

**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE RUPUBLIC OF MALDIVES)**

**FINANCIAL STATEMENTS
AS AT
31ST DECEMBER 2009**

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2009



Touch Maldives

DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED (INCORPORATED IN THE REPUBLIC OF MALDIVES)

CHAIRPERSON'S STATEMENT

It is my privilege to present the Twenty-first Report and Financial Statements of Dhivehi Raajjeyge Gulhun Private Limited (trading as Dhiraagu) for the year ended 31 December 2009.

I am pleased to report that the Company has completed another successful year and achieved its business and strategic objectives with profits increasing by 15% to Rf 830 million on a turnover of Rf 1,888 million. This has resulted in the Company being able to declare a dividend of Rf 889 million.

Dhiraagu continued to deliver profitable growth and maintain its market leadership despite the economic challenges faced by the country arising from the global downturn and intense competition faced by the Company. Despite the tough trading conditions, the Company's maintained growth across its Mobile, Internet and Fixed Line businesses. The strong performance and progress reported by the Company indicates the underlying strength of the Company's strategies, leadership and the commitment of its employees. Highlights of these individual business lines are:-

Mobile

Dhiraagu maintained growth in the mobile business by focussing on delivering high quality mobile data and voice services and maintaining a superior quality of service and improving its distribution channels across all the regions in the country. It launched mobile connect service making it easier for everyone to access mobile internet easily across the country. Dhiraagu's new 3G service was also soft launched towards the end of 2009 promising an even better customer experience for both data and voice users. Many value added services and initiatives were introduced which includes Electronic Recharge (Reload) service, Gift a Tone, Religious contents and services. Reductions in Prepaid connection kits enhanced the take up of service.

Internet

Dhiraagu focussed on increasing penetration and access to Broadband services during the year that resulted in strong growth during the year. A Wi-Max network was built to provide access to 100 schools across the country. Enhancements and promotions on ADSL and WiFi Zones also improved both the take up and usage of these services leading to growth and increasing penetration

Fixed Line

Despite the general migration of traffic from fixed to mobile, the Company's fixed line and other services enjoyed a modest growth arising from increased usage promotions and focussing on business and corporate customers.

There has been a change in the shareholding in October 2009 when the Government of Maldives sold 7 % of the Dhiraagu issued share capital to its co-shareholder Cable and Wireless Middle East & Islands. I believe that with this change, the company will further benefit from the worldwide presence and experience of Cable and Wireless. There has also been some changes amongst the members of the Board during the year. The Board welcomed Mr. Sheldon Bruha to its ranks. Mr. Ahmed Faisal departed the Board after having made a significant contribution towards Dhiraagu's success. I welcome Mr. Sheldon Bruha and have every confidence that he will also serve the Company well.

Our challenge going forward will be to maintain the focus and leadership in our core business and keeping the Company at the number one position in all areas of the converging communications market and continue to be a key contributor to the development of our economy, whilst bringing equitable profit to our shareholders and improving employee engagement. Nevertheless, given the track record of the Company, I have every confidence in the management, supported by the Board to stand up to these challenges.

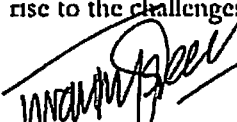


**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
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I am looking forward to carrying on this tradition of excellence as we work together to steer Dhiraagu to greater heights. Despite the current difficult conditions in the local and world economy, I am highly optimistic about Dhiraagu's future.

In conclusion, I would like to record my appreciation for the contribution and energies of my fellow directors, customers, business partners, the Managing Director, Chief Executive and, of course, to all the employees of Dhiraagu who have made 2009 such a successful and fruitful year. I also take this opportunity, on behalf of the Board, to thank both the Government of Maldives and Cable and Wireless plc for their valuable guidance and support, and to assure them – as shareholders – of our commitment to rise to the challenges which face us now and in the future.



Ms. Juwairiya Saeed
Chairperson



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DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED (INCORPORATED IN THE REPUBLIC OF MALDIVES)

REPORT OF THE DIRECTORS

Introduction

Dhivehi Raajjeyge Gulhun Private Limited (trading as Dhiraagu) is a private shareholding company which was incorporated in Male' in the Republic of Maldives on 16th May 1988, and began operation on 1st October 1988.

Dhiraagu is a joint venture company between Cable and Wireless Middle East and Islands and the Government of the Maldives. In October 2009 the Government of Maldives sold 7% of their shares to Cable and Wireless Middle East and Islands. The new shareholding pattern is now 52% owned by Cable and Wireless Middle East and Islands and 48 % owned by the Government of the Maldives.

Dhiraagu's operating licence, granted by the Government of Maldives, gives the right to provide national and international communication services. Upon expiry of the existing licence in December 2008, the license was renewed in January 2009, for a further period of 15 years.

Review of Operations

2009 witnessed some key milestones in Dhiraagu's history and was another dynamic year for the company.

Dhiraagu expanded its network infrastructure, by implementing a 3G network to cover Male, HulhuMale, Villingili and Seenu Hithadhoo. The coverage also was extended to Airport and the resorts; Bandos, Kurumba and Paradise Island. In addition a WiMAX network was implemented to provide internet connectivity to 100 island schools. In addition several new mobile value added services were introduced in 2009. New services include Mobile 121, Service Menu *123#, Reload ID, Gift A Tone and Mobile Connect.

In 2009, Dhiraagu launched new value added services, conducted effective and timely promotions across all of its products. In addition to the product innovation, with increased focus on maintaining superior network Quality of Service and customer experience, Dhiraagu was successfully retained and increased customer base and revenue.

The following provides a brief summary of the major activities conducted during 2009:

Mobile

Mobile continued to be the key revenue contributor driven by growth in customer base and international roaming. Significant investments were also made in the sector to improve the quality, launch new services and implement HSDPA (3.5G) network. Numerous improvements were made on the service offered to customers.

Fixed & Internet

During 2009, the key objective was to increase the penetration of broadband ADSL service that resulted in a 10% growth in customer base during the year. The Wireless Zones provided in the islands were enhanced during the year. Wireless broadband service based on WiMAX was designed for 100 islands and the project was completed and service extended to 100 schools. Fixed line service was expanded to the new resorts and businesses.



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International Services:

Year 2009 was a challenging year on both IDD and Roaming services due to the aggressive price competition for IDD and due to the global recession affecting tourist arrivals. Nevertheless, A significant number of IDD promotions were conducted during the year to maintain our competitive edge and helped to retain market share on IDD service and revenue.

On international roaming tourist arrivals into the country fell by more than 10% during the first quarter of the year. However this recovered slightly towards the end of the year to 4% less than prior year. Roaming agreements was increased from 234 operators/90 countries to 306 operators/118 countries.

Customer Services, Marcomms and Public Relations

In line with Dhiraagu's mission to be the market leader through excellent customer service, various important initiatives were carried out during the year.

Customer experience was measured under the new set of operational and customer satisfaction measures introduced. We ended the year achieving significant improvements in both the internal operational metrics and external customer satisfaction indicators conducted through regular surveys:

The Directory Queries Call Centre was moved from Male to Kulhudhuffushi and third party shops were opened in Male' providing Dhiraagu services. These initiatives were carried out successfully with the objective of providing better and prompt service to customers, - at the same time achieving efficiency gains in the Company. Customers' acceptance of these shops and the feedback received has been very positive. More third party shops are planned to be opened both in Male and in Regions.

High brand awareness and leadership position was retained through heavy advertising, strategic IMC & PR campaigns and conducting stimulating events during 2009. One of the main themes promoted during 2009 was 'No.1 Mobile Service' and this was carried out from May -Dec 2009.

Several PR and CSR events were conducted in 2009, some of the events to be noted during the year are the sponsorship of SAFF Championship hosted in Bangladesh where Dhiraagu was the only local brand to sponsor and support the tournament and the national team, which gained very high recognition and praise for Dhiraagu. Dhiraagu also joined GSM Association Mobile Alliance Against Child Sexual Abuse Content and signed MoU with Ministry of Health and Family to block such content from Dhiraagu mobile service.

Other major events carried out were Dhiraagu Broadband Road Race 2009, sponsoring a full time teacher at the Kudakudhinge Hiya to assist the children in need, sponsoring various sports and music events in Male' and the islands that gained high brand exposure and the goodwill of the community.

Staff and Staff Development

As always, human resource development, staff welfare, employee engagement as well as key staff retention were given significant importance by Dhiraagu during the year ended 31st December 2009. Consequently, the competence, perseverance, loyalty and the commitment of the staff continues to one of driving forces behind the success of Dhiraagu. At 31st December the total staff strength of the Company was 606 full time staff and 19 temporary staff.

Engaged and motivated staff base is a pre-requisite for the success of Dhiraagu and the Company continued to participate in the Gallup Q12 survey in 2009 as well. In fact, the results of the last Wave of the survey in 2009 indicated a notable increase in employee engagement with a 0.33 increase in the score. As the intensity of competition for key talent increases, key staff retention was also given a significant focus during 2009 and will continue to be so.



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A fully integrated HRM system, was implemented during the year. This implementation is expected to reap a number of benefits to the organisation, especially in areas such as staff utilisation, overtime management as well as payroll processing.

Introduction on new legislations relating to Human Resource Management also required a number of internal changes within Dhiraagu, especially, the internal policies and procedures. These changes were carried out during the year.

During 2009 the Company made significant investment on human resource development and training. Dhiraagu continued to invest in its future by providing a mix of long term and short-term training programmes for staff in both technical and non-technical areas.

The first batch of participants of Dhiraagu Apprentice Program (DAP), successfully completed their first year by end of 2009. DAP is an education and training program designed to provide the apprentices with the skills and knowledge and develop competencies while providing them with paid work experience. The DAP is a CSR activity to improve the youth employability in the Maldives.

Network & Operations

A fully digital microwave SDH network across the country provides the backbone for distributing telecommunication services to all the 200 inhabited islands and other industrial islands including all resorts. Services to Southern atolls (Gaafu, Gnaviyani and Addu) are provided via submarine cable system on the One and Half Degree Channel. Low capacity digital radios are used to extend services to the outlying islands from the backbone node sites.

Parts of the trunk backbone network were upgraded to high capacity links during the year to cater for the increasing demands and customer requirements.

Further, to increase the network availability and efficiency, a diversity ring were created in South (Gaafu). Additional works are ongoing to complete diversity Northwards up to Baa atoll.

To meet the growing high capacity demands of customers off Male, expansion of the existing IP MPLS network, with 3 additional nodes was initiated. Upgrade of the SDH core ring from 2.5G to 10G, serving greater Male' was started, and will establish a high capacity, secure transmission core in the capital. A nation-wide Wimax deployment serves to provide internet and broadband services to the rural, suburban areas.

To further improve the quality of service, Internet core switches was upgraded to full redundancy and high service reliability. Anti DDoS attack protection mechanisms were installed to combat the ever-growing cyber-attacks, including Distributed Denial of Service (DDoS).

A project to introduce 3G services was initiated in 2009. The scope was to implement a 3G-I-SPA network, in Greater Male'. All installation and testing was completed and the service was soft launched during the year. Preparations for commercial launch of the 3G services, was in progress at end of the year.

Migration of PSTN customers in Addu, Fuvahmulah, Gaafu, Meemu, Noonu and Shaviyani from obsolete NEC switches to the new Softswitch, have been completed in 2009. Transfer of rest of the customers in the NEC switches is in progress.

Dhiraagu also initiated the Dhiraagu Headquarter Project which is a purpose built 8 storey building to accommodate all of our staff and main equipment in Male. The project is scheduled for completion in the last quarter of 2011.



**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

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Financial performance

	2009 Rf'000	2008 Rf'000 (Restated)
Revenue	1,888,420	1,722,569
Operational costs	(800,571)	(776,540)
EBITDA	1,087,849	946,029
Net Profit	830,441	724,647

The company achieved total revenue of Rf 1,888m for the year 2009, an increase of 10% over 2008. Costs have increased by 3% over the previous year achieving an Earnings before Interest Tax and Depreciation & Amortisation (EBITDA) of Rf 1,088m for the year ended 2009. This amounts to an increase of 15% on 2008 earnings. The Net Profit increased by 15% to Rf 830m

Free Cash flow and Dividends

Dhiraagu's liquidity position continued to remain very strong. As at 31st December 2009 the Company had cash and cash equivalent of Rf 719m. The strong free cash flows allowed Dhiraagu to declare dividends totalling Rf 889m during the year.

Auditors

The auditors, KPMG Ford, Rhodes, Thornton & Co.-Maldives have expressed their willingness to continue in office and a resolution proposing their re-appointment and authorising the Directors to agree their proposed fees will be put to the Annual General Meeting.

Directors

The following served as Directors during the year:

Ms. Juwairiya Saeed (Chairperson)	(appointed 9 th of February 2009)
Mr. Ahmed Zareer	(appointed 9 th of February 2009)
Mr. Fayyaz Ismail	(appointed 7 th of March 2009)
Mr. Ahmed Faisal	(appointed 7 th of March 2009) (resigned 21 st of October 2009)
Mr. Ismail Waheed	(appointed May 2007)
Mr. Denis Martin	(appointed 28 May 2008)
Mr. Adam Dunlop	(appointed 13 August 2008)
Mr. Sheldon Bruha	(appointed 9 th of December 2009)

This report, set out on pages 3 to 6 herein, was approved by the Board on 2nd of June 2010, and signed on its behalf by:

**Director
Government of Maldives**

**Director
Cable and Wireless**



KPMG Ford, Rhodes, Thornton & Co.
- Maldives
(Chartered Accountants)
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Male,
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**Report of the Auditors
To the Shareholders of
Dhivehi Raajjeyge Gulhun Private Limited**

We have audited the accompanying financial statements of Raajjeyge Gulhun Private Limited, which comprise the statement of financial position as at 31st December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and related notes exhibited on pages 8 to 36.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


KPMG Ford, Rhodes, Thornton & Co. - Maldives
Chartered Accountants

2nd June 2010
Male'



KPMG Ford, Rhodes, Thornton & Co. - Maldives a partnership registered in the Republic of Maldives, a foreign branch of KPMG Ford, Rhodes, Thornton & Co, a Sri Lankan Partnership and a member firm of the KPMG network of independent, member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

A.N. Fernando FCA
M.R. Mihular FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA

S. Sirikanathan FCA
Ms. M. P. Perera FCA
C.P. Jayatilake FCA
W. K. D. C. Abeyrathne ACA



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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER

	Note	2009 Rf000	2008 Rf000 (Restated)	2007 Rf000 (Restated)
Revenue	7	1,888,420	1,722,569	1,483,950
Operating costs excluding depreciation and impairment	8	(800,571)	(776,540)	(649,159)
Depreciation and impairment		(253,915)	(217,803)	(202,909)
Other operating income	9	190	105	2
Results from Operating Activities		834,124	728,331	631,884
Finance income		18,599	22,620	52,994
Finance expense		(22,282)	(26,304)	(7,549)
Net Financing Income/(Costs)	10	(3,683)	(3,684)	45,445
Profit before income tax		830,441	724,647	677,329
Income tax	11	-	-	-
Profit for the year		830,441	724,647	677,329
Other comprehensive income		-	-	-
Total comprehensive income for the year		830,441	724,647	677,329
Earnings Per Share (Rf)	12	43.7	38.2	35.6

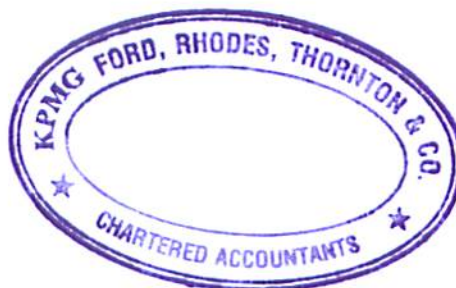
Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form part of the financial statements of the Company set out on pages 7 to 36. The Report of Auditors is given on page 7.

Director
(Government of Maldives)

Director
(Cable and Wireless)

T Melchior
Chief Finance Officer and
Company Secretary





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DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	2009 Rf'000	2008 Rf'000 (Restated)	2007 Rf'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,995,421	1,912,472	1,653,983
		<u>1,995,421</u>	<u>1,912,472</u>	<u>1,653,983</u>
Current assets				
Inventories	14	38,301	48,012	39,798
Trade and other receivables	15	298,706	249,738	164,347
Cash and cash equivalents	16	718,765	628,381	791,761
		<u>1,055,772</u>	<u>926,131</u>	<u>995,906</u>
Total assets		<u>3,051,193</u>	<u>2,838,603</u>	<u>2,649,889</u>
LIABILITIES				
Current liabilities				
Trade and other payables	17	461,536	404,980	340,285
Loans and borrowings	18	76,206	-	-
		<u>537,742</u>	<u>404,980</u>	<u>340,285</u>
Net current assets		518,030	521,151	655,621
Non-current liabilities				
Loans and borrowings	18	128,500	-	-
Provisions	19	81,154	71,240	62,656
		<u>209,654</u>	<u>71,240</u>	<u>62,656</u>
Net assets		<u>2,303,797</u>	<u>2,362,383</u>	<u>2,246,948</u>
EQUITY				
Share capital	20	190,000	190,000	190,000
Retained earnings		<u>2,113,797</u>	<u>2,172,383</u>	<u>2,056,948</u>
Total equity		<u>2,303,797</u>	<u>2,362,383</u>	<u>2,246,948</u>

The financial statements are to be read in conjunction with the related notes, which form part of the financial statements of the Company set out on pages 7 to 36. The Report of Auditors is given on page 7.

These financial statements were approved on the 2nd of June 2010 by the Board of Directors and signed on its behalf by:

Director
(Government of Maldives)

Director
(Cable and Wireless)

T Melchior
Chief Finance Officer and
Company Secretary





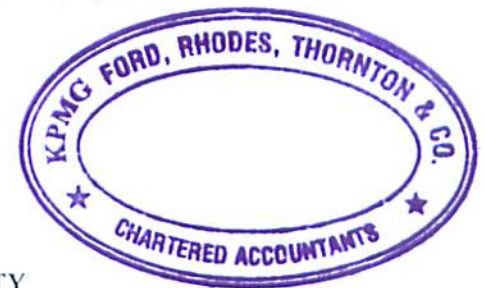
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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

	2009 Rf000	2008 Rf000 (Restated)	2007 Rf000 (Restated)
Cash flows from operating activities			
Profit for the year	830,441	724,647	677,329
<i>Adjustments for:</i>			
Depreciation and impairment	253,915	217,803	202,909
Finance income	(18,599)	(22,620)	(52,994)
Finance expense	22,282	26,304	7,549
Profit on disposal of property, plant and equipment	(135)	(82)	(2)
	<u>1,087,904</u>	<u>946,052</u>	<u>834,791</u>
Changes in inventories	9,711	(8,214)	(9,593)
Changes in trade and other receivables	(48,968)	(85,391)	(13,923)
Changes in trade and other payables	(54,995)	64,695	56,722
Net cash flow from operating activities	<u>993,652</u>	<u>917,142</u>	<u>867,997</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(336,864)	(476,305)	(416,553)
Proceeds on disposals of property, plant and equipment	135	95	171
Proceeds from redemption of bonds	-	-	5,000
Interest received	18,599	22,620	41,808
Net cash used in investing activities	<u>(318,130)</u>	<u>(453,590)</u>	<u>(369,574)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	215,185	-	-
Repayments of loans and borrowings	(10,479)	-	-
Interest paid	(3,827)	-	-
Dividends paid to shareholders	(777,476)	(609,212)	(648,444)
Net cash used in financing activities	<u>(576,597)</u>	<u>(609,212)</u>	<u>(648,444)</u>
Net increase/(decrease) in cash and cash equivalents	98,925	(145,660)	(150,021)
Effect of difference in foreign exchange	(8,541)	(17,720)	11,186
Cash and cash equivalents at 1 January	628,381	791,761	930,596
Cash and cash equivalents at 31 December (Note 16)	<u>718,765</u>	<u>628,381</u>	<u>791,761</u>

The financial statements are to be read in conjunction with the related notes, which form part of the financial statements of the Company set out pages 7 to 36. The Report of Auditors is given on page 7.



STATEMENT OF CHANGES IN EQUITY

Dhivehi Raajjeyge Gullhun Private Limited
Annual Report and Financial Statements - 2009



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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital Rf000	Retained Earnings Rf000	Total Rf000
As at 1 January 2007	190,000	2,020,814	2,210,814
Prior year adjustment (Note A)	-	7,249	7,249
As at 1 January 2007 as restated	<u>190,000</u>	<u>2,028,063</u>	<u>2,218,063</u>
Profit for the year (Note A)	-	677,329	677,329
Dividends	-	(648,444)	(648,444)
As at 31 December 2007	<u>190,000</u>	<u>2,056,948</u>	<u>2,246,948</u>
As at 1 January 2008	190,000	2,056,948	2,246,948
Profit for the year (Note A)	-	724,647	724,647
Dividends	-	(609,212)	(609,212)
As at 31 December 2008	<u>190,000</u>	<u>2,172,383</u>	<u>2,362,383</u>
As at 1 January 2009	190,000	2,172,383	2,362,383
Profit for the year	-	830,441	830,441
Dividends	-	(889,027)	(889,027)
As at 31 December 2009	<u>190,000</u>	<u>2,113,797</u>	<u>2,303,797</u>

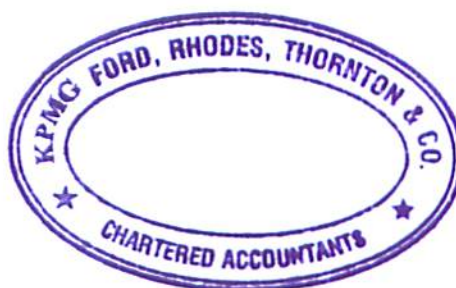
Note A

The company had not made adjustments for the unwinding of interest in respect of provision for Asset Retirement Obligation (ARO) in the previous financial statements. Instead, this had been presented as additions to the provision for ARO in the previous financial statements. This has now been corrected and appropriate adjustments reflecting the unwinding of interest component have been made in the financial statements.

Description	Retained Earnings as at 1.1.2007 Rf000	Profit for 2007 Rf000	Profit for 2008 Rf000
Retained earnings / profit for the year as previously reported	2,020,814	685,089	736,912
<i>Adjustments:</i>			
Unwinding of interest on Asset Retirement Obligation (ARO)	-	(7,549)	(8,584)
Net adjustment on depreciation on asset recognised on ARO	7,249	(211)	(3,681)
Restated retained earnings / restated profit for the year	<u>2,028,063</u>	<u>677,329</u>	<u>724,647</u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form part of the financial statements of the Company set out pages 7 to 36. The Report of Auditors is given on page 7.





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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

1. Reporting entity

Dhivehi Raajjeyge Gulhun Private Limited (the "Company") was originally incorporated under the Limited Liability Companies Decree No. 1988/123, 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 19, Medhuziyaaraay Magu, Male' 20-03, Republic of Maldives.

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 except assets and liabilities which are stated at their fair value.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa.

(d) 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.

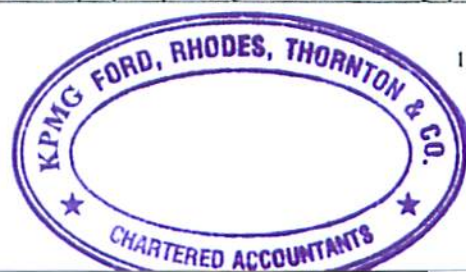
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 5.

(e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company

The Company has considered the implications of the upcoming amendments to IFRSs, issued up to 31 December 2009, in the preparing these financial statements. The Company has considered the implications, if any, of the following recently issued IFRSs and amendments to IFRS during the year ended 31 December 2009.

New and amended Standards and Interpretations effective from or after 1 January 2009 adopted by the Company

Title	Effective date	Description and impact on the Company
Amendments to IAS 1 <i>Presentation of financial statements</i>	Annual periods beginning on or after 1 January 2009.	The Company has adopted amendments to IAS 1 Presentation of Financial Statements (2007). As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on Company's operating results and earnings per share.





DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Basis of preparation (Continued)

- (e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company (continued)

New and amended Standards and Interpretations effective from or after 1 January 2009 adopted by the Company (Continued)

Title	Effective date	Description and impact on the Company
IFRS 8 <i>Operating Segments</i>	Annual periods beginning on or after 1 January 2009.	The Company has adopted IFRS 8 Operating Segments that replaces IAS 14 Segment Reporting. The disclosures on operating segments are disclosed where necessary and comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on Company's operating results and earnings per share.
Amendments to IFRS 7 <i>Improving Disclosures about Financial Instruments</i>	Annual periods beginning on or after 1 January 2009.	This amendment contains further disclosure requirements to enhance the information available to investors about fair value measurement and liquidity risk associated with an entity's financial instruments. This is a disclosure standard only and will not have a material impact on the Company.
IFRIC 18 <i>Transfers of Assets from Customers</i>	Applies to transfers occurring on or after 1 July 2009.	The IFRIC clarifies how existing IFRSs are applied to agreements in which an entity receives an asset from a customer which it then uses to connect the customer to a network to provide ongoing access to goods or services. This amendment did not have a material impact on the Company.

New and amended Standards and Interpretations not yet adopted by the Company

Title	Effective date	Description and impact on the Company
Revised IAS 24 <i>Related Party Disclosures</i>	Annual periods beginning on or after 1 January 2011.	The revisions provide and exemption from disclosures requirements for transactions between state-controlled entities and removes some inconsistencies. These revisions will not have a material impact on the Company.
IFRS 9 <i>Financial Instruments</i>	Annual periods beginning on or after 1 January 2013.	This IFRS simplifies the classification, recognition and measurement requirements for financial assets, financial liabilities and some contracts to buy or sell non-financial items. This IFRS replaces IAS 39 and will not have a material impact on the Company.
Amendments to IFRS 2 <i>Company Cash-settled Share-based Payment Transactions</i>	Annual periods beginning on or after 1 January 2010.	These amendments clarify the scope of IFRS 2 and its interaction with other standards. They also address how an entity should account for some share-based payments in its own financial statements if its parent or another entity in the Company will pay for goods or services that it has received. This amendment does not affect the Company.
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	Annual periods beginning on or after 1 July 2010.	This IFRIC provides guidance on accounting for 'debt to equity swaps' where a debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor. This IFRIC will not have material impact on the Company.
Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i>	Annual periods beginning on or after 1 January 2011.	The amendments permit entities to treat an early payment of a contribution to cover minimum funding requirements as an asset. This amendment does not affect the Company.
Improvements to IFRS	Various dates, earliest is 1 January 2009.	The improvements to IFRS contain miscellaneous necessary but non-urgent amendments to IFRSs. These improvements will not have a material impact on the Company.





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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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 Company.

Wherever necessary, comparative amounts have been reclassified to conform to the current year's presentation.

3.1 Transactions in foreign currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated to Maldivian Rufiyaa at the foreign exchange rate ruling as at that date. Foreign exchange differences arising on translations are recognized in the income statement.

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)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 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.

The Company has the following financial assets (non-derivative):

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and short term deposits.





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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. Significant accounting policies (continued)

3.2 Financial Instruments (continued)

(ii) Financial liabilities (Non-derivative)

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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.

The Company has the following non-derivative financial liabilities: trade and other payables and loans and borrowings.

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.

(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

Dividends to ordinary shareholders are recognised as a liability in the period in which they are declared.

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 labor, 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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. Significant accounting policies (continued)

3.3 Property, Plant and Equipment (continued)

(i) Recognition and Measurement (continued)

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 equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings (Technical and domestic)	25 to 40 years
Plant and equipment - Switches, network equipment and computer equipment	3 to 25 years
- Ducting	40 years
Vehicles, launches, furniture and fittings	4 to 10 years

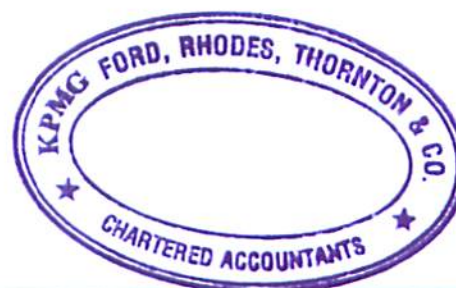
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Assets under construction

Assets under construction as at the year end represents the costs incurred for the projects which are not commissioned for commercial operation as at the year end.

3.4 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, production or conversion costs and other costs incurred in bringing them to their existing location and condition.





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DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting policies (*continued*)

3.4 *Inventories (continued)*

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5 *Construction work in progress (Sales Projects)*

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit 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.

Construction work in progress is presented as part other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

3.6 *Impairment*

(i) *Financial Assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

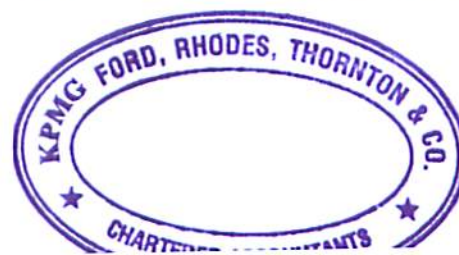
The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial Assets*

The carrying amounts of the Company's non-financial assets and inventories (Refer Note 3.4) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting policies (*continued*)

3.6 *Impairment (continued)*

(ii) *Non-financial Assets (continued)*

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.7 *Employee Benefits*

(a) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Dhiraagu Retirement Benefit Plan (DRBP) is funded externally and is a defined contribution plan. The Company's contribution of 5% on basic salary of employees who join the plan are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Short-term benefits*

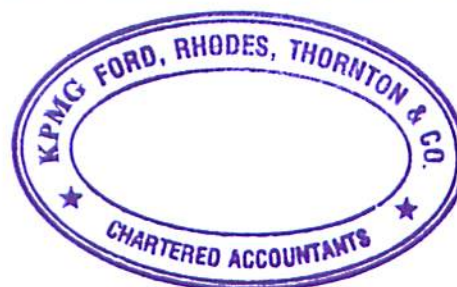
Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided.

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.

3.8 *Provisions*

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.

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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting policies *(continued)*

3.8 Provisions *(continued)*

Provisions are recognised for unavoidable lease payments in onerous contracts as the difference between the rentals due and any income expected to be derived from the vacant properties being sublet. Redundancy provisions, relating to both continuing and discontinued operations, comprise employee termination payments. Legal provisions comprise legal fees and, where appropriate, expected settlement costs.

3.9 Interest – Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.10 Cash flow statement

Cash flow statement has been prepared using the “indirect method”.

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 Commitments and contingencies

Commitments and contingent liabilities of the Company are disclosed wherever appropriate.

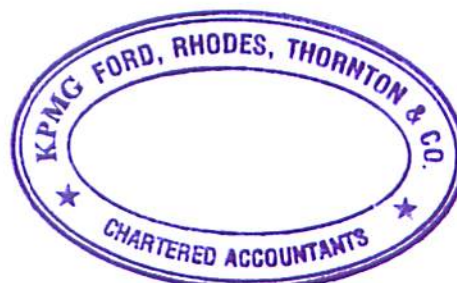
3.13 Revenue recognition

Revenue is recognised net of discounts and represents the amounts receivables in respect of goods and services provided to the customers.

Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue from sales of telecommunications equipment is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting policies (*continued*)

3.13 Revenue recognition (*continued*)

Sale of Goods (continued)

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecommunications equipment and ongoing service) is allocated to those components that are separable based on the estimated fair value of the components.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

Services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the income statement in proportion to the services delivered at the reporting date. In respect of services invoiced in advance, amounts are deferred until provision of the service.

Amounts payable by and to other telecommunications operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service. Unbilled revenue resulting from mobile services provided to contract customers from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

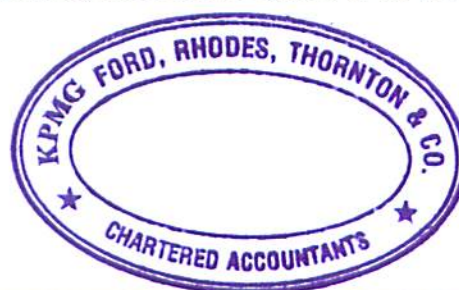
The Company recognises revenue on gross basis from the transmission of content and traffic on its network originated by third-party providers.

Revenue arising from the provision of other services, including maintenance contracts, is recognised evenly over the periods in which the service is provided.

3.14 Expenditure

Operating lease payments

Leases comprising a lease of land and a lease of buildings within a single contract are split into the two component parts. The component part for buildings is then tested to determine whether the lease is a finance or operating lease and treated accordingly. Leases of land and all other leases are classified as operating leases and are not recognised in the statement of financial position. Payments made under operating leases, net of lease incentives or premiums received, are charged to the income statement on a straight-line basis over the period of the lease. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. Significant accounting policies (continued)

3.14 Expenditure (continued)

Finance income and expense

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Financing costs comprise interest payable on borrowings and foreign exchange losses that are recognised in the income statement.

4. 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.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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 market rate of interest at the reporting date.

5. 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.

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.

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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Critical accounting estimates, assumptions and judgements (*continued*)

Impairment of property, plant and equipment and intangible assets

The Directors assess 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.

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.

Valuation of receivables

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 ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience. 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.

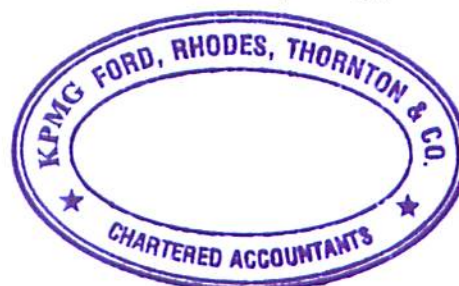
Customer and supplier commitments

The nature of the telecommunications industry is such that estimates are often required to be made in relation to customer or supplier commitments, the final outcome of which may not be known for some time.

It uses estimates of price or usage to determine the revenue and expense recognised in any period. These estimates are periodically adjusted to reflect actual pricing or usage as such information becomes available or is agreed. As issues arise or are resolved, accruals are created or released as appropriate—the net impact of this is included in operating profit within the relevant line item.

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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Critical accounting estimates, assumptions and judgements (*continued*)

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 3.8 to the financial statements. Judgement is required to quantify such amounts.

6. Financial Risk Management

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational 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 company's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(iii) Credit risk

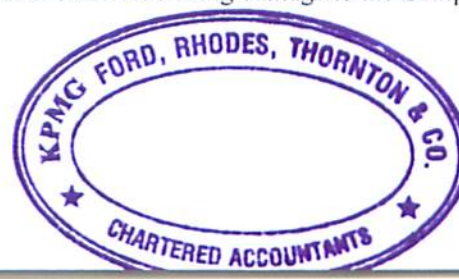
Trade and other receivables

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. 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 incurred losses in respect of trade and other receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

(iv) 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 asset. 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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Financial Risk Management (*continued*)

(v) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates 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.

(vi) *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

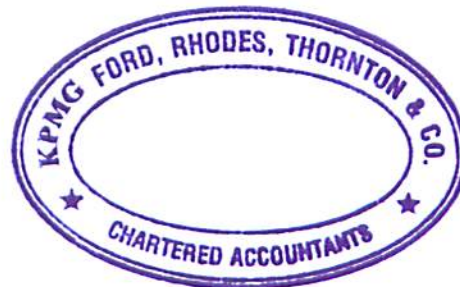
The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company.

(vii) *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. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's debt to equity ratio at the end of the reporting period was as follows:

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Total liabilities	747,396	476,220	402,941
Less: cash and cash equivalents	(718,765)	(628,381)	(791,761)
Net debt	28,631	(152,161)	(388,820)
Total equity	2,303,797	2,362,383	2,246,948
Debt to equity ratio at 31 December	0.01	(0.06)	(0.17)





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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

7. Segmental Information

The Company is a national telecommunications service provider in the Maldives. During the year ended 31 December 2009, the Company operated as a single business unit under one management team offering mobile, broadband and domestic and international fixed line services to residential and business customers.

The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors of the Company. The Board considers the performance of the Company as a whole considering total operation of the Company as a one segment in assessing the performance of the Company and making decisions about the resource allocation within the Organization. The disclosures on segmental information below have been presented on this basis.

Segmental Revenue	2009 Rf000	2008 Rf000	2007 Rf000
Revenue comprises:			
Mobile telephony	1,302,865	1,227,456	1,051,091
Fixed line telephony	237,216	228,173	229,688
Internet services	198,843	169,922	130,041
Other services	149,496	97,018	73,130
Total revenue	<u>1,888,420</u>	<u>1,722,569</u>	<u>1,483,950</u>

Revenue is shown on gross basis and before out-payments to other telecommunications companies and licence payments.

Segmental Operating Results	2009 Rf000	2008 Rf000	2007 Rf000
Revenue	1,888,420	1,722,569	1,483,950
Cost of sales	(341,365)	(375,625)	(301,651)
Gross profit	1,547,055	1,346,944	1,182,299
Operating costs	(459,206)	(400,915)	(347,508)
Earning before Interest, Depreciation and Amortisation	1,087,849	946,029	834,791
Depreciation and impairment of property, plant and equipment	(253,915)	(217,803)	(202,909)
Other operating income	190	105	2
Results from operating activities	<u>834,124</u>	<u>728,331</u>	<u>631,884</u>

The Company does not have any customers from which revenue exceeds 10% of Company revenue.

Segmental Assets and Liabilities

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Assets			
Total asset of the segment	2,793,376	2,457,830	1,975,315
Other assets – short term investments	257,817	380,773	674,574
	<u>3,051,193</u>	<u>2,838,603</u>	<u>2,649,889</u>
Liabilities			
Total liabilities of the segment	747,396	476,220	402,941
	<u>747,396</u>	<u>476,220</u>	<u>402,941</u>





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Operating Costs excluding depreciation and impairment

	2009 Rf000	2008 Rf000	2007 Rf000
Cost of sales	341,365	375,625	301,651
Employee and other staff expenses (Note 8.1)	127,506	111,046	90,772
License fees	79,976	74,438	64,543
Operating lease rentals			
- networks	17,703	21,008	33,198
- property	10,398	9,735	9,358
- plant and equipment	5,680	5,688	4,617
Other administrative expenses	112,962	72,749	60,115
Network costs	34,443	45,924	38,391
Property and utility costs	70,538	60,327	46,514
	<u>800,571</u>	<u>776,540</u>	<u>649,159</u>

8.1 Employee and other staff expenses

	2009 Rf000	2008 Rf000	2007 Rf000
Wages and salaries	101,277	79,655	64,423
Defined contribution expense	1,848	1,678	1,681
Temporary labour and recruitment	1,746	3,103	1,734
Training	9,948	10,469	9,009
Others	28,042	22,144	16,024
	<u>142,861</u>	<u>117,049</u>	<u>92,871</u>
Less: Staff costs capitalised	(15,355)	(6,003)	(2,099)
	<u>127,506</u>	<u>111,046</u>	<u>90,772</u>

The average number of employees of the Company for the year ended 31 December 2009 was 596. (2008: 572 and 2007: 567)

Key management's remuneration

Key management includes Directors and any senior employees 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 above include key management remuneration as follows:

	2009 Rf000	2008 Rf000	2007 Rf000
Salaries and other short-term employment benefits	9,188	9,877	11,737
	<u>9,188</u>	<u>9,877</u>	<u>11,737</u>

The above includes aggregate of Directors' emoluments of Rf 252,000 (2008: Rf 252,000) for the year.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Other operating income

	2009 Rf000	2008 Rf000	2007 Rf000
Other income	55	23	-
Profit on disposal of property, plant and equipment	135	82	2
Total other operating income	190	105	2

10. Net Financing Income/ (Costs)

	2009 Rf000	2008 Rf000	2007 Rf000
Finance income			
Interest income	18,599	22,620	41,808
Exchange gain	-	-	11,186
	<u>18,599</u>	<u>22,620</u>	<u>52,994</u>
Finance expense			
Interest expense	(3,827)	-	
Unwinding of interest	(9,914)	(8,584)	(7,549)
Exchange loss	(8,541)	(17,720)	
	<u>(22,282)</u>	<u>(26,304)</u>	<u>(7,549)</u>
Net Financing Income/(Costs)	(3,683)	(3,684)	45,445

11. Taxation

All profits earned are free from income tax except for the profits earned by commercial banks in the Republic of Maldives.

12. Earnings per share

Basic 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.

	2009 Rf000	2008 Rf000	2007 Rf000
Profit for the year attributable to the ordinary shareholders	830,441	724,647	677,329
Weighted average number of ordinary shares outstanding ('000)	19,000	19,000	19,000
Basic earnings per share (Rf)	43.7	38.2	35.6





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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment

	Buildings	Plant and equipment	Vehicles, launches, furniture and fittings	Assets under construction	Total
Cost					
At 1 January 2007	103,308	2,073,801	28,744	496,468	2,702,321
Additions	-	-	-	416,553	416,553
Disposals	-	(4,690)	(269)	-	(4,959)
Transfers	10,122	447,880	2,546	(460,548)	-
At 31 December 2007	113,430	2,516,991	31,021	452,473	3,113,915

Depreciation and Impairment

At 1 January 2007	31,124	1,205,675	25,014	-	1,261,813
Charge for the year	5,103	195,873	1,933	-	202,909
Disposals	-	(4,521)	(269)	-	(4,790)
At 31 December 2007	36,227	1,397,027	26,678	-	1,459,932

Net book value	77,203	1,119,964	4,343	452,473	1,653,983
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	Buildings	Plant and equipment	Vehicles, launches, furniture and fittings	Assets under construction	Total
	Rf000	Rf000	Rf000	Rf000	Rf000
Cost					
At 1 January 2008	113,430	2,516,991	31,021	452,473	3,113,915
Additions	-	-	-	476,305	476,305
Disposals	-	(652)	(326)	-	(978)
Transfers	29,793	487,348	3,910	(521,051)	-
At 31 December 2008	143,223	3,003,687	34,605	407,727	3,589,242

Depreciation and Impairment

At 1 January 2008	36,227	1,397,027	26,678	-	1,459,932
Charge for the year	6,687	209,548	1,568	-	217,803
Disposals	-	(648)	(317)	-	(965)
At 31 December 2008	42,914	1,605,927	27,929	-	1,676,770

Net book value	100,309	1,397,760	6,676	407,727	1,912,472
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**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

13. Property, plant and equipment (Continued)

	Buildings	Plant and equipment	Vehicles, launches furniture and fittings	Assets under construction	Total
	Rf'000	Rf'000	Rf'000	Rf'000	Rf'000
Cost					
At 1 January 2009	143,223	3,003,687	34,605	407,727	3,589,242
Additions	-	-	-	336,864	336,864
Disposals	-	(765)	-	-	(765)
Transfers	10,302	322,395	1,851	-334,548	-
At 31 December 2009	153,525	3,325,317	36,456	410,043	3,925,341
Depreciation and Impairment					
At 1 January 2009	42,914	1,605,927	27,929	-	1,676,770
Charge for the year	10,674	240,618	2,623	-	253,915
Disposals	-	(765)	-	-	(765)
At 31 December 2009	53,588	1,845,780	30,552	-	1,929,920
Net book value	99,937	1,479,537	5,904	410,043	1,995,421

14. Inventories

	31-Dec-09 Rf'000	31-Dec-08 Rf'000	31-Dec-07 Rf'000
Cost of inventories	47,525	55,541	48,227
Less: Provision for slow moving / obsolete items (Note 14.1)	(9,224)	(7,529)	(8,429)
Carrying amount at 31 December	38,301	48,012	39,798
14.1 Provision for slow moving / obsolete inventories	31-Dec-09 Rf'000	31-Dec-08 Rf'000	31-Dec-07 Rf'000
As at 1 January	7,529	8,429	8,352
Provision made during the year	1,695	1,618	77
Provision reversed during the year	-	(2,518)	-
As at 31 December	9,224	7,529	8,429





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Trade and other receivables

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Gross trade receivables	361,527	255,601	152,457
Less: Provision for impairment loss (Note 15.1)	(107,225)	(35,019)	(25,317)
	<u>254,302</u>	<u>220,582</u>	<u>127,140</u>
Other receivables	4,538	4,223	4,467
Prepayments and accrued income	39,866	24,933	32,740
	<u>298,706</u>	<u>249,738</u>	<u>164,347</u>

The maximum exposure to credit risk for receivables is equal to their carrying value. There was no material difference between the carrying value and fair value of trade and other receivables as presented.

15.1 Provision for impairment loss

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
As at 1 January	35,019	25,317	30,496
Provision made during the year	72,206	13,163	6,951
Provision reversed during the year	-	(3,461)	(12,130)
As at 31 December	<u>107,225</u>	<u>35,019</u>	<u>25,317</u>

16. Cash and cash equivalents

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Cash in hand	10,599	14,892	10,183
Balance with bank	450,349	232,716	107,004
Short term deposits	257,817	380,773	674,574
	<u>718,765</u>	<u>628,381</u>	<u>791,761</u>

Short-term deposits include fixed income instruments, which can be readily converted to cash at short notice.

The effective interest rate on short-term bank deposits at 31 December 2009 was 4.41% (2008- 2.7%, 2007- 4.3%). These deposits had an average maturity at 31 December 2009 of 31 days (2008 – 38 days, 2007 – 36 days).

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value of those financial instruments.

17. Trade and other payables

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Trade payables	65,460	69,029	52,137
Other payables	21,897	24,689	25,361
Accruals	230,509	289,796	243,285
Deferred income	32,119	21,466	19,502
Dividends payable	111,551	-	-
	<u>461,536</u>	<u>404,980</u>	<u>340,285</u>





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

18. Loans and borrowings

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
As at 1 January	-	-	-
Add: Borrowings during the year	215,185	-	-
Less : Repayments during the year	<u>(10,479)</u>	<u>-</u>	<u>-</u>
As at 31 December	<u>204,706</u>	<u>-</u>	<u>-</u>

18.1 Sources of Finance

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
HSBC – Male' Branch USS loan (Note 18.3)	192,750	-	-
HSBC – Male' Branch Euro loan (Note 18.4)	<u>11,956</u>	<u>-</u>	<u>-</u>
	<u>204,706</u>	<u>-</u>	<u>-</u>

18.2 Maturity Analysis

Payable within one year	76,206	-	-
Payable after one year	<u>128,500</u>	<u>-</u>	<u>-</u>
	<u>204,706</u>	<u>-</u>	<u>-</u>

18.3 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - USS loan

During the year, the Company has obtained a loan facility of USS 15 Mn (Rf 192.75 Mn) from HSBC - Male' branch to finance general corporate expenses. The facility is repayable over a 3 year period with the final repayment due on December 2012.

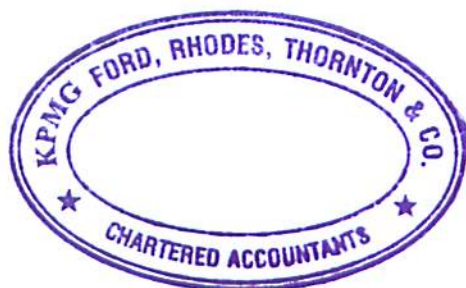
18.4 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - Euro loan

During the year, the Company has obtained a loan facility of Euro 1.3 Mn (MRf 11.95 Mn) from HSBC - Male' branch to finance general corporate expenses. The facility is repayable over a 6 month period with the final repayment due on March 2010.

19. Provisions

	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Network and asset retirement obligations			
At 1 January	71,240	62,656	55,107
Unwinding of discounting	<u>9,914</u>	<u>8,584</u>	<u>7,549</u>
At 31 December	<u>81,154</u>	<u>71,240</u>	<u>62,656</u>

The provision of network and asset retirement obligations represents the provision 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.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

20. Share Capital

	31-Dec-09 Rf'000	31-Dec-08 Rf'000	31-Dec-07 Rf'000
Authorised share capital 20,000,000 ordinary shares of Rf 10.00 each (2008 and 2007: 20,000,000)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid share capital 19,000,000 ordinary shares of Rf 10.00 each (2008 and 2007: 19,000,000)	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>

20.1 Dividends

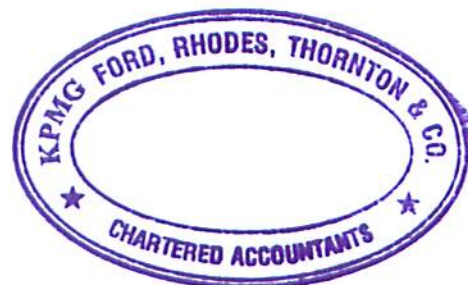
The holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the meetings of the Company. The board of directors has declared dividends for the year as follows.

	Rf'000
2007	
Dividend payment – Interim – Rf. 5.4973 per share	104,449
Dividend payment – Final – Rf. 15.2700 per share	290,130
Dividend payment – Special – Rf. 13.3613 per share	253,865
	<u>648,444</u>
2008	
Dividend payment – 1 st tranche - Rf. 16.0319 per share	304,606
Dividend payment – 2 nd tranche - Rf. 8.0159 per share	152,303
Dividend payment – 2 nd tranche - Rf. 8.0159 per share	152,303
	<u>609,212</u>
2009	
Dividend payment – 1 st tranche - Rf. 9.1880 per share	174,572
Dividend payment – 2 nd tranche - Rf. 9.1880 per share	174,571
Dividend payment – 3 rd tranche -Rf. 22.5438 per share	428,333
Dividend payable – 3 rd tranche -Rf. 5.8711 per share	111,551
	<u>889,027</u>

21. Co mmitments

The Company had capital commitments at the end of the financial year relating to the purchase of property, plant and equipment of Rf 140,071,000. No provision has been made for these commitments.

In addition, the Company has a number of operating commitments arising in the ordinary course of the Company's business. The most significant of these relate to network operating and maintenance costs. In the event of default of another party, the Company may be liable to additional contributions under the terms of the agreements.





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

21. Commitments (Continued)

The Company leases land and buildings and networks under various lease agreements. The leases have varying terms, escalations, clauses and renewal rights.

The operating lease expenditure related to the year ended 31 December 2009 is disclosed in Note 8 to the financial statements.

22. Retirement benefit plan

The Dhiraagu Retirement Benefit Plan (DRBP) was established for Maldivian staff effective from 1st January 1992. Under the terms of the DRBP, each employee who joins contributes a minimum of 5% of their basic salary and the Company contributes 5% of the individual's basic salary DRBP is funded externally. The contributions for 2009 were Rf 1,848,000 (2008: Rf 1,678,000, 2007: Rf 1,681,000).

23. Financial instruments

Credit risk

Credit risk arises from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations causing a financial loss to the Company.

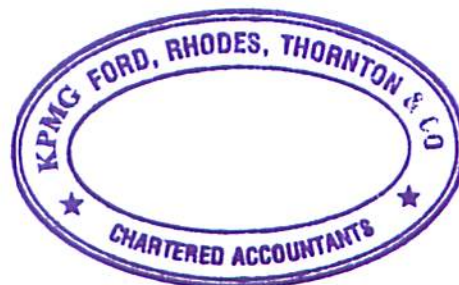
Counter-party risk encompasses credit risk on cash, short-term deposits and receivables. The carrying amount of financial assets: cash, short-term deposits and receivables as shown under Note 15 and 16 respectively represents the maximum credit exposure.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

At 31 December 2009	Carrying Amount	Up to one Year	One to two Year	Over two Year
Financial liabilities				
Trade and other payables	461,536	461,536	-	-
Loans and borrowings	204,706	76,206	64,250	64,250
	<u>666,242</u>	<u>537,742</u>	<u>64,250</u>	<u>64,250</u>
At 31 December 2008	Carrying Amount	Up to one Year	One to two Year	Over two Year
Financial liabilities				
Trade and other payables	404,980	404,980	-	-
	<u>404,980</u>	<u>404,980</u>	<u>-</u>	<u>-</u>
At 31 December 2007	Carrying Amount	Up to one Year	One to two Year	Over two Year
Financial liabilities				
Trade and other payables	340,285	340,285	-	-
	<u>340,285</u>	<u>340,285</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.





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(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Financial instruments (continued)

Exchange rate risk

The Company incurs exchange rate risk on purchases and payments that are denominated in a currency other than Maldivian Rufiyaa. The management of the Company believes that the Company's exchange rate risk is minimal as most of the receipts and payments are denominated in Maldivian Rufiyaa.

Financial assets (cash and cash equivalents)	31-Dec-09	31-Dec-08	31-Dec-07
	Rf000	Rf000	Rf000
Rufiyaa	655,360	302,570	164,707
US Dollar	78,817	300,226	424,444
Euro	(15,780)	23,315	48,999
GBP	137	2,042	153,386
Other	231	228	224
	<u>718,765</u>	<u>628,381</u>	<u>791,760</u>
Financial liabilities	31-Dec-09	31-Dec-08	31-Dec-07
	Rf000	Rf000	Rf000
Rufiyaa	448,285	335,116	281,302
US Dollar	201,331	69,268	48,347
Euro	11,956	-	-
Sterling Pounds	4,670	596	10,636
	<u>666,242</u>	<u>404,980</u>	<u>340,285</u>

Interest rate risk

Profile

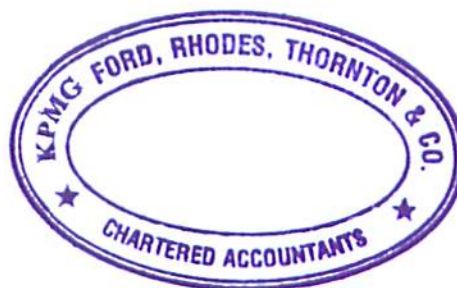
At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed Rate Instruments	31-Dec-09	31-Dec-08	31-Dec-07
	Rf000	Rf000	Rf000
Financial Liabilities			
Loans and borrowings	204,706	-	-
	<u>204,706</u>	<u>-</u>	<u>-</u>
Financial Assets			
Short term deposits	257,817	380,773	674,574
	<u>257,817</u>	<u>380,773</u>	<u>674,574</u>

24. Related party transactions

Transactions with Cable and Wireless Group of companies

At 31 December 2009, Cable and Wireless Middle East and Islands had a 52% shareholding in the Company (31 December 2008 and 2007 – 45%). Transactions with companies in the Cable and Wireless Group included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Cable and Wireless Group during the periods, and outstanding balances at the year ends, are as follows:





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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

24. Related parties transactions

Transactions with Cable and Wireless Group of companies

Transactions	2009 Rf000	2008 Rf000	2007 Rf000
In-payments	(7,891)	(3,858)	(5,033)
Out-payments	8,653	10,634	7,988
Dividends	400,062	274,145	291,800
Others	19,299	30,339	15,357
Balances outstanding	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Amounts payable in respect of dividends	50,198	-	-
Amounts payable in respect of goods and services	3,902	152	9,483
	<u>54,100</u>	<u>152</u>	<u>9,483</u>

Transactions with the Government of Maldives

At 31 December 2009, the Government of Maldives had a 48% shareholding in the Company (31 December 2008 and 2007 – 55%). Transactions with the Government of the Maldives included licence fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of Government of Maldives assets. Transactions with the Government of Maldives during the periods, and outstanding balances at the year ends, are as follows:

Transactions	2009 Rf000	2008 Rf000	2007 Rf000
Licence fees	79,976	74,438	64,543
Rentals of land	10,398	9,735	9,358
Dividends	488,965	335,067	356,644
Balances outstanding	31-Dec-09 Rf000	31-Dec-08 Rf000	31-Dec-07 Rf000
Amounts payable in respect of dividends	61,353	-	-
Amounts payable in respect of licence payments	7,754	7,585	5,895
	<u>69,107</u>	<u>7,585</u>	<u>5,895</u>

25. Events occurring after the reporting date

No events or circumstances have occurred or changed since the reporting date which require adjustments to, or disclosure in the financial statements.





Touch Maldives

**DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

26. Management responsibility

The management of the Company is responsible for the preparation and presentation of these financial statements.

27. Parent and ultimate parent company

The parent of Dhivehi Raajjeyge Gulhun Private Limited is Cable and Wireless Middle East and Islands Limited and the ultimate parent is Cable and Wireless Communications Plc, a company incorporated in the United Kingdom.

After the end of the reporting period, on the 26th of March 2010, the Cable & Wireless group of companies was demerged into two separate listed entities, Cable & Wireless Communications Plc and Cable & Wireless Worldwide Plc. The former ultimate holding company of the group, Cable and Wireless Plc, has now become a subsidiary of Cable & Wireless Communications Plc and it has been delisted and renamed Cable & Wireless Limited. Following the demerger, the entity which directly holds Cable & Wireless Communications' shareholding in Dhiraagu, has been renamed from Cable & Wireless Middle East & Islands Limited to CWC Islands Limited. Its ultimate parent company is Cable & Wireless Communications Plc.

