

#### Dhiraagu Initial Public Offering

# **PROSPECTUS**

29th September 2011



Dhivehi Raajjeyge Gulhun Plc

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#### 1. ABOUT THE PROSPECTUS

This Prospectus has been prepared after taking in to consideration the Memorandum of Association and Articles of Association adopted at the general shareholder's meeting on 25th September 2011.

## Presentation of Financial Information and Use of Market Data

Unless stated otherwise, the financial information used in this Prospectus is derived from the Company's financial statements as of and for the years ended on 31st December 2008 and 31st December 2009 and the fifteen months ended 31st March 2011 and have been prepared in accordance with the Companies Act (10/96) and relevant regulations by the Company's Auditors, KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

The Company's fiscal year shall commence on 1st April and end on 31st March of each particular year. Unless stated otherwise, any references herein to a fiscal year (e.g., fiscal 2010), are to the fiscal year ended 31st March. Prior to the year 2010, Dhiraagu's fiscal year was 1st January to 31st December.

Unless stated otherwise, market data used in this Prospectus was obtained from the Communications Authority of Maldives (CAM) and internal Company reports. Any reports, statements, and other documents used in this Prospectus have been verified through a separate due diligence exercise.

#### Forward-looking statements

This Prospectus contains certain forward-looking statements. 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. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- the general economic and business conditions in the Maldives and the World;
- challenges to successfully implement strategy, growth and expansion plans and technological changes;
- factors affecting growth of telecommunications industry in the country in general;
- · the size, timing and profitability of significant projects;
- the effect of the availability of foreign exchange and its fluctuations;
- · changes in the value of the Rufiyaa and other currencies;
- increasing competition in, and the conditions of the global and Maldivian telecommunications industry;
- the ability to retain clients and acquire new clients;
- unanticipated variations in the duration, size and scope of the projects/supplies;
- changes in laws and regulations that apply to the industry in which Company is operational; and
- changes in the political and social conditions in the Maldives.

For further discussion of factors that could cause the actual results to differ, see the Risk section of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially

differ from those that have been estimated. Neither the Company, its Directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date of this Prospectus or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

#### **General Risk**

Investors are advised to read the risk factors carefully before deciding to subscribe for any shares or take any investment decision in respect of this Issue. Prior to taking any investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. Dhiraagu shall not be held responsible for any losses an investor may incur as a result of investing in these shares based on information given in this Prospectus.

Dhiraagu has not authorised anyone to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by Dhiraagu.

#### **Dhiraagu's Absolute Responsibility**

The Dhiraagu Board of Directors is responsible for the preparation of this Prospectus and confirms that to the best of their knowledge and belief, all information with regard to the Company and the Issue which is material in the context of the Issue; that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### **Jurisdiction**

The offer as contemplated in this document is made in the Republic of the Maldives and is subject to the exclusive jurisdiction of the courts of the Republic of the Maldives. Forwarding this Prospectus to any persons residing outside the Maldives in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

#### Invitation

Through this Prospectus Dhivehi Raajjeyge Gulhun Plc hereby wish to make an invitation in respect of 11,400,000 ordinary shares with a nominal value of MVR 2.50 at a share offer price of MVR 80.00, payable in full on application.

#### **Approval**

Approval has been granted by the Registrar of Companies as required by the Companies Act (10/96) and the Securities Act (2/2006).

Dhiraagu Plc has also obtained consent from the Capital Market Development Authority of Maldives to issue these securities. However, neither the Registrar of Companies nor the Capital Market Development Authority takes any responsibility for the accuracy of any statement made thereof or for the financial soundness of the Company or the value of securities concerned.

#### Listing

This Prospectus is dated 29th September 2011 and was prepared in accordance with the Companies Act, the Securities Act and relevant regulations and rules created under these Acts. The shares issued through this Prospectus are proposed to be listed on the Maldives Stock Exchange Pvt. Ltd. (MSE).

# 2. GENERAL INFORMATION ABOUT DHIRAAGU AND ITS SHARE CAPITAL

Company: Dhivehi Raajjeyge Gulhun Plc. (Hereafter referred to as Dhiraagu)

Legal form: Initially incorporated as a private limited telecommunications

provider on 16th May 1988 and subsequently changed to

a public limited liability company.

Company Registration Number: C-24/88

Place of Incorporation: Male', Republic of Maldives.

A summary of Company's Objectives: Since the Company began operations, Dhiraagu has built

a sound, financially strong business based on a commitment to providing innovative products and services and a philosophy that places high value on customer satisfaction and return on

shareholder value.

Head Office: Dhivehi Raajjeyge Gulhun Plc

19, Medhuziyaaraiy Magu, Male', Republic of Maldives.

Tel: +960 3322802 Fax: +960 3322800,

Website: www.dhiraagu.com.mv Email: 123@dhiraagu.com.mv

Company Secretary: Mr. David Jonathan Blake,

Chief Financial Officer & Company Secretary

Dhivehi Raajjeyge Gulhun Plc,

David is a Chartered Accountant (ICAEW).

Auditors: KPMG Chartered Accountants

2nd Floor, H. Mialani,

Sosun Magu Male' 2033 Maldives

Legal Counsel to the Company: Mohamed Shahdy Anwar,

Partner,

Suood Anwar & Co - Attorneys at Law

Tel: +960 3330 678

Laila Manik, Senior Associate,

Shah, Hussain & Co. Barristers and Attorney

Tel: +960 3333 644

Hazrath Rasheed Hussain

General Counsel

Dhivehi Raajjeyge Gulhun Plc,

#### **Board of Directors:**

Ms. Juwairiya Saeed Chairperson

Mr. Ismail Waheed Executive Director, Chief Executive Officer and Managing Director

Mr. Sheldon Bruha Non-executive Director

Mr. Adam Dunlop Non-executive Director

Mr. Fayyaz Ismail Non-executive Director

Mr. Denis Martin Non-executive Director

Mr. Ahmed Zareer Non-executive Director

#### **Existing Share Capital Structure**

Name	No of shares	Nominal value	Share capital (MVR)
Cable & Wireless Communications*	39,520,000	2.50	98,800,000
Government of Maldives	36,479,920	2.50	91,199,800
Mr. Ismail Waheed	10	2.50	25
Mr. Ismail Rasheed	10	2.50	25
Mr. Ali Riyaz	10	2.50	25
Mr. Umayr Shafeeu	10	2.50	25
Mr. Ahmed Maumoon	10	2.50	25
Ms. Athifa Ali	10	2.50	25
Mr. Mohamed Hazmath Abdulla	10	2.50	25
Mr. Musthaq Ahmed Didi	10	2.50	25
	76,000,000		190,000,000

<sup>\*</sup>CWC is the majority Shareholder of Dhiraagu and a short profile of CWC is provided below.

The above changes to the Company's Share Capital structure was carried out prior to reregistering the company as a public limited company, for the purpose of this Issue.

#### **About Cable & Wireless Communications**

Cable & Wireless Communications (CWC) is a global full-service communications business. It operates leading communications businesses through four regional units – the Caribbean, Panama, Macau and Monaco & Islands. Services offered by CWC include mobile, broadband and domestic and international fixed line services in most of their markets as well as pay-TV, data centre and hosting, carrier and managed service solutions. The company's operations are focused on providing customers – consumers, businesses and the government – with world-class service. CWC is the market leader in most of the products they offer in the territories they serve. For further information visit www.cwc.com.

#### 3. DETAILS OF THE ISSUE

Offeror: Government of Maldives

Issuer: Dhiraagu

Promoter: Dhiraagu

Legal Advisor to the Issue : Mohamed Shahdy Anwar

**Partner** 

Suood Anwar & Co - Attorneys at Law

Banker to the Issue : Bank of Maldives Plc.

No.11 Boduthakurufaanu Magu Male', Republic of Maldives.

Accountants to the Issue: KPMG Chartered Accountants,

2nd Floor, H. Mialani, Sosun Magu, 2033,

Male', Republic of Maldives.

#### **Proposed Share Capital Structure after the Issue (values in MVR)**

Name	Shareholding	No of shares	Nominal Value	Share Capital (MVR)
CWC	52.00 %	39,520,000	2.50	98,800,000
Government of Maldives	33.00%	25,080,000	2.50	62,700,000
General public	14.70%*	11,174,290	2.50	27,935,725
Dhiraagu Colleague Share Plan	0.30%	225,710	2.50	564,275
	100.00%	76,000,000		190,000,000

<sup>\*</sup>Dhiraagu may at its discretion increase the percentage of shares offered from 15% up to the full 33% that the Government has committed to relinquish.

Date of Issue: 25<sup>th</sup> October 2011

Date of Commencement of Trading: 25th December 2011\*\*

<sup>\*\*</sup>The Date of Commencement of Trading is a best estimate only. Neither the Company, its Directors, nor any of their respective affiliates shall be liable for any losses or other expenses sustained or incurred as a result of delay.

#### 3.1 Basic Terms of the Issue

The shares being offered are subject to the provisions of Dhiraagu's Memorandum and Articles of Association, the terms of this Prospectus, the Share Application Form, and other terms and conditions as may be incorporated in the allotment advice and other documents and certificates that may be executed in respect of the Issue. The shares shall also be subject to applicable laws, regulations, guidelines and notifications relating to the issue of capital and listing and trading of securities issued from time to time under the Maldivian Companies Act, and Maldives Securities Act.

#### 3.2 Description of Shares being Offered

The shares being offered are existing ordinary shares which shall be subject to the provisions of Dhiraagu's Memorandum and Articles of Association and shall rank equal with other existing shares, with full voting rights and the right to participate in any dividend or distribution of reserve that may be declared after the date of Issue.

Each share is being offered at the Offer Price of MVR 80.00. In order to determine the Offer Price, the Offeror carried out an independent valuation at the time of this Prospectus. PriceWaterhouseCoopers carried out this valuation exercise. The 'price earnings method' and 'discounted cash flow method'; which are the two most commonly used methods in valuing similar companies, were used to derive a range of values for the Company on a 100% equity basis.

In accordance with the recommendations of the independent valuation, the Government decided the value of Company at the date of this Prospectus to be MVR 6.08 billion and has set MVR 80.00 as the Offer Price per share for this Issue.

#### 3.3 Dividend

The Dhiraagu Board has a policy to declare dividends when permitted by law and subject to consideration of its investment requirements, financial condition, including its liquidity requirements, and the results of its operations.

The Company has in the past declared and paid dividends to its Shareholders on an annual basis. Details of these dividends for the past 5 years are given under the Historical Financial Performance section.

#### 3.4 Rights of the Ordinary Shareholders

Subject to the Memorandum and Articles of Association of the Company and to applicable laws, the Shareholders of Dhiraagu shall have the following rights:

- · right to receive dividend, if declared;
- unless prohibited by law, the right to attend general meetings and exercise voting powers;
- right to vote or participate in a poll either in person or by proxy and unless otherwise stated any such other rights, as may be available to a shareholder of a listed public company under the relevant laws and regulations and rules.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation and division of shares please refer to the Appendix 1 titled Main Provisions of Articles of Association of the Company.

Shares shall not be transferable within the period between the Date of Issue and the Date of Commencement of Trading on the Maldives Stock Exchange. Any transfer of shares after the aforementioned period shall be subject to the Articles of Association of the Company and any applicable legislation, regulations and the Listing Rules of the Maldives Stock Exchange.

#### 3.5 Objectives of the Issue

The Government of the Maldives, as part of its privatisation policy to relinquish Government shares in business activities, has decided to offer to the public up to 33% of Dhiraagu's issued share capital.

#### 3.6 The Issue

Dhiraagu invites applications from the eligible applicants to purchase 15% of the Company's shares.

Based on the market demand for shares, Dhiraagu reserves the right to at its discretion increase, the percentage of shares offered up to the full 33% that the Government has committed to relinquish.

#### 3.7 Proceeds

As the purpose of this issue is to relinquish Government shares in the Company, there is no minimum amount that must be raised by this Issue.

If 15% of the Company shares are sold, MVR 912 million will be raised by this Issue and the Government shall have absolute discretion to use and dispose of the proceeds as it sees fit and proper.

## 3.8 Costs, Expense and Commission Attributable to the Issue

All costs, expenses and commissions attributable to the Issue, inclusive but not limited to legal fees, advisory fees, banker's fees, and all costs incurred by the Company as the promoter will be borne by the Government.

No underwriter has been appointed for this Issue.

#### 3.9 Opening and Closing of Subscription Period

The Subscription for the shares will open at 9.00am on the 25th October 2011 and shall remain open until closure at 4.00pm on the 30th November 2011.

#### 3.10 Eligible Applicants

Applications are invited from the following categories of Applicants:

- · Maldivian nationals.
- · Foreign nationals.
- Corporate bodies and any other registered entities eligible for holding shares.

#### 3.11 Prospectus and Application Form

The Prospectus and the Application Form may be obtained free of charge from Dhiraagu operation centres and the collection points set out under Appendix 7 – Collection Points. In the event that further collection points are established after the date of this Prospectus, details of the locations shall be made public through announcements in the local media and shall be made accessible through the Dhiraagu website, and made available through advertisements in the daily newspapers and any other manner selected by the Company.

Only original Share Application Forms collected from these collection points will be accepted.

#### 3.12 Procedure

Care must be taken to follow the instructions on the Application Form. Applications that do not strictly conform to the instructions and other conditions as set out below or which are illegible may be rejected.

This issue is a fully dematerialized issue, if the applicant do not hold a Securities Account at the Maldives Securities Depository, the information provided in the application form will be utilized to open a Securities Account. As such, the applicant must sign the declaration and submit the form with the accompanying documents as stated below in this sub section.

The MSD will open the Securities Account based on the information provided in the application form and the accompanying documents, hence care must be taken to submit a complete application.

The following documentations should accompany the application;

All supporting documents accompanied with the application should be valid, this includes copies of national identity cards, passport copies, birth certificates and any other documents validating the name and date of birth of the applicant.

#### For Individuals:

#### Locals:

- · A copy of the National Identity Card
- · In the case of a Minor;
  - A copy of the National Identity Card of minor and/or a copy of the Birth Certificate which has the national identity card number on it.
  - A copy of the Birth Certificate should be provided if the National Identity Card does not state the name of the parent.
  - · A copy of National Identity Card of the parent
  - In case of a legal guardian, A copy of his/her National Identity Card and a document confirming that he/she is the legal guardian of the minor

#### **Foreigners:**

The following documents should be submitted with the Application Form;

- A copy of the Passport and a copy of any other document confirming the full name and the date of birth of the Applicant
- In the case of a minor;
  - A copy of the Passport or a copy of the Birth Certificate.
  - A copy of the Passport of the Parent and a copy of a document confirming the name and Date of Birth of the Parent.
  - A document confirming the parent or the legal guardian of the Minor

In case of the Legal Guardian, a copy of the Passport, a copy of a document confirming that he/she is the legal guardian of the Minor, and a document confirming the name and the Date of Birth of the guardian

#### For Businesses/Clubs/Associations:

#### **Local Entities:**

- A copy of the Certificate of Registration.
- A copy of the Board Resolution stating the authorized signatories to open and operate the Securities Account onbehalf of the entity and authorizing the subscription of shares
- A copy of the Memorandum & Articles of Association and bylaws that govern the operations of the entity, if any
- A copy of the National Identity Card of the authorised signatories

#### Foreign entities:

- A copy of the Certificate of Registration.
- A copy of the Board Resolution stating the authorized signatories to open and operate the Securities Account on behalf of the company and authorizing the subscription of shares
- A copy of the Memorandum & Articles of Association and bylaws that govern the operations of the entity, if any
- A copy of the Passport of the authorised signatories and a copy of a document confirming the full name and the Date of Birth of the authorised signatories.
- Applicants from overseas may submit applications via registered post addressed to the "Dhiraagu-IPO, Head Office BML Plc, BoduthakurufaanuMagu, Male' 20094, Republic of Maldives". A copy of the Telegraphic Transfer advice made in favour of "Dhiraagu-IPO" to the 7799-099999-030 numbered USD account at the Bank of Maldives PLC must also be enclosed with the application.
- All Applicants must state their resident and correspondence address in the appropriate spaces provided in the Application Form.
- All shares will be issued in dematerialized form. The Application Form properly completed in accordance with these instructions, together with the payment of the full amount payable on application should be handed over as set out below in 3.13 Mode of Payment, to any one of the collection points listed in Appendix 7 Collection Points, prior to the closure of the subscription period.

#### 3.13 Mode of Payment

- The amount payable should be calculated by multiplying the number of shares applied for, by the share Offer Price.
- The value of shares applied may be paid in Maldivian Rufiyaa or the equivalent in United States Dollars at the rate of Maldivian Rufiyaa 15.42 to the Dollar (1\$ =MVR 15.42 or a rate as set by the Maldivian Monetary Authority). All local and foreign bank charges shall be borne by the Applicant.
- Payment should be made separately in respect of each application by way of cash, Bank of Maldives debit or credit card, through POS machines at Bank of Maldives branches, cheque or bank draft.
   Parties making payments from overseas shall make Telegraphic Transfer in favour of "Dhiraagu – IPO" to the 7799-09999-030 numbered USD account at the Bank of Maldives.
- All cheques and bank drafts as mentioned above should be drawn on any commercial bank in Republic of Maldives and as "Account Payee Only" and made payable to "Dhiraagu – IPO".
- All cheques and bank drafts received in respect of applications will be banked as and when they are received.
- Such monies realised within two (2) Market Days from the day of the closure of the subscription shall be refunded and no allocation of shares will be made. Cheques must be honoured on first presentation for the application to be valid.

#### 3.14 Rejection of Applications

- Application forms, which are incomplete in any way and/or not in accordance with the terms and conditions of this Prospectus, shall be rejected at the absolute discretion of Dhiraagu.
- Applications delivered after the closure of the Subscription Period shall be rejected.
- Applications supported by way of cheques, which are not honoured on first presentation, will be rejected.
- Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept an Application in full or part.

#### 3.15 Successful Applicants, refunds and Share Certificates

Where an application is not accepted subsequent to the Applicant's cheque being realised, the Applicant's money in full or where an application is accepted only in part, the balance of the application money will be refunded. If the amount paid is more than the amount payable then a refund shall be made for the amounts paid in excess.

Refunds shall be made within thirty (30) Market Days following the closure of the Issue and Applicants shall be entitled to interest at the bank rate for payments which fail to meet the above period. Any refunds shall be made in the currency in which the applicant paid the value of shares applied for. Refunds shall be directly credited to the Bank account specified in the Applicant's Application Form. Cheque refunds or returns can be collected by presenting the Applicant's National Identity Card at a branch specified by Bank of Maldives PLC.

Allotment will be made within 14 Market Days from the closure of the Issue and shares should be deposited to the respective Maldives Securities Depository accounts within 10 Market Days. After it has been deposited to the Maldives Securities Depository accounts of the Allottees, Dhiraagu will make a public notice and Share Certificates shall be made available upon request at from Maldives Securities Depository from this date,

Shares will be admitted to the official list of the Maldives Stock Exchange, latest by the 3rd Market Day from the date of notification of public by Maldives Securities Depository.

#### In the case of an oversubscription

In the event that, the total subscription is over subscribed, meaning the application for the publicly allotted shares is greater than the allotment for this category Dhiraagu reserves the right to do the following:

- The 225,710 shares allocated for the Dhiraagu Collegue Share Plan as previously stated in this prospectus, shall be allotted
- Any Applicants whose subscription is less than or equal to 25 shares shall be fully allotted;
- All Applicants subscribing to more than 25 shares will be subject to pro-rata based on the total subscriptions received for more than 25 shares; and
- Any balance in payment after the pro-rated and allotted shares will be refunded as set out above in the section, *Successful Applicants, refunds and Share Certificates*.
- Notwithstanding any of the above, Dhiraagu may at its discretion increase the percentage of shares offered from 15% up to the full 33% that the Government has expressed its intention to relinquish.

#### In case of under subscription

Any unsubscribed Shares shall be returned to the Government at the end of the subscription period.

# 4. TELECOMMUNICATIONS SERVICES SECTOR IN THE MALDIVES

#### 4.1 Overview

The liberalisation of the Maldivian telecommunications market has led to competition in the mobile and internet market. Although Dhiraagu is currently the only operator providing fixed line services in the Maldives, a second operator was licensed in 2010 to provide fixed line service.

An overview of operators in the Maldivian telecommunication markets is provided below.

Sector	Licensed Operators
Mobile	Dhiraagu / Wataniya
Internet	Dhiraagu / Focus Infocom
Fixed Line Services	Dhiraagu / Wataniya
International Telephone Service	Dhiraagu / Wataniya

#### 4.2 Mobile Services

According to the Communications Authority of the Maldives, as of March 2011, there are approximately 520,000<sup>1</sup> registered SIM cards. The following table<sup>2</sup> sets out a summary of the mobile phone communications market as of and for the years ended 31st March 2009, 2010 and 2011.

As at March 31st				
	2009	2010	2011	
Mobile teledensity	143%	147%	165%	
Mobile users	450k	462k	520k	

The numbers indicate a compound average growth of 9.9% and over the past few years, there has been significant growth in the number of mobile phone users. With pre-paid mobile service being the most sought after service by the users. As of March 2011, the proportion of pre-paid users in the Maldives is approximately 86%<sup>3</sup> of total mobile users.

The mobile communications sector is a fast growing sub-sector of the Maldivian telecommunications market. In 2005, the mobile market was liberalised with the award of a second mobile license.

<sup>1 &#</sup>x27;Monthly Figures 2011', Communication Authority of Maldives <www.cam.gov.mv>

<sup>2 &#</sup>x27;The 'Monthly Figures 2011', Communication Authority of Maldives <www.cam.gov.mv>

<sup>3 &#</sup>x27;Monthly Figures 2011', Communication Authority of Maldives <www.cam.gov.mv>



#### 4.3 Internet Services

The number of Internet users in the Maldives increased from 6,000<sup>4</sup> in year 2006, to approximately 49,000<sup>5</sup> in March 2011 including those who access Internet using mobile phones. Following the migration from dial-up, ADSL (Asynchronous Digital Subscriber Line) is the most common method of fixed Internet access in the Maldives.

The demand for Internet access in the Maldives has been constrained in the past, partly due to the lack of country wide broadband access and the relatively low number of personal computers. However, the increase of mobile devices that can access Internet and the reduction in costs for subscription charges has resulted in further demand for ADSL and mobile Internet access.

In 2003, the Internet market was liberalised with the award of a second Internet license.

#### 4.4. Fixed-line Services

In 1988 when Dhiraagu began its operations there were a few thousand telephone lines installed in the Maldives. Since then Dhiraagu has invested heavily in developing the Maldivian telecommunication infrastructure. In 1999, the company achieved an important milestone in providing all inhabited islands with access to a telephone service and residential fixed-line services were provided to 136 major islands across the country. As of March 2011, there are approximately 47,0007 fixed lines in the country.

Fixed line connectivity has been enhanced for inter- atoll communication through the use of microwave links, satellite links and submarine cable connections. Following the introduction of GSM services in 1999, there has been a rapid increase in mobile penetration, which contributed to a downward migration of traffic from fixed lines to mobile services, as customers increasingly tend to use their mobile phones.

#### 4.5. Regulation

The Ministry of Transport and Communications formulate policies for the Information Communication Technology (ICT) sector. The Communications Authority of Maldives is responsible for the development and regulation of telecommunications. It was established in 2003 as a separate authority to regulate the telecommunications sector and developing the telecommunications sector in line with national policies and regulations. The Maldives Telecommunications Regulation 2003 enacted by presidential decree provided the Communications Authority of Maldives with the flexibility for carrying out its objectives.

After the adoption of the 2008 Constitution in August 2008, some regulations and presidential decrees became null and void for want of statutory backing. However, Maldives Telecommunication Regulation 2003 is valid and still in force by virtue of statutory backing pursuant to Law No. 6/2008 (General Law on Regulations).

<sup>4</sup> ADSL internet users reported by CAM in 'Telecom Stats at a Glance: 2004-2009', Communication Authority of Maldives <www.cam.gov.mv> 5 'Telcom Statistics – March 2011', Communication Authority of Maldives < www.cam.gov.mv>

<sup>6</sup> Male', Villingili, Hulhule', S. Hithadhoo, S. Maradhoo Feydhoo, S. Feydhoo, S. Hulhudhoo, S. Meedhoo, S. Gan, Gn. Fuavahmulah, G.Dh Thinadhoo, B. Eydhafushi, H.Dh Kulhudhuhfushi

<sup>7</sup> The 'Monthly Figures 2011', Communication Authority of Maldives <www.cam.gov.mv>

#### 5. PROFILE OF DHIRAAGU

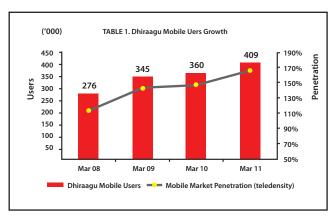
Dhiraagu is the only full-service telecommunications provider in the Maldives. The company has adapted well to the market liberalisation and continues to be the country's leading provider of fixed-line, mobile and internet services.

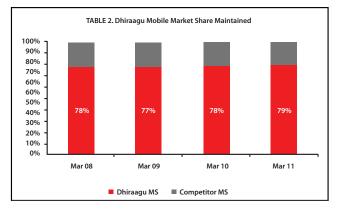
Dhiraagu is a significant contributor to the national income and socio-economic development activities of the Maldives. With over 630 employees, and a nationwide service presence by way of 9 strategically located operating centres outside of Male', Dhiraagu stays closer to its customers across the country. Dhiraagu has overcome the geographic barriers with its distribution network of 24 wholesale distributors, 32 exclusive partners, 87 non-exclusive partners and over 2,600 retailers across the country. Dhiraagu provides fixed-line access, which includes telephone and internet, and mobile network coverage to all of the country's 199 inhabited islands, all resort islands and all major industrial islands and operates an international gateway providing IDD services.

## Dhiraagu provides the following key telecommunications services:

#### **Mobile**

By both market share and coverage, Dhiraagu is the country's largest and leading mobile operator with a market share of 79%. Dhiraagu offers a wide range of mobile services, including voice services, GPRS EDGE and 3G data services (including SMS, MMS, video calling and mobile Internet) and GSM/GPRS/3G international roaming services. Dhiraagu's 2G network covers all inhabited islands, all resorts and major industrial islands, and it's 3G/HSDPA network currently serves 89¹º islands including Male' covering a majority of the Maldivian population while work is ongoing to rollout 3G service to additional inhabited islands and resorts.





<sup>8</sup> Dhiraagu Distribution and Retail Statistics contained the Monthly Distribution Report March 2011

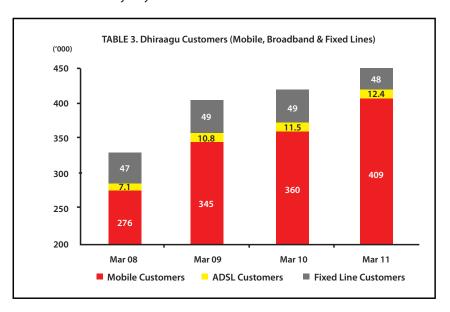
<sup>9</sup> Dhiraagu customer numbers are 408,706 are based on figures available in the March 2011 Marketing Report. The total user base is 520,480 as reported by CAM in the 'Monthly Figures 2011', <www.cam.gov.mv>

<sup>10</sup> Contained in the Marketing Report August 2011

#### **Internet**

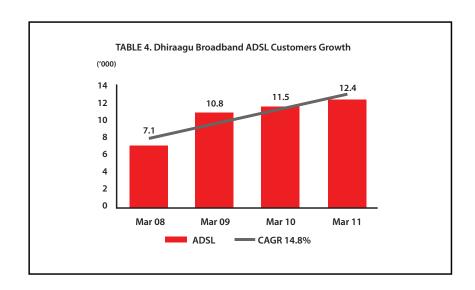
Dhiraagu is the leading Internet service provider (by market share and coverage) in the Maldives, with a market share of approximately 79%<sup>11</sup> for its fixed internet service. The Company offers broadband ADSL Internet, dedicated Internet access, WiFi based internet access and Mobile Internet on its 2G/3G network. Dhiraagu augments its basic Internet services by offering various value-added services, such as web-hosting services and POP e-mail services.

In addition, Dhiraagu offers "Enterprise Solutions & Managed Services" to the Government, large corporate customers and a majority of the resorts.



#### **Fixed-line**

Dhiraagu's fixed-line services offered through PSTN/ISDN lines include primary voice and value-added services. Fixed-line access is available on all inhabited, resort and industrial islands. Residential fixed-lines are available on 13 key islands, which together represents approximately half of the Maldivian population.



<sup>11</sup> Dhiraagu customer numbers are 12,366 are based on figures available in the March 2011 Marketing Report. The total internet user base is 15,601 as reported by CAM in the 'Monthly Figures 2011', <www.cam.gov.mv>



#### 5.1 History and Development

Dhiraagu was formed in 1988 as the country's telecommunication service provider. Established as a joint venture between the Government and Cable & Wireless, the Company's respective shareholdings were 49% and 51%. In 1993, the Government shareholdings were changed to 55% and again in 2009 they were changed to 52% CWC and 48% Government.

Since its formation Dhiraagu has invested heavily in developing the telecommunications infrastructure of the country and within 10 years of its formation achieved the important milestone of providing telephone access to every inhabited island in the country including all resort islands and key industrial islands.

- 1988 Dhivehi Raajjeyge Gulhun Private Limited was incorporated and registered in the Maldives.
- 1995 Installation of Satellite Earth Station and a telephone exchange in Seenu Atoll to provide telecommunications between the atolls in the far south to the rest of the country.
- 1995 to 1999- Implementation of the 'National Telephone Network Rollout Program', which linked all inhabited islands by providing telephone access to them.
- 1996 Introduction of internet services.
- 1999- Introduction of GSM mobile service.
- 2002- Introduction of Broadband ADSL Internet service.
- 2006- Implementation of a cable link between Sri Lanka and the Maldives jointly with Sri Lanka Telecom.
- 2007-Implementation of a Domestic submarine cable across the one-and-half degree channel.
- 2008- Provided 100% mobile coverage to all inhabited islands, resorts and major industrial islands.
- 2008- Dhiraagu's operating licence was extended for a further 15 years, which is to expire in 2023.
- 2009 Dhiraagu began rolling out its 3G network.
- 2011-This year Dhiraagu launched the first phase of its high-speed network rollout programme.
   The Company signed a contract with NEC Corporation for the deployment of a domestic submarine cable network across the Maldives to provide access to high speed internet services to Atolls.

#### 5.2. Mission and Strategy

Dhiraagu aims to lead the information communication technology market through excellence in quality, value and customer services. To achieve this, the Company intends to pursue the following key strategies:

- Strong focus on customer service.
- Grow mobile data and broadband, and expand into the enterprise market.
- Build smart, competent and engaged teams.
- Retain community respect through corporate social responsibility programmes.
- Continue to manage costs efficiently and maximise the dividend flow for its shareholders.

#### 5.3. Customer Service, Sales and Marketing

Dhiraagu's customer service, distribution, sales and marketing activities are aimed at adding value and improving customer experience.

#### **Customer Service**

Starting from the initial contact and throughout the lifetime of the customer, Dhiraagu believes that providing a good experience is critical to customer retention and to sustain the Dhiraagu brand. Dhiraagu focuses on providing quality and reliable networks, better customer management, easier access to customer support and expanding payment channels. The Company seeks to build long-term relationships with its customers by providing professional assistance. Through the service channels customers can explore, test and compare products and services allowing them to make an informed decision. Dhiraagu's principal customer service channels are:

- Customer Service Centres: For the convenience of its customers across the Maldives, Dhiraagu
  has nine regional operation centres, which provide a range of facilities including subscriptions,
  technical product assistance and information, bill payment and access to Dhiraagu's promotional
  information.
- Customer Care Call Centre: By dialling 123 from any fixed line or mobile on Dhiraagu's network, customers may enquire, free of charge about any of the Company's services, report faults and make billing inquiries.

#### Distribution

Dhiraagu sells its services and products through nine regional operation centres and its network of authorised distributors, wholesale partners (that sell vouchers, re-loads, connection kits for mobile service and also, in some cases, offer bill-pay services) and retail agents (that sell connection kits for mobile service). The Company also owns and operates a retail shop in Male'.

As part of strengthening its distribution channels and in partnership with local private businesses, Dhiraagu has established 32 co-branded shops. As a result it is now easier for customers to access Dhiraagu's services, pay bills and purchase some of the Company's products and services.

#### Sales and Marketing

Dhiraagu's brand strategy for all the services it offers is based on the following core values:

- · An approachable nationwide local team, which responds to and remains focused on customer needs.
- Innovative services that serve the needs of, and adds value to customers, competitive prices and attractive packages for new customers and target segments.
- Transparency in its packages, pricing and promotions.
- Upholding Dhiraagu values through community engagement and Corporate Social Responsibility initiatives.

Through various regional teams, Dhiraagu focuses on serving the needs of separate segments of the market; residential, small to medium businesses and corporate and government. Dhiraagu has a dedicated team of account managers who focus exclusively on key businesses and Government customers.

#### 5.4 Networks

To serve the needs of its diverse customers, Dhiraagu has made significant investments to enhance and modernise its multi-service telecommunication infrastructure and provide quality services that meet customer expectations. Work is continuously ongoing to evolve and modernise the network to keep in pace with changing customer needs. Dhiraagu's fixed-line, Internet and mobile networks support a wide range of voice and data services from basic voice calls to bandwidth intensive data applications. The network is continuously being upgraded to provide better resilience, availability and reliability.

A country wide submarine cable network comprising 6 cable segments, is being built to cater for immediate future capacity requirements. Reasonable measures are taken to protect the network from security threats.

The international submarine cable system between Hulhumale' and Colombo is used to connect the Dhiraagu network to the rest of the World. The cable is jointly operated and maintained with Sri Lanka Telecom under a construction and maintenance agreement. This cable interconnects to global cable systems via Colombo, Sri Lanka.

#### 5.5 Future Prospects and Strategic Initiatives

#### **Grow its Internet and Data Business**

Through the ongoing nationwide high-speed broadband rollout program, management seeks to increase the penetration of Internet and data services. The ongoing rollout of its wireless broadband/3G network will allow Dhiraagu to offer a broad portfolio of Internet access products to a larger portion of the Maldivian population.

#### **Maldives High-speed Network Rollout Program**

To meet the increasing demand for broadband and high-speed data services by consumers, businesses and government, Dhiraagu has embarked on a high-speed network investment programme that will support the following:

- Increase connectivity across the nation through a suitable cable network.
- Expand the availability of high-speed broadband and data service to the nation through broadband ADSL and mobile wireless technologies.
- Support socio-economic development and provide opportunities for businesses to expand into remote islands.
- Facilitate provision of services such as e-health, e-education, e-government, video conference, and other similar services.
- Improve quality of services offered to customers.

### Target revenue growth in the Mobile Telecommunications Business

Dhiraagu intends to continue to focus on growing its mobile business by providing new innovative products and services, and expanding its mobile data services.

#### **Enterprise and Managed Service Solutions**

Dhiraagu intends to continue to leverage its position as the leading provider of mobile, Internet and fixed-line services, to provide businesses, resorts and government with Enterprise and Managed Service Solutions.

The Ministry of Health and Family recently awarded the Company a contract to install telemedicine facilities in 36 islands across the country.

#### 5.6 Benefits of CWC relationship

Dhiraagu benefits from its relationship with CWC. As a subsidiary of the CWC group, Dhiraagu is able to draw on management support services and knowledge from the group. The support provided to Dhiraagu includes the following functional areas: finance, procurement, CTO/IT support, marketing, business development, corporate finance, tax and treasury, legal and regulatory and human resources. Furthermore, Dhiraagu participates in several CWC programmes that are deployed and reported across the CWC group of businesses. These programmes provide Key Performance Indicators (KPIs) for the management of Dhiraagu in order to improve business performance and governance in the following areas: finance, accounting controls, customer experience and risk management and network performance.



#### 6. LITIGATION AND DISPUTES

At the date of this Prospectus, to the best of the Company's knowledge and belief, there are no material litigations by or against Dhiraagu, nor are there any penalties imposed by any regulatory authority.

#### 7. MATERIAL CONTRACTS

The following is a list of contracts which were entered into outside the ordinary course of business carried on by the Company or are deemed to be material contracts entered into by the Company within two years of the date of this Prospectus.

- · Agreement for Domestic Submarine Cable Network Project.
- Agreement for Construction of the Dhiraagu Headquarters.
- Support Services Agreement for technical, operational, legal, financial and Management Support.
- · Shareholder Agreement between Dhiraagu, CWC Islands and the Government.

# 8. PROPERTIES AND FIXED ASSETS OF ISSUER

Over the course of its business, Dhiraagu has built properties of various nature and sizes including equipment rooms on inhabited islands and resorts, beach manholes for submarine cables landings, landing stations, office buildings and equipment shelters on locations around the whole of Maldives.

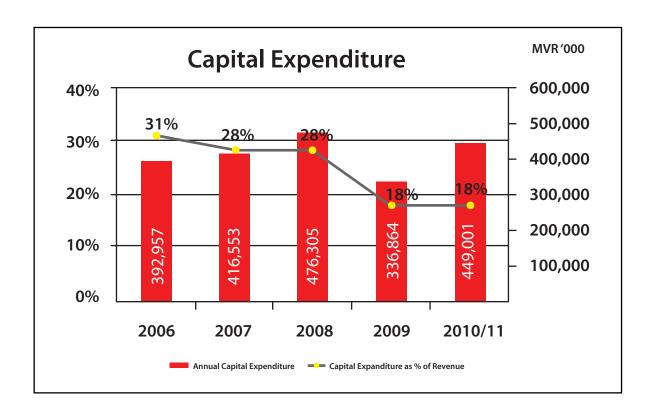
The cost of these properties as at 31<sup>st</sup> March 2011 is MVR 169.8 million and net carrying value is MVR 109.9 million.

Since its inception the Company has invested heavily on plant and machinery, which are mainly in the form of network terminal equipment, cables, towers, power equipment, computers, switches, other transmission equipment.

Work is ongoing to complete Dhiraagu's new headquarter complex. The 8-storey building is expected to be completed in early 2012. Once built, certain telecommunications equipment, corporate offices and customer service areas shall be housed in the new head office.

The total cost of all the plant and machinery of the company as at 31st March 2011 is MVR 3.7 billion and the net carrying value of these assets is MVR 1.5 billion. The following table illustrates Dhiraagu's capital investments during the last five years and as a percentage of revenue.

The office equipment shelters, towers and all other infrastructure built by the Company are built on leased land.



# 9. MATERIAL OUTSTANDING INDEBTEDNESS IN RELATION TO THE ISSUER

As at 31st March 2011, Dhiraagu does not have any debts in the company's balance sheet that cannot be resolved from its ordinary cause of business.

# 10. SECURED DEBENTURES THE FULL PARTICULARS OF THE ASSETS MORTGAGED OR CHARGED

As at 31st March 2011, Dhiraagu has neither secured debentures in issue nor fixed or floating charges against any of its assets for any form of loans or borrowings that the company has entered.

However, the Company is required to maintain a Maldivian Rufiyaa cash deposit as security for two United States dollar term loans. Further information regarding these loans has been disclosed in the financial statements contained in this Prospectus.

#### 11. CORPORATE SOCIAL RESPONSIBILITY

The corporate social responsibility of Dhiraagu is based on responsibly grounded business decision-making that considers the broad impact of corporate actions on people, communities and the environment. Dhiraagu strives to give importance to the socio-economic developments of the country and engage in operations and services in a conscientious and responsible manner.

The establishment of regional operational centres and Dhiraagu partner shops have opened up job opportunities and enhanced the business relationships that contributes towards these developments.

Dhiraagu recognises the country's fragile environment and gives importance to sustainable development.

Key aspects of Dhiraagu's CSR programme include:

- Positive contribution to the social and economic development of the community.
- Respect for the culture, values and human rights throughout our operation
- Encourage and nurture best practices in our activities
- Contribute towards protecting the environment

### Contributing positively to the social and economic development of the community

Dhiraagu is actively involved in community activities and regularly sponsors and contributes to worthy causes, in the areas of healthcare, education, and youth development. Dhiraagu also actively supports island communities in their social activities and partner NGOs to raise public awareness on social issues such as drug abuse and child protection.

Recent contributions in this area include:

- The donation of a telemedicine system to the Ministry of Health and Family, now installed in Gdh. Thinadhoo, enabling remote access to medical services at IGM hospital in Male'.
- Dhiraagu Apprentice Programme (DAP) supports work skill development of young Maldivians, along with structured training, provides an opportunity for the youth to gain experience in a professional work environment.
- Established a resource centre with free internet and computer facilities in 'Kudakudhinge Hiya' orphanage. Similarly the Company has also established a cyber centre in the National Thalassaemia Centre. Free Internet was provided for the home for people with special needs in Guraidhoo.
- Dhiraagu is the exclusive sponsor of a national football league, now named as 'Dhiraagu Dhivehi League' with the aim to inspire and develop young talent in football, the country's most popular sport.

## Respect for the culture, values and human rights throughout our operation

- An ethics policy promoting integrity in employee's conduct. This policy has been recently reviewed to include an anti-bribery policy in line with Cable & Wireless Communications guidelines.
- Dhiraagu is a member of the 'GSMA Mobile Alliance Against Child Sexual Abuse Content' and blocks child sexual abuse content.
- Dhiraagu's annual broadband race is dedicated to a worthy cause and this year's theme was to raise awareness against child abuse. The race is always well attended and is a good platform to raise funds for social causes.
- Dhiraagu also helped to establish a free twenty four hour seven day a week 'Child help line' for children to contact and seek assistance.
- A free national drug abuse helpline was also established for the Ministry of Health and Family to offer counselling and support relating to drug abuse.

#### Encourage and nurture best practices in our activities

A high level of importance is given to human resource development and employee welfare. Dhiraagu recognises and rewards employee contributions, aims to improve employee engagement and instils good governance through best practices.

- Human resource development, succession planning, knowledge acquisition and sharing are key focus areas of Dhiraagu. They enable the Company to develop skilled and professional teams to better conduct the Company's business. The fact that the majority of the employees including senior management are internally trained Maldivians, is a testament to this CSR objective.
- The Company has successfully run its own medical benefits scheme for several years and a voluntary retirement benefit scheme until the establishment of the national pension scheme. The Company contributes 10% to the employee pension fund which is beyond the 7% required by legislation.
- The health and safety policy was established, to help protect employees and to ensure a safe work environment.
- Dhiraagu's procurement policy is publicised and well-defined tender processes are used in purchases.

#### Contribute towards protecting the environment

- Dhiraagu is one of the largest users of renewable energy in the Maldives. Solar energy is used as an alternative source of power in many of the network distribution sites across the country.
- In 2009, Dhiraagu supported the national level effort during the 350.org's International Day of Climate Action to raise global warming issues with financial sponsorship and in kind support.

#### 12. RISKS

At the time of making an investment decision, investors should pay attention to the following risk factors that maybe considered material to the investors making an informed decision. These risks maybe within or outside Dhiraagu's control. Prospective investors should carefully evaluate each of the following scenarios, which may impact Dhiraagu's business, financial results and share price.

#### Risks relating to the Maldives

As Dhiraagu is located in the Maldives, any socioeconomic and political developments in or affecting the Maldives and the level of political and economic activity in the Maldives may affect Dhiraagu's operating results.

- Global recessions and external market shocks that may have an impact on the economic activity.
- · Further devaluation of Maldivian Rufiyaa against United States dollars.
- Ongoing developments in the Maldivian legal system resulting in uncertainties in the legislative framework.
- The recent introduction of a tax system in the Maldives and the proposed introduction of new taxes may result in significant taxes becoming payable. This may have an impact on the Company's financials.
- Low lying islands exposed to natural disasters such as tidal waves, tsunamis and coastal erosion.

#### Risks relating to Dhiraagu

- Dhiraagu may be affected by adverse changes in the local telecommunications market influenced by general economic conditions of the Maldives.
- Dhiraagu may not be able to obtain sufficient U.S. dollars to satisfy its operational and capital expenditure requirements or U.S dollar dividends.
- Further deregulation of the Maldivian communications market, including competing technologies, may affect Dhiraagu.
- Dhiraagu is subject to regulation and any increase in the scope or requirements of this regulation could adversely affect Dhiraagu's business.
- Dhiraagu's business is dependent on access to key third party suppliers and foreign partner networks that it does not own or control.

- Third parties may gain unauthorised access to Dhiraagu's network or commit vandalism and "cyber-crimes" that may interrupt services to customers.
- Potential increase in bad debts.
- Prolonged outage on the network could adversely affect services to customers.
- Ability to retain, qualified, experienced and talented local staff.

Risk management, identification and evaluation of risks and contingency planning are given a high priority in Dhiraagu and management focus is given to meet the risk management guidelines set forth by CWC. For instance:

- Dhiraagu maintains insurance policies in accordance with and as part of the Cable & Wireless Communications Group insurance, which include cover for material damage to property, business interruption including terrorism and critical natural catastrophes, public liability, directors' and officers' liability and professional indemnity claims. In addition, Dhiraagu maintains other local insurance policies covering such risks as, motor and marine-related liabilities. Notwithstanding Dhiraagu's insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster, or large liability claim or series of claims could nevertheless have a material adverse effect on Dhiraagu's financial condition and results of operations to the extent such occurrences disrupt the normal operation of Dhiraagu's business.
- To complement its insurance programme, Dhiraagu has also launched a programme to further strengthen it's business continuity plan for dealing with any unexpected and unknown risks through effective contingency plans and crisis management.

Dhiraagu also maintains an updated Risk Register, business contingency plans and work is underway to further strengthen the existing crisis management plans by updating and completing a Business Continuity Plan for the whole organization. However as with any business there is always the risk of external factors occurring and materially affecting the financial performance which were not envisaged or foreseen and so the risks discussed above should not be seen as exhaustive or inclusive and investors are advised to consider this for making an informed judgement on Dhiraagu.

#### 13. CORPORATE GOVERNANCE PRACTICES

With the principal shareholder being CWC, Dhiraagu has given importance to committing to good corporate governance practices with the fundamental premise of increasing transparency and sound management. Prior to the Company adopting its own Corporate Governance Code, Dhiraagu followed various group policies to ensure that it was compliant with the CWC governance framework.

The Board of Directors sets the strategic direction and guides the corporate values based on inputs and recommendations by the CEO. The Board of Directors deliberates on the 'Annual Operating Plan' and the 'Annual Budget' at Board meetings. On a quarterly basis, the Board of Directors reviews the business and financial performance of the Company against the 'Annual Operating Plan' and the 'Annual Budget'. This process helps the Board to focus on strategic direction on all areas of the Company covering products, risk management, compliance and human resource development. Creating value for shareholders in the day-to-day management is the responsibility of the CEO and the Senior Management Team.

In addition Dhiraagu has the following cross-functional management committees for key review and approval of key management decisions and programs. These committees meet weekly or monthly.

- Capital Review Board– for review and approval for Capital Expenditure.
- Customer Experience Board for review of key customer facing issues and review of Customer Experience Performance Matrix.
- Commercial Committee for review and approval of new products, tariffs, promotions, product performance and marketing plan.
- Human Resource Development Board– for review and approval of key HR policies, employee benefits and training and development plans.
- OPEX Review for review of monthly operational expenditure of cost-centers.
- Strategic Committee for review and approval of corporate strategy, business plans and contingency plans.

In addition to this, for execution of major projects, teams are formed with specialist staff from across the organisation.



#### 14. BOARD OF DIRECTORS

According to the Companies Act 10/96 and Dhiraagu's Articles of Association, the Board of Directors is collectively responsible for the long term success of the Company through responsible and effective leadership. The Articles of Association require that the Board consist of seven members. At present there are four directors appointed by CWC and three directors appointed by the Government. The Issue will not immediately change the existing composition of the Board. However, as part of Dhiraagu's efforts to strengthen corporate governance, an independent director shall be appointed at the next general meeting.

The following table sets forth the current members of the Board of Directors of Dhiraagu

Name	Position	Year of Appointment
Juwairiya Saeed (41)	Chairperson	2009
Ismail Waheed (55)	Executive Director, Chief Executive	
	Officer and Managing Director	2007
Sheldon Bruha (43)	Non-executive Director	2009
Adam Dunlop (39)	Non-executive Director	2008
Fayyaz Ismail (37)	Non-executive Director	2009
Denis Martin (58)	Non-executive Director	2008
Ahmed Zareer (39)	Non-executive Director	2009

#### 14.1 Board of Directors' Biographies

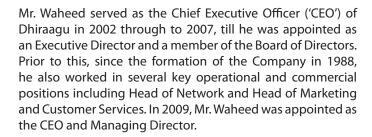


Juwairiya Saeed Chairperson

Ms. Saeed was appointed a member of the Board of Directors in January 2009. She is currently the chair of the Board of Dhiraagu and an executive director of FJS Consulting Pvt. Ltd., which provides economic, social, financial and management consulting services to companies doing business in the Maldives. Since 2009, she has also been member of the Privatisation Committee of the Government, an independent director of Maldives Islamic Bank from May 2011 and in September 2011 she recently became a private sector member of the Institute of Corporate Directors and Secretaries (ICDS) Advisory Committee. Previously, Ms Saeed worked as the head of the Public Enterprises Monitoring and Evaluation Board of the Ministry of Finance and Treasury, which is the entity responsible for monitoring and evaluating the performance of state owned enterprises. She has also served as a director on the boards of Island Aviation Services Ltd, Housing Development Finance Corporation Ltd and Maldives Ports Authority. Ms Saeed holds a Bachelor's degree in Commerce from the University of Western Australia and a Masters degree in Arts in Business and Financial Management from Northumbria University, Newcastle Business School, United Kingdom.



**Ismail Waheed**Executive Director,
Chief Executive Officer
& Managing Director



Mr Waheed holds a Bachelor's degree in Telecommunication Systems Management & Design from Anglia Polytechnic University, United Kingdom and has over 30 years of experience in the telecommunications industry.



Fayyaz Ismail
Non-executive Director

Mr. Ismail was appointed a member of the Board of Directors in February 2009. He is currently the managing director of Business Image Group Pvt. Ltd, an advertising, marketing and public relations company, and the managing partner of Aequitas Legal Consultants. He is also engaged in several businesses in the tourism and trading sector. In addition, Mr Ismail sits on the employment advisory board of the Ministry of Human Resources and has served on the board of the Live aboard Association of Maldives. Mr Ismail holds an LLB in Law from Middlesex University, United Kingdom.



Ahmed Zareer Non-executive Director

Mr. Zareer was appointed a member of the Board of Directors in January 2009. He is currently the Managing Director of Megachip Electronics Pvt. Ltd and the chairman of Southern Utilities Pvt.Ltd. Prior to this Mr Zareer was a senior computer programmer at Ministry of Education. Mr Zareer holds a Bachelor's degree in Computing, specialising in computer hardware and software engineering, from Monash University, Australia.



**Sheldon Bruha**Non-executive Director



Adam Dunlop Non-executive Director



**Denis Martin**Non-executive Director

Mr. Bruha is the director of corporate finance and investor relations for Cable & Wireless Communications Plc. His responsibility is for the development and execution of Group's global corporate development activities, including disposals, acquisitions, minority buy-outs and joint venture formations and restructurings. He is also responsible for developing and executing the Group's communication program with the investment community and shareholders.

Sheldon joined C&W group in April 2004 in the strategy and business development group. Prior to this, he spent over 12 years in both New York and London at Lehman Brothers, the US investment bank, where he was involved in debt and equity underwriting, mergers and acquisitions advisory primarily for the telecommunications industry.

Sheldon has an undergraduate business degree from Washington University in St. Louis, USA.

Mr. Dunlop is the development director for Cable & Wireless Communications Plc focusing on the development of the Monaco & Islands regional portfolio of businesses, which includes Dhiraagu. His current responsibilities include business development, customer experience and regulation. He is also responsible for two of CWC's business units, namely C&W South Atlantic and Diego Garcia and C&W Seychelles. He is a director of Monaco Telecom Group and the C&W associate businesses in the Pacific region.

He joined C&W Group in 2004 as strategic regulatory advisor working in the central group regulatory team on UK and international regulatory issues. Prior to this, he worked as a consultant on international trade and development issues, particularly regulatory issues arising from international trade agreements on services. Adam has an undergraduate degree from the University of Bristol, and a Masters degree from University of London.

Mr Martin was appointed CEO of Monaco & Islands in April 2009. His responsibility is to expand telecommunication services and to bring consistent quality of service across 20 markets, including the Principality of Monaco, The Channel Islands, Maldives, Seychelles and several countries in North and West Africa. Denis joined the C&W group in December 2005 as CEO of Monaco Telecom.

Prior to this appointment, from 1999 to 2005 Denis held financial, marketing and executive positions in the French SFR-Cegetel group, a subsidiary of Vivendi and Vodafone. His last position was CEO of Cegetel, the fixed and internet access branch of the group.

From 1980 to 1999, Denis worked internationally with Schlumberger, the multinational oilfield services leader, in several senior financial positions.



### **14.2 Board Committees**

The Board of Directors has an Audit Committee, a Remuneration and Nominations Committee and a Governance Committee as set forth below.

### **Audit Committee**

The Audit Committee is responsible for reviewing the functions and processes of internal controls in the Company and ensuring the effectiveness of such controls. The committee also reviews and monitors the financial statements of the Company.

Furthermore, all audit activities are monitored by the committee to ensure compliance and adherence to statutory and regulatory requirements and industry best practices.

The Audit Committee comprises of Mr Martin, Ms Saeed and Mr Zareer, all of whom were appointed in March 2009.

### **Remunerations and Nominations Committee**

The Remunerations and Nominations Committee is responsible for making recommendations to the Board on the remuneration of the Executive, Non Executive Directors and Independent Directors. The committee is also responsible for setting up the remuneration policy and providing guidelines to the Board on the overall remuneration framework (including setting performance incentives and targets) to ensure that remuneration levels are sufficient to attract and retain the calibre of professionals required for the successful management and operation of the Company.

The Remuneration and Nominations Committee comprises of Mr Waheed, Mr Zareer and Mr Dunlop, all of whom who had been appointed in May 2009, except Mr Zareer who was appointed in December 2009.

### **Governance Committee**

The Governance Committee is responsible for advising the Board on running the Company in accordance with the Corporate Governance Policies, bringing to the Boards attention way in which to further strengthen or introduce policies and advise the management to implement those policies. The Governance Committee comprises of Ms Saeed, Mr Waheed and Mr Ismail.

The business address for all Directors, is Dhivehi Raajjeyge Gulhun Plc, 19, Medhuziyaaraiy Magu, Male' 20-03, Republic of Maldives.

# 14.3 Remuneration of Directors & Directors Interest on contracts and/or shares held by Directors

For the year ended 31st March 2011, total aggregate compensation to the Board of Directors, including benefits in kind, was approximately MVR 1.2 million.

At the date of this Prospectus, no member of the Board of Directors and none of the executive officers of Dhiraagu, for at least the previous five years has any convictions in relation to fraudulent offences; has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

There are no material outstanding loans granted by Dhiraagu to any of its directors or executive officers and no member of Dhiraagu has issued any guarantees in respect of any indebtedness of any of its directors or executive officers.

Each of the directors and executive officers has presented to Dhiraagu that he or she has no conflicts of interest other than those disclosed in this Prospectus, between his or her duties to Dhiraagu and his or her respective private interests.

The compensation arrangements with Dhiraagu's executive officers and members of the Board of Directors do not provide for any pension or other benefits payable by the Company upon termination of their respective employment.

## 14.4 Statutory Declaration by the Directors

### 28th September 2011

We, the undersigned, who are the Directors of Dhivehi Raajjeyge Gulhun Plc, 19, Medhuziyaarai Magu, Male', Republic of Maldives, hereby declare and confirm that this Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of information given and confirm that after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading or inaccurate.

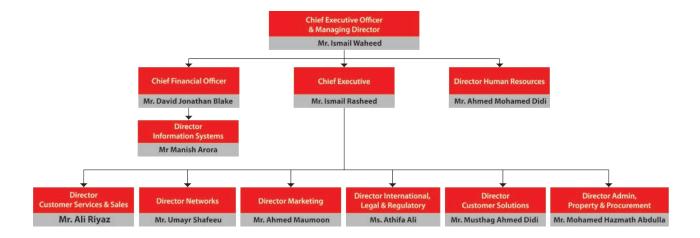
Name	Position	Signature
Juwairiya Saeed	Chairperson	manufacul
Ismail Waheed	Executive Director, Chief Executive Officer and Managing Director	
Sheldon Bruha	Non-executive Director	Shelton Brulia
Adam Dunlop	Non-executive Director	MB.
Fayaz Ismail	Non-executive Director	Am
Denis Martin	Non-executive Director	ferrar
Ahmed Zareer	Non-executive Director	

# 15. HUMAN RESOURCE DEVELOPMENT

# 15.1 Management Structure

The Executive Management team of the Company is made up of the Managing Director/Chief Executive Officer, the Chief Executive and the divisional directors who are responsible for various functions and operations within their respective divisions. The Executive Management Committee meets regularly to discuss and consider the Company's operations and development plans.

Set forth below is a chart showing the management structure and business divisions of the Company.



The following table sets forth the current principal executive officers of the Company, their positions and years of appointment.

Name	Position Year of A	ppointment
Ismail Waheed	Managing Director and Chief Executive Officer	2009
Ismail Rasheed	Chief Executive	2007
David Jonathan Blake*	Chief Financial Officer	2010
Avnish Jindal	Chief Financial Officer – Designate	2011
Mohamed Hazmath Abdulla	Director Administration, Property and Procurement	2004
Athifa Ali	Director International, legal and Regulatory	2007
Musthag Ahmed Didi	Director Customer Solutions	2009
Ahmed Maumoon	Director Marketing	2009
Ahmed Mohamed Didi	Director Human Resources	2010
Ali Riyaz	Director Customer Service and Sales	2004
Umayr Shafeeu	Director Networks	2007
Manish Arora	Director Information Systems	2011

 $<sup>\</sup>ensuremath{^{*}}$  Expected to leave the employment of the Company at the end of November 2011

## 15.2 Executive Officers' Biographies



Mr. Ismail Waheed - Chief Executive Officer (CEO) & Managing Director

See "Board of Directors - Board of Directors' Biographies" page



Mr. Ismail Rasheed - Chief Executive

Mr. Rasheed is the Chief Executive of the Company and has been employed by the Company since 1988. Prior to serving in this role, Mr Rasheed was the head of Networks from 2000 to 2007 and the Manager of Network Planning & Projects from 1999 to 2000. Mr Rasheed holds a Bachelor's degree in Telecommunications Systems Management and Design from Anglia Polytechnic University, United Kingdom, and is a chartered engineer and a member of the Institute of Engineering and Technology, (UK) and has been awarded a Master of Business Administration Degree (MBA) from University of Reading- Henley Business School, United Kingdom.



Mr. David Jonathan Blake - Chief Financial Officer

Mr. Blake is the Chief Financial Officer & Company Secretary and has been employed by Dhiraagu since 2010. Before joining the Company, David worked in the United Kingdom as a CFO of both telecoms and retail businesses. He was previously Group Financial Controller of Cable & Wireless Plc. David joined the team primarily due to his 'listed' company experience to help drive the proposed IPO forward. He is a Chartered Accountant (ICAEW) and qualified with PriceWaterhouseCoopers and holds a Degree in Applied Chemistry from Brunel University in London, United Kingdom. David is expected to depart from Dhiraagu in late November 2011.



Mr. Avnish Jindal – Chief Financial Officer - designate

Mr Jindal is the Chief Financial Officer & Company Secretary and has been employed by Dhiraagu since August 2011. Mr Jindal has more than 15 years of experience in the financial telecommunications industries, where he held key positions such as, Chief Financial Officer at Telikom PNG Ltd, Papua New Guinea from 2010 to 2011, Chief Financial Officer at Etisalat India, Mumbai from 2008 to 2009 and Senior Vice President – Finance at Bharti Airtel, Gurgaon, India. He is a Chartered Accountant and holds a Bachelor of Science Degree from University of Rajasthan, India.



**Mr. Mohamed Hazmath Abdulla** - Director Administration, Property and Procurement Division

Mr. Abdulla has been employed by the Company since 2004. Prior to joining the Company, Mr Abdulla served in senior positions at the Ministry of Finance and Treasury from 1995 to 2004. Mr Abdulla holds a Bachelor's degree in Business Administration from Hawaii Pacific University and a Masters degree in Economics, specialising in Public Policy and Taxation, from Yokohama National University, Japan.



**Ms Athifa Ali** - Director for International, Legal and Regulatory Division

Ms Ali has been employed by the Company since 1988. Prior to joining the Company's regulatory division in 2003, Athifa served in various roles in the finance division from 1996 to 2003. Athifa also serves as Chairperson of the Board of the Maldives Pension Administration Office. Athifa holds a Masters degree in Business Administration from the University of Bradford, United Kingdom. Ms Ali is a Chartered Management Accountant and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.



**Mr Musthag Ahmed Didi** - Director of the Company's Customer Solutions Division

Mr Didi has been employed by the Company since 1994. Prior to serving as a Director of Customer Solutions, Mr Didi was the Manager Data and IP Solutions from 2004 to 2009 and the Manager Information Systems from 1996 to 2009. Mr Didi holds a Bachelor's degree in Microelectronics & Computing from University College of Wales, United Kingdom.



Mr Ahmed Maumoon - Director of the Marketing Division.

Mr Maumoon has been employed in the Company since 1990. He has served in his current role since 2009. Mr Maumoon has also worked in the Company's Networks Division, where key roles included Manager of Transmission and Earth Station Department from 1999 to 2002 and Manager of the Mobile Networks Department from 2003 to 2006, and as a Manager in the Marketing Division from 2006 to 2009. Mr Maumoon holds a Bachelor's degree in Engineering - Telecommunication Systems from Coventry University, United Kingdom and is currently pursuing a Masters degree in Business Administration with University of Reading-Henley Business School through a distance-learning programme.



**Mr Ahmed Mohamed Didi** - Director of the Company's Human Resources Division

Mr Mohamed Didi has been employed in the Company since 2009. Prior to joining Dhiraagu, Mr. Didi worked for the Government of Maldives for over 10 years in various roles within Finance and HR functions. In his career with the Government, Mr. Didi also headed the Human Resource function of the Presidential Palace. He joined the Company as the Manager of Billing and Credit Control and became the Head of Human Resources in May 2010. Mr. Didi holds a Master in Business Administration from Maquarie Graduate School of Management, Australia and a Bachelor of Business and Commerce (Specializing in Accounting and Finance) from Monash University, Australia. Mr. Didi is also a Senior Member of the Certified Practicing Accountants (CPA) Maldives.



**Mr Ali Riyaz** - Director of the Company's Customer Service and Sales Division

Mr Riyaz has been employed by the Company since 1999. He has served in this current role since 2004. Prior to that, Mr Riyaz was the Head of Administration and Human Resources from 1999 to 2004. Mr Riyaz holds an Advanced Diploma in Hospitality Management from SHATEC College, Singapore and is currently pursuing a Masters degree in Business Administration through a distance-learning programme.



**Mr Umayr Shafeeu** - Director of the Company's Networks Division

Mr Shafeeu has been employed by the Company since 1988. He has served in this current role since 2007. Previous roles with the Company include, among others, Manager of Networks Planning & Programme from 2006 to 2007 and Manager of Switching from 2003 to 2006. Mr Shafeeu holds a Bachelor's degree in Engineering - Computers, Networking and Communications Technology from Coventry University, United Kingdom.



**Mr Manish Arora** - Director of Information Systems of the Company

Mr Arora has been employed by the Company since January 2011. Prior to joining the Company, he served at various positions at Bharti Airtel India from 2005 to 2010 including as their Head of IT in one of their telecommunications circles. Mr Arora has held various executive roles in the Telecommunications, Software & Banking industries with organizations such as ANZ bank, Dator A/S and Microsoft (Convergys). Mr Arora holds a Masters degree in Information technology from the Royal Melbourne Institute of Technology University, Melbourne, Australia.

# 15.3 Human Resource Management Development & Training

Dhiraagu is an employer of choice in the Maldives and invests significantly in human resources development and incentives for its team. Approximately 99% of Dhiraagu's employees are Maldivians. The strongest driver for the Company's success is the strategic focus given on development of highly competent, engaged and motivated team. Despite the high complexity and technical nature of the industry, Dhiraagu maintains and demonstrates professionalism and expertise in its management and organization.

Dhiraagu offers competitive remuneration and benefits packages to attract and retain talent in the organization and as a result the Company has been able to operate with the right balance of experience whilst still attracting fresh talent. With a relatively flat organization structure and a results oriented friendly working environment, supported by annual performance appraisal system, Dhiraagu has maintained a high-performing and productive workforce. Outstanding performance & initiations of individual employees & teams are recognised at an annual award function.

Dhiraagu together with CWC, gives importance to team engagement and has been using an internationally recognized evaluation system (Gallup Organization Engagement Survey (the "Gallup Q12 Survey")) to measure the level of engagement and to drive initiatives.

In addition, the Company continues to invest in the training and development of its employees, to ensure that the teams are well trained with the necessary skills to efficiently carry out their responsibilities, and progressively assume higher responsibilities and career growth. Dhiraagu sponsors and facilitates various technical, management, sales, marketing, customer service, financial and soft-skill training programs using a combination of mid to long-term programs conducted internally in Dhiraagu as well as at local and overseas training institutes. Every year a significant number of Dhiraagu staff participates in one of these forms of training and/or development activities. Dhiraagu encourages knowledge sharing amongst the employees through formal and informal sessions coordinated with support of trained employees, the management team and HR.

# 15.4 Dhiraagu Colleague Share Plan and Employee Share Ownership Trust

The Dhiraagu Colleague Share Plan (the Share Plan) was adopted by the Board of Directors on 25th September 2011. Participation in the Share Plan and the value of awards made under the Share Plan are at the discretion of the Remuneration Committee, which administers the Share Plan. No new shares may be issued to satisfy awards made under the Share Plan. Any shares awarded as part of the Share Plan will be held until the end of the vesting period. Shares held will not be entitled to dividends and voting rights during the vesting period. The only condition attaching to the vesting of shares under the Share Plan will be on-going employment with Dhiraagu and associated companies. Dhiraagu Colleague Share Plan will be operated in accordance with the regulation issued under the Maldives Companies Act.

# 16. FIVE-YEAR SUMMARY OF AUDITED FINANCIAL STATEMENTS

Statements of Comprehensive Income					
Description	Year ended 31 December 2006 MRf 000'	Year ended 31 December 2007 MRf 000'	Year ended 31 December 2008 MRf 000'	Year ended 31 December 2009 MRf 000'	15 Month Period ended 31 March 2011
					MRf 000'
Revenue	1,279,318	1,483,950	1,722,569	1,888,420	2,548,505
Profit from					
Operating Activities	602,194	631,884	728,331	834,124	1,032,966
Profit for the					
period	659,847	677,329	724,647	830,441	968,424

Statements of Financial Position					
Description	As at 31 December 2006 MRf 000'	As at 31 December 2007 MRf 000'	As at 31 December 2008 MRf 000'	As at 31 December 2009 MRf 000'	As at 31 March 2011 MRf 000'
Non - current assets	1,450,055	1,653,983	1,912,472	1,995,421	2,088,233
Current assets	1,116,226	995,906	926,131	1,055,772	1,550,912
Total assets	2,566,281	2,649,889	2,838,603	3,051,193	3,639,145
Capital and reserves					
Share capital	190,000	190,000	190,000	190,000	190,000
Retained earnings	2,028,063	2,056,948	2,172,383	2,113,797	2,647,259
Total Equity	2,218,063	2,246,948	2,362,383	2,303,797	2,837,259
Non - current liabilities	62	62,656	71,240	209,654	239,525
Current liabilities	348,218	340,285	404,980	537,742	562,361
Total Liability	348,218	402,941	476,220	747,396	801,886
Total equity and liabilities	2,566,281	2,649,889	2,838,603	3,051,193	3,639,145

# 17. INSPECTION OF DOCUMENTS

Subject to confidentiality, any material contract listed in this Prospectus along with the Memorandum and Articles of Association of Dhiraagu last audited Financial Statements may be inspected during normal business hours at the Company's Head Office until the end of the subscription period.

# 18. APPENDIX 1

## Main Provisions of the Articles of Association of the Company

### 45. INCREASE AND REDUCTION OF CAPITAL

- (A) The Company in general meeting may, from time to time, by Special Resolution, increase the capital by the creation of new shares of such amount as may be deemed expedient.
- (B) The new shares shall, other than as regards transfer, be issued upon such terms and conditions, and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, shares may be issued with a preferential or qualified right as the Directors shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a special or without any right of voting.
- (C) Except so far as otherwise provided by the conditions of issue, or by these presents, any capital raised by the creation of new shares, shall be considered part of the original ordinary capital and shall be subject to the provisions herein contained as regards transfer.
- (D) Subject to legislation, the Company may by Special Resolution, reduce its capital or cancel capital which has been lost, or is unrepresented by available assets, or reduce the liability for the shares or otherwise as may seem expedient, the capital may be paid off upon the footing that it may be called up again or otherwise.
- (E) The Company may, by Special Resolution, divide, subdivide or consolidate its shares or any of them.
- (F) The Special Resolution whereby any share is sub-divided may determine that as between the holder of the shares resulting from such subdivision, one or more of such shares shall have some preference of special advantage (other than transferability) as regards dividends, capital, voting or otherwise over or as compared with the other or others.
- (G) There shall be no increase in the authorized capital of the Company and there shall be no consolidation, sub-division, reduction or alteration of any of the rights attached to any of the issued share capital of the Company, any capital redemption reserve fund or any share premium account nor any capitalization, repayment or other distribution (other than in accordance with the provisions of these Articles) of any amount standing to the credit of any capital or revenue reserves (including any capital redemption reserve fund or any share premium account) nor any other reorganization of the share capital of the Company or any scheme or arrangement with the creditors of the Company except in accordance with these Articles.

### 91. BORROWING POWERS

- (A) If any single borrowing by the Company exceeds one half of the issued share capital of the Company, then it shall only be done by authority of a resolution of the Board of Directors of the Company. Further, if the aggregate borrowings of the Company are equal to or exceed two times the EBITDA of the Company as stated in its most recent audited accounts, then it shall only be done by authority of the Board with at least one non-CWC Director.
- (B) Subject to Article 90 (A) the Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects such they think fit, and in particular by the issue of bonds perpetual or redeemable, debentures or debenture stock, or any mortgage judgment, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future).
- (C) Debentures, debenture stock, or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- (D) Any debentures, bond or other securities may be issued at a discount, premium, or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment or shares, attending and voting at general meetings of the Company, appointments of Directors and otherwise.
- (E) The Directors shall cause a proper register to be kept of all mortgages and charges.

### 75. DIRECTORS' REMUNERATION

The Directors shall be paid out of the funds of the Company as remuneration for their services such as the Directors determine, and such remuneration shall be divided among them in such proportions and manner as the Directors may determine and in default of determination equally. Each Director may be reimbursed his travelling expenses properly incurred in attending a Board Meeting together with hotel and subsistence expenses reasonably incurred and any other expenses which he may otherwise incur in and about the business of the Company.

### 86. CONFLICTS OF INTEREST

- (A) If a Board meeting is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.
- (B) But if paragraph (C) applies, a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in a decision at a Board meeting relating to it for quorum and voting purposes.
- (C) This paragraph applies:
- (i) when the Company by Ordinary Resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in, or voting at, a Board meeting;
- (ii) when the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; and
- (iii) to any subscription, or an agreement to subscribe, for shares or other securities of Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities.

- (D) Subject to paragraph (E), if a question arises at a Board meeting or a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairperson whose ruling in relation to any Director other than the Chairperson is to be final and conclusive.
- (E) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairperson, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairperson is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

### 70. DIRECTORS AND METHODS OF APPOINTMENT

- (A) The Board shall have a maximum of seven (7) Directors inclusive of the Chairperson and the Managing Director and comprising executive, non-executive and independent members. Subject to Article 70 (F), the Board shall consist of four (4) CWC Directors, two (2) Government Directors and one (1) Independent Director.
- (B) Any person who is willing to act as a Director, and is permitted by the Act to do so, shall be appointed to the Board in accordance with this Article as set out below:
- (i) any Government Director shall be appointed by the Government;
- (ii) any CWC Director shall be appointed by CWC; and
- (iii) any Independent Director shall be elected by the Shareholders (where shareholders excludes the Government and CWC) at general meeting.
- (C) All new elections or re-elections and appointments of Independent Directors shall be undertaken in the manner set forth below:
- (i) the Nominations Committee shall develop and agree upon clear terms of reference for screening candidates prior to election as well as specific criteria which all candidates must meet. For candidates standing for re-election, such criteria shall include an evaluation of past performance by such individual as director against specified performance criteria which must be met;
- (ii) Shareholders shall also have the opportunity to nominate themselves or other Shareholders of the Company as candidates, at least twenty eight (28) days' prior to the notice of issued for the relevant annual general meeting or extraordinary general meeting to allow them to make their nominations. All Shareholder nominations will be reviewed by the Nominations Committee in accordance with the process described 70 C (i) above;
- (iii) all candidates seeking to be an Independent Director must submit all information required by the Nominations Committee by the time allotted by the Nominations Committee; and
- (iv) Independent Directors shall hold their office from the general meeting in which they are elected to the next following Annual General Meeting. That is however on the condition that such Independent Director has either not resigned or has not been removed from office during the intervening period.
- (D) Any appointment made pursuant to Article 70 (B) (i) or (ii) shall be made in writing to the Company signed on behalf of the appointing party.
- (E) Upon the Government:

- (i) ceasing to hold twenty five per cent (25%) of the issued share capital of the Company, the provisions of 70 (A) shall be modified so that references therein to the number of Government Directors shall be reduced to one (1) and Independent Directors shall be increased to two (2); or
- (ii) ceasing to hold one per cent (1%) of the issued share capital of the Company, the provisions of 70 (A) shall be modified so that references therein to the number of Government Directors shall be reduced to zero (0).
- (F) No provision of this Article shall restrict the Board from agreeing; by way of a decision taken by members representing over fifty per cent (50%) of the total Board membership (which to the extent the Government is entitled to appoint a Director in accordance with this Article 70, must include at least one (1) Government Director), to a composition of the Board different to that stated in Article 70 (A).

### 74. TERMINATION OF DIRECTORS' APPOINTMENT

- (A) Any Director automatically stops being a Director if:
- (i) he/she gives the Company a written notice of resignation;
- (ii) he/she gives the Company a written notice in which he offers to resign and the Directors decide to accept this offer;
- (iii) if in the case of a Government or CWC Director he/she is removed from office by the shareholder which appointed him and in the case of an Independent Director he/she is removed from office at general meeting of the Shareholders;
- (iv) he/she is or has been suffering from mental ill health and the Directors pass a resolution removing the Director from office;
- (v) he/she has missed two consecutive Board meetings without permission of the Directors and the Directors pass a resolution removing the Director from office;
- (vi) a bankruptcy order is made against him/her or he/she makes any arrangement or composition with his/her creditors;
- (vii) he/she is prohibited from being a Director under the legislation;
- (viii) he/she ceases to be a Director under the legislation or he/she is removed from office under these Articles; or
- (ix) he/she ceases to meet the criteria necessary to qualify for the role as required by the Nominations Committee.
- (B) If a Director stops being a Director for any reason he/she will also automatically cease to be a member of any committee of the Directors.
- (C) If the Chairperson or deputy chairperson stops being a Director for any reason, he/she will also automatically cease to hold the position of Chairperson or deputy chairperson.
- (D) These Articles do not prohibit a Director of the Company while in office, to hold the office of a Director in another company, insofar as in the view of the Board, it does not raise any issues of conflict of interest.

A Director may hold any other office or place of profit under the Company (other than the office of Auditor), or under any company in which this Company shall be member or otherwise interested and may act for and receive remuneration in a professional capacity from the Company in conjunction with his/her office of Director and no Director or intending Director shall be disqualified by his/her office from contracting with the Company, either with regard to his/her tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director so contracts or is so interested, render such Director liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or the fiduciary relation thereby established; provided that the nature of the interest of the Director in such contract or proposed contract or arrangement be declared at the meeting of the Directors at which the question is first taken into consideration if his/her interest then exists, or in any other case at the next meeting of the Directors held after he/she became interested. Provided also that subject to Article 86, a Director shall not vote in respect of any contract or arrangement in which he/she is so interested and if he/she shall do so his/ her vote shall not be counted, but this prohibition shall not apply to any arrangement for giving any Director any security or indemnity in respect of money lent by him/her to or obligation undertaken by him/her for the benefit of the Company, nor shall it apply to any contract or arrangement entered into with another company where the sole interest of a Director is that he/she is a Director or creditor of or is a member in Company with which such contract or arrangement is to be made, nor shall it apply to any contract to subscribe for or to underwrite or guarantee the subscription of any shares or debentures of the Company, and it may be at any time to suspend or relaxed to any extent, and either generally, or in respect of any particular contract, arrangement or transaction, by the Company in general meeting. A general notice that a Director is to be regarded as interested in any contracts or arrangements which may be made with any specified person, firm or corporation after the date of such notice shall be sufficient disclosure under this Article.

### 58. VOTING: GENERAL

- (A) Every resolution adopted by a General Meeting shall be passed by a vote of the Shareholders.
- (B) Shareholders who are present in person or by proxy at a general meeting can vote on a show of hands. Each shareholder and proxy will have one vote each on a show of hands. On a poll, every shareholder present in person or by proxy will have one vote for every share he holds. This is subject to any special rights or restrictions which are given to any class of shares by, or under, these Articles.

### 59. METHOD OF VOTING

- (A) A resolution put to the vote at any general meeting will be decided on a show of hands unless a poll is demanded by:
  - (i) one or more Shareholders at the meeting who are entitled to vote (or their proxies) and who have between them at least ten percent (10%) of the total votes of all shareholders who have the right to vote at the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares).
- (B) A demand for a poll can be withdrawn at the request of the party or parties who requested the poll, if the chairperson of the meeting agrees to this at any time before the earlier to occur of the close of the meeting and the time when the poll is taken.
- (C) Where a resolution is to be decided on a show of hands, if no poll is demanded or a demand for a poll is withdrawn, any declaration by the chairperson of the meeting of the result of a vote on that resolution by a show of hands will stand as conclusive evidence of the result without proof of the number or proportion of the votes recorded for or against the resolution.

### 60. PROCEDURE ON A POLL

The chairperson of the meeting can decide when, where and how a poll will be taken. The result will be treated as the decision of the meeting at which the resolution was put to shareholders, even if the poll is taken after the meeting.

### 61. WHEN POLL TO BE TAKEN

A poll on a vote to elect the chairperson of the meeting, or to adjourn a meeting, must be taken immediately at the meeting. Any other poll can either be taken at the meeting or, if demanded at the meeting, either immediately or within thirty (30) days from the date it was demanded and at a time and place decided on by the chairperson of the meeting. It is not necessary to give notice for a poll which is not taken immediately.

### 62. VOTES OF JOINT HOLDERS

If more than one joint shareholder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint Shareholders on the register for the share.

### 63. NO RIGHT TO VOTE WHERE SUMS OVERDUE ON SHARES

Unless the Directors decide otherwise, a Shareholder cannot vote at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or exercise any other right conferred by membership in relation to general meetings if he has not paid all amounts relating to those shares which are due at the time of the meeting.

# 19. APPENDIX 2

### **Directors' Report**

30 September 2011

We, the undersigned, who are the Directors of Dhivehi Raajjeygu Gulhun Plc, 19 MedhuZiyaaraiMagu, Male', Republic of Maldives, after making all reasonable inquiries and to the best of our knowledge and belief, in relation to the interval between last audited accounts of 31 March 2011 and 30 September 2011 hereby state that;

- a) The Company's business has been satisfactorily maintained.
- b) The current assets of the Company appear in the books at values which are believed to be realizable in the ordinary course of business.
- c) There have been no contingent liabilities, other than those contingent liabilities entered into as part of the ordinary course of business by the Company, by reason of any guarantees given by the Company.
- d) On 26 April 2011, the Board has declared and paid an interim and final dividend of MVR 604,799,833 for the year 2010/11. A further dividend of MVR 400,920,000 was also declared on 21 September 2011.
- e) There are no unusual factors affecting the profits of the Company.

In addition in our opinion, there have not arisen any circumstances since the last Annual General Meeting of the Company that would adversely affect the trading or value of the assets of the Company.

Ms. Juwairiya Saeed

Mr. Ismail Waheed

Mr. Sheldon Bruha Mr. Adam Dunlop

Mr. Ahmed Zareer

Mr. Denis Martin

Mr. Fayyaz Ismail

# 20. APPENDIX 3

### **Due Diligence**



# Suood&Anwar

Attorneys at law

Moharned Shahdy Anwar Senior Partner Direct: +960 7797779 Phone: +960 3344911 Fax: +960 3344922 Email: shahdy@suoodanwar.com

Juwairiya Saeed Chairman of the Board of Directors Dhivehiraajjeyge Gulhun PLC Male' Republic of Maldives

Our ref: SAC/Dir/IPO/msa.lo-01

28 September 2011

Dear Ms. Saeed,

Re: Extract of the Due Diligence on the Issue of Ordinary Shares to the public by Dhivehi Raajjeyge Gulhun Plc (the "Company") through Prospectus

As legal advisors to the Issue, we have been asked to conduct a legal due diligence on the Prospectus. In conducting the due diligence, we have reviewed *inter alia* the following documents;

- (a) The Prospectus
- (b) Companies Act (Law No. 10/96)
- (c) Regulations made under the Companies Act
- (d) The Maldives Securities Act (Law No. 02/2006)
- (e) Regulations made under the Securities Act
- (f) The Code of Corporate Governance issued by the Capital Market Development Authority
- (g) Listing rules made under the Securities Act
- (h) The constitutive documents of Dhivehi Raajjeyge Gulhun Plc
- (i) The Special Resolution of Dhivehi Raajjeyge Gulhun Plc dated 21 September 2011
- Such other documents as we have deemed necessary or appropriate as a basis of conducting the due diligence exercise

This due diligence exercise is carried out with respect and limited to provisions of the laws of the Republic of Maldives and we do not purport to express any opinion herein on any provision or questions under the law of any other jurisdiction.

Subject to the foregoing it is our finding and opinion that:

 The Company is duly incorporated, validly existing and in good current standing in accordance with the laws of the Republic of Maldives and has the corporate power under Maldivian law to transact the matters envisaged in the Prospectus and perform its obligations in relation to the matters contemplated thereby.

Level 2, Orchid Maage', Ameer Ahmed Magu, Male' 20274, Republic of Maldives Telephone +960 3344911 | Fax +960 3344922 info@suoodanwar.com | www.suoodanwar.com

- The Company has taken all corporate actions necessary under the law of the Republic of Maldives to approve, authorize and execute the performance of the acts, actions, obligations and the matters envisaged in the Prospectus.
- The change of status of the Company from being a private limited liability company to a public limited liability company has been executed in accordance with the constitutive documents of the Company and the laws of the Republic of Maldives.
- 4. All necessary permits, approvals and authorizations of, declarations to, or registration with, governmental authorities, agencies and the Maldives Stock Exchange required to execute the matters contemplated in the Prospectus have been done, fulfilled and performed.
- 5. The Prospectus has been prepared and is in compliance with the laws and regulations of the Republic of Maldives.
- 6. All provisions specified in the Prospectus relating the legal status of the Company have been verified as true and correct as of the date of this letter.
- There are no pending litigation against the Company in the courts of the Maldives that may affect its ability to fulfill its obligations as specified in this Prospectus.
- 8. There are no known examinations on the records or filings of the Company by the Maldives Inland Revenue Authority

Our opinions and observations stated herein are limited to the provisions of the Prospectus and subject to the laws of the Republic of Maldives.

Sincerely,

Mohamed Shahdy Anwar

Attorney at Law

# 21. APPENDIX 4

### **Accountant's Report**



KPMG Ford, Rhodes, Thornton & Co.
- Maldives
(Chartered Accountants)
2<sup>nd</sup> Floor, H. Mialani,
Sosun Magu,
Male,'
Republic of Maldives.

Tel : +960 3310 420 +960 3310 421 +960 3310 422 +960 3323 393 Fax : +960 3323 175 E-Mail : frtmaldives@kpmg.com

28th September 2011

The Board of Directors, Dhivehi Raajjeyge Gulhun Plc 19, Medhuziyaaraiy Magu, Male', Republic of Maldives.

Dear Sirs / Madam,

# ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF DHIVEHI RAAJJEYGE GULHUN PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the proposed offer for sale of 11,400,000 Ordinary Shares with a par value of MRf 2.50 at the offer price of MRf 80/- per share currently held by the Government of the Republic of Maldives.

The Company has obtained the approval of the Registrar of Companies in the Republic of Maldives to change its status to a public limited liability company under the Companies Act No 10 of 1996. Accordingly, the Company changed its name from "Dhivehi Raajjeyge Gulhun Private Limited" to "Dhivehi Raajjeyge Gulhun Plc" with effect from 27th September 2011.

We have examined the financial statements of the Dhivehi Raajjeyge Gulhun Private Limited and report as follows:

#### 1. INCORPORATION

Dhivehi Raajjeyge Gulhun Plc (Formally known as Dhivehi Raajjeyge Gulhun Private Limited) is a company (the "Company") incorporated under the Limited Liability Companies Decree No. 1988/123 and, presently governed under the Companies Act No. 10 of 1996 as a Limited Liability Company in the Republic of Maldives. The Company provides a range of telecommunication services in the Republic of Maldives. The registered office of the Company is situated at 19, Medhuziyaaraiy Magu, Male' 20-03, Republic of Maldives.

The operating licence granted by the Government of Maldives gives the right to the Company to provide national and international communication services in the Maldives.



#### 2. FINANCIAL STATEMENTS OF THE COMPANY

#### 2.1 Five-Year Summary of Audited Financial Statements

A summary extracted from the statements of comprehensive income and statements of financial position of Dhivehi Raajjeyge Gulhun Plc for the financial years ended 31<sup>st</sup> December 2006 to 31<sup>st</sup> December 2009 and 15-month period ended 31<sup>st</sup> March 2011, based on the audited financial statements of the Company are set out on page 43 of the Prospectus.

### 2.2 Audited Financial Statements for the 15-month period ended 31st March 2011

The financial statements of the company for the 15-month period ended 31<sup>st</sup> March 2011 are set out on pages 59 to 101 of the Prospectus. We have audited these financial statements and our report dated 21<sup>st</sup> September 2011 is attached to the financial statements.

### 2.3 Independent Auditors' Reports

We have audited the financial statements of the Company for the years ended 31<sup>st</sup> December 2006 to 31<sup>st</sup> December 2009 and for the 15-month period ended 31<sup>st</sup> March 2011. Unqualified audit opinions have been issued for the said financial years/period.

### 2.4 Accounting Policies

The financial statements of the Company for the years ended 31<sup>st</sup> December 2006 to 31<sup>st</sup> December 2009 and for the 15 month period ended 31<sup>st</sup> March 2011 comply with International Financial Reporting Standards (IFRSs).

The accounting policies of the Company are disclosed in the audited financial statements of Dhivehi Raajjeyge Gulhun Private Limited for the period ended 31st March 2011.

Changes in the accounting policies of the company since 1<sup>st</sup> January 2006 to 31<sup>st</sup> March 2011 are given below:

Financial Period	Changes in Accounting Policy
2006	With effect from 1 <sup>st</sup> January 2006, the Company has adopted a policy on provision for future cost of dismantling and asset removal (Asset Retirement Obligations) in accordance with IAS 37: Provisions, Contingent Assets and Contingent Liabilities.
2007	There were no significant changes.
2008	There were no significant changes.

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### 2. FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

### 2.4 Accounting Policies (Continued)

Financial Period	Changes in Accounting Policy
2009	<ul> <li>The Company has adopted amendments to IAS 1: Presentation of Financial Statements and Amendments to the IFRS, 7: Financial Instruments: Disclosures, with effect from 1<sup>st</sup> January 2009, which required various improvements to the presentation of the financial statements and additional disclosures on financial instruments and financial risk management framework of the Company.</li> <li>The Company has adopted IFRS 8: Operating Segments, with effect from 1<sup>st</sup> January 2009, which requires disclosure of segmental results based on the operating segments. Accordingly, disclosures on segmental information have been made in the financial statements.</li> </ul>
2010/11	There were no significant changes.

### 2.5. Dividends

The Company has declared the following dividends in respect of Ordinary Shares during the financial years ended 31<sup>st</sup> December 2006 to 31<sup>st</sup> December 2009 and for the 15-month period ended 31<sup>st</sup> March 2011:

Financial Period	Dividend Declared MRf 000'	Dividend Per Share MRf
2006	519,133	27.32
2007	648,444	34.13
2008	609,212	32.06
2009	889,027	46.79
2010/11	434,962*	22.89**

<sup>\*</sup> A dividend of MRf 604,799,833/- was declared on 26<sup>th</sup> April 2011 and a further dividend of MRf 400,920,000/ was also declared on 21<sup>st</sup> September 2011 by the Board of Directors of the Company.

<sup>\*\*</sup> The dividend per share is based on 19 million issued ordinary shares. However, subsequent to 31<sup>st</sup> March 2011, the company has made a share split at a ratio of 4 shares for each existing 1 share. This resulted in an increase of the number of ordinary issued shares from 19 million to 76 million (Please refer 2.6.4 below).



### 2. FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

### 2.6. Events after the Reporting Date

Subsequent to 31st March 2011, the following non -adjusting events were identified:

### 2.6.1 Partial flotation of Maldivian Rufiyaa against US Dollar

The Government of the Republic of Maldives announced a managed flotation of Maldivian Rufiyaa, the functional currency of the Company to US dollar within a ± 20% band from the mid rate of MRf 12.85 per 1 US\$ with effect from 11 April 2011. This has effectively resulted in the devaluation of Maldivian Rufiyaa against US dollar by 20% (1 US\$: 15.42 Maldivian Rufiyaa).

### 2.6.2 Dividends for the financial year 2010/11 and 2011/2012

The Board of Directors proposed an interim and final dividend of MRf 604,799,833/- for the financial year 2010/2011 on 26<sup>th</sup> April 2011 and the same was subsequently paid to the shareholders. Further, the Board of Directors has proposed an interim dividend of MRf 400,920,000/- for the financial year 2011/2012 at their meeting on 21<sup>st</sup> September 2011. This dividend has been subsequently approved by the shareholders at their Annual General Meeting held on 21<sup>st</sup> September 2011.

### 2.6.3 Introduction of Business Profit Tax by the Government of Maldives

The Government of the Republic of Maldives published Business Profit Tax Act (Act Number 5/2011) in their gazette dated 18<sup>th</sup> January 2011 and the regulations to the Act were issued on 28<sup>th</sup> August 2011. In accordance with the Business Profit Tax Act and subsequent regulations, all persons who are resident or carrying out business in Maldives would be subject to tax (Business Profit Tax) under this Act with effect from 18<sup>th</sup> July 2011. According to the Business Profit Tax Act and the regulation, the Company is liable to pay business profit tax at the rate of 15% to the Government of Maldives on its taxable profits earned on or after 18<sup>th</sup> July 2011. In addition, certain categories of payments made by a person in the Maldives to foreign parties would also be subject to a withholding tax at the rate of 10% under the same Act with effect from 18<sup>th</sup> July 2011.

# 2.6.4 Amendments to the Memorandum of Association and Articles of Association of the Company

The Board of Directors has approved the amended Memorandum of Association and Articles of Association of the Company and the same have been approved by the shareholders at their Annual General Meeting held on 25<sup>th</sup> September 2011. The Company has adopted the amended Memorandum of Association and Articles of Association subsequent to the registration with the Registrar of the Companies in Maldives. As per the amended Memorandum of Association and Articles of Association of the Company, the following significant changes have taken place with effect from 27<sup>th</sup> September 2011:

 The name of the Company has been changed from "Dhivehi Raajjeyge Gulhun Private Limited" to Dhivehi Raajjeyge Gulhun Plc".



### 2. FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

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- 2.6 Events after the Reporting Date (Continued)
  - 2.6.4 Amendments to the Memorandum of Association and Articles of Association of the Company (Continued)
  - Authorized share capital of the Company is MRf 200,000,000/- consisting of 80,000,000 ordinary shares with a par value of MRf 2.50 each (Previously: 20,000,000 ordinary shares with a par value of MRf 10/- each).
  - The issued share capital of the Company is MRf 190,000,000/- divided into 76,000,000 ordinary shares with a nominal value of MRf 2.50 each (Previously: 19,000,000 ordinary shares with a par value of MRf 10/- each).

Yours faithfully,

**Chartered Accountants** 

Male'

# 22. APPENDIX 5

## **Financial Statements**

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

> FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2011



### CHAIRPERSON'S STATEMENT

It is my privilege to present the Twenty Second Report and Financial Statements of Dhivehi Raajjeyge Gulhun Private Limited (trading as Dhiraagu) for the 15 months ended 31 March 2011.

The Company has decided to change the financial year end from 31 December to 31 March to align it with the Parent Company, Cable & Wireless Communications Plc. Accordingly, the current period financial statements have been prepared and presented for the period of 15 months ended 31 March 2011.

I am pleased to report that the Company has enjoyed another successful 15 month period and achieved its business and strategic objectives for the period with profits increasing to MRf 968 million on a turnover of MRf 2,549 million. This has resulted in the Company being able to declare a dividend of MRf 435 million during the period.

#### **Business Outlook**

The Government of the Maldives announced number of initiatives to improve the economic climate in the Maldives. One of these initiatives was the introduction of a Business Profit Tax with effect from 18th July 2011. Accordingly, the Company is liable to pay business profit tax at the rate of 15% to the Government of the Maldives on its taxable profit from that date. Although this legislation had no impact on the results reported for the period ended 31 March 2011, it clearly will reduce the net profit and cash available for dividend distribution in subsequent periods.

The second initiative by the Government of the Maldives was to sanction a partial flotation of Maldivian Rufiyaa, to US Dollar within  $a \pm 20\%$  band from the mid rate of 12.85 per 1 US\$ with effect from 11 April 2011. This has effectively resulted devaluation of Maldivian Rufiyaa against US dollar by approximately by 20% (1 US\$: 15.42 Maldivian Rufiyaa). The impact of this initiative has had no impact on the reported results for the period ended 31 March 2011. However this will have a significant impact on the performance and financial position of the company in subsequent periods.

The Company announced on 24 August 2011 that the Government of the Maldives would sell part of its shareholding in the Company through an Initial Public Offering (IPO) during October 2011. Following the IPO the Company will become a publicly listed company (PLC) on the Maldives Stock Exchange. Clearly this represents a milestone in Dhiraagu's evolution and I believe that this strategy will be in the long term interest of its customers, the public and employees. At the time of writing this report the Company continues to prepare for what the Board believe will be a successful execution.

In 2010/2011, the Company's mobile business, fixed-line broadband and data communications businesses maintained sound growth. The capacity and quality of the mobile network and the fixed-line broadband network were continuously improved.

In 2010/2011, Dhiraagu announced new products, services and initiatives, and significant milestones achieved during the year including:



**Touch Maldives** 

#### CHAIRPERSON'S STATEMENT (CONTINUED)

#### Mobile

- Introduction of Prepaid online recharging.
- Implementation of 3G Plus Network.
- Launching of TouchNet, our fastest Mobile Broadband service.
- Launching of first ever Prepaid Mobile Broadband service in the Maldives.
- Launching of exclusive mobile entertainment portal for downloading full music track, short movies, complete videos for the first time in the Maldives.
- Revamping of FnF number updating which allows Dhiraagu customers to instantly add remove
  or list FnF numbers.
- Introduction of unlimited free calls to prepaid customers and 1 laari per SMS for the first time in Maldives.
- Introduction of postpaid flex: A postpaid package with a fixed bill.

#### Fixed & Internet

- · Extension of Broadband Internet Service to further islands, with WIMAX Technology.
- · Introduction of Mobile Internet packages.
- Introduction of 10 Mbps Broadband Service for home and business users.
- · Launching of a special Broadband ADSL promotion.

#### Others

- Launching of World cup experience promotions.
- · Launching of a "connect your life" campaign.
- 4<sup>th</sup> Annual Dhiraagu Broadband Road race.
- Dhiraagu Partner conference held at Bandos Island Resort.
- Donation of a telemedicine system to the Ministry of Health and Family.
- Dhiraagu to lay Fibre optic submarine cable network system from North to South across the Maldives.

The results achieved in 2010/2011 and the strength of Dhiraagu's business model and of its brands put the Company in an ideal position to continue throughout 2011/2012 with solid, stable growth in net sales and a more than proportionate increase in profitability.

The results achieved in 2010/2011 and the strength of Dhiraagu's business model and of its brands put the Company in an ideal position to continue throughout 2011/2012 with solid, stable growth in net sales and a more than proportionate increase in profitability.

The future looks highly promising for Dhiraagu, and our strategy for success in a competitive environment is to maintain our position as a reliable and quality service provider, to provide total customer satisfaction and to remain flexible. We have developed a vision that builds on our tradition of reliable, competitively priced services. Dhiraagu has delivered a solid return to its shareholders through an intense commitment that emphasizes the importance of the customer at all levels of the organization together with an adherence to the highest quality standards and creating value for our customers.

The coming year will be about building on the positive momentum that we have developed. With a strong Board and a highly committed, customer focussed workforce, I am confident that we are building the foundations to deliver significant value to our shareholders

In conclusion I would like to record my appreciation for the contribution of the management, staff, and my fellow Directors which has led to another excellent year for the Company. In an increasingly challenging environment, the pursuit of business efficiency, technological advancement, competitive advantage, customer focus and corporate integrity will continue to preoccupy us all. These are the foundations of out business.

Me Vuwairiya Saeed Chairperson

Dhivehi Raajjeyge Gulhun Private Limited Annual Report and Financial Statements – for the Fifteen month period ended 31 March 2011

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#### REPORT OF THE DIRECTORS

#### Introduction

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

Dhiraagu is a joint venture company that is 52% owned by the CWC Islands Limited and 48% owned by the Government of the Maldives. The ultimate Parent Company is Cable & Wireless Communications Plc, a publicly quoted company listed on the London Stock Exchange.

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

### **Review of Operations**

2010/2011 witnessed some key milestones in Dhiraagu's history and was another dynamic period for the Company.

Dhiraagu expanded 3G network to cover additional 50 islands and microwave network was upgraded to create capacity required for mobile broadband and data services.

In 2010/2011, Dhiraagu launched new value added services, conducted effective and timely promotions across all of its products. In addition to the product innovation, which increased focus on maintaining superior network Quality of Service and customer experience, Dhiraagu was successfully retained and increased customer base and revenue.

The following provides a brief summary of the major activities conducted during 2010/2011 period:

### Mobile

With the introduction of 3G, several new mobile products were introduced in 2010/2011. New products include Mobile Broadband, launch of Entertainment portal and Home Guard video surveillance service. Other major products that made a breakthrough were Prepaid Best Friend plan, allowing free calls for prepaid customers for the first time in the market and automation of Friend and Family (FnF) service via SMS, which improved the customer experience with Dhiraagu.

### Fixed, Internet & Data

During 2010/2011, the key objective was to increase the penetration of broadband ADSL service that resulted in a 9% growth in customer base during the year, as in plan. With the roll-out of 3G service nationwide Wireless Zone service has being affected. A new strategy is being worked to better position the product in the market. Commercial WiMax service was launched to more than 27 islands nationwide during the month of February 2011, expanding Dhiraagu Broadband Service footage in to 15 new islands. Fixed Line service has been in declining trend due to increased popularity of the Mobile service. Session Initiation Protocol (SIP) technologies are being tested targeting to grow fixed voice business.



Touch Maldives

#### REPORT OF THE DIRECTORS (CONTINUED)

A video conferencing facility was made available for the enterprise market. This is being further developed to provide VC facilities to key Government bodies that are involved in muilti-location administrations. Led by the two most popular online newspapers, Dhiraagu managed virtual private hosting service continues to expand.

#### **International Services**

### International Direct Dialing (IDD)

IDD services started seeing significant impact from VOIP based alternative means of international communication in 2010/2011. Hence, VOIP based mobile traffic was seen to have grown 82% over a period of 6 months, whilst IDD traffic had declined by 16% over the same period. 2010/2011 was also a year of fierce competition for IDD services due to the aggressive price competition for IDD. Especially, the first few months of 2010/2011 were a period of price war for the top 2 destinations. Nevertheless, a significant number of IDD promotions were conducted during the year to maintain our competitive edge and helped to retain market share on IDD service and revenue.

#### Roaming

After the global economic recession of 2009, tourist arrivals increased by more than 20% during 2010/2011. The year also marked the first ever 750,000<sup>th</sup> tourist in to the country. Despite the increase of arrivals the mix of tourist was different and Maldives attracted price sensitive markets such as China. Despite the increase in arrivals, with the increase competitions, discounts and price-sensitive tourists the roaming performance was maintained. Focus was also given to increase our worldwide roaming footprint and at by the end of the year 92 additional roaming operators were tested and commercially opened. At the end of the 2010/2011 period we had 396 operators in 143 countries.

#### **Customer Services, Marcoms and Public Relations**

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

Customer experience was reviewed with more challenging targets on operational, customer satisfaction and efficiency. Regular customer surveys continued throughout the period to listen and collect customer inputs for service improvements.

The extension of Partner Shops to an additional 25 islands were continued and completed during the period. Some of the key services, such as paying for Dhiraagu bills were introduced in these shops and more services planned for introduction the future.

The company continued its close relationship with corporate and Government customer segment, retaining most of these customers with Dhiraagu and improving service levels through introduction of service level agreements and strengthening support services from the Call Centre and regional centres.

High brand awareness and leadership position was retained through heavy advertising, strategic IMC & PR campaigns and conducting stimulating events during 2010/2011. One of the main themes promoted during the period was Dhiraagu 3G mobile broadband and associated services and CSR Corporate Advertisements.

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Touch Maldives

### REPORT OF THE DIRECTORS (CONTINUED)

As an initiative to revitalize the brand a thematic campaign under the slogan 'Connect Your Life' was implemented using celebrity brand ambassadors to endorse and promote the brand.

To enhance the emotional bond between the customers and the Dhiraagu brand, a corporate social brand campaign under the theme 'Alhugandumennakee Dhivehi Raajjeyge Gulhun' (We are the Maldivian Connection) was launched and received highly positive feedback.

Major sponsorships include Dhiraagu Dhivehi League, Athletics activities as Development Partner, Basketball activities as Development Partner, Swimming activities as Development Partner, Youth Music Festival, Main Sponsor of Youth Challenge 2010, Main Sponsor of 25<sup>th</sup> National Table Tennis Tournament, Baibalaa Tournament during Eid, and Haveeru Sports Award.

Under CSR related initiatives some noteworthy initiatives include Donation of a Telemedicine System to Ministry of Health & Family; Continued support for Kudakudhinge Hiya with the sponsorship of 3 teachers; Dhiraagu Apprentice Program; Dhiraagu Dhivehi League sponsorship for supporting youth development; assistance to NGO's such as ARC and 1Plus and for activities conducted by island communities and NGOs associations. Dhiraagu also supported the telethon for fundraising events via SMS for the campaigns 'Help Pakistan' and 'Maldives with Japan.'

### Staff and Staff Development

As always, human resource development, staff welfare, employee engagement as well as key staff retention were given significant importance by Dhiraagu during 15 months ended 31 March 2011. Consequently, the competence, perseverance, loyalty and the commitment of the staff continues to be one of driving forces behind the success of Dhiraagu. At 31 March the total staff strength of the Company was 617 full time staff and 21 temporary staff.

Dhiraagu as an employer started participating in the Maldives Retirement Pension Scheme from November 2010 and all employees of Dhiraagu were enrolled on the Scheme by April 2011. Despite the legal requirement of only 7% contribution by the Employer, the Board of Directors of Dhiraagu has generously approved a 10% contribution from the Company, effective from the date of participation.

Engaged and motivated staff base is a pre-requisite of the success of Dhiraagu and the Company continued to participate in the Gallup Q12 survey in 2010 as well. The results of the last wave of the survey in 2010 indicated an increase in employee engagement with a score of 3.80. As the intensity of the competition for key talent increases, key staff retention was also given a significant focus during 2010/2011 and will continue to be so.

Work to further develop Human Resources Management (HRM) system, was carried out during the period. These developments are expected to reap a number of benefits to the organisation, especially in areas such as staff utilisation, overtime management as well as payroll processing over the years to come.

During 2010/2011, the Company made significant investment in human resource development and training. Dhiraagu continued to invest in its future by providing a mix of long term and short-term training programmes for staff in both technical and non-technical areas.



**Touch Maldives** 

### REPORT OF THE DIRECTORS (CONTINUED)

Dhiraagu Apprenticeship Program (DAP), was also continued successfully into yet another year. DAP is an education and training program designed to provide the apprentices with the skills and knowledge and develop competencies while providing them with paid work experience. The DAP is a CSR activity to improve the youth employability in the Maldives.

### **Network & Operations**

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

Parts of the trunk backbone network high capacity links were upgraded during the period to cater for the increasing demands and customer requirements (Sh.Funadhu to HDh.Kulhudhufushi from STM 1+1 to 2+1, K.Rasfari to ADh.Dhangethi from STM 2+1 to 6+1, K.Male' to K. Rasfari and K.Fihaalohi from STM 6+1 to 7+1)

To further increase the network availability and efficiency, a diversity ring was created Northwards up to Baa atoll (STM 2+1)

To meet the growing high capacity demands of customers off Male, expansion of the existing IP MPLS network, with 3 additional nodes was completed. Upgrade of the SDH core ring from 2.5G to 10G, serving greater Male' has been completed, and this has established a high capacity, secure transmission core in the greater Male' region. Services that were deployed using WiMax technology are now being transferred to access radio network and cable due to lack of support from the WiMax vendor.

A nationwide domestic submarine cable network project has been approved and contracted to NEC to carry out the installation and commissioning of the system. The project includes installation of approximately 1000Km of subsea cable, between key landing node stations. The system will comprise of 6 cable-segments. This will further enhance the backbone capacity to 10Gbps between major node sites. The existing subsea link between L.Gan and Gdh.Gadhdhoo, will complement the new cables in completing the north to south fiber backbone. The new project is expected to be complete in April 2012.

Anti-DDoS (distributed denial-of-service) capabilities were upgraded expanding the monitoring capabilities and mitigation strategies for DDoS attacks. Dhiraagu Internet core has been upgraded and are now IPv6 enabled. Service Policy Engine was upgraded to cater for the growth in broadband traffic. Virtual Private Servers (VPS) based web hosting was launched.

Commercial launch of 3G services in greater Male' area with a 3G HSPA network was completed during 2010/2011. A project to expand 3G services to the islands was initiated in 2010/2011 and 3G coverage was extended to 62 islands including 20 resort islands.

Migration of PSTN customers in obsolete NEC switches to the new Softswitch has been completed. NEC switches have been completely decommissioned and removed from the sites.

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**Touch Maldives** 

### REPORT OF THE DIRECTORS (CONTINUED)

VoIP SIP-trunking services have been introduced to businesses with IP PABXs. To align with the demands of an increasingly networked world, PON core and fiber network has been upgraded and is now capable of providing standard PON and Metro services.

### Financial performance

Timaletar performance	2010/2011 MRf "000" (15 Months)	2010 MRf "000" (Annualised)**	2009 MRf "000" (12 Months)
Revenue	2,548,505	2,038,804	1,888,420
Operating costs before interest, depreciation and amortisation	1,160,512	928,409	800,571
EBITDA	1,387,993	1,110,395	1,087,849
Net Profit	968,424	774,739	830,441
Basic earnings per share (Rufiyaa)	50.97	40.78	43.71

<sup>\*\*</sup> Annualised year figures are calculated on a pro-rata basis; 2010/11 multiplied by 12/15.

The company achieved total revenue of MRf 2,548.5Mn for the 15 month period ended 31 March 2011 and on an annualised basis, in 2010, the company achieved total revenue of MRf 2,038 Mn, which is an increase of 7.9% over the 12 month period ended 31 December 2009. Costs have increased by 16% over the same period achieving Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of MRf 1,388Mn for the 15 month period ended 31 March 2011 and MRf 1,110Mn for the annualised year 2010. This amounts to an increase of 2% on the EBITDA of the 12 month period ended 31 December 2009

The company's Basic Earnings per Share has increased by 17% for the 15 Month period ended 31st March 20011 to MRf 50.97 from MRf 43.71 for the 12 month period ended 31st December 2009. In comparison with the annualised year 2010, Basic Earnings per Share has reduced by 7%.

#### Free Cash flow and Dividends

Dhiraagu's liquidity position continued to remain strong. As at 31 March 2011 the Company had cash and cash equivalent of MRf 1,183.9Mn.

A dividend payment of MRf 434.96 Mn (MRf. 22.8927 per share) was made during the 15 month period ended 31st March 2011.

### **Auditors**

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

Dhivehi Raajjeyge Gulhun Private Limited Annual Report and Financial Statements – for the Fifteen month period ended 31 March 2011



### REPORT OF THE DIRECTORS (CONTINUED)

#### Directors

The following served as Directors during the period:

Ms. Juwairiya Saeed(Chairperson)	(appointed 9 <sup>th</sup> February 2009)
Mr. Ahmed Zareer	(appointed 9 <sup>th</sup> February 2009)
Mr. Fayyaz Ismail	(appointed 7 <sup>th</sup> March 2009)
Mr. Ismail Waheed	(appointed May 2007)
Mr. Denis Martin	(appointed 28th May 2008
Mr. Adam Dunlop	(appointed 13 <sup>th</sup> August 2008)
Mr. Sheldon Bruha	(appointed 9 <sup>th</sup> December 2009)

This report, set out on pages 3 to 8 herein, was approved by the Board on 21st September 2011, and

signed on its behalf by:

Director

Government of Maldives

Ms. Juwairiya Saeed

Director Cable & Wireless

Communications

Mr. Ismail Waheed

Chief Financial Officer & Company Secretary

Mr. David Jonathan Blake



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

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Independent Auditors' Report To the Shareholders of Dhivehi Raajjeyge Gulhun Private Limited

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun Private Limited, which comprise the statement of financial position as at 31<sup>st</sup> March 2011, and the statement of comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information exhibited on pages 10 to 42.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2011 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

KPMG Ford, Rhodes, Thornton & Co. - Maldives

Chartered Accountants

21<sup>st</sup> September 2011 Male'

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

A.N. Fernando FCA M.R. Mihular FCA P.Y.S. Perera FCA W.W.J.C. Pèrera FCA S. Sirikananathan FCA Ms. M. P. Perera FCA C.P. Jayatilake FCA W. K. D. C. Abeyrathne ACA

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

FOR THE PERIOD ENDED	Note	31/03/2011 MRf "000" ( 15 Months)	31/12/2009 MRf "000" (12 Months)
Revenue	8	2,548,505	1,888,420
Operating costs excluding depreciation	9	(1,160,512)	(800,571)
Depreciation		(356,189)	(253,915)
Other Operating Income	10	1,162	190
Results from Operating Activities		1,032,966	834,124
Financial Income	11	20,629	18,599
Financial Expense	11	(85,171)	(22,282)
Net Financing Costs		(64,542)	(3,683)
Profit Before Taxation		968,424	830,441
Taxation	12		
Profit for the Period		968,424	830,441
Other Comprehensive income		-	-
Total Comprehensive income for the period		968,424	830,441
Basic Earnings Per Share (MRf)	13	50.97	43.71

The Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.



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

AS AT	Note	31/03/2011 MRf "000"	31/12/2009 MRf "000"
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	14	2,088,233	1,995,421
Total Non- Current Assets		2,088,233	1,995,421
Current Assets			
Inventories	15	54,551	38,301
Trade and Other Receivables	16	312,432	298,706
Cash and Cash Equivalents	17	1,183,929	718,765
Total Current Assets		1,550,912	1,055,772
Total Assets		3,639,145	3,051,193
EQUITY AND LIABILITIES			
Equity	5:		
Share Capital	18	190,000	190,000
Retained Earnings		2,647,259	2,113,797
Total Equity		2,837,259	2,303,797
Non-Current Liabilities			
Loans and Borrowings	19	145,276	128,500
Provisions	20	94,249	81,154
Total Non-Current Liabilities		239,525	209,654
Current Liabilities			
Loans and Borrowings	19	137,067	76,206
Trade and Other Payables	21	425,294	461,536
Total Current Liabilities		562,361	537,742
Total Liabilities		801,886	747,396
Total Equity and Liabilities		3,639,145	3,051,193

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.

These financial statements on a page 10 to 42 were approved on the 21 September 2011 by the board of

Directors and sign on behalf by:

Ms. Juwairiya Saeed

(Government of Maldives)

Ismail Waheed

Director (Cable & Wireless Communications) Mr. David Blake

Chief Financial Officer and Company Secretary



# DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED (INCORPORATED IN THE REPUBLIC OF MALDIVES) STATEMENT OF CHANGES IN EQUITY

## FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2011

	Share Capital MRf "000"	Retained Earnings MRf "000"	Total MRf "000"
As at 1st January 2009	190,000	2,172,383	2,362,383
Profit for the Period	-	830,441	830,441
Dividends	-	(889,027)	(889,027)
As at 31 <sup>st</sup> December 2009	190,000	2,113,797	2,303,797
As at 1st January 2010	190,000	2,113,797	2,303,797
Profit for the Period	-	968,424	968,424
Dividend	-	(434,962)	(434,962)
As at 31st March 2011	190,000	2,647,259	2,837,259

The financial statements are to be read in conjunction with the related notes which form part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.



# DHIVEHI RAAJJEYGE GULHUN PRIVATE LIMITED (INCORPORATED IN THE REPUBLIC OF MALDIVES) CASH FLOW STATEMENT

FOR THE PERIOD ENDED	31/03/2011	31/12/2009
	(15 Months)	(12 Months)
	MRf "000"	MRf "000"
Cash Flows from Operating Activities		
Profit for the Period	968,424	830,441
Adjustment for:		
Depreciation	356,189	253,915
Provision for Impairment Loss on Trade and Other Receivables	94,677	72,206
Finance Income	(20,629)	(18,599)
Finance Expense	85,171	22,282
Profit on Disposal of Property, Plant and Equipment	(1,162)	(135)
	1,482,670	1,160,110
Changes in Inventories	(16,250)	9,711
Changes in Trade and Other Receivables	(108,403)	(121,174)
Changes in Trade and Other Payables	52,239	(34,090)
Cash Flow From Operating Activities	1,410,256	1,014,557
Cash Flows From Investing Activities		
Purchase and Construction of Property, Plant and Equipment	(425,931)	(357,769)
Proceeds from Disposal of Property, Plant and Equipment	1,162	135
Interest Received	20,629	18,599
Net Cash Used in Investing Activities	(404,140)	(339,035)
		(00),000)
Cash Flows From Financing Activities		
Loans Obtained during the period	218,450	215,185
Loans Repaid during the period	(140,813)	(10,479)
Interest Paid	(71,409)	(3,827)
Dividend Paid to the shareholders	(546,513)	(777,476)
Net Cash Flow Used in Financing Activities	(540,285)	(576,597)
Net Increase in Cash and Cash Equivalents	465,831	98,925
Effect of difference in Foreign Exchange	(667)	(8,541)
Cash and Cash Equivalents at beginning of the Period	718,765	628,381
Cash and Cash Equivalents at end of the Period (Note 17)	1,183,929	718,765

The figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 14 to 42. The Independent Auditors' Report is given on page 9.



#### 1. Reporting entity

Dhivehi Raajjeyge Gulhun Private Limited (the "Company") was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and, presently governed under the Companies Act No. 10 of 1996 as a limited liability company in the Republic of Maldives. The company provides telecommunication services in the Maldives. The registered office of the Company is situated at 19, Medhuziyaaraiy Magu, Male' 20-03, Republic of Maldives.

#### 2. Basis of preparation

#### (a) Statement of Compliance

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

#### (b) Basis of Measurement

The financial statements have been prepared based on the historical costs except assets and liabilities which are stated at their fair value.

#### (c) Functional and Presentation Currency

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

#### (d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

## New and Amended Standards and Interpretations effective and adopted by the Company from 1 January 2010

Title	Effective date	Description	Impact on the Company
1 7	beginning on or after 1 January 2010.	IFRS 2 amended to clarify scope and accounting for Group cash- settled share – based payment (SBP) transactions in the separate financial of the entity receiving the goods or services when that entity has no obligation to settle the SBP transaction.	did not have a material impact



#### 2. Basis of preparation (Continued)

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

New and Amended Standards and Interpretations effective and adopted by the Company from 1 January 2010 (Continued)

Title	Effective date	Description	Impact on the Company
Distribution of	Beginning on or after 1 July 2009.	This interpretation applies to non-cash dividends excluding those controlled by the same party before and after the transaction. It clarifies the recognition and measurement of non-cash dividends payable and is applied to transactions on a prospective basis.	not have a material
	,	8	These improvements did not have a material impact on the Company.

## New and Amended Standards and Interpretations not yet effective and not adopted by the Company

Title	Effective date	Description	Expected adoption date and impact on the Company
Revised IAS 24 Related Party Disclosures	beginning		
		payment of a contribution to cover minimum funding requirements as an asset.	The Company will adopt for 2011/12. These amendments are not expected to have a material impact on the Company.
Liabilities with	on	This IFRIC provides guidance on accounting for 'debt to equity swaps' where a debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor.	2011/12. This interpretation is not



#### 2. Basis of preparation (Continued)

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

New and Amended Standards and Interpretations not yet effective and not adopted by the Company (Continued)

Title	Effective date	Description	Impact on the Company
to IFRS 2010	Various dates, earliest is annual periods beginning on or after 1 January 2011.	,	The Company will adopt for 2011/12. These improvements are not expected to have a material impact on the Company.
	1 February 2010.	The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	a material impact on the

#### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Company.

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

#### 3.1 Transactions in foreign currencies

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

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.



#### 3. Significant accounting policies (Continued)

#### 3.2 Financial Instruments

#### (i) Financial Assets (Non-derivative)

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

- Receivables
- Cash and Cash Equivalents

#### Receivables

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

Receivables comprise trade and other receivables.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits, cash at bank and hand.

### (ii) Financial liabilities (Non-derivative)

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.



#### 3. Significant accounting policies (Continued)

#### 3.2 Financial Instruments (Continued)

#### (iii) Share Capital

#### **Ordinary Shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

#### **Dividends**

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

#### 3.3 Property, Plant and Equipment

#### (i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

#### (ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.



#### 3. Significant accounting policies (Continued)

#### 3.3 Property, Plant and Equipment (Continued)

#### (iii) Depreciation (Continued)

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Buildings (Technical and domestic) 25 to 40 years

Plant and equipment - Switches, network equipment 3 to 25 years

and computer equipment

- Ducting 40 years

Vehicles, launches, furniture and fittings 4 to 10 years

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

#### Assets under construction

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

#### 3.4 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

#### 3.5 Construction work in progress (Sales Projects)

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

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



#### 3. Significant accounting policies (Continued)

#### 3.6 Impairment

#### (i) Financial Assets (including receivables)

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

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

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

#### (ii) Non-financial Assets

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

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

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

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

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



#### 3. Significant accounting policies (Continued)

#### 3.7 Employee Benefits

#### (a) Defined contribution plans

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

The Dhiraagu Retirement Benefit Plan (DRBP) is funded externally and is a defined contribution plan. The Company's contribution of 5% on basic salary of employees who join the plan are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to the DRBP scheme ceased from 31<sup>st</sup> October 2010, and the Company has commenced procedures for the winding up the scheme.

A new local pension scheme, Maldives Retirement Pension Scheme (MRPS) was introduced to the Company effective from 1<sup>st</sup> November 2010. For the period 1<sup>st</sup> November 2010 to 31<sup>st</sup> March 2011, participating in the MRPS scheme was voluntary. The Company contributed 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

#### (b) Short-term benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimate reliably.

#### 3.8 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

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

#### 3.9 Borrowing Costs

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



#### 3. Significant accounting policies (Continued)

#### 3.10 Cash flow statement

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

#### 3.11 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

#### 3.12 Commitments and contingencies

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

#### 3.13 Revenue recognition

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

#### Sale of Goods

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

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

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

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

#### Services

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

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



### 3. Significant accounting policies (Continued)

#### 3.13 Revenue recognition (Continued)

#### Services (Continued)

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

The Company recognises revenue from the transmission of content and traffic on its network originated by third-party providers. The Company assess whether revenue should be recorded gross as principal or net as agent, based on the particular features of such arrangements.

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

#### 3.14 Expenditure

#### Operating lease payments

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

#### Finance income and expense

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

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

#### 4. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### Trade and other receivables

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



#### 4. Determination of Fair Values (Continued)

### Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

#### 5. Critical accounting estimates, assumptions and judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

#### Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

#### Impairment of property, plant and equipment and intangible assets

The Company assess the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence or physical damage;
- significant changes in technology and regulatory environments;
- significant underperformance relative to expected historical or projected future operating results:
- significant changes in the use of its assets or the strategy for its overall business;
- significant negative industry or economic trends;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.



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

#### Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

#### Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

#### Customer and supplier commitments

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

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

#### Interconnection with other operators

As part of the normal course of business, the Company interconnects with other telecommunications operators. In certain instances it uses estimates to determine the amount of revenue receivable from or expense payable to these other operators. The prices at which these services are charged are sometimes regulated and may be subject to retrospective adjustment. Estimates are used in assessing the likely impact of these adjustments. Adjustments to interconnect estimates are taken to operating profit in the period in which the adjustments are made.

#### Provisions

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 3.8 to the financial statements. Judgement is required to quantify such amounts.

#### 6. Financial Risk Management

#### (i) Overview

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

- Credit risk
- Liquidity risk
- Market risk



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

### 6. Financial Risk Management (Continued)

#### (i) Overview (Continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these company's financial statements.

#### (ii) Risk management framework

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

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

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

#### Treasury policy

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

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

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

Company currently does not use derivatives including forward foreign exchange contracts, interest rate swaps, cross currency swaps and options, in the management of its foreign currency and interest rate exposures.

#### (iii) Credit risk

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



#### 6. Financial Risk Management (Continued)

#### (iii) Credit risk (Continued)

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### (vi) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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

	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Total liabilities	801,886	747,396
Less: cash and cash equivalents	1,183,929	718,765
Net cash/(Net debt)	382,043	(28,631)
Total equity	2,837,259	2,303,797
Debt to equity ratio	N/A	0.01



### FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2011

#### 7 SEGMENTAL INFORMATION

The Company is a national telecommunications service provider in the Maldives. During the period ended 31st March 2011, the Company operated as a single business unit under one management team offering mobile, broadband and domestic and international fixed line services to residential and business customers.

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

Segment Revenue	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
Revenue comprises:		
Mobile telephony	1,668,994	1,302,865
Fixed line telephony	364,079	237,216
Internet services	276,834	198,843
Other services	238,598	149,496
Total revenue	2,548,505	1,888,420
Segmental Operating Results	31/03/2011	31/12/2009
	MRf "000"	MRf "000"
	(15 Months)	(12 Months)
Revenue	2,548,505	1,888,420
Cost of sales	(381,322)	(341,365)
Gross profit	2,167,183	1,547,055
Operating costs	(779,190)	(459,206)
Earning before Interest, depreciation and amortisation	1,387,993	1,087,849
Depreciation	(356,189)	(253,915)
Other operating income	1,162	190
Results from operating activities	1,032,966	834,124
Segmental Assets and Liabilities	31/03/2011	31/12/2009
	MRf "000"	MRf "000"
Assets		
Total assets of the segment	3,007,056	2,793,376
Other assets – short term deposits	632,089	257,817
	3,639,145	3,051,193
Liabilities		
Total liabilities of the segment	801,886	747,396
	801,886	747,396



## FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2011

8	REVENUE	31/03/2011 MRf "000" ( 15 Months)	31/12/2009 MRf "000" (12 Months)
	Revenue comprises:		
	Mobile telephony	1,668,994	1,302,865
	Fixed line telephony	364,079	237,216
	Internet services	276,834	198,843
	Other services	238,598	149,496
	Total revenue	2,548,505	1,888,420

Revenue is shown on gross basis before outpayments to other telecommunication companies.

9	OPERATING COSTS EXCLUDING DEPRECIATION	31/03/2011 MRf "000" ( 15 Months)	31/12/2009 MRf "000" (12 Months)
	Cost of sales	381,322	341,365
	Employee and other staff expenses (Note 9.1)	224,677	127,506
	License fees	110,878	79,976
	Operating lease rentals	49,610	33,781
	Provision for impairment loss on trade receivable	94,677	72,206
	Other administrative expenses	141,094	40,756
	Network costs	54,034	34,443
	Property and utility costs	104,220	70,538
		1,160,512	800,571
9.1	Employee and other staff expenses		

### 9.1 Employee and other staff expenses

171,438	101,277
41,914	21,423
5,766	1,848
614	1,746
11,858	9,948
10,429	6,619
242,019	142,861
(17,342)	(15,355)
224,677	127,506
	41,914 5,766 614 11,858 10,429 242,019 (17,342)

The average number of employees of the Company for the period ended 31st March 2011 was 625. (2009: 596).



## FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2011

### OPERATING COSTS EXCLUDING DEPRECIATION (CONTINUED)

### 9.2 Key management's remuneration

Key management includes Directors and any senior employees that have regular access to inside information and have the power to make managerial decisions affecting the future development and business prospects of the Company. Employee costs above include key management remuneration as follows:

		31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
	Directors Fees	1,200	252
	Salaries to Executives	13,451	7,590
	Short Term Benefits to Executives	2,446	1,346
		17,097	9,188
10	OTHER OPERTING INCOME	31/03/2011 MRf "000" (15 Months)	31/12/2009 MRf "000" (12 Months)
	Other income	-	55
	Profit on disposal of property, plant and equipment	1,162	135
		1,162	190
11	NET FINANCING COSTS	31/03/2011	31/12/2009
		MRf "000"	MRf "000"
		(15 Months)	(12 Months)
	Financial Income		
	Interest Income	20,629	18,599
		20,629	18,599
	Financial Expenses		
	Interest Expenses	(71,409)	(3,827)
	Unwinding of interest	(13,095)	(9,914)
	Exchange loss	(667)	(8,541)
		(85,171)	(22,282)
	Net financing Costs	(64,542)	(3,683)



## FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2011

#### 12 TAXATION

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

#### 13 BASIC EARNINGS PER SHARE

Basic earnings per ordinary share is based on the profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

	31/03/2011 ( 15 Months)	31/12/2009 (12 Months)
Profit for the period attributable to the ordinary shareholders (MRf "000")	968,424	830,441
Weighted average number of ordinary shares outstanding ("000")	19,000	19,000
Basic earnings per share (MRf)	50.97	43.71



## AS AT 31<sup>ST</sup> MARCH 2011

## 14 PROPERTY, PLANT AND EQUIPMENT

2010/2011	Buildings	Plant and Equipment	Vehicles,launches	, Assets under	Total
		24mpment	and fittings	Construction	
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st January 2010	153,525	3,325,317	36,456	410,043	3,925,341
Additions	-	-	-	449,001	449,001
Transfers	16,353	367,512	1,423	(385,288)	-
Disposals	(42)	(1,751)	(1,874)	-	(3,667)
As at 31st March 2011	169,836	3,691,078	36,005	473,756	4,370,675
Depreciation					
As at 1 <sup>st</sup> January 2010	53,588	1,845,780	30,552	_	1,929,920
Charge for the Period	6,439	346,956	2,794	_	356,189
Disposals	(42)	(1,751)	(1,874)	-	(3,667)
As at 31st March 2011	59,985	2,190,985	31,472	-	2,282,442
Net Carrying Value	109,851	1,500,093	4,533	473,756	2,088,233
2009	Buildings		Vehicles, launches		Total
		Equipment		under	
			and fittings	Construction	
	MRf "000"	MRf "000"	MRf "000"	MRf "000"	MRf "000"
Cost					
As at 1st January 2009	143,223	3,003,687	34,605	407,727	3,589,242
Additions	-	-	-	336,864	336,864
Transfers	10,302	322,395	1,851	(334,548)	-
Disposals		(765)			(765)
As at 31st December 2009	153,525	3,325,317	36,456	410,043	3,925,341
Depreciation					
			27,929	_	1,676,770
As at 1st January 2009	42,914	1,605,927	21,020	_	1,0,0,,,
As at 1 <sup>st</sup> January 2009 Charge for the Period	42,914 10,674	1,605,927 240,618	2,623	-	253,915
Charge for the Period		240,618		- - -	253,915



## AS AT 31<sup>ST</sup> MARCH 2011

15	INVENTORIES	31/03/2011 MRf "000"	31/12/2009 MRf "000"
	Cost of inventories	59,223	47,525
	Less: Provision for slow moving / obsolete items (Note 15.1)	(4,672)	(9,224)
		54,551	38,301
15.1	Provision for Slow-Moving /Obsolete Inventories		
	Opening balance	9,224	7,529
	Provision made during the period	-	1,695
	Provision reversed during the period	(4,552)	
	Closing balance	4,672	9,224
16	TRADE AND OTHER RECEIVABLES	31/03/2011	31/12/2009
		MRf "000"	MRf "000"
	Gross trade receivables	402,813	361,527
	Less: Provision for impairment loss (Note 16.1)	(201,902)	(107,225)
		200,911	254,302
	Other receivables	10,118	4,538
	Prepayments and accrued income	101,403	39,866
		312,432	298,706

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

### 16.1 Provision for Impairment Loss

	Opening Balance Provision made during the period Closing Balance	107,225 94,677 201,902	35,019 72,206 107,225
17	CASH AND CASH EQUIVALENTS	31/03/2011 MRf "000"	31/12/2009 MRf "000"
	Cash in hand Balance with bank Short term deposits	45,908 505,932 632,089 1,183,929	10,599 450,349 257,817 718,765

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

The weighted average effective interest rate on short-term bank deposits at 31st March 2011 was 2.1% (2009: 4.4%). These deposits had an average maturity of 54 days as at 31st March 2011. (2009-31 days).

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



## AS AT 31<sup>ST</sup> MARCH 2011

18	SHARE CAPITAL	31/03/2011 MRf "000"	31/12/2009 MRf "000"
	Authorised share capital	200.000	200.000
	20,000,000 ordinary shares of MRf 10.00 each	200,000	200,000
	Issued and fully paid share capital	100,000	100.000
	19,000,000 ordinary shares of MRf 10.00 each	190,000	190,000
18.1	Dividends		
		C	

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

	2009		MRf "000"
	Dividend payment –1st tranche - MRf 9.1880 per share		174,572
	Dividend payment – 2 <sup>nd</sup> tranche - MRf 9.1880 per share		174,571
	Dividend payment – 3 <sup>rd</sup> tranche -MRf 22.5438 per share		428,333
	Dividend payable $-3^{rd}$ tranche -MRf. 5.8711per share		111,551
			889,027
	2010/2011		
	Dividend payment – MRf. 2.28927 per share		434,962
			434,962
19	LOANS AND BORROWINGS	31/03/2011	31/12/2009
		MRf "000"	MRf "000"
	0	204.706	
	Opening Balance	204,706	215 195
	Add: Borrowings during the period  Less: Loan Repayments during the period	218,450 (140,813)	215,185 (10,479)
	Closing Balance	282,343	204,706
	Closing Bulance	202,515	
19.1	Sources of Finance		
	HSBC – Male' Branch Euro - Loan (Note 19.3)	-	11,956
	HSBC – Male' Branch US\$ - Loan I (Note 19.4)	112,437	192,750
	HSBC – Male' Branch US\$ - Loan II (Note 19.5)	169,906	204.706
10.2	Materita Analysis	282,343	204,706
19.2	Maturity Analysis Payable within one year	137,067	76,206
	Payable after one year	145,276	128,500
	Tayaoto arter one year	282,343	204,706
		,	



#### AS AT 31<sup>ST</sup> MARCH 2011

#### 19 LOANS AND BORROWINGS (CONTINUED)

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

The Company has obtained a loan facility of Euro 1.3 Mn (MRf 11.95 Mn) from HSBC - Male' branch on 6<sup>th</sup> October 2009 to finance general corporate expenses. The facility is repayable over a 6 month period with the final repayment due on March 2010. This has been fully re-paid during the current year.

#### 19.4 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - US\$ loan I

The Company has obtained a loan facility of US\$15 Mn (MRf 192.75 Mn) from HSBC - Male' branch on 30th December 2009 to finance general corporate expenses. This Facility is secured against cash deposits. The Facility is repayable over a 3 year period with the final repayment due on December 2012.

#### 19.5 Hong Kong and Shanghai Banking Corporation (HSBC) - Male' Branch - US\$ loan II

During the current period, the Company has obtained a loan facility of US\$17 Mn (MRf 218.45 Mn) from HSBC - Male' branch to finance general corporate expenses. This Facility is secured against cash deposits. The Facility is repayable over a 3 year period with the final repayment due on July 2013.

20	PROVISIONS	31/03/2011 MRf "000"	31/12/2009 MRf "000"
	Network and asset retirement obligation	94,249 94,249	81,154 81,154
	Movement during the period		
	Opening balance	81,154	71,240
	Unwinding of discounts	13,095	9,914
	Closing balance	94,249	81,154

The provision of network and asset retirement obligations represents the provision made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located.

TRADE AND OTHER PAYABLES	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Trade payables	44,388	65,460
Accruals	296,780	230,509
Deferred income	41,850	32,119
Dividends payable	-	111,551
Other payables	42,276	21,897
	425,294	461,536
	Trade payables Accruals Deferred income Dividends payable	Trade payables 44,388 Accruals 296,780 Deferred income 41,850 Dividends payable - Other payables 42,276

There is no material difference between carrying value and fair value of trade and other payables presented.



Touch Maldives

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

### AS AT 31<sup>ST</sup> MARCH 2011

#### 22 COMMITMENTS

#### **Capital Commitments**

The Company had capital commitments at the end of the financial year relating to the purchase of property, plant and equipment of MRf 457,190 thousands (2009: MRf 140,071 thousands). No provision has been made for these commitments.

#### **Lease Commitments**

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

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

			Less than one year MRf "000"	1 to 2 Years MRf "000"	3 to 5 Years MRf "000"	Over 5 Years MRf "000"	Total  MRf "000"
Future Operating Le	ease Rentals	on					
Land & Buildings			14,835	16,543	6,570	12,065	50,013
			14,835	16,543	6,570	12,065	50,013

#### 23 RETIREMENT BENEFIT PLAN

The Dhiraagu Retirement Benefit Plan (DRBP) was established for Maldivian staff effective from 1st January 1992. Under the terms of the DRBP, each employee who joins contributes a minimum of 5% of their basic salary and the Company contributes 5% of the individual's basic salary. The DRBP is funded externally. The contributions for the current period were MRf' 5,766,000/- (2009: MRf 1,848,000/-). Contributions to the DRBP scheme ceased from 31st October 2010, and the Company has commenced procedures for the winding up the scheme.

A new local pension scheme, Maldives Retirement Pension Scheme (MRPS) was introduced to the Company effective from 1st November 2010. For the period 1st November 2010 to 31st March 2011 participating in the MRPS scheme was voluntary. The Company contributed 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

#### 24 FINANCIAL INSTRUMENTS

#### (i) Credit Risk

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



### AS AT 31<sup>ST</sup> MARCH 2011

#### 24 FINANCIAL INSTRUMENTS (CONTINUED)

#### (i) Credit Risk (Continued)

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

			Carrying Amount	
			31/03/2011	31/12/2009
			MRf "000"	MRf "000"
Trade and Other Receivables			312,432	298,706
Cash at Bank and Short Term Deposits			1,138,021	708,166
			1,450,453	1,006,872
Impairment Losses	31/03	3/2011	31/12	2/2009
	Gross	Impairment	Gross	Impairment
	MRf "000"	MRf "000"	MRf "000"	MRf "000"
The aging of trade and other receivables as at t	he reporting o	date was:		
Not Past Due	103,142	-	96,490	-
Past Due 0-30 days	98,929	269	26,310	278
Past due 31-180 days	148,608	44,053	41,083	72,875
More than 180 days	163,655	157,580	242,048	34,072
Total	514,334	201,902	405,931	107,225

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

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

#### (ii) Liquidity Risk

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

31 <sup>st</sup> March 2011	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"	2-5 Years MRf "000"	More than 5 years MRf "000"
Financial Liabilities					
Loans and Borrowings	282,343	137,067	121,004	24,272	-
Trade and Other Payables	425,294	425,294			
Total	707,637	562,361	121,004	24,272	



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

### AS AT 31<sup>ST</sup> MARCH 2011

#### 24 FINANCIAL INSTRUMENTS (CONTINUED)

#### (ii) Liquidity Risk (Continued)

31 December 2009	Carrying Amount MRf "000"	Within One Year MRf "000"	1-2 Years MRf "000"	2-5 Years MRf "000"	More than 5 years MRf "000"
Financial Liabilities					
Loans and Borrowings	204,706	76,206	64,250	64,250	-
Trade and Other Payables	461,536	461,536	_		_
Total	666,242	537,742	64,250	64,250	

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.

At 31st March 2011, the Company had cash and cash equivalents of MRf 1,184 Mn. These amounts are highly liquid and are a significant component of the Company's overall liquidity and capital resources. The company has no undrawn loan facilities.

The Management produces liquidity forecasts on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and 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.

Approximately 53.4% of the Company's cash and cash equivalents are invested in short-term bank deposits (2009 - 35.9%).

#### (iii) Interest rate risk

The Company is exposed to movements in interest rates on its floating rate loans. There were no interest rate derivatives used by the Company as at 31 March 2011, no debt was held for trading purposes and it is intended that loans and borrowings will be kept in place until maturity. A one percentage point increase in interest rates will have an approximate MRf 2.8 million impact on the floating rate loans of the Company.

#### Profile

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

	Carrying Amount	
	31/03/2011 31/12/200	
	MRf "000"	MRf "000"
Fixed Rate Instruments		
Financial Assets - Short Term Deposits	632,089	257,817
	632,089	257,817
Wadalia Bata Latananata		
Variable Rate Instruments		
Financial Liabilities - Loans and Borrowings	(282,343)	(204,706)
	(282,343)	(204,706)



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

#### AS AT 31<sup>ST</sup> MARCH 2011

#### 24 FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Currency risk

#### Exposure to currency risk

The Company is exposed to the risk of availability adequate foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions. (Mainly US dollars, euro and sterling pounds.) 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, payments relating to group management are made 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 uses forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term.

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

			31/03/2011	L	
	MRf "000"	US\$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents	845,032	25,695	449	25	11
Trade and Other Receivables	178,690	10,408	-	-	-
Loans and Borrowings	-	(21,972)	-	-	-
Trade and Other Payables	(138,702)	(14,870)	(3,301)	(33)	(1,673)
Gross statement of financial position exposure	885,021	(739)	(2,852)	(8)	(1,661)
		,	31/12/2009	)	
	MRf "000"	US\$ "000"	31/12/2009 Euro "000"	SGD "000"	GBP "000"
Cash and Cash Equivalents		US\$	Euro	SGD	
Cash and Cash Equivalents Trade and Other Receivables	"000"	US\$ "000"	Euro "000"	SGD "000"	"000"
	655,360	US\$ "000" 6,134	Euro "000"	SGD "000"	"000"
Trade and Other Receivables	655,360	US\$ "000"  6,134 9,790	Euro "000" (858)	SGD "000"	"000"

The following significant exchange rates were applied during the period:

			Report	ing Date	
	Average	<b>Average Rate</b>		Spot Rate	
	2010/11	2009	31/03/2011	31/12/2009	
US\$ 1: MRf	12.85	12.85	12.85	12.85	
Euro 1: MRf	17.33	18.10	18.29	18.39	
GBP 1: MRf	20.20	20.31	20.81	20.67	
SGD 1: MRf	9.65	8.93	10.29	9.23	



### AS AT 31<sup>ST</sup> MARCH 2011

#### 25 RELATED PARTY TRANSACTIONS

#### 25.1 Parent and Ultimate Holding Company

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

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

### 25.2 Transactions with key management personnel

There were no material transactions with key management personnel except for those relating to remuneration (see Note 9.2).

#### 25.3 Transactions with Cable & Wireless Communications Group of companies

CWC Islands Limited had a 52% shareholding in the Company as at 31st March 2011 (31st December 2009 - 52%). Transactions with companies in the Cable & Wireless Communications Group included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with Cable & Wireless Communications Group during the periods, and outstanding balances at the year ends, are as follows:

Transactions	2010/11 MRf "000"	2009 MRf "000"
In-payments	(16,025)	(7,891)
Out-payments	5,318	8,653
Dividends	226,180	400,062
Others	26,371	19,299
Balances outstanding	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Amounts payable in respect of dividends	-	50,198
Amounts payable in respect of goods and services	10,723	3,902
	10,723	54,100



### AS AT 31<sup>ST</sup> MARCH 2011

#### 25 RELATED PARTY TRANSACTIONS (CONTINUED)

#### 25.4 Transactions with the Government of Maldives

The Government of Maldives had a 48% shareholding in the Company as at 31 March 2011 (31 December 2009 - 48%). Transactions with the Government of the Maldives included licence fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives assets. Transactions with the Government of Maldives during the periods, and outstanding balances at the year ends, are as follows:

Transactions	2010/11 MRf "000"	2009 MRf "000"
Licence fees	110,878	79,976
Rentals on land	24,989	10,398
Dividends	208,782	488,965
Balances outstanding	31/03/2011 MRf "000"	31/12/2009 MRf "000"
Amounts payable in respect of dividends	-	61,353
Amounts payable in respect of license payments	8,186	7,754
	8,186	69,107

#### 26 MANAGEMENT RESPONSIBILITY

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

#### 27 CHANGE IN FINANCIAL PERIOD AND CORRESPONDING FIGURES

The Management of the Company has decided to change the financial year end from 31 December to 31 March effective from the period ended 31 March 2011 in order to align the company's financial statements to the parent Company. Accordingly, these financial statements have been prepared and presented for the period of 15 months ended 31 March 2011. The comparative amounts presented in these financial statements are as at and for the year ended 31 December 2009 and not entirely comparable with the current period amounts.



#### 28 EVENTS OCCURRING AFTER THE REPORTING DATE

#### (i) Partial flotation of Maldivian Rufiyaa against US Dollar

Government of Maldives announced a partial flotation of Maldivian Rufiyaa, the functional currency of the Company to US dollar within the  $\pm$  20% band from the mid rate of 12.85 per 1 US\$ with effect from 11 April 2011. This has effectively resulted devaluation of Maldivian Rufiyaa against US dollar by approximately by 20% (1 US\$: 15.42 Maldivian Rufiyaa). Although this legislation had no impact on the figures reported for the period ended 31 March 2011, the devaluation may have effects on transactions, receivables and payables which have been designated in US dollars in future periods.

#### (ii) Dividends for the financial year 2010/2011 and 2011/2012

The Board of Directors has proposed an interim and final dividend of MRf 604,799,833 for the financial year 2010/2011, on 26th April 2011, for approval by the shareholders at their forthcoming Annual General Meeting.

#### (iii) Introduction of Business Profit Tax by the Government of Maldives

The Government of Maldives sanctioned Business Profit Tax Act (Act Number 5/2011) in their gazette dated 18th January 2011 and the regulations to the Act were issued on 26th of August 2011. In accordance with the Business Profit Tax Act and subsequent regulations, all persons who are resident or carrying out business in Maldives would be subject to tax (Business Profit Tax) under this Act with effect from 18th July 2011. In addition, certain categories of payments made by a person to foreign parties would also be subject to a withholding tax under the Act. According to the Business Profit Tax Act and the regulation, the Company is liable to pay business profit tax at the rate of 15% to the Government of Maldives on its taxable profits earned with effect from 18th July 2011. There is no effect on this legislation to results reported for the period ended 31st March 2011.

#### (iv) Announcement for Initial Public Offer and Listing of Shares

On 24 August 2011, the Company announced that the Government of the Maldives, an existing shareholder of the Company would plan to sell part of its shareholding in the Company to the General Public through an Initial Public Offering (IPO), during October 2011. Following the IPO, the Company will become a Publicly Listed Company (PLC) on the Maldives Stock Exchange, in the Republic of Maldives.

No other circumstances have arisen since balance sheet date which require adjustments to/or disclosure in the financial statements other than what is disclosed above.

## 23. APPENDIX 6

### **FAQ**

1. How do I buy/subscribe to Dhiraagu share?

Just go to your nearest Dhiraagu or BML office and fill the share subscription form and submit it with relevant documents. You can also download the share subscription form from Dhiraagu and Stock Exchange website.

2. Will I get all the shares I have subscribed for?

It depends on how many people apply for the shares. If the shares get oversubscribed you might not get all the shares you subscribed for.

3. How many shares can I subscribe for? Is there a limit?

There is no limit so you can subscribe for as many shares you want.

4. When will the company hold its AGM?

Annual General Meeting (AGM) is held within 5 months of end of the financial year.

5. What rights do I have as shareholder?

You have the right to nominate candidates for appointment as Independent Directors.

6. Will I get dividend? How much dividend will I get next year?

The Board will determine the payment of dividends. How much dividend that is to be paid out is decided by how much profit the company makes and if the board sees it fit to distribute it.

7. When can I sell my shares?

You can sell your shares anytime you want at the secondary market.

8. How do I sell my shares?

To sell your shares all you need to do is contact a Brokerage Company.

9. Will I get a share certificate?

Yes you can get a share certificate. All you need to do is request for it at Maldives Securities Depository (MSD)

10. Can I buy more shares from the secondary market?

You can buy more shares from the secondary market.

11. Who are allowed to buy Dhiraagu share?

Local & foreign individuals, local & foreign companies, clubs and associations are allowed to subscribe to Dhiraagu shares

12. Why does a successful company like Dhiraagu that is no. 1 in its field want to sell its shares to the public? The Government wants you to be part of Dhiraagu's success by giving this opportunity to be a shareholder.

13. Is Dhiraagu selling Government shares or CW shares?

The shares that are offered to the public are from the Government shares.

14. Can companies and foreigners buy Dhiraagu shares?

Yes they can.

15. What is Dhiraagu going to do with Capital it raises from the IPO?

As its selling Government shares the proceeds will go the Government.

16. Is it possible to take a loan using Dhiraagu shares?

It is up to the financial institutions to decide if they accept shares as collateral for loans.

Is this a local IPO or an International IPO?

This is a Maldivian IPO.

## 24. APPENDIX 7

### **Collection Points**

- 1. Head Office BML Plc, Boduthakurufaanu Magu, Male', 20094, Republic of Maldives. Tel: +(960) 332 2948
- Bazar Branch,
   Sea Tracs Building (1st & 2nd Floor),
   Boduthakurufaanu Magu,
   Male', 20251,
   Republic of Maldives.
   Tel:+(960) 333 0222
- 3. Dhidhoo Branch, Stelco Building, Niloafaru Magu, Haa Alifu Dhidhdhoo, 01100, Republic of Maldives. Tel:+(960) 650 0066
- 4. Eydhafushi Branch, Maalhosmadulu Dhekunuburee Atholhuge No.02, Baa Eydhafushi, Republic of Maldives. Tel:+(960) 660 8428
- 5. Fonadhoo Branch, Andhaleebu Magu 66, Laamu Fonadhoo, 15080, Republic of Maldives. Tel:+(960) 680 0729
- 6. Funadhoo Branch, Mila Uthuru Keesa, Shaviyani Funadhoo, 03150, Republic of Maldives. Tel:+(960) 654 0596
- 7. Fuvahmulaku Branch, Valifannu Magu, Maadhadu, Gnaviyani Fuvahmulah, 18014, Republic of Maldives. Tel:+(960) 686 5003
- 8. Gan Branch, Maradhoofeydhoo, 19050, Republic of Maldives. Tel:+(960) 689 8014
- 9. Hithadhoo Branch, Shamsudheen Bodufandiyaaru Magu, Seenu Hithadhoo, 19020, Republic of Maldives. Tel:+(960) 688 5011
- 10. Hulhumale' Branch,

- Flat No.13404, (Reg No. G10123), Hulhumale', 23000, Republic of Maldives. Tel:+(960) 335 0067
- 11. Hulhumeedhoo Branch, Bahaaudhdheen Magu, Seenu Meedhoo, 19060, Republic of Maldives. Tel:+(960) 689 5700
- 12. Kudahuvadhoo Branch, Beach Heaven, Dhaalu Kudahuvadhoo, Republic of Maldives. Tel:+(960) 676 0616
- 13. Kulhudhuffushi Branch, Haa Dhaalu Kuludhuffushi, 02110, Republic of Maldives. Tel:+(960) 652 8813
- 14. Mahibadhoo Branch, Atholhuvehi, Alifu Dhaalu Mahibadhoo, Republic of Maldives. Tel:+(960) 668 0850
- 15. Main Branch,11, Boduthakurufaanu Magu,Male', 20094,Republic of Maldives.Tel:+(960) 333 0144
- Majeedheemagu Branch,
   Banf Villa,
   Majeedhee Magu,
   Republic of Maldives.
   Tel: + (960) 3333 0202
- 17. Manadhoo Branch, Atholhu Rayyithunge Ijthimaaee Marukazu, Noonu Manadhoo, Republic of Maldives. Tel: + (960) 656 0583
- 18. Muli Branch, Rankokaa Magu 22, Meemu Muli, 11050, Republic of Maldives. Tel: + (960) 672 0001
- 19. Naifaru Branch, Marine Drive,

- Lhaviyani Naifaru, 07020, Republic of Maldives. Tel: + (960) 662 0393
- 20. Rasdhoo Branch, Atholhuvehi, Alifu Alifu Rasdhoo, Republic of Maldives. Tel: + (960) 666 0849
- 21. Thinadhoo Branch, Varuhagu Magu, Gaafu DhaaluThinadhoo, 17100, Republic of Maldives. Tel: + (960) 684 1002
- 22. Ungoofaaru Branch, Ungoofaaru Rayyittunge Rahvehige, Raa Ungoofaaru, 05060, Republic of Maldives. Tel: + (960) 658 0272
- 23. Veymandoo Branch, Roashanee Magu, Thaa Veymandoo, Republic of Maldives. Tel: + (960) 678 0610
- 24. Villimale' Branch, Sheikh Abdul Rahman Magu, Villingili, Male', 2101, Republic of Maldives. Tel: + (960) 339 1650
- 25. Villingili Branch, Dhambugas Magu, Gaafu Alifu Villingili, 16020, Republic of Maldives. Tel: + (960) 682 0116

## 25. APPENDIX 6

## Glossary

LONG FORM	
2G	Second Generation
3G	Third Generation
ADSL	Asynchronous Digital Subscriber Line
AGM	Annual General Meeting
CAM	Communications Authority of Maldives
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CWC	Cable and Wireless Communications Plc
EDGE	Enhanced Data for GSM Evolution
EGM	Extraordinary General Meeting
EPS	Equity Per Share
GSM	Global System for Mobile Communications
HR	Human Resources
ICT	Informations Communications Technology
IDD	International Direct Dialing
IPO	Initial Public Offering
IT	Information and Technology
MMS	Multi Media Service
MVR	Maldivian Rufiyaa
MRF	MVR (Maldivian Rufiyaa)
NGO	Non-Government Organisation
POA	Power of Attorney
PLC LTD	Public Limited Company
PVT LTD	Private Limited Company
SIM	Subscriber Information Module
SMS	Short Message Service
USD/\$/US\$	United States Dollar

TERMS	DETAILS
Applicants	Any prospective investors who makes an application for shares in terms of this Prospectus
Application Form	The form in terms of which the investors may apply for the shares of Dhiraagu.
Allot	When shares are allotted, they are set-aside for the person they are intended for. This will normally be after the person has agreed to pay for a share or has become entitled to a new share for any other reason. As soon as a share is allotted, that person has the right to have his/her name put on the Register. When he has been registered, the share has also been issued.
Allottees	The successful applicants to whom the shares are being issued or transferred.
Board of Directors	A group of individuals elected by the shareholders of the Company to manage the corporations business and appoint its officers.
Director(s)	Member(s) of the Board
Forfeiture	When a share is forfeited it is taken away from the Shareholder and goes back to the Company. This process is called 'forfeiture'. This can happen if a call on a partly paid share is not paid on time.
Government	The Government of the Republic of Maldives.
Lien	A lien will arise over shares where there are outstanding monies owed to the Company by the Shareholder. Where the Company has a lien over shares, it can take the dividends and any other payments relating to the shares which it has a lien over, or it can sell the shares, to repay the debt and so on.
Liquidity	The ability of ease at which the assets can be converted to cash. This process is called 'liquidation'.
Market Day	Any day included in the calendar of trading days by the Maldives Stock Exchange
Nominal Value	The amount of the share shown in a Company's account. The nominal value is of the Company's ordinary shares is the amount shown on the share certificate for a share. When a company issues shares this can be for a price which is at a premium to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value.
Ordinary Shares	Means any class of ordinay shares in the share capital of the Company existing form time to time.
Power of Attorney	Legal authority to act for another person in certain specific matters.
Proxy	A person who is appointed by a Shareholder to attend a meeting and vote for that Shareholder.
Register	Means the register of Shareholders to be kept by the Company.
Shareholder	A holder of the Company's shares.
Underwriter	A person promising to take up shares in accordance with an underwriting agreement is an underwriter.
VoIP	Voice Over Internet Protocol



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