

# 2014 FIRST QUARTER REPORT (revised)

January – March



**Dhivehi Raajjeyge Gulhun PLC**

[www.dhiraagu.com.mv](http://www.dhiraagu.com.mv)

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## 1 Summary

Dhiraagu has made a strong start to the first quarter of 2014, posting a 2% revenue increase and a 16% increase in operating profits due to lower costs compared to the fourth quarter of 2013. Net profits and earnings per share were 8% higher than the previous quarter. On the back of the strong operating performance and lower capital investment, the Company generated a 3% increase in cash flow compared to the fourth quarter of 2013.

## 2 Developments during the Quarter

### 2.1 Products and Services

Key products, services and & promotions introduced or conducted during the First Quarter includes:

- New postpaid SMART plans launched in February.
- Launching of Number Flexibility, enabling our customers to move their numbers from Prepaid to Postpaid or Postpaid to Prepaid
- Introduced 5 Laari/min (lowest rate on prepaid) on calls between Prepaid RED and access to free Facebook app for Prepaid RED.
- UltraFast Broadband Packages launched with speeds up to 25Mbps and 36Mbps for home users.
- Introduced ADSL Pro Unlimited 15M with speeds up to 15Mbps
- Continuing of RED to RED Free call promotion till February.

### 2.2 Corporate Social Responsibility

Dhiraagu continued to support Kudakudhinge Hiya (orphanage) by sponsoring teachers and providing free internet with parental control service. During the quarter, we also supported 28 apprentices enrolled in Dhiraagu Apprentice Program which has been ongoing for the fifth consecutive year.

Staff engagement, is an important aspect of our CSR strategy and during the period, a number of Dhiraagu staff volunteered to donate blood to Thalassemia patients at the Blood Donation Camp by Traders Hotels.

Dhiraagu also supported youth to help inspire and develop young talent in sports by sponsoring various sports tournaments across the country.

### 3 Board Administration

#### 3.1 Board & Sub Committee Composition

During the Quarter, 3 changes were made to the Board & subcommittees, and the current composition of the Board and its subcommittees are as follows.

Position/Name	Representing	Committee	Representation
<b>Chairperson</b>			
Mr. Riluwan Shareef	Government	RNG Committee	Chairperson
<b>Deputy Chairperson</b>			
Mr. AbdulRazzaq AlQassim	Batelco	RNG Committee	Member
<b>CEO &amp; MD/Executive Director</b>			
Mr. Ismail Waheed	Batelco		
<b>Non-Executive Directors</b>			
Mr. Ihab Hinnawi	Batelco	Audit Committee	Member
Mr. AbdulRahman Fakhro	Batelco		
Mr. Abdulla Ahmed	Government	Audit Committee	Member
Mr. Ibrahim Shareef Mohamed	Public	Audit Committee RNG Committee	Member Member

#### 3.2 Board Activity

Frequency of Board Meetings held during the quarter are as follows:

ITEM	Number of Meetings
Board Meeting	1
Audit Committee	1
Remunerations, Nominations & Governance Committee	0

### 3.3 **Board Decisions during the Quarter**

During the quarter the following key decisions were made by the Board:

- Revised and adopted a new Dividend Policy, whereby the dividend is based on Profit After Tax, instead of Free Cash, and the timings were aligned to the current financial year<sup>1</sup>
- Approval of the Annual Operating Plan for the year 2014
- Approval of Audited Financial Statements for the period ended 31<sup>st</sup> December 2013
- Resolved not to issue an interim dividend due to change of the financial year during the last year<sup>2</sup>
- Reconstitute the members to the Board Sub-Committees as follows:

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#### **Audit Committee**

Ihab Hinnawi	Chairperson
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Ibrahim Shareef Mohamed	Member
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Abdulla Ahmed	Member
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#### **Remunerations, Nominations & Governance Committee**

Riluwan Shareef	Chairperson
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AbdulRazzaq AlQassim	Member
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Ibrahim Shareef Mohamed	Member
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<sup>1</sup> For more information visit [http://www.dhiraagu.com.mv/New\\_Dividend\\_Policy\\_.aspx](http://www.dhiraagu.com.mv/New_Dividend_Policy_.aspx)

<sup>2</sup> For more information visit [http://www.dhiraagu.com.mv/Interim\\_Dividend\\_for\\_the\\_Financial\\_Year\\_Ending\\_December\\_31\\_2013.aspx](http://www.dhiraagu.com.mv/Interim_Dividend_for_the_Financial_Year_Ending_December_31_2013.aspx)

## 4 Share Information

### 4.1 Shareholding

Dhiraagu PLC's shareholding as at 31<sup>st</sup> March 2014 is as follows:

Shareholding	%	Number of Shares
BTC Islands Limited (Batelco)	52.0%	39,520,000
Government of Maldives	41.8%	31,770,150
Public	6.1%	4,608,863
Dhiraagu Colleague Share Plan (on trust)	0.1%	100,987
	100%	76,000,000

### 4.2 Share Trading

	Q1 2014	Q4 2013
Highest Traded Price	MVR 89.00	MVR 80.00
Lowest Traded Price	MVR 70.00	MVR 60.00
Last Traded Price	MVR 80.00	MVR 60.00
Number of Shares Traded	500,511	760
Number of Trades	10	10
Weighted Average Traded Price	MVR 79.99	MVR 75.53
Market Capitalization as at Quarter End	MVR 6.08 billion	MVR 4.56 billion

### 4.3 Share Performance

	Q1 2014	Q4 2013
EPS (Annualized) MVR	9.40	8.60
P/E Ratio (Annualized)	8.51	6.91
Net Asset Per Share (MVR)	36.01	33.67
Dividend Yield	NA	NA

## 5 Financial Statements

The unaudited Balance Sheet, Income Statement and Cash Flow Statement for the first quarter of 2014 are set out below:

### 5.1 Balance Sheet

AS AT	31-Mar-14 (Q1 2014) MVR "000"	31-Dec-13 (Q4 2013) MVR "000"
<b>ASSETS AND LIABILITIES</b>		
<b>Non-Current Assets</b>		
Intangible Assets	62,445	60,343
Property, Plant and Equipment	1,992,111	2,064,833
Deferred Tax Asset	8,398	18,280
<b>Total Non-Current Assets</b>	<u>2,062,954</u>	<u>2,143,456</u>
<b>Current Assets</b>		
Inventories	21,291	25,035
Trade and Other Receivables	232,783	214,902
Cash and Cash Equivalents	1,038,571	785,045
<b>Total Current Assets</b>	<u>1,292,645</u>	<u>1,024,982</u>
<b>Total Assets</b>	<u><b>3,355,599</b></u>	<u><b>3,168,438</b></u>
<b>Current Liabilities</b>		
Loans and Borrowings	-	-
Trade and Other Payables	(458,778)	(403,359)
Current Tax Liabilities	(43,289)	(89,570)
<b>Total Current Liabilities</b>	<u>(502,067)</u>	<u>(492,929)</u>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	-	-
Provisions	(120,526)	(121,398)
<b>Total Non-current Liabilities</b>	<u>(120,526)</u>	<u>(121,398)</u>
<b>Total Liabilities</b>	<u><b>(622,593)</b></u>	<u><b>(614,327)</b></u>
<b>Net Assets</b>	<u><b>2,733,006</b></u>	<u><b>2,554,111</b></u>
<b>Equity</b>		
Share Capital	190,000	190,000
Treasury Shares	(1,728)	(2,628)
Retained Earnings	2,544,734	2,366,739
<b>Total Equity</b>	<u><b>2,733,006</b></u>	<u><b>2,554,111</b></u>

## 5.2 Income Statement

FOR THE QUARTER ENDED	31-Mar-14 (Q1 2014) MVR "000"	31-Dec-13 (Q4 2013) MVR "000"
<b>Revenue</b>	<b>545,572</b>	<b>532,676</b>
Operating Costs	(229,768)	(245,316)
Depreciation and Amortization	(82,776)	(86,016)
	<hr/>	<hr/>
<b>Results from Operating Activities</b>	<b>233,028</b>	<b>201,344</b>
Net Financing Expense	(24,417)	(4,145)
	<hr/>	<hr/>
<b>Profit Before Taxation</b>	<b>208,611</b>	<b>197,199</b>
Income Tax Expense	(30,616)	(32,336)
	<hr/>	<hr/>
<b>Net Profit</b>	<b>177,995</b>	<b>164,863</b>

### **Basic Earnings Per Share (Weighted Average Ordinary Shares Outstanding)**

Basic Earnings Per Share (Annualized MVR)	9.40	8.68
Basic Earnings Per Share (Q1 MVR)	2.35	2.17



### 5.3 Cash Flow Statement

FOR THE QUARTER ENDED	31-Mar-14 (Q1 2014) MVR "000"	31-Dec-13 (Q4 2013) MVR "000"
Net Cash Inflow from Operating Activities	302,933	304,135
Net Cash Outflow from Investing Activities	(18,740)	(49,524)
Net Cash Outflow from Financing Activities	(30,667)	(8,325)
<b>Net Increase in Cash and Cash Equivalents</b>	<b><u>253,526</u></b>	<b><u>246,286</u></b>
Cash and Cash Equivalents at beginning of the Period	785,045	538,759
<b>Cash and Cash Equivalents at end of the Period</b>	<b><u><u>1,038,571</u></u></b>	<b><u><u>785,045</u></u></b>

Avnish Jindal  
Chief Financial Officer

Ismail Waheed  
CEO & Managing Director

## 6 Legal and Regulatory Update

### 6.1 GST on Telecommunications Services

The First Amendment to the Goods and Services Tax Act was enacted on 6 February. Pursuant to the said amendment, telecommunication service providers will be required to charge GST on the goods and services they supply from 1 May 2014 onwards.

### 6.2 National Broadband Policy

During the Quarter, the Government announced its plans to introduce a National Broadband Policy. The objective of the policy is to ensure broadband internet services are available to all the inhabited islands, and is expected to be implemented by within 18 months. The Communications Authority of Maldives will advise the details to the Operators.

### 6.3 Mobile Number Portability

During the Quarter, the Government also announced its plans to implement the Mobile Number Portability by the 31<sup>st</sup> of July 2015. The Communications Authority of Maldives is currently working with the Telecommunications Operators on the implementations plans.

## 7 Corporate Governance

### 7.1 Compliance to CMDA Corporate Governance Code

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/>.

### 7.2 Reporting Compliance

This Report has been prepared in compliance with CMDA's Minimum Quarterly Reporting Requirements for Listed Companies.