



ENRICH LIVES THROUGH DIGITAL SERVICES

DHIVEHI RAAJJJEYGE GULHUN PLC
ANNUAL REPORT 2015

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ANNUAL REPORT 2015

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01 | **OUR BUSINESS**

OUR BUSINESS

Our Values



KNOWLEDGEABLE



TRUSTED



FAMILIAR



EXCITING



CONTEMPORARY

**OVER 400,000
CUSTOMERS**

**99% TRAINED
QUALIFIED
MALDIVIANS**

**WIDEST
COVERAGE
IN MALDIVES**

Dhiraagu is the leading and the largest telecommunications operator offering total solutions and a comprehensive range of mobile, internet, data and fixed line services throughout the Maldives.

BTC Islands Limited (Batelco) holding 52%, and the Government of the Maldives holding 41.8%, are the two substantial shareholders of Dhiraagu. The remaining 6.2% of shares are held by the general public.

Our business is based on a commitment to providing innovative products and services and a philosophy that places high value on customer experience.

Our customers include individual consumers, small to medium businesses, corporate and government institutions. We provide total solutions

and cater to specific needs ranging from simple telephone services to complex integrated private networking solutions for global corporate customers.

With over 400,000 customers, and employing 99% Maldivians present in 10 strategically located operating centres across the country, we remain the largest telecommunications provider in the Maldives.

We overcome geographic barriers and stay close to customers through the nation's largest retail and distribution network of 40 exclusive partners, 40 distributors, 120 agents and over 3,000 retailers across the country.

We provide the widest coverage in Maldives, which includes all of the country's 199 inhabited islands, all

resort islands and all major industrial islands.

We are the only operator to have linked the Maldives from North to South through a 1,200km long fibre optic submarine cable network which supports the nation's largest 3G and 4G LTE and fixed broadband network.

With over 27 years of excellence and a proven record of success, we continue to lead the market, holding a superior market position on high value segments such as mobile, enterprise and fixed broadband.

Our Vision

Enrich lives through digital services

Our Mission

*To lead the market through
excellence in quality, value and
customer service*







02

OUR YEAR AT A GLANCE

**CUSTOMER
EXPERIENCE**

**CORPORATE SOCIAL
RESPONSIBILITY**

**FINANCIAL
HIGHLIGHTS**

OUR YEAR AT A GLANCE

Customer Experience

100% 3G BROADBAND COVERAGE

First and only operator to provide 3G broadband to all inhabited islands

LTE ADVANCED

First in Maldives

LARGEST 4G LTE NETWORK

Covering 58% of the population

BIGGEST DATA ALLOWANCES

Up to 1TB on Business Plans

FASTEST SPEEDS

Up to 100Mbps on Fixed Broadband Plans

40% MORE VALUE

On mobile data plans

LIVECHAT INTRODUCED

For convenient digital support

ONLINE TRANSACTIONS

Growth of 50%

Corporate Social Responsibility

CARE FOR CHILDREN

Collaborated with key NGOs and stakeholders working on Child Protection and Support

SURF SMART

To promote safe internet use amongst children

3,000

Registered participants for Dhiraagu Maldives Road Race

NEW APPRENTICES

Enrolled in Dhiraagu Apprenticeship Programme

406 STAFF TRAINED

In technical and non-technical areas

DHIRAAGU SMART TEACHING

Full solution contributed to the Maldives National University

RENEWABLE ENERGY

Solar power systems in 58 islands

Financial Highlights

REVENUE

2015
MVR 2,276m

2014
MVR 2,118m

 7%

EBITDA

2015
MVR 1,230m

2014
MVR 1,190m

 3%

PROFIT AFTER TAX

2015
MVR 725m

2014
MVR 701m

 3%

EARNINGS PER SHARE

2015
MVR 9.53

2014
MVR 9.23

 3%

FREE CASH FLOW

2015
MVR 853m

2014
MVR 798m

 7%

DIVIDEND PER SHARE

2015
MVR 9.53

2014
MVR 9.22

 3%

CAPITAL INVESTMENT

2015
MVR 358m

2014
MVR 226m

 58%

RETURN ON CAPITAL EMPLOYED (ROCE)

2015
32.5%

2014
31.4%

 1.1%



CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Dhiraagu for the year ended 31st December 2015. Dhiraagu remained resilient and delivered strong financial results in 2015 with revenue of MVR 2.3bn and Profit After Tax of MVR 725m as a result of growth in the mobile and enterprise segments. Similar to 2014, Dhiraagu ended the year with a healthy balance sheet and financial position. Net assets were MVR 2.5bn

and free cash flow stood at MVR 853m, up 7% over 2014. Earnings per share grew to MVR 9.53 in 2015 from MVR 9.23 in 2014.

Based on these results, the Board recommends a dividend payout of 100% of profit after tax for the second consecutive year, amounting to MVR 724m as total dividend (MVR 9.53 per share) of which MVR 368m (MVR 4.84 per share) was paid out in 2015

and the remaining MVR 356m (MVR 4.69 per share) proposed for shareholder approval at the AGM.

During the year Dhiraagu staff worked relentlessly to deliver on the strategy to provide superior experience which helped us to grow our customer base. This is testament that our customers trust us as their preferred network and I extend my sincere thanks to all of them for choosing Dhiraagu.

We also value the ongoing support offered by the Government of Maldives, and on behalf of the Board, I extend my gratitude to His Excellency President Abdulla Yameen Abdul Gayoom for his direction in the development of the telecommunications sector in the Maldives. On the same note, appreciation is also extended to our majority shareholder, Batelco Group, for their guidance and support throughout the year.

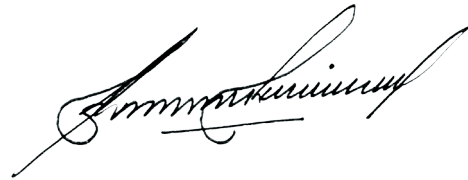
I convey my appreciation to the Board of Directors and the management in helping achieve key priorities of the Government. Notable highlights include: completing the Nationwide 3G Broadband Rollout project, to become the first operator to provide 100% 3G broadband coverage, facilitating the Male'-Hulhumale bridge by commencing the relocating the submarine cable landing; working closely with the Communications Authority of Maldives to ensure the successful launch of mobile number portability; and expediting the relocation of our offices in Medhuziyaarai Magu to facilitate planned developments in that area.

In 2015, Mr. Ismail Waheed retired after serving the company diligently since its inception. I thank Mr. Waheed for his immense

contribution to Dhiraagu and to the telecom industry. Mr. Ihab Hinnawi also resigned from the Board in December 2015, and on behalf of the Board I acknowledge and appreciate the operational insights and value added by both Mr. Waheed and Mr. Hinnawi during their respective terms on the Board.

I would like to take this opportunity to congratulate Mr. Ismail Rasheed and his team for their achievements and excellent performance in 2015.

We ended 2015 on a positive note, strengthening our position as the market leader in all our business areas. Our future outlook is exciting and we have renewed focus to achieve our vision of enhancing lives through digital services by continuing to invest in our network and on improving customer experience.



Mohamed Ashmalee
Chairperson



CEO/MD'S MESSAGE

Dear Valued Shareholders,

It gives me great pleasure to report that 2015 has been a year of many achievements. We closed the year with strong revenue, EBITDA and profit. We maintained leadership position across all our business lines and witnessed the highest growth in customer numbers in recent years. Our fixed and mobile broadband data and enterprise business continued to grow and

contributed to the improved performance, which enabled us to deliver increased value to our shareholders.

We achieved and exceeded the targets set out at the beginning of the year despite two major unplanned works in the second half of the year. These related to the recently completed relocation of the

submarine cable landing in Male' and the vacation of our offices in Medhuziyaaraiy Magu.

We executed on our strategy to provide superior customer experience through focused investments to enhance our network coverage, increase broadband speed and expand services to improve customer experience. Important highlights in 2015 included:

- ❑ Achieving 100% 3G coverage by expanding our 3G broadband services across the country, and being recognized by the Government of Maldives as the first operator to provide broadband services to the entire population.
- ❑ Expanding our fast mobile broadband service, 4G/LTE (Long Term Evolution) to cover additional islands and 58% of the population.
- ❑ Being the first operator in the country to Launch LTE-Advanced technology to provide customers with superior speeds.
- ❑ Launching the fastest Fiber Broadband Services in the Maldives, now offering up to 100 Mbps speed in Male' and Hulhumale.
- ❑ Enhancing indoor mobile coverage in Male', providing indoor solutions in key public buildings, and expanded international capacity to provide better internet speeds.
- ❑ Introducing exciting and attractive mobile and fixed broadband packages to allow customers to enjoy digital services at affordable prices.
- ❑ Launching a LiveChat service as an additional channel to communicate with service representative online, modernizing our "123" contact center service and adding sophistication to the way we interact with our customers.
- ❑ Relocating the Customer Service Centre (CSC) to Dhiraagu Head Office providing a more spacious and welcoming environment for customers visiting Dhiraagu.

In 2015 we also continued to give back to the community. Under our Corporate Social Responsibility (CSR) strategy, child protection and support remained a key focus area throughout the year. Similar to previous years, we enrolled new apprentices and held the Dhiraagu Road Race. We collaborated with the Maldives National University to provide an innovative teaching solution and supported the disaster relief initiatives during the dengue outbreak and after the Nepal Earthquake.

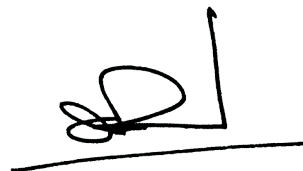
Our people are our biggest strength and we remain committed to developing our team and fostering the right organizational culture. A customized management development programme was conducted for the wider management team with the objective of developing staff to leadership roles and to support their career growth.

After 38 years of service to the telecom industry, Mr. Ismail Waheed retired from his position of CEO and MD. On behalf of all the staff, I extend my heartfelt gratitude to Mr. Waheed for his distinguished tenure at Dhiraagu and wish him well for the future.

Our vision is to enrich lives. As a full service provider of telecommunications services, our services have transformed personal communications, enriched communities, and enabled industries and businesses to flourish throughout the country. As we move into an era of digital transformation, we have renewed this vision to "Enrich Lives through Digital Services".

Delivering unparalleled customer experience will continue to be at the heart of our business objectives to maintain our leadership position, grow the business and deliver value to our shareholders. This will be driven by a greater focus on realizing the increasing customer demand for data, enhancing digital services, and developing our enterprise business.

I thank the Board for their support and all colleagues of Dhiraagu for their outstanding performance during 2015!



Ismail Rasheed
Chief Executive Officer and Managing Director

BOARD OF DIRECTORS



Left to Right:

Mohamed Ashmalee, Abdul Razaq Al Qassim, Abdul Rahman Yusuf Fakhro, Dr. Ahmed Ebrahim Abdulqader Al Balooshi, Abdulla Ahmed, Imran Ali and Ismail Rasheed

MOHAMED ASHMALEE
CHAIRPERSON
NON-EXECUTIVE & INDEPENDENT

Nationality: Maldivian
Appointed by Government of Maldives
Tenure since: February 2015

Experience & Qualifications

Minister of State for Finance & Treasury, and the Executive Head of the National Bureau of Statistics. Previously held positions of Deputy Minister of Transport & Communications (2013) & Deputy Minister of Finance & Treasury (2014). Also served as the Chairman of the National Tender Board.

Holds a Bachelor's Degree from Warnborough College (UK).

Other Board Representations

None

Committee Membership

Chairperson, RNG Committee

ABDUL RAHMAN YUSUF FAKHRO
DIRECTOR
NON-EXECUTIVE & INDEPENDENT

Nationality: Bahraini
Appointed by Batelco Group
Tenure since: March 2014

Experience & Qualifications

Chairman of Bahrain Commercial Facilities Company and Yusif bin Yusif Fakhro Group of Companies in Bahrain. Served on the Boards of various companies in Bahrain including Bahrain Kuwait Insurance Company (BSC), BMML, National Motors, Bahrain Flour Mills and Seef Properties (BSC). Immense experience of over 50 years in business, insurance and investments sector.

Studied Commerce from the University of Cairo.

Other Board Representations

Chairman of Bahrain Commercial Facilities Company/Yusif bin Yusif Fakhro BSC/Amlak/Bahrain Marina. Deputy Chairman of Social Insurance Organization (SIO) & Osool Asset Management. Board member of Batelco Group, & Sure Channel Islands and Isle of Man (UK).

Committee Membership

Member, Remuneration, Nomination and Governance Committee

ABDUL RAZAQ AL QASSIM
DEPUTY CHAIRPERSON
NON-EXECUTIVE & INDEPENDENT

Nationality: Bahraini
Appointed by Batelco Group
Tenure since: June 2013

Experience & Qualifications

Chief Executive Officer of National Bahrain Bank from 2008 onwards. Prior to joining National Bank of Bahrain, he worked in Chase Manhattan Bank and Standard Chartered Bank for seven years. Over 39 years of extensive banking experience.

Holds a Master's in Management Sciences & a Sloan Fellowship from Massachusetts Institute of Technology, USA.

Other Board Representations

Chairman of Benefit Company, Bahrain Islamic Bank and Bahrain Association of Banks. Deputy Chairman of Batelco (Bahrain), Umniah (Jordan), Sure Channel Islands & Isle of Man (UK) and Qualitynet (Kuwait). Director of National Bank of Bahrain / The Crown Prince International Scholarship Program / Deposit and URIA Protection at Central Bank of Bahrain

Committee Membership

None

ABDULLA AHMED
DIRECTOR
NON-EXECUTIVE & INDEPENDENT

Nationality: Maldivian
Appointed by Government of Maldives
Tenure since: January 2014

Experience & Qualifications

Deputy Chief Executive Officer of Maldives Industrial Fisheries Company (Mifco) since December 2014. Served as Director Finance & Procurement in Koodoo Fisheries Maldives Ltd. Held various managerial positions in Mifco, lastly serving as the Chief Financial Officer.

Other Board Representations

Director, Mifco, and Marine Maldives Products Pvt Ltd. (a JVC of Mifco)

Committee Membership

Member, Audit Committee

**DR. AHMED EBRAHIM
ABDULQADER AL BALOOSHI
DIRECTOR
NON-EXECUTIVE & INDEPENDENT**

Nationality: Bahraini
Appointed by Batelco Group
Tenure since: December 2015

Experience & Qualifications

CEO of Smarteam Consultancy, Bahrain. Assistant Professor at the College of Business Administration, UOB since 2014. Served as Undersecretary, Regulatory and Performance Audit, National Audit Office (Bahrain) from 2005 to 2013, Senior Manager with Ernst and Young, Director of Audit at the Ministry of Finance, and Head of Computer Audit, Ministry of Finance.

Holds a Ph.D in Accounting from the University of Surry, UK and is a Certified Public Accountant (CPA) - USA.

Other Board Representations

Chairman UOB Alumni, Bahrain. Director Batelco Group (Director); Member AICPA -USA & GCC Accounting and Auditing Organization

Committee Membership

Chairperson, Audit Committee

**ISMAIL RASHEED
CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR
EXECUTIVE**

Nationality: Maldivian
Appointed by Batelco Group
Tenure since: September 2015

Experience & Qualifications

CEO & MD of Dhiraagu since September 2015. Previously served as Chief Executive of Dhiraagu for 8 years, and held key positions including Director of Networks (2000-2007) and Manager Networks Planning and Projects (1999-2000). Over 30 years of extensive telecoms experience.

Holds an MBA from University of Reading (UK), BEng (Hons) in Telecommunications Systems Management & Design - Anglia Polytechnic University (UK) and member of the Institute of Engineering & Technology (UK).

Other Board Representations

None

Committee Membership

None

**IMRAN ALI
DIRECTOR
NON-EXECUTIVE & INDEPENDENT**

Nationality: Maldivian
Elected by Public Shareholders
Tenure since: May 2014

Experience & Qualifications

Chief Executive Officer of Dhonkeyo Group with over 12 years of industry experience in tourism and real estate development. Served the Board of Reethi Rah Resort, and former shareholder and Director of Mahogany Pvt Ltd.

Other Board Representations

Chairman of Dhonkeyo Group of Companies. Director of Blue Dot Pvt Ltd,

Committee Membership

Member, Audit Committee,
Member Remuneration, Nomination and Governance Committee

Mr. Riluwan Shareef chaired the Board from January 2014 to February 2015.

Mr. Ismail Waheed retired from the Board in September 2015 after serving the Board since 2007.

Mr. Ihab Hinnawi served the Board from June 2013 until end December 2015.

MANAGEMENT TEAM



Left to Right:

Ismail Rasheed, Robin Wall,
Isabelle Hajri, Athifa Ali,
Ali Riyaz, Ahmed Maumoon,
Musthag Ahmed Didi,
Mohamed Musad,
Ahmed Mohamed Didi,
Mohamed Hazmath Abdulla
and Pavan Kumar Malladi

ISMAIL RASHEED

CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR

- Appointed CEO & MD in 2015.
 - Joined Dhiraagu in 1988.
 - Held key positions in Dhiraagu including Chief Executive, Director Networks and Manager Networks Planning and Projects.
 - Experienced Chartered Engineer and manager with over 30 years of telecoms experience.
 - MBA, University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design, Anglia Polytechnic University (UK) & Member of Institute of Engineering & Technology (UK).
-

ROBIN WALL

CHIEF FINANCIAL OFFICER

- Appointed CFO in 2015.
- Joined Dhiraagu in 2011.
- Held key positions in Dhiraagu including, Acting CFO, Financial Controller & Assistant Financial Controller. Also served as Financial Controller of Monaco & Islands region, CWC Group.
- Chartered Management Accountant with 11 years of financial & operational expertise in the telecoms industry.
- BSc Management Studies, University of Brunel (UK) & Associate Member, Chartered Institute of Management Accountants (UK).

ISABELLE HAJRI

CHIEF MARKETING OFFICER

- Appointed Chief Marketing Officer in 2016.
 - Joined Dhiraagu in 2016.
 - Held positions in commercial functions as well as strategy, project management, corporate & financial planning. Broad international exposure, having worked for diverse telecoms groups in Europe, the Middle East, Africa, Canada, North and Central America. Track record includes launching new operations, turning around underperforming companies and introducing innovative customer propositions.
 - Marketing expert with over 20 years Telecoms industry experience.
 - MSc International Management, Montreal University (Canada).
-

ATHIFA ALI

DIRECTOR, INTERNATIONAL, LEGAL
& REGULATORY

- Appointed Director, International, Legal and Regulatory in 2003
- Joined Dhiraagu in 1988.
- Held key positions in Dhiraagu including Financial Controller.
- Also the Chairperson of the Board of Maldives Pension Administration Office.
- Chartered Management Accountant with over 26 years of telecoms and finance experience.
- MBA, University of Bradford (UK) & Associate Member of Chartered Institute of Management Accountants (UK).

ALI RIYAZ

DIRECTOR, CUSTOMER SERVICES AND SALES

- ❑ Appointed as Director, Customer Services and Sales in 2004.
 - ❑ Joined Dhiraagu in 1999.
 - ❑ Held key positions in Dhiraagu including Head of Administration and Human Resources (Dhiraagu). Also served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd and Manager Human Resources at Maldives Inflight Catering.
 - ❑ Widespread knowledge with over 20 years of industry experience in cross-functional areas of business and management.
 - ❑ Advanced Diploma in Hospitality Management from SHATEC College (Singapore).
-

AHMED MAUMOON

DIRECTOR, MARKETING,

- ❑ Appointed Director, Marketing in 2009.
- ❑ Joined Dhiraagu in 1990.
- ❑ Held key positions in Dhiraagu including Manager Marketing Division, Manager Mobile Networks and Manager of Transmission and Earth Station.
- ❑ Qualified Engineer with over 25 years of experience in the telecommunications sector.
- ❑ BSC Engineering Telecommunications Systems, Coventry University (UK).

MUSTHAG AHMED DIDI

DIRECTOR, CUSTOMER SOLUTIONS

- ❑ Appointed Director, Customer Solutions in 2009.
 - ❑ Joined Dhiraagu in 1994.
 - ❑ Held key positions in Dhiraagu including Manager Data & IP solutions and Manager Information Systems.
 - ❑ IT specialist with more than 21 years of experience in the telecommunications industry.
 - ❑ BSc Microelectronics & Computing, University College of Wales (UK).
-

MOHAMED MUSAD

DIRECTOR, NETWORKS

- ❑ Appointed Director, Networks in 2013.
- ❑ Joined Dhiraagu in 1995.
- ❑ Held key positions in Dhiraagu including Manager Mobile Networks and Manager Core Networks.
- ❑ Chartered engineer with over 20 years of technical expertise in the telecoms sector.
- ❑ Bachelor's degree in Mobile Telecommunications Technology, University of Hull (UK).

AHMED MOHAMED DIDI
DIRECTOR, HUMAN RESOURCES

- ❑ Appointed Director, Human Resources in 2010.
- ❑ Joined Dhiraagu in 2009.
- ❑ Held key positions including Manager, Billing & Credit Control, Dhiraagu and Head of Human Resources, Presidents Palace.
- ❑ HR & finance specialist with over 16 years of industry and public sector experience.
- ❑ MBA, Maquarie Graduate School of Management (Australia); Bachelor of Business & Commerce (specializing in Accounting and Finance), Monash University (Australia). Associate member of the Chartered Institute for Personnel and Development (UK).

PAVAN KUMAR MALLADI
DIRECTOR, INFORMATION SYSTEMS

- ❑ Appointed Director, Information Systems in 2015.
- ❑ Joined Dhiraagu in 2015.
- ❑ Held key positions in Ericsson India, IBM India, MACH (currently Syniverse) India, and Apalya Mobile TV India.
- ❑ Digital services & telecommunications industry specialist with 17 years of experience in telecoms delivering projects across multiple geographies.
- ❑ Executive General Management Programme, Indian Institute of Management Bangalore, Bachelor of Engineering, Osmania University (India).

MOHAMED HAZMATH ABDULLA
DIRECTOR, PROPERTY, PROCUREMENT & ADMINISTRATION

- ❑ Appointed as Director, Property, Procurement and Administration in 2004.
- ❑ Joined Dhiraagu in 2004.
- ❑ Held key positions in the Ministry of Finance and Treasury from 1995-2004 including Assistant Director of the Department of Inland Revenue.
- ❑ Over 20 years operational & managerial experience in both public and private sector.
- ❑ Masters in Economics (Public Policy & Taxation) from Yokohama National University (Japan) and a Bachelor in Business Administration, Hawaii Pacific University.

Ismail Waheed served as the Chief Executive Officer and Managing Director until September 2015.

Sharad Bradoo served as Director Information Systems until June, 2015.







07

OUR STRATEGIC FOCUS & PERFORMANCE IN 2015

IMPROVING CUSTOMER
EXPERIENCE

FINANCIAL
PERFORMANCE

SUSTAINABLE RETURNS
TO SHAREHOLDERS

OUR STRATEGIC FOCUS & PERFORMANCE IN 2015

Improving Customer Experience

Our strategy is focused on providing superior customer experiences. Our top priorities included;



ENSURING NETWORK SUPERIORITY



DELIVERING SMARTER PRODUCTS AND SUPERIOR VALUE



STAYING CLOSER TO CUSTOMERS

NETWORK SUPERIORITY

Our network remains the largest network across the Maldives. We are the only operator to have linked the Maldives from North to South through our 1,200km long fibre optic submarine cable network which supports the nation's largest 3G and 4G LTE network.

Major developments over the past year to ensure network superiority are as follows;

Superior 4G LTE and 3G Network

During the year we successfully completed our flagship, nationwide 3G mobile broadband project to cover all inhabited islands and 100% of the Maldivian population.

We expanded our 4G LTE coverage to Gn. Fuvahmulah, S. Hithadhoo, Feydhoo, Lh. Naifaru during the past year, and 4G coverage now reaches 58% of the Maldives population. We were also the first operator to launch 4G LTE-Advanced in Maldives.

Mobile QoS and Coverage Enhancements

To maintain network superiority, we placed a high priority to continuously

enhance network QoS and coverage. The following major projects were completed during 2015:

- Indoor coverage and QoS in Male', Hulhumale', Villingili and Hulhule', with over 30 road-side site deployments, and mobile in-building solutions installed in key buildings.
- Mobile sites in Hulhumale' were increased to enhance coverage and extend network to newly populated areas.
- Enhanced coverage and QoS in inhabited islands and resorts including over 16 new mobile sites in existing coverage islands.

Service Expansion to Resorts

As part of our commitment to support the tourism sector development, Dhiraagu led initiatives to extend all of our services to new resorts. In 2015 network infrastructure was implemented and our services extended to 16 new resorts.

SMARTER PRODUCTS AND SUPERIOR VALUE

We made significant enhancements across our products and services

portfolio to ensure that we deliver smarter products and superior value.

Superior Value for our Mobile Customers

Our portfolio of mobile data plans were revised and enhanced to offer up to 40% more value. Our customers have the option to choose from a wide variety of plans with superior value. We continue to remain the only operator in the country to offer the option to choose unlimited data bundles with no excess usage charges. We also enhanced our SMART Postpaid Plans with the addition of free numbers.

Superior Value for our Fixed Broadband Customers

Our residential Fixed Broadband packages comprising Unlimited Packages, UltraFast and Fibre broadband, were completely revamped by increasing package speeds, data volumes whilst maintaining better prices. To provide superior value, we also upgraded all our customers using Fixed Broadband packages for no additional cost.

We revamped the incentive broadband plans especially designed for schools to support the education sector.

Bigger Allowances up to 1TB

We introduced an exciting new range of Fibre and ADSL broadband plans, especially targeted for the SME business segment. These plans, designed to enhance business efficiency and growth for the SME sector, feature superior speeds and the biggest data allowances in the market, up to 1TB at 100 Mbps.

Superior Managed Services

During the year we further enhanced our Managed Services Portfolio with the addition of new services targeted for large enterprises. Our current portfolio includes Managed Security, WAN Consolidation and Colocation services. We also started the upgrade of Enterprise Data Centers to cater for new business demands for Managed Internet for Guesthouses and Security Information & Event Management (SIEM).

Superior Offers and Special Promotions

We had the global launch of the Samsung Galaxy S6/S6 Edge and introduced the Apple iPhone 6s and 6s Plus Plans in Maldives. Our customers were able to enjoy their phones on Dhiraagu Network on the same day as the global launch in the region.

We demonstrated Dhiraagu Smart Life - Smart Home range of products at the Connect Fair and demonstrated Mobile Money service at the Financial Expo.

Key offers and promotions included; lowest IDD offers to call most popular destinations, SMS promotion offering grand prizes, discounts on broadband Add-Ons, mobile broadband modem promotion, bonuses for Prepaid new connections and exciting prizes for Postpaid new connections.

Rewarding Our Customers

On special occasions such as Dhiraagu's anniversary, the month of Ramadan and the Independence Day of Maldives, we treated our customers to free data, offered great value and prizes as a way of saying thank you.

CLOSER TO CUSTOMERS

We undertook key initiatives to improve customer service and stay closer to customers.

Enhancements to Dhiraagu

Online Service

Dhiraagu Online services were enhanced making it easier for customers to access our services, pay bills and get support.

We introduced Live Chat which enables our customers to communicate with us whenever they need to reach out to us online. We are the only telecoms operator in the Maldives to offer this service which is now available to customers 24 hours, 7 days a week.

During the past year, we introduced EasyTopUp and EasyPay, two key features which enable our customers to easily pay their bills and recharge any Prepaid service, straight from the homepage of our website dhiraagu.com.mv and directly from Dhiraagu's Official Facebook Page www.facebook.com/dhiraagufans. We are the only telecoms operator to offer this convenience, which can be enjoyed even without having to register for Dhiraagu Online Services (MyAccount).

We also enhanced our online fixed broadband portal to enable customers to purchase Add-Ons directly from the online portal.

Dhiraagu Elite Lounge

We opened a new Elite Lounge at Dhiraagu Head Office, designed exclusively to serve our Elite Club members. The Elite Club lounge enables us to take greater care of our most loyal customers. Instead of visiting a Customer Service Centre, our elite members can just walk in with regard to any matter concerning them and leave all the rest to our friendly customer service representatives who will make it their topmost priority to take care of their needs.

Financial Performance

In 2015 Dhiraagu delivered strong financial results driven by a 7.4% growth in revenue as the company continued to innovate and deliver new products and services to our customers. Growth in mobile and fixed internet usage is

supported by the investment in the network to expand presence and bring in the latest and fastest technology. We are pleased to report a 3.4% increase in EBITDA¹ and profit after tax despite pressure on costs primarily due to the

major unplanned work to relocate the existing submarine cable landing in Male'. Earnings per share grew to MVR 9.53 as we continue to return value to our shareholders.

MVR (millions)	2015	2014
Revenue	2,276	2,118
EBITDA	1,230	1,190
Profit After Tax	725	701
Basic Earnings Per Share (MVR)	9.53	9.23
Free Cash Flow	853	798
Net Assets	2,479	2,481

¹ EBITDA is calculated as Revenue less Operating Costs before Interest, Depreciation and Amortization.

REVENUE

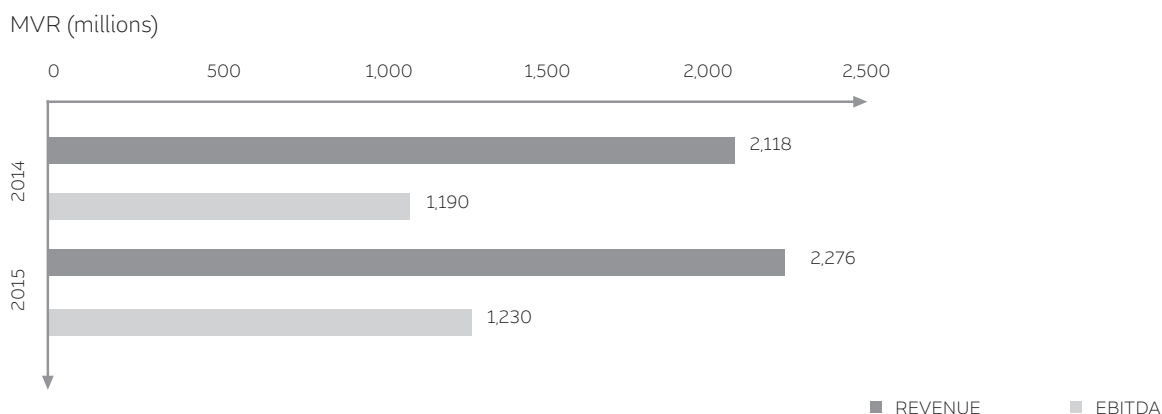
MVR 2,276M [+7.4%]

Revenue increased by MVR 157m in 2015 mainly contributed by an increase in revenue from mobile and enterprise. Continuous investment in coverage, quality and customer experience has helped drive growth in our customer base mostly due to demand for high speed data.

EBITDA

MVR 1,230M [+3.4%]

Despite increased pressure on costs, overall EBITDA grew by MVR 40m, a 3.4% increase over last year.



PROFIT AFTER TAX (PAT)

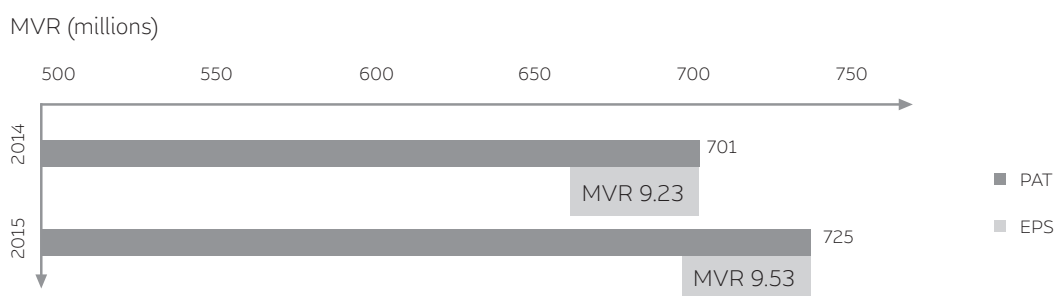
MVR 725M [+3.4%]

Profit after tax increased by MVR 24m (3.4%) compared to 2014 mainly due to the uplift in revenue.

EARNINGS PER SHARE

MVR 9.53 [+3.3%]

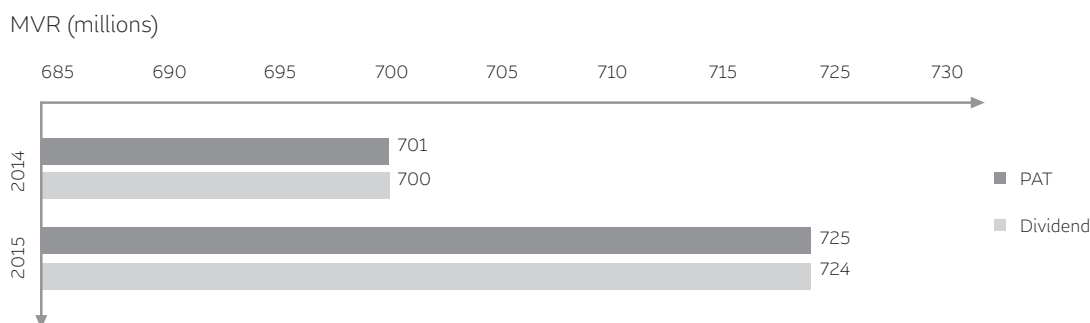
Basic EPS grew by 3.3% in 2015 to MVR 9.53, resulting from an increase in profit.



DIVIDEND

**MVR 724M [100%
of PAT]**

For the financial year 2015, a total of MVR 724m is proposed as dividend to the shareholders (MVR 368m as the interim dividend and MVR 356m proposed as final dividend for 2015).



ASSETS & ROCE

MVR 3,372M [+5.5%]

At the end of 2015 Dhiraagu's total asset base stood at MVR 3.4bn and net assets were MVR 2.5bn. Return on capital employed (ROCE) for 2015 increased to 32.5% from 31.4% in 2014.

CAPITAL INVESTMENT

MVR 358M [+58.6%]

Total capital investment in 2015 was MVR 358m with significant capital spent on mobile network upgrades, including 4G expansion, LTE-A launch and the project to rollout 3G broadband to all inhabited islands across the country.

FREE CASH FLOW

MVR 853M [+6.8%]

Free cash flow (cash flow from operating activities less capital expenditure) was MVR 853m for 2015. This is a 6.8% increase from 2014 primarily resulting from increase in earnings and efficient working capital management.

Sustainable Returns to Shareholders

Creating sustainable shareholder value is important to us and this continues to be demonstrated by the healthy dividends we pay to our shareholders.

Our Dividend Policy ensures a minimum of 50% of profit after tax is returned to shareholders as dividends. Dividends are proposed or declared by the Board of Directors based on cash availability after meeting capital

expenditure and other business requirements for future growth.

Since becoming a public listed company, Dhiraagu has returned MVR 2.5bn², as cash dividends.

KEY TRADING HIGHLIGHTS

	2015	2014
Last Traded Price (MVR)	82	70
Highest Traded Price (MVR)	83	89
Lowest Traded Price (MVR)	71	65
Weighted average traded price (MVR)	77.04	79.98
No of shares traded	4,783	1,567,208
No of trades	29	33
Market Capitalization (MVR bn)	6.23	5.32

SHARE PERFORMANCE

	2015	2014
EPS (MVR)	9.53	9.23
P/E Ratio	8.60	7.58
Dividend per share (MVR)	9.53	9.22
Net Asset Per Share (MVR)	32.62	32.69
Dividend Payout Ratio (actual)	100%	100%
Dividend Yield	11.62%	13.17%

² The calculation is based on all dividends declared and paid after January 2012 and excludes the final dividend proposed for the year 2015.







08

OUR CORPORATE SOCIAL RESPONSIBILITY

OUR PEOPLE

OUR COMMUNITY

OUR ENVIRONMENT

OUR CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a top priority for us. Our approach to CSR is based on the idea that CSR is more than philanthropy. It is about responsibly grounded business decision-making that considers the broad impact of corporate actions on our people, our community and our environment. It is an integrated part of our core business processes including Human Resources, Marketing, Procurement and Administration etc.

We undertake sustainable business practices that positively make a difference to our people, our community and our environment. Our CSR activities are administered under our CSR strategy and the strategic direction of our CSR activities are overseen by the Dhiraagu CSR Committee. The Committee is chaired by the Chief Executive Officer & Managing Director and is represented by senior management from cross functional departments.

We are a signatory to the United Nations Global Compact, the largest voluntary CSR initiative in the world, to support the principles in the area of Human Rights, Labour, the Environment and Anti-Corruption.

There are three pillars in our CSR Strategy:



OUR PEOPLE



OUR COMMUNITY



OUR ENVIRONMENT

Our People

Our committed and talented workforce are the most important and distinct strength, and the driving force behind our continued growth and success. We closed the year with 597 full time staff, of which 99% remains Maldivians, signifying our continued efforts to employ, retain and develop local talent.

STAFF TRAINING AND DEVELOPMENT

Dhiraagu Human Resources Development Strategy includes a proactive Training and Development Framework where a range of developmental opportunities are provided to support our staff in achieving organizational and personal goals along with business objectives.

By the end of 2015 we conducted 65 training programmes where 406 staff were trained in technical and non-technical areas. These included academic programs at masters, and undergraduate level. 37 staff also completed professional certification programmes.

As part of our commitment to develop local staff to leadership roles and to support their career development, a leadership and management development programme was conducted throughout the year. This customized programme was delivered by an internationally renowned institution known for their work in leadership development.

HEALTH AND SAFETY AT WORK

We are committed to ensuring the health and safety of all our staff.

Apart from complying with local legislations, we work towards achieving international best practices in relevant areas relating to our industry and specific work environments.

In 2015, a team of staff were trained as industrial fire squad for our Head Office. Basic fire awareness trainings were conducted in all regional centres with fire drills conducted at Dhiraagu Head Office and all regional centres.

GRIEVANCE POLICY AND PROCEDURE

As part of taking concrete actions to enhance labour policies and procedures, a Grievance Policy and Procedure was issued during the year. The policy formalizes a mechanism for employees to raise any concerns regarding any work related matters.

STAFF ENGAGEMENT

We have a well-rounded, structured programme to motivate and engage staff. A wide array of events were organized over the past year, which gave the opportunity for staff and families to participate. Key events included the DESCUP Football Tournament, Knowledge League, Maskeyolhu (fishing competition), Roadha Festival and Staff Family Fun.

EMPLOYEE SHARE SCHEME

All shares held under the Employee Share Scheme were vested and transferred to colleagues during 2015 with over 630 staff benefiting from the Scheme.



Our Community

Child protection / support and the empowerment of youth are key focus areas under our Community pillar.

CARE FOR CHILDREN

- ❑ We collaborated with the NGO, ARC and launched "Surf Smart", an online child protection campaign to promote safe internet use amongst children. The programme includes an awareness campaign with informative TV clips, radio clips and brochures for schools on topics related to online child safety.
- ❑ We established an Indoor Play Area at the Maldives Autism Association on World Autism Awareness Day.
- ❑ On Children's Day we renewed our commitment to sponsor teachers at the Kuda Kudhinge Hiya orphanage.
- ❑ We contributed teaching and developmental resources to Care Society to support children with disabilities.
- ❑ We donated over MVR 180,000 to 8 local NGOs endorsed in Dhiraagu Maldives Road Race. With 3000 participants, the event was a platform for NGOs to raise awareness to help protect children.
- ❑ We contributed over MVR 100,000 worth of developmental resources to Al-Noor, Special Education Needs class in Sharafuddheen School, S. Hithadhoo, to support children with disabilities.
- ❑ 200 children participated in Dhiraagu Special Sports Festival, an annual event organized and driven by Dhiraagu in association with various NGOs and

- ❑ institutions. The event provides opportunities for children with various disabilities to participate in sports activities and creates a platform for collaboration.
- ❑ We contributed MVR 50,000 to SHE, to enable the NGO to conduct a Child Protection Programme.
- ❑ As a holiday treat for the children of Kuda Kudhinge Hiya orphanage, we took the children on a submarine trip for them to have a fun experience and explore the underwater beauty of Maldives.

HELPING TO EMPOWER YOUTH

- ❑ We contributed "Dhiraagu Smart Teaching Solution" to Maldives National University, a system which connects all MNU campuses across the country, providing access to live and archived lectures for students regardless of their location.
- ❑ We partnered with Ghiyasuddin International School, to help the school run a pilot project and implement a Bring Your Own Device (BYOD) programme for the first time in Maldives, which is targeted to integrate and widen technology based learning in Maldives.
- ❑ We enrolled 26 new apprentices in the Dhiraagu Apprenticeship Programme, an educational and training programme targeted for youth to enhance work skills development.
- ❑ Dhiraagu volunteers participated in the walk to help raise awareness in the National Tobacco Free Youth Campaign to promote a tobacco-free life for youth.

DISASTER RELIEF

- ❑ We contributed MVR 100,000 towards the Nepal Relief Fund to support the Maldives Red Crescent and enabled free calls to Nepal during the Nepal earthquake crisis.
- ❑ With the tragic stampede in Mina and the crane collapse in Mecca that resulted in the death of many, we offered free calls throughout the day to Saudi Arabia to help families of Hajj pilgrims get in touch with loved ones.
- ❑ Dhiraagu volunteers participated in the national door to door Dengue Awareness campaign, as part of the national level response following the dengue outbreak across the Maldives.

Our Environment

USE OF RENEWABLE ENERGY

Since 1988, Dhiraagu has been one of the highest users of renewable energy in the Maldives. Dhiraagu uses renewable energy as the secondary source of power in some of its equipment sites. There are 58 islands where Dhiraagu has installed solar power systems, covering an area of more than 1,462 sqm across the country and producing 228,476 kWh of renewable energy per year.

SUPPORTING THE MARINE RESEARCH CENTRE

We contributed MVR 154,200 to support the Marine Research Centre in their conservation efforts in Maldives. The contribution will help to conduct awareness and outreach activities on the need for conservation of endangered and protected marine species.

SUPPORTING THE SIXTH REGIONAL 3R FORUM IN ASIA

We were a partner of the Sixth Regional 3R Forum in Asia and the Pacific, a platform for sharing best practices in 3R areas including new and emerging issues of concern in waste management .

ENERGY EFFICIENCY AT DHIRAAGU HEAD OFFICE

The sustainable green design features incorporated in Dhiraagu Head Office resulted in an annual reduction of approximately 390,228 kWh of electricity, equivalent to 276 metric tonnes of Carbon Dioxide or 636 barrels of oil.



09

CORPORATE GOVERNANCE

**DIRECTORS
GOVERNANCE REPORT**

**AUDIT COMMITTEE
REPORT**

**REMUNERATION
NOMINATION AND
GOVERNANCE
COMMITTEE REPORT**

CORPORATE GOVERNANCE

Directors Governance Report

Dhiraagu is committed to doing business fairly, ethically and sustainably and the Board strives to promote and establish effective governance mechanisms to foster the trust of our shareholders and stakeholders.

Our corporate governance principles are set out in Dhiraagu's Corporate Governance (CG) Code. The Dhiraagu CG Code is periodically reviewed by the Remuneration, Nomination and Governance Committee to ensure compliance with regulatory requirements.

During the year we undertook measures to ensure that for the year ended 31 December 2015, and up to the date of publication of this Annual Report, the company remained compliant with the compulsory provisions of Capital Market Development Authority's (CMDA) CG Code. Explanations are provided for variations, if any. The Dhiraagu CG Code is can be downloaded from <http://www.dhiraagu.com.mv/investor/>.

ROLE OF THE BOARD, CHAIRPERSON AND THE CEO& MD

Board

Establish company's policies and strategies and regularly monitor the effectiveness of executive management in carrying out those policies and strategies.

Chairperson

Ensure Board obligations under the Company's Articles of Association and under the relevant laws and regulations, are fulfilled through effective leadership and guidance to the Board and the company.

CEO & MD

Deliver the strategy and day to day management of Dhiraagu as delegated by the Board.

BOARD COMPOSITION & MEMBERSHIP

- Directors appointed by Batelco (inclusive of the CEO & MD).
- 2 Directors appointed by the Government of Maldives (inclusive of the Chairperson).
- 1 Director elected by the public shareholders at the Annual General Meeting.

Appointments from Batelco Group and Government of Maldives are received in writing from the respective shareholder, and holds office until a written notice of their removal is provided. The Public Director is elected by the public shareholders at the AGM and holds office for a term of two years from the meeting he/she is elected to the second AGM following the election unless he/she resigns or is removed from office during the intervening period.

Key changes to the Board in 2015

- Mr. Mohamed Ashmalee appointed as the Chairperson, replacing Mr. Riluwan Shareef on 12 February, 2015 (appointed by the Government of Maldives).
- Mr. Ismail Rasheed was appointed as the new CEO and Managing Director on 16 September, 2015 following the retirement of Mr. Ismail Waheed (appointed by Batelco Group).
- Dr. Ahmed Al Balooshi appointed as a non-executive and

independent Director, replacing Mr. Ihab Hinnawi (appointed by Batelco Group).

Directors who served on the Board during 2015, with their lengths of tenure are provided in the next page. All Directors except the CEO & MD are Non-Executive and Independent Directors as defined by CMDA's Corporate Governance Code.

BOARD COMMITTEES

Both the Audit Committee and the Remuneration Nomination and Governance (RNG) Committee were active during 2015. The committees operated in accordance with approved Terms of References, with members and chairpersons appointed by the Board. Committee meetings were scheduled prior to Board meetings, and outcomes were discussed at the following Board meeting. Details of committee activities are highlighted in the respective committee reports.

Director Mohamed Ashmalee	Position Chairperson	Representation Government of Maldives	Tenure Feb 15 to date
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Attendance
 4/5

Director Riluwan Shareef	Position Chairperson	Representation Government of Maldives	Tenure Jan 14 to Feb 15
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Attendance
 2/2

Director Abdul Razaq Al Qassim	Position Deputy Chairperson	Representation Batelco Group	Tenure Jun 13 to date
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Attendance
 5/7

Director Ismail Rasheed	Position CEO & MD	Representation Batelco Group	Tenure Feb 15 to date
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Attendance
 1/1

Director Ismail Waheed	Position CEO & MD	Representation Batelco Group	Tenure May 07 to Sept 15
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Attendance
 6/6

Director Abdul Rahman Fakhro	Position Director	Representation Batelco Group	Tenure Mar 14 to date
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Attendance
 7/7

Director Ihab Hinnawi	Position Director	Representation Batelco Group	Tenure Jun 13 to Dec 15
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Attendance
 7/7

Director Abdulla Ahmed	Position Executive Director	Representation Government of Maldives	Tenure Jan 14 to date
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Attendance
 7/7

Director Imran Ali	Position Non-Executive Director	Representation Public Shareholders	Tenure May 14 to date
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Attendance
 6/7

The Board of Directors at the date of the publication of this report, together with their profiles are given in page 18 to 20.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- ☐ Review/approve strategic plans, management structure, systems and controls framework and monitor the performance of executive management against it.
- ☐ Ensure/maintain integrity and reputation of the company, including compliance with applicable laws/regulations/ accounting & auditing principles/ company internal policies; and the integrity relationship with our shareholders.
- ☐ Prepare/present financial statements in accordance with IFRS.
- ☐ Provide oversight and performance evaluation of the Board.
- ☐ Succession planning of key executives.
- ☐ Assess systems of control, risk recognition and assessment to ensure business operations are measured, monitored and controlled by appropriate, effective and prudent risk management systems.
- ☐ Approve/monitor progress of major capital expenditure, capital management, loans, and acquisitions.
- ☐ Establish policies/procedures to address potential conflicts of interest including matters such as related party transactions, the misuse of company assets, and the use of privileged information for personal advantage (insider trading).
- ☐ Establish/disseminate a corporate code of conduct to all employees and appointed representatives of Dhiraagu.

KEY DECISIONS IN 2015

- ❑ Recommended the appointment of Mr. Ismail Rasheed as CEO and Managing Director.
- ❑ Recommended the approval of the Annual Report for 2014.
- ❑ Proposed MVR 4.72 per ordinary share as Final Dividend for 2014.
- ❑ Proposed nominations for the position of Independent Director for 2015/16.
- ❑ Proposed re-appointment of KPMG as the External Auditor for 2015.
- ❑ Approved capital expenditure to roll out 3G services to 72 additional islands.
- ❑ Declared MVR 4.84 per ordinary share as Interim Dividend for 2015.
- ❑ Revised the Credit Control & Collections Policy.
- ❑ Approved the banks and limits and authorized signatories for the Company.
- ❑ Approved the Strategy and five-year Business Plan for 2016 to 2020.
- ❑ Revised the Authority Matrix of the Company.
- ❑ Revised the Articles of Association and Memorandum of Association of Dhiraagu.

BOARD MEETINGS

The Board meets at least once every quarter, and in between if required to address specific or urgent matters requiring Board direction and approval. During the year 2015, a total of 7 meetings were held.

The meeting agendas were set in consultation with the Chairperson and Batelco Group. Board papers were shared two weeks in advance providing both majority shareholders opportunities to include their views on the agenda through their relevant Director. Board agenda also includes a permanent item for any other business where Directors can voice any pressing issues on behalf of any shareholder they are representing.

DIRECTORS' SHAREHOLDING

Details of Directors shareholdings in Dhiraagu as at 31st December 2015 were as follows.

Director	No of Shares held
Imran Ali	15,000
Ismail Rasheed	13,994
Ismail Waheed	1,510
Abdulla Ahmed	150
Riluwan Shareef	11

INVESTOR RELATIONS & SHAREHOLDER COMMUNICATIONS

We strive to provide clear, accurate and timely information to our shareholders through different mechanisms to ensure information are communicated in a transparent and non-discriminatory manner.

FINANCIAL REPORTS

Quarterly reports are published within 30 days of each quarter end, and provides an overview of the company's performance during the quarter.

Annual Reports are published within 4 months of the year end, and provide a brief summary of the company's performance and highlights during the financial year. All quarterly and annual reports published since being a public listed company are uploaded on our website to ensure all material facts are available to shareholders prior to any votes.

ANNUAL GENERAL MEETING (AGM)

AGMs are the principal platform where we interact with

our shareholders, and shareholder participation at AGMs are encouraged and promoted. Draft minutes of the preceding meetings are opened for public comments prior to the notice of AGM to ensure shareholder concerns raised at general meetings are captured accurately.

AGM agenda includes a video presentation on the company's annual performance, and are attended by the Board and management to address any queries and concerns from shareholders. The External Auditor is present to help address any queries relating to the External Auditors Report. Resolutions passed at the AGM are announced and uploaded on our website along with the AGM minutes approved by the shareholders.

DHIRAAGU WEBSITE

Our investor relations webpage provides regular and timely updates on all key developments of the company. Key financial reports, public announcements and communications related to the AGMs are updated and maintained in our web site allowing investors to be kept abreast of our business and performance.

INVESTOR RELATIONS (IR) TEAM

We have a committed team responding daily to enquiries from shareholders and stakeholders. Information on shareholding details and dividend payment history are promptly provided. Dhiraagu's customer service hotlines and offices supports the IR team by forwarding queries and requests from shareholders.

GOING CONCERN

Considering the company's strong financial standing and position in the market, the company is well placed to manage its business risks in the current economic conditions. Having reviewed the company's strategy and business plan for 2016-2020, and the audited financial statements for 2015, the Board confirms that the company has adequate resources to continue in operation for

the foreseeable future, and will continue to adopt the going concern basis in preparing its financial statements.

CONFLICTS OF INTEREST

Directors are required to take all necessary steps to avoid actual, potential or perceived conflicts of interest and to be sensitive to situations in which these may arise. The Company's Act (Law no 10/96), our Articles of Association, our Corporate Governance Code and our Board Charter also requires Directors to disclose any conflicts of interest. On occasions where potential conflict of interest may arise, related Directors have abstained from participating in any discussions or voting. All material related party transactions of the majority shareholders and Directors are regularly reported and reviewed by the Board.

INTERNAL CONTROL, RISK OVERSIGHT, AND RISK MANAGEMENT

As a company we face an array of risks due to the complexity of our business and the business environment in which we operate. Risks are monitored, reported and addressed regularly throughout the year, with the Audit Committee assisting the Board in its oversight function. A 'Decision Matrix' approved by the Board is in place that sets approval limits for all business transactions and expenditures within the company. A 'Risks Register' is maintained and reviewed by the Audit Committee every quarter. The Internal Audit function carries out annual audits based on an Internal Audit Plan that is approved and reviewed closely by the Audit Committee.

CODE OF CONDUCT

The company places great emphasis to conduct its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Dhiraagu has adopted internal policies which promote ethical and responsible conduct. These policies provide guidance to the Directors, management and employees on the standards of ethical

business and personal conduct required of all employees in undertaking their daily business activities.

An Ethics Policy, adopted in September 2011, recognizes that the company's success depends on the ability to establish and maintain positive relationships, both internally within employees and externally with its stakeholders.

The Ethics Policy together with the code of conduct is communicated with all new employees as part of the Employee Induction Programme and is shared on the online employee portal for further reference.

ANTI-CORRUPTION

Dhiraagu has a zero tolerance to bribery and corruption. The company's Anti-Bribery policy emphasizes the principles that employees need to follow to ensure they show integrity, honesty and remain trustworthy in all dealings. Dhiraagu refrains from making any political contributions either directly or indirectly to political parties, causes or individuals.

From 2013 onwards, key suppliers and vendors sign the Supplier Code of Conduct when entering into a contract with us. This Code of Conduct addresses the commitment to comply with applicable laws and regulations concerning bribery, corruption, fraud, and any other prohibited business practices.

A Donations and Sponsorships Policy is in place establishing a clear and transparent framework for all donations and sponsorships made by the company. It complements the Anti-Bribery Policy in working against corruption by implementing good governance and establishing a formal application, assessment, approval, notification and reporting process in accordance to the policy.

SYSTEM TO RAISE CONCERNS

A Fraud Reporting and Whistle Blowing Policy and procedure was established

in 2014 to strengthen the Human Resource governance structures within the company, raising confidence of our colleagues and other stakeholders in our systems and processes.

LEGAL & REGULATORY COMPLIANCE

We have conducted our business in compliance with the legal and regulatory obligations under the Maldives Company's Act (Law No. 10/96), the Maldives Telecommunications Regulation 2003, the Securities Act (Law No. 2/2006), obligations under our operational licenses, the Maldives Stock Exchange Listing Rules and the CMDA's CG Code. With appropriate controls and governance procedures in place, the company continues to comply with relevant laws, regulations and industry codes, and we confirm that we have not received any notice from any regulatory authority to the contrary.

AUDITORS

Since becoming a listed company, the External Auditors are appointed by the shareholders at each AGM. KPMG has been the company's External Auditor for over 10 years, and the Board has ensured that regulatory requirements on audit partner rotation are strictly adhered to.

A formal tendering process was conducted in 2015 to select an External Auditor, with the option to re-appoint for two additional fiscal years. This appointment is confirmed by the shareholders at each Annual General meeting.

As per the Audit Committee recommendation, the Board is proposing the re-appointment of KPMG to carry out the statutory audit for the financial year 2016. The proposed remuneration is a maximum fee of US\$ 42,000 excluding out of pocket expenses and excluding 6% GST

BOARD NOMINATIONS

Under the company's Articles of Association, the Board only reviews the nomination of the Director elected by the public shareholders. On behalf of the Board, the RNG Committee managed the nomination process, and reviewed the eligibility of the candidates for the position of Public Director. Details of the nomination process are given in the RNG Committee report.

As per RNG Committee's recommendation, the Board nominates Mr. Imran Ali to hold office for a term of two years from the 27th AGM to the second consecutive AGM (29th) following the 27th AGM.

During the year the Board also reviewed and recommended the appointment of Mr. Ismail Rasheed as CEO & MD following the retirement of Mr. Ismail Waheed.

27TH ANNUAL GENERAL MEETING (AGM)

The 27th AGM is scheduled to be held on Tuesday, 26th April, 2016 at Hotel Jen, Male', Maldives. Details of the timings and proposed resolutions will be communicated in the Notice of AGM.

DIVIDENDS

The Board recommends a final dividend of MVR 4.69 per ordinary share for the year 2015. Registered ordinary shareholders at the close of business on 19th April, 2016 will be eligible for this dividend. This final dividend together with the interim dividend of MVR 4.84 per share paid out during 2015 makes a total dividend payment of MVR 9.53 per ordinary share for the financial year 2015.

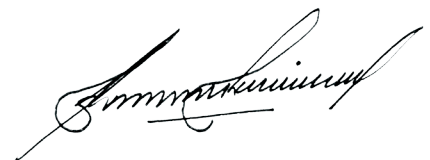
DECLARATION OF INTEREST

- ☐ In compliance with the requirements of the Securities (Continuing Disclosure Obligations

of Issuers) Regulation 2010, the Board of Directors of Dhiraagu affirms that:

- ☐ This Annual Report 2015 has been prepared in compliance with all the reporting requirements, and in accordance with the relevant laws and regulations.
- ☐ The Board of Directors of Dhiraagu and/or any of their associates did not have any significant interest in the equity or debt securities of the company, or had any right to subscribe for equity or debt security of the company
- ☐ There were no service contracts of the Director proposed for election at the upcoming AGM unable to be determined by the company within one year without payment of compensation (other than any statutory compensation); and
- ☐ There were no contract(s) of significant subsistence during or at the end of the accounting period in which a Board Director of the company has a direct or indirect interest.

Details of material contracts for the provision of services entered into between Dhiraagu and Batelco Group and Government of Maldives are provided in Note 26 "Related Parties Transactions" of the Audited Financial Statements as at 31st December 2015.



Mohamed Ashmalee
Chairperson



Ismail Rasheed
Chief Executive Officer &
Managing Director

Audit Committee Report

COMPOSITION & MEMBERSHIP

During 2015, the following members served the Audit Committee. All members were non-executive and independent directors and possessed the required financial expertise.

Director	Position	Tenure
Ihab Hinnawi	Chairperson	Jun 13 to Dec 15

Attendance
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Director	Position	Tenure
Abdulla Ahmed	Member	Jan 14 to date

Attendance
<div><div></div><div></div><div></div><div></div></div> 4/4

Director	Position	Tenure
Imran Ali	Member	Jan 14 to date

Attendance
<div><div></div><div></div><div></div><div></div></div> 4/4

Dr. Ahmed Al Balooshi was confirmed as the chairperson of the Audit Committee in February 2016.

ROLES AND RESPONSIBILITIES

The Audit Committee assisted the Board in discharging its statutory obligations and oversight duties by ensuring an effective system of internal control, compliance, and accurate external financial reporting are in place.

KEY DECISIONS IN 2015

- ☐ Review and recommendation of Audited Financial Statements for 2014.
- ☐ Review and recommendation of quarterly financials and reports for the fiscal year 2015.
- ☐ Supervised the tender of the External Auditor, and recommended appointment of KPMG as the company's external auditor for the financial year 2015.
- ☐ Review and recommendation of the Credit Control and Collections Policy.
- ☐ Review and recommendation of the Treasury Policy of the company.
- ☐ Approval of the Internal Audit Plan for 2016.
- ☐ Review and monitoring of all internal audit activities.

MEETINGS

The Audit Committee met once every quarter in 2015. All meetings were attended by the Chief Executive Officer & Managing Director, the Chief Financial Officer and the Internal Auditor. The meetings were also attended by Batelco Group's Chief Financial Officer and Chief Internal Auditor. The Secretary of the Board acted as the Secretary of all the meetings.

EXTERNAL AUDIT

KPMG was appointed as the External Auditor for 2015 by the shareholders. The Audit Committee reviewed the non-audit services provided by KPMG and are satisfied with the independence and objectivity of the External Auditor. The External Auditor has provided confirmation of their compliance with the practice note of CMDA's CG Code.

The External Auditor attended all the Audit Committee meetings during the year to provide assurance and present their opinion on the financial reports. The Audit Committee also met the External Auditor without the management to get an independent view of their audit experience and opinion.

INTERNAL CONTROL & RISK MANAGEMENT

During the year the Committee reviewed the effectiveness of the company's internal controls including financial, operational and compliance controls and procedures for identifying and managing risks through the Internal Audit Department.

11 Internal Audit reports were completed and presented to the Audit Committee in 2015.

The Audit Committee also monitored the implementation of the Whistleblowing and Fraud Reporting Policy. In instances where irregularities were raised, the matters were

investigated and the appropriate disciplinary actions were taken in accordance with the company's policies. During the year there were no activities reported to the Committee that amounted to fraud.

The Risk Register of the company was reviewed quarterly to ensure the Board is updated on all key risks facing the company. Requirement for disclosures/provisions on any material claims and litigations against the company, was also monitored closely with support from external legal counsel and External Auditors when required.

The Audit Committee is satisfied with the progress of internal audit function during the year 2015 and the adequacy of the internal control measures in place.

Dr Ahmed Al Balooshi
Chairperson, Audit Committee

Remuneration Nomination and Governance Committee Report

COMPOSITION & MEMBERSHIP

The following non-executive and independent Directors served the Remuneration, Nomination and Governance Committee during 2015.

ROLES & RESPONSIBILITIES

The RNG Committee assists the Board in formulating remuneration policies, framework for nominating and appointing Directors, and to monitoring the performance of the company's corporate governance framework and its compliance with applicable legislation.

The current committee was reconstituted in August 2013, and combines the three functions of remuneration, nomination and governance. The objective of combining the functions was to facilitate efficient delivery of the responsibilities as majority of the members were the same on both the Remuneration and Nomination Committee and the Governance Committee.

MEETINGS

Three RNG Committee meetings were held in 2015 and all meetings were attended by the Chief Executive Officer & Managing Director. The Company Secretary acted as the Committee Secretary. Batelco Group and Dhiraagu management were invited as and when required to present/support specific agenda items.

REMUNERATION PACKAGE OF DIRECTORS & EXECUTIVES

Board Directors are rewarded as per the Board Directors Remuneration Policy, and ensures Directors remunerations are competitive and compensates for the responsibilities assigned to each Director.

Remuneration for key executives are determined in consultation with the Batelco Group, and are based on individual scope of work, level of responsibilities, market rates for comparable roles and replacement costs where relevant. The company's remuneration packages are designed to be competitively attractive and aims to ensure retention of key and critical talents within Dhiraagu, and includes fixed components and performance linked incentives. No stock options are included in the remuneration package of Board directors or key executives.

Due to competitive disadvantages from disclosure of remuneration of Directors and key executives as required

Director	Position	Tenure
Mohamed Ashmalee	Chairperson	Jun 15 to date

Attendance
<div><div></div></div> 2/2

Director	Position	Tenure
Riluwan Shareef	Chairperson	Jan 14 to Feb 15

Attendance
<div><div></div></div> 0/1

Director	Position	Tenure
AbdulRahman Fakhro	Member	May 14 to date

Attendance
<div><div></div></div> 3/3

Director	Position	Tenure
Imran Ali	Member	Jul 14 to date

Attendance
<div><div></div></div> 3/3

KEY DECISIONS IN 2015

- ☐ Recruitment/Appointment of key executive positions including the Chief Executive Officer, Chief Financial Officer and Chief Marketing Officer.
- ☐ Nomination of Independent Director for 2015/16.
- ☐ Amendment of company's Articles of Association and Memorandum of Association.
- ☐ Approval of 2015 Performance Bonus policy and 2014 performance bonus pay-out.
- ☐ Supervision of the Dhiraagu Colleague Share Scheme and termination of the Employee Share Ownership Trust established under the Scheme.
- ☐ Review of the company's organizational structure

by CMDA³, only the aggregate remuneration paid to Directors and key executives are disclosed. Total remuneration (including short term benefits)⁴ paid to the Executive Management and the Board of Directors are MVR 17.79m and MVR 1.16m respectively.

Each of the Directors and key executives have presented to Dhiraagu that he or she has no conflicts of interest between his or her duties to Dhiraagu and his or her respective private interests.

DHIRAAGU COLLEAGUE SHARE PLAN (DCSP)

The DCSP was introduced in September 2011, with a total of 225,710 shares held in an employee benefit trust. All the remaining shares in the Employee Share Ownership Trust were vested and transferred to employees during 2015, and the Trust established for the scheme was terminated in November 2015.

BOARD APPOINTMENTS

Under the company's Articles of Association, Board Directors representing the major shareholders are appointed through a letter of appointment. Four Directors are appointed by the Batelco Group and two Directors are appointed by the Government of Maldives.

Director representing the public shareholders are nominated through the RNG Committee on behalf of the Board. Eligibility of the candidates for the position of Public Director are reviewed and proposed to the public shareholders at each AGM.

Curriculum Vitae of Directors appointed by the majority shareholders are reviewed by the committee, and the committee confirms that all Directors possess the required expertise to discharge their responsibilities effectively.

In September 2015, Mr. Ismail Rasheed was appointed as the new CEO & MD of Dhiraagu Plc following the retirement of Mr. Ismail Waheed.

On December 31, 2015, Batelco Group appointed Dr. Ahmed Al Balooshi as a non-executive and independent director of the Board. Dr Al Balooshi replaced Mr. Ihab Hinnawi who has served the Board since July 2013, and also served as the Chairperson of the Audit Committee since then.

For the year 2015/2016 Mr. Imran Ali, the existing director representing the public shareholders, was the only eligible candidate who responded to the call for the directorship. As per Board recommendation, Mr. Imran Ali was re-elected by the public shareholders at the 26th AGM held on April 16, 2015.

With the revision of the company's Articles of Association in 2015, Public Directors will be elected for a term of two years from the AGM he/she was elected to the second consecutive AGM after the election. A public announcement was made for qualified candidates to apply for the directorship, and only Mr. Imran Ali responded to the announcement.

The RNG Committee recommended the Board to nominate Mr. Imran Ali to be elected as the Public Director, to hold office for a term of two years from April 26, 2016 to the second consecutive AGM following that date.

BOARD DIVERSITY

Our Board represents a highly qualified and diverse set of experts with members from three nationalities and different professional backgrounds. Qualified women candidates are encouraged to apply for the position of the Public Director to encourage women participation in the Board and both majority shareholders are informed of the CMDA's policy on voluntary gender diversity in the Board.

BOARD EFFECTIVENESS

As per the Company's Board Directors Performance Evaluation Policy, an annual evaluation was carried out to assess the performance of the Board and committees. The outcomes of the evaluations were discussed at the Board. The RNG Committee confirms that Dhiraagu Board and its committees discharged their responsibilities satisfactorily during 2015.

Mohamed Ashmalee
Chairperson, Remuneration,
Nomination and Governance
Committee

³ Details on level and mix of remuneration, package and individual remunerations paid to Directors and key executives are excluded for competitive reasons.

⁴ Payment for service contracts, notice period, severance fees and stock options did not form any part of the remuneration paid to Directors or key executives in 2015.







10

AUDITED FINANCIAL STATEMENTS

STATEMENT OF
COMPREHENSIVE INCOME

STATEMENT OF
FINANCIAL POSITION

STATEMENT OF
CHANGES IN EQUITY

STATEMENT
OF CASH FLOWS

NOTES TO THE
FINANCIAL STATEMENTS



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Independent Auditors' Report
To the Shareholders of
Dhivehi Raajjeyge Gulhun PLC.

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information exhibited on pages 55 to 95.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies 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 audit 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 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants

11th February 2016

Male'

KPMG in the Maldives is a partnership registered in the Republic of Maldives, a foreign branch of KPMG, the Sri Lankan member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
M.N.M. Shameel ACA		

Principal - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law

Dhivehi Raajjeyge Gulhun PLC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	2015 MVR "000"	2014 MVR "000"
Revenue	7	2,275,773	2,118,320
Operating costs	8	(1,045,368)	(928,108)
Depreciation and amortization	13 & 14	(352,247)	(344,892)
Other income	9	4,659	14,421
Results from operating activities		882,817	859,741
Finance income	10	19,505	17,385
Finance costs	10	(52,515)	(58,095)
Net Finance costs		(33,010)	(40,710)
Profit before tax		849,807	819,031
Tax expense	11	(125,284)	(118,462)
Profit for the year/ Total Comprehensive Income for the year		724,523	700,569
Earnings per share			
Basic earnings per share (MVR.)	12.1	9.53	9.23
Diluted earnings per share (MVR.)	12.2	9.53	9.22

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 59 to 95. The Report of the Independent Auditors is given on page 54.

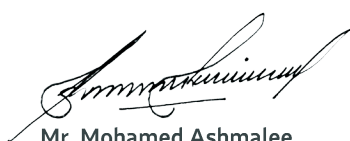
Dhivehi Raajjeyge Gulhun PLC.

STATEMENT OF FINANCIAL POSITION

AS AT		31/12/2015	31/12/2014
	Note	MVR "000"	MVR "000"
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,879,108	1,949,400
Intangible assets	14	137,765	61,411
Deferred tax asset	11.2	11,396	7,610
Total non-current assets		2,028,269	2,018,421
Current assets			
Inventories	15	29,518	28,899
Trade and other receivables	16	343,723	317,762
Amounts due from related party	17	133	8,437
Investments	18	351,430	-
Cash and cash equivalents	19	619,359	823,906
Total current assets		1,344,163	1,179,004
Total assets		3,372,432	3,197,425
EQUITY AND LIABILITIES			
Equity			
Share capital	20	190,000	190,000
Retained earnings		2,288,823	2,290,860
Total equity		2,478,823	2,480,860
Non-current liabilities			
Provisions	21	135,305	126,558
Total non-current liabilities		135,305	126,558
Current liabilities			
Trade and other payables	22	686,163	526,140
Income Tax Payable		72,141	63,867
Total current liabilities		758,304	590,007
Total liabilities		893,609	716,565
Total equity and liabilities		3,372,432	3,197,425

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 59 to 95. The Report of the Independent Auditors is given on page 54.

These financial statements were approved by the board of directors and signed on its behalf by:



Mr. Mohamed Ashmalee
Chairperson



Mr. Ismail Rasheed
Chief Executive Officer and
Managing Director



Mr. Robin Wall
Chief Financial Officer

11th February 2016

Dhivehi Raajjeyge Gulhun PLC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	Share capital MVR "000"	Treasury Shares MVR "000"	Retained earnings MVR "000"	Total MVR "000"
As at 1 st January 2014		190,000	(2,628)	2,366,739	2,554,111
Profit for the year		-	-	700,569	700,569
Total comprehensive income for the year		-	-	700,569	700,569
Transactions with owners of the Company, recorded directly in equity					
Equity settled share-based payment		-	2,628	-	2,628
Dividends	20.2	-	-	(776,448)	(776,448)
Total transactions with owners of the Company, recorded directly in equity		-	2,628	(776,448)	(773,820)
As at 31st December 2014		190,000	-	2,290,860	2,480,860
As at 1 st January 2015		190,000	-	2,290,860	2,480,860
Profit for the year		-	-	724,523	724,523
Total comprehensive income for the year		-	-	724,523	724,523
Transactions with owners of the Company, recorded directly in equity					
Dividends	20.2	-	-	(726,560)	(726,560)
Total transactions with owners of the Company, recorded directly in equity		-	-	(726,560)	(726,560)
As at 31st December 2015		190,000	-	2,288,823	2,478,823

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 59 to 95. The Report of the Independent Auditors is given on page 54.

Dhivehi Raajjeyge Gulhun PLC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED	Note	31/12/2015 MVR "000"	31/12/2014 MVR "000"
Cash flows from operating activities			
Profit before Tax		849,807	819,031
Adjustments for:			
Depreciation	13	322,209	319,979
Amortization of intangible assets	14	30,038	24,913
Provision for slow-moving/ obsolete inventories	15	319	546
Net Provision/ (Reversal) for impairment loss on trade and other receivables	16	12,125	(10,414)
Interest income	10	(19,505)	(17,385)
Interest Expense	10	177	-
Unwinding of discount on provisions	10	8,850	448
Share-based payment expenses	24	-	2,628
Profit on disposal of property, plant and equipment	9	(1,000)	(627)
Operating profit before working capital changes		<u>1,203,020</u>	<u>1,139,119</u>
Working capital changes			
Change in inventories		(938)	(4,411)
Change in trade and other receivables		(36,026)	(74,085)
Change in amounts due from related party		8,304	(6,283)
Change in trade and other payables		106,535	98,593
Cash generated from operating activities		<u>1,280,895</u>	<u>1,152,933</u>
Income tax paid		<u>(120,796)</u>	<u>(133,495)</u>
Net cash from operating activities		<u>1,160,099</u>	<u>1,019,438</u>
Cash flows from investing activities			
Purchase and construction of property, plant and equipment		(201,086)	(195,424)
Purchase of intangible assets	14	(106,392)	(25,981)
Proceeds from disposal of property, plant and equipment		1,082	986
Interest received		16,079	16,717
Investments in Fixed Deposits	18	(347,775)	-
Net cash used in investing activities		<u>(638,092)</u>	<u>(203,702)</u>
Cash flows from financing activities			
Interest paid	10	(177)	-
Dividend paid during the year		<u>(726,377)</u>	<u>(776,876)</u>
Net cash used in financing activities		<u>(726,554)</u>	<u>(776,876)</u>
Net (Decrease) / Increase in cash and cash equivalents		<u>(204,547)</u>	<u>38,860</u>
Cash and cash equivalents at beginning of the year		<u>823,906</u>	<u>785,046</u>
Cash and cash equivalents at end of the year	19	<u>619,359</u>	<u>823,906</u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 59 to 95. The Report of the Independent Auditors is given on page 54.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2015

1. REPORTING ENTITY

Dhivehi Raajjeyge Gulhun PLC (the "Company") was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and 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 Dhiraagu Head Office, Ameene Magu, P.O. Box 2082, Male' 20403, Republic of Maldives.

The Company is a listed Company in the Maldives Stock Exchange, in the Republic of Maldives.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of Measurement

The financial statements have been prepared based on the historical costs basis.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is also the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS 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 to the financial statements.

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

(i) New and Amended Standards and Interpretations effective and adopted by the Company from 1st January 2015.

Title	Effective Date	Description	Expected adoption date and impact on the Company
Annual Improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle.	1 st July 2014	The Improvements to IFRS contain miscellaneous necessary improvements.	The Company adopted the improvements in 2015. These improvements did not have a material impact on the Company.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

2. BASIS OF PREPARATION (CONTINUED)**(e) Application of recently issued IFRSs and amendments to IFRSs and changes in Accounting Policies of the Company (Continued)****(ii) New and Amended Standards and Interpretations not yet effective.**

A number of new standards and amendments are effective for annual periods beginning after 1st January 2016 and early application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

Title	Effective Date	Description	Impact on the Company
IFRS 9 Financial Instruments	Annual period beginning on or after 1 st January 2018	This IFRS requires that entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contracts with customers	Annual period beginning on or after 1 st January 2018	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.
IFRS 16 Leases	Annual period beginning on or after 1 st January 2019.	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a lease contract.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

The following amended or new standards are not expected to have a significant impact on the Company's financial statements.

- Clarification of acceptable methods of Depreciation and amortization (Amendments to IAS 16 and IAS 38)
- Annual Improvements to IFRSs 2012-2014 cycle.
- Disclosure Initiative (Amendments to IAS 1).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

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 the Company.

3.1 Transactions in foreign currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa (functional currency) at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the reporting date are recognized in profit or loss.

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 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):

- Investments Held to Maturity
- Receivables
- Cash and Cash Equivalents

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 receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables, Investments in Fixed Deposits and Amounts due from related party.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 *Financial Instruments (Continued)*

Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits with original maturity period less than 3 months, cash at bank and cash in hand.

Investments Held-to-Maturity

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective Interest method, less any impairment losses.

(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 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 non-derivative financial liabilities such as trade and other payables.

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

Interim dividends to ordinary shareholders are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability in the period which they are approved by the shareholders.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 labour, 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.

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 are as follows:

Buildings		25 to 40 years
Plant and equipment	- Civil works, cables and ducting	5 to 40 years
	- Network and electronic equipment	3 to 10 years
Vehicles and launches		4 to 7 years
Furniture and Fittings		4 to 10 years

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

(iii) Depreciation (continued)

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

Capital Work in Progress

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

3.4 Intangible assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company has sufficient resources to complete development and to use the asset.

(iii) Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3 to 10 Years
Licences	3 Years or licence term whichever is lower
Indefeasible right to use cable capacity	15 Years

Capital Work in Progress

Capital work in progress as at the year-end represents the costs incurred or accrued for the projects which are not commenced its commercial operations as at the year end.

3.5 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Construction work in progress (Enterprise 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.

3.7 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 other than inventories 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.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 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.

3.8 Employee Benefits

(a) Defined contribution plans

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

The Company contributes 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

(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.

3.9 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.

If the time value of money is material, 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.

A provision is 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 *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.

3.11 *Cash flow statement*

Cash flow statement has been prepared using the "indirect method".

3.12 *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.

3.13 *Commitments and contingencies*

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

3.14 *Revenue recognition*

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

(a) *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.

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.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue Recognition (Continued)

(b) 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 profit and loss 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 telecommunication operators for interconnect fees.

Customer revenues 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.

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.

The Company recognises revenue from the transmission of content and traffic on its network originated by third-party providers. The Company assesses whether revenue should be recorded gross as principal or net as agent, based on the particular features of such arrangements. Revenue arising from the provision of other services, including maintenance contracts, is recognised over the periods in which the service is provided.

Loyalty Programme

Revenue is allocated between the loyalty programme and other components of the Income. The amount allocated to the loyalty programme is deferred and is recognized as revenue when the Company has fulfilled its obligations to supply the services under terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

3.15 Expenditure

(a) 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 profit or loss on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Expenditure (continued)

(b) Finance income and expense

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

Financing costs comprise interest expense, unwinding of discounts on provisions and foreign exchange losses that are recognised in profit or loss.

(c) Operating Expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

3.16 Tax Expenses

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

(a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

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.

- Level 1: Quoted prices (Unadjusted) in active market for identical assets and liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)
- Level 3: Inputs for the assets or liability that are not used on observable market data (unobservable inputs)

(a) Trade and other receivables

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

(b) Investments Held to Maturity

The fair value of investment held to maturity is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

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.

(a) 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.

(b) Impairment of property, plant and equipment and intangible assets

The Company assesses 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.

(c) 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.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

**5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
(CONTINUED)**

(d) 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 etc. 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.

(e) 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.

(f) 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 3.9 to the financial statements. Judgement is required to quantify such amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

6. SEGMENT INFORMATION

The Company is a national telecommunications service provider in the Maldives. During the year ended 31st December 2015, 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 Chief Executive Officer (CEO) and the Managing Director of the Company. The CEO and Managing Director considers the performance of the Company as a whole considering the total operations of the Company as one segment in assessing the performance of the Company and making decisions about the resource allocation within the Organization.

7. REVENUE

	2015	2014
	MVR "000"	MVR "000"
Mobile telephony	1,413,274	1,310,310
Fixed, Internet, Enterprise Data & Other Services	862,499	808,010
	<u>2,275,773</u>	<u>2,118,320</u>

Revenue is shown on gross basis and before out-payments to other telecommunication companies and license payments.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

8. OPERATING COSTS

	2015	2014
	MVR "000"	MVR "000"
Direct Cost of Services	321,477	255,176
Personnel Costs (Note 8.1)	199,030	196,799
License fees	102,159	94,562
Operating lease rentals	42,119	43,585
Provision for impairment loss on trade receivables	11,367	-
Support Services	40,854	38,674
External Publicity	27,450	26,425
Other administrative expenses	65,077	66,548
Network costs	126,832	87,983
Property and utility costs	100,772	112,880
Professional fees	8,231	5,476
	1,045,368	928,108

8.1 Personnel Costs

	2015	2014
	MVR "000"	MVR "000"
Wages, salaries and Performance reward scheme	174,334	169,644
Defined contribution expense	11,412	11,018
Share-based payment	-	2,628
Other personnel costs	24,464	21,749
	210,210	205,039
Staff costs capitalized	(11,180)	(8,240)
	199,030	196,799

9. OTHER INCOME

	2015	2014
	MVR "000"	MVR "000"
Insurance claim received	13	331
Gain on disposal of Property, Plant and Equipment	1,000	627
Reversal of Provision for impairment loss on trade receivables	-	10,414
Miscellaneous income	3,646	3,049
	4,659	14,421

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

10. NET FINANCE COSTS		2015	2014
		MVR "000"	MVR "000"
Finance Income			
Interest Income		19,505	17,385
Finance Costs			
Interest Expense		(177)	-
Unwinding of discount on provisions		(8,850)	(448)
Foreign exchange loss		(43,488)	(57,647)
		(52,515)	(58,095)
Net Finance Costs		(33,010)	(40,710)
11. TAX EXPENSE		2015	2014
		MVR "000"	MVR "000"
Income tax expense (Note 11.1)		130,998	119,642
Over provision for the previous years		(1,928)	(11,850)
Deferred tax Asset (recognized)/ reversed during the year (Note 11.2)		(3,786)	10,670
		125,284	118,462
11.1 Reconciliation between accounting profit and taxable income:			
Accounting profit before Tax		849,807	819,031
Disallowable expenses		397,311	360,409
Allowable expenses		(373,295)	(381,326)
Tax free allowance		(500)	(500)
Total taxable income		873,323	797,614
Income tax @ 15%		130,998	119,642

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable income at the rate of 15%.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

11. TAX EXPENSE (CONTINUED)

11.2	Deferred Tax Asset	31/12/2015 MVR "000"	31/12/2014 MVR "000"
	Opening Balance	7,610	18,280
	Deferred tax asset recognized/ (reversed)	3,786	(10,670)
	Closing Balance	<u>11,396</u>	<u>7,610</u>

Deferred tax Assets and (Liabilities) are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15%. (2014: 15%).

11.3 Deferred Tax Assets / (Liabilities) are attributable for following:

	31/12/2015		31/12/2014	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Property, Plant and Equipment	(88,994)	(13,349)	(67,758)	(10,163)
Intangible Assets	(20,018)	(3,003)	(21,364)	(3,205)
Provisions	184,986	27,748	139,856	20,978
	<u>75,974</u>	<u>11,396</u>	<u>50,734</u>	<u>7,610</u>

11.4 Movement in Deferred Tax Balances

	Balance as at 1st January 2015	Recognized in profit or loss	Deferred Tax asset/ (Liability)
Property, Plant and Equipment	(10,163)	(3,186)	(13,349)
Intangible Assets	(3,205)	202	(3,003)
Provisions	20,978	6,770	27,748
	<u>7,610</u>	<u>3,786</u>	<u>11,396</u>

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

12. EARNINGS PER SHARE

12.1 Basic 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

	For the year ended	
	31/12/2015	31/12/2014
Profit for the year attributable to the ordinary shareholders (MVR "000")	724,523	700,569
Weighted average number of ordinary shares outstanding ("000")	76,000	75,899
Basic earnings per share (MVR)	9.53	9.23

12.2 Dilluted earnings per share

The calculation of diluted earnings per share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	For the year ended	
	31/12/2015	31/12/2014
Profit for the year attributable to the ordinary shareholders (MVR "000")	724,523	700,569
Weighted average number of ordinary shares outstanding (diluted) ("000")	76,000	76,000
Diluted earnings per share (MVR)	9.53	9.22

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

13. PROPERTY, PLANT AND EQUIPMENT

31st December 2015	Buildings MVR "000"	Plant & Equipment MVR "000"	Vehicles & launches MVR "000"	Furniture & fittings MVR "000"	Capital Work In Progress MVR "000"	Total MVR "000"
Cost						
As at 1 st January 2015	419,830	4,622,962	15,712	18,583	113,454	5,190,541
Additions during the year	-	707	-	-	251,395	252,102
Transfers during the year	6,243	225,238	671	2,707	(234,859)	-
Disposals during the year	-	(10,515)	-	(76)	-	(10,591)
As at 31 st December 2015	426,073	4,838,392	16,383	21,214	129,990	5,432,052
Accumulated Depreciation						
As at 1 st January 2015	108,441	3,104,512	15,256	12,932	-	3,241,141
Charge for the year	22,577	297,789	346	1,497	-	322,209
Disposals during the year	-	(10,330)	-	(76)	-	(10,406)
As at 31 st December 2015	131,018	3,391,971	15,602	14,353	-	3,552,944
Net carrying amount as at 31st December 2015	295,055	1,446,421	781	6,861	129,990	1,879,108

13.1 Capital work in progress represents the costs incurred mainly on the projects of the service extension and expansion of the network which were in progress as at 31st December 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31st December 2014	Buildings MVR "000"	Plant & Equipment MVR "000"	Vehicles & launches MVR "000"	Furniture & fittings MVR "000"	Capital Work In Progress MVR "000"	Total MVR "000"
Cost						
As at 1st January 2014	413,745	4,480,125	15,818	17,772	97,718	5,025,178
Additions during the year	-	-	-	-	200,195	200,195
Movements in asset retirement obligations	3,148	1,564	-	-	-	4,712
Transfers during the year	3,234	180,264	-	961	(184,459)	-
Disposals during the year	(297)	(38,991)	(106)	(150)	-	(39,544)
As at 31st December 2014	419,830	4,622,962	15,712	18,583	113,454	5,190,541
Accumulated Depreciation						
As at 1st January 2014	90,884	2,842,786	14,872	11,805	-	2,960,347
Charge for the year	17,735	300,477	489	1,278	-	319,979
Disposals during the year	(178)	(38,751)	(106)	(150)	-	(39,185)
As at 31st December 2014	108,441	3,104,512	15,255	12,933	-	3,241,141
Net carrying amount as at 31st December 2014	311,389	1,518,450	457	5,650	113,454	1,949,400

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

14. INTANGIBLE ASSETS	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Cost		
Opening Balance	175,114	149,405
Additions during the year	61,598	25,981
Disposals during the year	-	(272)
Closing Balance	236,712	175,114
Accumulated Amortization		
Opening Balance	113,703	89,062
Amortization for the year	30,038	24,913
Disposals during the year	-	(272)
Closing Balance	143,741	113,703
Capital work-in-progress		
Additions during the year	106,392	25,981
Transferred to Intangible assets	(61,598)	(25,981)
Closing Balance	44,794	-
Net Carrying Value	137,765	61,411
14.1	Capital work in progress represents the costs incurred on the development of new softwares which were in progress of the development as at 31st December 2015.	
15. INVENTORIES	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Cost of inventories	43,848	42,910
Less: Provision for slow moving / obsolete items (Note 15.1)	(14,330)	(14,011)
	29,518	28,899
15.1 Provision for Slow-Moving / Obsolete Inventories		
Opening Balance	14,011	13,465
Provision made during the year	319	546
Closing Balance	14,330	14,011

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

16. TRADE AND OTHER RECEIVABLES	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Trade receivables	208,989	160,009
Less: Provision for impairment loss on trade receivables (Note 16.1)	(55,364)	(43,134)
	153,625	116,875
Accrued income	104,378	126,107
Prepayments	79,588	66,021
Other receivables	6,526	9,258
	190,492	201,386
Less: Provision for impairment loss on other receivables (Note 16.1)	(394)	(499)
	190,098	200,887
	343,723	317,762

16.1 Provision for Impairment Loss on Trade and Other Receivables

	Trade Receivables		Other Receivable	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Opening Balance	43,134	91,702	499	720
Provision made during the year	12,230	-	-	-
Provision reversed during the year	-	(10,192)	(105)	(221)
Bad debt written off during the year	-	(38,376)	-	-
Closing Balance	55,364	43,134	394	499

17. AMOUNTS DUE FROM RELATED PARTY	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Bahrain Telecommunications Company BSC (Batelco)	133	8,437

18. INVESTMENTS	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Investments in Fixed Deposits	227,032	-
Held to Maturity Investments	124,398	-
	351,430	-

Investments in Fixed deposits are classified as Loans and Receivable and measured at amortized cost. Range of the interest rate of the Deposits are from 1.75% to 4% per annum and mature within six months.

Investments in Treasury bills securities with maturity periods of one year are classified as Held to Maturity investments. The investments carry an interest rate of 9% per annum.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

19. CASH AND CASH EQUIVALENTS

	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Cash in hand	9,217	12,065
Balance with banks	441,315	386,819
Short term deposits	168,827	425,022
	<u>619,359</u>	<u>823,906</u>

20. CAPITAL**20.1 Share Capital**

	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Authorized share capital		
80,000,000 ordinary shares of MVR 2.5 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid share capital		
76,000,000 ordinary shares of MVR 2.5 each	<u>190,000</u>	<u>190,000</u>

20.2 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 shareholders' meetings of the Company. The board of directors has declared dividends for the year as follows.

	31/12/2015		31/12/2014	
	per share	Dividend	per share	Dividend
	MVR.	MVR "000"	MVR.	MVR "000"
Dividend payment – 1 st tranche	4.72	358,720	5.73	434,902
Dividend payment – 2 nd tranche	4.84	367,840	4.5	341,546
		<u>726,560</u>		<u>776,448</u>

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

21. PROVISIONS	31/12/2015 MVR "000"	31/12/2014 MVR "000"
Network and asset retirement obligation (Note 21.1)	135,305	126,558
Movement during the year		
Opening Balance	126,558	121,398
Provision made during the year	-	4,712
Unwinding of discounts on provisions	8,850	448
Disposals made during the year	(103)	-
Closing Balance	<u>135,305</u>	<u>126,558</u>

21.1 Network and assets retirement obligation

The provisions of network and asset retirement obligations represent the provisions 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. The following assumption has been used to calculate the network and asset retirement obligation.

	31/12/2015	31/12/2014
Discount Rate	<u>7.70%</u>	<u>7.70%</u>

22. TRADE AND OTHER PAYABLES	31/12/2015 MVR "000"	31/12/2014 MVR "000"
Trade payables	20,274	41,629
Accruals	526,819	368,931
Deferred income	72,723	73,720
Dividend payable	426	243
Refundable deposits from GSM customers	19,220	17,634
Other Payable	22,867	23,983
Provisions (Note 22.1)	<u>23,834</u>	<u>-</u>
	<u>686,163</u>	<u>526,140</u>

- 22.1** The Company has recognized a provision amounting to MVR. 23,834,316/- for the costs to be incurred in respect of relocating the submarine cable as mandated by the Government of Maldives which is included in provisions and Other Payables.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

23. COMMITMENTS**Capital Commitments**

The Company had capital commitments at the end of the financial period relating to the purchase of property, plant and equipment and acquisition and development of intangible assets of MVR 45,572,039/- (31st December 2014: MVR 11,246,556/-).

Lease Commitments

The Company has a number of operating commitments arising in the ordinary course of the Company's business. The Company has obtained mainly land and buildings under various lease agreements (Operating Leases). The leases have varying terms and escalation clauses.

The future operating lease commitments of the Company as at the reporting date are as follows.

31st December 2015	Less than one year MVR"000"	1 to 2 Years MVR"000"	2 to 5 Years MVR"000"	Over 5 Years MVR"000"	Total MVR"000"
Future Operating Lease Rentals on Land and Buildings	27,581	24,735	56,425	63,592	172,333
31st December 2014	Less than one year MVR"000"	1 to 2 Years MVR"000"	2 to 5 Years MVR"000"	Over 5 Years MVR"000"	Total MVR"000"
Future Operating Lease Rentals on Land and Buildings	22,155	19,765	50,080	61,362	153,362

24. SHARE-BASED PAYMENTS ARRANGEMENTS

A Dhiraagu Colleague Share Plan (DCSP) was introduced and approved by the Shareholders of the Company and the Board on 25th September 2011 as a part of listing of the Company Shares. As per the plan, the Company holds the right to vest the shares which were awarded to the employees who have left the Company during the vesting period to the existing employees and accordingly, the Company has vested all the remaining shares during the year ended 31st December 2015 to the existing employees.

- 24.1** Fair value of the employee services received in exchange for the grant of shares in the Company has been recognized as an operating cost through profit or loss over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Overview

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market 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 financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Treasury Policy

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Day to day management of treasury activities is delegated to the Company's treasury function ("Treasury"), within specified financial limits for each type of transaction and counterparty.

To the extent that the Company undertakes treasury transactions, these are governed by Company policies and delegated authorities.

The key responsibilities of Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Company's cash resources (including facilities) and borrowings are managed centrally by Treasury.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

The carrying amount of financial assets of the Company represents the maximum credit exposure. In relation to deposits held, the management seeks to reduce the credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds are prescribed by the Board. These policies contain limits on exposure for the Company as a whole to any one counterparty.

Trade and other receivables

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.

The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	31/12/2015	31/12/2014
	MVR.	MVR.
Trade and Other Receivables	215,515	295,374
Amount due from Related Party	133	8,437
Cash and Cash Equivalents	610,142	811,841
Investments in Fixed Deposits	227,032	-
	1,052,822	1,115,652

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Impairment Losses	31/12/2015		31/12/2014	
	Gross MVR "000"	Impairment MVR "000"	Gross MVR "000"	Impairment MVR "000"
The aging of trade receivables as at the reporting date was:				
1-30 days	71,391	361	27,218	470
Past due 31-180 days	65,447	10,610	103,555	9,402
More than 180 days	72,151	44,393	36,090	33,262
Total	<u>208,989</u>	<u>55,364</u>	<u>166,863</u>	<u>43,134</u>

The movement in the provision for impairment in respect of trade and other receivables during the year is given in Note 16.1 to the financial statements.

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company also believes that, apart from the above, no further provision for impairment is necessary in respect of trade and other receivables.

Investments

The Company limits its exposure to credit risk by investing only in Government debt securities and short term deposits with selected Banks.

Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR. 619,359/- (2014: MVR. 823,906/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**(ii) 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 assets. 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.

The Company's exposure to liquidity risk as at the reporting date is against the following liabilities.

	Carrying Amount MVR "000"	Within One Year MVR "000"
31st December 2015		
Financial Liabilities		
Trade and Other Payables	517,291	517,291
Total	517,291	517,291
	Carrying Amount MVR "000"	Within One Year MVR "000"
31st December 2014		
Financial Liabilities		
Trade and Other Payables	452,420	452,420
Total	452,420	452,420

The Company manages its own liquidity to meet its financial obligations of servicing and repaying external debt, dividends, Company costs and strategic initiatives. The principal source of liquidity for the Company is its operating cash inflows from the business, supported by bank finance.

The Management produces liquidity forecasts on a regular basis to ensure the utilisation of current facilities is optimised that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Company.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk

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

(a) Interest rate risk

Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate. There were no interest bearing loans held or interest rate derivatives used by the Company as at 31st December 2015 (as at 31st December 2014: Nil).

Exposure to interest rate risk

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

	Carrying Amount	
	31/12/2015	31/12/2014
	MVR "000"	MVR "000"
Fixed Rate Instruments		
Financial Assets - Short Term Deposits	168,827	425,022
Investments in Fixed Deposits	227,032	-
Investments in Treasury Bills	124,398	-
	<u>520,257</u>	<u>425,022</u>

Sensitivity analysis for fixed rate instruments

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31st December 2015 by MVR 3,242,032/- (2014: MVR 4,250,220/-). This analysis assumes that all the other variables remain constant.

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**(iii) Market Risk (Continued)****(b) Currency risk****Exposure to currency risk**

The Company is exposed to the risk of available foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions (US Dollars, Euro, Sterling Pounds and Singapore Dollars). The Company receives certain collections such as roaming and interconnect in terms of foreign currency and on the other hand, the Company makes certain payments such as capex payments, dividends, out payments, roaming settlements, payments relating to group management in terms of foreign currencies.

Currency risk is managed by the Company's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Company also monitors its exposure to movements in exchange rates on a net basis. The Company currently does not use forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term.

The Company's exposure to foreign currency risk was as follows (based on notional amounts):

	31/12/2015			
	US\$	Euro	SGD	GBP
	"000"	"000"	"000"	"000"
Cash and Cash Equivalents	23,075	1,693	25	1,053
Investment in Fixed Deposits	14,661	-	-	-
Trade and Other Receivables	7,957	2,244	-	1
Amount due from Related Party	9	-	-	-
Trade and Other Payables	(11,047)	(2,101)	-	(38)
Net statement of financial position exposure	<u>34,655</u>	<u>1,836</u>	<u>25</u>	<u>1,016</u>
	31/12/2014			
	US\$	Euro	SGD	GBP
	"000"	"000"	"000"	"000"
Cash and Cash Equivalents	24,404	1,548	25	11
Trade and Other Receivables	4,474	939	1	-
Trade and Other Payables	(13,423)	(1,893)	(2)	(3)
Net statement of financial position exposure	<u>15,455</u>	<u>594</u>	<u>24</u>	<u>8</u>

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Currency risk (Continued)

The following significant exchange rates were applied during the year:

	Average Rate		Spot Rate	
	2015	2014	31/12/2015	31/12/2014
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	17.65	20.60	16.83	18.94
SGD 1: MVR	11.49	12.24	11.24	11.73
GBP 1: MVR	24.20	25.63	23.87	24.21

Sensitivity Analysis

A strengthening/ (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	Year ended 31/12/2015		Year ended 31/12/2014	
	Strengthening MVR "000"	Weakening MVR "000"	Strengthening MVR "000"	Weakening MVR "000"
US\$ (10% Movement)	(53,438)	53,438	(23,832)	23,832
Euro (10% Movement)	(3,090)	3,090	(1,124)	1,124
SGD (10% Movement)	(28)	28	(28)	28
GBP (10% Movement)	(2,425)	2,425	(20)	20

(iv) 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. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no borrowings of the Company as at 31st December 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

(v) Analysis of Financial Instruments by measurement basis

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since the carrying amount is a reasonable approximation of fair value.

31st December 2015	Fair value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity Investments	Other financial liabilities	Total
Financial assets not measured at fair value						
Cash and cash equivalents	-	-	610,142	-	-	610,142
Investments in Fixed Deposits	-	-	227,032	-	-	227,032
Investments in Treasury Bills	-	-	-	124,398	-	124,398
Trade and other receivables	-	-	215,515	-	-	215,515
Amounts due from Related Party	-	-	133	-	-	133
	-	-	1,052,822	124,398	-	1,177,220
Financial liabilities not measured at fair value						
Trade and other payables	-	-	-	-	517,291	517,291
	-	-	-	-	517,291	517,291
31st December 2014						
Financial assets not measured at fair value						
Cash and cash equivalents	-	-	811,841	-	-	811,841
Trade and other receivables	-	-	169,267	-	-	169,267
Amounts due from Related Party	-	-	8,437	-	-	8,437
	-	-	989,545	-	-	989,545
Financial liabilities not measured at fair value						
Trade and other payables	-	-	-	-	452,420	452,420
	-	-	-	-	452,420	452,420

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

26. RELATED PARTY TRANSACTIONS

26.1 Parent and Ultimate Holding Company

Parent of the Company is Batelco Islands Limited, a Company incorporated in the United Kingdom and the ultimate parent is Bahrain Telecommunications Company BSC (Batelco), a Company incorporated in Bahrain.

26.2 Transactions with Batelco Islands Limited

Batelco Islands Limited had a 52% shareholding in the Company as at 31st December 2015 (31st December 2014: 52%). Transactions with Batelco Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Batelco Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

Transactions	Year ended 31/12/2015 MVR "000"	Year ended 31/12/2014 MVR "000"
Dividends	377,811	404,290
Management fee	36,769	34,811
Others	125	3,863
	<u>414,705</u>	<u>442,964</u>

26.3 Transactions with key management personnel

Key management's remuneration

Key management includes Directors and Executive committee members 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:

Transactions	Year ended 31/12/2015 MVR "000"	Year ended 31/12/2014 MVR "000"
Directors Fees	1,157	960
Salaries to Executives	13,901	15,152
Short term Benefits to Executives	3,892	4,226
	<u>18,950</u>	<u>20,338</u>
Balances outstanding	31/12/2015 MVR "000"	31/12/2014 MVR "000"
Amount receivable	<u>133</u>	<u>8,437</u>

Dhivehi Raajjeyge Gulhun PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2015

26. RELATED PARTY TRANSACTIONS (CONTINUED)**26.4 Transactions with the Government of Maldives**

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2015 (31st December 2014: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

Individually Significant Transactions

Transactions	Year ended 31/12/2015 MVR "000"	Year ended 31/12/2014 MVR "000"
License fees	102,559	94,562
Rentals on land space	9,832	9,775
Dividends	303,723	325,009
	<u>416,114</u>	<u>429,346</u>
Balances outstanding	31/12/2015 MVR "000"	31/12/2014 MVR "000"
Amounts payable in respect of rentals on land space	(1,858)	(1,411)
Amounts payable in respect of license payments	(9,356)	(8,762)
	<u>(11,215)</u>	<u>(10,173)</u>

Collectively, but not individually, significant transactions

Dhivehi Raajjeyge Gulhun PLC has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

Dhivehi Raajjeyge Gulhun PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

27. BOARD OF DIRECTORS' RESPONSIBILITY

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

28. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustments to / or disclosure in the financial statements.

29. CONTINGENT LIABILITIES

In 2012, SLT (joint owner of the international submarine cable from Male' to Colombo) filed a plaint to arrest a vessel for damages to the international submarine cable. The court awarded an injunction order to arrest the vessel. However, Bhuval industries, who had purchased the vessel, had the order of arrest vacated at preliminary stages.

Later, in April 2014, Bhuval Industries filed a Plaint for recovery of the damages suffered by them for alleged malicious prosecution and wrongful arrest of the vessel. SLT filed an application to reject the plaint on jurisdictional grounds and subsequently filed a cross claim against Bhuval Industries. The matter was last listed on 30th September 2015 and SLT has requested to withdraw the application for rejection of plaint. The Court has allowed the withdrawal and the matter will now be listed in the court at a later date for the arguments of the plaintiff.

Based on the present facts of the case and according to the discussions held with the internal and external legal counsel, the management of the Company is of the view that at present, no provision for damages would be required to be recognized in these financial statements for the year ended 31st December 2015.

Other than the disclosed above, there were no other material contingent liabilities as at the reporting date which require disclosure in the financial information.

30. COMPARATIVE FIGURES

Comparative figures have been reclassified wherever appropriate to confirm with the current year presentation.

COMPANY REGISTRATION NUMBER

C-0024/1988

PLACE OF INCORPORATION

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