



# QUARTERLY REPORT

Q1, 2017  
January – March



# 01

COMMERCIAL AND  
OPERATIONAL  
HIGHLIGHTS

## 1.1 Summary

Dhiraagu's reported revenue was consistent with the previous quarter, closing the first quarter with MVR 644m compared to MVR 643m in Q4 2016. There was strong mobile revenue performance contributed by the ongoing 4G and fibre network expansion, mobile subscriber and data growth and customer-centric promotional campaigns.

Net profit and earnings per share increased by 30% in Q1 as a result of lower costs compared to the previous quarter.

Net cash flow increased in Q1 2017 due to the strong operational performance and lower investments during the quarter.

## 1.2 Development During Q1

In the first quarter of 2017, we continued to deliver on our promise to enhance customer experience by focusing investments to expand our 4G and fibre network, launching exciting new products and by offering special packages and promotions to our customers. Key highlights in the first quarter includes:

### Expansion of 4G LTE

4G LTE was provisioned to additional 59 islands with 4G coverage now available to more than 70% of the population.

### Fibre Broadband Rollout

Established fibre network in additional 17 islands to provide high-speed broadband service.

### Launched Smart Executive Packages

Two new Postpaid mobile plans were introduced with the largest data allowance in the country including unlimited voice and SMS without any usage caps.

### Extension of Residential Broadband offer to Islands

Extended our Residential Broadband offer as a customised package to all islands.

### Launched Promo for new customers

Promotion for new customers; Postpaid mobile customers were offered 2GB free data and a 25% discount on monthly bill for 6 months; and similarly Prepaid customer were offered 1GB free data.

### Introduced 50% Additional data Promo

Mobile data customers were awarded 50% additional data on purchase of any Power Plan between 26 January to 9 February 2017.

### Launched Academic New Year kick-off offer

To commemorate the academic New Year, teachers were offered free setup and a 50% discount on any new mobile or broadband package including free modem-router for broadband connections.

### Various Independence Day Offers

Created a special Budget IDD offer for expats from Sri Lanka and India to mark their Independence and National day respectively.

A special data offer of 1GB for MVR 49 was offered exclusively for Sera package customers on the occasion of Bangladesh Independence day.

### Sponsorship of Futsal Tournaments

As part of our youth development initiative, we supported several sporting events organized by various clubs, agencies and companies. IN this regard, we offered financial and in kind assistance to Futsal tournaments organized by the Maldives Resort Futsal League, Housing Development Corporation and Club Maldives.

### Gold 100 Award

Dhiraagu was ranked as one of the top performing companies in the Gold 100 Award organized by Maldives Getaways. Dhiraagu also supported the event by being one of the key sponsors.

### Maldivian Idol Title Sponsor

Dhiraagu continued as title sponsor of the popular reality music franchise Maldivian Idol for its second season.



# 02

CORPORATE SOCIAL  
RESPONSIBILITY  
HIGHLIGHTS



This quarter saw Dhiraagu undertaking several initiatives that fall under its three CSR Pillars of People, Community and Environment. We continued to provide support to a host of worthy causes organized by our external partners.

## 2.1 People

### Staff Training

Under the Company's Human Resource Development strategy, a total of 70 staff were trained in technical and non technical areas during the first quarter.

### Health and Safety

In February a basic fire awareness training was held with support from the Maldives National Defence Force – Fire and Rescue services. A total of 240 staff completed the training.

During Q1 a company-wide campaign was carried out to provide vaccine against H1N1 influenza for staff and their families.

### Staff Engagement

During the Quarter, Dhiraagu e-club worked closely with the HR Department and organized various events to keep staff engaged and involved. Key highlights includes Snap & Snack – to welcome all staff to 2017, Inter office Netball Tournament, Inter Office TT Tournament, Women's day celebrations and the Dhiraagu Employees Soccer Cup (DESCUP 2017).

## 2.2 Community

### H1N1 breakout

During the recent H1N1 flu breakout, Dhiraagu supported public health agencies and first responders to create awareness among the general public. We supported the Maldivian Red Crescent (MRC) to establish a flu awareness Call Centre in Kalaafaanu School. We provided telephone and internet connectivity to their Call Centre helping disseminate crucial information to migrant workers in their native languages.

### Crime Prevention Campaign Support to Police

We partnered with the Maldives Police Service in support of their nationwide Crime Prevention campaign which aims to increase community awareness on crime prevention and public safety.

### World Cancer Day Commemoration

Dhiraagu supported the Maldives Cancer Society to mark World Cancer Day on 4 February 2017. Sports was an integral theme of this year's Cancer Day commemoration, with teams from different sports undertaking activities to raise funds for the Society. Dhiraagu championed a team from the Athletics Association.



## 2.3 Environment

### For the Oceans – Plastic Recycling

As part of its ongoing “For the Oceans” campaign, Dhiraagu mobilized the support of its in-house green champions to install plastic recycling bins throughout Dhiraagu Head Office. Under the initiative, recyclable plastic waste generated in the office environment would be collected by Parley/BEAM and sent abroad for recycling.

### MIRA Male’ City clean up

Environmental conservation and protection are an important aspect of Dhiraagu’s CSR outlook. In this regard, Dhiraagu staff members participated and also provided financial assistance to the ‘Heyvahlāa Saafu Kuramaa Male’ City Clean Up’ programme organized by Maldives Inland Revenue Authority (MIRA).



# 03

BOARD  
ADMINISTRATION

## 3.1 Board Composition

During the Quarter, there were no changes in the Board composition, and the Board of Directors as at 31 March 2017 were as follows.

| Name                   | Position                             |
|------------------------|--------------------------------------|
| Mr. Mohamed Ashmalee   | Chairperson                          |
| Mr. AbdulRahman Fakhro | Deputy Chairperson                   |
| Dr. Ahmed AbdulQader   | Non-Executive & Independent Director |
| Mr. Raed Fakhri        | Non-Executive & Independent Director |
| Mr. Ihab Hinnawi       | Non-Executive & Independent Director |
| Mr. Abdulla Ahmed      | Non-Executive & Independent Director |
| Mr. Ahmed Mohamed Didi | Non-Executive & Independent Director |
| Mr. Imran Ali          | Non-Executive & Independent Director |
| Mr. Ismail Rasheed     | Chief Executive Officer & MD         |

## 3.2 Board Activity

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

|  | No held |
|--|---------|
| BOARD MEETINGS   | 1       |
| Audit Committee Meetings                                 | 1       |
| Remuneration Nomination and Governance Committee Meeting | 1       |

## 3.3 Board Decisions

Important Board decisions made during the first Quarter includes recommend to propose the following for shareholder's approval at the 28th AGM

- Approve Audited Financial Statements & Directors Report for the year 2016.
- Approve MVR 14.37 per share as full year dividend for 2016, of which MVR 8.45 per share will be proposed as final dividend for 2016.
- Re-appoint KPMG as the company's External Auditor for 2017.
- Grant the Board of Directors the authority to approve and declare any interim dividend in accordance with the Company's Dividend Policy during the financial year 2017.



04

SHARE PERFORMANCE

## 4.1 Shareholding

The company's shareholding as at 31<sup>st</sup> March 2017 was 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

|   | Q1 2017 | Q4 2016 |
|---|---------|---------|
| Highest Traded Price (MVR)              | 83      | 83      |
| Lowest Traded Price (MVR)               | 80      | 80      |
| Last Traded Price (MVR)                 | 83      | 81      |
| Number of Shares Traded                 | 805     | 1,020   |
| Number of Trades                        | 6       | 8       |
| Weighted Average Traded Price (MVR)     | 80.76   | 81.59   |
| Market Capitalization as at quarter end | 6.31bn  | 6.16bn  |

## 4.3 Share Performance

|                           | Q1 2017 | Q4 2016 |
|---------------------------|---------|---------|
| EPS (Annualized MVR)      | 12.84   | 9.84    |
| P/E Ratio (Annualized)    | 6.46    | 8.29    |
| Net Asset Per Share (MVR) | 36.27   | 33.06   |
| Dividend Yield            | N/A     | N/A     |



# 05

FINANCIAL  
PERFORMANCE



## 5.1 Balance Sheet (unaudited)

| AS AT                                | 31 Mar 2017<br>MVR "000" | 31 Dec 2016<br>MVR "000" |
|--------------------------------------|--------------------------|--------------------------|
| <b>ASSETS AND LIABILITIES</b>        |                          |                          |
| <b>Non-Current Assets</b>            |                          |                          |
| Intangible Assets                    | 165,008                  | 162,970                  |
| Property, Plant and Equipment        | 1,773,531                | 1,819,023                |
| Deferred Tax Asset                   | 10,738                   | 9,273                    |
| <b>Total Non-Current Assets</b>      | <b>1,949,277</b>         | <b>1,991,266</b>         |
| <b>Current Assets</b>                |                          |                          |
| Inventories                          | 45,732                   | 38,203                   |
| Trade and Other Receivables          | 356,281                  | 365,986                  |
| Cash and Bank Balances               | 1,278,429                | 1,048,902                |
| <b>Total Current Assets</b>          | <b>1,680,442</b>         | <b>1,453,091</b>         |
| <b>Total Assets</b>                  | <b>3,629,719</b>         | <b>3,444,357</b>         |
| <b>Current Liabilities</b>           |                          |                          |
| Trade and Other Payables             | (662,975)                | (701,134)                |
| Amounts Due to Related Party         | (438)                    | (323)                    |
| Current Tax Liabilities              | (53,974)                 | (77,312)                 |
| <b>Total Current Liabilities</b>     | <b>(717,387)</b>         | <b>(778,769)</b>         |
| <b>Non-Current Liabilities</b>       |                          |                          |
| Provisions                           | (156,044)                | (153,109)                |
| <b>Total Non-current Liabilities</b> | <b>(156,044)</b>         | <b>(153,109)</b>         |
| <b>Total Liabilities</b>             | <b>(873,431)</b>         | <b>(931,878)</b>         |
| <b>Net Assets</b>                    | <b>2,756,288</b>         | <b>2,512,479</b>         |
| <b>Equity</b>                        |                          |                          |
| Share Capital                        | 190,000                  | 190,000                  |
| Retained Earnings                    | 2,566,288                | 2,322,479                |
| <b>Total Equity</b>                  | <b>2,756,288</b>         | <b>2,512,479</b>         |

## 5.2 Income Statement (unaudited)

FOR THE QUARTER ENDED

31 Mar 2017

31 Dec 2016

MVR "000"

MVR "000"

Revenue

643,884

642,589

Operating Costs

(271,474)

(332,900)

Depreciation and Amortization

(77,310)

(82,241)

Other Income

42

786

Results from Operating Activities

295,142

228,234

Net Finance Expense

(9,089)

(8,330)

Profit Before Tax

286,053

219,904

Income Tax Expense

(42,244)

(32,980)

Net Profit

243,809

186,924

### Share Performance Ratios

Basic Earnings Per Share (Annualized  
MVR)

12.84

9.84

Basic Earnings Per Share (Quarter MVR)

3.21

2.46

## 5.3 Cash flow statement (unaudited)

FOR THE QUARTER ENDED

31 Mar 2017    31 Dec 2016

MVR "000"    MVR "000"

|   |                |                |
|---|----------------|----------------|
| Net Cash Inflow from Operating Activities             | 280,997        | 350,913        |
| Net Inflow/(Outflow) from Investing Activities        | (41,978)       | 53,993         |
| Net Outflow from Financing Activities                 | (9,205)        | (8,688)        |
| <b>Net Increase in Cash and Cash Equivalents</b>      | <b>229,813</b> | <b>396,218</b> |
| Cash and Cash Equivalents at beginning of the Period  | 650,613        | 254,395        |
| <b>Cash and Cash Equivalents at end of the Period</b> | <b>880,426</b> | <b>650,613</b> |



Robin Wall

Chief Financial Officer



Ismail Rasheed

CEO &amp; Managing Director



# 06

LEGAL AND  
REGULATORY UPDATES

## 6.1 Litigation

In 2014, Bhuval Industries from India filed Proceedings against Sri Lanka Telecom PLC in Ahmedabad, claiming damages due to the Arrest Order issued to MV Hibiscus during the 2012 Admiralty Suit following the damages sustained to the DHIRAAGU-SLT Cable System.

The matter was transferred to the newly established Commercial Court of Ahmedabad in Dec 2016. On January 16, 2017, the Commercial Court has ruled that it “has no jurisdiction to try and entertain the present suit for want of cause of action and directed Bhuval to present the matter before an appropriate court.”

## 6.2 Compliance to CMDA Corporate Governance Code

The company complied 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:

[https://www.dhiraagu.com.mv/Corporate\\_Governance.aspx](https://www.dhiraagu.com.mv/Corporate_Governance.aspx).

## 6.3 Reporting Compliance

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