

# 2014 FOURTH QUARTER REPORT

October to December 2014

(Revised on 1 February 2015)



**Dhivehi Raajjeyge Gulhun PLC**

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

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## 1 SUMMARY

Dhiraagu finished the year strongly, delivering an 11% increase in revenues and 9% increase in operating profits during the quarter, mostly due to higher seasonal roaming and strong enterprise and data revenues. Net profit and earnings per share grew by 6% against the previous quarter due to the revenue increase, which was partially offset by higher operating and finance costs. There was a reduction in cash flow before financing in the period as significant investments were made in the network and infrastructure of the company. Net cash flow increased as no dividend or tax payments were made during the quarter.

## 2 DEVELOPMENTS DURING THE QUARTER

### 2.1 Products and Services

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

- Dhiraagu 4G LTE service launched in Greater Male' (Male, Hulhumale, Villingili, INIA airport) and 4 inhabited islands (Gaafu Alif Villingili, Gaafu Dhaal Thinadhoo, Haa Dhaal Kulhudhufushi and Lhaviyani Naifaru). The service was launched offering superior speeds and provides the widest reach, covering 44% of the population.
- NEW Postpaid Flex packages
- NEW Data Add-ons packages for fixed broadband service
- Ultrafast Broadband service was extended to Greater Male' and launched in Hulhumale and Villingili with speeds up to 36 Mbps.
- Online Services bill pay promotion with MVR 1,000 credit for 100 lucky winners.

### 2.2 Corporate Social Responsibility

During the Quarter, Dhiraagu donated medical and physiotherapy equipment along with some communication services to the Home for People with Special Needs at K. Guraidhoo. The initiative was undertaken after a needs assessment done at the centre and the contribution was made at a special event at the location for the residents

Dhiraagu also made a donation to the Ministry of Islamic Affairs as part of the Company's CSR programme. The contribution was made to the Mushaf Fund, a fund established by the Islamic Ministry to support the printing of Mushaf (Holy Quran), translations into the Dhivehi Language and subsequent distribution to the public.

During October, Dhiraagu collaborated with the Cancer Society of Maldives and created an SMS platform to run a quiz to promote breast cancer awareness among the community.

The Annual Special Sports Festival sponsored and organised by Dhiraagu took place in November in which over 200 children participated this year. This event provides opportunities for children with various disabilities to participate in sports activities and creates a platform for collaboration among various institutions.

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

During the water crisis in Male' following the fire at MWSC, a team of Dhiraagu volunteers joined the National Disaster Management team to actively help in the relief efforts. Dhiraagu also provided a water distribution point and assisted Maldives National Defence Force and Police by providing hired vehicles for water distribution.

### 3 BOARD ADMINISTRATION

#### 3.1 Board & Committee Composition

During the quarter there were no changes to the Board, and the composition of the Board and its subcommittees remained as follows.

Position/Name	Representing	Committee	Committee Position
<b>Chairperson</b>			
Mr. Riluwan Shareef	Government	RNG Committee	Chairperson
<b>Deputy Chairperson</b>			
Mr. AbdulRazzaq AlQassim	Batelco		
<b>Executive Director</b>			
Mr. Ismail Waheed	Batelco		
<b>Non-Executive Directors</b>			
Mr. Ihab Hinnawi	Batelco	Audit Committee	Chairperson
Mr. AbdulRahman Fakhro	Batelco	RNG Committee	Member
Mr. Abdulla Ahmed	Government	Audit Committee	Member
Mr. Imran Ali	Public	Audit Committee RNG Committee	Member Member

#### 3.2 Board Activity

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

	# of Meetings
Board Meeting	1
Audit Committee	1
Remuneration, Nomination & Governance Committee	1

#### 3.3 Board Decisions during the Quarter

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

- Approval of 5 Year Plan for 2015 – 2019
- Approval of the Treasury Policy for the Company
- Approval of the Credit Control & Collections Policy
- Approval of the Board Charter, Committee Charters, Dhiraagu CG Code
- Approval of Dhiraagu Directors Remuneration Policy
- Approval of Dhiraagu Directors Performance Evaluation Policy

## 4 SHARE INFORMATION

### 4.1 Shareholding

Dhiraagu PLC's shareholding as at 31<sup>st</sup> December 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	6.2%	4,709,850
	100%	76,000,000

### 4.2 Share Trading

	Q4 2014	Q3 2014
Highest Traded Price	MVR 77.00	MVR 80.00
Lowest Traded Price	MVR 65.00	MVR 65.00
Last Traded Price	MVR 70.00	MVR 76.00
Number of Shares Traded	1,105	1,376
Number of Trades	8	7
Weighted Average Traded Price	MVR 72.30	MVR 76.70
Market Capitalization as at Quarter End	MVR 5.32 billion	MVR 5.78 billion

### 4.3 Share Performance

	Q4 2014	Q3 2014
EPS (Annualized) MVR	9.72	9.16
P/E Ratio (Annualized)	7.20	8.30
Net Asset Per Share (MVR)	32.69	30.20
Dividend Yield	NA	NA

## 5 FINANCIAL STATEMENTS

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

### 5.1 Balance Sheet

AS AT	31-Dec-14 (Q4 2014) MVR "000"	30-Sep-14 (Q3 2014) MVR "000"
<b>ASSETS AND LIABILITIES</b>		
<b>Non-Current Assets</b>		
Intangible Assets	61,411	60,099
Property, Plant and Equipment	1,949,399	1,934,110
Deferred Tax Asset	7,610	6,721
<b>Total Non-Current Assets</b>	<b>2,018,420</b>	<b>2,000,930</b>
<b>Current Assets</b>		
Inventories	28,904	20,496
Trade and Other Receivables	326,471	266,758
Cash and Cash Equivalents	823,905	695,222
<b>Total Current Assets</b>	<b>1,179,280</b>	<b>982,476</b>
<b>Total Assets</b>	<b>3,197,700</b>	<b>2,983,406</b>
<b>Current Liabilities</b>		
Loans and Borrowings	-	-
Trade and Other Payables	(526,412)	(534,775)
Current Tax Liabilities	(63,867)	(32,438)
<b>Total Current Liabilities</b>	<b>(590,279)</b>	<b>(567,213)</b>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	-	-
Provisions	(126,558)	(120,794)
<b>Total Non-current Liabilities</b>	<b>(126,558)</b>	<b>(120,794)</b>
<b>Total Liabilities</b>	<b>(716,837)</b>	<b>(688,007)</b>
<b>Net Assets</b>	<b>2,480,863</b>	<b>2,295,399</b>
<b>Equity</b>		
Share Capital	190,000	190,000
Treasury Shares	-	(865)
Retained Earnings	2,290,863	2,106,264
<b>Total Equity</b>	<b>2,480,863</b>	<b>2,295,399</b>



## 5.2 Income Statement


FOR THE QUARTER ENDED	31-Dec-14 (Q4 2014) MVR "000"	30-Sep-14 (Q3 2014) MVR "000"
<b>Revenue</b>	<b>552,529</b>	<b>498,218</b>
Operating Costs	(234,413)	(207,000)
Depreciation and Amortization	(92,513)	(85,009)
<b>Results from Operating Activities</b>	<b>225,603</b>	<b>206,209</b>
Net Financing Expense	(10,464)	(1,471)
<b>Profit Before Taxation</b>	<b>215,139</b>	<b>204,738</b>
Income Tax Expense	(30,540)	(30,616)
<b>Net Profit</b>	<b>184,599</b>	<b>174,122</b>
<b><u>Basic Earnings Per Share (Weighted Average Ordinary Shares Outstanding)</u></b>		
Basic Earnings Per Share (Annualized MVR)	9.72	9.16
Basic Earnings Per Share (Q4 MVR)	2.43	2.29

### 5.3 Cash Flow Statement

FOR THE QUARTER ENDED	31-Dec-14 (Q4 2014) MVR "000"	30-Sep-14 (Q3 2014) MVR "000"
Net Cash Inflow from Operating Activities	256,930	218,319
Net Outflow from Investing Activities	(114,480)	(22,878)
Net Outflow from Financing Activities	(13,767)	(346,209)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>128,683</b>	<b>(150,768)</b>
Cash and Cash Equivalents at beginning of the Period	695,222	845,990
<b>Cash and Cash Equivalents at end of the Period</b>	<b>823,905</b>	<b>695,222</b>



Robin Wall  
Chief Financial Officer (Acting)



Ismail Waheed  
CEO & Managing Director

## **6 LEGAL AND REGULATORY UPDATE**

### **6.1 National Broadband Policy**

Work is in progress to complete the 3G rollout to the 40 islands assigned to be covered by Dhiraagu, under the National Broadband Policy.

### **6.2 Mobile Number Portability**

During the Quarter, Dhiraagu continued to work with the Communications Authority of Maldives in preparation for the Mobile Number Portability.

### **6.3 Litigation- Ahmedabad City Civil Court -Case No 802/2014**

A Suit was filed by Bhuval Industries in the Ahmedabad City Civil Court against Sri Lanka Telecom Plc claiming damages caused due to the Arrest Order issued to MV Hibiscus during the 2012 Admiralty Suit following damages sustained to the Dhiraagu –SLT Cable System. The Suit has implications for the Company as Dhiraagu jointly owns the cable with Sri Lanka Telecom Plc.

## **7 CORPORATE GOVERNANCE**

### **7.1 Compliance to CMDA Corporate Governance Code**

The Company has been in compliance with the CMDA's Corporate Governance Code and 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.