

# THIRD QUARTER REPORT

July – September 2013



**Dhivehi Raajjeyge Gulhun PLC**

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

## **1 Developments during the Quarter:**

### **1.1 Trading**

The company performed strongly during the quarter with both revenue & net profits increasing by 6% and 32% respectively compared to the previous quarter.

### **1.2 Products and Services**

Following are some of the key products and services & promotions introduced or conducted during the quarter:

- Mobile: Prepaid RED (youth) tariffs, Unlimited Voice Add-ons, Mobile Data Boosters and Mobile TouchNet Revamp.
- ADSL Home and Business packages revamp
- Ramadan promotions and offers conducted throughout the month of Ramadan
- Online Services: Introduced new services to customers through the Dhiraagu website, e.g. friends & family activation, fault reporting, online applications.
- LTE Trial: Launched “4G experience zone” in Malé.

### **1.3 Corporate Social Responsibility:**

The company strengthened internal efforts to further enhance the commitment to Corporate Social Responsibility within the company. A CSR strategy was formalized and under the 3 pillars; People, Community and Environment. Key focus areas were further identified. These include, Youth development/empowering youth, child protection and support and environmental sustainability. A CSR Committee was established within the company which is overseen by the Executive Committee with the purpose to support the strategic direction of the company’s activities towards CSR.

The company continued its ongoing initiatives to support the Kuda Kudhinge Hiya by sponsoring teachers, providing free internet with parental control, block child abuse content on Dhiraagu internet as a member of the GSMA Mobile Alliance Against Child Sexual Abuse Content, support the Child Helpline to enable all children in the country to remain assessable via the toll free number 1412, support the free national drug abuse helpline established for the Ministry of Health and Family to offer counseling and support relating to drug abuse etc.

## 2 Administration

### 2.1 Board Activities:

The number of meetings held by the Board of Directors and its Sub-Committees in the third quarter of 2013 are as follows:

ITEM	Number of Meetings
Board Meeting	2
Audit Committee	2
Remunerations, Nominations & Governance Committee	2

### 2.2 Composition of the Board:

The Company's Board comprised of the following directors as at the end of the quarter (30 September 2013):

- |                               |  |
|-------------------------------|--|
| - Mr. Ibrahim Athif Shakoor   | Chairperson/GoM Non-executive Director |
| - Mr. Murad Ali Murad         | Batelco Non-executive Director         |
| - Mr. AbdulRazzaq Al Qassim   | Batelco Non-executive Director         |
| - Ms. Idham Hussain           | GoM Non-executive Director             |
| - Mr. Ihab Al Hinnawi         | Batelco Non-executive Director         |
| - Mr. Ibrahim Shareef Mohamed | Independent Non-executive Director     |
| - Mr. Ismail Waheed           | CEO & Managing Director                |

### 2.3 Annual General Meeting 2012/13

The Company held its 24<sup>th</sup> Annual General Meeting on the 12 August 2013 at Nasandhura Palace Hotel, Male', Maldives. .

During the Annual General Meeting, the Shareholders resolved to:

- Appoint Mr. Ibrahim Shareef Mohamed as the Independent Director for the Company Board of Directors until the conclusion of the next Annual General Meeting of the Company; being elected after receiving the necessary majority of votes from the Shareholders (excluding the Government of Maldives and Batelco Group).
- Approve the Annual Report 2012/13 and the Audited Financial Statements for the financial year ended 31 March 2013.
- Declare a Final Dividend for the financial year 2012/13 in the amount of MVR 4.94 per ordinary share (equivalent to MVR 374,760,557 or approximately USD 24,303,538).

- Grant the Board of Directors the authority to approve and declare any interim dividend in accordance with the Company's Dividend Policy during the financial year 2013.
- Re-appoint KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants) as the Company's External Auditors to carry out the nine month year-end statutory audit of the Company for the financial year 2013 and to hold office until the conclusion of the next Annual General Meeting.

## **2.4 Decisions/Resolutions Approved by the Board:**

Other important resolutions approved during the quarter includes

### **2.4.1 Appointment of a Deputy Chairperson to the Board of Directors**

The Board of Directors, at its 72<sup>nd</sup> Board Meeting held on the 12 August 2013, resolved to appoint a Deputy Chairperson to the Board of Directors, and further resolved to elect Mr Murad Ali Murad (Non-executive Batelco Director) as the new Deputy Chair, and to revise the Company's Articles of Association to include the appointment of a Deputy Chair.

### **2.4.2 Realigning the reporting line of the Internal Auditor**

The Board of Directors, at its 72<sup>nd</sup> Board Meeting held on the 12 August 2013, resolved to change the existing reporting line of the Auditor is to report directly to the Board of Directors through the Audit Committee and to report to the Chief Executive Officer on administrative matters.

### **2.4.3 Formation of the Remunerations, Nominations & Governance Committee (RNG Committee)**

The Board of Directors, at its 72<sup>nd</sup> Board Meeting held on the 12 August 2013, resolved to merge the existing Remunerations and Nominations Committee and the Governance Committee into one single committee to enable delivery of functions and duties more effectively and efficiently. Further it was resolved to constitute the new Committee by appointing Mr Ibrahim Athif Shakoor as the Chairperson, and Mr AbdulRazzaq Al Qassim and Mr Ibrahim Shareef Mohamed as members.

### **2.4.4 Appointment of a Company Secretary**

The Board of Directors, through a Directors Written Resolution signed on the 21<sup>st</sup> August 2013, considered the proposal from the RNG Committee and resolved to appoint Ms. Asiath Rilweena as the Company Secretary and Manager Investor Relations . Ms Rilweena has taken over the post effective from 1 October 2013.

### 3 Financial Statements

The unaudited Balance Sheet, Income Statement and Cash Flow Statement for the second quarter 2013 are set out below:

#### 3.1 Balance Sheet

AS AT	30-Sep-13 (Q3 2013) MVR "000"	30-Jun-13 (Q2 2013) MVR "000"
<b>ASSETS AND LIABILITIES</b>		
<b>Non-Current Assets</b>		
Intangible Assets	47,616	47,171
Property, Plant and Equipment	2,088,480	2,147,763
Deferred Tax Asset	17,032	17,032
<b>Total Non-Current Assets</b>	<u>2,153,128</u>	<u>2,211,966</u>
<b>Current Assets</b>		
Inventories	22,705	27,932
Trade and Other Receivables	235,197	217,925
Cash and Cash Equivalents	538,759	869,527
<b>Total Current Assets</b>	<u>796,661</u>	<u>1,115,384</u>
<b>Total Assets</b>	<u><b>2,949,789</b></u>	<u><b>3,327,350</b></u>
<b>Current Liabilities</b>		
Loans and Borrowings	0	(7,282)
Trade and Other Payables	(382,641)	(483,446)
Current Tax Liabilities	(55,986)	(134,969)
<b>Total Current Liabilities</b>	<u>(438,627)</u>	<u>(625,697)</u>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	0	0
Provisions	(122,813)	(120,614)
<b>Total Non-current Liabilities</b>	<u>(122,813)</u>	<u>(120,614)</u>
<b>Total Liabilities</b>	<u><b>(561,440)</b></u>	<u><b>(746,311)</b></u>
<b>Net Assets</b>	<u><b>2,388,349</b></u>	<u><b>2,581,039</b></u>
<b>Equity</b>		
Share Capital	190,000	190,000
Treasury Shares	(3,527)	(4,427)
Retained Earnings	2,201,876	2,395,466
<b>Total Equity</b>	<u><b>2,388,349</b></u>	<u><b>2,581,039</b></u>

### 3.2 Income Statement

FOR THE QUARTER ENDED	<b>30-Sep-13 (Q3 2013) MVR "000"</b>	<b>30-Jun-13 (Q2 2013) MVR "000"</b>
<b>Revenue</b>	528,986	499,852
Operating Costs	(235,021)	(230,229)
Depreciation and Amortization	(89,131)	(86,475)
<b>Results from Operating Activities</b>	<b>204,834</b>	<b>183,148</b>
Net Financing Income / (Expense)	392	(22,156)
<b>Profit Before Taxation</b>	<b>205,226</b>	<b>160,992</b>
Income Tax Expense	(24,056)	(23,664)
<b>Net Profit / (Loss)</b>	<b>181,170</b>	<b>137,328</b>

#### Basic Earnings Per Share (Weighted Average Ordinary Shares Outstanding)

Basic Earnings Per Share (Annualized MVR)	9.56	7.24
Basic Earnings Per Share	2.39	1.81

### 3.3 Cash Flow Statement

FOR THE QUARTER ENDED	30-Sep-13 (Q3 2013) MVR "000"	30-Jun-13 (Q2 2013) MVR "000"
Net Cash Inflow / (Outflow) from Operating Activities	119,305	305,719
Net Cash Inflow / (Outflow) from Investing Activities	(68,417)	(29,998)
Net Cash Inflow / (Outflow) from Financing Activities	(381,657)	(44,583)
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>(330,768)</u>	<u>231,138</u>
Cash and Cash Equivalents at beginning of the Period	<u>869,527</u>	<u>638,390</u>
Cash and Cash Equivalents at end of the Period	<u><u>538,759</u></u>	<u><u>869,527</u></u>



Avnish Jindal  
Chief Financial Officer



Ismail Waheed  
CEO & Managing Director

## 4 Market highlights for Company's share (July – September 2013)

Highest Traded Price	MVR 82.00
Lowest Traded Price	MVR 78.00
Weighted Average Traded Price	MVR 80.46
Market Capitalization as at Quarter End	MVR 5.9 billion
Dividend Yield	NA
Annualised Price Earnings Ratio as at Quarter End	8.16

## 5 Legal and Regulatory Compliance

The Company has been in compliance with the *Dhiraagu Corporate Governance Code* during the quarter. Highlights include ensuring regular, timely and effective disclosures as required

by the *Code*. The Company's *Corporate Governance Code* can be viewed in the investor relations section of the Dhiraagu website: <http://www.dhiraagu.com.mv/investor/>.

On 14 May 2013 Capital Market Development Authority (CMDA) imposed a fine of MVR 30,000.00 on Dhiraagu (No. (IUL) 179-4.2/PRIV/2013) under the *CDOI Regulation 2010* for failing to publish the Company's 4th Quarter Report within 30 days from the close of the quarter. Dhiraagu appealed the case to CMDA, however was unsuccessful in its appeal.

## **6 Reporting Compliance**

This Report has been prepared taking into account the CMDA circular on Quarterly Reporting Requirements for Listed Companies.