

Dhiraagu Annual Report 2012/13



Touch Maldives

Annual Report 2012/13



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Dhivehi Raajjeyge Gulhun Plc

ANNUAL REPORT 2012/13

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Dhiraagu

Leading provider of telecommunication services in the Maldives.

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

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

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

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

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

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

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

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

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



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The Shareholders

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

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

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

Dhiraagu Colleague Share Plan

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

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

i. About Cable and Wireless Communications Plc

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

ii. Bahrain Telecommunications Company BSC

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

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

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Corporate Information

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

Company registration number

C-0024/1988

Head Office

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

Tel: +960 3322802

Fax: +960 3322800

Website: www.dhiraagu.com.mv

Email: 123@dhiraagu.com.mv
investor-relations@dhiraagu.com.mv

Place of incorporation

Male', Republic of Maldives

Chief Executive Officer

Mr. Ismail Waheed

Chief Financial Officer

Mr. Avnish Jindal

Company Secretary

Ms. Maryam Manal Shihab

Auditors

KPMG Chartered Accountants, Maldives

Legal Counsel

Ms. Hazrath Rasheed Hussain
General Counsel

Mr. Mohamed Shahdy Anwar, Partner
Suood & Anwar LLP

Ms. Laila Manik, Senior Associate
Attorney at Law

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Investor Relations

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

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

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

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

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

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

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

5 Board of Directors and their Profiles

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

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

Board of Directors of Dhiraagu as at 31 March 2013:

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

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



Ibrahim Athif Shakoor
Chairperson

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

BOARD OF DIRECTORS AND THEIR PROFILES



Idham Hussain
Non-executive Director

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



Ibrahim Shareef Mohamed
Non-executive Director

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



Denis Martin
Non-executive Director

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



Sheldon Bruha
Non-executive Director

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



Adam Dunlop
Non-executive Director

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



Ismail Waheed
Executive Director, Chief Executive
Officer and Managing Director

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

Other Board Directors during Financial Year 2012/13

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

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

For information on the current composition of the Board of Directors of Dhiraagu, please visit:

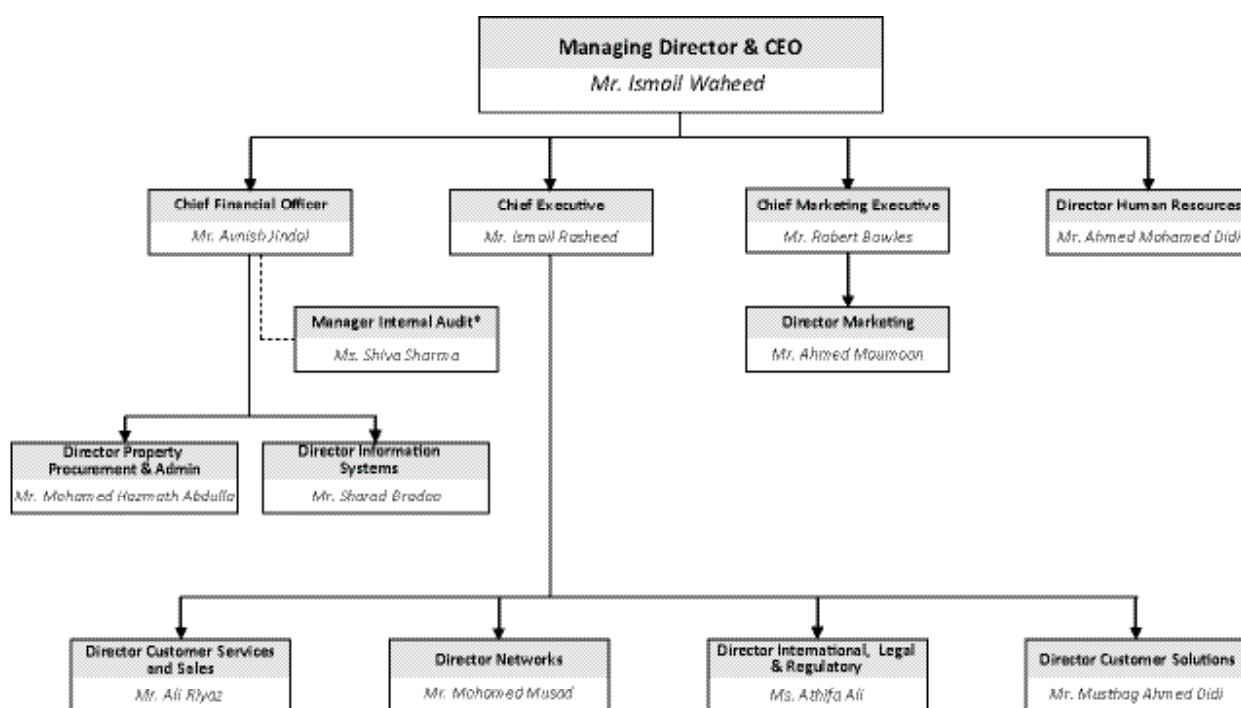
http://www.dhiraagu.com.mv/Board_of_Directors_And_Management.aspx

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Structure and Profiles of Executive Management Team

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

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



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

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



Ismail Rasheed
Chief Executive

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

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



Avnish Jindal
Chief Financial Officer

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

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



Robert Bowles
Chief Marketing Executive

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

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



Mohamed Hazmath Abdulla
Director, Property, Procurement
and Administration

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

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



Athifa Ali
Director, International, Legal and
Regulatory

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

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



Musthag Ahmed Didi
Director, Customer Solutions

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

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



Ahmed Maumoon
Director, Marketing

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

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



Ali Riyaz
Director, Customer Service & Sales

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

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



Sharad Bradoo
Director, Information Systems

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

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



Mohamed Musad
Director, Networks

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

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



Ahmed Mohamed Didi
Director, Human Resources

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

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

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



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Message from Chairperson



Dear Shareholders,

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

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

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

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

for the business remains positive and we will continue to deliver value to our Shareholders and satisfaction to our customers.

Thank you.

A handwritten signature in black ink, appearing to read 'Ibrahim', is written over a horizontal line.

Ibrahim Athif Shakoor
Chairperson

8 Message from Chief Executive Officer



Dear Shareholders,

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

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

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

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

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

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

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

At Dhiraagu, we continuously strive to deliver value to you, our shareholders. We

believe we are well on our way and look forward to the challenges of the year ahead.

Thank you.



Ismail Waheed
Chief Executive Officer & Managing Director



9 Directors' Report

i. Business Review

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

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

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

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

Mobile

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

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

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

343,000
Active Mobile Customers

+4%
Increase in Mobile National Revenue

+16%
Increase in Mobile Data Revenue

Fixed Line & Enterprise

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

+28%
**in Data Connectivity Leased
Line Revenue**

+13.5%
**in Dedicated Internet Access
Revenue**

Internet ADSL

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

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

13,970
ADSL Customers

+10.1%
**ADSL Broadband Customer
Base**

Customer Services, Sales, Marketing and Distribution

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

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

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

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

Infrastructure and Networks

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

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

Additionally, to enhance the customer experience a new real time billing system for mobile services was

commissioned during the year. Dhiraagu Head office building was completed in July 2012, and was officially opened in October 2012.

Financial Performance

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

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

The 2011/2012 net profit includes a net one-off foreign exchange gain of MVR 35.4 mn². On a reported basis net profit was 5.6% lower than 2011/12. On a like-for-like basis excluding this exchange gain, net profit was on par with 2011/12.

Dhiraagu's Basic Earnings per Share (EPS) for the financial year ended March 2013 is MVR 7.90. This is a reduction of 5.4% against 2011/12. On a like-for-like basis³, EPS would be 0.2% higher than 2011/12.

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

ii. Business Outlook

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

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

iii. Remuneration Package of Directors and Key Executives

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

1. EBITDA is calculated as Revenue less Operating Costs before Interest, Depreciation and Amortization

2. Net Profit in 2011/12 contains a gain of MVR 35.4 mn on foreign currency denominated balance sheet accounts following the devaluation of MVR against USD in April 2011. On a like-for-like basis excluding this gain net profit would be MVR 598.6 mn.

3. EPS for 2011/12 would be 7.88 excluding the exchange gain of MVR 35.4 mn.

Board of Directors.

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

iv. Proposed Dividend

Interim Dividend for Financial Year 2012/13

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

Final Dividend for Financial Year 2012/13

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

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

v. Declaration of Interest

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

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

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



Mr. Ibrahim Athif Shakoor
Chairperson



Mr. Ismail Waheed
CEO & Managing Directors



10 Board of Directors and Board Sub-Committees

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

i. Responsibilities of the Board

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

ii. Board Membership and Composition

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

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

iii. Role of the Chairperson

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

iv. Board Meetings

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

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

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

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

v. Board Sub-Committees

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

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

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

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

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

a) Audit Committee

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

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

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

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

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

b) Governance Committee

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

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

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

c) Remunerations & Nomination Committee

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

The Committee is responsible for:

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

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



11

Corporate Social Responsibility

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

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

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

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

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

- Thirty apprentices were given the opportunity to undertake Dhiraagu Apprenticeship Program, which has been running successfully for the fourth consecutive year to train and develop work skills of young Maldivians with appropriate work skills.
- Technical support was provided to establish the country's first Online Blood Donor Database, a system designed by the local IT firm, Shell Tech Solutions, which enables blood seekers and donors to be connected via SMS. The Company provided technical support for integration with SMS network, offering free gateway connectivity, short code and further agreed to contribute all revenue collected from SMS proceeds to the National Thalassemia Fund.
- A Special Sports Festival which is an annual event focusing on providing opportunities for children and young adults with disabilities to participate in sports activities was conducted whereby creating a platform for further collaboration among various institutions and helped to advocate for people in need of special care. Over 160 children participated in the event.

- Continued its support to Kuda Kudhinge Hiya by sponsoring 03 teachers and by providing free internet services to the computer lab which is also set up by Dhiraagu.
- Annual Dhiraagu Broadband Road Race 2012 was held to raise awareness against child abuse and domestic violence, which also acted as a platform to raise funds for NGOs working in this area. Close to 3000 runners participated in the event.
- Renewed the Agreement with Football Association of Maldives to sponsor the national football league "Dhiraagu Dhivehi League", for the eighth year helping to empower youth and develop young talent in football.

12 Corporate Governance Practices

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

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

i. Performance Evaluation

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

ii. Declaration of Interests

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

iii. Risk Oversight and Management

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

iv. Code of Conduct

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

v. Anti-Corruption

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

vi. System to Raise Concerns

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

vii. Information Disclosure

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

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

viii. Legal and Regulatory Compliance

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

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

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



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