

SECOND QUARTER REPORT

April – June 2013



Dhivehi Raajjeyge Gulhun PLC

www.dhiraagu.com.mv

1. **Batelco becomes the New Majority Shareholder of Dhiraagu:**

On 3rd April 2013, Cable & Wireless Communications Plc sold its wholly owned subsidiary CWC Islands Limited (“CWC Islands”), the entity which held its 52% shareholding in Dhiraagu, to Bahrain Telecommunications Company B.S.C. (“Batelco Group”). Following this transaction, and the renaming of CWC Islands, 52% of Dhiraagu is now held by a subsidiary of Batelco Group, BTC Islands Limited (“Batelco”).

About Batelco Group

The Batelco Group, listed on the Bahrain Bourse operates across 16 markets in the MENA region and internationally. The Batelco Group serves the consumer, corporate and wholesale markets in Bahrain and also delivers cutting-edge fixed and wireless telecommunication services to its customers in Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Islands, Falklands, Monaco and Afghanistan.¹

2. **Developments during the Quarter:**

The Company delivered a sound and healthy performance throughout the quarter despite the revenue reduction in comparison to the previous quarter which was mainly due to seasonal changes in roaming revenue as January-March is the peak season for tourist arrivals in Maldives.

2.1 Products & Services:

Following are some of the key products and services introduced during the quarter:

- **Prepaid RED:** A prepaid package which offers FREE access to Twitter, Facebook Messenger and Facebook with special rates on SMS, data and calls.
- **Prepaid Rewards:** A rewards scheme through which customers can earn points for using their prepaid service and redeem points to enjoy free services.
- **FREE Twitter Access:** A Twitter promotion enabling users to Tweet, Re-tweet and upload pictures on Twitter, free of data charges.
- **Enhancement to Dhiraagu Network:** The launch of HSPA+ (H+) network providing faster data speeds.
- **Budget IDD-018 Service:** A new IDD code offering a special rate to call Bangladesh.

2.2 Corporate Social Responsibility:

Dhiraagu Maldives Road Race 2013 was held once again on 28 June 2013 in Male’, where this year’s theme was dedicated to the prevention of Child Abuse. The event had over 2,500 registered participants and provided a platform for NGOs to create awareness and raise funds for different social campaigns.

Dhiraagu also conducted workshops for parents to create awareness against Child Abuse. The workshops were held in Male’ and across the country covering Addu City, Fuvah Mulah,

¹ For more information, please visit: <http://www.batelco.com/portal/>

Kulhudhuffushi and Eydhafushi. The initiative was undertaken by Dhiraagu in collaboration with the NGO *Advocating for the Rights of Children (ARC)* and Family and Children Service Centers.

Dhiraagu further contributed to the orphanage *Kuda Kudhinge Hiyaa* by setting up a new library and a Kids Lab and a Study Lab (computer labs) by providing furniture and equipment including 10 new computer systems with internet and parental control. Dhiraagu also donated posters to raise awareness on the safe use of internet and continued to provide internet with parental control and fund three teachers at *Kuda Kudhinge Hiyaa*.

3. **Administration**

3.1 Board Activities:

The number of meetings held by the Board of Directors and its Sub-Committees in the second quarter of 2013 are as follows:

ITEM	Number of Meetings
Board Meeting	2
Audit Committee	0
Remunerations & Nominations Committee	0
Governance Committee	0

3.2 Changes in Composition of the Board:

Following the completion of the transaction on 3 April 2013 (as detailed above in Section 1.1), Mr. Denis Martin, Mr. Adam Dunlop and Mr. Sheldon Bruha (CWC appointed Non-executive Directors) were replaced by Batelco appointed Non-Executive Directors Shaikh Mohamed bin Isa Al Khalifa, Mr. Marco Regnier and Dr. Ghassan Murad who remained on the Company's Board until 26 June 2013.

Following new appointments of Non-executive Batelco Directors on 26 June 2013, the Company's Board comprises the following directors as at the end of the quarter (30 June 2013):

- | | |
|-------------------------------|--|
| - Mr. Ibrahim Athif Shakoor | Chairperson/GoM Non-executive Director |
| - Mr. Murad Ali Murad | Batelco Non-executive Director |
| - Mr. AbdulRazzaq Al Qassim | Batelco Non-executive Director |
| - Ms. Idham Hussain | GoM Non-executive Director |
| - Mr. Ihab Al Hinnawi | Batelco Non-executive Director |
| - Mr. Ibrahim Shareef Mohamed | Independent Non-executive Director |
| - Mr. Ismail Waheed | CEO & Managing Director |

3.3 Decisions/Resolutions Approved by the Board:

3.3.1 Final Dividend for Financial Year 2012/13:

On 7th April 2013, the Board of Directors resolved to approve a final dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) for the financial year 2012/13, to be proposed for Shareholder consideration and approval at the Company's next Annual General Meeting.²

3.3.2 Changing the Accounting Period of the Company:

Upon obtaining the required consent from the Maldives Inland Revenue Authority, the Board of Directors on 27 June 2013 resolved to change the accounting period of the Company which currently runs from 1 April – 31 March in order to maintain consistency with that of the new majority shareholders, Batelco Group and to avoid preparation of two sets of books for each financial year. Accordingly, the financial year of the Company was changed whereby:

- 2013 would have a nine (9) month accounting period from 1 April 2013 – 31 December 2013; and
- a new accounting period would then commence on 1 January 2014 following the Gregorian Calendar (i.e. 1 January – 31 December) henceforth.³

With the change in the accounting period of the Company to reflect the Gregorian Calendar, for ease of reference, April – June quarter is now referred to as the “second quarter” (with July – September and October – December referred to as the “third quarter” and “fourth quarter” respectively).

² See further: http://www.dhiraagu.com.mv/Investor_Relations-Announcements_inews.aspx

³ See further: http://www.dhiraagu.com.mv/Investor_Relations-Announcements_inews.aspx

4. Financial Statements

The unaudited Balance Sheet, Income Statement and Cash Flow Statement for the second quarter 2013 are set out below:

3.1 Balance Sheet

As at

30-June-13
MVR "000"

31-Mar-13
MVR "000"

ASSETS AND LIABILITIES

Non-Current Assets

Intangible Assets	47,171	30,857
Property, Plant and Equipment	2,147,763	2,224,718
Deferred Tax Asset	17,032	16,256
Total Non-Current Assets	2,211,966	2,271,831

Current Assets

Inventories	27,932	28,805
Trade and Other Receivables	217,925	244,110
Cash and Cash Equivalents	869,527	638,390
Total Current Assets	1,115,384	911,305

Total Assets

3,327,350 **3,183,136**

Current Liabilities

Loans and Borrowings	(7,282)	(29,127)
Trade and Other Payables	(483,446)	(483,200)
Current Tax Liabilities	(134,969)	(109,583)
Total Current Liabilities	(625,697)	(621,910)

Non-Current Liabilities

Loans and Borrowings	-	-
Provisions	(120,614)	(118,414)
Total Non-Current Liabilities	(120,614)	(118,414)

Total Liabilities

(746,311) **(740,324)**

Net Assets

2,581,039 **2,442,812**

Equity

Share Capital	190,000	190,000
Treasury Shares	(4,427)	(5,326)
Retained Earnings	2,395,466	2,258,138
Total Equity	2,581,039	2,442,812

3.2 Income Statement

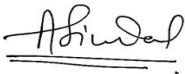
For the quarter ended

	30-Jun-13 MVR "000"	31-Mar-13 MVR "000"
Revenue	499,852	533,314
Operating Costs	(230,229)	(216,284)
Depreciation	(86,475)	(81,529)
Results from Operating Activities	183,148	235,501
Net Financing Expense	(22,156)	(15,743)
Profit Before Taxation	160,992	219,758
Income Tax Expense	(23,664)	(18,740)
Net Profit	137,328	201,018
Basic Earnings Per Share (in MVR)	1.81	2.65
Basic Earnings Per Share (Annualized in MVR)	7.24	10.60

3.3 Cash Flow Statement

For the quarter ended

	30-Jun-13 MVR "000"	31-Mar-13 MVR "000"
Net Cash Inflow from Operating Activities	305,719	226,329
Net Cash Outflow from Investing Activities	(29,998)	(45,227)
Net Cash Outflow from Financing Activities	(44,583)	(36,898)
Net (Decrease)/Increase in Cash and Cash Equivalents	231,138	144,204
Cash and Cash Equivalents at beginning of the Period	638,390	494,186
Cash and Cash Equivalents at end of the Period	869,527	638,390



Avnish Jindal
Chief Financial Officer



Ismail Waheed
CEO & Managing Director

5. Market highlights for Company's share (April – June 2013)

Highest Traded Price	MVR 85.00
Lowest Traded Price	MVR 60.00
Weighted Average Traded Price	MVR 66.82
Market Capitalization as at Quarter End	MVR 6.08 billion
Dividend Yield	N/A
Annualised Price Earnings Ratio as at Quarter End	11.05

6. Legal and Regulatory Compliance

- The Company has been in compliance with the *Dhiraagu Corporate Governance Code* during the quarter. Highlights include ensuring regular, timely and effective disclosures as required by the *Code*. The Company's *Corporate Governance Code* can be viewed in the investor relations section of the Dhiraagu website: <http://www.dhiraagu.com.mv/investor/>.
- On 14 May 2013 Capital Market Development Authority (CMDA) imposed a fine of MVR 30,000.00 on Dhiraagu (No. (IUL) 179-4.2/PRIV/2013) under the *CDOI Regulation 2010* for failing to publish the Company's 4th Quarter Report within 30 days from the close of the quarter. The Company published the 4th Quarter Report for 2012/13 on 14th May 2013 in line with the special waiver granted by CMDA (under Section 16 of the *CDOI Regulation 2010*) in January 2012. Given that CWC still remained the majority shareholder on the 31st of March 2013 (i.e. end of the 4th Quarter), the reasons for granting the waiver had not materially changed and therefore published the 4th Quarter Report for 2012/13 at 1500 hrs on 14th May 2013. An appeal against the fine has been made by the Company which is currently being considered by CMDA.

7. Reporting Compliance

This Report has been prepared taking into account the CMDA circular on Quarterly Reporting Requirements for Listed Companies.