



# Annual Report 2020



**Take on tomorrow**

# Contents

Our Business	4
Highlights of the Year	9
Strategy & Performance	39
Sustainable Tomorrow	56
Corporate Governance	76
Audited Financial Statements	95



## Our Vision

Enrich lives through digital services

## Our Mission

To lead the market through excellence in customer experience

## Our Values



### COLLABORATE

We work together to offer our customers a seamless experience



### SERVE

We keep our customer at the heart of all what we do, because we win when they do



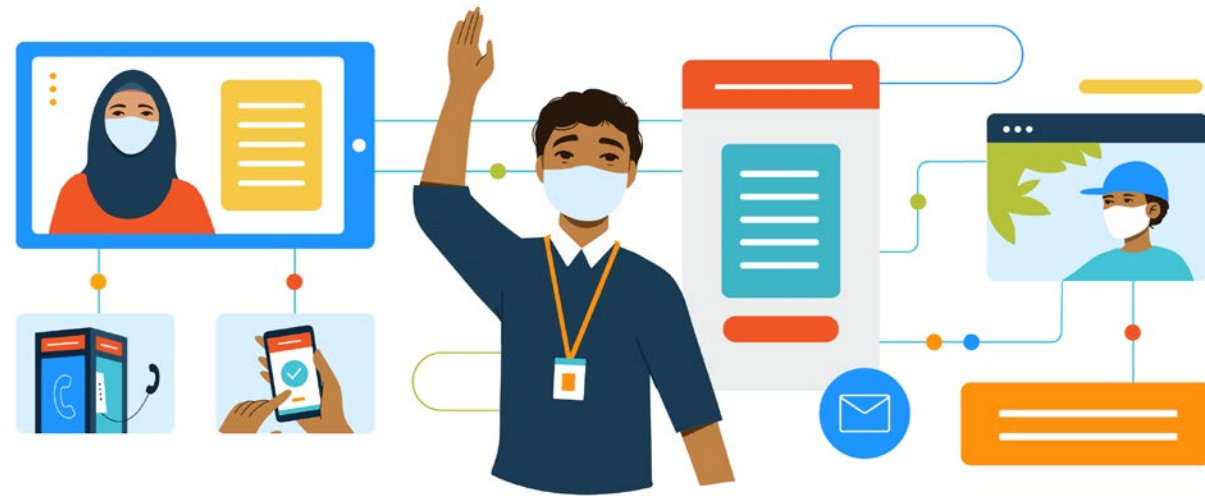
### INNOVATE

We constantly innovate to provide our customers with the latest and best in digital services



### INSPIRE

We empower people, and never lose sight of the bigger picture of nation-building and growth



## Who We Are

As the leading telecommunications and digital services Company in the Maldives, our business is to inspire and empower our customers to 'take on tomorrow' and thrive in the digital future.

Our vision of a '#DigitalRaajje' compliments our vision to use our services and capabilities to enrich people's lives by providing intelligent connectivity, which can make individual lives easier, healthier, smarter and for communities, bolster disaster response, revolutionise education, improve healthcare

and extend financial services. With over 500,000 customers and employing 99% trained qualified Maldivians present in 11 strategically located customer service centres across the country, we remain the largest telecommunications provider in the Maldives.

Our core strengths are in our people and our leading network, which we continually harness to secure new opportunities and curate innovative technologies to deliver connectivity and content to a diverse range of customers across the country. Our customers include individuals,

consumers and their communities, small and medium business, large enterprises and Government organisations.

Founded on 1 October 1988, our company has a rich history in working together to know and serve our customers better than anyone else. By creating value for our customers, communities and ourselves we continue to lead by investing in resilient and adaptable infrastructure which is of strategic long-term benefit to the development of our economy, progress of our country and prosperity of our people.

## Presence

We overcome geographic barriers and stay close to our customers through one of the nation's largest retail and distribution network of 57 partners, 28 wholesalers, and over 3,500 retailers.

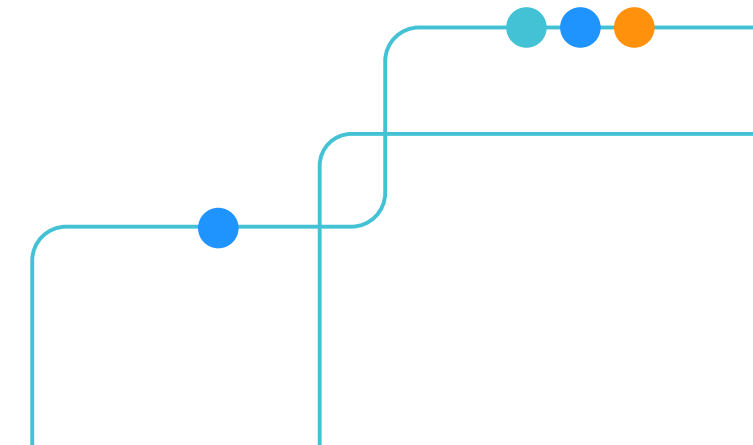
We provide the widest coverage in the Maldives, which includes all of the country's 187 inhabited islands, all resort islands and all major industrial islands.

We have linked the Maldives from North to South through a 1,253 km long fibre optic submarine cable network which supports the nation's largest 3G and 4G LTE and fixed broadband network.

In July 2019, 5G became a reality for Maldives. We were the first in Maldives and the first in South Asia to have launched 5G commercial services. As pioneers in bringing the latest technology to the country, we are excited about the opportunity 5G offers as an enabler for new services and enhancing connectivity to our customers across the country. 5G is now available in selected areas of 3 population centres; Male', Hulhumale' and Velana International Airport, Addu City, Hithadhoo as well as H.Dh, Kulhudhuffushi.

As a result of our continued investments, high-speed Fibre Broadband service is now available to 80% of national households making Dhiraagu Fibre Broadband network the largest high-speed data network in the nation.

DhiraaguTV, the first and only IPTV service provider in the Maldives extends digital IPTV service to 77% of national households. The service is now available on 54 islands and has also piloted collaboration with private networks to roll out services to islands that do not currently have fixed broadband services.



## Our Products and Services

Our broad suite of products and services offering connectivity and content help our communities stay connected.

Years of investments in our network infrastructure to extend our full coverage across the country and ensure reliable international connectivity to maintain our network resilience has meant that our customers were well served at a time telecommunication services truly became essential.

The isolation and social distancing measures caused by the COVID-19 pandemic highlighted the importance of connectivity to our communities and the role we play. This year's extraordinary disruption drove an unprecedented acceleration in people's digital mindset and through our mobile, internet, data, IPTV, mobile money and fixed services we were able to support eHealth, remote working, online learning and e-commerce to ensure healthy, connected and empowered communities.

With purpose-built solutions for small and medium enterprises and customised fully integrated enterprise solutions for our corporate and government customers, our teams worked hard to move our customers to remote working or learning and achieve ease of operation and improved performance. Our ICT infrastructure and managed solutions are designed to enable our customers to access, communicate and store information securely to better serve the community.

## Achievements and Awards 2020

- Received a token of appreciation for our contributions as Supporters of Children's Rights in Maldives under Advocating the Rights of Children's Corporate Ambassadorship Programme.
- Received GOLD 100 Award for fourth consecutive year by Corporate Maldives

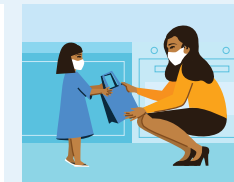
## CSR Highlights

### COVID-19 EMERGENCY RESPONSE

We worked closely with the Government and all relevant authorities during their emergency response efforts in order to provide vital infrastructure and connectivity to quarantine and isolation facilities.



COVID-19 sampling kiosks were donated to the Ministry of Health to help protect frontline health care professionals, reduce the usage of PPE and enable safe testing for COVID-19 in the Maldives



We supported local NGO 'ARC Maldives' to provide food packages to some of the most vulnerable children and their families affected by the pandemic across the Maldives.

We also contributed to the 'Maldives Association of Travel Agents and Tour Operators' (MATATO) and the 'National Boating Association' (NBAM) Food Support Programme to provide meal packages to locals and foreigners displaced and affected by the lockdown.

### DHIRAAGU APPRENTICESHIP PROGRAMME

17 young Maldivians fresh from school enrolled in our Dhiraagu Apprenticeship Programme 2020 – our key initiative which provides young people structured training and experience in professional work environment. 27 apprentices graduated from the programme in 2020.



### DJANGO GIRLS MALE'



We partnered with local NGO 'Women in Tech Maldives' to encourage girls and women to learn programming, a skill that is becoming necessary in today's increasingly technological job market. The Django Girls Male' event is part of the global series of events that has been run in over 500 cities in 93 countries.

12 Django trained coaches from the Maldives joined to guide and teach 28 women; who had no prior knowledge in coding, how to develop websites using Python and Django Framework.

### ONLINE SEEDSTARS WORLD COMPETITION

With our local partner Sparkhub We introduced Online Seedstars World Competition to the Maldives for the first time. Seedstars is the world's largest competition for the innovative entrepreneurs in emerging markets.

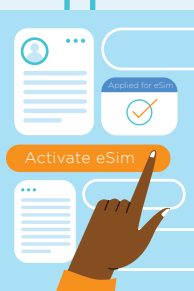
# Commercial Highlights

Q1

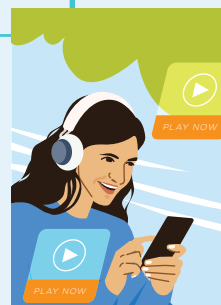
We signed agreements and gained the regulatory approvals needed to move into the construction phase for the **Maldives-Sri Lanka Cable (MSC)**. Dhiraagu has a 45% holding in the MSC and it is our second international fibre optic submarine cable. The other parties to the system are Dialog Axiata Plc and Ooredoo Maldives Plc.



We launched the first Samsung 5G phone **Galaxy S20+ and S20 Ultra 5G** on the first commercial 5G network in South Asia.



**eSims** for compatible devices was launched to make connecting to the Dhiraagu network easier than ever.



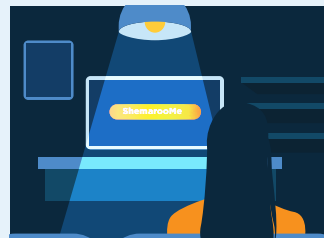
**Stingray** – a premium music streaming application with over 1000's of continuous channels and genres was introduced FREE for all our customers.

Q2

**NowMV** your digital lifestyle assistant app with its wide array of local content ranging from food, curated news and prayer alerts, was launched to keep customers up to date with the latest information.



**DhiraaguPlay** your entertainment on the go has been offering customers access to Live TV and Video on Demand content on their mobile devices anytime, anywhere.



We partnered with **ShemarooMe** to bring the best of Indian Cinema to the Maldives through DhiraaguTV's video-on-demand feature.



Together with Arcils, a local game developer we launched **Thakuru Wars** the first local multiplayer online game in the Maldives

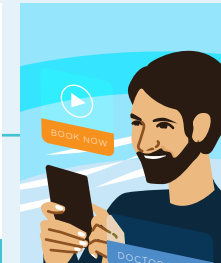
Q3



With more of our customers working and learning from home, our **Fibre Broadband #maarangalhu** plans gave increased data and speed across our FBB packages.



By introducing all-inclusive Combo Plans and Free Perks, with a simple activation **Prepaid #maarangalhu** offers customers data allowances for streaming, chat and social media.



We launched **Magey Memo**, a cloud-based fully functional doctor and outpatient management system.



In partnership with Telekom Malaysia Berhad (TM), we introduced an AI powered contactless **Thermal Mass Screening Solution** to give businesses the confidence to continue to operate safely during the COVID-19 pandemic.

Content from some of the biggest labels and TV Channels in Bangladesh is now available through **Bongo** a streaming video-on-demand service.

**Dhiraagu GameHub** was launched as a subscription portal enabled by Gameloft with access to over 700+ HD Games with without in-app purchases.

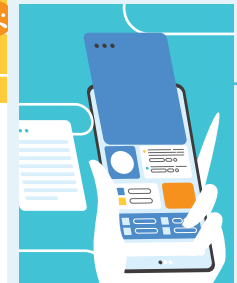
Q4

Despite disruptions due to the pandemic, the commissioning of **Maldives-Sri Lanka Cable (MSC)** was completed on time. MSC now connects Hulhumale' with Mt. Lavinia and is an important addition to other investments in our subsea cable infrastructure as it will improve our network diversity and resilience, further enhancing service availability and experience for our customers.



The new **iPhone 12** line-up from Apple was launched in October with free data allowances.

**RB Quest** is back with a bang. Customers can join Kalo or Goyye to locate and collect as many Raalhu Bis or RBs (generated by AR technology) to play and win exciting prizes.



**DhiraaguPay cashback promotion** now allows users to redeem 5% cashback when making bill payments, reloads and merchant payments through their eWallets.

# Key Sponsorships

## MASTER CHEF MALDIVES



Signed as the Title sponsor of Master Chef Maldives, the Maldivian edition of the acclaimed franchise cooking show, the "MasterChef".

## SMART EDUCATION FOR ALL

Working in partnership with local business and community organisations such as Hologo World Inc and Moms NGO along with the Ministry of Education we supported Smart Education Programme to establish remote education in 38 islands supporting 22,315 students.

The Smart Education Programme is a pilot program to introduce 3D and Augmented Reality based educational experiences.

## MAHRP VIRTUAL L&D CONFERENCE

Digital Services Partner at MAHRP Virtual L&D conference organized by Maldives Association of HR Professionals (MAHRP) in July.

The L&D conference was a virtual conference focused on the theme, "Value Driven Learning Culture" where speakers from different parts of the world joined along with local speakers to speak on the topic.



## INTERNATIONAL MALDIVES TRAVEL AND TRADE 2020 (IMTM 2020)

We were the Digital Services Partner at IMTM 2020, a B2B international travel and trade fair in the Maldives.

# Financial Highlights

## REVENUE

2020	MVR 2,483m	13.1% ▼
2019	MVR 2,859m	

## EARNINGS PER SHARE

2020	MVR 9.64	22.2% ▼
2019	MVR 12.39	

## CAPITAL INVESTMENT

2020	MVR 337m	7.6% ▲
2019	MVR 313m	

## EBITDA

2020	MVR 1,280m	14.5% ▼
2019	MVR 1,495m	

## FREE CASH FLOW

2020	MVR 917m	5.0% ▼
2019	MVR 965m	

## RETURN ON CAPITAL EMPLOYED (ROCE)

2020	30.2%	8.6 p.p. ▼
2019	38.8%	

## PROFIT AFTER TAX

2020	MVR 732m	22.3% ▼
2019	MVR 942m	

## DIVIDEND PER SHARE

2020	MVR 7.23	39.8% ▼
2019	MVR 12.00	



## Chairperson's Opening Remarks

Dear Shareholders,

On behalf of the Board of Directors, I take this opportunity to report to shareholders on Dhiraagu's progress over the last year. 2020 was perhaps one of the most challenging year in the Company's history. The COVID-19 pandemic manifested itself with long-term economic and social challenges across the Maldives. As a Company we relied on our core values, to guide us in our response while remaining focused on our goals, during these very difficult times.

Throughout the year, the Board worked closely with Management in responding to the crisis and mitigate the impact on our business, employees, and our customers. Priority was placed on safeguarding our employees by the rapid implementation of safety measures. Over 90% of colleagues

were working remotely by the end of Q1. Key front-line workers were provided with equipment and guidance necessary for maintaining and continuing a safe working environment, in order to maintain appropriate levels of services essential for our customers to learn, work and stay connected despite the isolation and social distancing measures.

Our financial performance in 2020 was significantly impacted due to the pandemic with total revenue for the financial year 2020 reduced by 13.1% vs 2019 to MVR 2.5bn. Reduction in revenues came from all key areas of the business, but the most significant impact was felt from the tourism sector which was severely hampered due to the closure of borders and interruptions to travel throughout most of the year. The impact on revenues also resulted in a reduction in profit after tax of 22.2% vs 2019 to MVR 732m, despite prudent cost control measures.

In consideration of the challenging financial performance, but in line with the Company's commitment to provide returns to its shareholders, the Board of Directors has proposed a full year dividend of MVR 7.23 per share (amounting to MVR 549m), representing a 75% pay-out ratio of net profit. The full year dividend is made up

of a final dividend of MVR 5.16 per share which the Board has recommended for shareholder approval at the 32<sup>nd</sup> AGM and an interim dividend of MVR 2.07 per share which was declared earlier in 2020. The 2020 dividend is a reduction of MVR 4.77 per share (39.8%) vs 2019, which is a prudent necessity and balances the need to safeguard the Company's operations and investment in services considering the COVID-19 environment, against the Board's commitment to provide sustainable returns to shareholders.

Our Board constantly assesses the market trends and forces that may impact your investment, and we help to guide the Company strategy accordingly. At its heart, our strategy is about accelerating things that will help us grow in both our established markets and in future markets where we see strong growth potential. I am pleased to say that we successfully completed and commissioned the new Maldives Sri-Lanka Submarine Cable on schedule. This will enable us to further improve the internet experience and provide future growth opportunities.

While the disruptions caused by the pandemic made 2020 an extraordinarily challenging year for all of us, it has also given

our Company an opportunity to leverage the benefits of technology and innovation to strengthen our role in society, and the responsibility we have to our communities. The isolation and social distancing measures taken during the year lead to a fundamental shift in online usage, and this along with the willingness to adopt new technology across all demographics lead to the acceleration of the digital economy - something that before the pandemic may have taken years to achieve. We will continue with this momentum and empower our customers to grow and thrive in the digital future.

Our Board has been reshaped in 2020 to ensure that we have in place the right balance of experience, expertise and fresh thinking. We bade farewell in March 2020 to the Batelco appointed Non-Executive Directors Mrs. Khulood Rashid Al Qattan (former Deputy Chairperson) and Mr. Oliver McFall, followed by Mr. Khalid Hussain Taqi in April 2020. I wish to thank Khulood, Oliver and Khalid for the wealth of experience and insight they brought to the Board. In May 2020, we welcomed the appointment by Batelco of new Non-Executive Directors Mr. Ahmed Abdulrahman as Deputy Chairperson, Mr. Faisal Qamhiyah, and Mr. Mikkel Vinter. We also welcomed Uza. Maryam Manal

Shihab who was appointed to the Board by the Government of Maldives in July 2020. We also bade farewell to the longstanding Batelco appointed Non-Executive Director Mr. Ihab Hinnawi, in January 2021 and welcomed the appointment of Mr. Isa AlSabea as his replacement to the Board. Over the years, Ihab has worked very closely with Dhiraagu and I would like to thank him for his valuable guidance to steer Dhiraagu to where it is today.

My thoughts and prayers go out to all those who have been affected by the pandemic and on behalf of Dhiraagu, I would like to appreciate all the healthcare professionals, local communities, the Government of Maldives and various local and international bodies who have strived to help us come through this challenging period.

I am extremely proud of how the business has navigated the uncertainty of the past year. When our services were most needed by our customers and communities, we stepped up and delivered on our purpose. On behalf of the Board I would like to thank Management and all employees for their tireless commitment during an unprecedented year. I would also like to acknowledge and thank my fellow Directors

and our Shareholders for their support over the year. I am confident that with dedication and commitment, we will see Dhiraagu through this crisis and strive forward in the new post-pandemic economy.



Ismail Waheed  
Chairperson

“While the disruptions caused by the pandemic made 2020 an extraordinarily challenging year for all of us, it has also given our Company an opportunity to leverage the benefits of technology and innovation to strengthen our role in society, and the responsibility we have to our communities.”



## CEO's Statement



**In these unprecedented times, as the world emerges from the COVID-19 global pandemic that has disrupted lives and livelihoods, our services have helped establish a new normal and transformed the way we work, study, transact and interact with each other.** The significant investments we have made towards achieving our vision to enrich lives by connecting the entire country and expanding our services to remote corners, has been pivotal in enabling our people, communities and businesses to quickly adapt to the challenges faced by last year's disruptions.

2020 was enormously challenging for people and businesses around the world. The global pandemic has had a profound impact on us all, it has disrupted lives and livelihoods, halted tourism, disrupted supply chains and left a lasting impact on the economy. We moved swiftly to prevent any disruption to our services and to ensure our customers and communities across the country stayed connected. With our services becoming ever more critical to daily life, we are at the forefront when it comes to navigating the disruptions and challenges faced by our customers, the community and the Government.

Being a lifeline utility service, we need to operate during all public health risk alert

levels. I am very proud of the huge efforts made by our teams to respond to the crisis. As the pandemic started to unfold, the utmost priority was given to ensure the safety and well-being of our colleagues, and implement business continuity management measures, to ensure that the connectivity and service we provide to our customers was not interrupted.

As a key partner to the Government, we swiftly assembled a dedicated team to offer technical support and immediately respond to the Government's COVID-19 task force. Our teams worked around the clock to set up internet and other services required for quarantine and isolation facilities. To cater to the sudden surge of calls, we set up a toll-free hotline, 1676, and supported the Health Protection Agency in establishing a cloud-based virtual call centre at the National Emergency Operation Centre. Premium Internet and DhiraaguTV services were also extended free of charge to the National Emergency Operations Centre at Dharubaaruge. When lockdown measures were enforced and with the entire civil service working from home, we zero-rated the allowance for some of the sites commonly accessed by Government offices to ease the sudden surge.

Heavy investment in our core network in

recent years ensured our ability to manage and adapt, to ease congestion and meet the demand for an almost threefold increase in data traffic. To help with this big shift in demand during the initial lockdown, we offered significant relief to our customers by extending generous allowances and discounts with up to 140% extra free data, discounts on boosters and monthly add-ons along with free connections for new setups. Likewise, we pledged flexibility on collections including payment extensions to help alleviate the financial hardship.

As an enabler of technological innovations to enrich lives, and a key partner of national development, Dhiraagu played a leading role in supporting businesses with reliable digital connectivity to keep our customers and partners connected and safe. With the growing need for digital services, we will continue to add innovative and future-proof solutions to enhance our services portfolio.

With the pandemic changing the way we work, interact and how businesses engage with their customers, the digitalisation that has been integral to our transformation these past years has allowed us to adapt and pivot seamlessly to the new normal. Agile ways-of-working have improved our speed to market and customer centric approach, and although more than 90% of colleagues

worked remotely throughout most of the year, we have seen a significant increase in both customer and people engagement.

Despite challenges and disruptions, our focus on delivering simpler, more intuitive customer experiences is progressing well. During the year we:

- continued rollout of our high-speed fibre broadband network across the country to reach 80% of households;
- enhanced customer experience and enabled more customers to reach us through digital channels by increasing our portfolio of digital services for consumers, businesses and communities;
- made significant improvements to our fibre broadband service across the country by increasing speed and allowances thereby bringing down the price per GB;
- launched DhiraaguPlay, a new OTT/TV service, increased DhiraaguTV coverage to reach more islands across the country and enhanced our TV value proposition with additional content;
- completed and commissioned the Maldives Sri Lanka Cable (MSC), which is a key investment to enhance internet connectivity, improve network diversity and resilience, and facilitate innovation for future growth.

With the global spread of COVID-19, it quickly became evident that the pandemic was going to have significant and lasting economic implications, especially with COVID-19 travel restrictions. The business was severely impacted with the loss of revenue related to the tourism sector, decrease in enterprise revenue and the knock-on effects on the wider economy. Mitigation measures were taken to minimise the business impact including measures to optimise costs and preserve cash.

Against this backdrop and mounting expectations due to the financial stress experienced by customers, our net profit declined by 22% to MVR 732m. In order to partially mitigate the impact of the expected reduction, early and decisive action was taken in Q1 to implement disciplined cost saving measures across the Company. These measures resulted in a YoY reduction in operating costs by 13%.

Last year's crisis has also given us the opportunity to collectively pause and reflect on the world as it is and how it could be. The isolation and social distancing measures reminded us of the fragility of the world we live in, the importance of connectivity and the role that Dhiraagu plays. We want the Maldives to recover from this pandemic and emerge as a highly efficient, inclusive digital

economy. We will continue to look at every aspect of our business to see what we can do for our employees, customers, partners and the economy more broadly, while maintaining focus on long-term value creation for all stakeholders. We remain steadfast in working closely with regulators and the Government. Our absolute focus remains on team wellbeing, supporting our customers and playing our part in the national response.

I would like to once again extend my heartfelt thanks and appreciation to each and every one of our employees and the unwavering support of the Leadership Team. In Sha Allah, with our team's determination, persistence and passion to serve customers, Dhiraagu is well positioned to deal with any challenges in the year ahead as we emerge from the pandemic. I would also like to thank our Board of Directors for their direction and foresight throughout the crisis and steering the Company for the betterment of communities across the Maldives, whilst sustaining value for our shareholders during these very challenging times.



Ismail Rasheed  
CEO & Managing Director

“The significant investments we have made towards achieving our vision to enrich lives by connecting the entire country and expanding our services to remote corners, has been pivotal in enabling our people, communities and businesses to quickly adapt to the challenges faced by last year's disruptions.”



# Board of Directors



MR. ISMAIL  
WAHEED



MR. ISMAIL  
RASHEED



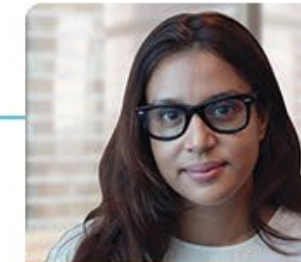
MR. AHMED  
ABDULRAHMAN



MR. IMRAN  
ALI



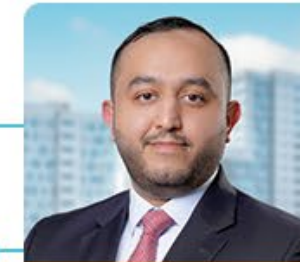
MR. MIKKEL  
VINTER



UZA. MARYAM  
MANAL SHIHAB



MR. FAISAL  
QAMHIYAH



MR. ISA  
ALSABEA



**MR. ISMAIL WAHEED**  
**Chairperson**  
**Non-Executive & Independent**  
**Maldivian**

Appointed by the Government of Maldives in November 2018 as the Chairperson of the Board of Directors. Mr. Waheed is also the Chairperson of the Remuneration Nomination and Governance (RNG) Committee.

Mr. Waheed has a long and vibrant history with Dhiraagu. He was the CEO & Managing Director from 2004 till his retirement in September 2015. His career in the telecom industry started when he joined Cable & Wireless Maldives in 1977. He later continued to serve in Dhiraagu upon its formation in October 1988. During his time at Dhiraagu, he held various key positions including Head of Networks, Head of

Marketing and Customer Services. Under his leadership the Company achieved major milestones including the Initial Public Offering in 2011 transforming the Company from a successful joint venture between the Government of Maldives and a foreign shareholder, to a publicly listed company with over 14,000 shareholders. Mr. Waheed also served as an Executive Director of the Indian Ocean Region of Cable & Wireless PLC from 2006 to 2008.

He holds a BEng (Hons) in Telecommunications Management and System Design from Anglia Polytech University, Chelmsford (UK). He also completed an Executive Leadership Programme at Darden Business School, University of Virginia, USA.

**Other directorship and appointments:**  
None



**MR. AHMED ABDULRAHMAN**  
**Deputy Chairperson**  
**Non-Executive & Independent**  
**Bahraini**

Mr. Abdulrahman was appointed to the Dhiraagu Board by the Batelco in May 2020. He serves as the Deputy Chairperson of the Board of Directors and is also the Chairperson of Audit Committee.

Mr. Abdulrahman is a former investment banker, with 18 years of experience in investment banking, mergers & acquisitions and private equity, gained from working with leading financial institutions in Bahrain & UK. He has served on the board of over 40 companies globally, including Bahrain Financing Company (“BFC”), and has held a number of board positions which include chairmanships to the board and chairmanships of Investment committees.

He is currently the CEO of Esterad Investment Company B.S.C. (“Esterad”), a diversified investment company established in Bahrain in 1973, listed on Bahrain Bourse with activities in Real Estate, Private Equities, Listed Equities and Fixed Income. He currently serves as an independent board member of Native Land Investment in the UK, a Director at Beacon Capital Management (Beacon), and as a Director in Clan Partners Advisory.

Prior to joining Esterad, Mr. Abdulrahman served as the Founder & Managing Partner of Clan Partners Advisory, a Bahrain based boutique advisory firm. He also served as the CEO and Managing Director of Beacon, a boutique Private Equity and Asset Management firm out of London. Prior to Beacon, he served as the Head of Private Equity for GCC, Levant and Turkey at Bank Al Khair (formerly known as Unicorn Investment Bank). Prior to joining Bank Al

Khair, he was a Relationship Manager at Ahli United Bank – Offshore Unit and was also a Relationship Manager at Kuwait Finance House – Bahrain in the Corporate Finance and Venture Capital department. He started his career at BDO Jawad Habib as an analyst in the Financial Advisory Services unit.

He holds a Bachelor’s Degree (Hons) in Business Systems & Information Technology from University of Northumbria, Newcastle.

**Other directorship and appointments:**  
Board Director - Bahrain Telecommunications Company (BATELCO)  
Memeber - Executive Committee, BATELCO Board.  
CEO - Esterad Investment Company B.S.C. (Esterad)  
Independent Board Member - Native Land Investment  
Director - Beacon Capital Management (Beacon).  
Director - Clan Partners Advisory



**MR. ISMAIL RASHEED**  
**CEO & Managing Director**  
**Executive & Non Independent**  
**Maldivian**

Mr. Rasheed was appointed to the Dhiraagu Board as CEO & Managing Director by the Batelco in September 2015.

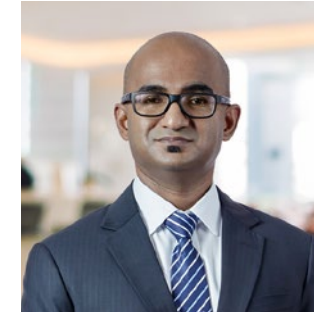
He served as the Chief Executive of Dhiraagu from 2007 till September 2015 and held other key positions including Director of Networks from 2000 to 2007, Manager Networks Planning and Projects from 1999 to 2000. Under his leadership, Dhiraagu was the first operator in Maldives to connect the geographically dispersed nation from North to South through its 1253km length fibre optic submarine cable network which supports the country's largest 4G LTE and fixed broadband network.

Mr. Rasheed has extensive experience in leadership, governance and the telecom industry. He played a pivotal role in transforming Dhiraagu into a leading digital solutions provider.

He holds an MBA from University of Reading (UK), BEng (Hons) in Telecommunications Systems Management & Design - Anglia Polytechnic University (UK).

Mr. Rasheed is a member of the Institute of Engineering & Technology (UK).

**Other directorship and appointments:**  
 None



**MR. IMRAN ALI**  
**Director**  
**Non-Executive & Independent**  
**Maldivian**

Re-elected to the Dhiraagu Board by the public shareholders at the 31<sup>st</sup> AGM in June 2020. Mr. Ali has served on the Dhiraagu Board since May 2014. Mr. Ali is a member of the Remuneration Nomination and Governance Committee, and he also serves as a Member of the Audit Committee.

With over 18 years of experience in the tourism and real estate development, Mr. Ali serves as the Chief Executive Officer of Dhonkeyo Group of companies.

He holds an MBA from Manchester Metropolitan University, UK and Bachelor's Degree in Economics from the University College London, UK.

**Other directorship and appointments:**  
 Chairman of Dhonkeyo Group of Companies  
 Managing Director of Reethi  
 Rah Resort Pvt Ltd



**MR. MIKKEL VINTER**  
**Director**  
**Non-Executive & Independent**  
**Danish**

Mr. Vinter was appointed to the Dhiraagu Board by the Batelco in May 2020. He serves as a Member of the Remuneration, Nomination and Governance Committee.

Mr. Vinter joined Batelco as its Chief Executive Officer in May 2019.

With almost 20 years' experience in the telecom industry holding executive roles, he brings a proven track record with a wealth of knowledge and experience to Batelco. Mr. Vinter has a broad international background with experience from telecom operators in the Middle East, Asia & Europe, including several Greenfield mobile start-up operations. Among his

previous roles, he founded Virgin Mobile, Middle East & Africa in 2006 and served as its Chief Executive Officer until 2016.

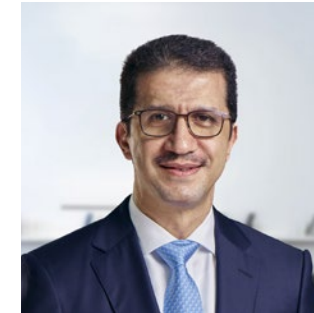
Prior to setting up Virgin Mobile Middle East & Africa, Mr. Vinter served as Chief Commercial Officer for Nawras in Oman leading all the commercial activities from before the launch until Nawras was successfully established with a 20%-plus market share. His previous roles also include senior positions with TDC in Denmark and Singtel in Singapore.

He holds a master's degree in Economics and Business Administration from Copenhagen Business School and has completed a Marketing and Management Programme with McGill University and INSEAD.

**Other directorship and appointments:**  
 Member of the Board of Directors of Umniah Mobile Company PLC

Member of the Board of Sure Limited

Member of the Al Waha Fund of Funds, Limited Partner Advisory Committee



**MR. FAISAL QAMHIYAH**  
**Director**  
**Non-Executive & Independent**  
**Jordanian**

Mr. Qamhiya was appointed to the Dhiraagu Board by the Batelco in May 2020.

He is the Chief Financial Officer of Batelco since May 2019 having served as CFO for the Group since 2013. He also represents Batelco as a Board Member for some of its international operations in addition to the responsibility of financial consolidation, treasury, M&A, Business Planning and strategic support for the international business.

Prior to Batelco, Mr. Qamhiya held the role of CFO at Umniah Batelco's sister operation in Jordan and Zain Jordan. His wealth of experience includes unique

mixes of commercial and financial hands-on proven experience coupled with a passion for the telecom industry.

He holds a BA in Economics and Accounting from Yarmouk University Jordan and passed the AICPA exams from Delaware USA in 1999. He has completed the Executive Development Programme (EDP) at Kellogg School of Management, Chicago USA and also various executive leadership programmes at prestigious institutes including the Stanford Graduate School of Business, Harvard Business School and London Business School.

**Other directorship and appointments:**  
 None



**UZA. MARYAM MANAL SHIHAB**  
**Director**  
**Non-Executive & Independent**  
**Maldivian**

Uza. Manal was appointed to the Dhiraagu Board by the Government of Maldives in July 2020.

Manal has worked for an insurance litigation firm, HBM Lawyers in Australia in 2010 prior to joining the Ministry of Economic Development in September 2010 as Legal Advisor to the Minister of Economic Development and concurrently served on the Privatisation Board of the President's Office. She subsequently worked at Dhiraagu Plc in the roles of Company Secretary and Manager Investor Relations from July 2012 until she joined Suood & Anwar LLP in September 2013. She was appointed as a partner at the firm in early 2015 and

she worked there until the end of 2017. In early 2018, Manal established her own practice, Salih, Shihab & Co., a law firm specialising in corporate and commercial practice.

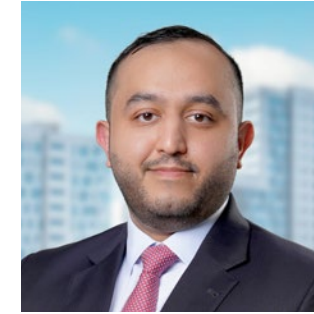
Manal is also the author of the first comprehensive text on employment law in the Maldives, titled 'Maldives Employment Law – With Emphasis on Private Sector Employment' published in 2017.

She holds LLB(Hons) from the University of Queensland, Australia and attained a postgraduate Diploma in Legal Practice from the Queensland University of Technology.

Manal is a registered solicitor at the Supreme Court of Queensland, Australia and a registered attorney in the Maldives.

**Other directorship and appointments:**  
 Managing Director, Bageechaa R.E Private

Director, Maldives Law Institute



**MR. ISA ALSABEA**  
**Director**  
**Non-Executive & Independent**  
**Bahraini**

Mr. AlSabea was appointed to the Dhiraagu Board by Batelco in January 2021.

He currently serves as director of mergers and acquisitions at Batelco, since joining in September 2020.

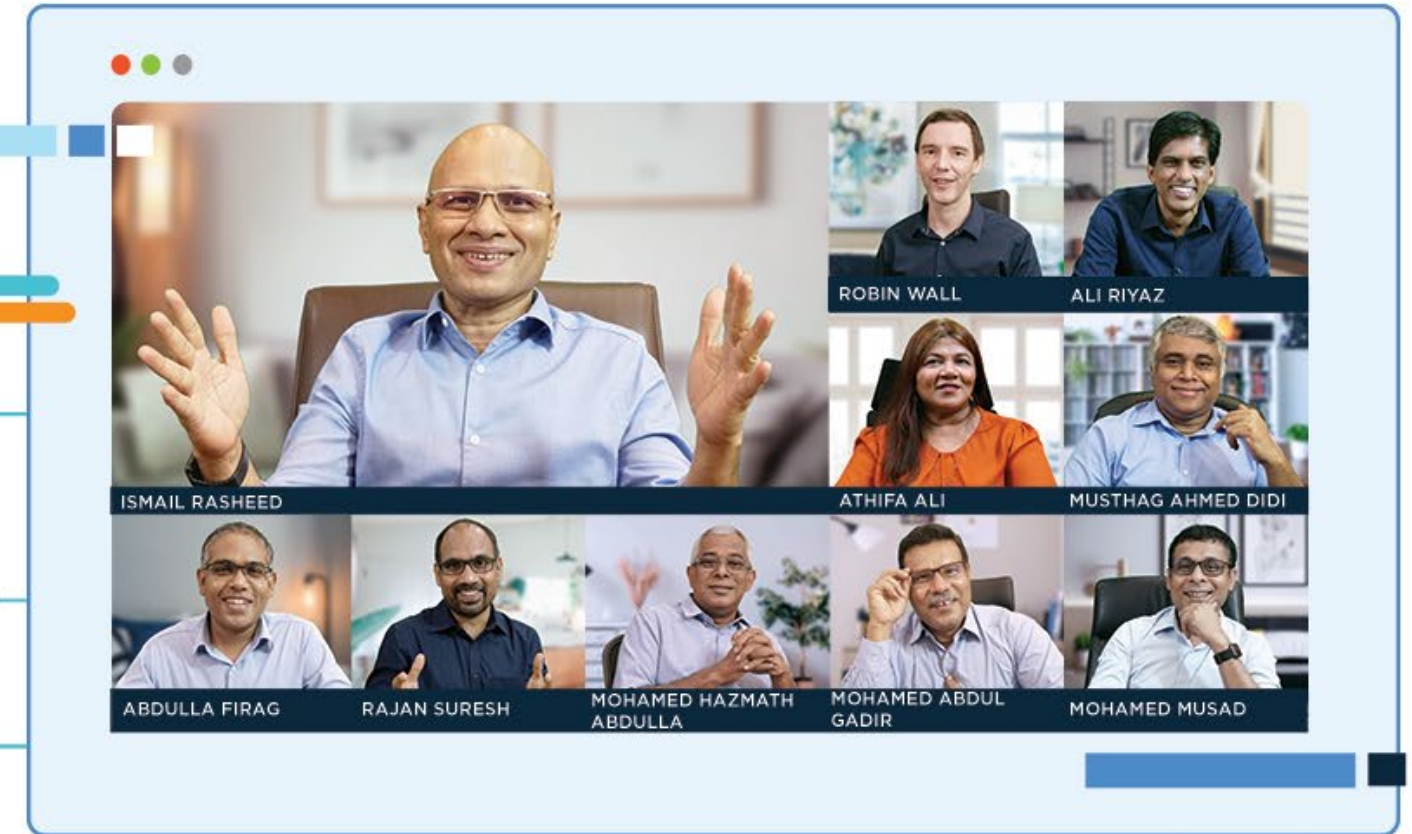
Mr. AlSabea has extensive corporate finance and M&A expertise with the benefit of over a decade experience in investment banking and private equity. Prior to joining Batelco, he worked for UBS Investment Bank where he held various roles in London and Dubai, most recently serving as a Director of Corporate Client Solutions for the Middle East and North Africa. In this role, he advised corporates and financial investors including

private equity and sovereign wealth funds on M&A and capital markets transactions. Mr. AlSabea started his professional career in private equity at Arcapita in 2009.

He holds a MSc (Distinction) in Economics from the London School of Economics and BA (Hons) in Philosophy, Politics and Economics from Balliol College, the University of Oxford.

**Other directorship and appointments:**  
 Board Member – Etihad Atheeb  
 Telecom Company

# Leadership Team



ISMAIL RASHEED  
CEO & Managing Director

Ismail has held the positions of the CEO & Managing Director of the Company since September 2015. He works to ensure our Company has a sound strategy in place and applies his leadership and management capability to deliver on that strategy and run an efficient business. He led re-branding of Dhiraagu which followed the transformation of the Company to a digital services company with the tag line of “take-on-tomorrow”, strengthening Dhiraagu’s market position, whilst continuing to foster a culture of customer-centric innovation.

In his previous role Ismail was the Chief Executive of the Company for 7 years. In that role, he led performance and strategy and was directly responsible for Dhiraagu’s technical and commercial operations.

Ismail has been serving the Company since 1988 and has held leadership roles including Director of Networks and Manager Networks Planning and Projects

during the time Dhiraagu was building the Maldives telecommunications microwave and submarine cable infrastructure across the country. Some of the key developments he led and managed include major transformation projects such as the first Submarine Cable deployment between Maldives and Sri Lanka, installation of the Domestic Submarine Cable Network across the country and mobile broadband national roll-out plan to connect all the inhabited islands.

A Chartered Engineer with over 32 years of telecom industry experience and over 17 years of strategic management experience.

Holds an MBA from the University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design from Anglia Polytechnic University (UK) & is a Member of Institute of Engineering & Technology (UK)

ROBIN WALL  
Chief Financial Officer

Appointed Chief Financial Officer (CFO) in February 2015, Robin draws on his extensive experience in finance to drive clear insights around what delivers more value to the Company and makes the business more competitive in this rapidly changing digital market.

Robin joined Dhiraagu in 2011 and has held key positions in the Company including Acting CFO, Financial Controller and Assistant Financial Controller.

Prior to joining Dhiraagu, Robin served as Financial Controller of Monaco & Islands region, CWC Group.

He is a Chartered Management Accountant with over 16 years of financial & operational expertise in the telecom industry. Robin holds a BSc Management Studies, University of Brunel (UK) and is an Associate Member, Chartered Institute of Management Accountants (CIMA).

ALI RIYAZ  
Chief Commercial Officer

Ali was appointed as Chief Commercial Officer in March 2021. In his previous role Ali served as Director Customer Services and Sales. Ali fully understands the dynamic, competitive market in which we operate in and focuses on developing clear insight into what customers value.

Ali joined Dhiraagu in 1999 and has held key positions in the Company including Head of Administration and Human Resources.

Prior to joining Dhiraagu he served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd and Manager Human Resources at Maldives Inflight Catering.

Ali has extensive knowledge and experience of over 24 years in the industry and in the areas of business and management.

He holds an Advanced Diploma in Hospitality Management from SHATEC College (Singapore).

ATHIFA ALI  
Director, Corporate Services

Athifa has been the Director, Corporate Services of Dhiraagu since 2016. Prior to that she served as the Director of International, Legal and Regulatory Department. She leads the Company’s legal and regulatory functions by providing strategic guidance and insight to ensure that the business acts lawfully and with the utmost integrity. She also oversees the Company’s CSR activities.

Athifa joined Dhiraagu in 1988 and has held key positions in the Company including Financial Controller.

She has served as the Chairperson of the Board of Maldives Pension Administration Office for 6 years. And was appointed Chairperson of the Board for a third term in June 2019.

Athifa is a Chartered Management Accountant with over 21 years of telecom managerial experience in key areas of business including finance, operations, legal and regulatory.

She holds a Master of Business Administration from University of Bradford (UK) and is an Associate Member, Chartered Institute of Management Accountants (CIMA).

**MUSTHAG AHMED DIDI**  
Director, Business Solutions

Musthag serves as the Director of Business Solutions. With his strong technology background, Musthag leads the Business Solutions department of the Company and collaborates with cross-functional teams and our customers to deliver innovative solutions.

Musthag has over 25 years of experience in the field of Information Technology and had served in leadership roles such as Manager Customer Solutions, Manager Information Systems and Manager Data & IP Solutions

He holds a BSc (Hons.) Microelectronics & Computing from Aberystwyth University (UK).

**DR. ABDULLA FIRAG**  
Director, Networks

Firag was appointed as the Director Networks in 2016. He is responsible for building the best network experience. With his team, he leads the design, building, and maintenance of our core network and infrastructure.

Firag has held key positions in Dhiraagu including Manager Access Engineering and Manager Network Quality Assurance since joining Dhiraagu in 2012.

Prior to joining Dhiraagu he has worked as a Postdoctoral Research Fellow at the University of Canterbury (New Zealand). Also worked as a Project Coordinator at the Ministry of Communications, Science, and Technology (Maldives), and as an Engineer at the Maldives Airports Company.

Firag is a qualified engineer and researcher with over 18 years of experience in telecommunications, electrical and energy sectors. He holds a Ph.D. and Masters in Electrical and Electronics Engineering

from the University of Canterbury (New Zealand) and Bachelor of Engineering in Electrical and Electronics Engineering from the University of Adelaide (Australia). Firag has been an IEEE member since 2006.

**RAJAN SURESH**  
Director, Human Resources

Suresh was appointed as Director Human Resources in April 2019. He brings global experience in leading transformational HR initiatives to drive the way the Company operates and strengthen employee engagement.

Prior to joining Dhiraagu he has held key positions in the Private and Public Sectors including Head of HR (India, ME & Africa) at ISYX Technologies Pvt Ltd, Kochi, India, Senior Human Resource Director at Seddiqi Holdings, Dubai; Asst. General Manager of HR at Al Futtaim Group, Dubai; HR Operations Manager at Al Tayer Group, Dubai; HR Manager at Landmark Group, Dubai; and Senior HR Executive at Bharat Heavy Electricals Ltd, Bangalore, India.

Post Graduate in HR with 26 years of experience in IT, Electronics and Retail Industry verticals.

Holds a Master's Degree in Social Work (Human Resource Management) from Loyola College of Sciences and a Bachelor's Degree in Psychology from FMNC, Kerala University.

**MOHAMED HAZMATH ABDULLA**  
Director, Property, Procurement & Administration

Hazmath was appointed as Director, Procurement and Property Management in 2007. His role includes managing our Admin, Property and Procurement function across the Company and leads the Company's efforts to optimise costs. He is also responsible for ensuring that our procurement processes are run in accordance with our policies to maintain accountability and fairness.

Prior to joining Dhiraagu in 2004, he held key positions in the Ministry of Finance and Treasury.

Hazmath has over 22 years of operational and managerial experience in both public and private sector.

He holds Master in Economics (Public Policy & Taxation) from Yokohama National University (Japan) and a Bachelor in Business Administration, Hawaii Pacific University.

### MOHAMED ABDUL GADIR

Director, Information Systems

Gadir has been the Director, Information Systems since June 2017 and is responsible for ensuring the Company's Information Systems are built and maintained to optimise business needs.

Gadir joined Dhiraagu in 1988 and has served the Company in managing different departments of Networks including Transmission and ISP Function. Most recent posts include Manager IT Projects, Manager Information Systems where he managed significant projects impacting a broad spectrum of services.

He has extensive knowledge and experience managing multiple departments across the Company including, Transmission, Switching, Internet & IP Solutions with over 31 years of experience in the industry.

Gadir holds an MBA in Information Management, TASMAT, India.

### MOHAMED MUSAD

Director, Digital Transformation

Musad holds the position of Director Digital Transformation since November 2017. He is responsible for driving strategy and steers the major technology choices that the Company makes to ensure that our products and services are truly digital and that our customers' needs remain at the heart of driving such efficiencies.

Musad joined Dhiraagu in 1995 and has held key positions in Dhiraagu, including Director Networks, Manager Mobile Networks, Manager Core Networks, and Senior Engineer.

Musad is a Chartered Engineer with over 22 years of technical expertise in the telecom sector. He holds a Master of Commerce in Information Systems from the Victoria University of Wellington (New Zealand), MBA from the Australian Institute of Business (Australia), and Bachelor of Engineering in Mobile Telecommunications Technology from the University of Hull (UK).

*\*Mr. Mahmoud Dasser served as the Chief Marketing Officer from August 2019 till his resignation from Dhiraagu in September 2020.*



## Strategy & Performance

## Strategy & Performance in 2020

The COVID-19 global pandemic emphasised our role in enabling communities, people and businesses. With most people confined to their homes and most businesses having to limit their operations, the dependency and demand for reliable communication services and digital applications increased.

With our services becoming essential, we were at the forefront when it came to responding to the disruptions and challenges faced by our customers, the community and the Government. We offered additional support to customers including extra data allowances to help our customers stay connected and we kept customers and stakeholders informed of our commitment to support them throughout the pandemic.

The utmost priority was given to ensure the safety and well-being of our people, and on business continuity management, to ensure that the connectivity and service we provide to our customers was not interrupted.

We swiftly took steps to safeguard colleagues by introducing new guidelines and ensured that more than 90% of our employees were working remotely from their homes by end of March 2020.

With the global spread of COVID-19, it quickly became evident that the pandemic was going to have significant and lasting economic implications. The business was severely impacted especially on enterprise and roaming with cessation of tourism and the knock-on effects on the wider economy. Mitigation measures were taken to minimize the business impact including measures to optimise costs and preserve cash.

## Keeping you connected and safe – our response to support our customers and community

We focused on being agile and decisive in our actions, offering customers relief packages while working hard to ensure that our networks can cope with the surge in demand. In early March 2020, we established our business continuity plan to ensure that our network remained fully operational and our services uninterrupted. With an almost three-fold increase in internet usage when compared to pre-COVID-19 times, additional internet capacity was added at the end of March 2020 to meet the increase in demand for internet.

### HELPING OUR CUSTOMERS STAY CONNECTED

Besides ensuring service continuity, we made responsive tariff-plan adjustments offering better deals for the increased usage and extensive benefits across all our services. To enable more people to enjoy our unmatched COVID-19 care packages, we offered our customers up to 140% extra free data allowances, discounts on boosters and monthly add-ons along with free connections for new setups.

For many customers who were unable to pay their bills, we provided flexibility on collections including extensions and delayed service disconnections.

### BUILDING RESILIENCE AND FOSTERING PARTNERSHIPS WITH LOCAL BUSINESSES

Our teams worked around the clock to move the Government and the business community, to secure remote working capabilities by delivering innovative operational and business continuity solutions. As the year progressed, we continued helping the nation recover from COVID-19 and transform into an agile economy. Through our products and services, we connect, empower and enable our customers to adapt and embrace opportunities to lift economic participation in communities across the country, irrespective of how remote they may be. Digital equity is at the heart of our approach to a #DigitalRaajje, and our teams work tirelessly to bridge the digital divide and foster strong, resilient, inclusive communities.

### SME

Our goal is to foster strong, inclusive digital communities through transformation and the pandemic has been an opportunity for us to engage with our SME customers on the new services we can provide them with. We believe that by supporting SMEs' full journey onto the cloud-based solutions while building new capabilities that take advantage of new technology can help meet the demand for agile and scalable connectivity.

We were quick to offer relief to SMEs and home-based businesses by providing discounts on their monthly rentals. Additionally, we also supported the retail and trade community through other business solutions such as bulk SMS, M2M connectivity, webhosting solutions, as well as flexible bill payment options along with extended bill discount schemes.

With the lockdown and social distancing measures enforced for most of the year, we pivoted to support the retail and trade segment by zero rating merchant fees on DhiraaguPay to encourage more customers to make digital payments.

## TOURISM

The closure of international borders in March 2020 brought the tourism sector to a halt. As a trusted partner, we supported the tourism sector by allowing downgrades for datacom services as well as providing temporary suspension of various monthly subscription services. When resorts were converted to quarantine facilities, we extended free DhiraaguTV and provided additional mobile data allowances to the patients and staff at those facilities. Our teams also worked to support and enhance managed services for data backup, bandwidth monitoring and optimising, firewall and increased security measures and we continued to adapt our product portfolio to their requirements.

## ENTERPRISE

We worked with our business and enterprise customers to enable their business continuity and rapidly shift to secure, remote working capabilities through tailor-made enhancements, innovative IT solutions and collaborative tools.

We were the first to introduce contactless thermal mass screening solutions called Early Warning, Alert & Response (EWAR) for business in Maldives. With modern and efficient ways of accessing, communicating and storing information, our ICT

infrastructure and managed solutions for our enterprise customers enables them to better serve their customers and the community.

## SUPPORTING GOVERNMENT AND AUTHORITIES

In March 2020, we assigned a dedicated team to offer technical consultancy and fast response to provide assistance to the Government's COVID-19 task force and relevant authorities. With lockdown measures enforced in April 2020 and the entire civil service working from home, we zero-rated the allowance for some of the sites commonly accessed by Government offices to ease the sudden surge in data on home broadband packages.

We worked very closely with the Health Protection Agency (HPA) and swiftly assembled a dedicated team to offer technical consultancy and immediate response to requests from the Ministry of Health. We set up a toll free hotline, 1676, and supported HPA in establishing a cloud-based virtual call centre at the National Emergency Operation Centre to cater to the sudden surge of calls which peaked to over 10,000 a day. We provided free mobile data to patients and frontline healthcare providers at quarantine facilities, a Cloud Voice solution to help establish

the Maldivian Red Crescent's Psychosocial Support Centre and provided devices and connectivity for their staff and volunteers.

## SUPPORTING REMOTE EDUCATION

Having enabled digital classrooms through WiFi backed high-speed internet to all 212 Government schools in 2019, we had already set up nationwide connectivity infrastructure for the Ministry of Education. To support the significant load on the network, additional capacity was provided along with free allowances to students and teachers who were learning and teaching remotely using our fixed broadband or LTE broadband services. We also collaborated with the Ministry of Education and local business Hologo World Inc to support remote education by creating an Education Zone on DhiraaguTV.

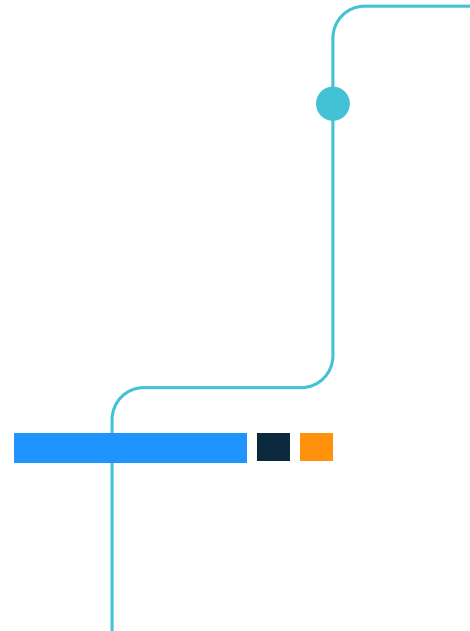
## #DigitalRaajje high-speed connectivity to everyone

We create value for ourselves, our customers and our communities by investing in resilient network infrastructure for the future of the Maldives, and creating products and services that enrich lives and empower communities. With nationwide LTE coverage and the availability of Fibre to the Home (FTTH) broadband to 80% of the population, supported by national and international submarine backbones, the country's ICT infrastructure is already one of the strongest in South Asia.

COVID-19 has seen the biggest test to our infrastructure. However, with years of sustained investment to build capacity into our network, this meant that we were able to serve our customers without disruption and continue to deliver on our brand promise to enable our customers to 'take on tomorrow'.

## NETWORK DIVERSITY AND RESILIENCE

With digital technology becoming ever-more essential to how we work, learn, live and connect we signed agreements in January 2020 and gained the regulatory approvals needed to move into the construction phase for the Maldives-Sri Lanka Cable (MSC) system. Dhiraagu has a 45% holding in the MSC and it is our second international fibre optic submarine cable. The other parties to the system are Dialog Axiata Plc and Ooredoo Maldives Plc. Despite disruptions due to the pandemic, the commissioning of the MSC was completed on time and it now connects Hulhumale' with Mt. Lavinia in Sri Lanka, offering onward access to other international cable systems, making it an important addition to our subsea cable infrastructure. In addition to providing future growth opportunities, the MSC will also improve our network diversity and resilience, further enhancing service availability and experience for our customers.



## History of our network investment

Mobile broadband has been popular since the introduction of 3G and we covered the whole population by the end of 2015. 4G LTE was launched in 2014 and with rapid deployment we were able to achieve nationwide coverage by 2018. On the fixed network side, we have more fixed broadband connections than fixed landlines in the country. In 2012, we completed a national fibre-optic submarine backbone spanning 1,253 km, and linking the country from North to South to support the nation's largest 3G and 4G LTE and fixed broadband services. As a result of our continued investment, high-speed fibre broadband service is now available to 80% of national households making lives easier, smarter, more rewarding and expediting the pace of nation's digital transformation.

**1991**  
Paging Service introduced

**1994**  
National Telephone Network Rollout Program\* introduced

**1995**  
Installation of Satellite Earth Station and a telephone exchange in Seenu Atoll.

**1996**  
Introduction of internet services.

**1997**  
Introduction of analogue mobile service

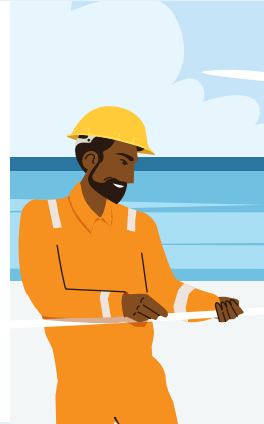
**1999**  
Launching of GSM Mobile Service and completed National Telephone Network Rollout Program linking all inhabited islands with telephone access.

**2001**  
Completed installation of Prepaid system followed by launch of mobile SMS service.

**2002**  
Broadband ADSL Internet service introduced to cater for growing needs for faster internet.

**2006**

Completed commissioning of Dhiraagu-SLT Submarine Cable a fibre optic subsea cable link between Sri Lanka and the Maldives to improve bandwidth and quality of service. Dhiraagu has an 85% holding in Dhiraagu-SLT Submarine Cable and it is our first international fibre optic submarine cable.



**2007**

Completed commissioning of a Domestic submarine cable across the one-and-half degree channel.

**2008**

100% 2G mobile coverage to all inhabited islands, resorts and major industrial islands.

**2009**

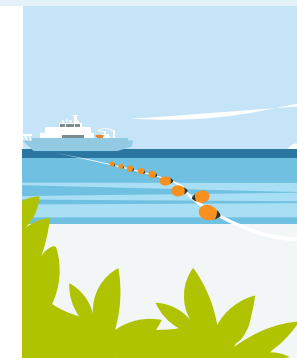
Introduced 3G mobile service and started rolling out 3G voice and data.

**2011**

Signed a contract with NEC Corporation for the deployment of a domestic subsea cable network across the Maldives.

**2012**

Completed commissioning of national Dhiraagu Domestic Submarine Cable Network across the country to improve reach and provide access to high-speed internet services.



**2014**

4G LTE service introduced to improve mobile internet service quality

**2015**

Introduced 4G+ (LTE-A) in Greater Male, which is also the first 4G+ service in South Asia.

**2018**

Completed 100% 4G network coverage.

First 5G demo in Maldives

**2019**

Launched commercial 5G for the first time in the Maldives and South Asia, covering 7 different islands including greater Male'.

**2020**

Completed commissioning of Maldives-Sri Lanka Cable (MSC) a fibre optic subsea cable link between Sri Lanka and the Maldives to improve our network diversity and resilience. Dhiraagu has a 45% holding in the MSC and it is our second international fibre optic submarine cable.

Fixed Broadband Network (FTTH network) expanded to cover 80% of national households.

## Digital Transition driving more flexibility and making business safer and simpler.

We undertook the extraordinary disruptions of 2020 as a challenge to adapt and find new ways to support our customers, our people, and the nation better. Digitisation has been a central operational theme for us in the past year. Our digitisation and automation initiatives meant that we were able to fast-track capabilities to work securely and remotely through IT solutions and collaboration tools. These measures proved to be imperative to implement remote working for over 90% of our colleagues during the strict lockdowns barring only essential members of our team based in the office or working in the field to attend to our network or provide critical support to our customers.

Throughout the year we moved more and more of our customer interactions online. Recognising that convenience is key to customers' engagement with us, we introduced new enhancements to our online channels. We stepped up Dhiraagu MyAccount and the Dhiraagu Mobile App so that our customers can manage all their services remotely and far more conveniently than before. Additionally, with the growing reliance on social media

networks, we significantly increased our outreach through Live Chat on our website and the mobile app and Dhiraagu Viber Help and our social media channels. Over the year, we redesigned our website's complete architecture for the greater convenience of our customers and visitors.

We remained committed to simplifying our customer experience across all aspects of our business. The acceleration in people's digital mindset meant that there is even more urgency for a digital transformation to enable customers to access our services and transact with us remotely, quickly and efficiently and conduct our work remotely. With the enhancements and additions to our digital channels, digital customer interactions have increased by 11% over the year. With this, more than 45% of all customer interactions with us now occur through digital channels.

We were also very excited to host our 31<sup>st</sup> Annual General Meeting (AGM) on a virtual platform using 'Fahivote', an online General Meeting Management System developed by Maldives Security Depository Pvt Ltd. This was also the first time a virtual AGM that

has been held through 'Fahivote'. With strict restrictions on gatherings and movement due to the pandemic, it was the perfect solution to enable our shareholders across the country to participate at the meeting. We also believe that it reflects our efforts to digitise the way our community lives and works.

With the growth in adoption of digital means for businesses and development in online services, in part accelerated by the pandemic, we recognised the importance of cybersecurity for our systems and our customers. We continued and accelerated our cybersecurity program to ensure that our infrastructure and platforms are resilient and secure. We also launched security products for our corporate customers to enhance their cybersecurity.

## Digital revolution transforming our everyday experiences at homes, at work and on the go

The isolation and social distancing measures requiring us to stay home and stay safe reminded us of the fragility of the world we live and how much connectivity matter to our customers and our country. Our customers not only expect to have seamless connectivity wherever they go, but at times rely on our services as a lifeline for information and communication. We continue to invest in relevant and future-proof solutions to enhance their digital experience.

### MOBILE

In addition to the COVID-19 support to enable customers to stay connected and informed during these unprecedented times, we improved our value proposition and restructured our mobile price plans to meet the increasing need for quality mobile internet at affordable prices. We also created data bundles for popular social media channels including TikTok, YouTube and Netflix to cater for the increasing demand for entertainment and information through streaming services.

Our new prepaid plan offers Combo Plans, reshaping prepaid to create better value for money. By introducing all-

inclusive Combo Plans and Free Perks, with a simple activation, our prepaid plans now offers customers data allowances for streaming, chat and social media. Mamen, our revolutionary digital youth offering, continues to evolve and stay on point through partnerships with trendy lifestyle outlets, popular hangouts, and opportunities to pursue entrepreneurial avenues. In 2020 we introduced a referral feature on Mamen to allow customers to invite friends and family.

### FIBRE BROADBAND

In line with our strategy of digital inclusivity, we expanded our FTTH network to reach 80% of national households, covering 64 islands by the end of the year. Our FTTH network provides more customers with the benefits of high speed internet and makes our network by far the largest and fastest fibre network in the country. We led the market with a complete revamp of our fibre broadband value proposition by offering 20% to 65% extra allowance and faster speeds at the same price and an acquisition campaign was carried out to increase customer numbers. The revamp was in addition to COVID-19 support packages we offered to our customers.

### DHIRAAGUPAY

The transition to a cashless society is gaining momentum because of the pandemic. DhiraaguPay, our convenient, reliable and secure digital money platform, offers financial inclusion that overcomes geographical barriers. The 87% increase in DhiraaguPay transactions during 2020 is attributed to our partnerships with a wide range of merchants including retail, insurance and healthcare providers. Our cash back promos and discounts on our services for DhiraaguPay customers, also helped to encourage more people to avoid face to face interactions and adopt a cashless lifestyle. With the addition of the Maldives Inland Revenue Authority, our customers can now pay their taxes using DhiraaguPay.

### DHIRAAGUTV

DhiraaguTV is now available on 54 islands and during the year we focused on bringing quality content to our customers at home. We added new content including the Star Network channels. As more of our customers turn towards streaming, we partnered with ShemarooMe to bring the best of Indian Cinema to the Maldives through DhiraaguTV's video-on-demand feature.

### DHIRAAGUPLAY- GO TO APP FOR ENTERTAINMENT

We launched 'DhiraaguPlay'- the go to app for entertainment. Our customers can now enjoy shows, movies and watch live sports events at anytime, anywhere and on the move.

### NOWMV- YOUR DIGITAL LIFE-STYLE ASSISTANT

Our customers can now get more with NowMV, which was launched last year as a digital lifestyle assistant. The app curates an array of local lifestyle content from fashion, fitness and food to help you navigate your day. It enables customers to check the news, travel info and upcoming events, browse menus from restaurants and cafés, and has features to keep track of fasting, the Qibla and daily prayer times. We have also built in a feature where customers can make donations to local NGOs.

### STINGRAY- FREE MUSIC APP

We introduced Stingray a premium music streaming application with 1000's of continuous channels and genres for FREE for all our customers. Lovingly curated by music experts, Stingray music app offers a comprehensive channel selection that covers all styles and tastes, and guarantees, a fun experience in discovering and enjoying thousands of music channels.

### GAMING

Introducing the latest technology embodies our core value 'innovation'. With more people staying home as a result of isolation and social distancing measures, we focused on our gaming portfolio. We are always proud to support local talent and were excited to partner with local developer Arcils Pvt Ltd to launch 'Thakuru Wars' the first local multi-player online game. The multiplayer battle arena game is true to its name and revives traditionally themed Maldivian characters and settings. We expanded our gaming portfolio further, by launching our own gaming subscription portal- Dhiraagu GameHub. This platform enabled by the renowned global game innovator, Gameloft, offers our customers access to over 700+ high quality games. Towards the end of the year, we re-launched RB Quest- the first Maldivian Augmented Reality (AR) game- with more exciting features.

### MAGEY MEMO- MHEALTH

Building on our efforts to drive digital adoption, we introduced 'Magey Memo' that has brought a paradigm shift in digital health care in the Maldives. This cloud-based platform provides a fully functional doctor and outpatient management system equipped with real-time reporting,

booking and monitoring dashboard.

### DEVICE LAUNCHES

Every day, our teams work to introduce exciting new technologies and help our customers and partners understand how such technologies can enhance their daily lives and shape socio-economic progress. In partnership with global flagship brands, we launched the latest smartphones; including the Samsung Galaxy S20+ and S20 Ultra 5G, making Maldives the 3rd country in the world to officially launch Samsung's flagship devices. We also launched the new iPhone12 series towards the end of the year.



## Financial Performance

### Overall Financial Performance

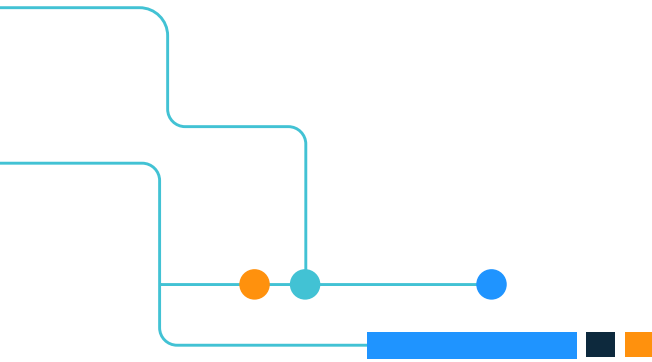
The financial performance of the Company for 2020 was heavily impacted by the COVID-19 pandemic that devastated the local and global economy. With the closure of international borders and travel restrictions from most of the popular arrival markets, the travel and tourism industry was hit the hardest. The Maldives being no exception, most of the tourist facilities were closed for at least half of the year and overall arrivals and occupancy levels were much lower than 2019 after the Maldives border reopened in July 2020. There was also a knock-on effect on the rest of the economy and other industries which derive income related to travel and tourism.

Focus was given to service continuity, with most of the community having to work, educate and socialize remotely and digitally

due to the lockdown and other COVID-19 related measures. We also took preventive measures to protect the health and well-being of our employees, customers and other stakeholders. The priority during the year was to extend the reach of our services, enable all customers to have an uninterrupted service and provide better value especially on mobile data and fixed broadband.

With the impact of the pandemic, total revenue for the financial year 2020 reduced by 13.1% vs 2019 to MVR 2.5bn with most business lines impacted, especially on roaming and tourism related revenue streams.

Despite the challenges faced in terms of physical movements within the country due to the restrictions imposed in order



to contain and control the spread of the virus, our digital transformation journey continued during 2020. We managed to successfully increase the rollout of our FTTH network to reach 80% of households and increased customer numbers by 18%. Completion of the new Maldives-Sri Lanka Submarine Cable (MSC) system towards the end of the year was a noteworthy success which will help us strengthen the international connectivity and improve the internet experience to our customers while providing much needed redundancy.

In order to partially mitigate the impact of the expected reduction in revenue due to the pandemic, various cost saving measures were implemented across the Company. These measures, combined with the reduction in

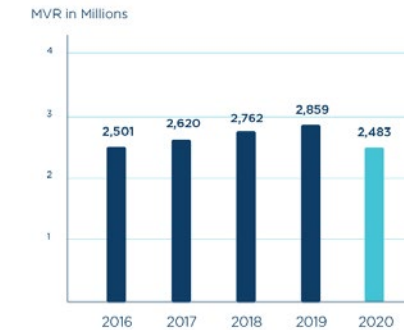
the revenues, resulted in a YoY reduction in operating costs and cost of sales by 12%.

Reported EBITDA reduced by 14.4% to MVR 1.3bn and Net Profit reduced by 22.2% to MVR 732m, attributable almost

entirely to the reduction in revenue due to the COVID-19 pandemic. Earnings per share (EPS) reduced by 22.2% to MVR 9.64 in line with the reduction in net profit.

MVR MILLIONS	2020	2019	2018	2017	2016
Revenue	2,483	2,859	2,762	2,620	2,501
EBITDA	1,280	1,495	1,418	1,371	1,389
Profit After Tax	732	942	905	898	840
Basic Earnings per Share (MVR)	9.64	12.39	11.91	11.81	11.05
Free Cash Flow	917	965	617	644	863
Net Assets	2,483	2,505	2,330	2,315	2,666

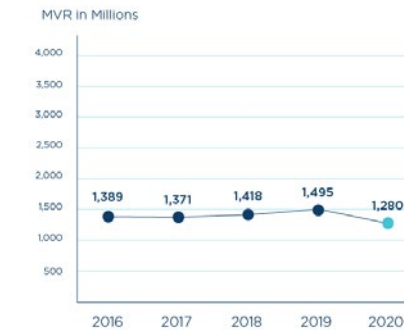
## Revenue



Total revenue reduced by 13.1% YoY to MVR 2.5bn due to the unfavourable economic situation caused by the pandemic with revenue impacted across all customer segments. International roaming revenue along with revenues from enterprise were the highest impacted segments due to the effect on the tourism industry.

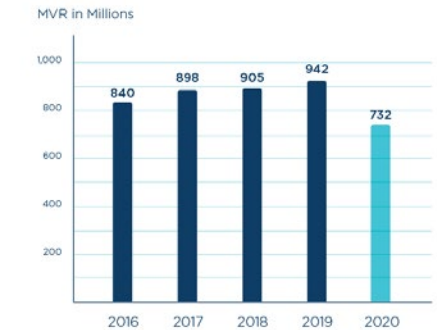
As the country went through the worst economic and social depression of recent times, our priorities remained providing an uninterrupted service to our customers and supporting the local community adapt to the new normal. In this regard, we supported multiple stakeholders to meet their communication needs and we also provided extra allowances and discounts to help ensure continuity of their day-to-day operations.

## EBITDA



Reported EBITDA for 2020 reduced by 14.4% to MVR 1.3bn, almost entirely attributable to the reduction in revenue due to the COVID-19 pandemic. In order to partially mitigate the loss on revenue due to the economic crisis, a wide range of cost saving measures were implemented across the Company. These measures combined with the reduction in the revenues resulted in a YoY reduction of MVR 160m in operating costs and cost of sales.

## Profit After Tax



Profit after tax reduced by MVR 209m (22.2%) on a YoY basis due to the impact on revenue, but partially mitigated due to the cost saving measures implemented across the Company.

## Earnings Per Share



Basic EPS was MVR 9.64, a reduction of 22.2% YoY, due to the reduction in Profit After Tax.

## Dividends

For the financial year 2020, a total dividend of MVR 549.5m is proposed to the shareholders (MVR 157.3m declared as interim dividend and MVR 392.2m proposed as final dividend for 2020).

## Assets & ROCE

At 31 December 2020, Dhiraagu's total asset base stood at MVR 4.1bn which represents an increase of 13.5%. Return on capital employed (ROCE) for 2020

reduced to 30.2% versus 38.8% in 2019 due to the reduction in profit after tax (i.e. earnings) whilst we continued to invest in infrastructure and transformation.

## Capital Investment

Total capital expenditure for the year was MVR 337m, a YoY increase of MVR 24m. Even with the challenges faced in 2020, we continued our focus on investing in strategically important projects to improve customer experience, enhance connectivity, build resilience and transform our business. One of our key investments was in the Maldives-Sri Lanka Cable (MSC), a second international submarine cable system between Maldives and Sri Lanka, which provides improved diversity on our critical submarine cable infrastructure and uses the latest technology to improve internet capacity, speed and latency. A total of MVR 148m was spent on the project.

Simultaneously, we continued to invest in enhancing and extending high-speed connectivity across the Maldives with Fibre to the Home (FTTH) broadband connectivity now reaching 80% of households and improved mobile data coverage, with a total of MVR 32m invested last year. As a result, even with the increased demand for

bandwidth due to online schooling, work from home and social and entertainment needs, we were successful in providing an uninterrupted service to all of our customers.

## Free Cash Flow And Cash Balance

Free cash flow (cash flow from operating activities less purchase and construction of property and equipment / purchase of intangible assets) was MVR 917m for 2020. This is a 5% reduction from 2019 mainly due to reduction in operating cash flow caused by the reduction in revenue and an increase in receivables due to the pandemic.

Availability of foreign currencies presented a major challenge due to the impact on the economy and reduced foreign currency inflows into the country. The Company's foreign currency reserves reduced significantly, with the majority of the MVR 975m cash balance at 31<sup>st</sup> December 2020 in Maldivian Rufiyaa (MVR).

The cash balance at 31<sup>st</sup> December 2020 was also significantly higher than expected, due to pending dividend payments and payables to overseas suppliers, mainly on account of the unavailability of foreign currency due to the economic crisis.

# Investor Relations & Sustainable Returns to Shareholders

## Our Shareholders

Our Company is owned by 14,325 shareholders (as at 31 December 2020). Creating sustainable shareholder value is important to us and this continues to be demonstrated by the healthy dividends we pay to our shareholders.

Our two major shareholders are BTC Islands Limited (Batelco) holding 52% and the Government of Maldives holding 41.8%. The remaining shares are held by members of the public. Most of our shareholders are individual shareholders who have invested by themselves or on behalf of their children in the prosperity and growth of the Company. As at 29 April 2021, there are no other individual or institutional shareholders holding more than 5% of our shares.

Bahrain Telecommunications Company (BATELCO) has its headquarters in the Kingdom of Bahrain and is listed on the Bahrain Bourse. Batelco has evolved from being a regional Middle Eastern operation to becoming a major international communications entity operating under local brands in each market with direct and indirect investments across multiple countries, namely Bahrain, Jordan, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island and the Falkland Islands.

SHARES HELD	NUMBER OF PUBLIC SHAREHOLDERS
1 to 10	4,361
11 to 100	8,175
101 to 1,000	1,586
1,001 to 10,000	188
10,001 and over	13

## Shareholder Returns

Dividends are paid in accordance with our Dividend Policy which ensures a minimum dividend of 50% of profit after tax, are proposed by the Board of Directors based on cash availability after meeting capital expenditure and other business requirements for future growth.

## Key Trading Highlights

TRADING HIGHLIGHTS	2020	2019	2018
Last Traded Price (MVR)	96.00	105.00	80.00
Highest Traded Price (MVR)	120.00	120.00	85.00
Lowest Traded Price (MVR)	84.00	80.00	78.00
Weighted average traded price (MVR)	99.13	98.10	82.91
No of shares traded	4156	6102	8,751
No of trades	33	32	39
Market Capitalization (MVR bn)	7.30	7.98	6.08

SHARE PERFORMANCE	2020	2019	2018
EPS (MVR)	9.64	12.39	11.91
P/E Ratio (times)	9.96	8.47	6.72
Dividend per Share (MVR)	7.23	12.00	11.91
Net Asset Per Share (MVR)	32.66	32.96	30.66
Dividend Pay-out Ratio	75%	97%	100%

## Shareholder Communications

We believe in a two-way dialogue with our shareholders. We facilitate accurate and timely information to our shareholders through various mediums as swiftly and efficiently as possible. Recognising the importance of meeting our continuous disclosure obligations and other legal regulatory obligations, financial reports and other material information are published on our website for the benefit of our shareholders and investors. Quarterly reports are published within a month of the end of each quarter and Annual Report is published within four months of the year-end.

All quarterly and annual reports published since being listed on the Maldives Stock Exchange are available at <https://www.dhiraagu.com.mv/about-us/investor-relations/financial-reports>

## Annual General Meeting (AGM)

Our AGM provides an opportunity for shareholders to hear directly from the Chairperson and CEO & Managing Director about our business, and is the principal platform through which we interact with our shareholders. We encourage shareholders to participate at Annual General Meetings (AGM) as it also provides an opportunity for shareholders to ask questions to the Board, Management and the Auditor on the management, performance and governance of our Company.

The COVID-19 pandemic has required us to quickly adapt to new ways of doing things and the safety of our shareholders, our people and the broader community are key considerations for our Board. Accordingly, like many other companies, our 31<sup>st</sup> AGM was held online on 11 June 2020 using the virtual platform 'Fahivote'; an online General Meeting Management System developed by Maldives Security Depository Pvt Ltd. This was also the first time a virtual AGM has been held through 'Fahivote'. Sixty eight shareholders (58 shareholders and 10 shareholders represented by proxy) representing 93.95% of share capital registered to attend the meeting. The minutes of the 31<sup>st</sup> AGM were published on our website on 16 June 2020.

With strict restrictions on gatherings still in place due to the pandemic, our 32<sup>nd</sup> AGM will also be held online (virtually) rather than at a physical location and is scheduled to be held on 20 May 2021. A virtual AGM presents an opportunity for all our shareholders located across the Maldives and overseas to utilise technology to participate in our AGM regardless of their geographic location. Further information about the upcoming 32<sup>nd</sup> AGM is available at <https://www.dhiraagu.com.mv/about-us/investor-relations/annual-general-meetings> including guide on how to register for the event and how to use FahiVote.

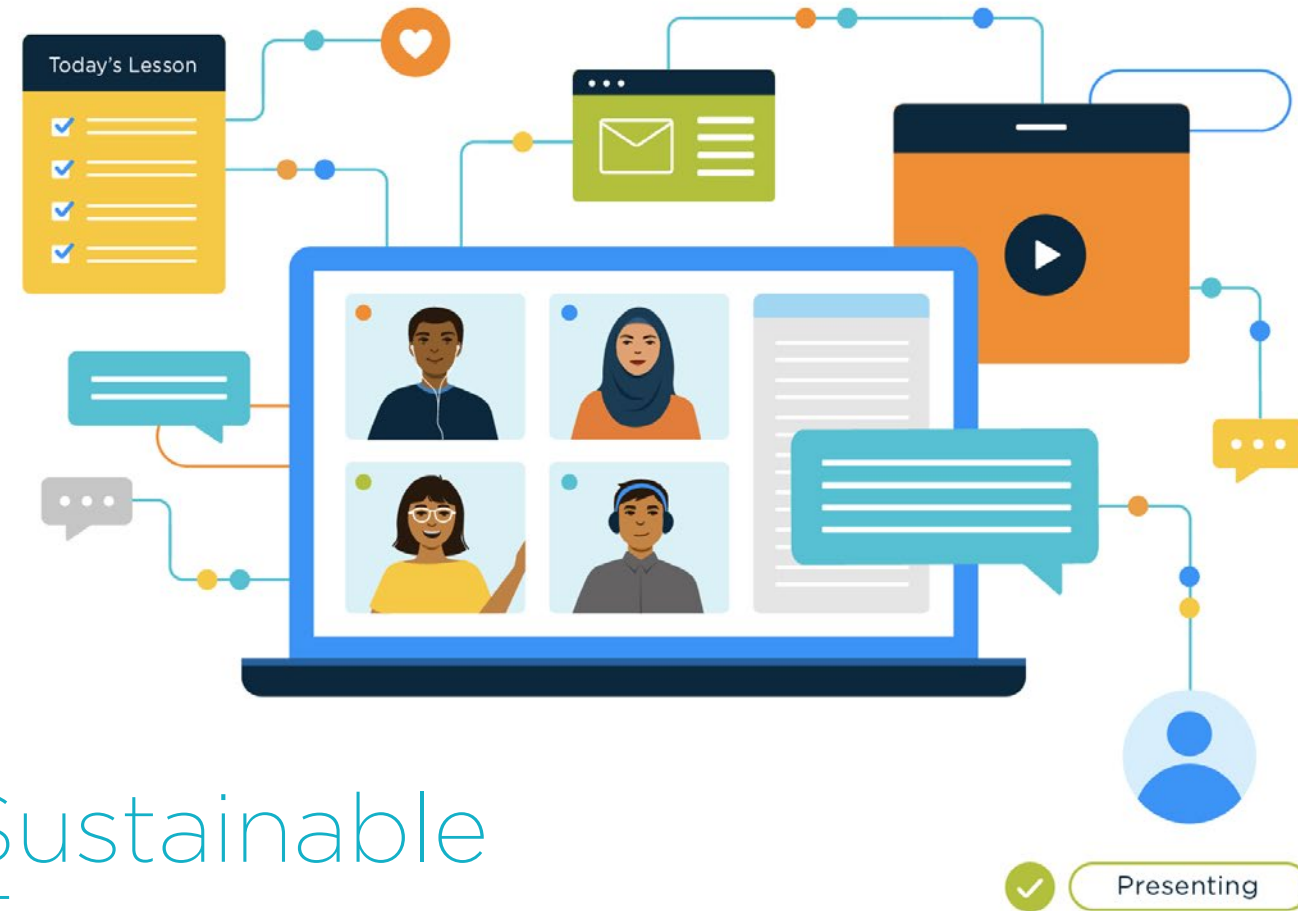
Prior to an AGM, all information related to the meeting including the Notice, Agenda, Directors Report and Financial Statements are made available on our website. The Board and Management attend the AGM to address any queries or concerns from shareholders. The External Auditor is present to help address any queries relating to the External Auditor's Report. Resolutions passed at an AGM are published and made available on our website. Minutes of the preceding meetings are opened for public comments within five days of the closure of the meeting to ensure shareholder concerns raised at the meetings are captured accurately.

## Dhiraagu Website

Our website provides regular and timely updates on all key developments of the Company. Key financial reports including the annual report, public announcements and communications related to AGMs are updated and maintained on our investor relations webpage allowing investors and other stakeholders to be kept abreast of our developments and performance.

## Investor Relations Team

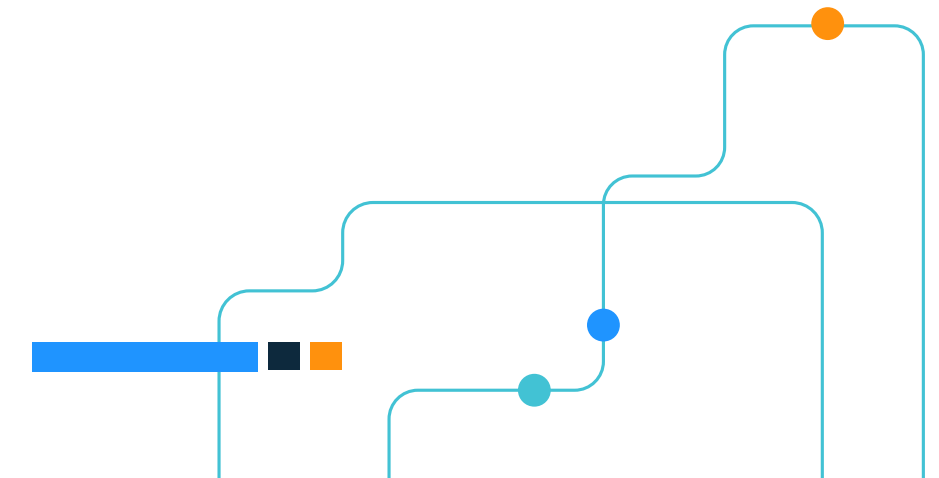
Shareholder and stakeholder enquiries are responded to on a daily basis by our committed Investor Relations team. Information regarding shareholding details and dividend payment history are promptly provided. Our customer service hotlines and offices also support the Investor Relations team by forwarding queries and requests from shareholders and investors. We also continue to encourage shareholders to provide us with their email addresses so we can communicate with them electronically.



Sustainable  
Tomorrow

We support the United Nations Sustainable Development Goals and have been a signatory to the United Nations Global Compact since December 2012.

“With the unprecedented challenges following the COVID-19 pandemic that affected all of us, we remained steadfast in our support for the United Nations Sustainable Development Goals and the 10 Principles of the UNGC in the core areas of Human Rights, Labour, Environment and Anti- Corruption”  
- Ismail Rasheed, CEO & MD, Dhiraagu



# Corporate Social Responsibility

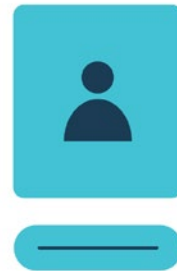
Our work is motivated by a sense of community and the principles of good corporate citizenship. In our actions and business decisions we seek to ensure responsibility and demonstrate integrity, sound ethics, transparency and accountability. We actively reinforce our ties to the Maldivian community by recognising that we are engines for resilience and innovation when it comes to nation building. Our CSR actions are informed by our CSR strategy and guided by Dhiraagu CSR Committee. The Committee is chaired by the CEO & Managing Director and is represented by senior management.

In addition to our focus on strong corporate governance, since becoming a signatory to the United Nations Global Compact (UNGC) in 2012, we have published our Corporate Social Responsibility: Communication on Progress (COP) Reports under the UNGC framework. We have included the COP for 2020 within the Sustainable Tomorrow section of this report.

## The three pillars in our CSR Strategy



Our People



Our Community



Our Environment

# Our Community

Our initiatives under the Community pillar support the United Nations Sustainable Development Goals on No Poverty (SDG1), Reduced Hunger (SDG 2), Good Health and Wellbeing (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8) Industry, Innovation and Infrastructure (SDG 9) and Reduced Inequalities (SDG 10).



## Response to the COVID-19 pandemic

Since the start of the COVID-19 pandemic, our focus has been on protecting the health, safety and wellbeing of our employees, helping our customers and communities stay connected and contributing to the nation's emergency response efforts by supporting the Government, local authorities and NGOs.

As a first step we assigned a dedicated team to the COVID-19 Task Force and relevant authorities in order to offer technical consultancy and ensure fast response. We

established a toll-free COVID-19 hotline 1676 for the Health Protection Agency (HPA) and toll-free number 1421 for Ministry of Gender, Family and Social Services to enable support on social issues in relation to COVID-19. We provided a free upgrade of Corporate Premium Internet to National Disaster Management Authority for the main Emergency Operations Centre at Dharubaaruge. DhiraaguTV services were extended free of charge to the premises for the National Disaster Management Centre. Similarly, we supported the Addu COVID-19 Emergency Operations Centre by setting up a Cloud-Voice solution and fibre

internet connection to facilitate their contact centre service and taskforce operations.

Awareness of how to stay safe is very important to help protect our community. Together with the HPA we used our digital communications and outdoor advertising mediums to ensure key messages are effectively delivered to the public. Messages in Dhivehi, English and Bangla, endorsed by the HPA were placed at locations across the country. We assisted the HPA to send out regular broadcast messages and key updates to our entire customer base via SMS. We also helped

establish a Psychosocial Support Centre through our Cloud-Voice service, donated phones and provided connectivity to the Maldivian Red Crescent to carry out their awareness and outreach work in atolls.

We donated COVID-19 sampling kiosks to Ministry of Health to protect frontline health care professionals and reduce the usage of PPE. Our teams worked around the clock to set up internet and services required for quarantine and isolation facilities to support the Ministry of Health and the National Disaster Management Centre. Our initiatives include:

- setting up fibre internet and connectivity free-of charge for the quarantine facility in H.Dh Kulhudhuffushi;
- supporting the H.Dh. Kulhudhuffushi Harbour Monitoring Desk by providing LTE broadband to the facility established to monitor the traffic of people going in and out of the island;
- setting up fibre internet and connectivity free-of charge for the quarantine facility in Fuvahmulah;
- providing DhiraaguTV connections to K. Villivaru Quarantine Facility;

- providing the staff and people at quarantine facilities with 10GB Free mobile data; and

- mobile phone and connectivity services to the Maldives Medical Association to support the Mobile Medical Response Team and facilitate online consultations for quarantined patients.

Just as technology enabled businesses to keep running in 2020, it also empowered students to continue learning despite not being physically present in a classroom. Schools across the country did a tremendous amount of work to provide online education and resources for students and parents. In collaboration with the Ministry of Education we supported these efforts by extending free allowances to students and teachers who were learning and teaching remotely using our fixed broadband or LTE broadband services. In order to address the significant load on the network, we optimised the network and internet bandwidth for Maldives National University to support remote teaching. We also provided free access to the YES TV channel on DhiraaguTV where Ministry of Education hosted tele-classes in order to ease data consumption. We introduced an Education Zone on DhiraaguTV in collaboration with the Ministry of Education and local business Hologo World Inc in order to support remote education.

We also supported our partner NGOs and other stakeholders in their response efforts to COVID-19. Our initiatives include:

- support for the ARC Aid Programme by local NGO Advocating the Rights of Children through which food packages were provided to vulnerable children and their families across the Maldives affected by the socio-economic impacts of COVID-19.
- support for Food Support Programme by 'Maldives Association of Travel Agents & Tour Operators' and 'National Boating Association of Maldives' to provide meal packages to locals and foreigners displaced and affected by the lockdown and living in temporary shelters during the holy month of Ramadan and Eid.
- data provided to interpreters who work for the local NGO 'Maldives Deaf Association' to facilitate video calls and assist the deaf community with key COVID-19 updates and support.
- supported Maldives Autism Association by providing free data for their teachers to facilitate online therapy classes for children with Autism.

- facilitating the outreach of COVID-19 related surveys by UN Women and National Bureau of Statistics, Centre for Mental Health, Indira Gandhi Memorial Hospital, the Health Protection Authority and Maldives National University via SMS support.

## Empowering Women

Empowering and encouraging more women to participate in the ICT field has been a focus under our community pillar. Despite the disruptions of last year, we were able to carry out key initiatives in this area.

We partnered with local NGO 'Women in Tech Maldives' to encourage girls and women to learn programming, a skill that is becoming increasingly necessary in the job market. The Django Girls Male' event is part of the global series of events that has been run in over 500 cities in 93 countries. 12 Django trained coaches from Maldives joined to guide and teach 28 women, who had no prior knowledge in coding, how to develop websites using Python and Django Framework.

On 8 March 2020, we celebrated Women's Day with the opening of a Mother's Room at Dhiraagu Head Office with the aim to

ease the transition period for new mothers who return to work after maternity leave.

We also announced "Girls to Code - Thinadhoo" programme in partnership with 'Women in Tech Maldives', an exclusive opportunity for girls living in G.Dh Thinadhoo to learn how to code and encourage them to pursue careers in ICT.

## Care for Children

We renewed our membership with the GSMA Mobile Alliance Against Child Sexual Abuse Content to block child sexual abuse content on our network.

We donated computer systems, supported the renovation of computer labs, provided additional Dhiraagu Fibre Internet and DhiraaguTV connections at the Kuda Kudhinge Hiya orphanage in Villingili.

We established four classroom setups for providing Free WiFi to the Fiyavathi orphanage in Hulhumale' to help better facilitate the online classes by schools and programmes run by the orphanage.

We refreshed the Kids Zone at IGMH with an oceans theme wall mural dedicated to all children visiting the hospital.

We committed to support the K. Himmafushi Council to develop a Children's Park in K. Himmafushi, which would serve as a much-needed valuable space in the island community for children to play and lead a healthy and active life.

## Empowering Young People

During the year, 17 new apprentices were enrolled in Dhiraagu Apprenticeship Programme 2020, our key initiative which provides young people with structured training in a professional work environment. 27 apprentices graduated from previous years' programme.

We place emphasis to support start-up culture and foster innovation. Together with our local partner Sparkhub, we brought the Online Seedstars World Competition to the Maldives for the first time, to encourage tech-based start-ups to compete globally and open up mentoring opportunities and benefits. We also organised the start-up workshop- "Lean Start-up Maldives" in partnership with Sparkhub. This year, it was conducted as a virtual workshop focusing on training participants on lean methodologies, processes and on best practices for solutions development.

In line with the computer science education week in December, we supported the virtual Hour of Code by local NGO Women in Tech Maldives and STEM Space to encourage 1300 participants across 20 atolls into ICT fields and promote the importance of computer science and coding.

## Community Empowerment and wellbeing

We renewed our CSR support for the Blind and Visually Impaired Society of Maldives with free 130 Phone Meeting service to connect all their members across the country and to facilitate the NGO to conduct educational courses and trainings.

We renewed our CSR support to the National Centre for Holy Quran to connect their main branch in Male' with their remote branch in Fuvahmulah to help facilitate the Centre to conduct digital Quran courses.

On World Heart Day, we lit up our customary red heart on Dhiraagu Head Office building to join the global illumination and Use Heart campaign by the World Heart Federation

and featured some of our colleagues who advocated heart healthy messages.

On World Cancer Day, we supported Cancer Society of Maldives to raise awareness among public on Childhood Cancer. We also supported the "I am I Will" pledge campaign to promote and share personal commitments from our staff on adopting healthier lifestyles to reduce the risk of cancer.

We supported the Home for People with Special Needs in K. Guraidhoo by providing a free mobile connection to the centre to help enhance connectivity and accessibility.

## United Nations Global Compact- Human Rights Principles



### Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

### Principle 2:

Make sure that they are not complicit in human rights abuses, Assessment, Policy and Goals.

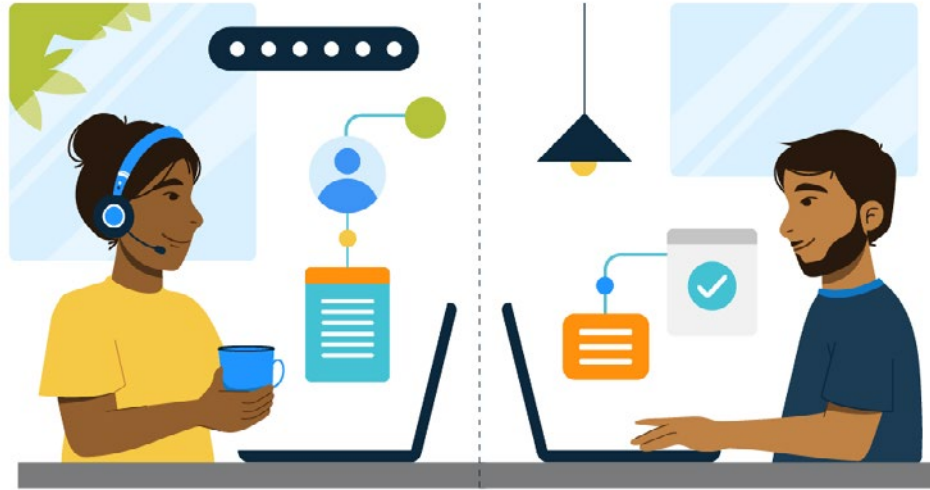
## Our People

Our people are a critical enabler to achieving our strategy and realising the benefits of our initiatives. We closed the year with 597 permanent full-time employees, 99% of whom are Maldivian.

Their patience and commitment during the pandemic, to keep the nation connected while serving customers as we collectively navigated our way through the height of the crisis, together with their discipline and cooperation in adapting to the new ways of working helped us safeguard all our colleagues and provide uninterrupted service to our customers in an effective and agile manner.

### COVID-19 RESPONSE - TAKING CARE OF OUR PEOPLE

Our people and ensuring their safety are a top priority. As an essential service provider, our teams play a key role in delivering services and maintaining service continuity for customers. While we have had to enforce certain measures, such as closing our Greater Male outlets during the lockdown, we setup remote working, online and app based services, in addition to our call centre, to ensure we can continue to provide services to and support our customers.



We also implemented various measures to protect our people and customers. These include issuing health and safety guidance, ensuring access to sanitisers, masks and other protective equipment to our teams at all touchpoints at Dhiraagu Head Office and all our Regional Operation Centres. Some of the key initiatives we implemented include:

- Awareness sessions to all employees conducted by health professionals along with dedicated sessions to Customer Services Teams.

- Advising and reminding all staff to follow the guidelines issued by the HPA.

- Utilised digital channels such as our Intranet, E-Learning online platforms and TV screens to communicate awareness messages and guidelines.

- Issuing Remote Working, General Travel Advisory and Workplace guidance.

- Guidelines were also issued during the lockdown and Standard Operation Procedures were circulated for return to work in the New Normal.

- Establishing a COVID-19 Employee Helpdesk Hotline for all employee queries.

- Facilitating items required for personal hygiene at all touchpoints in Dhiraagu Head Office and all Regional Operation Centres.

- Introducing temperature screening at Dhiraagu Head Office and availability of face masks and sanitisers to all employees.

- Facilitating COVID-19 PCR Tests and provisioning of PPE to frontline staff.

- Following the guidance of authorities to equip our staff with the recommended safety suites when visiting any quarantine facilities.

- Frequent cleaning and disinfecting of all high contact areas at the workplace.

- Rolling out remote collaboration tools to facilitate remote working, avoid physical meetings and maintain social distancing.

- Introducing We'althy Vibes newsletter, a weekly newsletter focusing on remote engagement, health, safety and wellness awareness.

- We'althy Vibes campaign with a series of weekly sessions from September to December 2020 focusing on physical fitness and emotional wellbeing.

- Special session by local NGO Mental Health Awareness Foundation on World Mental Health Day for our Customer Services staff

**Our initiatives for our people support the United Nations Sustainable Development Goals on Good Health and Wellbeing (SDG 3), Decent Work and Economic Growth (SDG 8) and Industry, Innovation and Infrastructure (SDG 9).**



The Maldives is a signatory to the Universal Declaration of Human Rights and we remain committed to comply with all local laws and regulations pertaining to it.

### PREVENTION OF HARASSMENT & BULLYING AT WORKPLACE

A Prevention of Harassment and Bullying at Workplace Policy was introduced in 2019 with the objective to promote a safe working environment free from harassment and bullying. The policy applies to all employees, apprentices, consultants, contractors, volunteers, apprentices, interns, casual workers, agency workers and any other third parties at our premises.

### GRIEVANCE POLICY AND PROCEDURE

A Grievance Policy and Procedure was implemented in 2015 setting out the mechanism for our people to raise any concerns regarding any work-related matters.

### DISCLOSURE OF FRAUD AND RISK MANAGEMENT POLICY

The Whistleblowing Policy was revised and a Fraud Risk Management Policy was introduced in April 2019 to provide internal controls for the prevention and detection of fraud and misconduct within the Company as well as protocols for conducting internal investigations.

## MEDICAL CARE

We have a comprehensive in-house medical benefits scheme that offers medical assistance to our staff, their spouses and dependent children (under the age of 18).

## RETIREMENT CARE

We continue to contribute 10% to the employee pension fund, which is beyond the 7% required by law. We have had a Retirement and Redundancy Policy, even before the establishment of the national pension scheme in 2009.

## CODE OF ETHICS

Our Code of Ethics recognises that our success depends on the ability to establish and maintain positive relationships, both internally within our people and externally with our stakeholders.

## HEALTH AND SAFETY

We are committed to ensuring the health and safety of our people. Apart from complying with local legislations, we work towards achieving international best practices in relevant areas relating to our industry and specific work environments.

### OUR HEALTH AND SAFETY TARGETS:

- ensure that work activities are not harmful to the health of our people or to the general public and are as safe as is reasonably practicable
- to provide and to maintain adequate measures to control in order to prevent accidents and cases or work- related ill health
- to provide our people with relevant information, instruction, training and supervision
- to ensure that a conducive work environment is established for our people

## Implementation

### EMPLOYEE INDUCTION PROGRAMME

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

### COMMITTEE TO PREVENT SEXUAL HARASSMENT AT WORKPLACE

Our Committee to Prevent Sexual Harassment at the Workplace is primarily responsible for increasing awareness to prevent sexual harassment, conducting investigations regarding any complaints and recommending the necessary subsequent actions.

### WHISTLE-BLOWING AND FRAUD REPORTING POLICY

Our whistle-blowing fraud reporting mechanism provides multiple channels establishing a confidential process for reporting and appropriate protections for our people to report their concerns, raising confidence of our colleagues and other stakeholders in our systems and processes.

### HEALTH AND SAFETY IMPLEMENTATION

Our Health and Safety Policy is applicable to our people and contractors.

### THROUGH THE HEALTH AND SAFETY POLICY WE:

- ensure that safe systems are implemented and reviewed;
- ensure that all personnel are given information, instruction, training and supervision as appropriate in order to carry out their work safely;
- carry out assessments of risk to the health and safety of persons involved in or affected by the operations of their departments;
- arrange induction safety training for all new employees; and
- ensure that all fire-fighting equipment is regularly inspected and serviced.

## Measurement of Outcomes

• Induction Programme were conducted for all new employees and the Code of Ethics and safety procedures were briefed to ensure that our people are familiar with the policies from the very beginning. With remote working conditions in place since April 2020, virtual induction and awareness were conducted for new employees.

• Three separate awareness sessions on Workplace Harassment and Bullying were organised in collaboration with Thiba Psychology and Maldives Police Service. One session was for the Leadership Team and two sessions were conducted for all employees. 95 employees participated in the sessions.

• Training sessions on PPE were conducted to all front-line staff through HPA on how to use face mask, face shields, how to wear and remove protective gear, especially for all staff visiting work at isolation facilities and quarantine centres.

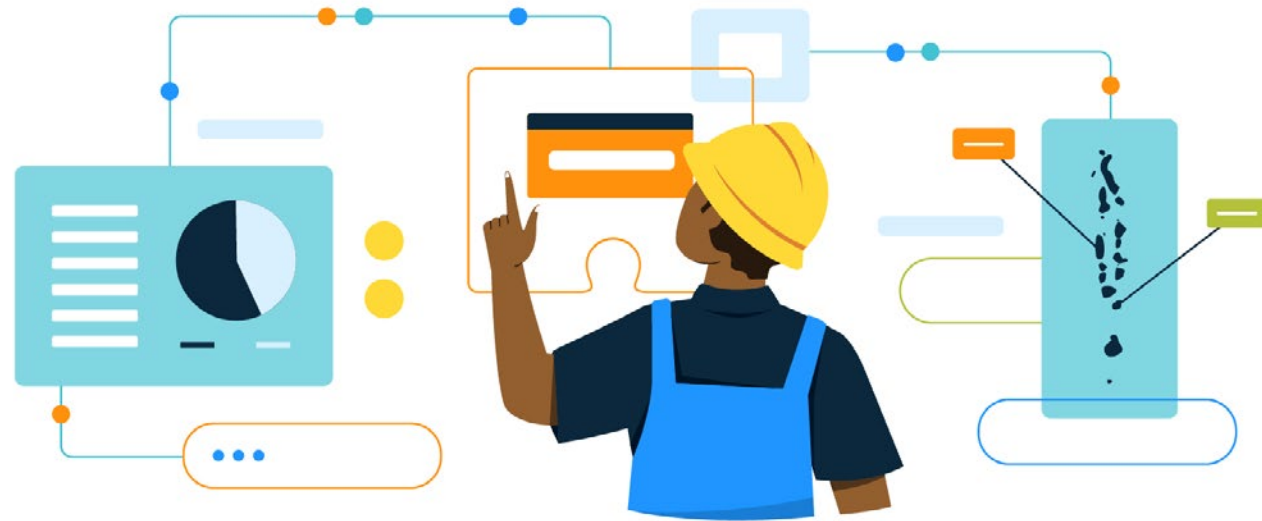
• Basic first aid training was conducted for 17 newly joined Dhiraagu Apprentices. Health and Safety, and fire safety awareness session was carried out for the newly joined staff through the induction programs.

• Released WE'ALTHY-VIBES digital newsletter, weekly issues from April to June and monthly issues from July to December were published for the benefit of all employees. The newsletter covered latest information on COVID-19, advice on personal hygiene, safety, health, and wellbeing. Additionally, the newsletter included Management updates and shared thoughts from colleagues across the various departments.

• Organised a series of weekly virtual sessions from August to December, under the "WE'ALTHY-VIBE Campaign". This included 5 sessions which focussed on emotional wellbeing conducted by Thiba Psychology and 5 Remote Physical Fitness sessions conducted by Fit4Life.

• Staff reach out program to call and provide psychosocial support to our colleagues while working from home. To initiate the program coaching sessions was held for HR team with professional advice and standard questioners to help talk to individuals.

# United Nations Global Compact- Labour Principles



## Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

## Principle 4:

The elimination of all forms of forced and compulsory labour.

## Principle 5:

The effective abolition of child labour.

## Principle 6:

The elimination of discrimination in respect of employment and occupation.

We ensure compliance with local employment laws in the Maldives. We do not engage or employ child or forced labour in any of our operations. We also ensure we eliminate any form of discrimination with respect to employment in all our operations.

## Implementation

We believe in open, transparent dialogue with regard to labour related issues within the organisation.

We adhere to the Maldives Employment Act to ensure the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

## EMPLOYEE DEVELOPMENT

We equip our people with the tools and trainings required to foster a digital mindset and deliver increasingly responsive and customised services. We also give importance to ensure that our people have the right skills and competencies to further their own professional development. Our HR department actively creates learning and development opportunities for our people.

During the year, we initiated a programme to create individual development plans for each individual staff helping them to address existing gaps and future skill requirements.

In light of COVID-19 pandemic, we further focused to help upskill employees to work from home, using remote working tools, tackle stress and on maintain a healthy work-life balance.

## DHIRAAGU E-LEARNING PLATFORM

Dhiraagu e-learning platform helped facilitate digital learning and knowledge sharing. The platform provides learning content regarding policies, procedures, safety and awareness, best practices and links to facilitate and enhance work skills. With the implementation of work from home measures, various awareness and educational content focused on remote working were communicated during the year via the platform. The platform was also pivotal in enabling remote induction for new employees who joined us during the year.

## STAFF ENGAGEMENT

We seek to foster engagement and a healthy work-life balance for our people and their families. In February, we took decisive action to delay or cancel many events, including both commercial and employee events. During the year, our HR department together with the E-Club organised the following activities:

- Taking part in the inter-office Billiard competition in February 2020.
- A virtual celebration for all employees to mark our 32<sup>nd</sup> Anniversary on 1<sup>st</sup> October 2020. Members of different teams shared their experiences of working during the pandemic.
- Staff Quiz for health and safety awareness on COVID-19,
- Ramadan activities including online competition, weekly "Monday Riddles" and "Mee Kaaku" program.

## HRD BOARD

To periodically review human resource development plans, policies and procedures and recommend strategic directions, a Human Resources Board (HRD Board) is established and the committee convenes on a regular basis.

## LEGAL REVIEWS

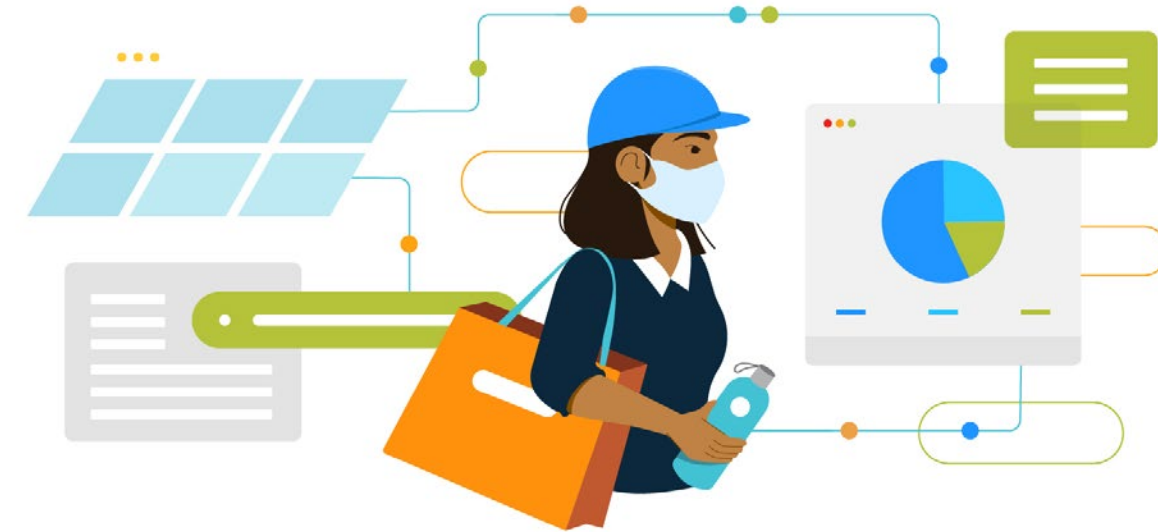
We have a separate legal department to fulfil our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to work within the bounds of the employment law and Company procedures.

## Measurement of Outcomes

- Along with standard induction processes, 17 new Dhiraagu Apprentices enrolled in 2020, received online training with a focus on remote working practices and soft skills development which were facilitated by experienced Dhiraagu managers.
- We recorded over 4322 learning hours (including 2293 e-learning hours) across the Company.
- A total of 65 employees received Long Service awards and their valuable contributions were recognised at a virtual event held in December 2020. 36 colleagues received an award for 10 years of service, 13 colleagues received an award for 15 years of service, and 16 colleagues received an award for 25 years of service. Colleagues from different departments expressed their thoughts and shared their experience during the event.



## United Nations Global Compact- Environment Principles



### Principle 7:

Business should support a precautionary approach to environmental challenges.

### Principle 8:

Business should undertake initiatives to promote greater environmental responsibility.

### Principle 9

Business should encourage the development and diffusion of Environmentally friendly technologies.

# Our Environment

We place great importance in raising awareness against single use plastic. Advocating for the protection and preservation of our natural environment and ensuring environmental sustainability in our corporate practices is an important aspect of Dhiraagu's CSR strategy.

**Our initiatives under our environment pillar support the United Nations Sustainable Development Goals on Affordable and Clean Energy (SDG 7), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13) and Life Below Water (SDG 14).**



## Implementation

### CARE FOR THE OCEANS

Our Calendar for the year 2020 was dedicated to raise awareness against single use plastic and aimed to draw public attention to the outrageous rate at which our oceans are being polluted. As part of this project, awareness videos were published to encourage alternative options to single use plastic.

On World Oceans Day in June 2020 and during the International Coastal Clean-up awareness month in September 2020, we raised awareness on the surge of plastic pollution with the COVID-19 pandemic and the importance of steps that the public can take to responsibly discard items like single-use gloves and masks and encourage the use of reusable masks.

### EMPOWERING COMMUNITIES

We committed to support the A.Dh. Dhangethi Council to reclaim and construct revetments to protect the land area where waste is collected and managed on the island A.Dh. Dhangethi.

We provided internet to the event and took part in the special ceremony held in Addu Nature Park to celebrate the key milestone of Addu City being declared a new Biosphere Reserve.

### RAISING AWARENESS FOR EARTH HOUR AND ENVIRONMENT DAY

On World Environment Day, we raised awareness and showcased how community resilience is connected with the health of our environment and on how the Drones for Resilience in partnership with UNDP Maldives could equip capacity building to undertake risk informed planning and resultantly make evidence-based climate action plans.

We switched off the lights at Dhiraagu Head Office and all regional operational centres during Earth Hour to take part in the global campaign to raise awareness.

### RENEWABLE ENERGY

We remain committed to low emission carbon-resilient business practices and seek to reduce our carbon footprint through increasingly relying on renewable energy to power our various systems. We take great pride in our role as one the largest producers and users of renewable energy in the country.

As part of our continuous efforts in increasing the solar footprint, we have installed 639kW of grid tied PV solar during 2020. We plan to install additional 584 kWp of solar by end of 2021.

## ENERGY EFFICIENCY

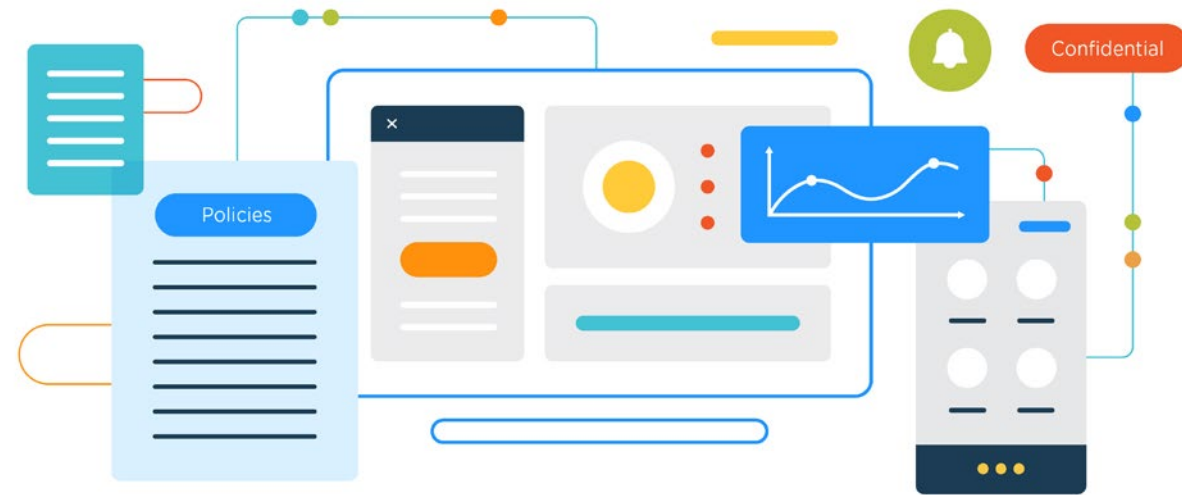
Our Head Office was designed with sustainable green features and provides significant energy efficiencies. All the lights used in the building, including emergency lights are 99% LED lights. We have motion sensors to switch off the lights in common areas to ensure lights are switched off when not in use. High heat reflective glass is used in building facade to minimise heat entering into the building. The office adopts central AC control, where air-conditioning is centrally turned off at pre-set times and is limited to official working hours.

## Measurement of Outcomes

- Through the additional solar panel installations, we produced > 800 MWh of renewable energy during the year, which resulted in an approximated reduction of 566 metric tons of CO2 emitted.
- The energy saving features incorporated in Dhiraagu Head Office resulted in an annual reduction of approximately 390,228 kwh of electricity, which is also equivalent to 276 metric tons of CO2 or 636 barrels of oil.



# United Nations Global Compact- Anti-Corruption Principles



## Principle 10:

Business should work against corruption in all its forms, including extortion and bribery

## Governance policies and goals

### ACCEPTABLE SUPPLIERS CONDUCT POLICY

The purpose of this Policy is to set out the Company's expectations from the Suppliers with whom it transacts, in order to help the Company, protect its integrity and successfully resist bribery and corruption. In addition, this Policy is to ensure that all the local and international Suppliers know the Company's commitment to be a responsible corporate citizen.

### ANTI- CORRUPTION AND ANTI- BRIBERY POLICY

The aim of this Policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the action of a Company personnel while laying down the expectations from other persons to refrain from causing or enticing the Company personnel to breach this Policy.

### CONFIDENTIALITY OF BUSINESS INFORMATION POLICY

This Policy advises all our people on their responsibility of preserving the confidentiality of Company's data and information during and after their service with the Company according to the employment agreement, confidentiality agreement and the provisions of laws applicable to the Company.

### DISCLOSURE OF CONFLICTS OF INTEREST POLICY

The Policy is designed to help all those who are under the scope of this Policy to:

- identify situations that present potential Conflicts of Interest and
- know a procedure that if observed, will allow a transaction to remain valid and binding, even though the relevant persons may have a conflict of interest with respect to the transaction.

### GIFT, HOSPITALITY AND ENTERTAINMENT POLICY

The aim of this Policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the offer or acceptance of the gift, hospitality or entertainment.

## Implementation

From 2013 onwards, our suppliers and vendors sign on to our Supplier Code of Conduct when contracting with us and are expected to meet the standards detailed in it. Our Acceptable Suppliers Conduct Policy was revised in April 2019 and is modelled to set out our minimum standards in the areas of labour and human rights, health and safety, environment and ethical dealings.

## Measurement of Outcomes

All supplier agreements contain the Acceptable Suppliers Conduct Policy.



## Corporate Governance

We place great emphasis to conduct our business in a fair and responsible manner by adopting the highest standards of professionalism, honesty and integrity. Our commitment to conducting our business in an ethical, sustainable and accountable manner is at the heart of the long-term performance and sustainability of our Company.

The Board regularly reviews our governance framework as it plays an integral role in supporting our business and helping deliver on our strategy. We promote a responsible culture in our business through structured governance policies and procedures which are used to set our strategy and objectives, monitor our performance and manage risks our business faces.

Throughout the financial year ended on 31 December 2020 and up to the date of publication of this Annual Report, we have complied with the principles and guidelines set by the Maldives Code of Corporate Governance, issued by Capital Market Development Authority (CMDA). Every effort was expended to ensure that we adhere with the compulsory provisions of the CMDA's CG Code. In the event of any variations, explanations are provided. Additionally, our internal Corporate Governance Code lays the foundation for our sound corporate governance principles and can be downloaded from our website.

In addition to our focus on strong corporate governance, since becoming a signatory to the United Nations Global Compact (UNGC) in 2012, we have made yearly assessments of our environmental and social performance and published separate Corporate Social Responsibility Reports to present the Communication on Progress (COP) to the UNGC. This year's report has been included as the Communication on Progress within the Sustainable Tomorrow section of this report.

The Role of the Board, Chairperson and CEO & Managing Director

**BOARD** is responsible for our business and is accountable to shareholders in performing that role. In addition to the matters the Board is required by law to approve, the Board is responsible for establishing our policies and strategy, overseeing matters ranging from long-term strategic planning and direction of the business, performance against our plan, the status of our material business risks and matters requiring Board approval, to matters relating to our people, culture and governance framework. The Board's role and responsibilities are detailed in the Board Charter which was amended in 2017.

**CHAIRPERSON** has an overarching responsibility is to provide leadership and effective guidance to the Board and Dhiraagu to ensure our Company fulfils all its obligations as stipulated in the Articles of Association and also relevant laws and regulations. The Chairperson's role is to take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made by the Board. The position of Chairperson and the CEO & Managing Director cannot be exercised by the same individual.

**CEO & MANAGING DIRECTOR** is responsible to the Board for the development and implementation of our strategy and overall day-to-day management and performance of Dhiraagu. Together with the Leadership Team, the CEO & Managing Director must provide the Board with accurate, timely and clear information on Dhiraagu's operations to enable the Board to perform its responsibilities, and is responsible for ensuring that an appropriate framework exists for relevant information to be reported by Management to the Board. There is a formal delegation of authority structure in place in our 'Authority Matrix' which is approved by the Board and sets out the powers delegated to the CEO & Managing Director and those specifically retained by the Board. The CEO & Managing Director is accountable to the Board for the exercise of the delegated authority, and reports to the Board on the exercise of such powers through regular reports, briefings and presentations throughout the year.

Board Composition & Membership

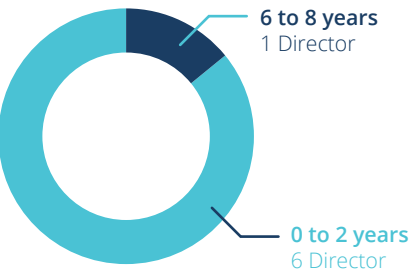
The Board of Directors consists of 9 members, to ensure that our Board has representation from all our shareholders; 5 Directors are appointed by our major shareholder Batelco, 3 Directors are appointed by the Government of Maldives and one Director is elected by the public shareholders at the AGM.

At the date of the approval of this report, there are 8 sitting Directors (7 non-executive Directors and the CEO & Managing Director): Chairperson Ismail Waheed, Deputy Chairperson Ahmed Abdulrahman, CEO & Managing Director Ismail Rasheed and non-executive Directors, Imran Ali, Mikkel Vinter, Faisal Qamhiyah, Maryam Manal Shihab and Isa AlSabea. Details of their qualifications and experience, together with details of the year of initial appointment and re-election (where applicable), can be found in the Board of Directors section of this Annual Report.

**RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

- As part of its overall responsibilities to serve the long-term interests of the shareholders, the Board:
  - reviews and approves, our strategic plans, management structure and responsibilities, and systems and controls framework;
  - adopts the strategic guidelines for as proposed by management or, where appropriate, on its own initiative;
  - reviews our performance in light of our strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken; and
  - assess major risks facing the business by reviewing and approving strategies for addressing such risks, and ensures maintenance of a sound system of internal control and risk management.
- The Board also ensures that processes are in place for maintaining our integrity and reputation including:
  - the integrity of the financial statements;
  - compliance with applicable legislation accounting and auditing principles, and corporate policies governing our business;
  - the integrity of our relationship with our shareholders; and
  - overseeing the process of disclosure and ensuring that the communications are fair, transparent, comprehensive, and timely.

TENURE OF NON-EXECUTIVE DIRECTORS AS AT 29 APRIL 2021



Appointments from Batelco and the Government of Maldives are received in writing from the respective shareholder, and they hold office until a written notice of their removal is provided.

The Public Director is elected by the public shareholders at the AGM. He/ she holds office for a term of two years from the meeting he/she is elected to the second AGM following his/her election unless he/she resigns or is removed from office during the intervening period.

All Directors, except the CEO & Managing Director, are non-executive and independent directors as defined by CMDA's Corporate Governance Code. Whether independent or not, all Directors are required to act in the best interests of Dhiraagu and to exercise unfettered and independent judgment.

Board Meetings

The Board meets at least once every quarter. On specific matters that require the Board's urgent attention special meetings are held in between regular sessions. A total of 5 Board meetings were held in 2020.

During the year, the Board provided oversight and strategic support to assess the impacts of the COVID-19, pandemic on the health, safety and wellbeing of our people, our financial performance, our customers and suppliers and the country. Regular updates were shared by Management to discuss Dhiraagu's response including employee health and safety, customer relief packages, impacts on services and effects on the network and infrastructure.

At Board meetings, Directors engage in discussions with Management on the strategic direction of the business to ensure that investment is directed towards the things that will lead to the best outcomes for the Company and its shareholders. Agendas for the meetings are set in advance after consulting with the Chairperson and Batelco. Board papers are shared prior to the meeting, providing an opportunity for Directors to review and prepare for the meetings. All Board meeting agendas have a permanent provision for any other business

where Directors can voice matters of pressing concern to the shareholders they represent.

Directors have access to our Leadership Team through the CEO & Managing Director or Company Secretary. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at Dhiraagu's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary in the performance of its duties. All Board Committees also have access to independent professional advice on this basis.

MR. ISMAIL WAHEED  
Chairperson, (non-executive & independent)  
Government of Maldives



MR. AHMED ABDULRAHMAN  
Deputy Chairperson, (non-executive & independent)  
Batelco



MR. ISMAIL RASHEED  
CEO & Managing Director  
Batelco



MR. IMRAN ALI  
Director (non-executive & independent)  
Public Shareholders



MR. IHAB HINNAWI  
Director (non-executive & independent)  
Batelco



MR. FAISAL QAMHIYAH  
Director (non-executive & independent)  
Batelco



MR. MIKKEL VINTER  
Director (non-executive & independent)  
Batelco



UZA. MARYAM MANAL SHIHAB  
Director (non-executive & independent)  
Government of Maldives



MRS. KHULOOD ALQATTAN  
Former Deputy Chairperson, (non-executive & independent)  
Batelco



MR. OLIVER MCFALL  
Former Director (non-executive & independent)  
Batelco



MR. KHALID HUSSAIN TAQI  
Former Director (non-executive & independent)  
Batelco



\*Mr. Ahmed Abdulrahman, Mr. Faisal Qamhiyah and Mr. Mikkel Vinter were appointed to the Board by Batelco on 4 May 2020 and there were only 3 Board Meetings in 2020 following their appointments.  
\*\* Uza. Maryam Manal Shihab was appointed by the Government of Maldives on 13 July 2020 and there were only 3 Board Meetings in 2020 following her appointment.  
\*\*\*On 25 March 2020, Batelco removed Mrs. Khulood Rashid Al Qattan (former Deputy Chairperson, non- executive & independent Director, representing Batelco) and Mr. Oliver McFall (non-executive & independent Director, representing Batelco) from the Board of Directors of Dhiraagu  
\*\*\*\*On 30 April 2020, Batelco removed Mr. Khalid Hussain Taqi (non- executive & independent Director, representing Batelco) from the Board of Directors of Dhiraagu

KEY DECISIONS IN 2020

Certain material matters are reserved to the Board and therefore need approval by the Board. Key decisions made by the Board in 2020 include:

- Approval of Audited Financial Statements for the year ended 31 December 2019.
- Approval of the Annual Report for the year ended 31 December 2019.
- Proposed full-year dividend of MVR 12 per ordinary share (total MVR 912m) to be declared as Full Year Dividend for 2019, comprising of MVR 4.14 per ordinary share for Interim Dividend and MVR 7.86 per ordinary share as Final Dividend for 2019.
- Review and revision of the Leave Policy to allow for flexibilities for maternity leave.
- Review and recommendation of revisions to the Board Directors Remuneration Policy.
- Approval of 2019 Performance Bonus Payout.

- Approval of the Bonus KPIs and Performance Bonus Payout Plan for 2020.
- Approval of the COVID-19 internet support packages.
- Appointment of Mr. Ahmed Abdulrahman as Deputy Chairperson to the Board
- Appointment of Mr. Ahmed Abdulrahman as Member and Chairperson of the Audit Committee.
- Appointment of Mr. Ihab Hinnawi as a Member of the RNG Committee.
- Resolved to submit for shareholder's consideration and approval the re-appointment of KPMG as the External Auditor for 2020.
- Resolved to submit for shareholder's consideration and approval a Standing Resolution to declare Interim Dividend in 2020.
- Resolved to submit for shareholder's consideration nominations for the election of the Public Director

- representing the Public Shareholders of the Company.
- Resolved to submit for shareholder's consideration and approval a Special Resolution to amend the Memorandum of Association.
  - Resolved to submit for shareholder's consideration and approval a Special Resolution to amend the Articles of Association.
  - Declare of MVR 2.07 per ordinary share (total MVR 157.3m) as Interim Dividend for the year 2020.
  - Approval of the proposed write off of fixed assets with GBV MVR 72.8m (NBV MVR 293k).
  - Approval of the proposed write-off and disposal of MVR 493k of obsolete and damaged inventory.
  - Approval of the write-off of MVR 27.7m bad debt per the Credit Control Policy.
  - Approval of the Strategy and Business Plan for 2021.

Board Committees

The Board has two standing committees; the Audit Committee and the Remuneration Nomination and Governance Committee, which operate in accordance with approved Terms of References. The Board appoints members and the chairperson of each committee. Following each committee meeting, the Board receives a memorandum of the key deliberations, conclusions, and recommendations. An overview of the roles and responsibilities, composition, and membership as at 31 December 2020, are provided in the respective committee reports.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board through the Chairperson, on all matters relating to his/her duties as an officer of the Company. The Company Secretary reports to the CEO & Managing Director on all executive or administrative matters. All Directors have access to the Company Secretary. The Company Secretary's role in respect of matters relating to the proper functioning of the Board includes record keeping of all decision, advising the Board and its Committees on governance matters, monitoring that Board and Committee

policies and procedures are followed, coordinating all Board business and providing a point of reference for dealings between the Board and Management.

Directors' Shareholding

Details of Director's shareholdings as at 31 December 2020 are disclosed below.

DIRECTOR	NO. OF SHARES HELD
Imran Ali	15,000
Ismail Rasheed	13,994
Ismail Waheed	1,510
Maryam Manal Shihab	625

Conflicts of Interest

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. In accordance with the Company's Act (Law no 10/96) and our Articles of Association, Directors must declare any conflict of interest they may have, and follow the procedures set out in our Board Charter including, in certain circumstances, to abstain from

participating in any discussion or voting on matters in which they have a material personal interest. As a practice, all Board and Committee meeting agendas have a permanent provision for declaring a conflict of interest of any agenda item to be discussed at that meeting. In all instances where a conflict of interest arose or had the potential to arise, the respective Director excused himself/herself from the meeting of the Board and/or its subcommittee.

During Board Meeting held on 3 February 2020 all Board Members declared conflict of interest during deliberations on whether there was a need to increase the Director's Fees. It was decided to maintain the current rates and review the fees at a later date. All material related to transactions of the majority shareholders and Directors are reviewed during the quarterly Board meetings. There were no substantial or material third party transactions made by the Directors or the Management during the year.

## Internal Control, Risk Oversight & Risk Management

Our risk management approach centres on continuous assessment, monitoring, and reporting of risks which may impact the progress of delivering our strategic priorities. Risks together with their controls and treatment are regularly reported to the Audit Committee which assists the Board in its oversight function.

We remain committed to continuous improvement in our approach to managing risks and ensure that we maintain a strong, integrated risk and compliance culture.

- A risk and compliance function was established in 2016 and a full time Risk and Compliance Officer oversees all matters related to compliance and risk.

- The 'Authority Matrix' approved by the Board is in place and delegates approval limits for all business transactions and expenditures.

- A 'Risks Register' is maintained and reviewed by the Audit Committee every quarter.

- The Internal Audit function carries out annual audits, based on an Internal Audit Plan that is approved and reviewed closely by the Audit Committee.

## Governance Policy Framework

In order to meet all the legal and regulatory obligations and compliance and to ensure that strong good governance is implemented, we have adopted various internal policies, procedures and guidelines to promote ethical and responsible conduct and provide guidance to our Directors, and our people.

Our Code of Ethics was revised in July 2019, it contains our code of conduct and recognises that our success depends on the ability to establish and maintain positive relationships, both internally within employees and externally with all stakeholders.

Our Disciplinary Policy and Procedure adopted in October 2014 establishes a transparent, fair and consistent mechanism to deal with the consequence of failing to meet the required standards of behaviour and job performance. We also have a separate Committee to Prevent Sexual Harassment at the Workplace set up in 2014 in accordance with the Anti-Sexual Harassment Act (Law No. 16/2014) and our Prevention of Harassment and Bullying at the Workplace Policy was introduced in October 2019 in order to safeguard our people and provide a safe working environment free

from harassment and bullying, ensuring everyone is treated with dignity and respect.

Our Grievance Policy and Procedure has been established since January 2015, with the objective of documenting and formalising a mechanism for employees to raise grievances regarding any work-related matters, so that such matters can be resolved timely and amicably. The policy further enhances transparency and consistency in dealing with grievances across our Company.

Our 'Authority Matrix' was last reviewed and amended in February 2021, it delegates authority and sets approval limits for all business transactions and expenditures within our Company. Due to the nature of our business and the environment within which we operate, we may be exposed to risks. Risks that we may face are monitored, reported and addressed regularly throughout the year. A 'Risks Register' is also maintained and reviewed by the Audit Committee and the Board every quarter.

From 2013 onwards, our suppliers and vendors sign on to our Supplier Code of Conduct when contracting with us and are expected to meet the standards detailed in it. Our Acceptable Suppliers Conduct Policy was revised in April 2019 and is modelled

to set out our minimum standards in the areas of labour and human rights, health and safety, environment and ethical dealings.

Our Gifts and Hospitality Policy adopted in April 2019, ensures that the highest standards of integrity and conduct are maintained and ensure that Gifts and Hospitality are provided in an open and transparent manner. We refrain from making any political contributions either directly or indirectly to political parties, causes or individuals. Furthermore, our Donations and Sponsorships Framework has been in place since 2012 and establishes clear and transparent guidelines for all our donations and sponsorships.

We have zero-tolerance for corruption and bribery. Our Anti-Corruption Anti-Bribery Policy adopted in September 2011 and recently revised in April 2019 is designed to educate our people on the many forms bribes can take and how to avoid inappropriate circumstances, including where acceptance may or may be perceived to compromise the independence or be construed as a bribe. Our Confidentiality of Business Information Policy and Disclosure of Conflicts of Interest Policy which were both adopted in April 2019 also contribute to addressing our commitment to comply with applicable laws and regulations

concerning bribery, corruption, fraud and any other prohibited business practices.

In addition to this, the revisions to the Whistleblowing Policy coupled with a Fraud Risk Management Policy adopted in April 2019, provide a confidential process with appropriate protections for our people to report their concerns. It has also strengthened our governance structures, raising the confidence of our colleagues and other stakeholders in our systems and processes.

We adopted a Policy on Insider Trading in 2018, to comply with CMDA's Policy on Prohibition of Insider Trading. The policy imposes and provides guidelines, instructions and the codes of conduct in trading our shares. It applies to our Directors, our people, and certain third-party agents and advisers. The policy is a cohesive guide to ensure that we are in compliance with the Maldives Securities Act (Law No: 2/2006) and its related regulations.

## Legal & Regulatory Compliance

Dhiraagu has a separate legal department to fulfil our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to comply with relevant laws and regulations. Dhiraagu has not been given notice of, or prosecuted for, or convicted of, any significant breaches of any relevant laws or regulation during the financial year 2020.

## Auditors

A tendering process was conducted in 2020 to recommend an External Auditor. The tender covers three years, and is subject to shareholder approval at the AGMs. The Board ensures that regulatory requirements and CMDA Corporate Governance Code on audit partner rotation are strictly adhered to. The Audit Partner was last rotated in 2019. Our External Audit Partner attends our AGMs. and will be available to answer any shareholder questions about the conduct of our audit and the content of the auditor's report for the year ending 31 December 2020.

In accordance with the Audit Committee's recommendation the Board is proposing shareholders to recommend and re-appoint KPMG to carry out the statutory audit for the financial year 2021. The proposed remuneration is a maximum fee of US\$ 49,500, excluding GST and out of pocket expenses (capped at a maximum of 5% of fees)

## 32<sup>nd</sup> Annual General Meeting

The 32<sup>nd</sup> AGM is scheduled to be held on Thursday, 20<sup>th</sup> May 2021. The Notice and Agenda of the AGM will be communicated and published in accordance with our legal and regulatory obligations.

## Dividends

The Board recommends a full-year dividend of MVR 7.23 per share, amounting to MVR 549,480,000 to be declared as full-year dividend for 2020. The full year dividend comprises of:

o MVR 2.07 per share (total MVR 157,300,000) which was paid as interim dividend in 2020, and

o MVR 5.16 per share (total MVR 392,160,000) as the final dividend for 2020 which will be proposed for shareholder approval at the 32<sup>nd</sup> AGM.

The final dividend for 2020 will be payable to all shareholders listed on the Company's Shareholder register as at 4pm on 15 February 2021 (book closure date).

## Declaration by the Board of Directors

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2019, the Board of Directors of Dhivehi Raajjeyge Gulhun PLC affirm that as at 29 April 2021:

- This Annual Report 2020 has been prepared in compliance with the Companies Act of the Republic of Maldives (Act No.: 10/96), the Maldives Securities Act (Act No.: 2/2006), the Securities (General) Regulations 2007, the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 (Regulation No.: 2019/R-1050), CMDA's CG Code and the Listing Rules of the Maldives Stock Exchange
- The Annual Report 2020 has been approved by us and to the best of our knowledge

and belief, we collectively confirm that the information presented in this Annual Report is a true and accurate representation and no that there are no other facts, the omission of which would make any statement herein misleading or inaccurate.

- Having been reviewed by the Audit Committee and approved by the Board of Directors, the accompanying financial statements give a true and fair view of the financial position of the Company and of its financial performance and its cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards ("IFRSs"). The Financial Statements have been certified by the CEO & Managing Director, the Chief Financial Officer and the Chairperson of the Audit Committee in compliance to applicable laws and regulations.

- Having reviewed our strategy and business plan for 2021, and the audited financial statements for 2020, the Board affirms Dhiraagu's ability to continue as a going concern, and that we have adequate resources to continue in operation for the foreseeable future. We will continue to disclose, as applicable, matters related to going concern and use the going concern basis of accounting.

- 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 Law (Law No. 43/2015), 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, Dhiraagu continues to comply with relevant laws, regulations and industry codes.

- The Board of Directors places great emphasis to adopt the highest standards of professionalism and diligence to ensure that their roles and responsibilities are performed in an ethical, sustainable and accountable manner with the utmost priority to create the best value for our shareholders while driving the long-term performance and sustainability of our Company.

- 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, or had any right to subscribe for equity or debt security of the Company; and

- There were no contract(s) of significant substance 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 25 "Related Parties Transactions" of the Audited Financial Statements as at 31 December 2020.



Ismail Waheed  
Chairperson



Ismail Rasheed  
CEO & Managing Director

# Audit Committee Report

## Composition & Membership

As at 31 December 2020, the following members served the Audit Committee. The Committee members were all non-executive and independent directors and possessed sufficient accounting and financial knowledge which allowed them to discharge their duties, ensuring compliance with CMDA Corporate Governance Code and Dhiraagu Corporate Governance Code.

**MR. AHMED ABDULRAHMAN**  
Chairperson of the Audit Committee  
Tenure: May 20 to date



**MR. IMRAN ALI**  
Member  
Tenure: Jul 14 to date



**MRS. KHULOOD RASHID ALQATTAN**  
Former Chairperson of the Audit Committee  
Tenure: Jul 17 to Mar 20



\* Mr. Ahmed Abdulrahman was appointed on to the Audit Committee on 7 May 2020. There were only 3 meetings of the Audit Committee following his appointment.  
\*\* There was only one Audit Committee Meeting before we bid farewell to Mrs. Khulood Rashid Alqattan on 25 March 2020.

## Terms Of Reference

The Audit Committee is scheduled to meet once every quarter and provides a forum for communication between the Board, Management and both the Internal and External Auditors. The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, compliance, external audit, internal control, Internal Audit and matters that may significantly impact the financial condition or affairs of our business.

## Meetings

The Audit Committee met 4 times during the financial year ending 31 December 2020. Other members of the Board may attend Audit Committee meetings and the Committee may invite the Management, the External Auditor and others to attend meetings as it considers necessary or appropriate. All meetings during the financial year ending 31 December 2020, were attended by the CEO & Managing Director, the Chief Financial Officer and the Internal Auditor. The meetings were also attended by the Head of Internal Audit at Batelco. The Company Secretary of the Board acted as the secretary of all the meetings.

## Key Decisions

- Review and recommendation of Audited Financial Statements for the year ended 31 December 2020.
- Review and recommendation of quarterly financial reports for the financial year 2020.
- Recommendation on the appointment of KPMG as the Company's External Auditor for the financial year 2020

- Review and recommendation for approval of Bad Debt write off and disposal and write-off of fixed assets, obsolete and damaged inventory.

- Review and monitoring of all Internal Audit activities every quarter.

All action points from the Committee's meetings were completed on a timely basis.

## External Audit

A tendering process was conducted in early 2020 to recommend an External Auditor. The tender was for one year and the recommendation to appoint KPMG our External Auditor for 2020 was approved by shareholders at the 31<sup>st</sup> Annual General Meeting. The Audit Partner was last rotated in 2019. Tendering for appointment of External Auditors will be carried out at least once in every three years.

The Audit Committee reviewed the non-audit services provided by KPMG and the explanation of how the provision of those non-audit services was compatible with auditor independence. The Committee is satisfied that appropriate measures are put in place by both KPMG and Dhiraagu to ensure the independence and objectivity of

the External Auditor. The External Auditor has confirmed their compliance with the practice note of CMDA's CG Code.

All the Audited Committee meetings held during the year were attended by the External Auditor to provide independent assurance and present their opinion on the financial reports. The Audit Committee also met the External Auditor in a private session without the presence of Management when reviewing the Audited Financial Statements for the year ended 31 December 2020. This is practiced in order to give the External Auditor's the opportunity to share an independent view of their audit experience and opinion.

A second tendering process was conducted in 2020 to recommend an External Auditor. This tender covered three years and is subject to shareholder approval at the AGMs. In accordance with the Audit Committee's recommendation, the Board will propose an External Auditor to carry out the statutory audit for the financial year 2021. After review the Audit Committee recommend the re-appointment of KPMG to carryout the statutory audit for the financial year 2021. The proposed remuneration is a maximum fee of US\$ 49,500, excluding GST and out of pocket expenses (capped at a maximum of 5% of fees).

## Internal Audit

During the year the Audit Committee reviewed the effectiveness of internal audit controls undertaken by our Internal Audit Department. The Internal Auditor directly reports to the Audit Committee and has a parallel administrative reporting line to the CEO & Managing Director for day to day matters. This is to ensure that the Board is provided with independent and objective assurance on the effectiveness of our governance, risk management, and internal control processes.

A total of 13 Internal Audits were carried out and presented during the year and the Audit Committee reviewed the effectiveness of the Company's internal controls including financial, operational, technical, IT and compliance controls and procedures for identifying and managing risks. The outcomes and follow up actions of these audits were regularly reviewed at the Audit Committee meetings, and the Committee is satisfied with the progress and implementation of the action points.

Furthermore, the Audit Committee is satisfied with the progress of the Internal Audit function during the year 2020 and the adequacy of the internal control measures in place.

## Risk Management

Our 'Risk Register' is prepared by a full-time Risk and Compliance Officer who maintains processes identifying new and emerging risks to our business. A new Risk and Compliance Officer was appointed in July 2020 to fill the vacancy after the resignation of his predecessor.

Identified risks together with their controls and treatment were closely monitored by the Audit Committee every quarter and reported to the Board during the year. The Risk Register was considered when finalising the Internal Audit Plan. The requirement for disclosures and provisions on any material claims and litigations against the Company was monitored closely with support from both external lawyers and external auditors when required.

The Audit Committee is satisfied with the progress of the Internal Audit function during the year ending 31 December 2020 and the adequacy of the internal control measures in place for risk management.



Ahmed Abdulrahman  
Chairperson, Audit Committee

# Remuneration, Nomination and Governance Committee Report

## Composition & Membership

The Board's Remuneration, Nomination and Governance (RNG) Committee was represented by the following non-executive and independent Directors during year ending 31 December 2020.

**MR. ISMAIL WAHEED**  
Chairperson  
Tenure: Dec 18 to date



**MR. IMRAN ALI**  
Member  
Tenure: Jul 14 to date



**MR. KHALID HUSSAIN TAQI**  
Former Member  
Tenure: Mar 19 to Apr 20



**MR. IHAB HINNAWI**  
Former Member  
Tenure: Jul 20 to Dec 20



\*A meeting of the RNG Committee was held on 16 March 2020 to review and complete the evaluation of candidates who applied for the position of Public Director. As Mr. Imran Ali had applied as a candidate, he declared a conflict of interest and did not attend the meeting.  
\*\* There were only three RNG Committee Meetings before we farewelled Mr. Khalid Hussain Taqi on 30 April 2020.  
\*\*\* Mr. Ihab Hinnawi was appointed on to the RNG Committee on 15 July 2020. There were only 2 meetings of the RNG Committee following his appointment.

## Key Decisions

- Review and recommendation of 2020 Performance Bonus Plan and 2019 Performance Bonus Payout.
- Nomination of candidate for the position of Public Director to hold office for a tenure of 2 years, ending at the conclusion of the 2022 Annual General Meeting.
- Review and recommendation of revisions to the Board Directors Remuneration Policy.
- Review and recommendation of revisions to the Leave Policy to allow for flexibilities for maternity leave.

Roles & Responsibilities

The RNG Committee was reconstituted in August 2013 to combine the three functions of remuneration, nomination and governance. The objective of the consolidation was to facilitate effective and efficient discharge of the duties as most members were in both the Remuneration, Nominations Committee and the Governance Committee. The RNG Committee assists the Board in formulating remuneration policies, framework for nominating the Public Director, and monitoring the performance of our corporate governance framework and compliance with relevant regulations.

Meetings

The RNG Committee met 5 times during the financial year ending 31 December 2020. During the year, the RNG Committee regularly assess the impacts of COVID-19 on our people and the business. Utmost priority was given to ensure the safety and well-being of our people and regular updates were provided regarding steps taken to protect our people and keep running our business as an essential service provider.

Other members of the Board may attend the RNG Committee meetings and the

Committee may invite Management, and others to attend meetings as it considers necessary or appropriate. The CEO & Managing Director attended all the meetings and other members from the Leadership Team were invited as and when required. The Company Secretary acted as the secretary of all the meetings.

Remuneration Package Of Directors & Executives

Board Directors are rewarded as per the Board Director's Remuneration Policy, which is regularly reviewed to ensure Director remuneration is competitive and compensates for the responsibilities assigned to each Director. The latest review of the Board Director's Remuneration Policy was conducted in February 2020 and during deliberations on whether there was a need to increase the Director's Fees, it was decided to maintain the current rates and review the fees at a later date.

The RNG Committee reviews and makes recommendations to the Board on Dhiraagu's overall remuneration strategy, policies and practices, and monitors the effectiveness of Dhiraagu's overall remuneration framework. The remuneration

for key executives are determined in consultation with Batelco, and are based on individual scope of work, performance against agreed measures, market rates for comparable roles and other relevant factors. The Company's remuneration packages include fixed components and performance linked incentives which are designed to be competitive with the market, encourage sustainable performance and provide a retention element to retain key and critical talent. No stock options are included in the remuneration package of Board Directors or key executives.

Disclosure of remuneration of Directors and key executives as required by CMDA's CG Code, which includes details on level and mix of remuneration package, and individual remunerations paid to Board Directors and key executive, are withheld due to the competitive environment that Dhiraagu operates in. However, the total remuneration (including short term benefits) paid to Directors and key executives in 2020 are MVR 1.02m and MVR 21.37m respectively. Payments 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 2020.

Board Appointments

Our Articles of Association provide that the Board of Directors shall comprise of five Directors appointed by Batelco, three Directors appointed by the Government of Maldives and one Director elected by the public shareholders.

Board Directors representing the major shareholders are appointed through a letter of appointment.

The nomination process of the Director elected by the public shareholders is

managed by the Board, through the RNG Committee in accordance with our Articles of Association. On 19 February 2020, shareholders were invited to apply for the post of Public Director. The deadline for applications was 10 March 2020. Mr. Imran Ali (the existing Public Director) was the only candidate who responded to the call for the Directorship. As the applicable rules and regulations allowed the evaluation process to continue with one applicant applying for the position. The RNG Committee reviewed and completed the evaluation. Mr. Imran

Ali declared a conflict of interest and did not attend the meeting or participate in the evaluation or any deliberations. The Board of Directors recommended to nominate Mr. Imran Ali, to be elected as the Public Director at the 31<sup>st</sup> Annual General Meeting. He was re-elected for a term of two years ending at the conclusion of the 33<sup>rd</sup> Annual General Meeting.

The RNG Committee confirms that all Directors possess the required expertise to discharge their responsibilities effectively.

Orientation sessions are organised for all the new Directors accompanied by a meeting with the Leadership Team. During 2020, the following changes were brought to Dhiraagu Board:

- In March 2020, we bid farewell to two of our Directors who had been appointed by Batelco. Both Directors had served on the Board since May 2017. Mrs. Khulood AlQattan who had served as the former Deputy Chairperson in her capacity as a non-executive & independent director; and Mr. Oliver McFall who had served as non-executive Director and independent director.
- In April 2020, we bid farewell to Mr. Khalid Hussain Taqi a non-executive and independent director who had served on the Board since March 2019.
- In May 2020, we welcomed the appointment of three Directors

appointed by Batelco. Mr. Ahmed Abdulrahman (Deputy Chairperson) as a non-executive and independent director Mr. Faisal Qmahiyah as a non-executive and independent director Mr. Mikkel Vinter as a non-executive and independent director

- In July 2020, we welcomed Uza. Maryam Manal Shihab as a non-executive and independent director appointed by the Government of Maldives.

## Board Diversity

Our Board represents a highly qualified and diverse set of experts with members from different professional and academic backgrounds.

Dhiraagu is committed to promoting gender diversity at the Boardroom and encourages female representation on the Board in accordance with the Corporate Governance Code issued by CMDA. At the time of issuing this report, there is one female member on the Board of Dhiraagu.

## Effectiveness

Our Board Directors Performance Evaluation Policy requires Directors to carry out an annual self-evaluation of Board and the Committees performance. A Board evaluation was carried out in January 2021. The results of the evaluation were reviewed by the RNG Committee in February 2021.

The RNG Committee confirms that Dhiraagu Board and its committees discharged their responsibilities satisfactorily during 2020.



Ismail Waheed  
Chairperson, Remuneration, Nomination  
and Governance Committee



# Audited Financial Statements

# Contents

Independent Auditors' Report	97 - 101
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	102
Statement of Financial Position	103
Statement of Changes in Equity	105
Statement of Cash Flows	106
Notes to the Financial Statements	108 - 155



KPMG  
(Chartered Accountants)  
2<sup>nd</sup> Floor, H. Mialani  
Sosun Magu,  
Male',  
Republic of Maldives.

Tel : +960 3310 420  
+960 3310 421  
+960 3310 422  
+960 3323 393  
Fax : +960 3323 175  
E-mail : [kpmgmvmv@kpmg.com](mailto:kpmgmvmv@kpmg.com)

# Independent Auditor's Report

To the Shareholders of  
Dhivehi Raajjeyge Gulhun PL

## OPINION

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 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 100 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020, and of its financial

performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our

audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Maldivian Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

M.R. Mihular FCA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara ACA  
S.R.I. Perera FCMA(UK)  
M.N.M. Shameel ACA  
H.S. Goonewardene ACA  
M. Mihad ACMA(UK)

P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C Abeyrathne FCA  
G.A.U. Karunaratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
R.H. Rajan FCA

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
R.M.D.B. Rajapakse FCA  
R.W.M.O.W.D.B. Rathnadiwakara ACA  
Ms. C.K.T.N. Perera ACA

INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC.



Revenue Recognition – Accuracy of revenue recorded

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.12 and 4(c) of the financial statements)

Risk Description

Revenue recognition is one of the most judgmental and complex area of accounting especially with the added complexity of the vast array of rapidly changing offers, complexity of billing systems, complexity of products and services and due to high volume of low value transactions captured by the billing systems.

The majority of the Company's revenue is generated through the billing systems. Determining when and how much revenue is recognized from customer contracts has a significant impact especially on multiple arrangements and customer offers.

Further, during the year the Company has migrated its revenue billing system relating to fixed line revenue to a Convergence Billing System.

We identified revenue recognition as a key audit matter because of how much revenue

is recognised from customers depend on the individual customer contract and risk arising from the system migration. Therefore, there is a potential risk that revenue is subject to overstate to meet the expectation of the management.

Our response

Our audit procedures in this area included:

- Testing of key controls assisted by our IT specialists including, among others, those over the input of terms and pricing of different services; accuracy of the data captured by different systems and interface between the systems;
- Testing the design, implementation and operating effectiveness of the controls over the system migration;
- Testing the IT general controls and data migration processes together with the new application controls of the system migration;
- Performing detailed analysis of revenue testing the timing of revenue through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the;

- Adjustments which are outside of the normal billing process,
- Revenue recognition on the bundled services offered,
- Deferred revenue and cost on installation which is considered as a part of the overall performance obligation of the respective service and;

- Evaluating the appropriateness of the allocation of the transaction price, including variable consideration to performance obligations and test the operating effectiveness of related controls;

- Assessing the appropriateness of the Company's accounting policies set out in notes 3.12 and 4(c), and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.

Capitalization of Assets including useful lives, depreciation and impairment

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.3, 4 (b) and 4(g) of the financial statements)

Risk Description

The Company continues to incur a

INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC.



Key Audit Matters (Continued)

significant level of capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The carrying value of Property and Equipment as at 31st December 2020 was MVR 1,811 million.

There are number of areas where management judgment impacts the carrying value of Property and Equipment, and the related depreciation profiles.

The complex nature of the assets may result in inappropriate capitalization of the costs and inappropriate determination of the date and the values transferred from construction in progress to property and equipment.

Telecommunication industry is evolving continually due to changes in the technology. Further, the Company has significant number of physical assets related to telecommunication subject to the technological update. Therefore, technology changes would create obsolescence of Property and Equipment, which might require an impairment provision. We consider this area as key audit matter because determination of recoverable amount of

Property and Equipment involves significant judgments and estimates. Therefore, an error in such estimates could result in material misstatements in the financial statements.

Our response

Our audit procedures in this area included:

- Assessing the design, implementation and operating effectiveness of key internal controls over the capitalization of property and equipment, including the key internal controls over the estimation of useful economic lives of assets;
- Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalized meets the relevant criteria for capitalization and the depreciation is correctly calculated;
- Challenging the date of transferring construction-in-progress to Property and Equipment by examining the inspection reports and/or project progress reports, on a sample basis;
- Evaluating management's estimation of useful economic lives by considering

our knowledge of the business;

- Inquiring the networks and the other relevant teams in order to assess on technological updates and actual replacements of assets, if any, with latest technology to identify any potential impairment indicators for the existing assets;

- Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property and Equipment based on the internal and external information assessed;

- Challenging the management's positions of the impairment assessment as to whether or not a reasonable possible change to key operating assumptions could result in impairment;

- Assessing the adequacy of the financial statement disclosures included in notes 3.3, 4 (b) and 4 (g).

OTHER INFORMATION

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information

INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC.



Other Information (Continued)

included in the annual report, but does not include in the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

RESPONSIBILITIES OF THE  
BOARD OF DIRECTORS FOR THE  
FINANCIAL STATEMENTS

The Board is responsible for the preparation

and the fair presentation of financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting processes.

AUDITOR'S RESPONSIBILITIES  
FOR THE AUDIT OF THE  
FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably

be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is R.W.M.O.W. Duminda B. Rathnadiwakara.

Chartered Accountants

For and on behalf of KPMG Maldives  
3rd February 2021  
Male'

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2020 MVR “000”	2019 MVR “000”
Revenue	7	2,483,159	2,859,006
Operating costs	8	(1,159,845)	(1,336,423)
Depreciation, amortization and impairment	13, 14 & 15	(386,654)	(351,405)
Impairment loss on trade receivables and contract assets	17.1	(43,951)	(27,160)
Other income	9	1,022	1,904
Results from operating activities		893,731	1,145,922
Finance income	10	8,732	20,528
Finance costs	10	(41,100)	(54,531)
Net finance costs		(32,368)	(34,003)
Profit before tax		861,363	1,111,919
Tax expense	11	(128,911)	(170,160)
Profit/ Total Comprehensive Income for the year		732,452	941,759
Earnings per share			
Basic and diluted earnings per share (MVR)	12	9.64	12.39

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 108 - 155. The Report of the Independent Auditors is given on pages 97 - 101.

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Financial Postition

AS AT 31 <sup>ST</sup> DECEMBER	NOTE	2020 MVR “000”	2019 MVR “000”
ASSETS			
Non-current assets			
Property and equipment	13	1,811,154	1,791,139
Right-of-use assets	14	245,206	248,999
Intangible assets	15	306,550	335,806
Deferred tax assets	11.2	7,943	6,144
Total non-current assets		2,370,853	2,382,088
Current assets			
Inventories	16	49,643	58,236
Trade and other receivables	17	709,323	690,371
Cash and bank balances	18	975,477	485,685
Total current assets		1,734,443	1,234,292
Total assets		4,105,296	3,616,380
EQUITY AND LIABILITIES			
Equity			
Share capital	19	190,000	190,000
Retained earnings		2,292,534	2,314,762
Total equity		2,482,534	2,504,762
Non-current liabilities			
Provisions	20	136,925	130,157
Lease liabilities	21.2	231,780	232,932
Total non-current liabilities		368,705	363,089

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Financial Postition (Continued)

AS AT 31 <sup>ST</sup> DECEMBER	NOTE	2020 MVR “000”	2019 MVR “000”
<b>Current liabilities</b>			
Trade and other payables	22	850,049	648,431
Lease liabilities	21.2	30,403	25,320
Amounts due to a related party	23	307,443	1,386
Current tax payable		66,162	73,392
<b>Total current liabilities</b>		1,254,057	748,529
<b>Total liabilities</b>		1,622,762	1,111,618
<b>Total equity and liabilities</b>		4,105,296	3,616,380

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 108 - 155. The Report of the Independent Auditors is given on pages 97 - 101.

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



**Mr. Ahmed Abdulrahman**  
Chairperson of Audit Committee  
and Deputy Chairperson of Board



**Mr. Ismail Rasheed**  
Chief Executive Officer &  
Managing Director



**Mr. Robin Wall**  
Chief Financial Officer

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Changes in Equity

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2020	NOTE	SHARE CAPITAL MVR “000”	RETAINED EARNINGS MVR “000”	TOTAL MVR “000”
As at 1st December 2019		190,000	2,139,843	2,329,843
Profit and Other Comprehensive Income for the year		-	941,759	941,759
<b>Transactions with Owners of the Company Distributions</b>				
Dividends declared	19.2	-	(766,840)	(766,840)
As at 31st December 2019		190,000	2,314,762	2,504,762
As at 1st January 2020		190,000	2,314,762	2,504,762
Profit and Other Comprehensive Income for the year		-	732,452	732,452
<b>Transactions with Owners of the Company Distributions</b>				
Dividends declared	19.2	-	(754,680)	(754,680)
As at 31st December 2020		190,000	2,292,534	2,482,534

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 108 - 155. The Report of the Independent Auditors is given on pages 97 - 101.

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Cash Flows

AS AT 31 <sup>ST</sup> DECEMBER	NOTE	2020 MVR “000”	2019 MVR “000”
<b>Cash flows from operating activities</b>			
Profit before Tax		861,363	1,111,919
<b>Adjustments for:</b>			
Depreciation	13	287,009	264,474
Amortization of intangible assets	15	58,878	48,831
Depreciation of right-of-use assets	14	39,530	38,100
Impairment losses on property and equipment	13	557	-
Impairment losses on intangible assets	15	90	-
Written off of Intangible Assets	15	589	-
Provision for slow-moving/ obsolete inventories	16.1	1,311	8,753
Provision for impairment loss on trade and other receivables	17.1	43,951	27,160
Interest income	10	(8,732)	(4,981)
Unwinding of discount on network and asset retirement obligation	20	4,765	4,456
Reversal of unwinding of discount due to the changes in estimates	20	-	(15,547)
Interest on lease liabilities	10	23,479	24,211
Net gain on disposal of property and equipment	9	(484)	(161)
<b>Operating profit before working capital changes</b>		1,312,305	1,507,215
<b>Changes in:</b>			
Inventories		7,282	(11,473)
Trade and other receivables		(72,680)	(133,490)
Trade and other payables		33,324	52,491
Amounts due to a related party		21,563	(252)
<b>Cash generated from operations</b>		1,301,794	1,414,491

DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Cash Flows (Continued)

AS AT 31 <sup>ST</sup> DECEMBER	NOTE	2020 MVR “000”	2019 MVR “000”
Tax paid		(137,939)	(173,046)
<b>Net cash generated from operating activities</b>		1,163,855	1,241,445
<b>Cash flows from investing activities</b>			
Purchase and construction of property and equipment		(216,986)	(178,220)
Purchase of intangible assets	15	(30,301)	(98,539)
Proceeds from disposal of property and equipment		500	173
Interest received		8,513	4,972
Payment of lease liabilities	21	(55,285)	(53,058)
Net changed in short term deposits		(1,204)	5,311
<b>Net cash used in investing activities</b>		(294,763)	(319,361)
<b>Cash flows from financing activities</b>			
Dividend paid during the year		(380,504)	(766,760)
<b>Net cash used in financing activities</b>		(380,504)	(766,760)
<b>Net increase in cash and cash equivalents</b>		488,588	155,324
<b>Cash and cash equivalents at beginning of the year</b>		471,300	315,976
<b>Cash and cash equivalents at end of the year</b>	18	959,888	471,300

Figures in bracket indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 108 - 155. The Report of the Independent Auditors is given on pages 97 - 101.

# Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2020

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 Dhiraagu Head Office, Ameenee Magu, P.O. Box 2082, Male’ 20403, Republic of Maldives.

The Company is a listed Company 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 (“IFRSs”).

(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) Going Concern basis of Accounting

The financial statements have been prepared on a going concern basis.

(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs 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 4 to the financial statements.

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. A number of new standards are effective from 1st January 2020, but they do not have a material effect on the Company’s financial statements.

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.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.1 Transactions in foreign currencies (Continued)

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)  
Recognition and initial measurement

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.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement  
On initial recognition, a financial asset is classified

as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting

mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.2 Financial Instruments (Continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash

flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and gains and losses  
Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial assets at amortized cost comprise trade and other receivables, Bank deposits and Investment in fixed deposits.

(ii) Financial liabilities (Non-derivative)  
Classification, subsequent measurement and gain and losses

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.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

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)  
(ii) Financial liabilities (Non-derivative)

De-recognition  
Financial Assets

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 Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

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.

(iii) Share Capital  
Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the

issue of ordinary shares are recognized as a deduction from equity.

Dividends

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

3.3 Property, Plant and Equipment  
(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(ii) Subsequent Costs

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

(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

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.3 Property, Plant and Equipment (Continued)  
(iii) Depreciation (Non-derivative)

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:

<b>Buildings</b>	5 to 40 years
<b>Plant and equipment</b>	
- Civil works, cables and ducting	5 to 40 years
- Network and electronic equipment	5 to 40 years
<b>Vehicle and launches</b>	4 to 7 years
<b>Furniture and fittings</b>	4 to 10 years

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

Capital Work in Progress

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:

<b>Software</b>
3 to 10 Years

Licences

10 Years or licence term whichever is lower

Indefeasible right to use cable capacity

15 Years or cable life whichever is lower

Capital Work in Progress

Capital work in progress as at the year-end represents the costs incurred or accrued for the projects which have not commenced commercial operations as at the year end.

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, 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 Contract assets related to the Enterprise Sales Projects

Contract assets related to the sales project represents the gross unbilled amount expected to be collected from customers for performance obligations satisfied to date. It is measured at the consideration allocated to the performance obligations completed as at the reporting date 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.

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) Non-derivative financial assets  
Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs for trade and other

receivables.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due for the residential segment.
- The financial asset is more than 150 days past due for the Government segment.
- The financial asset is more than 120 days past due for the corporate segment.

The Company has rebutted the presumption of 90 days past due for the Government and corporate segment as the Company has assessed the previous years' collections and the historic collections at a considerable levels after 3 months period.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or being more than 180 days past due of the significant

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.7 Impairment (Continued)  
(i) Non-derivative financial assets (Continued)  
Credit-impaired financial assets

government customers who exceed MVR 100,000/-;	of similar assets and based on the assessment carried out by the Company. For wholesale segment customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.
- A breach of contract such as a default or being more than 180 days past due of the significant corporate customers who exceed MVR 100,000/-;	
- A breach of contract such as a default or being more than 365 days past due of the wholesale customers;	
- It is probable that the contractual party will enter bankruptcy or other financial reorganisation;	
<b>Presentation of allowance for ECL in the statement of financial position</b>	
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.	
<b>Write-off</b>	
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off based on historical experience of recoveries	

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.
<b>3.9 Provisions</b>
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.
Network and asset retirement obligation provision has been 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)

<b>3.10 Leases</b>	
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	
<b>(i) As a lessee</b>	
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.	
The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.	
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease	

term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.	- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.	- Amounts expected to be payable under a residual value guarantee; and
The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.	- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.
Lease payments included in the measurement of the lease liability comprise the following:	The lease liability is measured at amortized cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate. if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
- Fixed payments, including in-substance fixed payments;	When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.10 Leases (Continued)

The Company presents right-of-use assets that do not meet the definition of investment property in “Right-of-use assets” and lease liabilities in “Lease liabilities” in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.11 Events occurring after the reporting date

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

3.12 Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with a customer. The Company recognise revenue when it transfers control over a good or service to a customer.

(a) Sale of equipment

Revenue from handset and other equipment sales is recognised when the product is delivered to the customer.

In revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

(b) Provision of services

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

(c) Installation revenue

Installation services are specific services and does not have a standalone value without the data/ internet services; it has not been considered as separate performance obligation.

The installation revenue is considered as part of the overall transaction price and is amortized over the expected tenure of the contracts with the customers.

(d) Sales projects

Installation, device sale and service provision are considered to be separate Performance Obligation as those are distinct goods/ services. The customer can obtain each of the said good/ service on a standalone basis from different vendors and each has a standalone value to the customer.

Standalone selling prices (“SSP”) is determined for installation service, sale of device and provision of service. Accordingly, transaction price collected from the customers are allocated to each Performance Obligation based on relative SSP allocation and recognize revenue accordingly.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.12 Revenue from contracts with customers (Continued)

(e) Contract costs

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS 15, the Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

(f) 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.

3.13 Expenditure

(a) Finance income and expense

Finance income comprise 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.

Finance costs comprise, unwinding of discounts on provisions, unwinding of discount on lease liabilities

and foreign exchange losses that are recognised in profit or loss. Foreign exchange gains and losses are reported on net basis.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or

- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) 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 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.

3.14 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 or substantially 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.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

3. Significant accounting policies (Continued)  
3.14 Tax Expenses (Continued)  
(b) Deferred tax (Continued)

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 and 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.

3.15 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 used on observable market data (unobservable inputs)

(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. However, the Company has got short term receivables as 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 risk adjusted discount rate.

4. 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.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

4. Critical accounting estimates, assumptions and judgements (Continued)  
(a) Depreciation of property, plant and equipment (Continued)

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

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

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

- Obsolescence or physical damage;

- Significant changes in technology and regulatory environments;

- Significant underperformance relative to expected historical or projected future operating results;

- Significant changes in the use of its assets or the strategy for its overall business;

- Significant negative industry or economic trends;

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. As per the requirements of IFRS 15 Identification of the performance obligations, allocation of the consideration over the performance obligations, determination of the key assumption such as customer expected retention period.

(d) Valuation of receivables

Note 3.7 – measurement of ECL allowance for trade receivables and contract assets; key assumptions in determining the weighted average loss rate.

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 individual assessment of the customers, lifetime expected credit loss of the trade and other receivables, 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.

(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.

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

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

(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.

(g) Capitalization of Property, Plant and equipment and projects under construction

Assets are transferred to Property, Plant and equipment from assets under construction when they are ready for its intended use. The complex nature of the assets is such that judgment is required as to when that point is reached. Also, judgment is required to determine whether the costs incurred on those assets can be capitalized or can be recognized as an expense in profit or loss.

(h) Lease Term

Some leases related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual period beginning after 1st January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretation are not expected to have a significant impact on the Company's financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- COVID-19 related rent concessions (Amendments to IFRS 16)
- Reference to conceptual framework

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

6. SEGMENT INFORMATION

Reportable Segments

The Company's operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the reportable segments based on segment operating income, consistent with the Chief Operating Decision Maker's ("CODM") assessment of segment performance.

The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed and broadband) providing services and to provide emerging services to the customers. The Company excludes from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-operational nature.

The Following summary describes the operations of each reportable segment.

(1) Mobile

Mobile operation primarily includes prepaid mobile, postpaid mobile, roaming, mobile equipment and mobile broadband which are provided to individuals, business and government customers.

(2) Fixed, Broadband and Enterprise

Fixed, Broadband and Enterprise primarily include fixed telephony, fixed and fiber broadband, lease circuits, datacoms, IP TV services, mobile money and enterprise infrastructure project. The Company provides these products and services to the individuals, businesses and government customers.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

Information about Reportable Segment

Segment information disclosed for the year ended 31st December 2020 and 2019 are as follows :

	MOBILE		FIXED, BROADBAND & ENTERPRISE		OTHER		TOTAL	
	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”
External Revenue	1,465,392	1,745,312	958,346	1,047,884	59,421	65,810	2,483,159	2,859,006
<b>Total Revenue</b>	1,465,392	1,745,312	958,346	1,047,884	59,421	65,810	2,483,159	2,859,006
Operating Costs	(594,493)	(752,552)	(539,471)	(555,617)	(25,881)	(28,254)	(1,159,845)	(1,336,423)
Depreciation and amortization	(223,809)	(114,923)	(116,456)	(201,396)	(46,389)	(35,086)	(386,654)	(351,405)
Impairment losses on trade and other Receivables	(25,933)	(13,821)	(16,966)	(12,551)	(1,052)	(788)	(43,951)	(27,160)
Net finance costs	(19,252)	(21,007)	(12,302)	(12,155)	(814)	(841)	(32,368)	(34,003)
Non-operating income	608	1,176	388	681	26	47	1,022	1,904
<b>Reportable segment profit before tax</b>	602,513	844,185	273,539	266,846	(14,689)	888	861,363	1,111,919
<b>Segment assets and liabilities</b>								
Non-current assets	1,087,809	1,172,047	888,852	791,701	386,249	412,196	2,362,910	2,375,944
Current assets	475,223	473,444	272,066	264,263	11,677	10,900	758,966	748,607
<b>Total assets</b>	1,563,032	1,645,491	1,160,918	1,055,964	397,926	423,096	3,121,876	3,124,551
Non-current liabilities	345,793	344,454	-	-	22,912	18,635	368,705	363,089
Current liabilities	686,788	391,815	441,830	242,586	125,439	114,128	1,254,057	748,529
<b>Total liabilities</b>	1,032,581	736,269	441,830	242,586	148,351	132,763	1,622,762	1,111,618

Other operations include the customer equipment maintenance services, bulk SMS services, domain and web hosting and other adjacent services. None of these segments met the quantitative threshold for reportable segments in 2020 or 2019.

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

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

6. SEGMENT INFORMATION (CONTINUED)

Reconciliation of total assets information on reportable segments to the total assets reported in the Statement of Financial Position.

	2020		2019	
	NON-CURRENT MVR “000”	CURRENT MVR “000”	NON-CURRENT MVR “000”	CURRENT MVR “000”
Total assets for reportable segments	1,976,661	747,289	1,963,748	737,707
Total assets for other segments	386,249	11,677	412,196	10,900
Total assets for segments	2,362,910	758,966	2,375,944	748,607
Other unallocated amounts	7,943	975,477	6,144	485,685
Total assets as per the statement of financial position	2,370,853	1,734,443	2,382,088	1,234,292

7. REVENUE

A. Revenue Streams

The Company generates revenue primarily from mobile and fixed, broadband and enterprise revenue. Other sources of revenue include customer equipment maintenance services and other adjacent services.

	2020 MVR “000”	2019 MVR “000”
Revenue from contracts with customers	2,483,159	2,859,006

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

7. REVENUE (CONTINUED)

B. Disaggregation of revenue from contracts with customers

Disaggregation of revenue by major products and service lines has been disclosed in the segment information under mobile, fixed, broadband and enterprise and other revenue.

In the following table, revenue is disaggregated by timing of recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments. Revenue by major products and service lines are disclosed under segment information (See Note 6

	REPORTABLE SEGMENTS							
	MOBILE		FIXED, BROADBAND & ENTERPRISE		OTHER		TOTAL	
	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”
Revenue by timing of recognition								
Products transferred at a point in time	63,885	104,418	68,047	113,864	2,578	3,764	134,510	222,046
Products and services transferred over time	1,401,507	1,640,894	890,299	934,020	56,843	62,046	2,348,649	2,636,960
Revenue with contracts with customers	1,465,392	1,745,312	958,346	1,047,884	59,421	65,810	2,483,159	2,859,006
External Revenue as reported in Note 6	1,465,392	1,745,312	958,346	1,047,884	59,421	65,810	2,483,159	2,859,006

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

7. REVENUE (CONTINUED)

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31/12/2020 MVR “000”	31/12/2019 MVR “000”
Receivables (included in trade and other receivables)	333,295	249,132
Contract assets (included in trade and other receivables)	365,611	416,940
Contract liabilities (included in trade and other payables)	(98,107)	(124,836)

The contract assets primarily relate to the Company's right to consideration for services performed and work completed, but not billed at the reporting date on customer contracts and costs that were deferred on installations and infrastructure projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and over the period of customer tenure expected in respect of the deferred cost.

The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognized over time as the related performance obligations are fulfilled and to the unredeemed customer loyalty points.

8. OPERATING COSTS

	2020 MVR “000”	2019 MVR “000”
Direct cost of services	470,300	539,674
Personnel costs (Note 8.1)	207,198	231,016
License fees	106,644	120,010
Operating lease rentals	-	563
Support services	48,050	48,050
External publicity	20,877	40,675
Network costs	113,715	132,295
Property and utility costs	105,033	118,565
Professional fees	10,930	15,570
Other administrative expenses	77,098	90,005
	1,159,845	1,336,423

8.1 Personnel Costs

	2020 MVR “000”	2019 MVR “000”
Wages, salaries and performance reward scheme	176,233	205,630
Defined contribution expense	12,972	13,249
Other personnel costs	24,025	18,675
	213,230	237,554
Staff costs capitalized	(6,032)	(6,538)
	207,198	231,016

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

9. OTHER INCOME

	2020 MVR “000”	2019 MVR “000”
Net Gain on disposal of Property, Plant and Equipment	484	161
Miscellaneous income	538	1,743
	1,022	1,904

10. NET FINANCE COSTS

	2020 MVR “000”	2019 MVR “000”
<b>Finance Income</b>		
Interest income under EIR on Bank Deposits	8,732	4,981
Reversal of unwinding of discount due to the changes in estimates	-	15,547
	8,732	20,528
<b>Finance Costs</b>		
Unwinding of discount on provisions	(4,765)	(4,456)
Interest on lease liabilities	(23,479)	(24,211)
Foreign exchange loss	(12,856)	(25,864)
	(41,100)	(54,531)
<b>Net Finance Costs</b>	(32,368)	(34,003)

11. TAX EXPENSE

	2020 MVR “000”	2019 MVR “000”
Income tax expense (Note 11.1)	130,482	157,550
Under/ (over) provision for the previous year	227	3,391
Deferred tax asset (recognized)/revised during the year (Note 11.2)	(1,798)	9,219
	128,911	170,160

11.1 Reconciliation between accounting  
profit and taxable income:

	2020 MVR “000”	2019 MVR “000”
Accounting profit before tax	861,363	1,111,919
Disallowable expenses	477,233	406,114
Allowable expenses	(468,214)	(467,202)
Tax free allowance	(500)	(500)
<b>Total taxable income</b>	869,882	1,050,331
Income tax @ 15%	130,482	157,550

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%

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

11. TAX EXPENSE (CONTINUED)

11.2 Deferred Tax Asset

	2020 MVR “000”	2019 MVR “000”
Opening balance	6,144	15,363
Deferred tax asset (reversed)/ recognized on temporary differences	1,798	(9,219)
Closing balance	7,943	6,144

11.3 Deferred Tax Asset is attributable for following:

	2020		2019	
	TEMPORARY DIFFERENCE MVR “000”	TAX EFFECT MVR “000”	TEMPORARY DIFFERENCE MVR “000”	TAX EFFECT MVR “000”
Property and equipment	(93,027)	(13,954)	(103,524)	(15,529)
Intangible assets	(78,454)	(11,768)	(42,548)	(6,382)
Leases	16,977	2,547	9,253	1,388
Provisions	207,454	31,118	177,780	26,667
	52,950	7,943	40,961	6,144

Deferred tax Assets and (Liabilities) are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15% (2019: 15%).

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

11. TAX EXPENSE (CONTINUED)

11.4 Movement in Deferred Tax Balances

	BALANCE AS AT 1ST JANUARY 2020	RECOGNIZED IN PROFIT OR LOSS	DEFERRED TAX ASSET / (LIABILITY) AS AT 31ST DECEMBER 2020
Property and equipment	(15,529)	1,575	(13,954)
Intangible assets	(6,382)	(5,386)	(11,768)
Leases	1,388	1,159	2,547
Provisions	26,667	4,451	31,118
	6,144	1,798	7,943

12. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted 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.

	FOR THE YEAR ENDED	
	2020	2019
Profit for the year attributable to the ordinary shareholders (MVR "000")	732,452	941,759
Weighted average number of ordinary shares outstanding ("000")	76,000	76,000
Basic and diluted earnings per share (MVR)	9.64	12.39

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

13. PROPERTY AND EQUIPMENT

31ST DECEMBER 2020	BUILDINGS MVR "000"	EQUIPMENT MVR "000"	VEHICLES AND LAUNCHES MVR "000"	FURNITURE AND FITTINGS MVR "000"	CAPITAL WORK- IN PROGRESS MVR "000"	TOTAL MVR "000"
Cost						
As at 1st January 2020	426,914	3,725,465	11,498	18,866	178,519	4,361,262
Additions during the year	-	-	-	-	280,983	280,983
Transferred from intangible assets (Note 15.2)	-	-	-	-	26,615	26,615
Provision for Impairment loss	-	-	-	-	(557)	(557)
Capitalizations during the year	2,140	236,746	-	866	(239,753)	-
Disposals during the year	(177)	(43,544)	(910)	-	-	(44,631)
As at 31st December 2020	428,877	3,918,667	10,588	19,732	245,807	4,623,671
Accumulated Depreciation						
As at 1st January 2020	186,450	2,362,615	9,052	12,006	-	2,570,123
Charge for the year	18,347	265,266	896	2,500	-	287,009
Disposals during the year	(167)	(43,538)	(910)	-	-	(44,615)
As at 31st December 2020	204,630	2,584,343	9,038	14,506	-	2,812,517
Carrying amount as at 31st December 2020	224,247	1,334,324	1,550	5,226	245,807	1,811,154

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

13. PROPERTY AND EQUIPMENT (CONTINUED)

**13.1** Capital work in progress represents the costs incurred mainly on the projects such as Submarine Cable, network expansion which were in progress as at 31st December 2020.

31ST DECEMBER 2019	BUILDINGS MVR “000”	EQUIPMENT MVR “000”	VEHICLES MVR “000”	FURNITURE AND FITTINGS MVR “000”	CAPITAL WORK- IN PROGRESS MVR “000”	TOTAL MVR “000”
<b>Cost</b>						
As at 1st January 2019	421,849	3,754,237	14,836	17,842	253,461	4,462,225
Additions during the year	-	-	-	-	185,517	185,517
Capitalizations during the year	6,106	252,623	11	1,719	(260,459)	-
Disposals during the year	(1,041)	(281,395)	(3,349)	(695)	-	(286,480)
As at 31st December 2019	426,914	3,725,465	11,498	18,866	178,519	4,361,262
<b>Accumulated Depreciation</b>						
As at 1st January 2019	163,963	2,406,470	11,505	10,179	-	2,592,117
Charge for the year	23,528	237,528	896	2,522	-	264,474
Disposals during the year	(1,041)	(281,383)	(3,349)	(695)	-	(286,468)
As at 31st December 2019	186,450	2,362,615	9,052	12,006	-	2,570,123
<b>Carrying amount as at 31st December 2019</b>	240,464	1,362,850	2,446	6,860	178,519	1,791,139

**13.2** Capital work in progress represents the costs incurred mainly on the projects of the service extension and expansion of the network which were in progress as at 31st December 2019.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

14. RIGHT-OF-USE ASSETS

Right-of-Use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-Use asset (See note 3.10).

31ST DECEMBER 2020	2020 MVR “000”	2019 MVR “000”
As at 1st January	287,099	225,849
Additions during the year	35,737	61,250
As at 31st December	322,836	287,099
<b>Accumulated depreciation</b>		
As at 1st January	38,100	-
Charge for the year	39,530	38,100
As at 31st December	77,630	38,100
<b>Carrying amount as at 31st December</b>	245,206	248,999

**14.1** Right-of-use assets will be depreciated over 1 year to 35 years based on their lease period.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

15. INTANGIBLE ASSETS

31ST DECEMBER 2020	INDEFEASIBLE RIGHTS OF USE MVR “000”	LICENSES MVR “000”	SOFTWARES MVR “000”	WORK-IN- PROGRESS MVR “000”	TOTAL MVR “000”
<b>Cost</b>					
As at 1st January 2020	79,078	96,406	297,755	91,875	565,114
Additions during the year	-	-	-	56,916	56,916
Transferred to property and equipment (Note 15.2)	-	-	-	(26,615)	(26,615)
Reclassification	(1,653)	-	-	1,653	-
Capitalizations during the year	-	7,459	77,987	(85,446)	-
Written-off during the year	-	-	-	(589)	(589)
Provision for Impairment	-	-	-	(90)	(90)
Disposals during the year	-	-	(12,158)	-	(12,158)
As at 31st December 2020	77,425	103,865	363,584	37,704	582,578
<b>Accumulated Amortization and impairment loss</b>					
As at 1st January 2020	16,881	32,177	180,250	-	229,308
Amortization for the year	4,803	12,268	41,807	-	58,878
Disposals during the year	-	-	(12,158)	-	(12,158)
As at 31st December 2020	21,684	44,445	209,899	-	276,028
<b>Carrying amount as at 31st December 2020</b>	55,741	59,420	153,685	37,704	306,550

15.1 Capital work in progress represents mainly the costs incurred Network licenses, billing system enhancements and implementation of new FBB PCRF solution which were in progress of development as at 31st December 2020.

15.2 The Company has reclassified intangible assets amounting to MVR 26,614,616/- to property and equipment During the year.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

15. INTANGIBLE ASSETS (CONTINUED)

31ST DECEMBER 2019	INDEFEASIBLE RIGHTS OF USE MVR “000”	LICENSES MVR “000”	SOFTWARES MVR “000”	WORK-IN- PROGRESS MVR “000”	TOTAL MVR “000”
<b>Cost</b>					
As at 1st January 2019	77,102	28,768	206,335	157,015	469,220
Additions during the year	-	-	-	98,539	98,539
Capitalizations during the year	1,976	67,638	94,065	(163,679)	-
Disposals during the year	-	-	(2,645)	-	(2,645)
As at 31st December 2019	79,078	96,406	297,755	91,875	565,114
<b>Accumulated Amortization</b>					
As at 1st January 2019	11,628	20,221	151,273	-	183,122
Amortization for the year	5,253	11,956	31,622	-	48,831
Disposals during the year	-	-	(2,645)	-	(2,645)
As at 31st December 2019	16,881	32,177	180,250	-	229,308
<b>Carrying amount as at 31st December 2019</b>	62,197	64,229	117,505	91,875	335,806

15.2 Capital work in progress represents mainly the costs incurred on the development of new softwares which were in progress of development as at 31st December 2019.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

16. INVENTORIES

	2020 MVR “000”	2019 MVR “000”
Cost of inventories	64,185	71,475
Provision for slow moving/ obsolete inventories <b>(Note 16.1)</b>	(14,542)	(13,239)
	49,643	58,236

16.1 Provision for Slow-Moving/ Obsolete Inventories

Opening Balance	13,239	22,114
Inventory written-off during the year	(8)	(17,628)
Provision made during the year	1,311	8,753
Closing Balance	14,542	13,239

17. TRADE AND OTHER RECEIVABLES

	2020 MVR “000”	2019 MVR “000”
Trade receivables	333,295	249,132
Contract Assets	365,611	416,940
	698,906	666,072
Provision for impairment loss on trade receivables <b>(Note 17.1)</b>	(77,341)	(57,645)
	621,565	608,427
Prepayments	58,444	55,239
Other receivables	29,948	27,584
	88,392	82,823
Allowance for impairment loss on other receivables <b>(Note 17.1)</b>	(634)	(879)
	87,758	81,944
	709,323	690,371

The Receivables are considered to be held within held to collect business model consistent with the Company/s continuing recognition of receivables.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

17.1 Allowance for Impairment Loss on Trade and Other Receivables

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year and movement of the impairment of other receivables are as follows.

	TRADE RECEIVABLES AND CONTRACT ASSETS		OTHER RECEIVABLES	
	2020 MVR “000”	2019 MVR “000”	2020 MVR “000”	2019 MVR “000”
Opening Balance	57,645	56,588	879	555
Measurement of loss allowance for the year	44,196	26,828	(245)	332
Bad debt written-off during the year	(24,500)	(25,771)	-	(8)
Closing Balance	77,341	57,645	634	879

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

18. CASH AND BANK BALANCES

	2020 MVR “000”	2019 MVR “000”
Cash in hand	1,224	10,868
Balances with banks	619,164	290,820
Short term deposits	355,089	183,997
<b>Cash and bank balance in the statement of financial position</b>	975,477	485,685
Short-term deposits with maturities exceeding three months <b>(Note 18.1)</b>	(15,589)	(14,385)
<b>Cash and cash equivalents in the statement of cash flows</b>	959,888	471,300

18.1 Short-term deposits with maturities exceeding three months

Current Investments		
Short term deposits - amortized cost	15,589	14,385

Short term deposits are classified as amortized cost at the interest rates of 1.5% to 2.5% and mature within 6 months to 7 months.

19. SHARE CAPITAL

19.1 Share Capital

	2020 MVR “000”	2019 MVR “000”
Authorized share capital 80,000,000 ordinary shares of MVR 2.5 each	200,000	200,000
Issued and fully paid share capital 76,000,000 ordinary shares of MVR 2.5 each	190,000	190,000

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

19. SHARE CAPITAL (CONTINUED)

19.2 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.

	2020		2019	
	PER SHARE MVR “000”	DIVIDEND MVR “000”	PER SHARE MVR “000”	DIVIDEND MVR “000”
Dividend payment - 1st tranche	7.86	597,360	5.95	452,200
Dividend payment - 2nd tranche	2.07	157,320	4.14	314,640
		754,680		766,840

After the reporting date, the board of directors has proposed dividends which is disclosed in note 30.

20. PROVISIONS

	2020 MVR “000”	2019 MVR “000”
Network and asset retirement obligation <b>(Note 20.1)</b>	136,925	130,157
<b>Movement during the year</b>		
Opening Balance	130,157	170,572
Provision made during the year	2,003	2,233
Unwinding of discounts on provisions	4,765	4,456
Disposals made during the year	-	(32,973)
Impact due to the changes in assumptions	-	(14,131)
Closing Balance	136,925	130,157

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

20. PROVISIONS (CONTINUED)

20.1 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 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 as at reporting date.

	2020	2019
Useful life (years)	15.00	15.00
Expected rate of increase of the dismantling cost	3.50%	3.50%
Discount rate	10.00%	10.00%

Sensitivity Analysis

An increase/decrease of 1% of the below variables would have increased or (decreased) the profit or loss by following amounts. This analysis assumes that the other variables remain constant.

	EFFECT TO PROFIT OR LOSS	
	INCREASE	DECREASE
Expected rate of increase of the dismantle cost (Change 1%)	(4,644,999)	4,285,383
Discount rate (Change by 1%)	4,006,546	(4,401,514)

21. LEASE LIABILITIES

Leases as lessee (IFRS 16)

The Company leases land and buildings and network assets. The leases typically run for a period of 1 to 35 years, with an option to renew the lease after non-cancellable period.

Information about leases for which the Company a lessee is presented below.

	2020 MVR “000”	2019 MVR “000”
Opening Balance	258,252	-
Recognition of lease liabilities on initial application of IFRS 16	-	225,849
Additions during the year	35,737	61,250
Interest on lease liabilities	23,479	24,211
Payments of lease liabilities	(55,285)	(53,058)
Closing balance	262,183	258,252

21.1 Maturity analysis - Contractual undiscounted cash flows

	2020 MVR “000”	2019 MVR “000”
Less than one year	48,354	47,120
One to five years	160,712	151,436
More than five years	172,582	198,300
Total undiscounted lease liabilities	381,648	396,856

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

21. LEASE LIABILITIES (CONTINUED)

21.2 Lease liabilities included in the statement of financial position

	2020 MVR “000”	2019 MVR “000”
Current	30,403	25,320
Non-current	231,780	232,932
	262,183	258,252

Extension Option

Some land and buildings and network assets related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

Amounts recognized in profit or loss in relation to leases

	2020 MVR “000”	2019 MVR “000”
Interest on lease liabilities	23,479	24,211
Depreciation of ROU assets	39,530	38,100
	63,009	62,311

Amounts recognized in cash flow

	2020 MVR “000”	2019 MVR “000”
Total cash outflow for leases	55,285	53,058

22. TRADE AND OTHER PAYABLES

	2020 MVR “000”	2019 MVR “000”
Trade payables	150,911	47,717
Contract Liabilities	98,107	124,836
Accruals and payables	455,867	422,993
Dividend payable	91,318	1,636
Refundable deposits from customers	25,241	24,023
Customer loyalty points	1,601	1,601
Other Payables	27,004	25,625
	850,049	648,431

23. AMOUNTS DUE TO A RELATED PARTY

	2020 MVR “000”	2019 MVR “000”
BTC Islands Limited - Immediate Parent	307,443	1,386

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. 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 minimize 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.

(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 instruments 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.

Impairment Losses on financial assets and contract assets recognized in profit or loss were as follows;

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)

	2020 MVR “000”	2019 MVR “000”
Impairment loss on trade receivables and contract assets arising from contracts with customers	43,951	27,160

Trade and other receivables and contract assets

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 expected credit losses in respect of trade and other receivables. The allowance for impairment represents the specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk of trade receivable at the reporting date for each segment was:

	CARRYING AMOUNT	
	2020 MVR “000”	2019 MVR “000”
Consumer Segment	113,959	138,134
Corporate Segment	193,406	121,086
Government Segment	93,532	73,752
Wholesale Segment	235,545	273,365
	636,442	606,337

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

	CARRYING AMOUNT	
	2020 MVR “000”	2019 MVR “000”
Trade receivables and contract assets	698,906	666,072
Other receivables	29,948	27,584
Cash equivalents	958,664	460,432
Short term deposits	15,589	14,385
	1,703,107	1,168,473

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)

Expected credit loss assessment for the customers as at 31st December 2019 and 31st December 2020

Exposures within each credit risk grades are segmented by the type of the customers.

The Company uses an allowance Matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small customers except for its wholesale segment.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

Consumer Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for consumer customers segment as at 31st Decemer 2020 and 31st December 2019.

31ST DECEMBER 2020	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
0 - 30 days past due	1%	70,228	777
31 - 60 days past due	7%	4,584	305
61 - 90 days past due	15%	3,492	513
More than 90 days past due	90%	35,655	32,032
		113,959	33,627

31ST DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
0 - 30 days past due	2%	99,842	1,501
31 - 60 days past due	39%	3,706	1,434
61 - 90 days past due	54%	1,997	1,087
More than 90 days past due	90%	32,589	29,330
		138,134	33,352

Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)

Corporate Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers segment as at 31st December 2020 and 31st December 2019.

31ST DECEMBER 2020	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
1 - 30 days past due	2%	39,980	799
31 - 60 days past due	11%	3,737	409
61 - 90 days past due	20%	3,934	771
91 - 120 days past due	37%	4,194	1,531
More than 120 days past due	66%	34,807	22,986
		86,652	26,496

31ST DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
1 - 30 days past due	1%	64,701	957
31 - 60 days past due	8%	21,123	1,778
61 - 90 days past due	16%	6,453	1,001
91 - 120 days past due	29%	6,009	1,736
More than 120 days past due	60%	22,800	13,680
		121,086	19,152

Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss assessment for individual specific corporate customers as at 31st December 2020

All customers’ receivables more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment and based on the assessment, specific impairment is made for those customers.

The Company has assessed individual corporate customers amounting to MVR 106,753,821/- and recognized a specific provision of MVR 4,493,078/- as at 31st December 2020 (31st December 2019:MVR 1,166,038/-).

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)

Government Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers segment as at 31st December 2020 and 31st December 2019.

31ST DECEMBER 2020	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
1 - 30 days past due	3%	43,143	1,403
31 - 60 days past due	8%	110	9
61 - 90 days past due	16%	32	5
91 - 120 days past due	24%	494	120
121 - 150 days past due	36%	2,259	811
More than 150 days past due	42%	15,759	6,690
		61,797	9,038

31ST DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	LOSS ALLOWANCE MVR “000”
1 - 30 days past due	4%	55,775	2,356
31 - 60 days past due	7%	4,188	297
61 - 90 days past due	14%	5,223	710
91 - 120 days past due	22%	869	195
121 - 150 days past due	35%	1,321	456
More than 150 days past due	45%	6,376	2,870
		73,752	6,884

Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss assessment for individual specific government customers as at 31st December 2020

All customers’ receivable more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has assessed individual government customers amounting to MVR 31,736,301/- and recognized a specific provision of MVR 873,929/- as at 31st December 2020 (31st December 2019: MVR 1,281,890/-).

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)

Wholesale segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for wholesale customers segment as at 31st December 2020 and 31st December 2019.

31ST DECEMBER 2020	EXTERNAL CREDIT RATING MVR “000”	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	IMPAIRMENT LOSS ALLOWANCE MVR “000”
Grades 1 - 6: Low risk	BBB- to AAA	0.01%	178,567	16
Grades 7 - 9: Fair risk	BB- to BB+	0.01%	9,403	1
Unrated customers			47,575	-
			235,545	17

31ST DECEMBER 2019	EXTERNAL CREDIT RATING MVR “000”	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR “000”	IMPAIRMENT LOSS ALLOWANCE MVR “000”
Grades 1 - 6: Low risk	BBB- to AAA	0.01%	183,847	16
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	51,995	1
Unrated customers			37,523	-
			273,365	17

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(i) CREDIT RISK (CONTINUED)  
WHOLESALE SEGMENT (CONTINUED)

Expected credit loss assessment  
for individual specific wholesale  
customers as at 31st December 2020

Specific provision would be made for any of the following indicators;

- If the customer (roaming or carrier partners) declare bankruptcy, the full amount receivable should be provided, unless there is a high probability of recovering the debt.

- If the customer is having known financial problems, it would considered for specific provision.

- If there are on-going disputes for the receivable amounts from a customer, the amount receivable shall be assessed for the possible risk and management would decide on the provision required on case-by case basis.

- If the debt from any roaming partner is aged more than 12 months, the amount which is aged more than 12 months, after netting off any payables from respective operator will be assessed for impairment.

The Company has recognized an specific incremental impairment of MVR 2,795,017/- as at 31st December 2020 (31st December 2019: MVR 688,422/-).

Investments in Short term Deposits

The Company limits its exposure to credit risk by investing in short term deposits with selected Banks. In respect of the short term bank deposits, the Company has not recognized any allowance for impairment based on the materiality ground.

Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR. 959,888,224/- as at 31st December 2020 (as at 31st December 2019: MVR. 471,299,820/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognized any allowance for impairment for the bank balance based on the materiality ground.

(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.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(ii) LIQUIDITY RISK (CONTINUED)

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

31ST DECEMBER 2020	CARRYING AMOUNT MVR “000”	CONTRACTUAL CASH FLOWS MVR “000”	WITHIN ONE YEAR MVR “000”	1 TO 2 YEARS MVR “000”	2 TO 3 YEARS MVR “000”	3 TO 4 YEARS MVR “000”	OVER 4 YEARS MVR “000”
Financial Liabilities							
Trade and other payables	750,341	750,341	750,341	-	-	-	-
Amounts due to a related party	307,443	307,443	307,443	-	-	-	-
Lease liabilities	262,183	381,648	48,354	46,121	43,421	36,572	207,180
Total	1,319,967	1,439,432	1,106,138	46,121	43,421	36,572	207,180

31ST DECEMBER 2019	CARRYING AMOUNT MVR “000”	CONTRACTUAL CASH FLOWS MVR “000”	WITHIN ONE YEAR MVR “000”	1 TO 2 YEARS MVR “000”	2 TO 3 YEARS MVR “000”	3 TO 4 YEARS MVR “000”	OVER 4 YEARS MVR “000”
Financial Liabilities							
Trade and other payables	521,994	521,994	521,994	-	-	-	-
Amounts due to a related party	1,386	1,386	1,386	-	-	-	-
Lease liabilities	258,252	396,856	47,120	40,712	39,678	37,272	232,074
Total	781,632	920,236	570,500	40,712	39,678	37,272	232,074

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. 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 utilization of current facilities is optimized 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 as at 31st December 2020 (as at 31st December 2019: 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	
	2020 MVR "000"	2019 MVR "000"
Fixed Rate Instruments		
Short term deposits	355,089	183,997

The Company does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(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, roaming settlements, 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.

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(iii) MARKET RISK (CONTINUED)  
(B) CURRENCY RISK (CONTINUED)  
EXPOSURE TO CURRENCY RISK (CONTINUED)

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

	31/12/2020			
	US\$ "000"	EURO "000"	SGD "000"	GBP "000"
Cash and bank balances	5,664	99	25	1
Trade and other receivables	15,738	39	-	-
Amount due to related party	(19,938)	-	-	-
Trade and other payables	(24,141)	(62)	(562)	(40)
Net statement of financial position exposure	(22,677)	76	(537)	(39)

	31/12/2019			
	US\$ "000"	EURO "000"	SGD "000"	GBP "000"
Cash and bank balances	13,919	98	25	60
Trade and other receivables	17,913	65	17	-
Amount due to related party	(90)	-	-	-
Trade and other payables	(10,655)	(27)	(60)	(54)
Net statement of financial position exposure	21,087	136	(18)	6

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(iii) MARKET RISK (CONTINUED)  
(B) CURRENCY RISK (CONTINUED)  
EXPOSURE TO CURRENCY RISK (CONTINUED)

The following significant exchange rates were applied during the year:

	AVERAGE RATE		SPOT RATE	
	2020	2019	2020	2019
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	18.12	17.77	19.51	17.60
SGD 1: MVR	11.52	11.64	11.98	11.71
GBP 1: MVR	20.39	20.26	21.49	20.55

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 2020		YEAR ENDED 2019	
	STRENGTHENING "000"	WEAKENING "000"	STRENGTHENING "000"	WEAKENING "000"
US\$ (10% Movement)	34,968	(34,968)	(32,516)	32,516
Euro (10% Movement)	(148)	148	(240)	240
SGD (10% Movement)	643	(643)	21	(21)
GBP (10% Movement)	84	(84)	(12)	12

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no borrowings of the Company as at 31st December 2020 (as at 31st December 2019: Nil).

(v) Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since the carrying amount is a reasonable approximation of fair value.

31ST DECEMBER 2020	CARRYING AMOUNT		
	FINANCIAL ASSETS AT AMORTIZED COST MVR "000"	OTHER FINANCIAL LIABILITIES MVR "000"	TOTAL MVR "000"
Financial assets not measured at fair value			
Balance with banks	619,164	-	619,164
Short term deposits	355,089	-	355,089
Trade and other receivables and contract assets	587,816	-	587,816
	1,562,069	-	1,562,069
Financial liabilities not measured at fair value			
Trade and other payables	-	750,341	750,341
Amounts due to related party	-	307,443	307,443
Lease liability	-	262,183	262,183
	-	1,319,967	1,319,967

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)  
(V) ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

31ST DECEMBER 2019	CARRYING AMOUNT		
	FINANCIAL ASSETS AT AMORTIZED COST MVR "000"	OTHER FINANCIAL LIABILITIES MVR "000"	TOTAL MVR "000"
Financial assets not measured at fair value			
Balance with banks	290,820	-	290,820
Short term deposits	183,997	-	183,997
Trade and other receivables and contract assets	586,584	-	586,584
	1,061,401	-	1,061,401
Financial liabilities not measured at fair value			
Trade and other payables	-	521,994	521,994
Amounts due to a related party	-	1,386	1,386
Lease liability	-	258,252	258,252
	-	781,632	781,632

DHIVEHI RAAJJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

25. RELATED PARTY TRANSACTIONS

25.1 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.

25.2 Transactions with BTC Islands Limited

Batelco Islands Limited had a 52% shareholding in the Company as at 31st December 2020 (31st December 2019: 52%). Transactions with BTC Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with BTC Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

TRANSACTIONS	YEAR ENDED 2020 MVR "000"	YEAR ENDED 2019 MVR "000"
Dividends	392,434	398,757
Management fee	43,245	43,245
	435,679	442,002

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

BALANCES OUTSTANDING	2020 MVR "000"	2019 MVR "000"
Amounts payable in respect of expenses incurred	(22,949)	-
Amount payable	(284,494)	(1,386)

25.3 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 include key management remuneration as follows:

	YEAR ENDED 2020 MVR "000"	YEAR ENDED 2019 MVR "000"
Directors' Fees	1,021	1,087
Salaries to Executives	16,441	15,053
Short term Benefits to Executives	4,933	4,516
	22,395	20,926

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

25. RELATED PARTY TRANSACTIONS

**25.4 Transactions with the Government of Maldives**  
The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2020 (31st December 2019: 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, and outstanding balance as at the year end are as follows:

Individually Significant Transactions

TRANSACTIONS	YEAR ENDED 2020 MVR “000”	YEAR ENDED 2019 MVR “000”
License fees	106,644	120,009
Rentals on land space	10,011	9,508
Dividends	315,478	320,560
	432,133	450,077

BALANCES OUTSTANDING	2020 MVR “000”	2019 MVR “000”
Amounts payable in respect of rentals on land space	(5,454)	(5,454)
Amounts payable in respect of license payments	(9,562)	(10,849)
Amounts payable in respect of Dividends	(89,002)	-
	(104,018)	(16,303)

**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.

26. BOARD OF DIRECTORS’ RESPONSIBILITY

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

27. SIGNIFICANT EVENT- COVID 19

During year, there has been an outbreak of the novel Coronavirus (“COVID-19”), which has rapidly evolved across the country and globally. The Government of Maldives has taken some actions such as travel restrictions, lockdown and quarantine measures which have had a direct impact on the Maldivian economy and the Company’s operating results. These measures and policies have caused significant disruption in the operation of many companies in the Republic of Maldives and around the globe.

The Board of Directors has considered the potential impacts of the current economic downturn and challenges and uncertainty involved in the determination of the reported amounts of the Company’s financial and non-financial assets and liabilities in the financial statements.

The impact of COVID-19 on the country’s economy and how governments, businesses and consumers respond are uncertain. This uncertainty is

DHIVEHI RAAJJEYGE GULHUN PLC  
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

27. SIGNIFICANT EVENT- COVID 19 (CONTINUED)

reflected in the Company’s assessment of expected credit losses which is subject to a number of management judgements and estimates. The judgements and associated assumptions have been made within the context of the impact of COVID-19 and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, the Company’s ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Further, the management has not noticed any triggering event of impairment of property and equipment, intangible assets and right-of-use assets and accordingly no material impairment losses were recognized in the financial statements. Carrying value of inventories has been recorded at the lower of cost and net realizable value.

The management and the Board of Directors (“BOD”) have been closely monitoring the potential impact of the COVID-19 developments on the Company’s operations and financial position including possible loss of revenue and impairment of property and equipment, intangible assets and right-of-use assets etc. The Company has also put in place contingency measures, which include, but are not limited to enhancing and testing of business continuity plans including its liquidity requirements. Based on their assessment, the BOD is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these financial statements.

28. COMPARATIVE FIGURES

Comparative figures of the financial statements have been reclassified to confirm with current year classifications.

29. COMMITMENTS AND CONTINGENCIES

**Capital Commitments**  
The Company had capital commitments at the end of the financial period relating to the purchase of property and equipment and acquisition and development of intangible assets of MVR 50,571,966/- (31st December 2019: MVR 35,229,483/-).

**Contingencies**  
No contingencis as of reporting date which require adjustments to/ or disclose in these financial statements.

30. EVENTS OCCORING AFTER THE REPORTING DATE

The Board of Directors of the Company has proposed a final dividend of MVR 5.16 per share (total: MVR 392,160,000/-) which is to be put forward for approval at the next Annual General Meeting of the shareholders.

Except for the above, no circumstances have arisen since the reporting date which require adjustments to/ or disclosure in these financial statements.

# Corporate Information

**COMPANY REGISTRATION NUMBER**  
C-0024/1988

**PLACE OF INCORPORATION**  
Male’, Republic of Maldives

**HEAD OFFICE**  
Dhivehi Raajjeyge Gulhun Plc  
Dhiraagu Head Office,  
Ameenee Magu P.O Box 2082,  
Male’ 20403, Republic of Maldives.  
Tel: +960 3322802  
Fax: +960 3322800  
Website: [www.dhiraagu.com.mv](http://www.dhiraagu.com.mv)  
Email: [123@dhiraagu.com.mv](mailto:123@dhiraagu.com.mv)  
[investor-relations@dhiraagu.com.mv](mailto:investor-relations@dhiraagu.com.mv)

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**  
Ismail Rasheed

**CHIEF FINANCIAL OFFICER**  
Robin Wall

**MANAGER INTERNAL AUDIT**  
Hussain Rameez

**GENERAL COUNSEL & COMPANY SECRETARY**  
Hazrath Rasheed Hussain

**EXTERNAL AUDITORS**  
KPMG

**EXTERNAL COUNSEL**  
Mohamed Shahdy Anwar Partner, S&A LLP

Laila Manik  
Attorney at Law

**TAX ADVISORS**  
CTL Strategies LLP

Our Annual Report has been prepared in accordance Companies Act of the Republic of Maldives (10/96), listing rules of Maldives Stock Exchange, the Securities Act of the Republic of Maldives (2/2006), the Continuing Disclosure Obligations of Issuers regulation (2019/R-1050) and the Corporate Governance Code of Capital Market Development Authority requirements. Unless otherwise stated, the terms ‘we’, ‘us’, ‘our’ and ‘Dhiraagu’ refers to Dhivehi Raajjeyge Gulhun Plc. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reference to a year, unless otherwise indicated, refers to the financial year ending 31 December 2020.

Any forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events. These can generally be identified by words or phrases such as ‘aim’, ‘anticipate’, ‘believe’, ‘expect’, ‘estimate’, ‘intend’, ‘objective’, ‘plan’, ‘shall’, ‘will’, ‘will continue’, ‘may’ or any other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals are also to be considered as forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others the economic and business conditions in the Maldives and the World, technological changes, factors affecting competitive market and regulatory forces, the effect of the availability of foreign exchange and its fluctuations, future interest rates and changes in the tax regime. All forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. By their nature, forward-looking statements are only estimates and as such we cannot guarantee future results, levels of performance or achievement.

