Annual Report

2019
Take on tomorrow
Our Business

Our Vision
Enrich lives through digital services

Our Mission
To lead the market through excellence in customer experience

Our Values

Collaborate
We work together to offer our customers a seamless experience

Innovate
We constantly innovate to provide our customers with the latest and best in digital services

Serve
We keep our customers at the heart of all we do, because we win when they do

Inspire
We empower people, and never lose sight of the bigger picture of nation-building and growth
Who We Are

As the leading digital and communication services company in the Maldives, our business is to inspire and empower our customers to "take on tomorrow" and thrive in the digital future.

Through our extensive network, we curate innovative technologies and capabilities to deliver connectivity and content to a diverse range of customers across the country. Our customer includes individuals, consumers and their communities, small businesses, large enterprises and government organisations.

With over 500,000 customers and employing 99% trained qualified Maldivians present in 10 strategically located operating centres across the country, we remain the largest telecommunications provider in the Maldives. Our core strengths are in our leading network and our people. We continue to harness these strengths to secure new opportunities in emerging digital areas.

With 31 years of working together to know and serve our customers better than anyone else, we continue to lead by consistently delivering the latest and best experience digital technology has to offer.

Presence

• We overcome geographic barriers and stay close to our customers through the nation's largest retail and distribution network of 23 partners, 17 wholesalers, 221 agents, 8 overseas agents and over 3,800 retailers.

• We provide the widest coverage in Maldives, which includes all of the country’s 187 inhabited islands, all resort islands and all major industrial islands.

• We have linked the Maldives from North to South through a 1,253 km long fibre optic submarine cable network which supports the nation’s largest 3G and 4G LTE and fixed broadband network.

• In July 2019, 5G became a reality for Maldives. We were the first in Maldives and the first in South Asia to have launched 5G commercial services. As pioneers in bringing the latest technology to the country, we are excited about the opportunity 5G offers as an enabler for new services and enhancing connectivity to our customers across the country. 5G is now available in selected areas of 3 population centres; areas in Greater Male’, Addu City, Hithadhoo and Haa Dhaalu Atoll, Kulhudhuffushi.
Our Products & Services

We offer a broad suite of connectivity and content to customers through our mobile, internet, data, IPTV, mobile money and fixed services which have been tailored to meet the needs of both individual consumers and businesses.

We have made significant investments in our network infrastructure to extend our full coverage across the country and ensure reliable international connectivity, to maintain our network resilience to meet the rising demand for data and content, including through the rollout of commercial 5G services.

With purpose-built solutions for small and medium enterprises and customised fully integrated enterprise solutions for our corporate and government customers, we help our customers achieve ease of operation and improved performance. Our ICT infrastructure and managed solutions are designed to enable our customers to access, communicate and store information securely to better serve the community.

Achievements & Awards

• Presented with the ‘Corporate Governance Award’ by Corporate Maldives

• Dhiraagu Maldives Road Race (DMRR) was recognised among the top 3 races for quality of engagement in social initiatives by the Association of International Marathons and Distance Races

• Dhiraagu Maldives Road Race (DMRR) wins the Bronze Award for the ‘Best Use of Technology’ in Sports at the prestigious Sports Industry Awards Asia 2019 (SPIA)

Financial Highlights

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<th>2019</th>
<th>2018</th>
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<tr>
<td>Revenue</td>
<td>MVR 2,859m</td>
<td>MVR 2,762m</td>
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<td></td>
<td>3.5%</td>
<td>5.5%</td>
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<tr>
<td>EBITDA</td>
<td>MVR 1,495m</td>
<td>MVR 1,416m</td>
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<tr>
<td>Free Cash Flow</td>
<td>MVR 965m</td>
<td>MVR 1,017m</td>
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<td></td>
<td>56.4%</td>
<td>3.5%</td>
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<tr>
<td>Return On Capital Employed (Roce)</td>
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<td></td>
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<tr>
<td></td>
<td>MVR 313m</td>
<td>MVR 405m</td>
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<tr>
<td></td>
<td>22.9%</td>
<td>42.8%</td>
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<tr>
<td>Profit After Tax</td>
<td>MVR 942m</td>
<td>MVR 905m</td>
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<tr>
<td></td>
<td>4.1%</td>
<td>4.1%</td>
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<tr>
<td>Dividend Per Share</td>
<td>MVR 12.00</td>
<td>MVR 11.91</td>
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<td>0.8%</td>
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1Return on capital employed (ROCE) for 2019 was 38.8% versus 42.1% in 2018. Like-for-like ROCE for 2019 would have been 42.5% (excluding impact from IFRS 16 changes).
Commercial Highlights 2019

Q1
Business Support System enhancements facilitated us to diversify our service portfolio.

FTTH expanded to 75% of National Households by deploying high speed fiber broadband services to 58 islands across the country.

Samsung S Series launched with attractive packages.

Q2
#DigitalRaajje campaign launched.

DhiraaguTV introduced Video on Demand (VOD) for the first time in Maldives.

Huawei P30 & Huawei P30 Pro launched with free bonus data packages.

Q3
First in Maldives & the first in South Asia to commercially launch 5G

Dhiraagu 5G

New Postpaid Plan up to 50GB data allowance

Samsung Galaxy Note 10 & Note 10+ among the first few markets to launch the phone.

Q4
Dhiraagu Fleet Manager providing real-time analytics of the crew as well as vessels.

Dhiraagu Pay: Bank integration users can now directly transfer from their CBM accounts to their smartphone.

iPhone 11 launched in October with free data allowances.

Opening of our new customer experience centre Dhiraagu @the Marina

DhiraaguTV Pay-per-view on VOD for the first time in Maldives.
Key Sponsorships

Maldives Paramotor Expedition
As the official partner of the first ever Paramotor Expedition in the Maldives, we raised awareness on single-use plastic pollution while promoting Sports and Adventure Tourism in the Maldives across the country.

Mamen Interschool Bike Championship
Title sponsor of this championship to promote an active lifestyle and increase the popularity of cycling amongst youth.

‘Raaluhi Gudi’- Kite Surfing
We were the Digital Partner of this Kite Fest that navigated the entire length of the Maldives from the very South to the North. We supported this key initiative to empower and engage young people across the country to care, love and respect our oceans.

Dhiraagu Dhivehi Premier League
Title sponsor of the national football league.

Dhiraagu Top Achievers Award
Title sponsor of the Top Achievers Award recognising the achievements of the nation’s top performing higher secondary students.

Key CSR Highlights

Dhiraagu Maldives Road Race
MVR 721,652 raised through Dhiraagu Maldives Road Race 2019 was donated to 10 partner NGOs working in the area of child protection and support.

Dhiraagu Special Sports Festival
Participants by 14 schools, 4 NGOs and over 400 children with various disabilities

Start up Grind X
The second Startup Grind X event in Maldives to inspire, educate and connect startup communities

Lean Startup Machine
The world’s leading startup workshop in Maldives

Angelhack Maldives
The world’s largest hackathon series

Techstars Startup Weekend Maldives
An entrepreneurial journey to network, learn how to pitch, fine tune and demo new business ideas.

Ramadan Donation
MVR 366,190 - 10% of the proceeds from Ramadan Data Bundles donated to Maldives Association of Persons with Disabilities (MAPD)

Girls To Code
An exclusive programme to encourage and inspire women to join technology fields by teaching them how to code.

Surf Smart
Helping to create a digital safe environment and educating young people to positively connect online

Drones For Resilience
To promote the use of drone technology for enhanced preparedness and disaster management

Care For The Oceans

Mamen - Pre-School Futsal Tournament
One of its kind annual futsal tournament among all the pre-schools in greater Male’.

Dhiraagu Maldives Tennis Open
Title sponsor of the most prestigious tennis tournament in the Maldives.

Dhiraagu Male’ Open
As the title sponsor of Dhiraagu Male’ Open 2019, we encouraged youth and adults to compete in a safe and enjoyable environment whilst motivating them to participate in swimming as a competitive sport.

Fannu Expo
Platinum Sponsor of the largest local talent exhibition held in the Maldives.

Club Maldives Cup
Platinum sponsor of the largest futsal tournament in Maldives.

Capital Market Forum
Co-sponsor of this annual event hosted by CMDF to discuss the development of the capital market as an alternative avenue for financing local businesses and its impact on business growth and progress of the economy.

MVR 721,652 raised through Dhiraagu Maldives Road Race 2019 was donated to 10 partner NGOs working in the area of child protection and support.

Lean Startup Machine
The world’s leading startup workshop in Maldives
Chairperson's Opening Remarks

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for 2019. As one of the largest listed companies in the Maldives, our Board believes that we have many responsibilities to shareholders, partners, customers, as well as the country.

Our primary focus has always been to harness the latest technology in order to enrich the lives of our customers and become their most trusted partner to help them win victories in their lives and businesses. We wholeheartedly believe that the digital revolution has the power to make significant, positive progress on our nation's socio-economic well-being. By fostering more connected, smarter and more sustainable communities, digital technologies will open up more opportunities, empower more people and enable businesses to flourish.

I am pleased to update our shareholders that our 2019 financial results have been positive overall, despite a difficult period with system changes, cost pressures, and intense competition. Gross revenue improved to MVR 2.9bn driven by strong growth from data and enterprise services. Despite increases in costs, net profit improved to MVR 942m and Earnings per share rose by 48 laari to MVR 12.39.

As pioneers of ushering in the latest technology to the Maldives, it is no surprise that we were the first to launch 5G in the Maldives and achieve a significant milestone of being the first operator to commercially provide 5G in South Asia. We launched 5G in selected areas of 3 major population centres across the country; demonstrating the true spirit of our vision for a 'DigitalRaajje'. We are very excited about the potential of 5G and the new wave of innovation that it heralds in for transport, healthcare, disaster relief, public safety, energy efficiencies, and entertainment.

During the period under review, we bade farewell to the long-standing Baktis appointed Non-Executive Director Mr. AbdulRahman Fakhro in January 2019 and welcomed the appointment of Mr. Khalid Hussain Taqi as his replacement to the Board in March 2019. I wish to thank Mr. Fakhro and acknowledge his valuable contributions to the Board. Further details regarding Board appointments can be found in our Governance Report.

The progress we made this year is the result of our biggest strength; the collaborative efforts of our determined employees and their commitment to serve our customers with innovative technologies and help us return value to our shareholders.

Meeting and exceeding customer expectations remains at the heart of all of our development initiatives. We are grateful for our customers’ continued trust in us, and choosing to stay with us.

Ismail Waheed
Chairperson

“...we wholeheartedly believe that the digital revolution has the power to make significant, positive progress on our nation’s socio-economic well-being...”
With the strong commitment and dedication of our teams Dhiraagu continued to deliver on its strategic objectives, which resulted in growth and value to our customers, and shareholders.

Providing a better customer experience is at the heart of everything we do. Significant investments were done to upgrade mobile coverage, and thereby realise our commitment to build digital skills and capabilities to enrich people's lives.

With the commercial launch of 5G we have demonstrated that it can offer, for the country's digital future, capability to deliver the nation's strategic development objectives, including the Government and the regulatory authorities to ensure our plans are aligned with the nation's strategic development objectives, as we continue to grow the business, by enhancing our broadband, enterprise and other digital services, to deliver improved service levels and increased value to our customers, colleagues and shareholders.

With the launch of 5G we have demonstrated our commitment at the forefront of technology and our resolve to “Take on tomorrow” and commit to offer future services and stay relevant for our customers. Through our Broadband offers, we continued to focus on providing customers with greater flexibility, more personalisation and make lives and business simpler. To meet the expectations of an increasingly connected digital society, we launched ultra-fast internet speeds of up to 10Gbps for the first time in the Maldives. The service is now available to both residential and business customers on 13 islands.

In collaboration with the Commercial Bank of Maldives we integrated personal bank account transfers between bank accounts and our mobile service DhiraaguPay. This was a key step in the progress made on our aspiration to offer a nation-wide network enhancement for transfers between bank accounts and our mobile service.

We want everyone to benefit from being connected to digital technologies. We make doing business simpler for small and medium enterprises through convenient and efficient ways of accessing, storing and communicating information, enabling them to better serve their customers and community. Our unified communication solutions catered for the needs of small businesses, enterprises, and the Government. Last year we delivered a nation-wide network enhancement for Department of Judicial Administration and linked all the courts of Maldives through a dedicated high-speed internet network.
Mr. Ismail Waheed  
Chairperson  
Non-Executive & Independent  
Maldivian

Appointed as Chairperson of the Board by the Government of Maldives in November 2018. Chairperson of the Remuneration, Nomination and Governance Committee.

With over 41 years’ experience in the telecommunications industry, Mr. Waheed was at the helm of Dhiraagu, as the Chief Executive Officer & Managing Director, from 2004 till his retirement in September 2015. During his career he held key positions including Head of Networks, Head of Marketing and Customer Services. Mr. Waheed steered the Company through key milestones including the IPO and transformation of Dhiraagu from a joint venture to a publicly listed company in 2011.

He started his career in telecommunications with Cable & Wireless Maldives in 1977 and later continued to serve in Dhiraagu with its formation in October 1988. Mr. Waheed also went on to serve as an Executive Director of the Indian Ocean Region of Cable & Wireless Plc from 2006 to 2008.

He holds a BEng (Hons) in Telecommunications Management and System Design from Anglia Polytech University, Chelmsford (UK) and completed an Executive Leadership Programme at Darden Business School, University of Virginia, USA.

Mrs. Khulood Rashid AlQattan  
Deputy Chairperson  
Non-Executive & Independent  
Bahraini

Appointed to the Dhiraagu Board by the Batelco Group in May 2017. Deputy Chairperson of the Board of Directors and Chairperson of the Audit Committee.

Mrs. AlQatan is the General Manager of Prime Advisory WLL. Mrs. AlQatan has over 26 years’ of extensive experience in banking, with a focus on investments. As a trader in US & European equities, she has experience in capital and money market instruments in international markets as well as portfolio management.

Her career began at the Bank of Bahrain & Kuwait where she worked her way to the Head of Investment Department before widening her experience with ADDax Investment Bank, Abu Dhabi Investment House and Evolvence Capital.
Mr. Ismail Rasheed
Chief Executive Officer & Managing Director
Executive & Non Independent
Maldivian

Appointed to the Dhiraagu Board as Chief Executive Officer & Managing Director by the Batelco Group in September 2015. As Chief Executive Officer and Managing Director, Mr. Rasheed is responsible for ensuring that Dhiraagu has a sound strategy for the future and applies its leadership to drive and deliver on its targets, while building a strong team and a business that is able to adapt to the digital future.

Mr. Rasheed previously served as Chief Executive of Dhiraagu from 2007 to September 2015 and held other key positions including Director of Networks from 2000 to 2007, Manager Networks Planning and Projects from 1999 to 2000. With over 31 years of extensive experience in governance, leadership and the telecoms industry, Mr. Rasheed has played a pivotal role in driving business strategy to transform Dhiraagu into a leading digital solutions provider. He holds an MBA from University of Reading (UK), BEng (Hons) in Telecommunications Systems Management & Design - Anglia Polytechnic University (UK). Mr. Rasheed is a member of the Institute of Engineering & Technology (UK).

Other directorship and appointments: • None

Mrs. Al Qatan holds a BA in Accounting from Ayn Shams University, Cairo.

Other directorship and appointments:
• None

Mr. Ihab Hinnawi
Director
Non-Executive & Independent
Jordanian

Appointed to the Dhiraagu Board by the Batelco Group in July 2016.

Mr. Hinnawi was appointed as the CEO of Batelco’s International Investments in May 2019 having held the role of Group CEO since December 2015. Mr. Hinnawi held key positions in various business units within the Batelco Group, including Chief Executive Officer of Umniah, Jordan from 2009 to 2015, General Manager Enterprise Division, Batelco Bahrain in 2008 and the role of CEO of Batelco, Jordan from 2007 to Jun 2008. Mr. Hinnawi helped establish Umniah in 2004, as a key member of its initial management team and continued to work there as its Operations Director until 2007.

He has over 30 years of extensive managerial and operational experience to lead the operations and financial performance of large industry pioneering corporate enterprises, which underpins his contribution as a director.

Mr. Hinnawi holds a BA in Business Administration.

Other directorship and appointments:
• Vice Chairman - SAMENA Telecommunications Council.
• Board Member - SURE Telecommunications Company (Channel Islands)
• Board member - SURE South Atlantic Limited (South Atlantic & Diego Garcia).
• Board Member - Etihad Altreb Telecom Company Saudi Arabia.
• Board Member – Umniah Mobile Telecommunication Company-Jordan.
• Board Member-Sababun Telecommunication Company-Yemen.

Mr. Imran Ali
Director
Non-Executive & Independent
Maldivian

Re-elected to the Dhiraagu Board by the public shareholders at the 29th AGM in May 2018. Mr. Ali has served on the Dhiraagu Board since May 2014. Member of the Remuneration, Nomination and Governance Committee, and Member of the Audit Committee.

Mr. Ali is the Chief Executive Officer of Dhonkeyo Group of companies with over 17 years’ of experience in tourism and real estate development.

He holds an MBA from Manchester Metropolitan University, UK and Bachelor’s Degree in Economics from the University College London, UK.

Other directorship and appointments:
• Chairman of Dhonkeyo Group of Companies.
• Managing Director of Reethi Rah Resort Pvt Ltd.
Mr. Khalid Hussain Taqi
Director
Non-Executive & Independent
Bahraini

Appointed to the Dhiraagu Board by the Batelco Group in March 2019. Member of the Remuneration, Nomination and Governance Committee.

Mr. Taqi has served as a representative of the Social Insurance Organization (SIO) on the Batelco Board of Directors since January 2019.

Mr. Khalid graduated from Concordia University, Montreal, Canada with a B.Comm in Finance. He also completed his Master’s degree in Finance from DePaul University’s Kellstadt Graduate School of Business. In addition, Mr. Taqi completed a number of executive training programs at the London Business School, NYU Stern and INSEAD.

Mr. Taqi started his career with the Transaction Advisory Services Team at Ernst & Young, Bahrain. During his tenure at Ernst & Young, he was exposed to a variety of different industries including real estate, banking, construction and telecom. He joined Osool Asset Management in 2013, his current mandate is to manage Osool’s strategic investments in both listed and non-listed companies.

Other directorship and appointments:
• Member of the board of Gulf Hotels Group and is a member of the Investment and Audit committees.

Mr. Oliver McFall
Director
Non-Executive & Independent
Danish

Appointed to the Dhiraagu Board by the Batelco Group in May 2017.

Mr. McFall is the Vice President of Roland Berger Strategy Consultants Middle East office.

With over 32 years’ of experience in international management consulting, his career achievements include 10 years as Vice President in Hamburg and the Middle East with Roland Berger Strategy Consultants, 10 years as Senior Partner and member of the Executive Team with AT Kearney and 5 years as Senior Project Manager with McKinsey & Company. Mr. McFall’s has worked in North America, Europe and the Middle East with major industrial corporations within telecom, energy and metals. Mr. McFall is currently working as a special advisor for CEO’s in a selected number of SME’s in Europe.

He holds a Master of Business Administration (MBA) from IMD Business School, Switzerland and a Master of Science (M.Sc) in Chemical Engineering from the Technical University of Denmark.

Other directorship and appointments:
• Board Member of Batelco Group (Bahrain);
• Board member and Chairman of the Audit committee of Sure Group
• Telecommunication Company (UK);
• Member of Advisory Board for Deep Branch Biotechnology

Mr. McFall graduated from Concordia University, Montreal, Canada with a B.Com in Finance. He also completed his Master’s degree in Finance from DePaul University’s Kellstadt Graduate School of Business. In addition, Mr. McFall completed a number of executive training programs at the London Business School, NYU Stern and INSEAD.

Mr. McFall is currently working as a special advisor for CEO’s in a selected number of SME’s in Europe.
Management Team
Robin Wall
Chief Financial Officer

Appointed Chief Financial Officer (CFO) in February 2015. Robin draws on his extensive experience in finance to drive clear insights around what delivers more value to the Company and makes the business more competitive in this rapidly changing digital market.

Robin joined Dhiraagu in 2011 and has held key positions in the Company including Acting CFO, Financial Controller and Assistant Financial Controller. Prior to joining Dhiraagu, Robin served as Financial Controller of Monaco & Islands region, CWC Group.

He is a Chartered Management Accountant with over 15 years of financial and operational expertise in the telecoms industry. Robin holds a BSc Management Studies, University of Brunel (UK) and is an Associate Member, Chartered Institute of Management Accountants (CIMA).

Mahmoud Dasser
Chief Marketing Officer

Appointed Chief Marketing Officer (CMO) in August 2018. Mahmoud brings his outstanding marketing skills and his focus on a customer-centric approach to drive all aspects of marketing, product development, innovation and market development for the Company.

Mahmoud's previous roles before joining Dhiraagu includes Chief Marketing and Partnerships Officer of TM ONE, the B2B division of Telekom Malaysia and Vice President, Partnership and Alliances at Mobily in Saudi Arabia.

Mahmoud is a global business leader, innovator and influential senior executive with over 25 years of experience in developing new markets, creating winning marketing strategies for High-Tech and the Telecom Industry.

He holds an Engineering Degree in Telecommunications from Telecom Paris, an Engineering and Management School in France.

Ali Riyaz
Director, Customer Services & Sales

Appointed as Director, Customer Services and Sales in 2016, he places the customer right at the center of Dhiraagu’s initiatives and actions. Ali fully understands the dynamic, competitive market in which we operate in and focuses on developing clear insights into what customers value.

Ali joined Dhiraagu in 1999 and has held key positions in the Company including Head of Administration and Human Resources.

He has extensive knowledge and over 23 years of industry experience in cross-functional areas of business and management.

He holds an Advanced Diploma in Hospitality Management from SHAFE College (Singapore).

Athifa Ali
Director, Corporate Services

Appointed Director, Corporate Services in 2015 after being the Director of Internal, Legal and Regulatory since 2003. Athifa leads the Company’s legal and regulatory functions by providing strategic guidance and insight to ensure that the business acts lawfully and with the utmost integrity. She also oversees the Company’s CSR activities.

Athifa joined Dhiraagu in 1988 and has held key positions in the Company including Financial Controller.

She has served as the Chairperson of the Board of Maldives Pension Administration Office for 6 years. Athifa is the current Chairperson of the Board of Maldives Pension Administration Office having appointed to the Board for a third term in June 2019.

Athifa is a Chartered Management Accountant with over 20 years of telecom managerial experience in key areas of business including finance, operations, legal and regulatory.

She holds an MBA, University of Bradford (UK) and is an Associate Member, Chartered Institute of Management Accountants (CIMA).

Musthagh Ahmed Didi
Director, Customer Solutions

Appointed Chief Technology officer in 2019. With his strong technology background, Musthagh leads the Business to Customer (B2C) & Business to Business (B2B) Solutions Architects and Professional Services Teams of the Company and collaborates with cross-functional teams and the customers to deliver innovative solutions.

Musthagh has over 24 years of experience in the field of Information Technology and has served in leadership roles such as Manager Information Systems and Manager Data & IP Solutions.

Musthagh holds a BSc (Hons.) in Microwaves & Computing from Aberystwyth University (UK).

Abdulla Firaq
Director, Networks

Appointed Director Networks in 2016, Firaq is responsible for building the best Network for the Company and leads the design, building, and maintenance of our core network and infrastructure.

Firaq joined the Company in 2012 and has held key positions in Dhiraagu including Manager Access Engineering and Manager Network Quality Assurance.

Prior to joining Dhiraagu he has worked as a Postdoctoral Research Fellow at the University of Canterbury (New Zealand), Project coordinator at Ministry of Communications, Science, and Technology (Maldives), and an Engineer at the Maldives Airports Company Limited.

Firaq is a qualified engineer and researcher with over 17 years of experience in telecommunications, electrical and energy sectors. He holds a Ph.D. and Masters in Electrical and Electronic Engineering from the University of Canterbury (New Zealand) and Bachelor of Engineering in Electrical and Electronics Engineering from the University of Adelaide (Australia). Firaq has been an IEEE member since 2016.

Rajan Suresh
Director, Human Resources

Appointed Director Human Resources in April 2019. Sureh brings global experience in leading transformational HR initiatives to drive the way the Company operates and strengthens employee engagement.

Prior to joining Dhiraagu he has held key positions in private and public sector including Head of HR (India, ME & Africa) at ISYX Technologies Pvt Ltd, and as the Chair of the Board of Maldives Pension Administration Office for a third term in June 2019.

Athifa is a Chartered Management Accountant with over 20 years of telecom managerial experience in key areas of business including finance, operations, legal and regulatory.

Firaq joined the Company in 2012 and has held key positions in Dhiraagu including Manager Access Engineering and Manager Network Quality Assurance.

Prior to joining Dhiraagu he has worked as a Postdoctoral Research Fellow at the University of Canterbury (New Zealand), Project coordinator at Ministry of Communications, Science, and Technology (Maldives), and an Engineer at the Maldives Airports Company Limited.

Firaq is a qualified engineer and researcher with over 17 years of experience in telecommunications, electrical and energy sectors. He holds a Ph.D. and Masters in Electrical and Electronic Engineering from the University of Canterbury (New Zealand) and Bachelor of Engineering in Electrical and Electronics Engineering from the University of Adelaide (Australia). Firaq has been an IEEE member since 2016.

Rajan Suresh
Director, Human Resources

Appointed Director Human Resources in April 2019. Sureh brings global experience in leading transformational HR initiatives to drive the way the Company operates and strengthens employee engagement.

Prior to joining Dhiraagu he has held key positions in private and public sector including Head of HR (India, ME & Africa) at ISYX Technologies Pvt Ltd,
Kochi, India; Senior Human Resource Director at Seddiqi Holdings, Dubai; Asst. General Manager of HR at Al Futtaim Group, Dubai; HR Operations Manager at Al Tayer Group, Dubai; HR Manager at Landmark Group, Dubai; and Senior HR Executive at Bharat Heavy Electricals Ltd, Bangalore, India.

He holds a Post Graduate in HR with 25 years of experience in IT, Electronics and Retail Industry verticals.

He also holds a Master’s Degree in Social Work (Human Resource Management) from Loyola College of Sciences and a Bachelor’s Degree in Psychology from FMNC, Kerala University.

Mohamed Hazmath Abdulla
Director, Property, Procurement & Administration

Appointed as Director, Property, Procurement and Administration in 2004. Hazmath’s role includes managing our properties across the country and leads the Company’s efforts to optimise costs. He is also responsible for ensuring that our procurement processes are run in accordance with our policies to maintain accountability and fairness.

Hazmath joined Dhiraagu in 2004.

Prior to joining Dhiraagu, he held key positions in the Ministry of Finance and Treasury.

Mohamed Musad
Director, Digital Transformation

Appointed Director, Digital Transformation in November 2017. Musad is responsible for driving strategy and steers major technology choices that the Company makes to ensure that our products and services are truly digital and that our customers’ needs remain at the heart of driving such efficiencies.

Musad joined Dhiraagu in 1995 and has held key positions in Dhiraagu including Director Networks, Manager Mobile Networks and Manager Core Networks and Senior Engineer.

He is a Chartered Engineer with over 21 years of technical expertise in the telecom sector.

Musad holds a Master of Commerce, Information Systems from the Victoria University of Wellington (New Zealand); MBA, Australian Institute of Business (Australia) and a Bachelor of Engineering in Mobile Telecommunications Technology, The University of Hull (UK).

* Mr. Ahmed Maumoon served as the Acting Chief Marketing Officer from February 2018 till his resignation from Dhiraagu in January 2019. He was also the Director of Business Development and had worked in various senior roles at Dhiraagu for 28 years.
The digital revolution is transforming our everyday experiences at homes, in offices and on the go.

Digital Technologies have empowered us to learn in new ways, to interact and communicate differently. Rapidly changing technologies continue to re-envision entertainment, whilst also making healthcare, education and financial services more universally accessible. Our strategic initiatives to meet the expectations of an increasingly digital future focus on bridging communities across our island nation and empowering locals and residents of Maldives.

We have made good progress on our transformation and growth journey, to foster strong, inclusive digital communities who can embrace the latest technological advancements and prosper in the agility, accessibility and opportunities they bring. Our values and our mission - to enrich lives through digital services - continue to guide us as we create long term value to our shareholders.

#DigitalRaajje High-speed connectivity for everyone

We continued to invest in our network and systems, including MVR 209m to enhance and grow our network and extend high-speed connectivity across the Maldives, including very remote corners of the country. As a result of our continued investments, high-speed FTTH is now available to 75% of national households to help make lives easier, healthier, smarter and more rewarding. Our FTTH network provides unparalleled network experience to communities in 58 islands across the country, making it by far the largest and fastest fibre network in the country. In collaboration with the Male’ City Council, we also enabled Wi-Fi hotspots in parks, waiting areas and other public spaces across Greater Male’.

We have also extended our digital IPTV service to 74% of national households. DhiraaguTV is now available on 52 islands and we have also piloted partnerships with private networks to rollout services to islands which do not yet have broadband services.

5G & Gigabit speeds, the next generation of Digital Technologies

Next generation 5G and gigabit speeds became a reality for the Maldives. We were the first to launch ultra-fast speeds of up to 1Gbps which has now been extended to 13 islands and is geared to improve people’s lives and experiences. Through it, communities have greater access to increasing variety of essential services in real-time.

In 2019, we began the rollout of commercial 5G services - the next technological evolution of mobile networks. We were the first in Maldives and the first in South Asia to have launched 5G commercial services. As pioneers in bringing the latest technology to the country, introducing the latest technology embodies our core value ‘innovation’. We have started rolling of 5G in selected areas of 3 population centres; areas of Greater Male’, Addu City Hillthodos as well as Haa Dhaalu Kulhudhuffushi. We are very excited about the opportunity 5G offers to facilitate digital growth and open new avenues for the community in education, healthcare, financial services, transportation, community services, disaster management and more.
Driving more flexibility, greater personalisation & making business simpler

Digitisation is a key operational theme for us. By digitising internal processes for contract approval and management, as well as the approvals for invoice payments, we have embed and implemented change towards a more agile way of working.

In 2019, major work was completed in the upgrade of our Business Support System to help us enhance and diversify our service portfolio. Our internal e-Learning platform was launched during the year, and we rolled various modules relating to company policies, induction content and enable employees’ access to curated courses based on competencies and work requirements.

To realise our vision of ‘DigitalRaajje’ we have been working on digital platforms to drive greater simplicity of our business and make our products and services more accessible. We welcomed Sobi our digital care assistant, and transformed the way we interact with our customers. Sobi assists customers to check balances, pay bills, activate add-ons and boosters and also effortlessly switch packages.

With the growing appeal in digital, 34% of all customer transaction are through digital channels. At their convenience, customers can simply log in and make a change to their service or complete simple transactions such as placing a service order, purchase boosters or make payment for their account through the Dhiraagu app and My Account portal. We recognise some customers continue to prefer to call when they have complex problems with their services. Our customer care team both on the phone and over live chat takes care of those customers who prefer these methods. We have also continued to invest in our in-store experience and opened a new outlet at the Marina on Crossroads.

Mobile

We introduced better value for money offers on our mobile services including brand-new postpaid plans with data allowances up to 50GB, ideal for customers with high data spend.

We also implemented a rightsizing initiative where we migrated customers to better value packages that best suit their needs and enable them to be better equipped to contribute to a prosperous and inclusive digital society.

Broadband

We continued to offer greater value for our customers through increased data allowances and trigger boosters. We also launched our ultra-fast 1Gbps package during the year, becoming the first operator in the Maldives to offer Gigabit speeds commercially. Gigabit speeds offer greater bandwidth capabilities ideal for streaming high definition videos and online gaming.

Devices

In partnership with global flagship brands, we launched the latest smartphones including the Samsung S Series; the Huawei P30 and Huawei P30 Pro; the Samsung Galaxy Note 10 and Note 10+; and iPhone 11. We offered convenient payment plans and special data allowances, providing greater value on the device purchases.

Mamen

Mamen – with its no expiry 365 days validity, build and take back options for data, voice and sms, grew by 287% in 2019. We also introduced add-ons on Mamen for customers who count on us for better data bundles and exclusive lifestyle and entertainment offers.

On average more than 765+ invoices are processed through our ‘Shirtfront’ system each month and we save more than 48,000 sheets of paper annually.

Dhiraagu Fleet Manager

Our digital fleet management solution is a combination of a sophisticated GPS tracking technology along with an advanced mapping and reporting software managed by a single dashboard. It provides owners and fleet managers with real-time analytics through their mobile devices to create more efficient, safer and smarter passage for their crew and vessels as well as anticipate potential issues.

DhiraaguPay

As part of enhancing customer experience and driving financial inclusivity, we continued to strengthen our digital mobile payment platform by expanding merchant networks to over 240 shops and introducing more innovative and relevant features.
Fostering partnerships for economic growth

Every day, our teams work to help our customers, partners and other stakeholders understand how new technology can enhance their business and shape socio-economic progress.

Government

We supported the Government’s digitalisation agenda, by delivering a unified communications solution to the Department of Judicial Administration. The solution links the courts of Maldives across 155 islands through a dedicated high-speed internet network.

Tourism

We place great importance in enhancing our portfolio for the tourism sector. Last year, we made significant upgrades on our international transit capacity in order to cater to high demand. 4G network enhancements across all operational resorts were carried out as a priority. Additionally, services of fixed telephony and internet along with 3G/4G services were set up at a number of resorts under construction. Along with dedicated internet and hospitality TV services, all of our resort partners enjoy enhanced managed services of colocation, connectivity and security.

SMEs

We are focused on ensuring that everyone benefits from being connected to digital technologies. We endeavour to continue serving small and medium enterprises as a trusted partner offering new age digital solutions for them to grow and thrive efficiently and successfully. With the fibre services to 58 islands, we were able to provide specialised solutions for the guesthouse industry: Our guesthouse package allows guesthouse owners to provide better services of managed guest internet and TV to their customers as well as increase their efficiency.

Enterprise

As the leading telecoms and digital partner, we build technology solutions that are easy to use and provide managed solutions to our enterprise customers. Each of our solutions are tailor-made and designed specifically to meet the needs of our customer’s businesses. We continue to expand our portfolio to cater to our enterprise customers. Our full suite of enterprise ICT solutions; dedicated internet, lease line services, CloudVoice and SIP services, M2M, digital marketing, dedicated VPS and hosting and Datacenter services are designed to offer more agility and peace of mind.

DhiraaguTV

We became the first to launch a VoD feature by adding popular kids’ entertainment shows from Nickelodeon and local content to our IPTV VoD library. Customers can also subscribe to premium VoD content on a pay per view basis. Our new ad-on packages ‘Fun’ and ‘Excitement’ were also launched during the year.

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Overall Financial Performance

The financial year 2019 was challenging on multiple fronts, including intense competition, increased cost of providing services and changes to key systems. Despite the multifaceted challenges, we continued to defend our market leadership position in all our key markets and product portfolios during the year. Total revenue reached MVR 2.9bn, a growth of 3.5% Year-on-Year (“YoY”) on the back of strong performance across our key business segments with growth coming from mobile and fixed broadband, enterprise and digital services. The growth was supported by our commitment to invest in high-speed broadband services across the country, where we maintain 100% 4G coverage and reached a milestone of 75% coverage of national households on our fibre broadband network.

In line with our vision of “Take on tomorrow”, our digital transformation journey continued during 2019 with the introduction of state-of-the-art technologies, products and services to our customers. We achieved major milestones by launching the first 5G network in the Maldives and South Asia region, and became the first operator to roll-out Fibre Broadband services to 75% of the households in the country, enabling digital empowerment as part of our “Digital Raajje” initiatives.

Operating costs increased by MVR 7m mainly driven by IT and power costs reflecting the increased cost of providing services and transformation activities to provide better services across the country. Reported EBITDA for 2019 grew by 5.5% (MVR 77m) to MVR 1.5bn. Like for like EBITDA grew by 1.1% (MVR 16m) excluding the impact of changes from the new IFRS 16 accounting standard.

Net Profit for the year (MVR 842m) and Earnings Per Share both increased by 4.1% (MVR 37m) vs 2018.

Revenue grew by MVR 96.5m in 2019 contributed by an increase in revenue from Mobile and Fixed Broadband, Datacom and Adjacent Services. Increases in customer numbers both on mobile and fixed broadband services along with targeted customer value propositions helped drive the revenue growth. Our commitment to invest in network and service enhancements, along with the introduction of new technologies such as the 5G investments, have made our services available to more people and resulted in improved quality of services.

Reported EBITDA for 2019 was MVR 1.5bn, a 5.5% (MVR 77m) YoY growth. Like for like EBITDA growth was 1.2% or MVR 16m (excluding IFRS 16 impact). Operational costs increased by MVR 7m on a reported basis and by MVR 69m (including IFRS 16 changes) due to cost pressures with expansion of the network, upgrade of systems and general cost of operations. However, despite the increase in costs, operating profit increased by MVR 19m due to the strong revenue performance.

Profit after tax increased by MVR 37m during 2019 driven by the growth in revenue.

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1 EBITDA is calculated as Revenue less Operating Costs, less Impairment loss on trade receivables and contract assets.
2 Adjusting for adoption of new IFRS 16 accounting standard; Like for like EBITDA is calculated as reported EBITDA, less depreciation on right of use (ROU) assets, less interest on lease liabilities.
3 Operating profit is calculated as Results from operating activities, less interest on lease liabilities.
Basic EPS was MVR 12.39, a growth of 4.1% YoY, due to the increase in Profit After Tax.

For the financial year 2019, a total dividend of MVR 912m is proposed to the shareholders (MVR 314.6m already paid as interim dividend and MVR 597.4m proposed as final dividend for 2019).

Total capital expenditure during the year was MVR 313m which is MVR 93m lower than previous year. We continued to invest in our network and systems, including MVR 209m, to enhance and grow our network and extend high-speed connectivity across the Maldives. As a result of our continued investments, high-speed Fibre To The Home is now available to 75% of national households, helping enrich lives and build digital inclusivity. Our investment also included the introduction of new technologies with the rollout of 5G.

As at 31 December 2019, Dhiraagu’s total asset base stood at MVR 3.6bn and net assets were MVR 2.5bn which represents an increase of 14.9% and 7.5% respectively, mainly due to the adoption of IFRS 16 in 2019. Return on capital employed (ROCE) for 2019 was 38.8% versus 42.5% in 2018. Like-for-like ROCE for 2019 would have been 42.1% (excluding impact from IFRS 16 changes).

Free cash flow (cash flow from operating activities less purchase and construction of property and equipment / purchase of intangible assets) was MVR 965m for 2019. This is a 56.4% increase from 2018 mainly due to higher operating cash flow and lower capital expenditure.

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Our Company is owned by 14,324 shareholders (as at 31 December 2019). Most of our shareholders are individuals who themselves or on behalf of their children, have invested in the prosperity of our business.

BTC Islands Limited (Batelco) holding 52% and the Government of Maldives holding 41.8%, are our two principal shareholders. The remaining shares are held by members of the public. There are no other individual or institutional shareholders holding more than 5% of our shares.

Creating sustainable shareholder value is important to us and this continues to be demonstrated by the healthy dividends we pay to our shareholders. Since being listed on the Maldives Stock Exchange in January 2012, we have distributed a cumulative dividend of MVR 6 bn, which represents a return of 99% on the initial purchase price of MVR 80.
### Key Trading Highlights

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Share Performance</td>
<td></td>
<td></td>
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<tr>
<td>EPS (MVR)</td>
<td>12.39</td>
<td>11.91</td>
<td>11.81</td>
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<tr>
<td>P/E Ratio (times)</td>
<td>8.67</td>
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<tr>
<td>Dividend per Share (MVR)</td>
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<td>11.81</td>
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<tr>
<td>Net Asset Per Share (MVR)</td>
<td>32.86</td>
<td>30.66</td>
<td>30.46</td>
</tr>
<tr>
<td>Dividend Pay-out Ratio</td>
<td>97%</td>
<td>100%</td>
<td>100%</td>
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### Shareholder Communications

Our shareholders form an integral part of the Company. We ensure to provide clear, accurate and timely information to our shareholders via various mediums. In this regard, our shareholders are communicated through financial reports, which are published quarterly within 30 days of end of each quarter and Annual Reports which are published within 6 months of the year end. All quarterly and annual reports published since the Company became publicly listed are available on our website.

### Annual General Meeting (AGM)

AGMs are the principal platform where we interact with our shareholders. For this reason, shareholder participation at AGMs is encouraged. 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. The Board and management attend the AGM 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 published and made available on our website.

### 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 on our website allowing investors and other stakeholders to be kept abreast of our business and performance.

### Investor Relations Team

We have a committed team responding to daily queries from shareholders and stakeholders. Information on shareholding details and dividend payment history are promptly provided. Dhiraagu’s customer service hotlines and offices support the Investor Relations team by forwarding queries and requests from shareholders.
We Support The United Nations Sustainable Development Goals And Have Been A Signatory To The United Nations Global Compact Since December 2012.

“We remain steadfast in our commitment to the 10 principles to promote the key areas of human rights, labour, the environment and anti-corruption”

Ismail Rasheed
CEO &MD
Corporate Social Responsibility

Our work is motivated by the principles of good corporate citizenship. We seek to set an example for the rest of society by adhering to the highest levels of integrity, sound ethics, transparency and accountability. We actively reinforce our ties to the Maldivian community by contributing to nation building and societal development. Which is why our CSR initiatives are strategically programmed to have maximum impact and ensure sustainability. Our CSR actions are informed by our CSR strategy and guided by Dhiraagu CSR Committee. The Committee is chaired by the Chief Executive Officer & Managing Director and is represented by senior management.

The three pillars in our CSR Strategy

Our People

Our Community

Our Environment

In addition to our focus on strong corporate governance, since becoming a signatory to the United Nations Global Compact (UNGC) in 2012, we have made yearly assessments of our environmental and social performance and published separate Corporate Social Responsibility Reports to present the Communication on Progress (COP) to the UNGC. This year, we have included the Communication on Progress within the Sustainable Tomorrow section of this report.

Our Community

We continued to support various NGOs working for children’s rights as well as programmes designed to empower young people. Our initiatives under the Community pillar support the United Nations Sustainable Development Goals on Good Health and Wellbeing (SDG 3), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9) and Reduced Inequalities (SDG 10).

Care for Children

Chiragaa Maldives Road Race 2019 was dedicated to “Help Protect Children” and was held with the participation of 4370 runners and raising over MVR 700,000 for the 11 partner NGOs working in the area of child protection and support.

Over 400 children, 14 schools and 4 NGOs participated in Chiragaa Special Sports Festival 2019, an annual sports event organised and driven by Dhiraagu for children with various disabilities.

To mark World Down Syndrome Day, we supported the NGO Beautiful Eyes Down Syndrome Association to conduct a speech therapy and assessment programme in Haa Dhaal Atoll.

We supported the key programme by Mental Health Awareness Foundation (MHAF), including workshops for educators and students along with MHAF’s “Tea and Talk” event to encourage young people to open up and challenge the stigma.

Empowering Men

In partnership with Women in Tech, we introduced Girls to Code in Fuvahmulah. The programme teaches women how to code with the aim of encouraging more women into ICT fields.

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We renewed our membership with GSMA Mobile Alliance Against Child Sexual Abuse Content to block child sexual abuse content on our network.

We supported the 2019 Vocational Training Programme at Care Society that teaches students various skills such as art and craft, design, sewing and computer skills to empower persons with disabilities.
Community empowerment and wellbeing

We extended our support to the National Centre for the Holy Quran by providing our Digital Connectivity solution for the centre to conduct Quran courses in Laamu Fonadhoo and Fuvahmulah.

We supported Fanru Expo- National exhibition by the Ministry of Economic Development to promote the creative arts and local craftsmanship.

We supported Reveli- a key event held by Ministry of Gender, Family and Social Services to celebrate the International Day for Persons with Disabilities by showcasing their creative work.

We supported the Haveli NGO Fair, a key initiative by the Government of Maldives to establish a platform of collaboration between NGOs, the corporate and the public sector.

To mark Maldivian Red Crescent Day and World Humanitarian Day, we renewed our corporate membership with Maldivian Red Crescent and continue supporting their humanitarian work.

Similar to last year, 10% of the proceeds from Ramadan Data Bundles was donated to a local charity. This year we donated MVR 385,000 to Maldives Association of Persons with Disabilities (MAPD).

Disaster Relief

We supported disaster relief efforts following the Male’ Fire Incident:

• We waived off Dhiraagu fixed Broadband bills for households and businesses that were directly affected by the Male’ Fire incident.
• We supported the National Disaster Management Centre and donated computer systems and set up internet connections at the Centre as required for their emergency response efforts.
• We donated phones and provided connectivity for Maldivian Red Crescent to enable their set up to provide psychosocial support to help those most in need.

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights and;

Principle 2:

Make sure that they are not complicit in human rights abuses, Assessment, Policy and Goals.

United Nations Global Compact- Human Rights Principles
Our People

Our committed and talented people have always been the driving force behind our success. We closed the year with 587 permanent full-time employees, 90% of whom are Maldivian.

Our initiatives for our people support the United Nations Sustainable Development Goals on Good Health and Wellbeing (SDG 3), Decent Work and Economic Growth (SDG 8) and Industry, Innovation and Infrastructure (SDG 9).

Our People Support the UN Sustainable Development Goals

Our initiatives for our people support the United Nations Sustainable Development Goals (SDGs).

Prevention of Harassment & Bullying at Workplace

A Prevention of Harassment and Bullying Policy was introduced during the year. Its objective is to provide a safe working environment free from harassment and bullying. The policy applies to all employees, apprentices, consultants, contractors, volunteers, interns, casual workers, agency workers and any other third parties at our premises.

Grievance Policy & Procedure

A Grievance Policy and Procedure was implemented in 2015 setting out the mechanism for our people to raise any concerns regarding any work-related matters.

Whistleblowing and Fraud Reporting Policy

The Whistleblowing Policy was revised and a Fraud Risk Management Policy was introduced in April 2019. It also provides internal controls for the prevention and detection of fraud and misconduct within the Company as well as protocols for conducting internal investigations.

Health and Safety

We are committed to ensuring the health and safety of our people. Apart from complying with local legislations, we work towards achieving international best practices in relevant areas relating to our industry and specific work environments.

Medical Care

We have a comprehensive in-house medical benefits scheme that offers medical assistance to our staff, their spouses and dependent children. The medical benefits scheme applies to all employees and to their dependants under the age of 18.

Retirement Care

We continue to contribute 10% to the employee pension fund, which is beyond the 7% required by law. We have had a Retirement and Redundancy Policy, even before the establishment of the national pension scheme in 2009.

Code of Ethics

Our Code of Ethics recognizes that our success depends on the ability to establish and maintain positive relationships, both internally within our people and externally with our stakeholders. During the year the Code of Ethics was revised and adopted with a new social media guideline for our people and addressing key changes to our business environment.

Implementation

Employee Induction Programme

The Code of Ethics together with other relevant policies are communicated with all new employees as part of the Employee Induction Programme and is shared on the online employee portal for further reference.

Committee to Prevent Sexual Harassment at Workplace

Our Committee to Prevent Sexual Harassment at the Workplace is primarily responsible for increasing awareness to prevent sexual harassment, conducting investigations regarding any complaints and recommending the necessary subsequent actions.

Whistleblowing and Fraud Reporting

Our whistleblowing fraud reporting mechanism provides multiple channels establishing a confidential process for reporting and appropriate procedures for our people to report their concerns, raising confidence of our colleagues and other stakeholders in our systems and processes.

Health and Safety implementation

Our Health and Safety Policy is applicable to our people and contractors. During the year, the Health and Safety Environment Manual was updated and issued.

Employee wellbeing

Activities carried out during the year to promote wellbeing off our people include:

- Mental wellbeing awareness session carried out in collaboration with Mental Health Awareness Foundation (MHAF)
- Workplace stress management session conducted in collaboration with Society for Health Education (SHE)
- Work stress management programs conducted in collaboration with Fit4Life
- Nutrition & Weight Management session conducted in collaboration with Health Protection Agency (HPA)
- A company-wide H1N1 influenza vaccine drive for our people and their families.

Measurement of Outcomes

The Induction Programme was conducted for all new staff and the Code of Ethics and safety procedures were briefed to ensure that our people are familiar with the policies from the very beginning.

- A company-wide campaign was carried out to provide vaccine against H1N1 influenza for our people and their families.

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**Implementation**

We believe in open, transparent dialogue with regard to labour-related issues within the organisation.

We adhere to the Maldives Employment Act to ensure the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

**Employee Development**

We equip our people with the tools and trainings required to foster a digital mindset and deliver increasingly responsive and customised services. We also give importance to ensure that our people have the right skills and competencies to further their own professional development. Our HR department actively creates learning and development opportunities for our people. Dhiraagu e-learning platform was introduced to facilitate digital learning and knowledge sharing. The platform provides learning content regarding policies and procedures, best practices and links to facilitate and enhance work skills.

**Staff Engagement**

We seek to foster the engagement and a healthy work life balance for our people and their families. During the year, our HR department together with the E-Club organised the following events:
- Dhiraagu Employees Soccer Cup (DESCUP 2019)
- Grand Futsal tournament with the participation of over 300 staff.
- Roadha Festival (Darts, Billiards, Galando, Canton, Sobadle, FIFA)
- Quran and Madhaha Competition
- Maskeyathu 2019
- 3 on 3 Futsal Tournament
- Inter-office tournaments, Club Maldives Cup
- Inter-office Billiards competition and chess tournament

**Volunteerism**

Our people are encouraged to be involved in the community. They contributed their time and efforts to a range of community-based activities across the country:
- our people volunteered to distribute Eid gifts to children across the Maldives on the occasion of Eid Al Fitr
- participated in International Coastal Cleanup activities in Kãhuadhoo, Eydhafushi and A.Dh. Dhangethi and other beach cleanup events in Sh. Feydhoo, Fuvahmulah and Addu City during the year.
- engaged in activities to mark World Cancer Day, World Heart Day, World Children’s Day, Earth Hour and Environment Day.

**HRD Board**

To periodically review human resource development plans, policies and procedures and recommend strategic directions, a Human Resources Development Board (HRD Board) is established and the committee convenes on a regular basis.

**Legal Reviews**

We have a separate Legal Department to fulfill our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to work within the bounds of the Employment law and company procedures.

**Measurement of Outcomes**

- During the year, 326 employees received training in technical and non-technical programmes to enable them further their knowledge and skills.
- This includes 12 staff who completed professional certification programs during the year.
- At the Annual Award function, long service, outstanding work performance and leadership were recognised - A total of 79 staff received awards in these categories.
We place great importance in raising awareness against single-use plastic. Advocating for the protection and preservation of our natural environment and ensuring environmental sustainability in our corporate practices is an important aspect of Dhiraagu’s CSR strategy.

Our initiatives under our environment pillar support the United Nations Sustainable Development Goals on Affordable and Clean Energy (SDG 7), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13) and Life Below Water (SDG 14).

Implementation

Care for the Oceans

Our CED pledged to stay committed and to continue our efforts to reduce single-use plastic at the World Oceans Day event by Ministry of Fisheries, Marine Resources and Agriculture and Parley Maldives.

We held a beach cleanup and awareness session in Sh. Feydhoo together with the NGO Feydhoo Environment Development Association, students and members of the local community. We also distributed reusable bags to households.

We supported the following activities to mark International Coastal Clean-up Day:

- We collaborated with Dhangeli School and organised a beach cleanup together with school children in A. Dh. Dhangeli.
- We supported the NGO BeaLeaf to organise a beach cleanup event and our people joined together with schools and other institutions from the community of Kulhudhuffushi.

Our teams participated in beach clean-ups in Fuvahmulah, Kulhudhuffushi and in four areas of Addu Atoll to help intercept ocean plastic as part of the Radhu Gudh-kite Surfing fest together with Parley Maldives, NGOs, schools and the community.

In partnership with UNDP Maldives, a drone mapping training was conducted in Addu City. The event is part of the bigger project, “Drones for Resilience” to promote the use of drone technology for enhanced preparedness and disaster management under the Sustainable Development Goal 13 - Climate Action.

Raising awareness for Earth Hour and Environment Day

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Raising awareness for Earth Hour and Environment Day

Our people volunteered to celebrate Earth Hour and Environment Day together with Bike Maldives and Ministry of Environment and took part in bicycle ride events to raise awareness on environmental vulnerability and sustainable ways of saving energy. We also switched off lights during Earth Hour from Dhiraagu Head Office and all regional operational centres to take part in the global campaign to raise awareness.

Renewable Energy

We remain committed to low emission carbon-resilient business practices and seek to reduce our carbon footprint through increasingly relying on renewable energy to power our various systems. We take great pride in our role as one the largest producers and users of renewable energy in the country.

As part of our continuous efforts in increasing our solar footprint, our work was in progress during the year to utilise 709kWp of grid tied PV solar power systems in 15 islands nationwide. We plan to complete the project by 2020.
Energy Efficiency

Our Head Office was designed with sustainable green features and provides significant energy efficiencies. All the lights used in the building, including emergency lights are 99% LED lights. We have motion sensors to switch off the lights in common areas to ensure lights are switched off when not in use. High heat reflective glass is used in building facade to minimise heat entering into the building. The office adopts central AC control, where air-conditioning is centrally turned off at pre-set times and is limited to official working hours.

Measurement of Outcomes

Through the additional solar panel installations, we produced > 400 MWh of renewable energy during the year, which resulted in an approximated reduction of >300 metric tons of CO2 emitted.

The energy saving features incorporated in Dhiraagu Head Office resulted in an annual reduction of approximately 390,128 kwh of electricity, which is also equivalent to 276 metric tons of CO2 or 636 barrels of oil.

United Nations Global Compact-Anti-Corruption Principles

 Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery
POLICY AND GOALS

During the year, the following policies were issued:

Acceptable Suppliers Conduct Policy - The purpose of this Policy is to set out the Company’s expectations from the Suppliers with whom it transacts, in order to help the Company, protect its integrity and successfully resist bribery / corruption. In addition, this Policy is to ensure that all the local and international Suppliers know the Company’s commitment to be a responsible corporate citizen.

Anti- Corruption and Anti-Bribery Policy - The aim of this Policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the action of a Company Personnel while laying down the expectations from other persons to refrain from causing or exciting the Company Personnel to breach this Policy.

Confidentiality of Business Information Policy - This policy advises all our people on their responsibility of preserving the confidentiality of company’s data and information during and after their service with the Company according to employment agreement, confidentiality agreement and the provisions of laws applicable to the company.

Disclosure of Conflicts of Interest Policy - the policy is designed to help all those who are under scope of this Policy to:

- identify situations, that present potential Conflicts of Interest and
- know a procedure that, if observed, will allow a Transaction to remain valid and binding, even though the relevant Persons may have a Conflict of Interest with respect to the Transaction.

Gift, Hospitality and Entertainment Policy - The aim of this Policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the offer or acceptance of the Gift, Hospitality or Entertainment.

Implementation

Supplier Code of Conduct

From 2013 onwards, our suppliers and vendors sign on to our Supplier Code of Conduct when contracting with us and are expected to meet the standards detailed in it. Our Acceptable Suppliers Conduct Policy was revised in April 2019 and is modelled to set out our minimum standards in the areas of labour and human rights, health and safety, environment and ethical dealings.

Measurement of Outcomes

All supplier agreements contain the Acceptable Suppliers Conduct Policy.
Directors Governance Report

We take our role as a responsible corporate citizen very seriously. Our commitment to conducting our business in an ethical, sustainable and accountable manner are at the heart of the long-term performance and sustainability of our Company. We promote a responsible culture in our business through structured governance policies and procedures which are used to set our strategy and objectives, monitor our performance and manage risks our business faces.

Throughout the financial year that ended 31 December 2019 we continued to adhere to the principles and guidelines set by the Maldives Code of Corporate Governance, issued by Capital Market Development Authority (CMDA). Every effort was expended to ensure that we have complied with the compulsory provisions of the CMDA’s CG Code. In the event of any variations, explanations are provided. Additionally, our internal Corporate Governance Code lays the foundation for our sound corporate governance principles and can be downloaded from www.dhiraagu.com.mv/investor_relations.

In addition to our focus on strong corporate governance, since becoming a signatory to the United Nations Global Compact (UNGC) in 2012, we have made yearly assessments of our environmental and social performance and published separate Corporate Social Responsibility Reports to present the Communication on Progress (COP) to the UNGC. This year, we have included the Communication on Progress within the Sustainable Tomorrow section of this report.

Responsibilities of the Board of Directors

• As part of its overall responsibilities to serve the long-term interests of the shareholder, the Board:
  - reviews and approves, our strategic plans, management structure and responsibilities, systems and controls framework;
  - adopts the strategic guidelines for as proposed by Management or, where appropriate, on its own initiative;
  - reviews and discuss reports of our performance, our plans, and products; and
  - assess major risks facing the business by reviewing and approving strategies for addressing such risks.

• The Board also ensures that processes are in place for maintaining our integrity and reputation including:
  - the integrity of the financial statements;
  - compliance with applicable legislation accounting and auditing principles, and internal policies governing our business
  - the integrity of our relationship with our shareholders; and
  - overseeing the process of disclosure and ensuring that the communications are fair, transparent, comprehensive and timely.

The Role of the Board, Chairperson & Chief Executive Officer & Managing Director

Board

The Board is responsible for establishing our policies and strategy and overseeing matters ranging from implementation of our strategy, performance against our corporate plan, the status of our material business risks and matters requiring Board approval, to matters relating to our people, culture and governance framework. The Board’s role and responsibilities are detailed in the Board Charter which was amended in 2017.

Chairperson

The Chairperson’s overarching responsibility is to provide leadership and effective guidance to the Board and Dhiraagu to ensure our Company fulfills its obligations. The Chairperson’s role is to take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made by the Board. The position of Chairperson and the Chief Executive Officer & Managing Director cannot be exercised by the same individual.

CEO & MD

The Chief Executive Officer & Managing Director, together with the senior management team, is responsible to the Board for the development and implementation of our strategy and overall day-to-day management of the Company. There is a formal delegation of authority structure in place in our ‘Authority Matrix’ which is approved by the Board and sets out the powers delegated to the Chief Executive Officer & Managing Director (this is further complemented by formal delegations from the Chief Executive Officer & Managing Director to our employees) and those specifically retained by the Board.
Board Composition & Membership

The Board of Directors consists of 9 members, to ensure that our Board has representation from all our shareholders; 5 Directors are appointed by our major shareholder Batelco, 3 Directors are appointed by the Government of Maldives and one Director is appointed by the public shareholders at the Annual General Meeting.

At the date of the approval of this report, there are 7 sitting Directors and details of their qualifications and experience, together with details of the year of initial appointment and re-election (where applicable), can be found in the Board of Directors section of this Annual Report.

Appointments from Batelco Group and Government of Maldives are received in writing from the respective shareholder, and they hold office until a written notice of their removal is received in writing from the respective shareholder, and they hold office until a written notice of their removal is received in writing from the respective shareholder, and they hold office.

At Board meetings, Directors engage in robust discussions with Management on strategic direction of the business to ensure that investment is directed towards the things that will lead to the best outcomes for the Company and its shareholders. Agenda for the meetings are set in advance after consulting with the Chairperson and Batelco Group. Board papers are shared prior to the meeting, providing opportunity for Directors to review and prepare for the meetings. All Board meeting agendas have a permanent provision for any other business where Directors can voice matters of pressing concern to the shareholders they represent.

Mr. Ismail Waheed
Position: Chairperson
Representation: Government of Maldives
Attendance: 5/5

Mrs. Khulsool Aliqattan
Position: Deputy Chairperson
Representation: Batelco Group
Attendance: 5/5

Mr. Ismail Rasheed
Position: Chief Executive Officer & Managing Director
Representation: Batelco Group
Attendance: 5/5

Mr. Ibah Hinnawi
Position: Non-Executive Director
Representation: Batelco Group
Attendance: 5/5

Mr. Imran Ali
Position: Non-Executive Director
Representation: Public Shareholders
Attendance: 5/5

Mr. Oliver McFall
Position: Non-Executive Director
Representation: Batelco Group
Attendance: 5/5

Mr. Khalid Hussain Taqi
Position: Non-Executive Director
Representation: Batelco Group
Attendance: 4/5*

*Mr. Khalid Hussain Taqi was appointed to the Board on 4 March 2019 and there were only 4 Board Meetings in 2019 following his appointment.

Key Decisions in 2019

- Approval and revision of the Whistleblowing Policy.
- Review and revision of the Anti-Corruption and Anti-Bribery Policy.
- Approval of the Fraud Risk Management Policy.
- Approval of the Confidentiality of Business Information Policy.
- Approval of the Disclosure of Conflicts of Interest Policy.
- Approval of the Gift and Hospitality Policy.
- Declared MVR 4.14 per ordinary share (total MVR 314.6m) as an Interim Dividend for the year 2019.
- Review and revision of the Credit Control Policy.
- Review and revision of the Authority Matrix.
- Review and revision of the Code of Ethics.
- Approval of the Prevention of Harassment and Bullying at the Workplace Policy.
- Approval of the proposed re-appointment of KPMG Hussain to the combined role of General Counsel and Company Secretary.
- Proposed the re-appointment of KPMG as the External Auditor for 2019.
- Approval of 2018 Performance Bonus Payout Plan.
- Approval of Revised Budget for 2019.
- Approval of the Annual Report for the year ended 31 December 2018.
- Approval of the strategy and Business Plan for 2020.
- Review and revision of the ’Whistleblowing Policy’.
- Review and revision of the Anti-Corruption and Anti-Bribery Policy.
- Approval of the Fraud Risk Management Policy.
- Approval of the Confidentiality of Business Information Policy.
- Approval of the Disclosure of Conflicts of Interest Policy.
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- Proposed the re-appointment of KPMG as the External Auditor for 2019.
- Approval of 2018 Performance Bonus Payout Plan.
- Approval of Revised Budget for 2019.
- Approval of the Annual Report for the year ended 31 December 2018.
- Approval of the strategy and Business Plan for 2020.
**Corporate Governance**

Going Concern

Considering our strong financial standing and position in the market, Dhiraagu is well placed to manage its business risks in the current economic conditions. Having reviewed our strategy and business plan for 2020, and the audited financial statements for 2019, the Board affirms that the Dhiraagu’s ability to continue as a going concern, and that we have adequate resources to continue in operation for the foreseeable future. We will continue to disclose, as applicable, matters related to going concern and use the going concern basis of accounting.

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. In accordance with the Companies Act (Law No. 10/96) and our Articles of Association, Directors must declare any conflict of interest they may have, and follow the procedures set out in our Board Charter including, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest.

Internal Control, Risk Oversight & Risk Management

Our risk management approach centers on continuous assessment, monitoring and reporting of risks which may impact the progress of delivering our strategic priorities. Risks together with their controls and treatment are regularly reported to the Audit Committee which assists the Board in its oversight function.

A 'Risks Register' is maintained and reviewed by the Audit Committee every quarter. A 'Whistle Register' is maintained and reviewed by the Audit Committee every quarter.

The Board regularly reviews the governance practice to reflect the developments in our business, market practice and expectations, as well as regulatory changes. We place great emphasis to conduct our business in a fair and responsible manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In order to meet all the legal and regulatory obligations and compliance limits for all business transactions and related to compliance and risk.

**Governance Policy Framework**

The Board regularly reviews our governance practice to reflect the developments in our business, market practice and expectations, as well as regulatory changes. We place great emphasis to conduct our business in a fair and responsible manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In order to meet all the legal and regulatory obligations and compliance limits for all business transactions and related to compliance and risk.

Our Code of Ethics was revised in July 2019, it sets approval limits for all business transactions and expenditures.

Our 'Authority Matrix' was last reviewed and amended in July 2019, it sets approval limits for all business transactions and expenditures within our Company. Due to the nature of our business and the environment within which we operate, we may be exposed to risks. Thus, the Board is required to establish and maintain positive relationships between the internal and external stakeholders. The policy further enhances the transparency and consistency in dealing with grievances across our Company.

Our Disciplinary Policy and Procedure adopted in September 2011 and recently revised in April 2019 is intended to comply with applicable laws and regulations. Dhiraagu has not been given notice of, or prosecuted for, any significant breaches of any relevant laws or regulation during the financial year.

As a going concern, and to manage its business risks in the current economic conditions, Dhiraagu is well placed to continue as a going concern, and that we have adequate resources to continue in operation for the foreseeable future. We will continue to disclose, as applicable, matters related to going concern and use the going concern basis of accounting.

In addition to this, the revisions to the Whitecollar Policy coupled with a Fraud Risk Management Policy adopted in September 2019, provide a confidential process with appropriate protections for our people to report their concerns. It has also strengthened our governance structures, raising confidence of our colleagues and other stakeholders in our systems and processes.

Our Code of Ethics was revised in July 2019, it sets approval limits for all business transactions and expenditures. Our ‘Authority Matrix’ was last reviewed and amended in July 2019, it sets approval limits for all business transactions and expenditures within our Company. Due to the nature of our business and the environment within which we operate, we may be exposed to risks. Thus, the Board is required to establish and maintain positive relationships between the internal and external stakeholders. The policy further enhances the transparency and consistency in dealing with grievances across our Company.

Our Disciplinary Policy and Procedure adopted in September 2011 and recently revised in April 2019 is intended to comply with applicable laws and regulations. Dhiraagu has not been given notice of, or prosecuted for, any significant breaches of any relevant laws or regulation during the financial year.

We conducted our business in compliance with the legal and regulatory obligations under the Maldives Company’s Act (Law No. 10/96), the Maldives Securities Act (Law No. 43/2015), the Securities Act (Law No. 2/2006), obligations under our operational licenses, and 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.

Auditors
A tendering process was conducted in 2016 to recommend an External Auditor. The tender covers three years, and is subject to shareholder approval at the Annual General Meetings. The Board ensures that regulatory requirements on audit partner rotation are strictly adhered to and the Audit Partner was rotated in 2018 in order to comply with the CMDA Corporate Governance Code. Our KPMG Partner attends our AGM and will be available to answer any shareholder questions about the conduct of our audit and the content of the auditor’s report for the year ending 31 December 2019.

In accordance with the Audit Committee’s recommendation, the Board is proposing to recommend the re-appointment of KPMG to carry out the statutory audit for the financial year 2020. The proposed remuneration is a maximum fee of US$ 45,000 excluding out of pocket expenses and 6% GST.

31st Annual General Meeting
Dhiraagu will hold its 31st AGM during April 2020. The Notice and Agenda of the AGM will be communicated and published no later than Sunday, 29th March 2020.

Dividends
The Board recommends a full-year dividend of MVR 12.00 per share, amounting to MVR 912,000,000 (nine hundred and twelve million) for the year 2019, to be declared as full-year dividend for 2019. The full year dividend comprises of:

- MVR 4.14 per share (total MVR 314,640,000) was paid as interim dividend in 2019, and
- MVR 7.86 per share (total MVR 597,360,000) as the final dividend for 2019 which will be proposed for shareholder approval at the 31st AGM.

The final dividend for 2019 will be payable to all shareholders listed on the Company’s Shareholder register as at 4pm on Thursday, 13 February 2020 (book closure date).

Declaration of Interest
In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) (Regulation 2018) the Board of Directors of Dhiraagu affirms that:

- This Annual Report 2019 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; and
- There were no contract(s) of significant substance 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 31 December 2019.

The Audit Committee is scheduled to meet once every quarter and provides a forum for communication between the Board, Management and both the internal and external auditors. The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, compliance, external audit, internal control, internal audit and matters that may significantly impact the financial condition or affairs of our business.

The Audit Committee met 4 times during the financial year ending 31 December 2019. Other members of the Board may attend Audit Committee meetings and the Committee may invite Management, the external auditor and others to attend meetings as it considers necessary or appropriate. All meetings during the financial year ending 31 December 2019, were attended by the Chief Executive Officer & Managing Director, the Chief Financial Officer and the Internal Auditor. The meetings were also attended by the Group Chief Internal Auditor, International Investment. The Secretary of the Board acted as the Secretary of all the meetings.
Key Decisions

- Review and recommendation of quarterly financial reports for the financial year 2019.
- Review and recommendation of revisions to the Internal Banking and Treasury Policy.
- Review and recommendation of revisions to the Anti-Corruption Anti-Bribery Policy.
- Review and recommendation of revisions to the Fraud Risk Management Policy.
- Review and recommendation of revisions to the Credit Control Policy.
- Review and recommendation of revisions to the Authority Matrix.
- Review and recommendation for approval of Bad Debt write off and disposal and write-off of fixed assets and obsolete and damaged inventory.
- Review and monitoring of all Internal Audit activities every quarter.
- Review and approval of the Terms of Reference of the Audit Committee.

All action points from the Committee’s meetings were completed on a timely basis.

External Audit

KPMG was appointed by the shareholders as our External Auditor for 2019 and our Partner was rotated in 2018 to ensure that we comply with the CMDA Corporate Governance Code. The Audit Committee reviewed the non-audit services provided by KPMG and the explanation of how the provision of those non-audit services was compatible with auditor independence. The Committee is satisfied that appropriate measures are put in place by both KPMG and Dhiraagu to ensure the independence and objectivity of the External Auditor. The External Auditor has confirmed their compliance with the practice note of CMDA’s CG Code.

All the Audited Committee meetings held during the year were attended by the External Auditor to provide independent assurance and present their opinion on the financial reports. The Audit Committee also met the External Auditor in a private session without the Management to get an independent view of their audit experience and opinion.

Internal Audit

During the year the Audit Committee reviewed the effectiveness of internal audit controls undertaken by our Internal Audit Department. The Internal Auditor directly reports to the Audit Committee with a parallel administrative reporting line to the Chief Executive Officer & Managing Director for day to day matters. This is to ensure that the Board is provided with independent and objective assurance on the effectiveness of our governance, risk management, and internal control processes.

A total of 14 Internal Audits were carried out and presented during the year and the Audit Committee reviewed the effectiveness of the Company’s internal controls including financial, operational, technical, IT and compliance controls and procedures for identifying and managing risks. The outcomes and follow-up actions of these audits were regularly reviewed at the Audit Committee meetings, and the Committee is satisfied with the progress and implementation of the action points. Furthermore, the Audit Committee is satisfied with the progress of the Internal Audit function during the year 2019 and the adequacy of the internal control measures in place.

Risk Management

Our ‘Risk Register’ is prepared by a full-time Risk and Compliance Officer who maintains processes identifying new and emerging risks to our business. Identified risks together with their controls and treatment were closely monitored by the Audit Committee every quarter and reported to the Board during the year. The Risk Register was considered when finalising the Internal Audit Plan. The requirement for disclosures and provisions on any material claims and litigations against the Company was monitored closely with support from both external lawyers and external auditors when required.

The Audit Committee is satisfied with the progress of the Internal Audit function during the year ending 31 December 2019 and the adequacy of the internal control measures in place for risk management.

Khulood Rashid AlQattan
Chairperson, Audit Committee
Remuneration Nominations and Governance Committee Report

Composition & Membership

The Board’s Remuneration, Nominations and Governance (RNG) Committee was reconstituted by the following non-executive and independent Directors during year ending 31 December 2019.

Mr. Ismail Waheed
Position: Chairman of RNG Committee
Tenure: Government of Maldives
Attendance: 5/5

Mr. Imran Ali
Position: Member
Tenure: July 14 to date
Attendance: 5/5

Mr. Khalid Hussain Taqi
Position: Member
Tenure: March 2019
Attendance: 5/5

Mr. Ismail Waheed was reappointed to the RNG Committee as of 25 April 2019 and there were only 2 RNG Committee Meetings following his appointment.

Roles & Responsibilities

The RNG Committee was reconstituted in August 2013 to combine the three functions of remuneration, nomination and governance. The objective of the consolidation was to facilitate effective and efficient discharge of the duties as most members were in both the Remuneration, Nominations Committees and the Governance Committee. The RNG Committee assists the Board in formulating remuneration policies, framework for nominating the Public Director, and monitoring the performance of our corporate governance framework and compliance with relevant regulations.

Meetings

The RNG Committee met 5 times during the financial year ending 31 December 2019. Other members of the Board may attend the RNG Committee meetings and the Committee may invite management, and others to attend meetings as it considers necessary or appropriate. The Chief Executive Officer & Managing Director attended all the meetings and other members from the management team were invited as and when required. The Secretary of the Board acted as the Secretary of all the meetings.

Remuneration Package Of Directors & Executives

Board Directors are rewarded as per the Board Director’s Remuneration Policy, which ensures Director remuneration is competitive and compensates for the responsibilities assigned to each Director.

The RNG Committee reviews and makes recommendations to the Board on Dhiraagu’s overall remuneration strategy, policies, framework for nominating the Public Director, and monitoring the performance of our corporate governance framework and compliance with relevant regulations.

Board Appointments

According to our Articles of Association, the Board of Directors shall be composed of:
- Five Directors appointed by Batelco;
- Three Directors appointed by the Government of Maldives; and
- One Director elected by the public shareholders.

Our Articles of Association provide that the nomination process of the Director elected by the public shareholders be managed by the Board, through the RNG Committee. Mr. Imran was re-elected at the 29th AGM held on 14 May 2018 for a term of two years (from the 29th AGM to the 31st AGM).

Board Directors representing the major shareholders are appointed through a letter of appointment.

Key Decisions

• Review and approval of the Terms of Reference of the RNG Committee.
• Review and recommendation of candidates for the role of Company Secretary.
• Review and recommendation of revisions to the Whistleblowing Policy.
• Review and recommendation of revisions to the Anti-Corruption Anti-Bribery Policy.
• Review and recommendation of the Code of Ethics.
• Review and recommendation of the Confidentiality of Business Information Policy.
• Review and recommendation of revision to the Acceptable Suppliers Conduct Policy.
• Review and recommendation of the Disclosure of Conflicts of Interest Policy.
• Review and recommendation of the Gift and Hospitality Policy.
• Review and recommendation revision to the Code of Ethics.
• Review and recommendation of the Prevention of Harassment and Bullying at the Workplace Policy.

Disclosure of remuneration of Directors and key executives as required by CMA, which includes details on level and mix of remuneration package, and individual remunerations paid to Board Directors and key executive, are withheld to the competitive environment that Dhiraagu operates in. Total remuneration (including short-term benefits) paid to Directors and key executives in 2019 are MVR 135m and 19.57m respectively. Payments 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 2019.

Induction programmes are organised by the Company for all the new Directors accompanied by a meeting with Senior Management and tour of the Company.

During 2019, the following changes were brought to Dhiraagu Board:
• In January 2019, we bid farewell to Mr. Abdul Rahman Fatthu who had served as an executive director of the Board since March 2014.
• In March 2019, we welcomed the appointment of Mr. Khalid Hussain Taqi as an executive director by Batelco.

Note: *Mr. Khalid Hussain Taqi was appointed to the RNG Committee as of 25 April 2019 and there were only 2 RNG Committee Meetings following his appointment.
Board Diversity
Our Board represents a highly qualified and diverse set of experts with members from different professional and academic backgrounds.

Dhiraagu is committed to promoting gender diversity at the Boardroom and encourages female representation on the Board in accordance with the Corporate Governance Code issued by CMDA. At the time of issuing this report, there is one female representative on the Board of Dhiraagu.

Effectiveness
Our Board Directors Performance Evaluation Policy requires Directors to carry out a self-evaluation of Board and the Committees performance. A Board evaluation was carried out in January 2020. The results of the evaluation were reviewed by the RNG Committee in February 2020.

The RNG Committee confirms that Dhiraagu Board and its committees discharged their responsibilities satisfactorily during 2019.

Ismail Waheed
Chairperson, Remuneration, Nomination and Governance Committee

Audited Financial Statements
Independent Auditors' Report

To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Opinion

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 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 84 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Dhivehi Raajjeyge Gulhun PLC

Financial Statements

For the year ended 31st December 2019

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Key Audit Matters (Continued)

Revenue Recognition – Accuracy of revenue recognition (Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.12 and 5(c) of the financial statements).

Risk Description
Revenue recognition is one of the most judgemental and complex areas of accounting especially in the context of the vast array of rapidly changing offers, complexity of billing systems, complexity of products and services and due to high volume of low value transactions captured by the billing systems.

The majority of the Company’s revenue is generated from the output of billing systems. Determining when and how much revenue is recognised from customer transactions has a significant impact especially on multiple elements arrangements and customer offers.

Further, during the year the Company has migrated its revenue billing system relating to mobile revenue to a Convergence Billing System. Our key focus is on the operating effectiveness of related controls; consideration to performance obligations and test to the timing of revenue through application controls of the system migration; testing the IT general controls and data integrity of Property and Equipment by examining the inspection reports and/or project construction-in-progress to Property and Equipment.

Our Response
Audit procedures in this area included, among others:
- Testing of key controls assisted by our IT specialists including, among others, those over the input of terms and pricing of different services;
- accuracy of the data captured by different systems and interface between the systems;
- Testing the design, implementation and operating effectiveness of the controls over the billing system;
- Testing the IT general controls and data migration processes together with the new application controls of the system migration;
- Performing detailed analysis of revenue testing the timing of revenue through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the:
- Adjustments which are outside of the normal billing process;
- Revenue recognition on the bundled services offered;
- Deferred revenue and cost on installation which is considered as a part of the overall performance obligation of the respective service and;
- Revenue recognition related to the customer loyalty program of the Company.
- Evaluating the appropriateness of the allocation of the transaction price, including variable consideration to performance obligations and test the operating effectiveness of related controls;
- Assessing the appropriateness of the Company accounting policies set out in notes 4.12 and 5(c) and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.

Capitalization of Assets including useful lives, depreciation and impairment (Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.3, 5(b) and 5(g) of the financial statements).

Risk Description
The Company continues to incur a significant level of capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The carrying value of Property and Equipment as at 31st December 2019 was MVR 1,791 million.

There are a number of areas where management judgment impacts the carrying value of Property and Equipment, and the related depreciation profiles.

The complex nature of the assets may result in inappropriate capitalization of the costs and inappropriate determination of the date and the values transferred from construction in progress to property and equipment.

Telecommunication industry is evolving continually due to changes in the technology. Further, the Company has significant number of physical assets related to telecommunication subject to the technological update. Therefore, technology changes would create obsolescence of Property and Equipment, which might require an impairment provision. Determination of recoverable amount of Property and Equipment involves significant judgments and estimates. Therefore, an error in such estimates could result in material misstatements in the financial statements.

Our Response
Our audit procedures in this area included, among others:
- Assessing the design, implementation and operating effectiveness of key internal controls over the capitalization of property and equipment, including the key internal controls over the capitalization of property and equipment, and the operating effectiveness of key internal controls over the estimation of useful economic lives of assets;
- Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalised meets the relevant criteria for capitalization and the depreciation is correctly calculated;
- Challenging the management’s positions of the impairment assessment as to whether or not there is a reasonable possible change to key operating assumptions could result in impairment;
- Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property & Equipment based on the internal and external information assessed;
- Assessing the adequacy of the financial statements disclosures included in notes 4.3, 5 (d) and 5(g).

IFRS 16 – Lease Arrangements (Transition) (Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.10 and 5(h) of the financial statements)

Risk Description
IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company consolidated a number of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Company initially applied IFRS 16: Leases with effect from 1st January 2019. A number of judgements have been applied and estimated made in determining the impact of the standard. Further, adoption of IFRS 16 required new accounting policies and disclosures in the financial statements whereas the new policies and disclosures provided in the financial statements would not be adequate and accurate.

In order to complete the transition impact of IFRS 16, a significant data extraction exercise was undertaken by management to summarise all land and buildings and network assets lease data such that the respective inputs could be uploaded into management’s model. The incremental borrowing rate (“IBR”) method has been adopted where the implicit rate of interest in a lease is not readily determinable.
Our Response
Our audit procedures in this area included, among others:
- Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 15, our business understanding and industry practice.
- Assessing whether transition gave rise to any indicators of management bias.
- Evaluating management’s process and the controls expected to ensure the completeness and accuracy of the transition adjustments.
- Evaluating the reasonableness of management’s key judgements and estimates made in preparing the transition adjustments.
- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments.
- Evaluating the completeness, accuracy and relevance of the transition disclosures.
Other Information
The Board of Directors (the “Board”) is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements and our auditors’ report thereon. The annual report is expected to be made available to us after the date of this auditors’ report.

In preparing the financial statements, the Board is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Board regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is R.W.M.O.K. Dumminta B. Ratnhadhikawara.

Chartered Accountants
4th February 2020
Male'
### DHIVEHI RAJJJEYE GULHUN PLC

**Statement of Profit or Loss and Other Comprehensive Income**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,859,006</td>
<td>2,762,687</td>
</tr>
<tr>
<td>Operating costs</td>
<td>1,336,423</td>
<td>1,529,430</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>251,608</td>
<td>257,273</td>
</tr>
<tr>
<td>Impairment loss on trade receivables and contract assets</td>
<td>15,405</td>
<td>15,456</td>
</tr>
<tr>
<td>Other income</td>
<td>1,904</td>
<td>2,314</td>
</tr>
<tr>
<td>Results from operating activities</td>
<td>1,145,922</td>
<td>1,102,647</td>
</tr>
<tr>
<td>Finance income</td>
<td>20,528</td>
<td>7,405</td>
</tr>
<tr>
<td>Finance costs</td>
<td>47,821</td>
<td>40,416</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>54,531</td>
<td>54,531</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,111,919</td>
<td>1,062,337</td>
</tr>
<tr>
<td>Tax expense</td>
<td>170,190</td>
<td>157,138</td>
</tr>
<tr>
<td>Profit/ Total Comprehensive income for the year</td>
<td>941,729</td>
<td>905,093</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>Basic: 12.39</td>
<td>Basic: 12.37</td>
</tr>
<tr>
<td></td>
<td>Diluted: 12.87</td>
<td>Diluted: 12.86</td>
</tr>
</tbody>
</table>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 84 to 131. The Report of the Independent Auditors is given on pages 73 to 77.

### DHIVEHI RAJJJEYE GULHUN PLC

**Statement of Financial Position**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>1,791,139</td>
<td>1,870,106</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>248,999</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>335,806</td>
<td>288,096</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6,146</td>
<td>15,363</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>2,382,088</td>
<td>2,171,569</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>55,236</td>
<td>55,236</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>690,371</td>
<td>584,664</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>329,672</td>
<td>329,672</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,234,289</td>
<td>975,585</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>3,616,380</td>
<td>3,147,421</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>190,000</td>
<td>190,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,514,762</td>
<td>2,188,843</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>2,704,762</td>
<td>2,378,843</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>190,000</td>
<td>170,572</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>232,052</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>362,052</td>
<td>170,572</td>
</tr>
</tbody>
</table>
DHIVEHI RAAJJEYGE GULHUN PLC  
Statement of Financial Position (Continued)

<table>
<thead>
<tr>
<th>AS AT 31ST DECEMBER</th>
<th>NOTE</th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>644,437</td>
<td>536,871</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>25.3</td>
<td>25,320</td>
<td></td>
</tr>
<tr>
<td>Amounts due to a related party</td>
<td>23</td>
<td>1,386</td>
<td>1,638</td>
</tr>
<tr>
<td>Income tax payable</td>
<td></td>
<td>73,392</td>
<td>85,487</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>748,529</td>
<td>647,068</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>1,111,618</td>
<td>817,578</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td></td>
<td>3,616,380</td>
<td>3,147,421</td>
</tr>
</tbody>
</table>

Figures in brackets indicate deductions. These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 84 to 131. The Report of the Independent Auditors is given on pages 73 to 77.
FOR THE YEAR ENDED 31ST DECEMBER

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>1,111,819</td>
<td>1,062,223</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>13</td>
<td>264,474</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>15</td>
<td>46,831</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>16</td>
<td>36,100</td>
</tr>
<tr>
<td>Provision for slow-moving/ obsolete inventories</td>
<td>16.1</td>
<td>9,753</td>
</tr>
<tr>
<td>Provision for impairment loss on trade and other receivables</td>
<td>17.3</td>
<td>27,160</td>
</tr>
<tr>
<td>Interest income</td>
<td>10</td>
<td>(4,961)</td>
</tr>
<tr>
<td>Unwinding of discount on network and asset retirement obligation</td>
<td>10</td>
<td>4,456</td>
</tr>
<tr>
<td>Reversal of unwinding of discount due to the changes in estimates</td>
<td>10</td>
<td>(15,547)</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>10</td>
<td>24,211</td>
</tr>
<tr>
<td><strong>Net gain on disposal of property and equipment</strong></td>
<td>9</td>
<td>(188)</td>
</tr>
<tr>
<td><strong>Operating profit before working capital changes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,937,216</td>
<td>1,601,419</td>
</tr>
<tr>
<td><strong>Changes in:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(11,473)</td>
<td>15,333</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(132,650)</td>
<td>(146,181)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>12,469</td>
<td>38,093</td>
</tr>
<tr>
<td><strong>Amounts due to a related party</strong></td>
<td>(292)</td>
<td>279</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>1,416,491</td>
<td>1,307,132</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>(173,046)</td>
<td>(165,918)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>1,243,445</td>
<td>1,141,213</td>
</tr>
</tbody>
</table>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 84 to 131. The Report of the Independent Auditors is given on pages 73 to 77.
Notes to the Financial Statements
For the year ended 31st December 2019

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 1998 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, Ameenee Magu, P.O. Box 2082, Malé 20403, Republic of Maldives. The Company is a listed Company in the Maldives Stock Exchange, in the Republic of Maldives with a listings effective from 29th September 2011.

2. Basis of preparation

(a) Statement of Compliance

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

This is the first set of the Company’s annual financial statements in which IFRS 16, “Leases”, has been adopted. The related changes to significant accounting policies are described in Note 3.

(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 Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 5 to the financial statements.

3. Changes in Significant accounting policies

3.1 New standards applicable from 1st January 2019

The Company initially applied IFRS 16 - Leases with effect from 1st January 2019. A number of other new standards are effective from 1st January 2019 but they do not have a material effect on the Company’s financial statements. IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessor, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which there is no effect of the initial application to retained earnings as at 1st January 2019. Accordingly, the comparative information presented for 2018 is not retested.

The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease component. Whether an Arrangement Contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease, as explained in Note 4.10.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1st January 2019.

(b) As a Lessee

As a lessee, the Company leases many assets, including land and buildings and network assets. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidents to the ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Company presents right-of-use assets as a separate line item in the statement of financial position.

(c) Lease Classification

Leases classified as operating leases under IAS 17, previously, the Company classified property leases as operating leases under IAS 17. On transition, for the leases, lease liabilities were measured at the present value of the remaining lease payments, discounted by the Company’s incremental borrowing rate as at 1st January 2010 (See Note 3 (c)). Right-of-use assets are measured at either:
- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company’s incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-to-use assets are impaired. The Company used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the Company:
- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (e.g. IT equipment);
- did not recognise direct costs from the measurement of the right-of-use asset;
- excluded initial direct costs from the measurement of the right-of-use asset; and
- used hindsight when determining the lease term.

The Company, as a lessee, has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1st January 2019.

The Company presents right-of-use assets as a separate line item in the statement of financial position.

Leases classified as operating leases under IAS 17, previously, the Company classified property leases as operating leases under IAS 17. On transition, for the leases, lease liabilities were measured at the present value of the remaining lease payments, discounted by the Company’s incremental borrowing rate as at 1st January 2010 (See Note 3 (c)). Right-of-use assets are measured at either:
- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company’s incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-to-use assets are impaired. The Company used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the Company:
- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (e.g. IT equipment);
- did not recognise direct costs from the measurement of the right-of-use asset;
- excluded initial direct costs from the measurement of the right-of-use asset; and
- used hindsight when determining the lease term.

The Company, as a lessee, has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1st January 2019.

The Company presents right-of-use assets as a separate line item in the statement of financial position.

Leases classified as operating leases under IAS 17, previously, the Company classified property leases as operating leases under IAS 17. On transition, for the leases, lease liabilities were measured at the present value of the remaining lease payments, discounted by the Company’s incremental borrowing rate as at 1st January 2010 (See Note 3 (c)). Right-of-use assets are measured at either:
- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company’s incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-to-use assets are impaired. The Company used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the Company:
- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (e.g. IT equipment);
- did not recognise direct costs from the measurement of the right-of-use asset;
- excluded initial direct costs from the measurement of the right-of-use asset; and
- used hindsight when determining the lease term.

The Company, as a lessee, has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1st January 2019.

The Company presents right-of-use assets as a separate line item in the statement of financial position.

Leases classified as operating leases under IAS 17, previously, the Company classified property leases as operating leases under IAS 17. On transition, for the leases, lease liabilities were measured at the present value of the remaining lease payments, discounted by the Company’s incremental borrowing rate as at 1st January 2010 (See Note 3 (c)). Right-of-use assets are measured at either:
- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company’s incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-to-use assets are impaired. The Company used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the Company:
- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (e.g. IT equipment);
- did not recognise direct costs from the measurement of the right-of-use asset;
- excluded initial direct costs from the measurement of the right-of-use asset; and
- used hindsight when determining the lease term.
When measuring lease liabilities for leases that were classified as operating leases, the Company discounts lease payments using its incremental borrowing rate as at 1st January 2019. The weighted average incremental borrowing rate applied is 10%.

The following amended standards and interpretation are not expected to have a significant impact on the Company’s financial statements.

- Amendments to Reference to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

The following amended standards and interpretation are expected to have a significant impact on the Company’s financial statements.

- IFRS 16 Leases.
- Definition of material (Amendments to IFRS Framework in IFRS Standards).
- Amendments to Reference to Conceptual Framework in IFRS Standards.
- IAS 1: Presentation of Financial Statements (Amendments to IFRS 15 and IFRS 9).
- IFRS 15: Revenue from Contracts with Customers (Amendments to IFRS 15 and IFRS 9).

When transition to IFRS 16, the Company recognized an additional right-of-use of assets and lease liabilities. The impact on transition is summarized below.

<table>
<thead>
<tr>
<th>1st JANUARY 2019</th>
<th>MVR “000”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets - land and building and network assets</td>
<td>225,849</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>225,849</td>
</tr>
</tbody>
</table>

Operating lease commitments at 31st December 2018 as disclosed under IAS 17 in the Company’s financial statements (lease liabilities) 327,045

Discounted using the incremental borrowing rate at 1st January 2019, these financial statements, and have been applied consistently by the Company.

1.4 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 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 through profit or loss, are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

4. Significant accounting policies

4.1 Financial Instruments

Excerpt disclosed above on the changes of the accounting policies due to the adoption of IFRS 16 on 1st January 2019, 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.

4.2 Financial Instruments (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at amortised cost using its incremental borrowing price.

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVTPL – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to initial recognition. However, the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if, doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) that are consistent with being a portfolio.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual payment profile, including variable-rate features; and
- Terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).
4.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative)

Subsequent measurement and gains and losses
Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial assets at amortized cost comprise trade and other receivables, bank deposits and investment in fixed deposits.

(ii) Financial Liabilities (Non-derivative)

Classification, subsequent measurement and gains and losses

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.

Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, or as trade and other payables, bank deposits and investment in fixed deposits.

Re-classification

Re-classification is also recognized in profit or loss.

De-recognition

The Company derecognizes a financial asset when:

- the asset and settle the liability simultaneously.
- it transfers the rights to receive contractual cash flows on the financial asset.
- the Company has the non-derivative financial assets that is created or retained by the Company is recognized as a single asset or liability.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

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.

(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 recognized as a liability in the period in which they are declared and final dividends are recognized as a liability in the period in which they are approved by the shareholders.

4.3 Property, Plant and Equipment

(i) Recognition and Measurement

(iii) Depreciation

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:

<table>
<thead>
<tr>
<th>Buildings</th>
<th>5 to 60 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td></td>
</tr>
<tr>
<td>- Civil works, cables and ducting</td>
<td>5 to 60 years</td>
</tr>
<tr>
<td>- Network and electronic equipment</td>
<td>5 to 60 years</td>
</tr>
<tr>
<td>Vehicle and launches</td>
<td>4 to 7 years</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>4 to 50 years</td>
</tr>
</tbody>
</table>

4.4 Intangible assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company are recognized as intangible assets.

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 capabilities of computer software programs beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.
4. Significant accounting policies (Continued)

4.4 Intangible assets (Continued)

(ii) Amortization

Amortization is recognized 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
10 years or licence term whichever is lower
Indexed right to use
Capital Work in Progress
Capital Work in Progress at the year-end represents the costs incurred or accrued for the projects which have not commenced commercial operations as at the year end.

4.5 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, 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.

4.6 Contract assets related to the Enterprise Sales Projects

Contract assets related to the sales project represents the gross unbilled amount expected to be collected from customers for performance obligations satisfied to date. It is measured at the consideration allocated to the performance obligations completed as at the reporting date 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.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

4.7 Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs for trade and other receivables.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as reposing security (if any is held); or
- The financial asset is more than 90 days past due for the residential segment.

The Company individually makes an assessment whether financial assets carried at amortised cost are impaired. A financial asset is ‘credit-impaired’ when one or more events that have a significant adverse effect on the business’s ability to collect all amounts due have occurred.

The gross carrying amount of a financial asset is considered ‘impaired’ if the present value of future cash flows of the financial asset have decreased. A financial asset is considered 'credit-impaired' if the present value of future cash flows of the financial asset have decreased.

The expected credit losses of the financial assets are measured as the present value of all expected credit losses (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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The expected credit losses of the financial assets are measured as the present value of all expected credit losses (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
4. Significant accounting policies (Continued)
4.8 Employment Benefits (Continued)

(4) 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 legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.9 Provisions
A provision is recognised 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 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 unwind of discount is recognised as finance cost.

Network and asset retirement obligation provision has been 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.

4.10 Leases
The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1st January 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy applied to contracts entered in or on or after 1st January 2019:

(i) As a lessee (Continued)
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or rate.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments on a renewal period beyond the term if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in “Lease liabilities” in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1st January 2019
For contracts entered into before 1st January 2019, the Company determined whether the arrangement was a lease or contained a lease based on the assessment of whether:
- Fulfilment of the arrangement was dependent on the use of a specific asset or asset; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right-of-use if the asset of one of the following was met:
  - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output; or
  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.
4.12 Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

(a) Sale of equipment

Revenue from handset and other equipment sales is recognised when the product is delivered to the customer. In revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

(b) Provision of services

Revenue for access charges, airtime usage and messaging by contract customers is recognised at the time the services are performed. Revenue from data services is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as a result of the significant risks and rewards of ownership that the Group otherwise would have recognised is one year or less.

(c) Installation revenue

Installation services are specific services and not part of a contractual arrangement. The installation revenue is considered as part of the overall transaction price and is amortized over the expected tenure of the contracts with the customers.

(d) Sales projects

Installation, device sales and service provision are considered to be separate Performance Obligations as they are distinct goods/services. The revenue from each is recognised as revenue when the customer has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as a result of the significant risks and rewards of ownership that the Group otherwise would have recognised is one year or less.

4.13 Expenditure

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

Finance costs comprise, unwindings of discounts on provisions, unwindings of discount on lease liabilities and foreign exchange losses that are recognised in profit or loss. Foreign exchange gains and losses are reported on net basis.

The effective interest rate is the rate that discount the expected future cash payments or receipts (the expected life of the financial instrument to: - The gross carrying amount of the financial asset; or - The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverses to the gross basis.

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 at the date of the statement of financial position.
4.14 Tax Expenses (Continued)

5. Critical accounting estimates, assumptions and judgements (Continued)

(b) Impairment of property, plant and equipment

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 and position. These particular policies require judgement to quantify such amounts.

(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. As per the requirements of IFRS 15 identification of the performance obligations, allocation of the consideration over the performance obligations, determination of the key assumption such as customer expected retention period. 

(d) Valuation of receivables

Note 4.7 – measurement of ECL allowance

The determination of the key assumption such as customer expected retention period, allocation of the amount of revenue receivable from or 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

Judgement is required to determine whether the costs incurred on assets can be capitalised or can be recognised as an expense in profit or loss. If it is determined that the costs will be incurred in future periods then the amount to be capitalised is required.

(g) Capitalization of Property, Plant and equipment

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 as capitalised or as expenses.

(h) Lease Term

Some leases related to Land and buildings and Network assets contain extension options
exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessees. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within control.

6. Segment Information

Reportable Segments

The Company’s operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the operating income, consistent with the Chief Operating Decision Maker’s (“CODM”) assessment of segment performance.

The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed) and government customers.

(1) Mobile

Mobile operation primarily includes prepaid mobile, postpaid mobile, roaming, mobile equipment and mobile broadband which are provided to individuals, business and government customers.

(2) Fixed, Broadband and Enterprise

Fixed, Broadband and Enterprise primarily include fixed telephony, fixed and fiber broadband, lease circuits, datacom, BTPS and mobile and enterprise infrastructure project. The Company provides these products and services to the individuals, businesses and government customers.

Other operations include the customer equipment maintenance services, bulk SMS services, domain and web hosting and other adjacent services. None of these segments met the quantitative threshold for reportable segments in 2019 or 2018.

Information about Reportable Segments

Segment information disclosed for the year ended 31st December 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>Segment Information</th>
<th>2019 MVR ‘000</th>
<th>2018 MVR ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External Revenue</strong></td>
<td>1,745,312</td>
<td>1,776,654</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1,745,312</td>
<td>1,776,654</td>
</tr>
<tr>
<td><strong>Operating Costs</strong></td>
<td>(752,552)</td>
<td>(802,526)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(114,033)</td>
<td>(75,617)</td>
</tr>
<tr>
<td>Impairment losses on trade and other receivables</td>
<td>(13,821)</td>
<td>(555,617)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(21,007)</td>
<td>(26,177)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>844,185</td>
<td>752,824</td>
</tr>
<tr>
<td>Reportable segment profit before tax</td>
<td>844,185</td>
<td>752,824</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment assets and liabilities</th>
<th>2019 MVR ‘000</th>
<th>2018 MVR ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>1,172,047</td>
<td>979,821</td>
</tr>
<tr>
<td>Current assets</td>
<td>473,644</td>
<td>389,204</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,645,691</td>
<td>1,369,025</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>344,454</td>
<td>170,572</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>391,910</td>
<td>340,063</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>736,364</td>
<td>510,635</td>
</tr>
</tbody>
</table>

Other revenues include the customer equipment maintenance services, bulk SMS services, domain and web hosting and other adjacent services. None of these segments met the quantitative threshold for reportable segments in 2019 or 2018.

Revenue is shown on gross basis and before out-payments to other telecommunication companies and license payments.
Reconciliation of total assets information on reportable segments to the total assets reported in the Statement of Financial Position.

### Total assets for reportable segments

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-CURRENT MVR &quot;000&quot;</td>
<td>1,963,748</td>
<td>1,804,704</td>
</tr>
<tr>
<td>CURRENT MVR &quot;000&quot;</td>
<td>737,707</td>
<td>351,502</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,375,944</td>
<td>2,156,206</td>
</tr>
</tbody>
</table>

### Total assets for other segments

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-CURRENT MVR &quot;000&quot;</td>
<td>6,144</td>
<td>15,363</td>
</tr>
<tr>
<td>CURRENT MVR &quot;000&quot;</td>
<td>640,180</td>
<td>335,672</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,382,088</td>
<td>2,171,569</td>
</tr>
</tbody>
</table>

### Total assets for segments

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-CURRENT MVR &quot;000&quot;</td>
<td>2,859,006</td>
<td>2,762,487</td>
</tr>
<tr>
<td>CURRENT MVR &quot;000&quot;</td>
<td>975,852</td>
<td>922,482</td>
</tr>
</tbody>
</table>

### Revenue from contracts with customers

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-CURRENT MVR &quot;000&quot;</td>
<td>1,044,418</td>
<td>1,059,388</td>
</tr>
<tr>
<td>CURRENT MVR &quot;000&quot;</td>
<td>133,645</td>
<td>126,170</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,178,063</td>
<td>1,185,558</td>
</tr>
</tbody>
</table>

### Disaggregation of revenue from contracts with customers

Disaggregation of revenue by major products and service lines has been disclosed in the segment information under mobile, fixed, broadband and enterprise and other revenue.

In the following table, revenue is disaggregated by timing of recognition.

The table also includes a reconciliation of the disaggregated revenue with the Company’s reportable segments. Revenue by major products and service lines are disclosed under segment information (See Note 6)

### REPORTABLE SEGMENTS

<table>
<thead>
<tr>
<th></th>
<th>MOBILE</th>
<th>FIXED, BROADBAND &amp; ENTERPRISE</th>
<th>OTHER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 MVR &quot;000&quot;</td>
<td>2018 MVR &quot;000&quot;</td>
<td>2019 MVR &quot;000&quot;</td>
<td>2018 MVR &quot;000&quot;</td>
<td>2019 MVR &quot;000&quot;</td>
</tr>
<tr>
<td>Products transferred at a point in time</td>
<td>104,418</td>
<td>113,645</td>
<td>105,388</td>
<td>3,764</td>
</tr>
<tr>
<td>Products and services transferred over time</td>
<td>1,640,604</td>
<td>1,656,191</td>
<td>934,020</td>
<td>817,214</td>
</tr>
<tr>
<td>Revenue with contracts with customers</td>
<td>1,745,312</td>
<td>1,770,836</td>
<td>1,047,844</td>
<td>923,682</td>
</tr>
<tr>
<td>External Revenue as reported in Note 6</td>
<td>1,745,312</td>
<td>1,770,836</td>
<td>1,047,844</td>
<td>923,682</td>
</tr>
</tbody>
</table>

### Revenue by timing of recognition

- **Products transferred at a point in time**
  - 2019 MVR "000": 104,418
  - 2018 MVR "000": 113,645
  - Total MVR "000": 218,063
- **Products and services transferred over time**
  - 2019 MVR "000": 1,640,604
  - 2018 MVR "000": 1,656,191
  - Total MVR "000": 3,296,865
- **Revenue with contracts with customers**
  - 2019 MVR "000": 1,745,312
  - 2018 MVR "000": 1,770,836
  - Total MVR "000": 3,516,148
- **External Revenue as reported in Note 6**
  - 2019 MVR "000": 1,745,312
  - 2018 MVR "000": 1,770,836
  - Total MVR "000": 3,516,148
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

The contract assets primarily relate to the Company’s right to consideration for services performed and work completed, but not billed at the reporting date on customer contracts and costs that were deferred on installations and infrastructure projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and over the period of customer tenure expected in respect of the deferred cost. The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognized over time as the related performance obligations are fulfilled and to the unredeemed customer loyalty points.

8. Operating Costs

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct cost of services</td>
<td>539,674</td>
<td>516,082</td>
</tr>
<tr>
<td>Personal costs (Note 8.1)</td>
<td>231,016</td>
<td>225,791</td>
</tr>
<tr>
<td>License fees</td>
<td>115,010</td>
<td>110,207</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>563</td>
<td>50,326</td>
</tr>
<tr>
<td>Support services</td>
<td>48,050</td>
<td>48,050</td>
</tr>
<tr>
<td>External publicity</td>
<td>61,675</td>
<td>53,480</td>
</tr>
<tr>
<td>Network costs</td>
<td>118,295</td>
<td>115,323</td>
</tr>
<tr>
<td>Property and utility costs</td>
<td>110,165</td>
<td>100,005</td>
</tr>
<tr>
<td>Professional fees</td>
<td>110,077</td>
<td>106,258</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>76,819</td>
<td>76,819</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>1,338,423</td>
<td>1,329,431</td>
</tr>
</tbody>
</table>

8.1 Personnel Costs

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries and performance reward scheme</td>
<td>205,630</td>
<td>205,630</td>
</tr>
<tr>
<td>Derived contribution expense</td>
<td>12,490</td>
<td>12,490</td>
</tr>
<tr>
<td>Other personnel costs</td>
<td>27,662</td>
<td>27,662</td>
</tr>
<tr>
<td>Staff costs capitalized</td>
<td>110,077</td>
<td>106,258</td>
</tr>
<tr>
<td>Total personnel costs</td>
<td>317,759</td>
<td>313,840</td>
</tr>
</tbody>
</table>

9. Other Income

10. Net Finance Costs

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR &quot;000&quot;</th>
<th>2018 MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income under EIR on Bank Deposits</td>
<td>8,987</td>
<td>7,615</td>
</tr>
<tr>
<td>Reversal of unwinding of discount due to the changes in estimates</td>
<td>15,547</td>
<td>-</td>
</tr>
<tr>
<td>Total Finance Income</td>
<td>24,534</td>
<td>7,615</td>
</tr>
<tr>
<td>Finance Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unwinding of discount on provisions</td>
<td>(4,458)</td>
<td>(11,840)</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>(24,211)</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(338,746)</td>
<td>(338,746)</td>
</tr>
<tr>
<td>Total Finance Costs</td>
<td>(34,003)</td>
<td>(34,003)</td>
</tr>
<tr>
<td>Net Finance Costs</td>
<td>(34,003)</td>
<td>(34,003)</td>
</tr>
</tbody>
</table>

11. Tax Expense

11.1 Reconciliation between accounting profit and taxable income:

Income tax before tax | 1,119,619 | 1,082,291 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disallowable expenses</td>
<td>406,114</td>
<td>370,416</td>
</tr>
<tr>
<td>Allowable expenses</td>
<td>(467,302)</td>
<td>(338,746)</td>
</tr>
<tr>
<td>Tax free allowance</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td>Total taxable income</td>
<td>1,050,331</td>
<td>1,082,291</td>
</tr>
<tr>
<td>Income tax @ 15%</td>
<td>157,550</td>
<td>164,760</td>
</tr>
</tbody>
</table>

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 RAJJEYE GULHUN PLC
Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2019
11. Tax Expense (Continued)

11.2 Deferred Tax Asset

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR “000”</th>
<th>2018 MVR “000”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>15,363</td>
<td>9,863</td>
</tr>
</tbody>
</table>

Deferred tax asset (reversed) recognized on temporary differences

<table>
<thead>
<tr>
<th></th>
<th>(103,524)</th>
<th>(15,529)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>(42,348)</td>
<td>(6,382)</td>
</tr>
<tr>
<td>Leases</td>
<td>9,353</td>
<td>1,068</td>
</tr>
<tr>
<td>Provisions</td>
<td>177,760</td>
<td>20,687</td>
</tr>
</tbody>
</table>

Closing balance

|                      | 8,144 | 15,363 |

11.3 Deferred Tax Asset is attributable for following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary difference</td>
<td>MVR “000”</td>
<td>MVR “000”</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(103,524)</td>
<td>(15,529)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(42,348)</td>
<td>(6,382)</td>
</tr>
<tr>
<td>Leases</td>
<td>9,353</td>
<td>1,068</td>
</tr>
<tr>
<td>Provisions</td>
<td>177,760</td>
<td>20,687</td>
</tr>
<tr>
<td>Total</td>
<td>-40,981</td>
<td>6,144</td>
</tr>
</tbody>
</table>

TAX EFFECT MVR “000”

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary difference</td>
<td>MVR “000”</td>
<td>MVR “000”</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(103,524)</td>
<td>(15,529)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(42,348)</td>
<td>(6,382)</td>
</tr>
<tr>
<td>Leases</td>
<td>9,353</td>
<td>1,068</td>
</tr>
<tr>
<td>Provisions</td>
<td>177,760</td>
<td>20,687</td>
</tr>
<tr>
<td>Total</td>
<td>-40,981</td>
<td>6,144</td>
</tr>
</tbody>
</table>

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% (2018: 15%).

11.4 Movement in Deferred Tax Balances

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>(14,414)</td>
<td>(1,125)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(2,091)</td>
<td>(4,381)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(211,786)</td>
<td>(3,101)</td>
</tr>
<tr>
<td>Total</td>
<td>15,363</td>
<td>(10,607)</td>
</tr>
</tbody>
</table>

12. Earnings Per Share

Basic and diluted earnings per share

Basic and diluted 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.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to the ordinary shareholders (MVR “000”)</td>
<td>941,759</td>
<td>905,093</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares outstanding (“000”)</td>
<td>76,000</td>
<td>76,000</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (MVR)</td>
<td>12.28</td>
<td>11.91</td>
</tr>
</tbody>
</table>
### 13. Property and Equipment

#### 13.1 Capital work in progress represents the costs incurred mainly on the projects such as network expansion, convergent billing system etc. which were in progress as at 31st December 2019.

#### 13.2 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 2018.
14. Right-Of-Use Assets

Right-of-Use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-Use asset (See note 4.10).

15. Intangible Assets

15.1 Capital work in progress represents mainly the costs incurred on network expansion, convergent billing system etc. which were in progress of development as at 31st December 2019.
13. Intangible Assets (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1st January 2018</td>
<td>71,475</td>
<td>77,630</td>
</tr>
<tr>
<td>WIP Additions during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from WIP during the year</td>
<td>35,500</td>
<td>-</td>
</tr>
<tr>
<td>Disposals during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st December 2018</td>
<td>106,975</td>
<td>157,015</td>
</tr>
<tr>
<td>Accumulated Amortization and impairment loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1st January 2018</td>
<td>7,931</td>
<td>14,281</td>
</tr>
<tr>
<td>Amortization for the year</td>
<td>3,697</td>
<td>5,343</td>
</tr>
<tr>
<td>Disposals during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st December 2018</td>
<td>11,628</td>
<td>19,624</td>
</tr>
<tr>
<td>Carrying amount as at 31st December 2018</td>
<td>65,474</td>
<td>88,391</td>
</tr>
</tbody>
</table>

15.2 Capital work in progress represents mainly the costs incurred on the development of new software which were in progress of development as at 31st December 2018.

15.3 During the year ended 31st December 2019, the Company has made a provision for impairment loss for software under development amounting to MVR 4,236,341/-.

15.4 During the year ended 31st December 2018, the Company has fully impaired some of the development costs in respect of the software under construction due to certain modifications made to initial development of the software.

16. Inventories

16.1 Provision for Slow-moving/Obsolete Inventories

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>22,114</td>
<td>19,833</td>
</tr>
<tr>
<td>Inventory written-off during the year</td>
<td>(17,828)</td>
<td>(550)</td>
</tr>
<tr>
<td>Provisions made during the year</td>
<td>6,753</td>
<td>3,381</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>13,239</td>
<td>22,114</td>
</tr>
</tbody>
</table>

17. Trade and Other Receivables

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>249,132</td>
<td>232,470</td>
</tr>
<tr>
<td>Contract Assets</td>
<td>351,144</td>
<td>205,483</td>
</tr>
<tr>
<td>Provisions for impairment loss on trade receivables (Note 17.1)</td>
<td>(17,645)</td>
<td>(6,584)</td>
</tr>
<tr>
<td>Provisions for impairment loss on other receivables (Note 17.1)</td>
<td>548,631</td>
<td>433,335</td>
</tr>
<tr>
<td>Prepayments</td>
<td>55,239</td>
<td>78,352</td>
</tr>
<tr>
<td>Other receivables</td>
<td>87,380</td>
<td>76,832</td>
</tr>
<tr>
<td>Allowance for impairment loss on other receivables (Note 17.1)</td>
<td>142,619</td>
<td>152,884</td>
</tr>
<tr>
<td>The Receivables are considered to be held within cash to collect business model consistent with the Company’s continuing recognition of receivables.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
17.1 Allowance for Impairment Loss on Trade and Other Receivables

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 MVR '000</th>
<th>2018 MVR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1st January under IAS 39</td>
<td>-</td>
<td>41,688</td>
</tr>
<tr>
<td>Adjustment on initial application of IFRS 9</td>
<td>(369)</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 1st January under IFRS 9</td>
<td>56,588</td>
<td>41,129</td>
</tr>
<tr>
<td>Measurement of loss allowance for the year</td>
<td>20,838</td>
<td>15,459</td>
</tr>
<tr>
<td>Bad debt written-off during the year</td>
<td>(25,771)</td>
<td>(5)</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>57,645</td>
<td>879</td>
</tr>
</tbody>
</table>

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2019

18. Cash and Bank Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 MVR '000</th>
<th>2018 MVR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>10,668</td>
<td>4,368</td>
</tr>
<tr>
<td>Balances with banks</td>
<td>200,820</td>
<td>203,323</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>183,997</td>
<td>129,072</td>
</tr>
<tr>
<td>Cash and bank balance in the statement of financial position</td>
<td>480,685</td>
<td>335,672</td>
</tr>
<tr>
<td>Short-term deposits with maturities exceeding three months (Note 18.1)</td>
<td>14,385</td>
<td>19,696</td>
</tr>
<tr>
<td>Cash and cash equivalents in the statement of cash flows</td>
<td>471,000</td>
<td>355,076</td>
</tr>
</tbody>
</table>

18.1 Short-term deposits with maturities exceeding three months

Current Investments
Short term deposits – amortized cost    14,385  19,696

Short-term deposits are classified as amortized cost at the interest rates of 1.5% to 2.5% and mature within 6 months to 7 months.
19.2 Dividends
The holders of ordinary shares are entitled to dividends, 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.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend payment - 1st tranche</td>
<td>5.85</td>
<td>452,200</td>
</tr>
<tr>
<td>Dividend payment - 2nd tranche</td>
<td>4.14</td>
<td>316,640</td>
</tr>
<tr>
<td>After the reporting date, the board of directors has proposed dividends which is disclosed in Note 2B</td>
<td>765,840</td>
<td>765,840</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Network and asset retirement obligation (Note 20.1)</th>
<th>2019 MVR '000'</th>
<th>2018 MVR '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>170,712</td>
<td>158,733</td>
</tr>
<tr>
<td>Provision made during the year</td>
<td>2,233</td>
<td></td>
</tr>
<tr>
<td>Unwinding of discounts on provisions</td>
<td>4,036</td>
<td>11,840</td>
</tr>
<tr>
<td>Disposals made during the year</td>
<td>(2,073)</td>
<td></td>
</tr>
<tr>
<td>Impact due to the changes in assumptions</td>
<td>(14,131)</td>
<td></td>
</tr>
<tr>
<td>Closing Balance</td>
<td>170,717</td>
<td>170,572</td>
</tr>
</tbody>
</table>

20.1 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 and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the network and asset retirement obligation as at reporting date.

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR '000'</th>
<th>2018 MVR '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected rate of increase of the dismantling cost</td>
<td>3.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Discount rate</td>
<td>10.00%</td>
<td>7.70%</td>
</tr>
</tbody>
</table>

Sensitivity Analysis
An increase/decrease of 1% of the below variables would have increased or (decreased) the profit or loss by following amounts. This analysis assumes that the other variables remain constant.

<table>
<thead>
<tr>
<th>Expected rate of increase of the dismantling cost (Change 1%)</th>
<th>INCREASE</th>
<th>DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,608,473)</td>
<td>1,634,647</td>
<td></td>
</tr>
<tr>
<td>Discount rate (Change by 1%)</td>
<td>(523,668)</td>
<td>(5,728,370)</td>
</tr>
</tbody>
</table>

21. Lease Liabilities

Leases as lessee (IFRS 16)
The Company leases land and buildings and network assets. The leases typically run for a period of 1 to 35 years, with an option to renew the lease after the non-cancellable period. Previously, these leases were classified as operating lease under IAS 17 and lease expense amounted to MVR 50,334,855/- recognised in the profit or loss for the year ended 31st December 2018.

Information about leases for which the Company is a lessee is presented below.

<table>
<thead>
<tr>
<th>Recognition of lease liabilities on initial application of IFRS 16</th>
<th>2019 MVR '000'</th>
<th>2018 MVR '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions during the year</td>
<td>225,849</td>
<td></td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>61,250</td>
<td></td>
</tr>
<tr>
<td>Payments of lease liabilities</td>
<td>(33,056)</td>
<td></td>
</tr>
<tr>
<td>Closing balance</td>
<td>258,055</td>
<td></td>
</tr>
</tbody>
</table>
21. Lease Liabilities (Continued)

Some land and buildings and network assets related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors.

Extension Options

The Company assesses at lease commencement date whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

The Company reassesses whether it is reasonably certain to exercise the extension options at each reporting date. If it is reasonably certain to exercise the extension options, the options held are then included in the future lease payments.

Extension Options

<table>
<thead>
<tr>
<th>Current</th>
<th>2019</th>
<th>MVR &quot;000&quot;</th>
<th>2018</th>
<th>MVR &quot;000&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,320</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Non-current</td>
<td>252,822</td>
<td>-</td>
<td>258,322</td>
<td>-</td>
</tr>
</tbody>
</table>

22. Trade and Other Payables

The carrying amount of financial assets of customers and investments. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds are the core relationship banks. 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The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds 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 the core relationship banks. 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Impairment Losses on financial assets and contract assets recognised in profit or loss were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR '000</th>
<th>2018 MVR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment loss on trade receivables and contract assets arising from contracts with customers</td>
<td>27,160</td>
<td>15,459</td>
</tr>
</tbody>
</table>

Trade and other receivables and contract assets

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 expected credit losses in respect of trade and other receivables. The allowance for impairment represents the specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk of trade receivable at the reporting date for each segment was:

<table>
<thead>
<tr>
<th></th>
<th>Consumer Segment</th>
<th>Corporate Segment</th>
<th>Government Segment</th>
<th>Wholesale Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables and contract assets</td>
<td>138,134</td>
<td>121,086</td>
<td>273,365</td>
<td>606,337</td>
</tr>
<tr>
<td>Other receivables</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CARRYING AMOUNT (MVR '000)</td>
<td>138,134</td>
<td>121,086</td>
<td>273,365</td>
<td>606,337</td>
</tr>
</tbody>
</table>

Expected credit loss assessment for the customers as at 31st December 2018 and 31st December 2019

Exposures within each credit risk grades are segmented by the type of the customers.

Loss rates are calculated using a 'roll-rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

Consumer Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for consumer customers segment as at 31st December 2018 and 31st December 2019.

<table>
<thead>
<tr>
<th></th>
<th>2019 MVR '000</th>
<th>2018 MVR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment loss on trade receivables and contract assets arising from contracts with customers</td>
<td>27,160</td>
<td>15,459</td>
</tr>
</tbody>
</table>

Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.
### Corporate Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers segment as at 31 December 2019 and 31 December 2018.

#### 31ST DECEMBER 2019

| 1 - 30 days past due | 1.68% | 64,791 | 957 | 1.58% | 22,887 | 1,660 | 60.00% | 121,086 | 19,152 |
| 31 - 60 days past due | 8.43% | 21,123 | 1,778 | 61 - 90 days past due | 15.01% | 6,453 | 1,001 | 31 - 60 days past due | 8.06% | 6,059 | 1,736 |
| 91 - 120 days past due | 32.84% | 6,200 | 1,629 | More than 120 days past due | 60.00% | 22,800 | 15,686 | 31ST DECEMBER 2018 |

#### 31ST DECEMBER 2018

| 1 - 30 days past due | 1.18% | 88,531 | 1,011 | 31 - 60 days past due | 8.13% | 11,752 | 956 | 61 - 90 days past due | 15.27% | 6,347 | 969 |
| 91 - 120 days past due | 29.63% | 5,812 | 1,722 | More than 120 days past due | 60.00% | 12,123 | 7,274 | 31ST DECEMBER 2018 |

---

**Notes to the Financial Statements (Continued)**

**For the Year ended 31st December 2019**

**Government Segment**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers as at 31 December 2019 and 31 December 2018.

#### 31ST DECEMBER 2019

| 1 - 30 days past due | 4.22% | 58,775 | 2,567 | 31 - 60 days past due | 7.08% | 14,968 | 297 | 91 - 120 days past due | 13.60% | 5,223 | 718 |
| 91 - 120 days past due | 22.43% | 869 | 196 | 121 - 150 days past due | 34.54% | 1,321 | 456 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 6,376 | 2,870 | Loss: 13,966 | 7,372 | 6,884 |

#### 31ST DECEMBER 2018

| 1 - 30 days past due | 4.65% | 14,397 | 670 | 31 - 60 days past due | 7.00% | 7,748 | 585 | 91 - 120 days past due | 13.46% | 3,687 | 359 |
| 91 - 120 days past due | 22.24% | 1,043 | 232 | 121 - 150 days past due | 4.65% | 5,223 | 81 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 5,511 | 2,480 | Loss: 14,968 | 13,966 | 5,007 |

---

**Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.**

---

**Government Segment**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers as at 31 December 2019 and 31 December 2018.

#### 31ST DECEMBER 2019

| 1 - 30 days past due | 4.22% | 58,775 | 2,567 | 31 - 60 days past due | 7.08% | 14,968 | 297 | 91 - 120 days past due | 13.60% | 5,223 | 718 |
| 91 - 120 days past due | 22.43% | 869 | 196 | 121 - 150 days past due | 34.54% | 1,321 | 456 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 6,376 | 2,870 | Loss: 13,966 | 7,372 | 6,884 |

#### 31ST DECEMBER 2018

| 1 - 30 days past due | 4.65% | 14,397 | 670 | 31 - 60 days past due | 7.00% | 7,748 | 585 | 91 - 120 days past due | 13.46% | 3,687 | 359 |
| 91 - 120 days past due | 22.24% | 1,043 | 232 | 121 - 150 days past due | 4.65% | 5,223 | 81 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 5,511 | 2,480 | Loss: 14,968 | 13,966 | 5,007 |

---

**Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.**

---

**Expected credit loss assessment for individual specific government customers as at 31 December 2019**

All customers’ receivables more than MVR 500,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has recognized an specific impairment reduction of MVR 1,281,890/- as at 31st December 2019 (31st December 2018: incremental impairment of MVR 1,283,209/-).

---

**Expected credit loss assessment for individual specific wholesale customers as at 31 December 2019**

All customers’ receivables more than MVR 500,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has recognized an specific impairment reduction of MVR 1,281,890/- as at 31st December 2019 (31st December 2018: incremental impairment of MVR 1,283,209/-).

---

**Wholesale Segment**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for wholesale customers as at 31 December 2019 and 31 December 2018.

#### 31ST DECEMBER 2019

| 1 - 30 days past due | 4.22% | 58,775 | 2,567 | 31 - 60 days past due | 7.08% | 14,968 | 297 | 91 - 120 days past due | 13.60% | 5,223 | 718 |
| 91 - 120 days past due | 22.43% | 869 | 196 | 121 - 150 days past due | 34.54% | 1,321 | 456 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 6,376 | 2,870 | Loss: 13,966 | 7,372 | 6,884 |

#### 31ST DECEMBER 2018

| 1 - 30 days past due | 4.65% | 14,397 | 670 | 31 - 60 days past due | 7.00% | 7,748 | 585 | 91 - 120 days past due | 13.46% | 3,687 | 359 |
| 91 - 120 days past due | 22.24% | 1,043 | 232 | 121 - 150 days past due | 4.65% | 5,223 | 81 | 21,123 | 19,152 |
| 121 - 150 days past due | 45.00% | 5,511 | 2,480 | Loss: 14,968 | 13,966 | 5,007 |

---

**Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.**
### Wholesale segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for wholesale customers segment as at 31 December 2019 and 31 December 2018.

<table>
<thead>
<tr>
<th>Grade</th>
<th>External Credit Rating</th>
<th>Weighted Average Loss Rate (%)</th>
<th>Gross Carrying Amount (MVR '000)</th>
<th>Impairment Loss Allowance (MVR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades 1 - 6 Low risk</td>
<td>BBB- to AAA</td>
<td>0.01%</td>
<td>183,647</td>
<td>16</td>
</tr>
<tr>
<td>Grades 7 - 9 Fair risk</td>
<td>BB- to BB+</td>
<td>0.02%</td>
<td>51,665</td>
<td>1</td>
</tr>
<tr>
<td>Unrated customers</td>
<td></td>
<td></td>
<td>37,523</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>272,835</td>
<td>17</td>
</tr>
</tbody>
</table>

### Specific provision would be made for any of the following indicators:
- If the customer (roaming or carrier partners) declare bankruptcy, the full amount receivable should be provided, unless there is a high probability of recovering the debt.
- If the customer is having known financial problems, it would considered for specific provision.
- If there are on-going disputes for the receivable amounts from a customer, the amount receivable shall be assessed for the possible risk and management would decide on the provision required on case-by-case basis.
- If the debt from any roaming partner is aged more than 12 months, the amount which is aged more than 12 months, after netting off any payables from respective operator will be assessed for impairment.

The Company has recognized an specific incremental impairment of MVR 688,422/- as at 31st December 2019 (31st December 2018: incremental impairment of MVR 5,213,037/-).

### Investments in Short term Deposits

The Company limits its exposure to credit risk by investing in short term deposits with selected Banks. In respect of the short term bank deposits, the Company has not recognized any allowance for impairment based on the materiality ground.

### Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR. 471,299,820/- as at 31st December 2019 (as at 31st December 2018: MVR. 315,975,549/-).

The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognized any allowance for impairment for the bank balance based on the materiality ground.

### (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 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 utilization of current facilities is optimized 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.

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

### 31ST DECEMBER 2019

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th>CARRYING AMOUNT 2019 MVR '000'</th>
<th>WITHIN ONE YEAR MVR '000'</th>
<th>1 TO 2 YEARS MVR '000'</th>
<th>2 TO 3 YEARS MVR '000'</th>
<th>3 TO 4 YEARS MVR '000'</th>
<th>4 TO 5 YEARS MVR '000'</th>
<th>OVER 5 YEARS MVR '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>531,994</td>
<td>531,994</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to a related party</td>
<td>1,366</td>
<td>1,366</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>258,252</td>
<td>25,320</td>
<td>20,780</td>
<td>21,602</td>
<td>21,014</td>
<td>20,320</td>
<td>149,216</td>
</tr>
<tr>
<td>Total</td>
<td>781,832</td>
<td>546,700</td>
<td>20,780</td>
<td>21,602</td>
<td>21,014</td>
<td>20,320</td>
<td>149,216</td>
</tr>
</tbody>
</table>

### 31ST DECEMBER 2018

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th>CARRYING AMOUNT 2018 MVR '000'</th>
<th>WITHIN ONE YEAR MVR '000'</th>
<th>1 TO 2 YEARS MVR '000'</th>
<th>2 TO 3 YEARS MVR '000'</th>
<th>3 TO 4 YEARS MVR '000'</th>
<th>4 TO 5 YEARS MVR '000'</th>
<th>OVER 5 YEARS MVR '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>482,923</td>
<td>482,923</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to a related party</td>
<td>1,638</td>
<td>1,638</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>484,561</td>
<td>484,561</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31st December 2019 by MVR 1,525,427/- (2018: MVR 2,616,565/-). This analysis assumes that all the other variables remain constant.

### (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):

<table>
<thead>
<tr>
<th></th>
<th>US$ '000</th>
<th>EURO '000</th>
<th>SGD '000</th>
<th>GBP '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>13,919</td>
<td>98</td>
<td>25</td>
<td>60</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>17,913</td>
<td>65</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Amount due to related party</td>
<td>(90)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(10,650)</td>
<td>(27)</td>
<td>(60)</td>
<td>(54)</td>
</tr>
<tr>
<td>Net statement of financial position exposure</td>
<td>2,067</td>
<td>139</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th>US$ '000</th>
<th>EURO '000</th>
<th>SGD '000</th>
<th>GBP '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ 1 : MVR</td>
<td>15.42</td>
<td>18.76</td>
<td>11.77</td>
<td>21.21</td>
</tr>
<tr>
<td>Euro 1 : MVR</td>
<td>15.42</td>
<td>17.77</td>
<td>11.64</td>
<td>20.26</td>
</tr>
<tr>
<td>SGD 1 : MVR</td>
<td>11.64</td>
<td>11.77</td>
<td>11.71</td>
<td>11.57</td>
</tr>
<tr>
<td>GBP 1 : MVR</td>
<td>20.26</td>
<td>21.21</td>
<td>20.53</td>
<td>20.10</td>
</tr>
</tbody>
</table>

The following significant exchange rates were applied during the year:

<table>
<thead>
<tr>
<th></th>
<th>USD 10%</th>
<th>EUR 10%</th>
<th>SGD 10%</th>
<th>GBP 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average rate</td>
<td>15.42</td>
<td>18.76</td>
<td>11.77</td>
<td>21.21</td>
</tr>
<tr>
<td>Year ended 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spot rate</td>
<td>15.42</td>
<td>17.77</td>
<td>11.64</td>
<td>20.26</td>
</tr>
<tr>
<td>Year ended 2018</td>
<td>15.42</td>
<td>17.77</td>
<td>11.64</td>
<td>20.26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Strengthening</th>
<th>Weakening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 2019</td>
<td>(32,216)</td>
<td>20,516</td>
</tr>
<tr>
<td>USD (10% Movement)</td>
<td>(16,547)</td>
<td>16,547</td>
</tr>
<tr>
<td>Euro (10% Movement)</td>
<td>(240)</td>
<td>240</td>
</tr>
<tr>
<td>SGD (10% Movement)</td>
<td>21</td>
<td>(21)</td>
</tr>
<tr>
<td>GBP (10% Movement)</td>
<td>(12)</td>
<td>705</td>
</tr>
</tbody>
</table>

The following significant exchange rates were applied during the year:

<table>
<thead>
<tr>
<th></th>
<th>Strengthening</th>
<th>Weakening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 2018</td>
<td>(32,216)</td>
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</tr>
<tr>
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<td>(16,547)</td>
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</tr>
<tr>
<td>Euro (10% Movement)</td>
<td>(240)</td>
<td>240</td>
</tr>
<tr>
<td>SGD (10% Movement)</td>
<td>21</td>
<td>(21)</td>
</tr>
<tr>
<td>GBP (10% Movement)</td>
<td>(12)</td>
<td>705</td>
</tr>
</tbody>
</table>
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 2019 (as at 31st December 2018: Nil).

The following table shows the carrying amounts of financial assets at amortized cost 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.

### 2019 Year-End Financial Statements

<table>
<thead>
<tr>
<th>Date</th>
<th>CARRYING AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FINANCIAL ASSETS AT AMORTIZED COST MVR “000”</td>
</tr>
<tr>
<td>31ST DECEMBER 2019</td>
<td>Financial assets not measured at fair value</td>
</tr>
<tr>
<td></td>
<td>Balance with banks</td>
</tr>
<tr>
<td></td>
<td>Short term deposits</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables and contract assets</td>
</tr>
<tr>
<td></td>
<td>Financial liabilities not measured at fair value</td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
</tr>
<tr>
<td></td>
<td>Amounts due to related party</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>31ST DECEMBER 2018</td>
<td>Financial assets not measured at fair value</td>
</tr>
<tr>
<td></td>
<td>Balance with banks</td>
</tr>
<tr>
<td></td>
<td>Short term deposits</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables and contract assets</td>
</tr>
<tr>
<td></td>
<td>Financial liabilities not measured at fair value</td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
</tr>
<tr>
<td></td>
<td>Amounts due to related party</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>
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.

Subsequent to the period ended 31st March 2013, on 3rd April 2013, Batelco Islands Limited, a subsidiary of Bahrain Telecommunications Company BSC (Batelco), acquired the full shareholding of the Company held by CWC Islands Limited (52%).

26.2 Transactions with BTC Islands Limited

Batelco Islands Limited had a 52% shareholding in the Company as at 31st December 2019 (31st December 2018: 52%). Transactions with BTC Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with BTC Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

### Transactions

<table>
<thead>
<tr>
<th>Transactions</th>
<th>YEAR ENDED 2019</th>
<th>YEAR ENDED 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>MVR &quot;000&quot;</td>
<td>MVR &quot;000&quot;</td>
</tr>
<tr>
<td>Management Fee</td>
<td>43,245</td>
<td>43,245</td>
</tr>
<tr>
<td></td>
<td>442,020</td>
<td>509,876</td>
</tr>
</tbody>
</table>

### 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 include key management remuneration as follows:

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>YEAR ENDED 2019</th>
<th>YEAR ENDED 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ Fees</td>
<td>1,097</td>
<td>1,206</td>
</tr>
<tr>
<td>Salaries to Executives</td>
<td>15,053</td>
<td>14,909</td>
</tr>
<tr>
<td>Short term Benefits to Executives</td>
<td>8,873</td>
<td>8,873</td>
</tr>
<tr>
<td></td>
<td>20,926</td>
<td>20,926</td>
</tr>
</tbody>
</table>

26.3 Transactions with key management personnel

26.4 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2019 (31st December 2018: 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.

### Individually Significant Transactions

- **License fees**
  - YEAR ENDED 2019: MVR 120,000
  - YEAR ENDED 2018: MVR 115,207
- **Rental on land space**
  - YEAR ENDED 2019: MVR 9,949
  - YEAR ENDED 2018: MVR 9,949
- **Dividends**
  - YEAR ENDED 2019: MVR 320,560
  - YEAR ENDED 2018: MVR 375,205
- **Balance outstanding**
  - YEAR ENDED 2019: MVR 450,077
  - YEAR ENDED 2018: MVR 500,361

### 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.

27. Board of Director’s 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

The Board of Directors of the Company has proposed a final dividend of MVR 7.86 per share (total: MVR 597,360,000/-) which is to be approved at the meeting of the shareholders.

Except for the above, no circumstances have arisen since the reporting date which require adjustments to or disclosure in the financial statements.
Our Annual Report has been prepared in accordance with Companies Act of the Republic of Maldives (10/96), listing rules of Maldives Stock Exchange, the Securities Act of the Republic of Maldives (2/2006), the Continuing Disclosure Obligations of Issuers regulation (2016/R-1050) and the Corporate Governance Code of Capital Market Development Authority requirements. Unless otherwise stated, the terms ‘we’, ‘us’, ‘our’ and ‘Dhiraagu’ refers to Dhivehi Raajjeyge Gulhun Plc. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reference to a year, unless otherwise indicated, refers to the financial year ending 31st December 2019.

Any forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events. These can generally be identified by words or phrases such as ‘aim’, ‘anticipate’, ‘believe’, ‘expect’, ‘estimate’, ‘intend’, ‘objective’, ‘plan’, ‘shall’, ‘will’, ‘will continue’, ‘may’ or any other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals are also to be considered as forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others the economic and business conditions in the Maldives and the World, technological changes, factors affecting competitive market and regulatory forces, the effect of the availability of foreign exchange and its fluctuations, future interest rates and changes in the tax regime. All forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. By their nature, forward-looking statements are only estimates and as such we cannot guarantee future results, levels of performance or achievement.