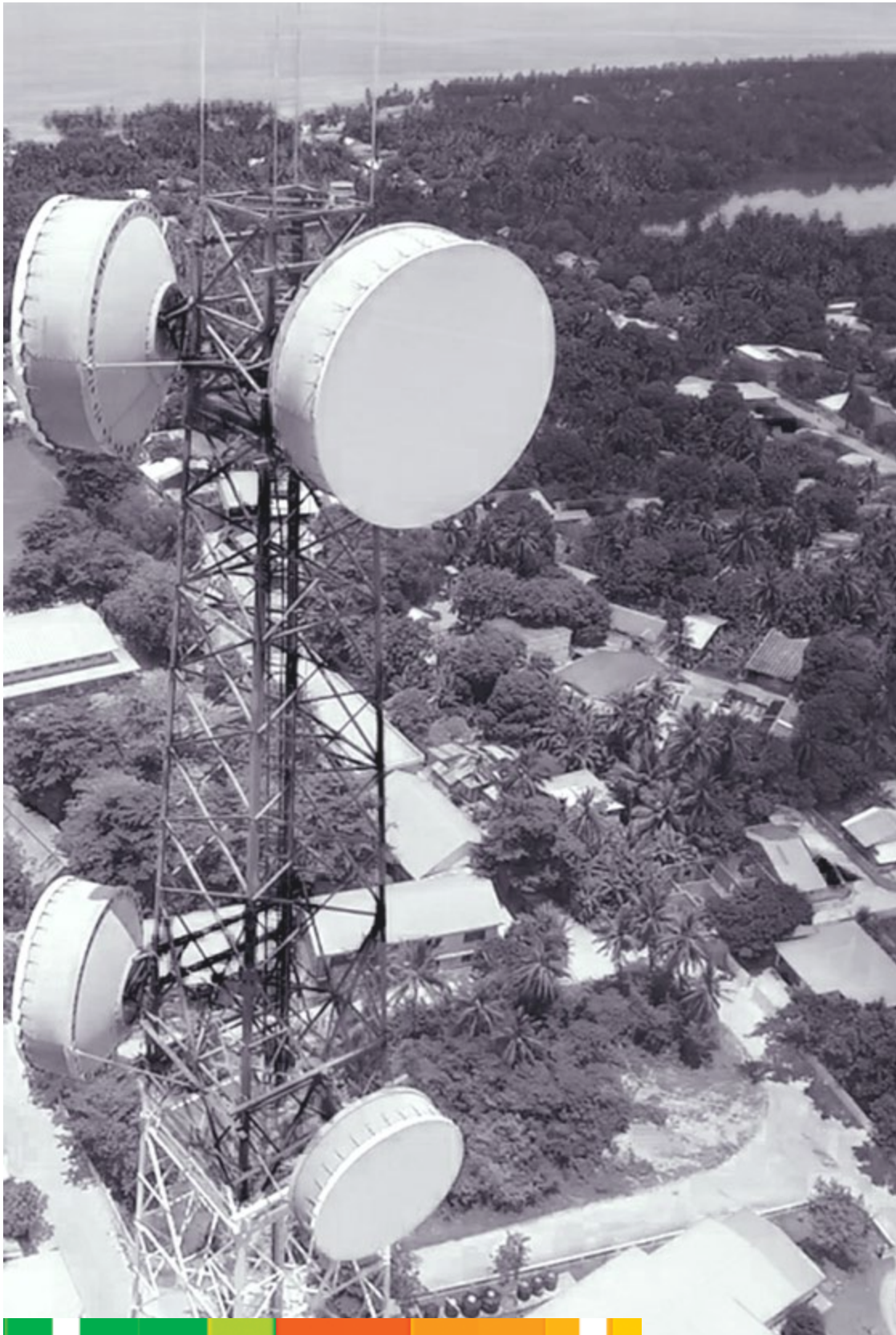
Details of material contracts for the provision of services entered into between Dhiraagu and Batelco Group and Government of Maldives are provided in Note 27 "Related Parties Transactions" of the Audited Financial Statements as at 31 December 2014.



Mohamed Ashmalee
Chairperson



Ismail Waheed
Chief Executive Officer &
Managing Director



AUDIT COMMITTEE REPORT

COMPOSITION & MEMBERSHIP

The Audit Committee consists of three Non-Executive Directors, and all the members, including the committee Chairperson were independent in 2014. All members also possess the required financial expertise and the Chairperson of the Board is not a member of the Audit Committee.

During the year 2014, four members of the Board served on the Audit Committee. Their tenure and attendance are as follows:

DIRECTOR	POSITION	TENURE	ATTENDANCE
Ihab Hinnawi	Chairperson	June 2013 to date	4/4
Abdulla Ahmed	Member	January 2014 to date	4/4
Imran Ali	Member	July 2014 to date	2/2
Ibrahim Shareef Mohamed	Member	June 2013 to May 2014	1/2

ROLES AND RESPONSIBILITIES

The Audit Committee is mandated to assist the Board in discharging its statutory obligations and oversight duties by ensuring an effective system of internal control, compliance, and accurate external financial reporting. The Audit Committee also assists the Board in overseeing, reviewing and monitoring Dhiraagu management's conduct and overall performance.

MEETINGS

As scheduled, the Audit Committee met four times during 2014. These meetings were attended by the Chief Executive Officer & Managing Director, the Chief Financial Officer, the Internal Auditor, Batelco Group's Chief Financial Officer and Batelco Group's Chief Internal Auditor. The Secretary of the Board acted as the Secretary of all the meetings.

MAIN ACTIVITIES DURING THE YEAR

- Reviewed the Audited Financial Statements for 2013, interim financial statements and quarterly reports with the management and External Auditor, and recommended for Board approval.
- Reviewed bad debt position of the Company.
- Recommended the re-appointment of KPMG as the External Auditor for 2014.
- Reviewed and approved the Internal Audit Charter and Audit Plan for 2015.
- Reviewed the results of 12 internal audits performed on the approved audit plan for 2014.
- Revised the Credit Control and Collections policy.
- Approved the procedure for exchange of foreign currency and the Fixed Asset Verification Plan.
- Reviewed the impact of legal and regulatory developments on the business.

EXTERNAL AUDIT

KPMG was confirmed as the External Auditor for the financial year 2014 at the 25th AGM. The Audit Committee reviewed the non-audit services provided by KPMG and are satisfied that the independence and objectivity of the External Auditor has not been impaired by the provision of those services. The External Auditor has also provided confirmation of their compliance with the practice note of CMDA's CG Code.

During the year, the External Auditor was invited to all the Audit Committee meetings to provide assurance and present their opinion on the financial reports.

The Committee also met the External Auditor without the management to get an independent view of the overall presence of their audit experience and opinion.

INTERNAL CONTROL

With support from the Internal Auditor and the Internal Audit Department, the Audit Committee reviewed the effectiveness of the Company's internal controls including financial, operational and compliance controls and procedures for identifying and managing risks. During the year the Internal Audit Department was strengthened with its responsibilities defined as part of the Audit Committee's

oversight function. The Internal Auditor reports directly to the Audit Committee (with a parallel, administrative reporting line to Chief Executive Officer & Managing Director for day to day matters).

The Internal Audit Department operates as an assurance service to the Board and the management by measuring and evaluating the effectiveness of risk management, control and governance processes. The Internal Audit Department is also supported by the Batelco Group Internal Audit team, and together a total of twelve audits were carried out in 2014. The Audit Committee monitored management's progress on closing the audit observations relating to internal control and risk management, and recommended revisions to applicable internal policies and procedures.

The Audit Committee also reviewed the implementation of the Whistleblowing and Fraud Reporting Policy through mandating updates on any fraudulent activities arising from the investigations. During the year no fraudulent activities were reported to the Audit Committee. The Risk Register of the Company was reviewed to ensure that the Board is updated on all key risks facing the Company. Requirement for disclosures/provisions on any material claims and litigations against the Company, was also monitored closely with support from external legal counsel and External Auditors opinions when required.

The Internal Auditor met the Audit Committee every quarter and presented updates on all internal audit activities. The Audit Committee also met with the Internal Auditor without the management to assess the independence of the internal audit activities providing further opportunities to explore and identify areas of risk. The Audit Committee is satisfied with the progress of internal audit function during the year 2014, and the adequacy of the internal control measures.

Ihab Hinnawi
Chairperson
Audit Committee

REMUNERATION NOMINATION AND GOVERNANCE COMMITTEE REPORT

COMPOSITION AND MEMBERSHIP

The Remuneration, Nomination and Governance (RNG Committee) was reconstituted in August 2013. The objective of combining the three functions of remuneration, nomination and governance was to facilitate efficient delivery of the Committees functions and duties as majority of the members were the same in the previous Remuneration and Nomination Committee and the Governance Committee.

During the year 2014, the RNG Committee consisted of three Non-executive Directors, and all the Directors, including the Chairperson was independent. With the removal of Riluwan Shareef from the Board in February 2015, at the date of publication of this report, there were two members in the RNG Committee. A new member and chairperson for the RNG Committee will be appointed by the Board in the meeting scheduled for March 2015.

During the year 2014, five members of the Board served on the RNG Committee. Their tenure and attendance were as follows:

DIRECTOR	POSITION	TENURE	ATTENDANCE
Riluwan Shareef	Chairperson	January 2014 to February 2015	3/4
AbdulRahman Fakhro	Member	May 2014 to date	2/2
Imran Ali	Member	July 2014 to date	2/2
AbdulRazaq Al Qassim	Member	June 2013 to May 2014	2/2
Ibrahim Shareef Mohamed	Member	June 2013 to May 2014	1/2

ROLES AND RESPONSIBILITIES

The RNG Committee is mandated to assist the Board in formulating remuneration policies, framework for nominating and appointing the Directors, and to monitoring the performance of the Company's corporate governance framework and its compliance with applicable legislation

MEETINGS

The RNG Committee is scheduled to meet twice annually, and during the year 2014, four RNG Committees were held. All the committee meetings were attended by the Chief Executive Officer & Managing Director (and Company Secretary as Committee Secretary) in addition to the Committee members. Batelco Group Chief Financial Officer, Batelco Group General Manager, Human Resource Development and Dhiraagu Human Resource Director were also invited as and when required to present/support specific agenda items.

COMMITTEE ACTIVITIES

Highlights of RNG committee activities during 2014 are

- Revision of the 'Board Directors Remunerations Policy'.
- Reviewed salary increment for local staff and recommended for Board approval.
- Reviewed the Bonus policy for 2014, and approved the 2013 performance bonus pay-out.
- Monitored the implementation of Dhiraagu Colleague Share Plan with the management.

- Reviewed the organizational structure of Dhiraagu with the management and Batelco Group.

- Reviewed the recruitment of the Chief Financial Officer.

- Reviewed the nomination process for the Independent Director for 2014/15.

- Revised the Board Charter and terms of reference of individual committees.

- Amended the Corporate Governance Code of Dhiraagu to align with the Board Charter, and revised CMDA's CG Code and recommended the revision for Board approval.

- Developed a comprehensive policy on Board Director's Performance Evaluation, and presented for Board approval. The first evaluation exercise was carried out in 2014.

- Review of the constitutional documents of Dhiraagu including the Articles and Memorandum of Association to reflect changes in the majority shareholder.

REMUNERATION PACKAGE OF DIRECTORS AND KEY EXECUTIVES

Dhiraagu remains partially compliant on the CMDA's requirements to disclose the remuneration of the Directors and key executives due to potential competitive disadvantages this may cause the Company. Considering this, the RNG Committee

has elected to disclose the aggregate remuneration paid to Directors and key executives.

Board Directors are rewarded in accordance with the Board Director's Remuneration Policy which ensures that Director's remunerations are competitive and considers the assignments and responsibilities of each Director. The policy clearly states the form and amount of the Directors' remuneration and other allowances, and will be reviewed by the Committee as and when required. The last revision of the policy was done in October 2014.

Remuneration for the key executives are determined in consultation with the Batelco Group based on individual scope of work, level of responsibilities, market rates for comparable roles as well as replacement costs where relevant. Dhiraagu remuneration packages are designed to be competitively attractive and to aims to ensure retention of key and critical talents within Dhiraagu.

The total aggregate remuneration for 2014 including short term benefits, amounted to MVR 0.96m for Directors, and MVR 19.38m for key executives. Payment for service contracts, notice period, severance fees and stock options did not form any part of the remuneration paid to Directors or key executives in 2014.

Each of the Directors and key executives 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.

DHIRAAGU COLLEAGUE SHARE PLAN (DCSP)

The DCSP was introduced in September 2011, with a total of 225,710 shares held in an employee benefit trust. Under the scheme a total 124,723 shares have been transferred to 570 employees as of 31st December 2014. Additional 68,426 shares have been vested as of 31st December 2014, pending transfer to individual employees. Remaining shares will be vested and transferred by the Management in accordance with the recommendation from the Committee.

BOARD EFFECTIVENESS

During the year, the RNG Committee developed and adopted the Board Directors Performance Evaluation Policy. Under this policy an annual evaluation will be carried out by the Committee to evaluate how the Board and its committee performed in meeting their responsibilities as specified under the related Terms of Reference. An evaluation exercise was carried out in December 2014 and the outcomes were reviewed and discussed at the Board in January 2015. The RNG Committee confirms that the Board and the Committees have discharged their responsibilities satisfactorily.

BOARD APPOINTMENTS

Dhiraagu's AoA and CG Code requires six of the seven members of the Board to be appointed by the shareholders (four by Batelco Group, and two by the Government of Maldives). The remaining Director is elected by the public shareholders on a show of hands at the Annual General Meeting.

In compliance with the Company's AoA and CMDA's CG Code, the RNG Committee reviews the nomination process for Independent Director. For the year 2014/2015, the call for the position of Independent Director was announced in the local media and Dhiraagu website. A total of 5 completed applications were received and evaluations were carried out by the Committee based on the selection criteria published and keeping in mind that the Independent Director is required to sit on the Audit Committee and therefore should possess relevant financial expertise. All 5 candidates, including one female candidate, met the selection criteria, and were recommended to the shareholders. Public shareholders at the AGM held on the 8th of May 2014 elected Imran Ali to hold office until the next AGM. The nomination process for the Independent Director for the year 2015/16 was referred to the Board to avoid any conflict of interest.

Dhiraagu does not have a gender diversity policy at the Board level. With the revision of CMDA's CG Code in January 2014, the RNG Committee reviewed the requirement on gender diversity in the boardroom and considered the merits of including it within the Company's CG Code. However, as 6 out of the 7 Directors are appointed by the majority shareholders with no role of the RNG Committee, the Committee recommended not to formalize gender diversity within the Company's own CG Code as it would be difficult to implement. The new requirements on gender diversity was shared with the major shareholder Batelco Group to be considered when appointing new members to the Board.

The RNG Committee also reviews the Curriculum Vitae of Directors appointed by the majority shareholder and the Government of Maldives, and assures all Directors possesses the required expertise to discharge their responsibilities effectively.

AbdulRahman Yusuf Fakhro
Member

Imran Ali
Member

09



DHIVEHI RAAJJEYGE GULHUN PLC
ANNUAL REPORT 2014

AUDITED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2014

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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 December 2014, 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 71 to 111.

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 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
22nd January 2015
Male'

DHIVEHI RAAJJEYGE GULHUN PLC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR/ PERIOD ENDED

	Note	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Revenue	7	2,118,320	1,561,517
Operating costs	8	(928,108)	(712,942)
Depreciation and amortization	14 & 15	(344,892)	(261,620)
Other income	9	14,421	3,712
Other expenses	10	-	(1,341)
Results from operating activities		859,741	589,326
Finance income	11	17,385	9,383
Finance costs	11	(58,095)	(35,292)
Net Finance costs		(40,710)	(25,909)
Profit before tax		819,031	563,417
Tax expense	12	(118,462)	(80,056)
Profit for the year		700,569	483,361
Total comprehensive income for the year / period		700,569	483,361
Earnings per share			
Basic earnings per share (MVR.)	13.1	9.23	6.37
Diluted earnings per share (MVR.)	13.2	9.22	6.36

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 75 to 111. The Report of the Independent Auditors is given on page 70.

DHIVEHI RAAJJEYGE GULHUN PLC.

STATEMENT OF FINANCIAL POSITION

AS AT	Note	31/12/2014 MVR "000"	31/12/2013 MVR "000"
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,949,400	2,064,831
Intangible assets	15	61,411	60,343
Deferred tax asset	12.2	7,610	18,280
Total non-current assets		<u>2,018,421</u>	<u>2,143,454</u>
Current assets			
Inventories	16	28,899	25,034
Trade and other receivables	17	317,762	212,029
Amounts due from related party	18	8,437	2,154
Cash and cash equivalents	19	823,906	785,046
Total current assets		<u>1,179,004</u>	<u>1,024,263</u>
Total assets		<u><u>3,197,425</u></u>	<u><u>3,167,717</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20	190,000	190,000
Treasury shares	25	-	(2,628)
Retained earnings		2,290,860	2,366,739
Total equity		<u>2,480,860</u>	<u>2,554,111</u>
Non-current liabilities			
Provisions	22	126,558	121,398
Total non-current liabilities		<u>126,558</u>	<u>121,398</u>
Current liabilities			
Trade and other payables	23	526,140	402,638
Income Tax Payable		63,867	89,570
Total current liabilities		<u>590,007</u>	<u>492,208</u>
Total liabilities		<u>716,565</u>	<u>613,606</u>
Total equity and liabilities		<u><u>3,197,425</u></u>	<u><u>3,167,717</u></u>

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 75 to 111. The Report of the Independent Auditors is given on page 70.

These financial statements were approved by the Board of Directors and signed on its behalf by:


Mr. Riluwan Shareef

Chairperson


Mr. Ismail Waheed

Managing Director and
Chief Executive Officer



Mr. Robin Wall

Acting Chief Financial
Officer

22nd January 2015

DHIVEHI RAAJJEYGE GULHUN PLC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	Share capital MVR "000"	Treasury shares MVR "000"	Retained earnings MVR "000"	Total MVR "000"
As at 1st April 2013		190,000	(5,326)	2,258,139	2,442,813
Profit for the period		-	-	483,361	483,361
Total comprehensive income for the year		-	-	483,361	483,361
Transactions with owners of the Company					
Equity settled share-based payment	25	-	2,698	-	2,698
Dividends	20.3	-	-	(374,761)	(374,761)
Total transactions with owners of the Company		-	2,698	(374,761)	(372,063)
As at 31st December 2013		<u>190,000</u>	<u>(2,628)</u>	<u>2,366,739</u>	<u>2,554,111</u>
As at 1 st January 2014		190,000	(2,628)	2,366,739	2,554,111
Profit for the year		-	-	700,569	700,569
Total comprehensive income for the year		-	-	700,569	700,569
Transactions with owners of the Company					
Equity settled share-based payment	25	-	2,628	-	2,628
Dividends	20.3	-	-	(776,448)	(776,448)
Total transactions with owners of the Company		-	2,628	(776,448)	(773,820)
As at 31st December 2014		<u>190,000</u>	<u>-</u>	<u>2,290,860</u>	<u>2,480,860</u>

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 75 to 111. The Report of the Independent Auditors is given on page 70.

DHIVEHI RAAJJEYGE GULHUN PLC.

STATEMENT OF CASH FLOWS

FOR THE YEAR/PERIOD ENDED

	Note	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Cash flows from operating activities			
Profit before Tax		819,031	563,417
Adjustments for:			
Depreciation	14	319,979	247,614
Amortization of intangible assets	15	24,913	14,006
Provision/ (Reversal) for slow-moving / obsolete inventories	16	546	(228)
(Reversal)/ of provision for impairment loss on trade & other receivables	17	(10,414)	4,209
Finance income	11	(17,385)	(9,383)
Finance expense net of exchange loss	11	448	4,965
Share-based payment expenses	25	2,628	2,698
Provision for Impairment of property, plant and equipment	14	-	1,341
Loss / (Profit) on disposal of property, plant and equipment	9	(627)	(238)
Operating profit before working capital changes		<u>1,139,119</u>	<u>828,401</u>
Working capital changes			
Change in inventories		(4,411)	3,997
Change in trade and other receivables		(74,085)	16,207
Change in amounts due from related party		(6,283)	-
Change in trade and other payables		<u>98,593</u>	<u>(45,543)</u>
Cash generated from operating activities		<u>1,152,933</u>	<u>803,062</u>
Income tax paid		<u>(133,495)</u>	<u>(102,073)</u>
Net cash from operating activities		<u>1,019,438</u>	<u>700,989</u>
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	14	(195,424)	(116,345)
Purchase of intangible assets	15	(25,981)	(43,493)
Expenses incurred on assets retirement		-	(137)
Proceeds from disposal of property, plant and equipment		986	497
Interest received		<u>16,717</u>	<u>9,383</u>
Net cash used in investing activities		<u>(203,702)</u>	<u>(150,095)</u>
Cash flows from financing activities			
Interest paid		-	(776)
Loans repaid during the year/ period		-	(29,127)
Dividend paid during the year/ period	20.3	<u>(776,876)</u>	<u>(374,335)</u>
Net cash used in financing activities		<u>(776,876)</u>	<u>(404,238)</u>
Net increase in cash and cash equivalents		<u>38,860</u>	<u>146,656</u>
Cash and cash equivalents at beginning of the year/ period		<u>785,046</u>	<u>638,390</u>
Cash and cash equivalents at end of the year/ period	19	<u>823,906</u>	<u>785,046</u>

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 75 to 111. The Report of the Independent Auditors is given on page 70.

DHIVEHI RAAJJEYGE GULHUN PLC.

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, Medhuziyaaraay 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.

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

New and Amended Standards and Interpretations effective and adopted by the Company from 1 January 2014.

Title	Effective Date	Description	Impact on the Company
Amendments to IAS 32	1 st January 2014	These amendments provide classification on the application of the offsetting of financial assets and financial liabilities	The Company adopted in 2014. These improvements did not have material impact on the Company
Amendments to IAS 36	1 st January 2014	The amendment reduce the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.	The Company adopted in 2014. These improvements did not have a material impact on the Company.
Annual improvements to IFRS 2010-2012 and 2011-2013 cycles	1 st January 2014	The improvements to IFRS contain miscellaneous necessary improvements.	The Company adopted in 2014. These improvements did not have a material impact on the Company.

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

Title	Effective Date	Description	Expected adoption date and impact on the Company
IFRS 9 Financial Instruments	Annual period beginning on or after 1st January 2018	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 15 Revenue from Contract with customers	Annual period beginning on or after 1st January 2017	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	The company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

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 and Amounts due from related party.

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 non-derivative financial liabilities such as trade and other payables and amounts due to related party.

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.

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

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	
- Civil works, cables and ducting	5 to 40 years
- Network and electronic equipments	3 to 10 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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

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 recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

Subsequent expenditure is only capitalized 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 to 10 Years
Licences	3 Years or less if the licence term is shorter
Indefeasible right to use cable capacity	15 Years

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

(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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Employee Benefits (Continued)

(b) Short-term benefits

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

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

(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 recognized 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 recognizes 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 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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue Recognition (Continued)

(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.

Loyalty Programme

Revenue is allocated between the loyalty programme and other components of the Income. The amount allocated to the loyalty programme is deferred and is recognized as revenue when the Company has fulfilled its obligations to supply the services under terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. 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 unwinding of discounts on provisions and foreign exchange losses that are recognised in profit or loss.

(c) Operating Expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

- Level 1 : Quoted prices (Unadjusted) in active market for identical assets and liabilities
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)
- Level 3 : Inputs for the assets or liability that are not ased on observable market data (unobservable inputs)

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. DETERMINATION OF FAIR VALUES (CONTINUED)

(a) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts, 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.

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

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;

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.

(c) 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.

(d) 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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(e) 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.

(f) 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.

6 SEGMENT INFORMATION

The Company is a national telecommunications service provider in the Maldives. During the year ended 31st December 2014, 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 segmental revenue is disclosed in note 7 to the financial statements.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014

7 REVENUE	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Mobile telephony	1,349,187	1,030,145
Fixed, Internet, Enterprise Data & Other Services	769,133	531,372
	<u>2,118,320</u>	<u>1,561,517</u>

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

8 OPERATING COSTS	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Cost of sales	255,176	194,671
Personnel Costs (Note 8.1)	197,759	151,939
License fees	94,562	69,043
Operating lease rentals	43,585	33,828
Provision for impairment loss on trade receivables	-	4,209
Support Services	38,674	29,107
External Publicity	26,425	16,790
Other administrative expenses	65,588	52,841
Network costs	87,983	65,352
Property and utility costs	112,880	86,294
Professional fees	5,476	8,868
	<u>928,108</u>	<u>712,942</u>

8.1 Personnel Costs		
Wages, salaries and Performance reward scheme	169,644	126,836
Defined contribution expense	11,018	8,398
Share-based payment	2,628	2,698
Other personnel costs	21,749	18,702
Board of directors fees	960	700
	<u>205,999</u>	<u>157,334</u>
Staff costs capitalized	(8,240)	(5,395)
	<u>197,759</u>	<u>151,939</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014

9 OTHER INCOME	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Insurance claim received	331	44
Foreign exchange gain	-	2,294
Gain on disposal of Property, Plant and Equipment	627	238
Reversal of Provision for impairment loss on trade receivables	10,414	-
Miscellaneous income	3,049	1,136
	<u>14,421</u>	<u>3,712</u>
10 OTHER EXPENSES	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Provision for impairment loss of Property, Plant and Equipment	-	1,341
	<u>-</u>	<u>1,341</u>
11 NET FINANCE COSTS	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Finance Income		
Interest Income	17,385	9,383
	<u>17,385</u>	<u>9,383</u>
Finance Costs		
Interest Expenses	-	(776)
Unwinding of discount on provisions	(448)	(4,189)
Foreign exchange loss	(57,647)	(30,327)
	<u>(58,095)</u>	<u>(35,292)</u>
Net Finance Costs	<u>(40,710)</u>	<u>(25,909)</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014

12 TAX EXPENSE	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Income tax expense (Note 12.1)	119,642	82,080
Over provision for the previous years	(11,850)	-
Deferred tax Assets (Note 12.2)	10,670	(2,024)
	<u>118,462</u>	<u>80,056</u>

12.1 Reconciliation between accounting profit and taxable income:

Accounting profit before Tax	819,031	563,417
Disallowable expenses	360,409	269,577
Allowable expenses	(381,326)	(285,421)
Tax free allowance	(500)	(375)
Total taxable income	<u>797,614</u>	<u>547,198</u>
Income tax @ 15%	<u>119,642</u>	<u>82,080</u>

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 income at the rate of 15%.

12.2 Deferred Tax Asset	31/12/2014 365 Days MVR "000"	31/12/2013 275 Days MVR "000"
Opening Balance	18,280	16,256
Deferred tax asset (reversed) / recognized during the year/ period	(10,670)	2,024
Closing Balance	<u>7,610</u>	<u>18,280</u>

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

	31/12/2014		31/12/2013	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Property, Plant and Equipment	(67,758)	(10,163)	(34,971)	(5,246)
Intangible Assets	(21,364)	(3,205)	36,843	5,526
Provisions	139,856	20,978	120,000	18,000
	<u>50,734</u>	<u>7,610</u>	<u>121,872</u>	<u>18,280</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2014****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/ period.

	For the year/ period ended	
	31/12/2014 365 Days	31/12/2013 275 Days
Profit for the period attributable to the ordinary shareholders (MVR "000")	700,569	483,361
Weighted average number of ordinary shares outstanding ("000")	75,899	75,862
Basic earnings per share (MVR)	<u>9.23</u>	<u>6.37</u>

13.2 Diluted earnings per share

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

	For the year/ period ended	
	31/12/2014 365 Days	31/12/2013 275 Days
Profit for the period attributable to the ordinary shareholders (MVR "000")	700,569	483,361
Weighted average number of ordinary shares outstanding (diluted) ("000")	76,000	75,956
Diluted earnings per share (MVR)	<u>9.22</u>	<u>6.36</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

14 PROPERTY, PLANT AND EQUIPMENT

31st December 2014	Buildings	Plant and Equipment	Vehicles, launches, furniture and fittings	Assets under Construction	Total
	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Cost					
As at 1st January 2014	413,745	4,480,125	33,590	97,718	5,025,178
Additions during the year	-	-	-	200,195	200,195
Movements in asset retirement obligations	3,148	1,564	-	-	4,712
Transfers during the year	3,234	180,264	961	(184,459)	-
Disposals during the year	(297)	(38,991)	(256)	-	(39,544)
As at 31st December 2014	419,830	4,622,962	34,295	113,454	5,190,541
Accumulated Depreciation / Impairment					
As at 1st January 2014	90,884	2,842,786	26,677	-	2,960,347
Charge for the year	17,735	300,477	1,767	-	319,979
Disposals during the year	(178)	(38,751)	(256)	-	(39,185)
As at 31st December 2014	108,441	3,104,512	28,188	-	3,241,141
Net carrying amount as at 31st December 2014	311,389	1,518,450	6,107	113,454	1,949,400

31st December 2013	Buildings	Plant and Equipment	Vehicles, launches, furniture and fittings	Assets under Construction	Total
	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Cost					
As at 1st April 2013	405,955	4,390,623	32,883	124,916	4,954,377
Additions during the period	-	-	-	90,396	90,396
Movements in asset retirement obligations	(90)	(154)	-	-	(244)
Transfers during the period	7,880	108,201	1,513	(117,594)	-
Disposals during the period	-	(17,204)	(806)	-	(18,010)
Provision for Impairment during the period	-	(1,341)	-	-	(1,341)
As at 31st December 2013	413,745	4,480,125	33,590	97,718	5,025,178
Accumulated Depreciation / Impairment					
As at 1st April 2013	77,784	2,625,706	26,170	-	2,729,660
Charge for the period	13,181	233,155	1,278	-	247,614
Disposals during the period	(81)	(16,075)	(771)	-	(16,927)
As at 31st December 2013	90,884	2,842,786	26,677	-	2,960,347
Net carrying amount as at 31st December 2013	322,861	1,637,339	6,913	97,718	2,064,831

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****AS AT 31ST DECEMBER 2014****15 INTANGIBLE ASSETS**

	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Cost		
Opening Balance	149,405	105,912
Additions during the year/ period	25,981	43,493
Disposals during the year / period	(272)	-
Closing Balance	175,114	149,405
Accumulated Amortization		
Opening Balance	89,062	75,056
Amortization for the year/ period	24,913	14,006
Disposals during the year / period	(272)	-
Closing Balance	113,703	89,062
Net Carrying Value	61,411	60,343

16 INVENTORIES

	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Cost of inventories	42,910	38,499
Less: Provision for slow moving / obsolete items (Note 16.1)	(14,011)	(13,465)
	28,899	25,034

16.1 Provision for Slow-Moving / Obsolete Inventories

Opening Balance	13,465	13,693
Provision made / (Reversal) during the year / period	546	(228)
Closing Balance	14,011	13,465

17 TRADE AND OTHER RECEIVABLES

	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Trade receivables	160,009	161,429
Other receivables	9,258	10,195
Accrued income	126,107	100,795
Prepayments	66,021	32,033
	361,395	304,452
Less: Provision for impairment loss on trade and other receivables (Note 17.1)	(43,633)	(92,423)
	317,762	212,029

17.1 Provision for Impairment Loss on Trade and Other Receivables

Opening Balance	92,423	88,214
Provision made during the year / period	-	4,209
Provision reversed during the year / period	(10,414)	-
Bad debt written off during the year / period	(38,376)	-
Closing Balance	43,633	92,423

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

18 AMOUNTS DUE TO RELATED PARTY	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Bahrain Telecommunications Company BSC (Batelco)	<u>8,437</u>	<u>2,154</u>

19 CASH AND CASH EQUIVALENTS

Cash in hand	12,065	9,796
Balance with banks	386,819	400,797
Short term deposits	<u>425,022</u>	<u>374,453</u>
	<u>823,906</u>	<u>785,046</u>

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

20 CAPITAL	31/12/2014 MVR "000"	31/12/2013 MVR "000"
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20.1 Share Capital

Authorized share capital 80,000,000 ordinary shares of MVR 2.5 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid share capital 76,000,000 ordinary shares of MVR 2.5 each	<u>190,000</u>	<u>190,000</u>

20.2 Treasury Shares

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

20.3 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.

	31/12/2014		31/12/2013	
	per share MVR.	Dividend MVR "000"	per share MVR.	Dividend MVR "000"
Dividend payment – Final dividend 2012/2013	-	-	4.94	374,761
Dividend payment – Final dividend 2013	5.73	434,902	-	-
Dividend payment – Interim dividend 2014	4.50	<u>341,546</u>	-	<u>-</u>
		<u>776,448</u>		<u>374,761</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****AS AT 31ST DECEMBER 2014**

21 LOANS AND BORROWINGS	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Opening Balance	-	29,127
Less: Loan repayments during the year/ period	-	(29,127)
Closing Balance	-	-
22 PROVISIONS	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Network and asset retirement obligation (Note 22.1)	126,558	121,398
Movement during the year/ period		
Opening Balance	121,398	118,414
Provision made during the year/ period	4,712	-
Unwinding of discounts on provisions	448	4,189
Disposal adjustment	-	(1,205)
Closing Balance	126,558	121,398

22.1 Network and assets retirement obligation

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.

	31/12/2014	31/12/2013
Discount Rate	7.70%	7.70%
Inflation Rate	7.34%	7.34%

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

23 TRADE AND OTHER PAYABLES	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Trade payables	41,629	30,134
Accruals	368,931	272,277
Deferred income	73,720	72,530
Dividend payable	243	671
Refundable deposits from GSM customers	17,634	15,940
Other payables	23,983	11,086
	<u>526,140</u>	<u>402,638</u>

24 COMMITMENTS

Capital Commitments

The Company had capital commitments at the end of the financial period relating to the purchase of property, plant and equipment of MVR 11,246,556 (31st December 2013: MVR 20,787,000). 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 December 2014	Less than one year MVR"000"	1 to 2 Years MVR"000"	2 to 5 Years MVR"000"	Over 5 Years MVR"000"	Total MVR"000"
Future Operating Lease Rentals on Land and Buildings	<u>22,155</u>	<u>19,765</u>	<u>50,080</u>	<u>61,362</u>	<u>153,362</u>
31st December 2013	Less than one year MVR"000"	1 to 2 Years MVR"000"	2 to 5 Years MVR"000"	Over 5 Years MVR"000"	Total MVR"000"
Future Operating Lease Rentals on Land and Buildings	<u>22,120</u>	<u>37,944</u>	<u>35,683</u>	<u>63,679</u>	<u>159,426</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

25 SHARE-BASED PAYMENTS ARRANGEMENTS

A Dhiraagu Colleague Share Plan (DCSP) was 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 DCSP replaced the top 100 managers retention plan operated in Dhiraagu. The DCSP (equity-settled) has two levels of participation for Dhiraagu colleagues. Dhiraagu bought 225,710 of its own shares during the year ended 31st March 2012 to be vested free of charge to employees. The Company did not vest any shares during the 9 months period ended 31st December 2013 and 36,552 shares were vested during the year ended 31st December 2014. Accordingly, as at 31st December 2014, 100,987 of unvested shares are held in an employee benefit trust established for the benefit of the employees. As per the plan, the Company holds the right to vest the shares which were awarded to the employees who have left the Company during the vesting period to the excising employees and accordingly, the Company would vest all the remaining shares in 2015.

25.1 Dhiraagu Colleague Share Plan (DCSP)

Employees entitled	Number of Instruments "000"	Vesting Conditions
Scheme ("A") Shares grant to senior management	173	25% upon completion of one year service from the date of grant, 25% upon completion of two years service from the date of grant and 50% upon completion of three years service from the date of grant
Scheme ("B") Shares grant to all other employees	53	One year service from the date of grant.

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

	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Outstanding at the beginning of the year/ period	2,628	5,326
Share-based payment expenses	(2,628)	(2,698)
Outstanding at the end of the year/ period	<u>-</u>	<u>2,628</u>

25.3 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 DECEMBER 2014

26 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.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****AS AT 31ST DECEMBER 2014****26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(i) Credit Risk**

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

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	
	31/12/2014	31/12/2013
	MVR.	MVR.
Trade and Other Receivables	295,374	272,419
Cash at Banks and Short Term Deposits	811,841	775,250
	<u>1,107,215</u>	<u>1,047,669</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Impairment Losses	31/12/2014		31/12/2013	
	Gross	Impairment	Gross	Impairment
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
The aging of trade and other receivables as at the reporting date was:				
1-30 days	27,218	470	21,022	1,051
Past due 31-180 days	103,555	9,402	75,155	20,996
More than 180 days	36,090	33,262	70,376	70,376
Total	<u>166,863</u>	<u>43,134</u>	<u>166,553</u>	<u>92,423</u>

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.

	Carrying Amount MVR "000"	Within One Year MVR "000"
31st December 2014		
Financial Liabilities		
Trade and Other Payables	452,420	452,420
Income Tax Payable	63,867	63,867
Total	<u>516,287</u>	<u>516,287</u>
31st December 2013		
Financial Liabilities		
Trade and Other Payables	330,108	330,108
Income Tax Payable	89,570	89,570
Total	<u>419,678</u>	<u>419,678</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

26 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.

The Management produces liquidity forecasts on a regular basis to ensure the utilisation of current facilities is optimised 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.

(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

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 bearing loans held or interest rate derivatives used by the Company as at 31st December 2014 (as at 31st December 2013: Nil)

Exposure to interest rate risk

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

	Carrying Amount	
	31/12/2014	31/12/2013
	MVR "000"	MVR "000"
Fixed Rate Instruments		
Financial Assets – Short Term Deposits	425,022	374,453

Sensitivity analysis for fixed rate instruments

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31st December 2014 by MVR 4,250,220 (2013 : MVR 3,744,530). This analysis assumes that all other variables remain constant.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

26 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) :

	31/12/2014			
	US\$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	24,404	1,548	25	11
Trade and Other Receivables	4,474	939	1	-
Trade and Other Payables	(13,423)	(1,893)	(2)	(3)
Net statement of financial position exposure	15,455	594	24	8

	31/12/2013			
	US\$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	22,114	383	25	10
Trade and Other Receivables	6,625	173	-	-
Trade and Other Payables	(15,951)	(471)	(203)	(550)
Net statement of financial position exposure	12,788	85	(178)	(540)

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

(b) Currency risk (Continued)

The following significant exchange rates were applied during the year / period:

	Average Rate		Spot Rate	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	365 Days	275 Days		
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	20.60	20.54	18.94	21.17
SGD 1: MVR	12.24	12.23	11.73	12.10
GBP 1: MVR	25.63	24.31	24.21	25.43

Sensitivity Analysis

A strengthening (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	Year ended 31/12/2014		9 months ended 31/12/2013	
	Strengthening	Weakening	Strengthening	Weakening
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
US\$ (10% Movement)	(23,832)	23,832	(19,718)	19,718
Euro (10% Movement)	(1,124)	1,124	(180)	180
SGD (10% Movement)	(28)	28	215	(215)
GBP (10% Movement)	(20)	20	1,373	(1,373)

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

AS AT 31ST DECEMBER 2014

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv.) Accounting Classifications and Fair Values

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

31st December 2014	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Trade and other receivables	295,374	-	295,374				
Amounts due from Related Parties	8,437	-	8,437				
Cash and cash equivalents	823,906	-	823,906				
	1,127,717	-	1,127,717	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	452,420	452,420				
Income Tax Payable	-	63,867	63,867				
	-	516,287	516,287	-	-	-	-
31st December 2013							
Financial assets not measured at fair value							
Trade and other receivables	272,419	-	272,419				
Amounts due from Related Parties	2,154	-	2,154				
Cash and cash equivalents	785,046	-	785,046				
	1,059,619	-	1,059,619	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	402,638	402,638				
Income Tax Payable	-	89,570	89,570				
	-	492,208	492,208	-	-	-	-

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

27 RELATED PARTY TRANSACTIONS

27.1 Parent and Ultimate Holding Company

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.

27.2 Transactions with Batelco Islands Limited

Batelco Islands Limited had a 52% shareholding in the Company as at 31st December 2014 (31st December 2013: 52%). Transactions with Batelco Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Batelco Islands Limited during the periods, and outstanding balances as at the period / year ends, are as follows:

Transactions	year ended 31/12/2014 MVR "000"	9 months period ended 31/12/2013 MVR "000"
Dividends	404,290	195,229
Management fee	34,811	28,772
Others	3,863	8,616
	442,964	232,617

27.3 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:

	year ended 31/12/2014 MVR "000"	9 months period ended 31/12/2013 MVR "000"
Directors' Fees	960	700
Salaries to Executives	15,152	13,303
Short term Benefits to Executives	4,226	2,941
	20,338	16,944

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

27 RELATED PARTY TRANSACTIONS (CONTINUED)

Balances outstanding	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Amount receivable	8,437	2,154

27.5 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2014 (31st December 2013: 41.8%). Transactions with the Government of 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. Transactions with the Government of Maldives during the year / period, and outstanding balance as at the year / period end are as follows:

Individually Significant Transactions	Year ended 31/12/2014 MVR "000"	9 months period ended 31/12/2013 MVR "000"
Transactions		
License fees	94,562	69,043
Rentals on land space	9,775	7,012
Dividends	325,009	156,945
	429,346	233,000
Balances outstanding	31/12/2014 MVR "000"	31/12/2013 MVR "000"
Amounts payable in respect of rentals on land space	(1,411)	(798)
Amounts payable in respect of license payments	(8,762)	(8,207)
	(10,173)	(9,005)

Collectively, but not individually, significant transactions.

Dhivehi Raajjeyge Gulhun PLC has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2014

28 BOARD OF DIRECTORS' RESPONSIBILITY

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

29 EVENTS OCCURRING AFTER THE REPORTING DATE

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

30 CONTINGENT LIABILITIES

In 2012, SLT (joint owner of the international submarine cable from Male' to Colombo) filed a plaint to arrest a vessel for damages to the international submarine cable. The court awarded an injunction order to arrest the vessel. However, Bhuval industries, who had purchased the vessel, had the order of arrest vacated at preliminary stages.

Later, in April 2014, Bhuval Industries filed a Plaint for recovery of the damages suffered by them for alleged malicious prosecution and wrongful arrest of the vessel. SLT filed an application to dismiss the plaint on jurisdictional grounds. On 31st December 2014, the court has adjourned and the matter will now be listed in the court at a later date for the arguments of the plaintiff.

Based on the present facts of the case and according to the discussions held with the internal and external legal counsel, the management of the Company is of the view that at present, no provision for damages would be required to be recognized in these Financial Statements for the year ended 31st December 2014.

Other than the disclosed above, there were no other contingent liabilities as at the reporting date which require disclosure in the financial information.

31 COMPARATIVE FIGURES

The Company has changed its financial year end from 31st March to 31st December in the year 2013 effective from the period ended 31 December 2013 in order to align the Company's financial statements to the parent Company. Accordingly, the comparative information of the financial statements have been presented for 9 months. The comparative amounts presented in these financial statements are as at and for the 9 months period ended 31st December 2013 and not entirely comparable with the current year amounts.

Comparative figures have been reclassified wherever appropriate to confirm with the current year presentation.



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