



Take on Tomorrow

Corporate Information

Company Registration Number

C-0024/1988

Place of Incorporation

Male', Republic of Maldives

Head Office

Dhivehi Raajjeyge Gulhun Plc
Dhiraagu Head Office,
Ameenee Magu P.O Box 2082,
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Website: www.dhiraagu.com.mv
Email: 123@dhiraagu.com.mv
investor-relations@dhiraagu.com.mv

Chief Executive Officer & Managing Director

Ismail Rasheed

Chief Financial Officer

Robin Wall

Company Secretary

Asiath Rilweena

General Counsel

Hazrath Rasheed Hussain

External Auditors

KPMG

External Counsel

Mohamed Shahdy Anwar,
Partner, Suood & Anwar LLP
Laila Manik,
Attorney at Law



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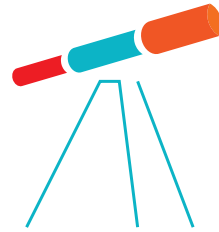


01

Our Business

Our Business

Our Vision



Enrich lives through digital services

Our Mission



To lead the market through excellence in customer experience

Who We Are

Dhiraagu is the leading digital and telecommunications service provider in the Maldives. Our business is to provide future-proof digital and telecommunications connectivity that enable our customers to get ahead in the digital future. We are the pioneers that ushered the Maldives into the digital age, and we continue to lead the field by placing premium value on customer experience and, consistent innovation to enhance our customers' lives through digital technology. With over 500,000 customers, and employing 99% trained Maldivians present across nine strategic operating centers throughout the country.

Our Values



Collaborate

We work together to offer our customers a seamless experience



Serve

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



Innovate

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



Inspire

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

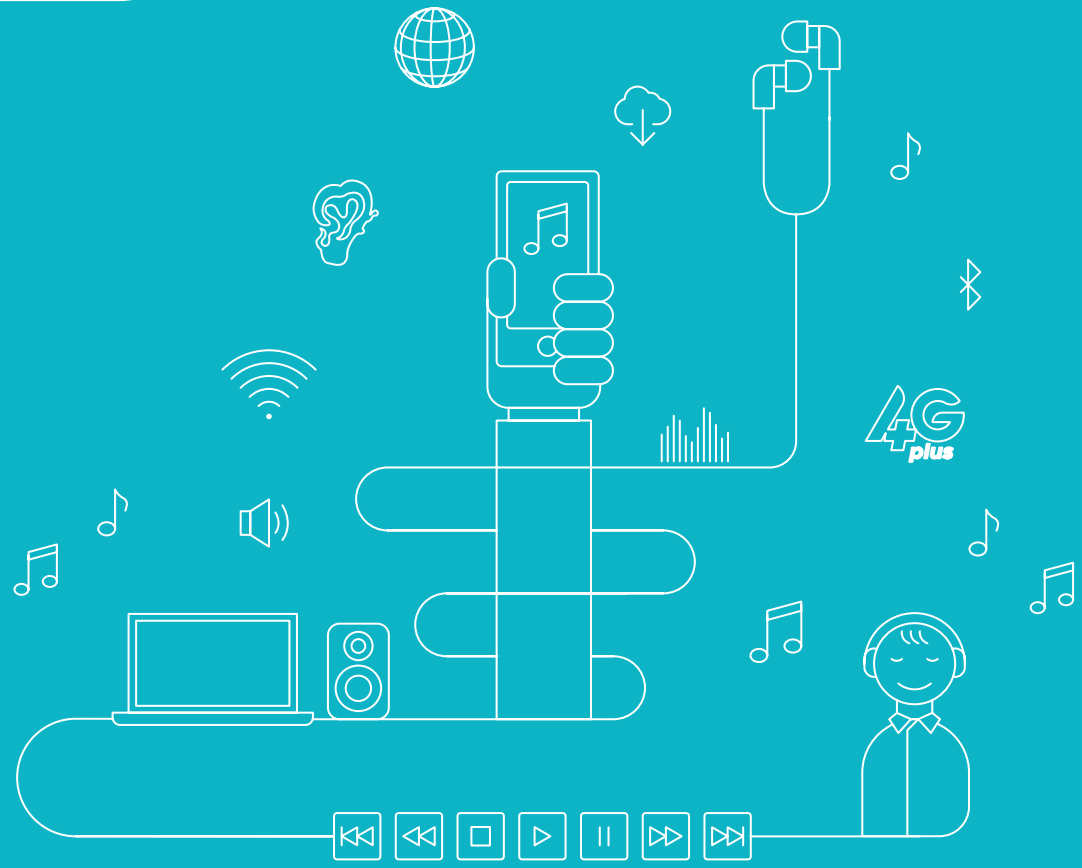
Our Products & Services

Dhiraagu brings the latest innovations and technology to help all our customers succeed in an increasingly connected world. We offer a comprehensive range of services spanning mobile, internet, data, TV, mobile money and fixed services and also ensure reliable international connectivity and coverage within the Maldives. We provide leading enterprise solutions from dedicated internet access to managed services and offer our customers peace of mind through our disaster recovery and redundancy offerings.

Our Shareholding

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

With nearly three decades of excellence and a proven record of success, we continue to lead as the Maldives' leading digital services and telecommunications provider.



02

Highlights of the Year

Commercial Highlights



Dhiraagu Rebranding
 With a fresh logo,
 colour and slogan
 “Take on Tomorrow”



Introduced Dhiraagu Mobile App
 35k users in 2017



Most Reliable Mobile Network
 First to provide 100% mobile broadband coverage
 Extended 4G LTE to 85% of the population



Launched Dhiraagu TV Nationwide
 First nationwide IPTV service with over 80 premium channels



Largest Fixed Broadband Network
 Covering 65% of households across 38 islands providing highest speed of 100Mbps

Data Driven Postpaid Plans
 Offering free social media usage, voice and text maximum allowance of up to 23GB



Biggest Data Allowances
 up to 1 Terrabyte

Digital Lifestyle Products
 Data Driven Postpaid Plans



dhiraagu pay
Launched Dhiraagu Pay
 With over 100 partners across the nation

Corporate Social Responsibility

Care for Children

Collaborated with key NGOs and stakeholders working on child protection and support



For the Oceans Campaign

Encouraging staff and community to reduce use of single-use plastic



Film for Change

Empowering youth to explore social issues through the medium of film

11th Annual Dhiraguu Maldives Road Race

3,000 registered runners



Techstars Startup Weekend

Promoting young entrepreneurs to transform innovative ideas into businesses

Dhiraguu Apprenticeship Programme

Enrolled 19 new apprentices

486 Staff Trained

in various specialized fields



Dhiraguu Special Sports Festival

Supporting inclusivity for children with special needs



Financial Highlights

Revenue

2017
MVR 2,620m

2016
MVR 2,501m

EBDITA

2017
MVR 1,371m

2016
MVR 1,389m

Profit After Tax

2017
MVR 898m

2016
MVR 840m

Earnings Per Share

2017
MVR 11.81

2016
MVR 11.05

Dividend Per Share

2017
MVR 11.81

2016
MVR 14.37

Capital Investment

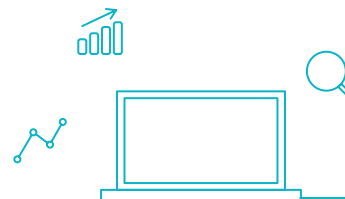
2017
MVR 389m

2016
MVR 324m

Return on Capital Employed

2017
42.8%

2016
37.1%



Chairperson's Opening Remarks



Assallam Alaikum,

It is my honour and privilege to address our shareholders and present the Annual Report for 2017.

The past year was a particularly momentous one in Dhiraagu's history, as we adopted a new brand outlook along with new colours and logo in addition to the slogan "Take on tomorrow". These changes reflect a need to focus on our role as an enabler that would allow Maldivians to take advantage of today's digitally connected world to realize their future aspirations and dreams. The new branding highlights this shift of emphasis in our role as a provider of digital communications services in addition to our continuing role as the leading telecommunications provider in the Maldives.

Digitization and customer excellence are at the core

of this transformation. While we continue with our core telecoms business we have expended greater effort at developing improved data and other digital service propositions for our customers. Our focus is to build a digital community that will bring greater prosperity and progress for the Maldives. This commitment to a digital community is reflected in the investments we made last year expanding and strengthening our core network, revolutionizing the provision of high speed fiber broadband services in the Maldives, and in bringing new and exciting digital services to our portfolio. Further details of these initiatives are provided by our CEO & MD Mr. Ismail Rasheed in his message.

Creating Value for Shareholders

An important measure of success for us is the value we create for customers, shareholders and partners alike. In this regard, our commitment to help customers get ahead in tomorrow's connected world, is matched by our commitment to ensure sustainable shareholder value. I am pleased to note that we continue to demonstrate this through our strong financial results and healthy returns paid to shareholders.

We ended the past year with revenue of MVR 2.6bn and Profit After Tax of MVR 898m. This was driven by growth across mobile data, Fibre to the Home (FTTH), enterprise and adjacent services. Earnings per share were MVR 11.81, up 7 percent when compared to the previous year.

The Company's financial position remained positive with a total asset base of MVR 3.2bn and net assets of MVR 2.3bn, even after paying a full year dividend of 130% of profit after tax for 2016. Free Cash flow was MVR 644m due to higher capital investment and working capital changes in 2017.

For the year 2017, we are recommending a full year dividend of MVR 11.81 per share (2016: MVR 14.37 per share). This comprises the final dividend of MVR 5.85 per ordinary share (2016: MVR 8.45), which is proposed for shareholder approval at the 29th Annual General Meeting, and interim dividend of MVR 5.96 (2016: MVR 5.92).

Board changes

During 2017, Mrs. Kholood AlQattan and Mr. Oliver

McFall joined the Board as non-executive and independent directors, representing Batelco Group. During the year, Dr. Ahmed AlQader, Mr. Raed Fakhri and Mr. Ahmed Mohamed Didi relinquished their membership of the Board.

As of now, the Board stands in full membership, with the appointment of Mr. Ahmed Hafiz in January 2018, representing the Government of Maldives. I am confident of the commitment and dedication of the Board and I look forward to working with the current Board in our unified mission to maintain our leadership of digital and telecoms services in the Maldives.

Note of Appreciation

I take this opportunity to extend my gratitude to the Government of Maldives and in particular his Excellency the President Yameen Abdul Gayoom for his visionary development agenda and for prioritizing digitization in the public sector. Dhiraagu takes pride in being a part of this nation building process and assures our commitment to the progress, prosperity and overall development of the Maldives.

I convey my appreciation to the Board members, both past and present, for their insight, support and service in driving the company forward. I also thank the management and staff of Dhiraagu for their energy and dedication in enabling Maldivians to enjoy world class digital and telecommunications services. I'm grateful to our shareholders for their trust in us during this time of transformation.



Mohamed Ashmalee
Chairperson

CEO & MD's Message



2017 has been another year of record success and achievement for Dhiraagu. Our revenues and net profit increased over the past year, and customer numbers increased on all our business streams. Total mobile customer numbers grew by 9% and fixed broadband by 18% with 20 additional islands being provided with our Fibre to the Home (FTTH) service. We launched two new services, Dhiraagu TV and Dhiraagu Pay, and refreshed our brand identity to reflect our transformation to a digital services company, ready to deliver future services with a passion for providing the best customer experience.

Digital communications touch all of life's various facets. Everything in our daily life, from communications, commerce, banking, education, entertainment and travel rely on this technology. We commenced the transformation to digital when we pioneered the digital transmission network across the country and made that network robust by building the first submarine optical fibre network spanning the length of the entire country. This enables us to extend our digital services to the inhabited islands, resorts and industrial islands

across the country. Today, we have the largest fixed broadband network in Maldives. In 2015, we became the first operator to provide nationwide mobile broadband service. 2017 saw further strengthening of our services with the roll out of FTTH service and Dhiraagu TV to many outlying islands. In addition, a diverse range of digital lifestyle services were introduced to our customers including education, music, entertainment, games and mobile money.

Last year we increased our focus on the youth segment of the market, with attractive propositions for a digital lifestyle including our innovative DIY mobile plan "Mamen" designed specifically for the youth, giving full flexibility and control to users to build their own package. We also revamped several of our core- business and enterprise products to reflect this emphasis on digital. We transformed our postpaid mobile plans to meet the needs of our customers by providing more value with increased data and free allowances for popular social media apps.

A significant number of projects were completed during the year providing customized solutions for enterprises and the public sector. The enterprise portfolio was increased with the introduction of hospitality TV and special products designed for the guest house sector. Contribution from the enterprise sector continued to be an important

growth area during the year.

Our mission is to enrich lives through digital services, by providing relevant, future-proof technology that helps our customers get ahead in life, be it their personal lifestyles, business entrepreneurship or to get ahead in their professional career. Our refreshed brand and new slogan “take on tomorrow” represent this with Dhiraagu’s transformation as the company that will enable Maldives and Maldivians to get ahead in to the future.

We are pleased by the welcome received by our customers and the public on our new refreshed brand. In addition to the visual change internal programs were run for the teams to familiarize with the new brand and more importantly to ensure we live by our core values of Collaborate, Serve, Innovate, and Inspire across the entire company.

Ours aim is to help all Maldivians enjoy the benefits of the digital transformation that is happening across the globe irrespective of their island of residence. To enable this our efforts have been put into building a digital community by providing high-speed broadband connectivity to all. A key component of this goal is our high speed fibre broadband initiative. FTTH was initiated in the greater Male’ region two years ago, and by end of last year, we have covered more than 65% of all national households across 38

islands. Our goal is to extend Dhiraagu services to all parts of the country and help our communities in all the islands to have a more enriching life. This spirit of community is also reflected in our CSR approach through various initiatives we undertook in the past year focusing on children, youth and the environment. We successfully continued Dhiraagu Apprenticeship Programme for the ninth consecutive year, one of our key CSR programmes for empowering youth.

Our success in these endeavors is the result of the passion we have for our customers, and our continuous efforts to make it easy for customers to access our services. Our new mobile app makes it easier for customers to manage our postpaid services and track their usage, buy add-ons and pay their bills anytime. We have enhanced our online support services by adding Viber to the existing channels including Twitter and Facebook. The customer areas of our Head Office was transformed with a modern customer experience zone showcasing our products and services which has been well received by our customers.

Our achievements of this past year is the result of the dedication, talent and hard work of our staff. Our success in this challenging, evolving and highly competitive industry demonstrates the ability of our staff to, adapt and consistently innovate to

ensure the continued prosperity and progress of our Maldivian community. For this, I would like to extend my thanks and gratitude to the entire staff of Dhiraagu.

I am most grateful to the Board of Directors for their direction, guidance and support to create the strategic goals, and their support to the management in delivering for the continued success of the company.

I would like to thank all our customers for their loyalty and support, for choosing our services and assure them of our commitment to deliver increased value and the best user experience.

We will relentlessly continue our work to enrich the lives of Maldivians and helping them “take on tomorrow”, whilst making sure we consistently deliver great value to our shareholders.



Ismail Rasheed
Chief Executive Officer and Managing Director

Board of Directors



Mohamed Ashmalee



Abdul Rahman Fakhro



Ismail Rasheed



Ihab Hinnawi



Imran Ali



Abdulla Ahmed



Kholood Al Qattan



Oliver McFall



Ahmed Hafiz

MR. MOHAMED ASHMALEE

Chairperson

Non-Executive & Independent

Nationality: Maldivian

Appointed by Government of Maldives

Tenure since February 2015

Experience & Qualifications

Minister of State for Finance & Treasury.

Executive Head of the National Bureau of Statistics (NBS), National Centre for Information Technology (NCIT), Department of National Registration (DNR) & National Archives of the Maldives (NAM). Previously held positions of Deputy Minister of Transport & Communications (2013) & Deputy Minister of Finance & Treasury (2014). Also served as the Chairman of the National Tender Board.

Holds a Bachelor's Degree from Warnborough College (UK). Has strong bridging qualifications in Accounting, Finance, Marketing & computing and is currently pursuing an MBA in International Business.

Other Board Representations

None

Committee Membership

Chairperson, Remuneration, Nomination and Governance Committee

MR. ABDUL RAHMAN FAKHRO

Deputy Chairperson

Non-Executive & Independent

Nationality: Bahraini

Appointed by Batelco Group

Tenure since March 2014

Experience & Qualifications

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

Studied Commerce from the University of Cairo.

Other Board Representations

Chairman of Umniah Telecommunications Company (Jordan), Bahrain Marina (Bahrain); and Amlak (Bahrain) Deputy Chairman of Batelco Group (Bahrain); Social Insurance Organization (SIO) (Bahrain); Osool Asset management (Bahrain).

Committee Membership

Member, Remuneration, Nomination and Governance Committee

MR. ISMAIL RASHEED

Chief Executive Officer & Managing Director

Executive & Non Independent

Nationality: Maldivian

Appointed by Batelco Group

Tenure since September 2015

Experience & Qualifications

CEO & MD of Dhiraagu since September 2015. Previously served as Chief Executive of Dhiraagu (2007-2015) and held other key positions including Director of Networks (2000-2007), Manager Networks Planning and Projects (1999-2000). Over 30 years of extensive telecoms experience and have played a pivotal role in transforming the company into a leading digital solutions provider.

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

Other Board Representations

None

Committee Membership

None

MR. IHAB HINNAWI

Director

Non-Executive & Independent

Nationality: Jordanian

Appointed by Batelco Group

Tenure since Re appointed in July 2016

Experience & Qualifications

Batelco Group CEO since Mar 2015. Chief Executive Officer of Umniah, Jordan (Apr 2009 - Feb 2015). GM, Enterprise Division, Batelco Bahrain (Jan 2009 - Mar 2009). GM, Special Projects, Batelco Bahrain (Jul 2008 - Dec 2008). Chief Executive Officer of Batelco, Jordan (Apr 2007 to Jun 2008).

Over 25 years of extensive managerial and operational experience to lead industry pioneering operations. Helped establish Umniah in 2004, as a key member of its initial management team, and continue do work at Umniah as its Operations Director until 2007.

Holds a BA in Business Administration

Other Board Representations

Vice Chairman - Samena Telecommunications Council. Board Member Dhiraagu PLC (Jun 2013 - Dec 2015). Board member - CWC South Atlantic Limited (South Atlantic & Diego Garcia). Board

Member - Etihad Atheeb Telecom Company. Board

Member - Umniah. Board Member - Batelco-Jordan.

Committee Membership

None

MR. IMRAN ALI

Director

Non-Executive & Independent

Nationality: Maldivian

Elected by Public Shareholders

Tenure since May 2014

Experience & Qualifications

Chief Executive Officer of Dhonkeyo Group of companies with over 15 years of industry experience in tourism and real estate development.

Holds an MBA from Manchester Metropolitan University, UK. Bachelor's degree in Economics from the University College London, UK

Other Board Representations

Chairman of Dhonkeyo Group of Companies. Managing Director of Reethi Rah Resort Private Limited.

Committee Membership

Member, Audit Committee,

Member, Remuneration, Nomination and Governance Committee

MR. ABDULLA AHMED**Director**

Non-Executive & Independent

Nationality: Maldivian**Appointed by** Government of Maldives**Tenure since** January 2014**Experience & Qualifications**

Deputy Chief Executive Officer of Maldives Industrial Fisheries Company (Mifco) from December 2014 onwards. Over 15 years of financial management and corporate experience. Served in various managerial positions including Chief Operation Officer in Koodoo Fisheries Maldives Ltd and Chief Financial Officer of Mifco.

Holds a Bachelor's Degree in Applied Accounting from Oxford Brookes University, UK. ACCA fellow since 2011.

Other Board Representations

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

Committee Membership

Member, Audit Committee

MRS. KHOLOOD RASHID AL QATTAN**Director**

Non-Executive & Independent

Nationality: Bahraini**Appointed by** Batelco Group**Tenure since** May 2017**Experience & Qualifications**

General Manager of Prime Advisory WLL and Managing Director of Green FX WLL.

Over 25 years of banking experience, mainly in the investment field. She started her career as a trader in the US & European equities and has experience in capital and money market instruments in the local, regional and international markets and also in portfolio management.

Career began with Bank of Bahrain & Kuwait where she worked her way to Head of Investment Department before widening her experience with ADDax Investment Bank, Abu Dhabi Investment House and Evolve Capital.

Holds a Bachelors Degree in Accounting from Ayn Shams University (Cairo). And is a speaker in regional and international conferences.

Other Board Representations

Board member of Batelco Group (Bahrain); Umniah Telecommunications Company (Jordan), Sico Financial Services company (SFS).

Member in Committee for the Young Women Entrepreneur Award.

Committee Membership

Chairperson, Audit Committee



MR. OLIVER MCFALL

Director

Non-Executive & Independent

Nationality: Danish

Appointed by Batelco Group

Tenure since May 2017

Experience & Qualifications

Vice President of Roland Berger Strategy Consultants Middle East office. Senior Partner and member of the Executive Team with AT Kearney. Senior Project Manager with McKinsey & Company. Client base include major industrial corporations, telecom, energy and metals in Europe, Middle East and North America.

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

Other Board Representations

Board Member of Batelco Group (Bahrain), Sure Group Telecommunication Company (UK), Ballard Europe and Ringford Holding (Switzerland). Executive Director in Blue Ocean/HSV (Switzerland).

Committee Membership

None

MR. AHMED HAFIZ

Director

Non-Executive & Non-Independent Director

Nationality: Maldivian

Appointed by Government of Maldives

Tenure since Jan 2018

Experience & Qualifications

Deputy Minister of Fisheries and Agriculture 2013-present. Over 35 years of public service including Under Secretary of the President's Office (Jul 2012 to Nov 2013), Deputy Minister of Defense and National Security (Feb 2008 to Feb 2009), Director General of Ministry of Defense & National Security (Mar 2004 to Feb 2008), Assistant Director General of Ministry of Fisheries and Agriculture (May 2001 to Mar 2004), Director of Ministry of Fisheries and Agriculture (October 1998 to May 2001). Previously served as a Non-Executive Director of Dhiraagu Board, and the President of the Maldives Basketball Association from 1998 to 2016.

Other Board Representations

President, South Asian Basketball Association from 2013 to date. South Asian Basketball Association Central Board Member from 2013 to date.

Committee Membership

None

Dr. Ahmed AbdulQader served the Board as a Non-Executive Director, from December 2015 to May 2017. During his term he also served as the Chairperson of the Audit Committee.

Mr. Raed Fakhri served the Board as a Non-Executive Director from May 2016 to May 2017.

Mr. Ahmed Mohamed Didi served the Board as a Non-Executive Director from November 2016 to August 2017.

Management Team

Abdulla Firag

Ali Riyaz

Ismail Rasheed

Mohamed Hazmath
Abdulla

Mohamed
Musad



Mohamed Abdul
Gadir

Robin Wall

Ahmed Maumoon

Athifa Ali

Musthag Ahmed
Didi

Ajwad Ali

MR. ISMAIL RASHEED

Chief Executive Officer & Managing Director

- Appointed CEO & MD in September 2015 after serving as the Chief Executive of the company for 7 years.
- Joined Dhiraagu in 1988.
- Experienced Chartered Engineer with over 30 years of telecoms industry experience and over 15 years of strategic management experience.
- Other key positions held within Dhiraagu includes Director of Networks (2000-2007) and Manager Networks Planning and Projects (1999-2000). Delivered key projects including the domestic submarine cable network across the country, mobile broadband series national roll-out plan to connect all the inhabited islands
- MBA, University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design, Anglia Polytechnic University (UK) & Member of Institute of Engineering & Technology (UK).

MR. ROBIN WALL

Chief Financial Officer

- Appointed Chief Financial Officer (CFO) in February 2015.
- Joined Dhiraagu in 2011.
- Held key positions in Dhiraagu including, Acting CFO, Financial Controller & Assistant Financial Controller.
- Also served as Financial Controller of Monaco & Islands region, CWC Group.
- Chartered Management Accountant with over 12 years of financial & operational expertise in the telecoms industry.
- BSc Management Studies, University of Brunel (UK) & Associate Member, Chartered Institute of Management Accountants (UK).

MR. AHMED MAUMOON

Acting Chief Marketing Officer

- Acting Chief Marketing Officer from March 2018, after serving as Director, Business Development since February 2016.
- Joined Dhiraagu in 1990.
- Held key positions in Dhiraagu including Director Marketing, Manager Marketing Division, Manager Mobile Networks and Manager of Transmission and Earth Station.
- Qualified Engineer/Marketer with over 26 years of experience in the telecommunications sector.
- MBA, Anglia Ruskin University, Chelmsford (UK); BEng (Hons) Engineering Telecommunications Systems, Coventry University (UK).

MS. ATHIFA ALI **Director, Corporate Services**

- Appointed Director, Corporate Services in 2016 after being the Director of International, Legal and Regulatory since 2003
- Joined Dhiraagu in 1988.
- Held key positions in Dhiraagu including Financial Controller.
- Served as the Chairperson of the Board of Maldives Pension Administration Office for 6 years.
- Chartered Management Accountant with over 27 years of telecoms and finance experience.
- MBA, University of Bradford (UK) & Associate Member of Chartered Institute of Management Accountants (UK).

MR. ALI RIYAZ **Director, Customer Services & Sales**

- Appointed as Director, Customer Services and Sales in 2004.
- Joined Dhiraagu in 1999.
- Held key positions in Dhiraagu including Head of Administration and Human Resources (Dhiraagu). Also served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd and Manager Human Resources at Maldives Inflight Catering.
- Widespread knowledge with over 21 years of industry experience in cross-functional areas of business and management.
- Advanced Diploma in Hospitality Management from SHATEC College (Singapore).

MR. MUSTHAG AHMED DIDI **Director, Customer Solutions**

- Appointed Director, Customer Solutions in 2009.
- Joined Dhiraagu in 1994.
- Held key positions in Dhiraagu including Manager Data & IP solutions and Manager Information Systems.
- IT specialist with over 22 years of experience in the telecommunications industry.
- BSc Microelectronics & Computing, University College of Wales (UK).

DR. ABDULLA FIRAG

Director, Networks

- Appointed Director Networks in 2016.
- Joined Dhiraagu in 2012.
- Held key positions in Dhiraagu including Manager Access Engineering and Manager Network Quality Assurance. Also worked as a Postdoctoral Research Fellow at University of Canterbury (New Zealand), Project Coordinator at Ministry of Communications, Science and Technology (Maldives), and as an Engineer at the Maldives Airports Company.
- Qualified engineer and researcher with over 13 years of experience in telecommunications, electrical and energy sector.
- Ph.D. and Masters in Electrical and Electronics Engineering from the University of Canterbury (New Zealand) and Bachelor of Engineering in Electrical and Electronics Engineering from the University of Adelaide (Australia). IEEE member since 2006.

MR. AJWAD ALI

Director, Human Resources

- Appointed Director Human Resources in 2016.
- Joined Dhiraagu in 2016.
- Held key positions in the Public Sector including Director Corporate Affairs at Maldives Pension Administration Office, Permanent Secretary of Ministry of Human Resources, Youth and Sports, Director General at Ministry of Higher Education, Employment and Social Security.
- Human Resource Planning and Development Specialist with over 18 years of experience in Human Resource Management field.
- Masters in Human Resource Planning and Development from GGS Indraprastha University (India, New Delhi) and Bachelor of Commerce in Human Resource Management and Industrial Relations from Curtin University of Technology (Australia, Perth). Professional member of the Society for Human Resource Management (USA).

MR. MOHAMED HAZMATH ABDULLA

Director, Property, Procurement & Administration

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

MR. MOHAMED ABDUL GADIR

Director, Information Systems

- Appointed Director, Information Systems in June 2017.
- Joined Dhiraagu in 1988.
- Held key positions in Dhiraagu including Manager IT Projects, Manager Information Systems and managed significant projects impacting a broad spectrum of services.
- Extensive knowledge and experience managing multiple departments across the company including, Transmission, Switching, Internet & IP Solutions with over 28 years of experience in the industry.
- MBA in Information Management, TASMAC, India.

MR. MOHAMED MUSAD

Director, Digital Transformation

- Appointed Director, Digital Transformation in November 2017.
- Joined Dhiraagu in 1995.
- Held key positions in Dhiraagu including Director Networks, Manager Mobile Networks and Manager Core Networks and Senior Engineer.
- Chartered engineer with over 20 years of technical expertise in the telecom sector.
- Master of Commerce, Information Systems from the Victoria University of Wellington (New Zealand); MBA, Australian Institute of Business (Australia) and Bachelor of Engineering in Mobile Telecommunications Technology, The University of Hull (UK).

Ms. Isabelle Hajri served as the Chief Marketing Officer from February 2016 to February 2018.

Pavan Kumar Malladi served as Director, Information Systems from November 2015 to May 2017.





03

Strategy & Performance in 2017

Strategy & Performance in 2017

Building Digital Communities

Communication leads to community. Dhiraagu's focus is on Building Digital Communities by providing world class digital connectivity to our customers. Our mission is to provide the means for Maldivians of all walks-of-life to thrive in an increasingly connected world. As the pace of technological innovation continues to accelerate, with digital connectivity becoming a part of everyday life, we are committed to ensuring these technologies are harnessed for the collective prosperity, progress and growth of our community.

This focus on technology is why we refreshed our brand last year- to reflect our dedication to helping Maldivians get ahead in this digitally connected future. Whether you are an individual or a government institution, whether you are running a small retail business or operating an up-market resort, whether you teach at a school or are an environmental worker seeking to save our beaches, our goal is to provide you the means to succeed. This is why, in 2017, our commitment to a prosperous progressive community well-versed in digital connectivity rested on the four following strategic pillars.



Brand Transformation



**High Speed Connectivity
for All**



**Innovative Products and
Exciting Offers**



**Fostering Partnerships
for Development**



Brand Transformation

Dhiraagu is the company that brought the digital revolution to the Maldives. Building on this outlook, we have continued this digital transformation and have reoriented our outlook as a provider of world class digital services in addition to our traditional role as a telco. While mobile telephone services and fixed line remain an integral core of our business, we have placed added emphasis on data and digital content and services including IPTV services and mobile money services and catering to the increasing data-centric lifestyles of customers. This transformation ensures that the services we provide are future-proof, relevant and accessible to our customers and furthermore, have allowed us to identify and develop new digital revenue streams.

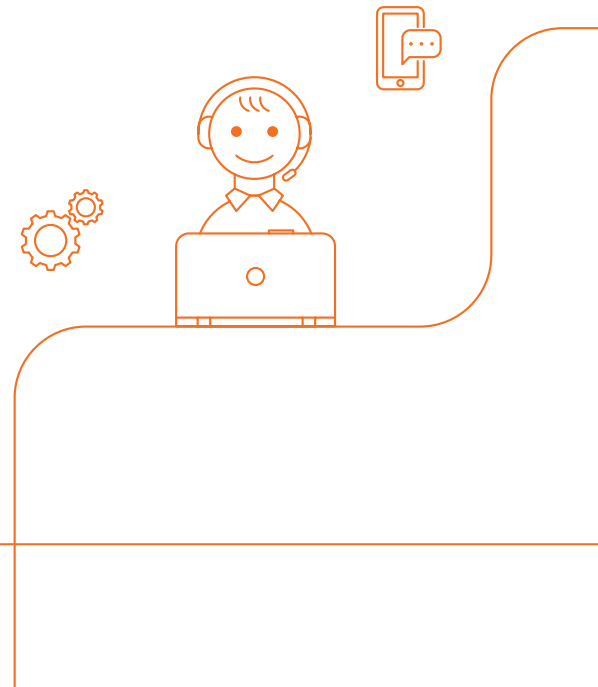
As part of this reorientation we undertook a significant brand revitalization programme in May 2017. The new branding brought with it a fresh look for the company with orange as our primary brand colour and an updated logo and the slogan 'take on tomorrow' highlighting our leadership role in providing world-class digital and telecom services in the Maldives.

Digitizing Customer Service

In 2017, we have taken measures to improve customer service. We recognize that convenience is key to customers' engagement with us. Which is why we have continued to enhance our online channels and to ensure seamless integration between these channels. For example, we have stepped up our Dhiraagu MyAccount service with the introduction of the Dhiraagu Mobile App which allows convergence of all postpaid services within one mobile. The app allows customers to manage all their services far more conveniently than before. Additionally, with growing reliance on social

networks, we have increased our online customer support through Viber. We have been extending this service previously on Twitter, Facebook and online chat 24/7 and the addition of Viber increases our outreach to customers significantly.

With the new emphasis placed on digital experiences, we introduced a new Customer Experience Center at Dhiraagu Head Office where in addition to our existing customer service centre, we are providing customers with the opportunity to experience some of the digital products and services we offer.





High Speed Digital Connectivity for All

Dhiraagu customers continue to enjoy the Maldives' largest and most reliable network. Inclusivity has been a key focus of ours as we continue to modernize our network across the country. Key drivers of this was our Fibre to the Home (FTTH) initiative which have been extended to the outer atolls and our continued 4G LTE expansion.



Fiber Broadband Revolution

Dhiraagu is keen to ensure that our customers benefit from tomorrow's technology today. Which is why our FTTH seeks to provide customers with faster speeds, enhanced quality and wider connections by expanding FTTH in the atolls. While FTTH was launched in the Greater Malé region in 2015, we have successfully extended FTTH to over 38 islands covering more than 65% of all national households. This is in line with our strategy of digital inclusivity which seeks to ensure that the digital community we build is not just focused on major population centres.

Mobile Network Enhancement

Dhiraagu actively strives to provide our customers with the best network and fastest mobile connections. We were the first network in the country to provide 100% mobile broadband coverage to the entire country and we differentiate our service by delivering superior experience. In order to maintain our network leadership, we continue to expand our 4G LTE Plus service to the outer atolls. In the past year, we extended 4G coverage to 78 residential islands and 30 resorts which covers 85% of population. Our 4G LTE roll out is subject to extensive testing to minimize unexpected service interruptions - such diligence ensures that our 4G LTE services are superior and more reliable.

Enhancing Bandwidth and Indoor Coverage

In order to ensure that our customers have seamless connectivity with minimal interruptions, we continue to invest heavily in critical infrastructure. This past year, we have significantly increased the capacity of our international bandwidth. This measure further enhances the overall integrity of our international submarine cable and furthermore enhances customer experience by addressing common bandwidth bottlenecks. We have also invested in improving mobile coverage and quality in Male' and off Male' sites.



Innovative Products and Exciting Offers

In response to customers' increasingly data-centric lifestyles, we have introduced a diverse range of new digital products and services that enable customers to take advantage of digital connectivity to enhance their lives. In the past year, we have offered new products from music streaming services to mobile money services to TV services. Likewise, our core mobile business reflects this emphasis on digital with innovative products such as Mamen, the Maldives' first DIY mobile plan where customer choose how much data, voice or text they require. We completely revolutionized our postpaid, which are designed with the importance of social networking in mind.

Some of our key products in the past year are highlighted below.

dhiraagu tv

Dhiraagu TV, the Maldives' first nationwide IPTV network was launched in April 2017. Dhiraagu TV provides customers with a wide range of high quality TV programming including news, current affairs, sports, movies, music and children's channels. By year's end the platform offered a total of 80 channels including popular channels such as Disney, History, Lifetime, FYI, Crime and Investigations and H2 channels. Our FTTH expansion facilitates the seamless experience to our Dhiraagu TV customers allowing for greater convergence of our services.

mamen

Dhiraagu launched an innovative DIY mobile plan focused on the youth segment 'Mamen' where users get to decide how much data, voice or text messaging they need. Mamen is based around the Mamen app, where customers have the freedom to set their own plans. Dhiraagu also undertook a free music streaming initiative targeted at the youth market.

dhiraagu pay

Another key digital lifestyle product was Dhiraagu Pay, the company's new mobile money service launched in October. Dhiraagu Pay provides customers with a safe, convenient and easily accessible way to make every day financial transactions. The service was launched with the dedicated Dhiraagu Pay app making it convenient for all Dhiraagu customers to access and use their digital wallets.

New Postpaid Revamp

In October Dhiraagu introduced its completely reinvented postpaid service – the new mobile revolution. Simple and affordable, the new packages focus on digital mediums, providing the best value for customers. The package includes enhanced data allowances with free data usage for popular social media apps, unlimited calls on Dhiraagu network and attractive IDD call discounts.

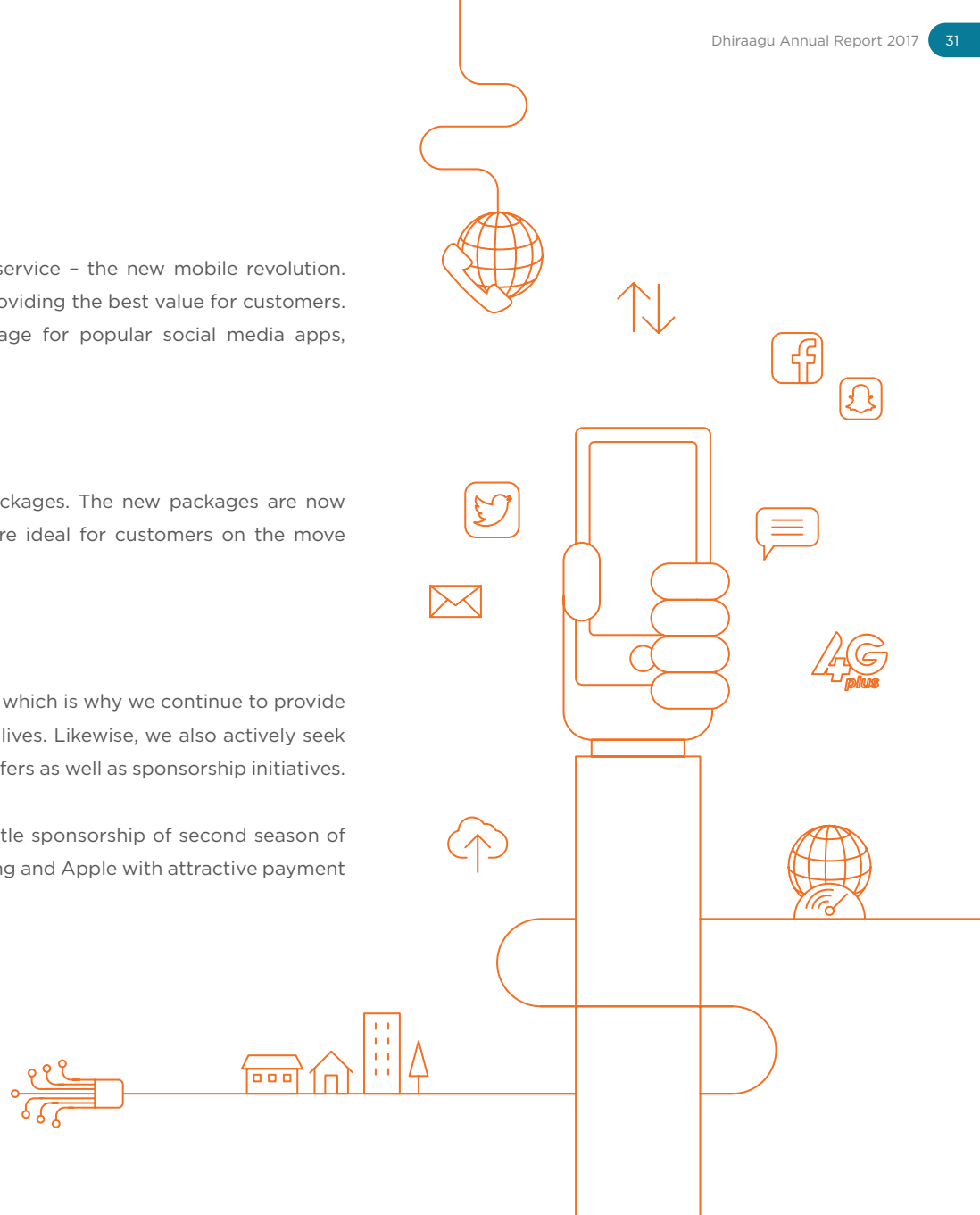
Residential LTE Broadband Revamp

In December Dhiraagu revamped the existing 4G LTE Broadband packages. The new packages are now available nationwide and includes postpaid and prepaid plans and are ideal for customers on the move requiring high speed internet for shorter time periods.

Adding Value

We continuously work towards ensuring the best customer experience which is why we continue to provide products and services that seek to add value and enhance customers lives. Likewise, we also actively seek engagement with the wider community through various promotional offers as well as sponsorship initiatives.

Some of the special offers and sponsorships highlights includes the title sponsorship of second season of Maldivian Idol and providing latest mobile phone offerings from Samsung and Apple with attractive payment plans.



Fostering Partnerships for Development

Dhiraagu is more than a communications technology company. An integral part of our mission is to contribute to the progress and prosperity of our community by acting as an engine of growth. We have always facilitated our customers to do businesses more efficiently and successfully, and we continued to provide a diverse range of highly specialized digital services to our enterprise clients. Likewise, we support the public sector in their work to provide services to the people and the overall development of the country. Our leadership in digital services and telecommunications ensure that we are able to provide tailor-made solutions to the needs of business and government.

Embracing Development

Health

Last year, notable contributions were made to the development of health sector as we provided digital communications solutions to several healthcare establishments including new hospitals. These solutions from telecoms and ICT infrastructure to web hosting and cloud based solutions would enable healthcare establishments to improve the overall quality of service provided to patients.

Tourism

Our support for the tourism industry continued as we continued to provide Dedicated Internet Access to over 99% of currently operating resorts in the Maldives. Specialised products for the hotel industry such as HotelTV, a resort-only edition of Dhiraagu TV was made available to the sector.

We continue to provide specialized solutions to the guesthouse industry in the Maldives. In this regard, we were the title sponsor of the Guesthouse Conference 2017 – the pre-eminent event held for guesthouses in the Maldives. At the event we announced our specialized IPTV service for guesthouses and Dhiraagu TV Guesthouse Edition.

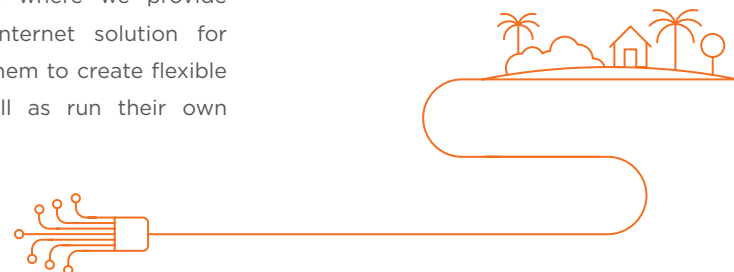
Retail

With the introduction of Dhiraagu Pay we also provided local retailers, a cashless convenient way to receive payments. We also invested in our Guesthouse Internet Service where we provide the country a dedicated internet solution for guesthouses which enables them to create flexible packages for guests as well as run their own operations.

Enterprise

In our mission to ensure connectivity for all, we have continued to cater to licensed third party businesses that wish to provide internet in non-cabled islands and promote growth in such islands.

Under our adjacent business development, we have continued to significantly invest in providing additional products and services. A principal driver of this is our Enterprise ICT Solutions including hosting and cloud services, M2M connectivity, data centres and equipment sales.



Financial Performance

In 2017 our gross revenue grew by 4.8% to MVR 2.6bn driven by strong growth in broadband and digital services, despite the declining trend in traditional voice services. We continued to deliver innovative new products and services to our customers, including the launch of Dhiraagu TV and Dhiraagu Pay which support our focus on digital services.

We continued our investments in both mobile and fixed networks in order to expand our presence and bring in the latest and fastest technology while improving customer experience throughout the country. With our focus on investment in our network and new products and services, we experienced significant growth in customer numbers and mobile and fixed broadband usage.

Costs increased, mainly on account of the growth in data usage and change in the mix of revenue streams, resulting in EBITDA¹ for 2017 reducing by 1.3% over 2016. However, profit after tax increased by 6.9% over 2016 mostly due to a reduction in finance costs, depreciation and amortization.

Due to the strong commercial performance, earnings per share (EPS) grew to MVR 11.81 and a full year dividend of MVR 11.81 is proposed for the financial year 2017, which is equivalent to 100% of EPS in line with our continued commitment to provide the best return to our shareholders.

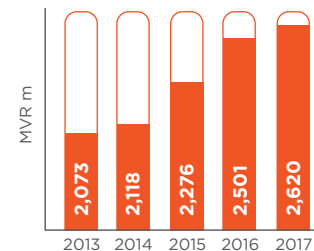
MVR (millions)	2017	2016	2015
Revenue	2,620	2,501	2,276
EBITDA	1,371	1,389	1,230
Profit After Tax	898	840	725
Basic Earnings Per Share (MVR)	11.81	11.05	9.53
Free Cash Flow	643	863	853
Net Assets	2,315	2,512	2,479

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

Revenue

MVR 2,620m [+4.8%]

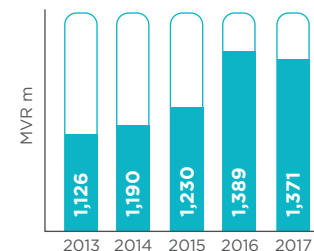
Revenue increased by MVR 119m in 2017 mainly contributed by an increase in revenue from mobile and fixed broadband, enterprise and adjacent services. Growth in customers, increased demand for high-speed broadband and focus on providing new, value added services have helped to achieve this performance.



EBITDA

MVR 1,371m [-1.3%]

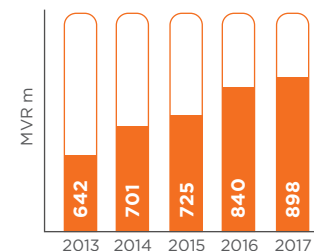
EBITDA declined by MVR 18m, a 1.3% decrease over 2016, mainly due to increased demand for international bandwidth and cost of providing new services to our customers.



Profit After Tax

MVR 898m [+6.9%]

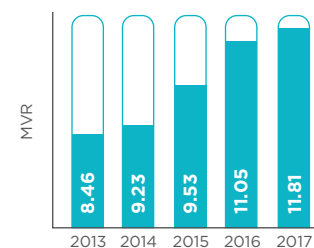
Profit after tax increased by MVR 58m (6.9%) compared to 2016 mainly due to a reduction in finance costs, depreciation and amortization.



Earnings Per Share

MVR 11.81 [+6.8%]

Basic EPS grew by 6.8% to MVR 11.81, resulting from the increase in profit after tax.



Dividend

MVR 898m [100% of PAT]

For the financial year 2017, a total dividend of MVR 898m is proposed to the shareholders (MVR 453m already paid as interim dividend and MVR 444.6m proposed as final dividend for 2017).

Assets & ROCE

MVR 3,198m [-7.2%]

At the end of 2017 Dhiraagu's total asset base stood at MVR 3.2bn and net assets were MVR 2.3bn. Return on capital employed (ROCE) for 2017 increased to 42.8% from 37.1% in 2016 as the company improved efficiency of its asset base.

Capital Investment

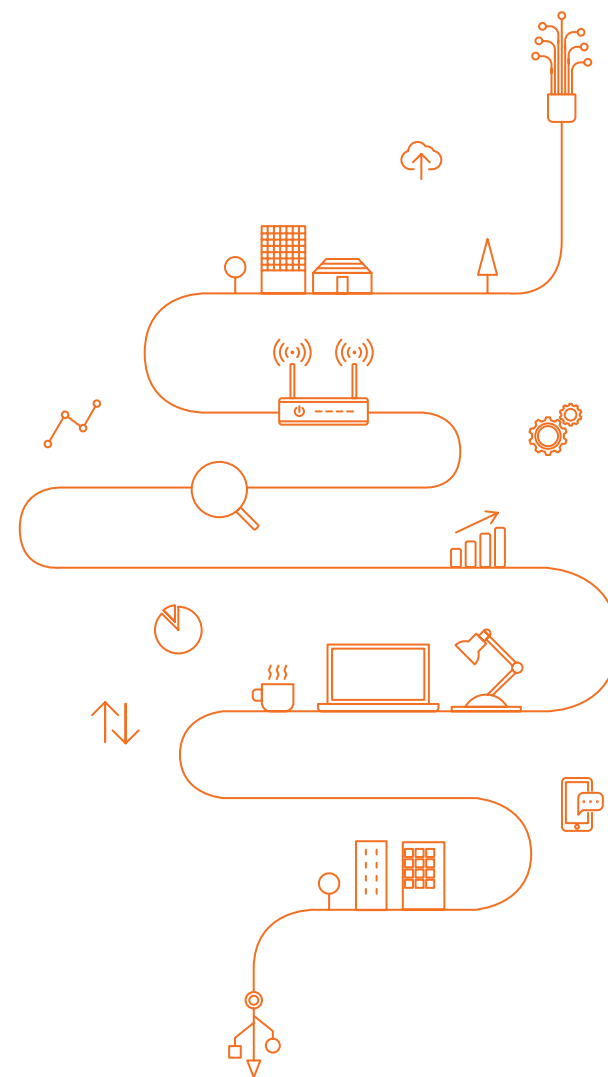
MVR 389m [+20%]

Total capital investment in 2017 increased by 20% to MVR 389m with significant investment enhancing our network, including 4G expansion and delivering FTTH services.

Free Cash Flow

MVR 644m [-25.4%]

Free cash flow (cash flow from operating activities less capital expenditure) was MVR 643m for 2017. This is a 25.5% decrease from 2016 primarily due to higher capital expenditure and changes in working capital.



Sustainable Returns to Shareholders

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

Our Dividend Policy ensures a minimum dividend of 50% of profit after tax, and are proposed by the Board of Directors based on cash availability after meeting capital expenditure and other business requirements for future growth.

Since the company was listed in the Maldives Stock Exchange, MVR 4.8bn (including the final dividend proposed for 2017) will be returned to shareholders providing a healthy and sustainable return to the shareholders.

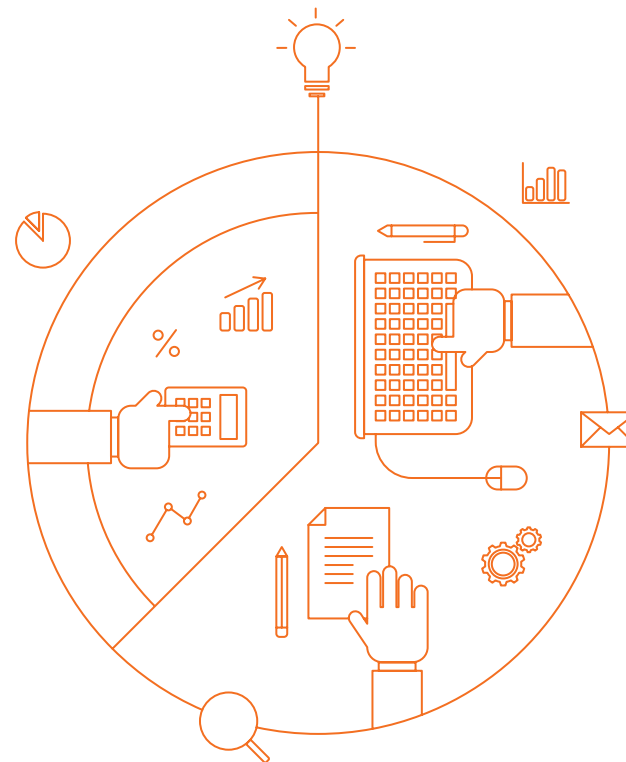
Key Highlights

Trading Highlights

	2017	2016	2015
Last Traded Price (MVR)	80.00	81.00	82.00
Highest Traded Price (MVR)	85.00	85.00	83.00
Lowest Traded Price (MVR)	80.00	80.00	71.00
Weighted average traded price (MVR)	83.84	82.44	77.04
No of Shares Traded	3,900	5,458	4,783
No of Trades	15	56	29
Market Capitalization (MVR)	6.08 bn	6.16 bn	6.23 bn

Share Performance

	2017	2016	2015
EPS (MVR)	11.81	11.05	9.53
P/E Ratio (times)	6.77	7.33	8.60
Dividend per Share (MVR)	11.81	14.37	9.53
Net Asset Per Share (MVR)	30.46	33.06	32.62
Dividend Payout Ratio	100%	130%	100%





04

Corporate Social Responsibility

Corporate Social Responsibility

At Dhiraagu our work is motivated by the principles of good corporate citizenship. We seek to set an example for the rest of society by adhering to the highest levels of integrity, sound ethics, transparency and accountability. We actively reinforce our ties to the Maldivian community by contributing to nation building and societal development. Which is why our CSR initiatives being strategically programmed, have maximum impact and ensures sustainability.

In the past, we have identified three key pillars of focus for our CSR initiatives- namely our people, our community and our environment. In the past year, we undertook the following activities under the three pillars.



Our People



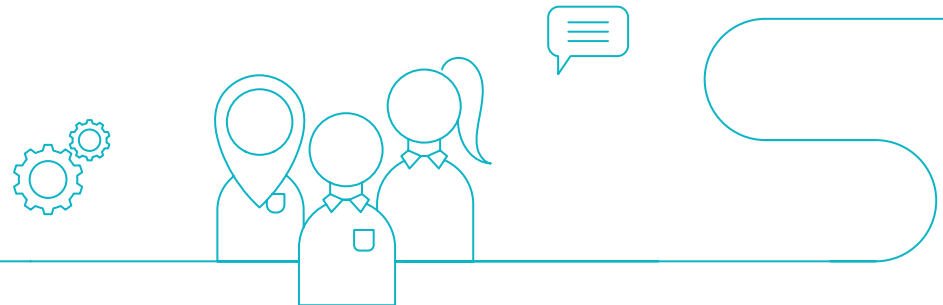
Our Community



Our Environment

Our People

Our committed and talented workforce is the most important and distinct strength, and the driving force behind our continued growth and success. We closed the year with 598 permanent full time staff, of which 99% remains Maldivians.



Staff Training and Development

Our Human Resources Development Strategy focuses on providing a wide range of training and developmental opportunities to support our staff in achieving business objectives along with their professional development. In 2017, 485 staff were trained in technical and non-technical areas. This includes 82 staff who completed professional certification programs during the year.

Following the brand refresh campaign, a company-wide induction training program was carried out to familiarize all staff to the new brand identity and activate redefined core values. These induction sessions were well received and was extended to over 90 percent of staff through structured learning and team building activities.

Health and Safety at Work

Health and safety is of utmost importance to us. We ensure continuous training and development and collaborate with local agencies to raise awareness on important health and safety issues. We are committed to follow local and international best practices in relevant areas relating to our industry

and specific work environments. Important highlights during the past year include:

- Reviewed and updated the Health and Safety Environment Manual.
- Provided basic fire awareness training for 240 employees.
- Carried out fire safety inspections and awareness sessions at all the Regional Operation Centres.
- Signed an MoU with Fire and Rescue Service of Maldives National Defence Force for regular fire inspections and fire safety in Dhiraagu.
- Provided First Aid training to 50 staff including new apprentices.
- Provided training on rigging, tower climbing and tower rescue for 58 staff.
- Carried out a company-wide campaign to provide vaccine against H1N1 influenza for staff and their families.

Grievance Policy and Procedure

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

Staff Engagement

Dhiraagu seeks to foster a healthy work life balance for our staff and their families. During 2017, the E-club together with the HR Department organized various events in this regard. Key highlights include:

- Snap & Snack – to welcome all staff to 2017.
- Special Ramazan events including Quran and Madhaha competition and Roadha Festival
- Inter office Netball Tournament, Inter Office TT Tournament, Women's day celebrations and the Dhiraagu Employees Soccer Cup (DESCUP 2017).
- Fun Friday – with over 400 staff and family enjoyed a fun evening playing exciting games, activities and food.
- Anniversary Function celebrating the 29th anniversary of Dhiraagu.
- The Annual Award function where long service, outstanding work performance, leadership and teamwork during 2016 were recognized. A total of 49 staff and 3 work teams received awards in these categories.
- Inter-Department Fishing Competition - 200 staff actively participated.

Our Community

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

Care for Children

Our eleventh annual Dhiragu Maldives Road Race was held in November 2017. This is the largest run in the country and dedicated to help protect children. With the participation of 3,000 runners and support from over 200 staff members, the event was a huge success and we contributed MVR 200,000 to 5 local NGOs working in the area of child protection and support.

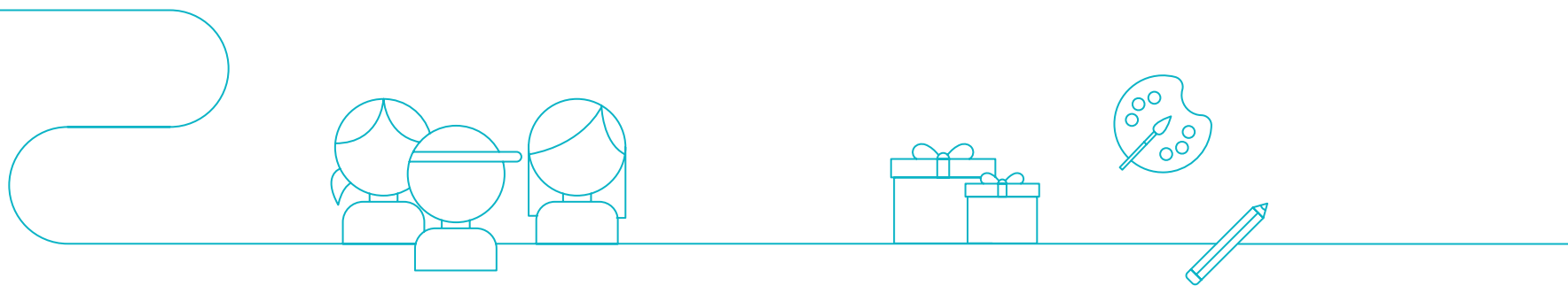
300 children of various age groups participated in the seventh Annual Dhiragu Special Sports Festival. This event organized by Dhiragu is a highly anticipated and popular event among schools and

NGOs working with children with disabilities. During 2017 over fifteen schools and NGOs participated in the event.

During 2017 we continued our support to the children's shelter at Vilingili Kudakudhinge Hiya, by donating equipment to upgrade and enhance the computer laboratory at the facilities. Under the initiative, we donated computer systems as well as free Fibre Broadband Connectivity to the facility.

We donated computer equipment and broadband connectivity to Care Society for their inaugural

vocational educational training classes for young people with special needs. As part of the company's Eid Al Fitr celebrations we distributed Eid gifts to children across Male' and atolls with Dhiragu Regional Operations Centres. We also pledged to support Care Society to establish a vocational training unit for young adults with disabilities at Twitsal (futsal tournament), the largest social media event in Maldives.



Empowering Young People

During the year, 19 new apprentices were enrolled and 22 apprentices graduated from Dhiraagu Apprenticeship Program, one of our key CSR programmes targeted for youth to gain work experience and develop skills.

Other highlights include our focused collaborations with UNDP Maldives to empower youth. Three key initiatives were launched during the year targeted specifically on youth development and empowerment.

- Techstars Startup Weekend Maldives was held in partnership with Enterprise Development Maldives to help Maldivian young entrepreneurs to shape and transform innovative ideas into potential businesses. Powered by Google for Entrepreneurs, this was the first international initiative to support and nurture the growth of startups in Maldives.
- Film for Change, programme aimed at empowering young people to explore social issues through the medium of film. The programme included a training component by industry experts which resulted in the production of short films by the trainees on key social themes.
- The first regional Youth Leadership Programme was held with learning sessions and skills building exercises for youth, the objective was to increase civic participation in community development issues.

Disaster Relief and Community Awareness

- We supported the Maldives Cancer Society to mark World Cancer Day on 4 February 2017. Sports was an integral theme of 2017's Cancer Day commemoration, with teams from different sports undertaking activities to raise funds for the Society. Dhiraagu championed a team from the Athletics Association.
- We partnered with the Maldives Police Service in support of their nationwide Crime Prevention campaign which aims to increase community awareness on crime prevention and public safety.
- During the H1N1 flu breakout in March 2017, we supported the Maldivian Red Crescent (MRC) to establish a flu awareness Call Centre in Male' and supported public health agencies and first responders to create awareness among the general public.
- We provided in kind-assistance provided to families affected by severe weather in S. Hithadhoo and G.Dh. Thinadhoo.

Our Environment

Protecting and preserving our natural environment and ensuring environmental sustainability in our corporate practices is an important aspect of Dhiraagu's CSR outlook.

We supported UNDP's "Unite for Climate Action" programme with the objective to improve community skills in addressing climate change related emergencies and natural disasters.

Saving Our Oceans and Beaches

We continued our "For the Ocean" campaign in 2017 extending it to introduce plastic recycling bins throughout our Office. We also partnered with Parley to distribute multi-use recyclable bags to school children in Laamu atoll and launched a reusable bag campaign to support Maldives Getaways' "Ban the Bag" campaign at the Dhiraagu Guest House Conference 2017.

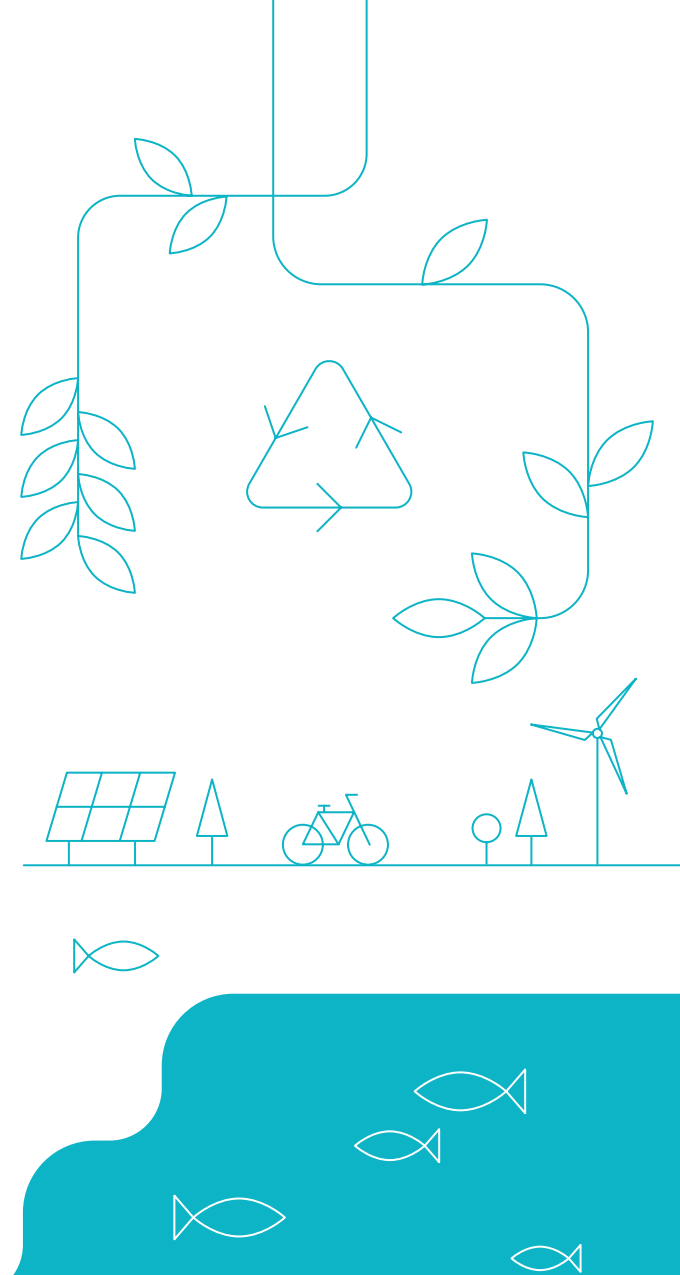
We supported "Save the Beach", a youth movement focused on conserving the beaches in Vilingili. We supported the "Moodhu Majaa" festival to host various activities such as snorkeling, beach clean

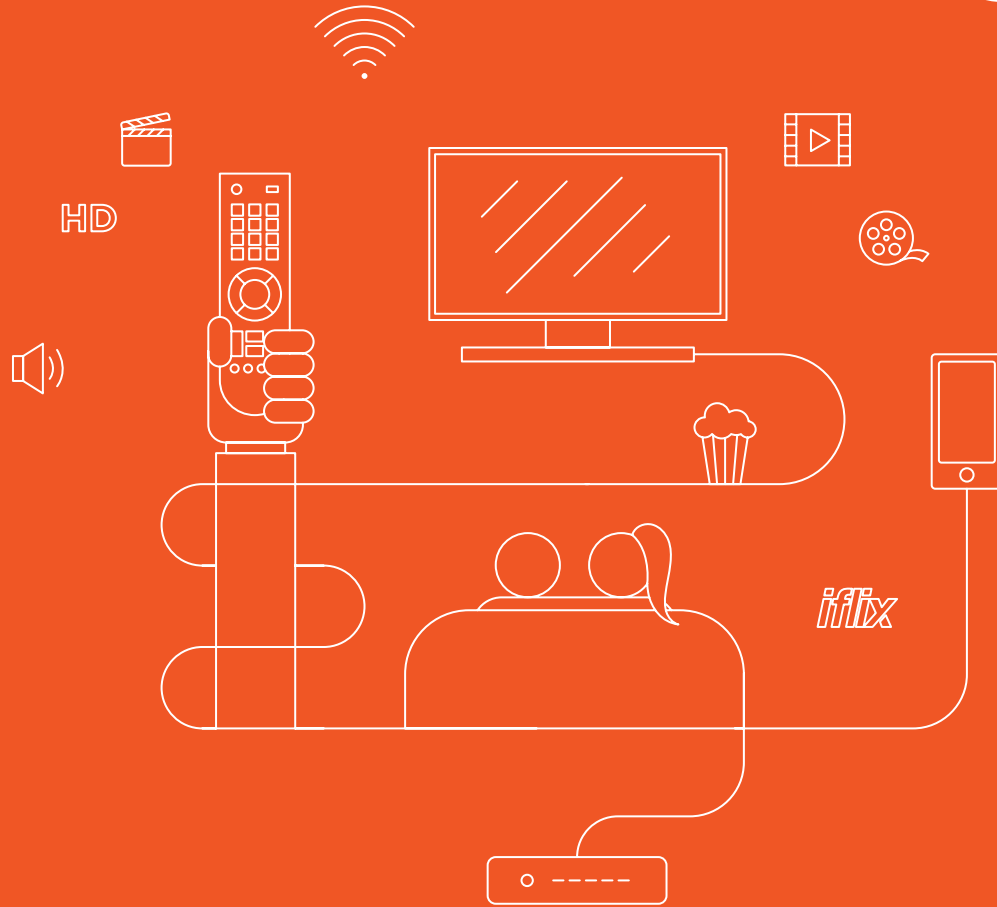
ups, nature walks raising awareness on pollution and climate change among youth.

We provided financial assistance and our staff joined the 'Heyvahlaa Saafu Kuramaa Male' City Clean Up' programme organized by Maldives Inland Revenue Authority (MIRA). We marked the International Coastal Cleanup Day with a beach cleanup event at Kulhudhuffushi and supported Parley Maldives in carrying out school awareness sessions to reduce ocean plastic.

Renewable Energy

We remain committed to low emission carbon-resilient business practices and seek to reduce our carbon footprint through increasingly relying on renewable energy to power our various systems. While we are still a long way off from completely weaning off fossil fuels, we take great pride in our role as one the largest producer (and user) of renewable energy in the country.





05

Corporate Governance

Corporate Governance

Directors Governance Report

Dhiraagu's commitment to business practices that are fair, ethical and sustainable remains steadfast and unwavering. The Board, as guardian of these principles, continues to reinforce existing governance mechanisms to ensure the continued trust of our customers, shareholders and partners.

Our principal point of reference in sound corporate governance is Dhiraagu's Corporate Governance (CG) Code. The Board's Remuneration, Nomination and Governance Committee is responsible for periodical review of the Dhiraagu CG Code to ensure our practices conform to regulatory standards.

For the year ended 31 December 2017, and up to the date of publication of this Annual Report, every effort was expended to ensure that the company remained compliant with the compulsory provisions of the Capital Market Development Authority's (CMDA) CG Code. In the event of any variations to this rule, explanations are provided.

The Dhiraagu CG Code can be downloaded from <http://www.dhiraagu.com.mv/investor/>.

Role of the Board, Chairperson and the CEO & MD

Board

Determine the broad strategic and policy outlook for the company and oversee the effectiveness of executive management to implement such policies and strategies.

Chairperson

Provide sound leadership and effective guidance to the Board and company to ensure that the obligations of the Board, as stipulated in the Company's Articles of Association, and also, under relevant laws and regulations are fulfilled.

CEO & MD

Principal responsibility to deliver on the company's strategic outlook while providing effective day to day management of Dhiraagu as delegated by the Board.

Responsibilities of the Board of Directors

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

Board Composition & Membership

Under Article no 70(A) of the Company's Articles of Association, the Board consists of 9 members, composed as follows.

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

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

Directors who served on the Board during 2017, with their lengths of tenure are listed below. All Directors, except the CEO & MD, are Non-Executive and Independent Directors as defined by CMDA's Corporate Governance Code. The Board of Directors at the date of the approval of this report, together with their profiles are given in page 16.



Mr. Mohamed Ashmalee

Position - Chairperson

Representation - Government of Maldives

Tenure - Feb 15 to date

Attendance **4/5**



Mr. Abdulla Ahmed

Position - Non-Executive Director

Representation - Government of Maldives

Tenure - Jan 14 to date

Attendance **3/5**



Mrs. Kholood Al Qattan

Position - Non-Executive Director

Representation - Batelco Group

Tenure - May 17 to date

Attendance **3/3**



Mr. Raed Fakhri

Position - Non-Executive Director

Representation - Batelco Group

Tenure - May 16 to May 17

Attendance **1/2**



Mr. AbdulRahman Fakhro

Position - Deputy Chairperson

Representation - Batelco Group

Tenure - Mar 14 to date

Attendance **5/5**



Mr. Imran Ali

Position - Non-Executive Director

Representation - Public Shareholders

Tenure - May 14 to date

Attendance **5/5**



Mr. Oliver McFall

Position - Non-Executive Director

Representation - Batelco Group

Tenure - May 17 to date

Attendance **3/3**



Mr. Ahmed Mohamed Didi

Position - Non-Executive Director

Representation - Government of Maldives

Tenure - Nov 16 to Aug 17

Attendance **4/4**



Mr. Ismail Rasheed

Position - CEO & MD

Representation - Batelco Group

Tenure - Sep 15 to date

Attendance **5/5**



Mr. Ihab Hinnawi

Position - Non-Executive Director

Representation - Batelco Group

Tenure - Aug 16 to date

Attendance **5/5**



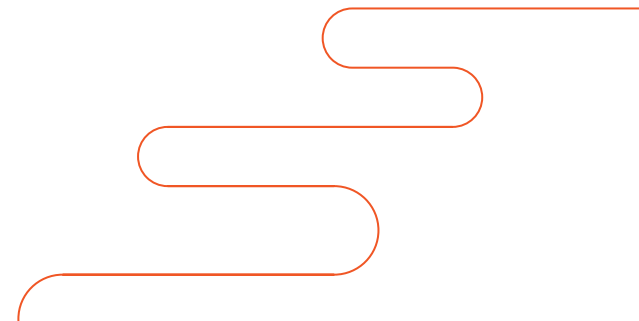
Dr. Ahmed AbdulQader

Position - Non-Executive Director

Representation - Batelco Group

Tenure - Jan 16 to May 17

Attendance **2/2**



Board Committees

Both the Audit Committee and the Remuneration Nomination and Governance (RNG) Committee were active during 2017. The committees operated in accordance with approved Terms of References, with their composition and respective chairpersons appointed by the Board. Committee meetings were scheduled prior to Board meetings, and outcomes were discussed at the following Board meeting. Details of committee activities are highlighted in the respective committee reports.

Board Meetings

The Board meets at least once every quarter. On specific matters that require the Board's urgent attention special meetings are held in between regular sessions. A total of five Board meetings were held in 2017.

The meeting agendas were set in consultation with the Chairperson and Batelco Group. Board papers were shared in advance providing opportunity for Directors to provide their views on the agenda. All Board meeting agendas have a permanent provision for any other business where Directors can voice matters of pressing concern to shareholders they are representing.

Key Decisions in 2017

- Review and approval of the Brand Refresh Programme.
- Approved the Strategy and Five-Year Business Plan for 2018 to 2022.
- Declared MVR 5.92 per Ordinary Share (total MVR 453m) as Interim Dividend for 2017.
- Recommended the Approval of the Annual Report for 2016.
- Proposed Full year Dividend of MVR 14.37 per share (total MVR 1.1bn) to be declared as Full Year Dividend for 2016, comprising of MVR 5.92 per ordinary share for Interim Dividend and MVR 8.45 per share for final dividend for 2016.
- Proposed re-appointment of KPMG as the External Auditor for 2017.
- Revised the Banks and Limits and Authorized Signatories for the Company.
- Approved the Procurement Policy of the Company.
- Approved the IT Asset Transfer Policy.
- Approved the Mobile Money Policy.
- Review and Revision of the Board Charter.
- Review and approval of Bad Debts Write Off.
- Review and revision of the Credit Control Policy of the Company.

Director's Shareholding

The table below shows the number of Dhiraagu shares owned by the Board Directors.

Director	No of Shares
Imran Ali	15,000
Ismail Rasheed	13,994
Ahmed Mohamed Didi	4,330
Abdulla Ahmed	150

Investor Relations & Shareholder Communications

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

Financial Reports

Quarterly reports are published within 30 days of each quarter end, followed by a press briefing on the overall performance during the quarter. Annual Reports are published within 4 months of the year end, and provide a brief summary of the company's performance and highlights during the financial year. All quarterly and annual reports published since the company became publicly listed are available on our website. This ensures all material facts are available to shareholders prior to any vote.

Annual General Meeting (AGM)

AGMs are the principal platform where we interact with our shareholders. For this reason, shareholder participation at AGMs is encouraged. Draft minutes of the preceding meetings are opened for public comments prior to the notice of AGM to ensure shareholder concerns raised at general meetings are captured accurately. The Board and management attend the AGM to address any queries and concerns from shareholders. The External Auditor is present to help address any queries relating to the External Auditors Report. Resolutions passed at the AGM are published and made available on our website.

Dhiraagu Website

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

Investor Relations Team

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



Going Concern

Considering the company's strong financial standing and position in the market, the company is well placed to manage its business risks in the current economic conditions. Having reviewed the company's strategy and business plan for 2018-2022, and the audited financial statements for 2017, the Board confirms that the company has adequate resources to continue in operation for the foreseeable future, and will continue to adopt the going concern basis in preparing its financial statements.

Conflicts of Interest

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

meetings. There were no substantial or material third party transactions made by the Directors or the Management during the year

Internal Control, Risk Oversight & Risk Management

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

Code of Conduct

The company places great emphasis to conduct its affairs in a fair and transparent manner by

adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Dhiraagu has adopted internal policies which promote ethical and responsible conduct. These policies provide guidance to the Directors, management and employees on the standards of ethical business and personal conduct required of all employees in undertaking their daily business activities.

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

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

Anti-Corruption

Dhiraagu has zero tolerance for bribery and corruption. The company's Anti-Bribery Policy emphasizes the principles that employees need to follow to ensure they show integrity, honesty and remain trustworthy in all dealings. Dhiraagu refrains

from making any political contributions either directly or indirectly to political parties, causes or individuals.

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

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

System to Raise Concerns

A Fraud Reporting and Whistle Blowing Policy and procedure was established in 2014 to strengthen the human resource governance structures within the company, raising confidence of our colleagues and other stakeholders in our systems and processes.

Legal & Regulatory Compliance

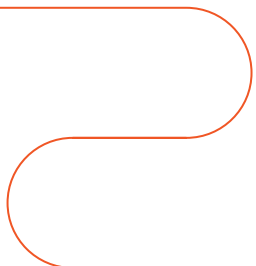
We have conducted our business in compliance with the legal and regulatory obligations under the Maldives Company's Act (Law No. 10/96), the Maldives Telecommunications Regulation 2003, the Securities Act (Law No. 2/2006), obligations under our operational licenses, the Maldives Stock Exchange Listing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

Auditors

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

A tendering process was conducted in 2016 to appoint an External Auditor. The tender process covers three years, and is subject to shareholder approval at the Annual General Meetings.

As per the Audit Committee recommendation, the Board is proposing the re-appointment of KPMG to carry out the statutory audit for the financial year 2018. The proposed remuneration is a maximum fee of US\$ 45,000 excluding out of pocket expenses and 6% GST. The Audit Partner is rotated for 2018 in compliance with the Corporate Governance Code of the CMD.



Board Nominations

Under the company's Articles of Association, the nomination process of the Director elected by the public shareholders is managed by the Board, through the Remuneration, Nomination and Governance Committee. Under the Company's Articles of Association, Director elected by the public shareholders are elected for a term of 2 years.

Mr. Imran Ali is the current Director representing public shareholders. He was re-elected at the 27th AGM held on 26 April 2016 for a term of 2 additional years until the conclusion of the upcoming AGM.

The Nomination process for the Public Director to be proposed for election at the 29th AGM was carried out by the RNG Committee and candidates were shortlisted following a public announcement made for the directorship position. Application details and evaluation criteria can be downloaded from our website. Names and profiles of candidates recommended for election will be released along with the Notice of the 29th Annual General meeting. The Public Director will be elected for a term of two years (from the 29th AGM to the 31st AGM).

29th Annual General Meeting

The 29th AGM is scheduled to be held on Monday, 14 May 2018. Details of the venue, timings and proposed resolutions will be communicated in the Notice of AGM.

Dividends

The Board recommends a full year dividend of MVR 897,560,000 (eight hundred and ninety seven million, five hundred and sixty thousand) amounting to MVR 11.81 per share for the year 2017, to be declared as full year dividend for 2017. The full year dividend comprises of

- MVR 5.96 per share (total MVR 452,960,000) was paid as interim dividend in 2017, and
- MVR 5.85 per share (total MVR 444,600,000) as the final dividend for 2017 which would be proposed for shareholder approval at the next AGM

The final dividend for 2017 will be payable to all shareholders listed in the Company's register on the book closure day announced for the 29th Annual General Meeting.

Declaration of Interest

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2010, the Board of Directors of Dhiraagu affirms that:

- This Annual Report 2017 has been prepared in compliance with all the reporting requirements, and in accordance with the relevant laws and regulations;
- The Board of Directors of Dhiraagu and/or any of their associates did not have any significant interest in the equity or debt securities of the company, or had any right to subscribe for equity or debt security of the company; and
- There were no contract(s) of significant substance during or at the end of the accounting period in which a Board Director of the company has a direct or indirect interest.

Details of material contracts for the provision of services entered between Dhiraagu and Batelco Group and Government of Maldives are provided in Note 23 "Related Parties Transactions" of the Audited Financial Statements as at 31st December 2017.



Mohamed Ashmalee
Chairperson



Ismail Rasheed
Chief Executive Officer &
Managing Director

Audit Committee Report

Composition & Membership

During 2017, the following members served the Audit Committee. All members were non-executive and independent directors and possessed the required financial expertise.

Mrs. Kholood Rashid AlQattan

Position - Chairperson

Tenure - Jul 17 to date

Attendance

2/2



Dr. Ahmed AbdulQader

Position - Chairperson

Tenure - Jan 16 to May 17

Attendance

2/2



Mr. Abdulla Ahmed

Position - Memeber

Tenure - Jan 14 to date

Attendance

2/4



Mr. Imran Ali

Position - Memeber

Tenure - Jul 14 to date

Attendance

4/4



Roles & Responsibilities

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

Meetings

The Audit Committee met once every quarter in 2017. All meetings were attended by the Chief Executive Officer & Managing Director, the Chief Financial Officer and the Internal Auditor. The meetings were also attended by Batelco Group's Chief Internal Auditor. The Secretary of the Board acted as the Secretary of all the meetings.

Key Decisions

- Review and recommendation of Audited Financial Statements for 2017.
- Review and recommendation of quarterly financial reports for the fiscal year 2017.
- Recommendations on the appointment of KPMG as the company's external auditor for the financial year 2017 based on standard tender process.
- Review and recommendation of the Banks and Limits.
- Review and recommendation of the Procurement Policy of the company.
- Review and monitoring of all Internal Audit activities on quarterly basis.
- Review and approval of Bad Debts write off and fixed asset and inventory disposals.

External Audit

KPMG was appointed as the External Auditor for 2017 by the shareholders. The Audit Committee reviewed the non-audit services provided by KPMG and are satisfied with the independence and objectivity of the External Auditor. The External Auditor has confirmed of their compliance with the practice note of CMDA's CG Code.

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

Internal Control & Risk Management

During the year the Audit Committee reviewed the effectiveness of the company's internal controls including financial, operational, technical, IT and compliance controls and procedures for identifying and managing risks through the Internal Audit Department. A total of 12 Internal Audits were carried out and presented to the Audit Committee in 2017.

The Audit Committee also responsible to monitor the implementation of the Whistleblowing and Fraud Reporting Policy. In instances where irregularities were raised, the matters were investigated and strict disciplinary actions were taken in accordance with the relevant company policies. During the year 2017, there were no activities reported to the Audit Committee that amounted to fraud.

During 2016 a Risk and Compliance function was created and a full time Risk and Compliance Officer was appointed. The Risk Register was closely monitored every quarter, and was considered when finalizing the Internal Audit Plan for the year. Requirement for disclosures/provisions on any material claims and litigations against the company was monitored closely with support from External Lawyers and External Auditor when required.

The Audit Committee is satisfied with the progress of Internal Audit function during the year 2017 and the adequacy of the internal control measures in place.

Mrs. Kholood Rashid AlQattan
Chairperson, Audit Committee



Remuneration, Nomination & Governance Committee Report

Composition & Membership

The following non-executive and independent Directors served the Remuneration, Nomination and Governance (RNG) Committee during 2017.

Mr. Mohamed Ashmalee

Position - Chairperson

Tenure - Jun 15 to date

Attendance

3/4



Mr. Imran Ali

Position - Member

Tenure - Jul 14 to date

Attendance

4/4



Mr. AbdulRahman Fahkro

Position - Member

Tenure - May 14 to date

Attendance

4/4



Roles & Responsibilities

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

The current committee was reconstituted in August 2013, and combines the three functions of remuneration, nomination and governance. The objective of consolidating these three functions were to facilitate effective and efficient discharge of responsibilities as most members were the same in both the Remuneration and Nomination Committee and the Governance Committee.

Meetings

Four RNG Committee meetings were held in 2017. The Chief Executive Officer & Managing Director attended all the meetings and other members from the management team were invited as and when required. The Company Secretary acted as the Committee Secretary for the RNG Committee.

Key Decisions

- Review and Recommendation of the Company's Leave Policy.
- Review and Recommendation of the 2017 Performance Bonus Policy and 2016 Performance Bonus pay-out.
- Review and Recommendation of the Board Charter and Terms of References of the Audit Committee and the Remuneration and Nominations Committee.

Remuneration Package of Directors & Executives

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

Remuneration for key executives are determined in consultation with Batelco Group, and are based on individual scope of work, level of responsibilities, market rates for comparable roles and replacement costs where relevant. The company's remuneration packages are designed to be competitively

attractive and aim to ensure retention of key and critical talent within Dhiraagu, and include fixed components and performance linked incentives. No stock options are included in the remuneration package of Board Directors or key executives.

Disclosure of remuneration of Directors and key executives as required by CMDA, which includes details on level and mix of remuneration package, and individual remunerations paid to Board Directors and key executive, are withheld due to the competitive environment Dhiraagu is operating in.

Total remuneration (including short term benefits) paid to the Directors and key executives are MVR 1.41m and MVR 19.51m respectively. Payments for service contracts, notice period, severance fees and stock options did not form any part of the remuneration paid to Directors or key executives in 2017.

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

Board Appointments

As per Article no 70(A) of the Company's Articles of Association, the Board of Directors shall be composed as follows:

- five Directors appointed by the Batelco Group
- three Directors appointed by the Government of Maldives
- one Director is elected by the public.

Board Directors representing the major shareholders are appointed through a letter of appointment. The Director representing the public shareholders are recommended by the RNG Committee to be nominated by the Board of Directors. Eligibility of the candidates for the position of Public Director would be reviewed and proposed for election by the public shareholders at every other AGM.



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

During the year the following Board Directors were appointed/re-elected to the Board in 2017.

- Mr. Oliver McFall and Mrs Kholood Rashid AlQattan were appointed as non-Executive Board Directors by Batelco Group on 22 May 2017, replacing Dr. Ahmed Abdul Qader and Mr. Raed Abdulla Mohammed Fakhri who were appointed on 31 December 2016 and on 9 May 2016 respectively.
- Mr. Ahmed Mohamed Didi was removed from the Board of Directors by the Government of Maldives on 15 August 2017. Mr. Didi joined the Board as a non-Executive Director on 2 November 2016.

Board Diversity

Our Board represents a highly qualified and diverse set of experts with members from different professional and academic backgrounds.

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

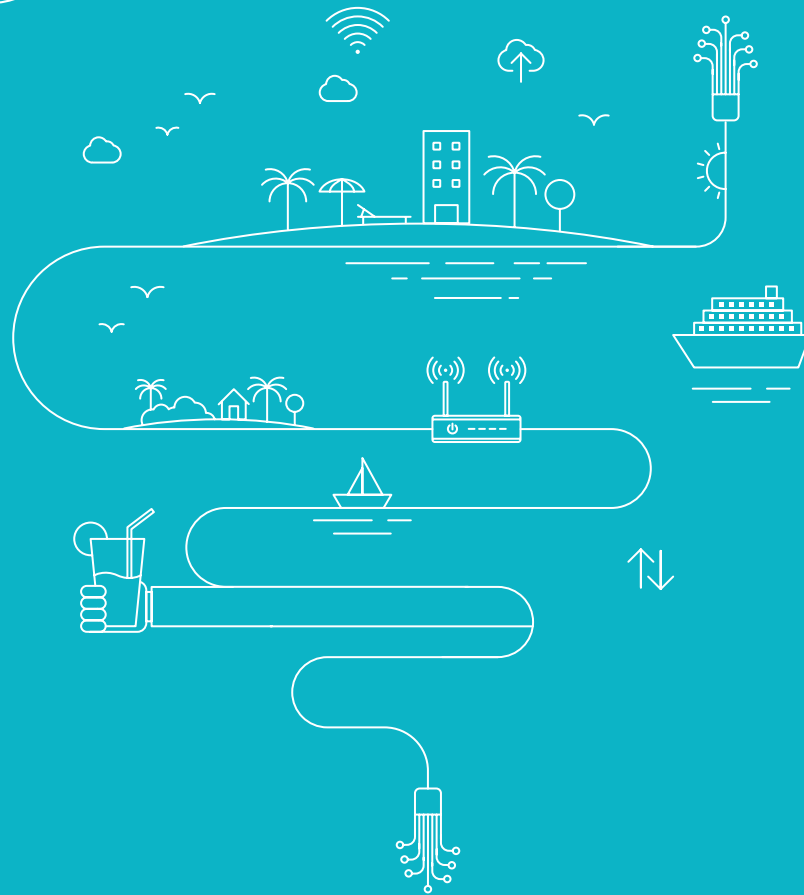
Board Effectiveness

The Company's Board Directors Performance Evaluation Policy requires Directors to carry out a self-evaluation of Board and the Committees performance. A Board evaluation was carried out in first quarter of 2018.

The RNG Committee confirms that Dhiraagu Board and its committees discharged their responsibilities satisfactorily during 2017.

Mohamed Ashmalee
Chairperson, Remuneration, Nomination and Governance Committee





05

Audited Financial Statements

DHIVEHI RAAJJEYGE GULHUN PLC.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2017

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Statement of financial position	64
Statement of changes in equity	66
Statement of cash flows	67
Notes to the financial statements	69-123



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Independent Auditors' Report

To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Opinion

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out in pages 63 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
S.R.I. Perera FCMA(UK)
M.N.M. Shameel ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
G.A.U. Karunaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
R.M.D.B. Rajapakse FCA



Key Audit Matters (Continued)

Revenue Recognition

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.12 and 5(c) of the financial statements)

Description	Our Response
<p>Revenue recognition is one of the most judgmental and complex area of accounting especially with the added complexity of the vast array of rapidly changing offers and due to the high volume of low value transactions captured by the billing systems.</p> <p>The majority of the Company's revenue is generated from the output of billing systems. Determining when and how much revenue is recognized from customer contracts has a significant impact especially on multiple elements arrangements and customer offers.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> - Testing of key controls, assisted by our own IT specialists including, among others, those over the input of terms and pricing of different services; accuracy of the data captured by different systems and linkage between the systems. - Detailed analysis of revenue and tested the timing of its recognition through focused substantive testing performed based on our industry knowledge which include, among others, testing on a sample basis of the; <ul style="list-style-type: none"> • Adjustments which are outside of the normal billing process, • Revenue recognition on the bundled services offered, and • Revenue recognition related to the customer loyalty program of the Company.

Independent Auditors' Report (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Capitalization of Property, Plant and Equipment and Projects under Construction

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.3 and 5(g) of the financial statements)

Description	Our Response
<p>Items of assets under construction are transferred to Property, Plant and Equipment when they are ready for its intended use. The complex nature of the assets is such that judgment is required to determine when the assets are ready for its intended use. Any late transfer of assets under construction may result in inappropriate classification in the financial statements and understatement of depreciation.</p> <p>Further, the Company may capitalize some of the revenue nature expenses which would overstate the profit of the Company.</p> <p>Judgment is required to determine whether the costs incurred on projects under capital work in progress can be capitalized or not.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> - Testing of key controls over the capitalization of the assets. - Detailed substantive procedures over the capitalization of the assets; <ul style="list-style-type: none"> • Assessing the nature of the expenses incurred by the Company to determine the ability to capitalize the expenses. • Testing the timing and completeness of capitalization of the assets referring to the availability of the assets for its intended use.



Independent Auditors' Report (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of the Board of Directors for the Financial Statements

The Board is responsible for the preparation and the fair presentation of financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to



Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Mohamed Shameel.

Mohamed Shameel

For and on behalf of KPMG

6th February 2018

Male'

DHIVEHI RAAJJEYGE GULHUN PLC.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31st DECEMBER 2017

	Note	2017 MVR "000"	2016 MVR "000"
Revenue	6	2,620,300	2,501,419
Operating costs	7	(1,249,702)	(1,112,586)
Depreciation, amortization and impairment	12 & 13	(310,529)	(366,957)
Other income	8	18,934	1,993
Results from operating activities		<u>1,079,003</u>	<u>1,023,869</u>
Finance income	9	9,920	18,506
Finance costs	9	(31,329)	(52,370)
Net finance costs		<u>(21,409)</u>	<u>(33,864)</u>
Profit before tax		<u>1,057,594</u>	<u>990,005</u>
Tax expense	10	(160,034)	(149,989)
Profit (Total Comprehensive Income) for the year		<u><u>897,560</u></u>	<u><u>840,016</u></u>
Earnings per share			
Basic and diluted earnings per share (MVR)	11	11.81	11.05

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 69 to 123. The Report of the Independent Auditors is given on pages 59 to 62.

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2017

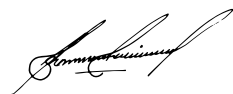
	Note	31/12/2017 MVR "000"	31/12/2016 MVR "000"
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,823,336	1,819,023
Intangible assets	13	243,870	162,970
Deferred tax assets	10.2	9,863	9,273
Total non-current assets		<u>2,077,069</u>	<u>1,991,266</u>
Current assets			
Inventories	14	73,130	38,203
Trade and other receivables	15	440,310	365,986
Cash and bank balances	16	607,512	1,048,902
Total current assets		<u>1,120,952</u>	<u>1,453,091</u>
Total assets		<u><u>3,198,021</u></u>	<u><u>3,444,357</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	190,000	190,000
Retained earnings		<u>2,124,879</u>	<u>2,322,479</u>
Total equity		<u>2,314,879</u>	<u>2,512,479</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**STATEMENT OF FINANCIAL POSITION (CONTINUED)**AS AT 31st DECEMBER 2017

	Note	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Non-current liabilities			
Provisions	18	158,732	153,109
Total non-current liabilities		<u>158,732</u>	<u>153,109</u>
Current liabilities			
Trade and other payables	19	634,273	701,134
Amounts due to related party	20	1,359	323
Income tax payable		88,778	77,312
Total current liabilities		<u>724,410</u>	<u>778,769</u>
Total liabilities		<u>883,142</u>	<u>931,878</u>
Total equity and liabilities		<u><u>3,198,021</u></u>	<u><u>3,444,357</u></u>

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 69 to 123. The Report of the Independent Auditors is given on pages 59 to 62.

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



Mr. Mohamed Ashmalee
Chairperson



Mr. Ismail Rasheed
Chief Executive Officer and Managing Director



Mr. Robin Wall
Chief Financial Officer

06th February 2018

DHIVEHI RAAJJEYGE GULHUN PLC.
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2017

	Note	Share Capital MVR "000"	Retained Earnings MVR "000"	Total MVR "000"
As at 1 st January 2016		190,000	2,288,823	2,478,823
Profit & Total Comprehensive Income for the year		-	840,016	840,016
Transactions with owners of the Company, directly recognized in Equity				
Dividends	17.2	-	(806,360)	(806,360)
As at 31 st December 2016		<u>190,000</u>	<u>2,322,479</u>	<u>2,512,479</u>
As at 1 st January 2017		190,000	2,322,479	2,512,479
Profit & Total Comprehensive Income for the year		-	897,560	897,560
Transactions with owners of the Company, directly recognized in Equity				
Dividends	17.2	-	(1,095,160)	(1,095,160)
As at 31 st December 2017		<u>190,000</u>	<u>2,124,879</u>	<u>2,314,879</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 69 to 123. The Report of the Independent Auditors is given on pages 59 to 62.

DHIVEHI RAAJJEYGE GULHUN PLC.**STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31st DECEMBER 2017

	Note	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Cash flows from operating activities			
Profit before Tax		1,057,594	990,005
Adjustments for:			
Depreciation	12	281,127	301,252
Amortization of intangible assets	13	29,402	42,124
Impairment loss of intangible assets under construction	13	-	19,345
Provision for impairment loss of intangible assets under construction	13	-	4,236
Provision for slow-moving/ obsolete inventories	14.1	4,259	1,244
Provision for impairment loss on trade and other receivables	15.1	1,052	12,234
Interest income	9	(9,920)	(18,506)
Unwinding of discount on network and asset retirement obligation	9	12,445	10,419
Net gain on disposal of property, plant and equipment and intangible assets	8	(13,263)	(893)
Operating profit before working capital changes		<u>1,362,696</u>	<u>1,361,460</u>
Working capital changes			
Change in inventories		(39,186)	(9,929)
Change in trade and other receivables		(104,912)	(27,489)
Change in amounts due from related party		-	133
Change in trade and other payables		(71,140)	(47,226)
Change in amounts due to related party		1,036	323
Cash generated from operating activities		<u>1,148,494</u>	<u>1,277,272</u>
Income tax paid		(149,158)	(142,695)
Net cash from operating activities		<u>999,336</u>	<u>1,134,577</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**STATEMENT OF CASH FLOWS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017

	Note	31/12/2017 MVR “000”	31/12/2016 MVR “000”
Cash flows from investing activities			
Purchase and construction of property, plant and equipment		(245,493)	(180,610)
Purchase of intangible assets	13	(110,303)	(90,911)
Proceeds from disposal of property, plant and equipment		-	34
Expenses incurred on assets retirement and disposals		(574)	-
Interest received		10,723	20,896
Deposit made in custodian account		(500)	-
Net proceeds from matured fixed deposits/ (Net investment made in fixed deposits)		216,166	(46,859)
Net cash used in investing activities		<u>(129,981)</u>	<u>(297,449)</u>
Cash flows from financing activities			
Dividend paid during the year		(1,095,079)	(805,874)
Net cash used in financing activities		<u>(1,095,079)</u>	<u>(805,874)</u>
Net (Decrease)/ Increase in cash and cash equivalents		(225,724)	31,254
Cash and cash equivalents at beginning of the year		<u>650,613</u>	<u>619,359</u>
Cash and cash equivalents at end of the year	16	<u><u>424,889</u></u>	<u><u>650,613</u></u>

Figures in bracket indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 69 to 123. The Report of the Independent Auditors is given on pages 59 to 62.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 2017****1. REPORTING ENTITY**

Dhivehi Raajjeyge Gulhun PLC (the “Company”) was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and presently governed under the Companies’ Act No. 10 of 1996 as a limited liability Company in the Republic of Maldives. The Company provides telecommunication services in the Maldives. The registered office of the Company is situated at Dhiraagu Head Office, Ameenee Magu, P.O. Box 2082, Male’ 20403, Republic of Maldives.

The Company is a listed Company in the Maldives Stock Exchange, in the Republic of Maldives with effect from 29th September 2011.

2. BASIS OF PREPARATION**(a) Statement of Compliance**

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

2. BASIS OF PREPARATION (CONTINUED)

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

(i) New and Amended Standards and Interpretations effective and adopted by the Company from 1st January 2017.

Title	Effective Date	Description	Adoption date & impact on the Company
Annual Improvements to IFRSs 2014-2016 cycle.	1 st January 2017	The Improvements to IFRS contain miscellaneous necessary improvements.	The Company adopted the improvements in 2017. These improvements did not have a material impact on the Company.
Disclosure Initiative (Amendments to IAS 7)	1 st January 2017	The Improvements to IAS 07 contain miscellaneous improvements on the disclosure requirements.	The Company adopted the improvements in 2017. These improvements did not have a material impact on the Company.

(ii) New and Amended Standards and Interpretations issued but not yet effective.

A number of new standards and amendments are effective for annual periods beginning after 1st January 2017 and early application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

(a) IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments sets out requirements for recognition, classification, measurement and impairment of financial assets, recognition, classification and measurement of financial liabilities and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Company is required to adopt IFRS 9 Financial Instruments from 1st January 2018. The Company is in the preliminary stage of assessing the impact of initial application of IFRS 9 on its financial statements. The possible impact of the adoption of this standards on the Company's based on assessments undertaken to date and is summarised below.

(i) Classification – Financial Assets and Liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****2. BASIS OF PREPARATION (CONTINUED)**

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

(ii) New and Amended Standards and Interpretations issued but not yet effective. (Continued)

(a) IFRS 9 – Financial Instruments (Continued)

(i) Classification – Financial Assets and Liabilities (Continued)

IFRS 9, contains three principal classification categories for financial assets: measured at amortized costs, Fair Value through Other Comprehensive Income (“FVOCI”) and Fair value through profit or loss (“FVTPL”). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Since the Company does not have any financial assets classified as Fair value through profit or loss and Available for Sale under IAS 39 and liabilities designated as at Fair Value Through Profit or Loss, the Company believes that classification is not expected to have a significant impact to the financial statements.

(ii) Impairment – Financial Assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost, FVOCI except for investments in equity instruments, and to contract assets.

The Company believes that there would be a possible impact to the impairment recognized under IAS 39 and plans to complete the quantification by end of first quarter of 2018.

(iii) Disclosures

IFRS 9 will require new disclosures, in particular about credit risk and ECLs. The Company’s assessment will include an analysis to identify data gaps against current processes.

(iv) Transition

The Company plans to adopt IFRS 9 in its financial statements for the year ending 31st December 2018, using the cumulative effect method. As a result, the Company will not apply the requirements of IFRS 9 to the comparative period presented.

FOR THE YEAR ENDED 31st DECEMBER 2017

2. BASIS OF PREPARATION (CONTINUED)

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

(ii) New and Amended Standards and Interpretations issued but not yet effective. (Continued)

(b) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is required to adopt IFRS 15 Revenue from contracts with Customers from 1st January 2018. The Company has partially completed assessing the impact of initial application of IFRS 15 on its financial statements. The possible impact of the adoption of this standards on the Company is based on assessments undertaken to date and is summarised below.

(i) Sales projects

For the sales projects, the Company is currently accounting based on percentage of completion method for both devices and service income. However, under IFRS 15, the total project price need to be segregated between the income from devices and income from provision of service. The revenue from the sale

of devices need to be recognized immediately once the sales is made and revenue from provision of services need to be recognized based on the related performance obligations.

(ii) Installation Revenue and Installation Costs

The Company provides installation services to its customers in relation to Datacom and wholesale, fixed broadband, fixed land lines and IPTV services for which the Company charges installation fee and incur costs on the installation and recognize the same as the service is provided. However, as per the requirement of IFRS 15, Installation service would not be considered as a separate performance obligation and accordingly, Installation revenue and Installation costs would be recognized over the expected tenure of the contract.

(iii) Transition

The Company is in the process of assessing the on the potential impact of the adoption of IFRS 15 on its financial statements and plans to complete the quantification by the end of first quarter 2018. The Company plans to adopt IFRS 15 in its financial statements for the year ending 31st December 2018, using the cumulative effect method. As a result, the Company does not plan to apply the requirements of IFRS 15 to the comparative period presented.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**2. BASIS OF PREPARATION (CONTINUED)**

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

(ii) New and Amended Standards and Interpretations issued but not yet effective. (Continued)

(c) IFRS 16 - Leases

IFRS 16 replaces existing leasing guidance, including IAS 17 “Leases”, IFRIC 4 “Determining whether an arrangement contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the substance of Transactions involving the legal form of a Lease”.

The standard is effective for annual periods beginning on or after 1st January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard. The Company is in the preliminary stage of assessing the impact on its financial statements from adopting IFRS 16 and plans to adopt the standard as at 1st January 2019.

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

Title	Description	Effective Date
IFRIC 22	Foreign Currency Transactions and Advance Consideration.	Annual period beginning on or after 1 st January 2018.
IFRIC 23	Uncertainty over Income Tax Treatments.	Annual period beginning on or after 1 st January 2019.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Transactions in foreign currencies

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

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

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of

the instrument.

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

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

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

- Receivables
- Cash and Cash Equivalents

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.2 Financial Instruments (Continued)****(i) Financial Assets (Non-derivative) (Continued)****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 and Investments in Fixed Deposits.

Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits which form an integral part of the Company's cash management which are held for the purpose of meeting short term cash commitments, cash at bank and cash in 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 are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a

financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Company has the non-derivative financial liabilities such as trade and other payables and Amounts due to related party.

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.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

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

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

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

of the related equipment is capitalized as part of that equipment.

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

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

(ii) Subsequent Costs

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Property, Plant and Equipment (Continued)****(iii) Depreciation**

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

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

The estimated useful lives are as follows:

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

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

Capital Work in Progress

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

3.4 Intangible assets**(i) Recognition and Measurement**

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

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

(ii) Subsequent expenditure

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets (Continued)

(iii) Amortization

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

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

Capital Work in Progress

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

3.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, 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.

3.6 Construction work in progress (Enterprise Sales Projects)

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.7 Impairment****(i) Financial Assets (Including receivables)**

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

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

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

recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

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

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

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").

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(ii) Non-financial Assets (Continued)

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

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

3.8 Employee Benefits

(a) Defined contribution plans

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

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

(b) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an

undiscounted basis and are expensed as the related service is provided.

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

3.9 Provisions

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

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

Network and asset retirement obligation provision has been made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Borrowing Costs**

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

3.11 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 Revenue recognition

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

(a) Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from sales of telecommunications equipment is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there

is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition (Continued)

(b) Services

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

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

Customer revenues from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract

customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service.

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

Loyalty Programme

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.13 Expenditure****(a) Operating lease payments**

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

(b) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

(c) Finance income and expense

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

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

(d) Operating Expenses

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax Expenses

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****4. DETERMINATION OF FAIR VALUES**

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

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

(a) Trade and other receivables

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

(b) 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 risk adjusted discount rate.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Depreciation of property, plant and equipment

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

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

FOR THE YEAR ENDED 31st DECEMBER 2017

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

(a) Depreciation of property, plant and equipment (Continued)

life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

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

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

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

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

(c) Revenue recognition

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

(d) Valuation of receivables

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)*****(e) Interconnection with other operators***

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

(f) Provisions

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 3.9 to the financial statements. Judgement is required to quantify such amounts.

(g) Capitalization of Property, Plant and equipment and projects under construction

Assets are transferred to Property, Plant and equipment from assets under construction when they are ready for its intended use. The complex nature of the assets is such that judgment is required as to when that point is reached. Also, judgment is required to determine whether the costs incurred on those assets can be capitalized or can be recognized as an expense in profit or loss.

FOR THE YEAR ENDED 31st DECEMBER 2017

6 SEGMENT INFORMATION

Reportable Segments

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

The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed and broadband) providing services and to provide emerging services to the customers. The Company excludes from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-operational nature.

The Following summery describes the operations of each reportable segment.

(1) Mobile

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

(2) Fixed, Broadband and Enterprise

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**6 SEGMENT INFORMATION (CONTINUED)****Information about Reportable Segments**Segment information disclosed for the year ended 31st December 2017 is as follows:

	Mobile		Fixed, Broadband & Enterprise		Other		Total	
	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"
External Revenue	1,765,829	1,715,158	800,336	737,288	54,135	48,973	2,620,300	2,501,419
Total Revenue	1,765,829	1,715,158	800,336	737,288	54,135	48,973	2,620,300	2,501,419
Operating Costs	(758,990)	(738,122)	(462,279)	(345,433)	(28,433)	(29,031)	(1,249,702)	(1,112,586)
Depreciation, amortization & impairment	(215,476)	(234,258)	(94,348)	(132,005)	(705)	(694)	(310,529)	(366,957)
Net finance costs	(14,597)	(23,560)	(6,347)	(9,597)	(465)	(707)	(21,409)	(33,864)
Non-operating income	12,909	1,387	5,614	565	411	41	18,934	1,993
Reportable segment profit before tax	789,675	720,605	242,976	250,818	24,943	18,582	1,057,594	990,005
Segment assets and liabilities								
Non-current assets	968,838	902,867	747,007	758,410	351,361	320,716	2,067,206	1,981,993
Current assets	331,794	263,077	173,664	129,575	7,982	11,537	513,440	404,189
Total assets	1,300,632	1,147,614	920,671	862,274	359,343	376,294	2,580,646	2,386,182

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

6 SEGMENT INFORMATION (CONTINUED)

Information about Reportable Segments (Continued)

	Mobile		Fixed, Broadband & Enterprise		Other		Total	
	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"	2017 MVR "000"	2016 MVR "000"
Non-current liabilities	158,732	153,109	-	-	-	-	158,732	153,109
Current liabilities	396,585	425,924	213,713	222,629	114,112	130,216	724,410	778,769
Total liabilities	555,317	579,033	213,713	222,629	114,112	130,216	883,142	931,878

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

Reconciliation of total assets information on reportable segments to the total assets reported in the Statement of Financial Position.

	2017		2016	
	Non-current MVR "000"	Current MVR "000"	Non-current MVR "000"	Current MVR "000"
Total assets for reportable segments	1,715,845	505,458	1,661,277	392,652
Total assets for other segments	351,361	7,982	320,716	11,537
Other unallocated amounts	9,863	607,512	9,273	1,048,902
Total assets as per the statement of financial position	2,077,069	1,120,952	1,991,266	1,453,091

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**7 OPERATING COSTS**

	2017 MVR "000"	2016 MVR "000"
Direct cost of services	466,735	348,102
Personnel costs (Note 7.1)	218,052	211,760
License fees	113,133	111,180
Operating lease rentals	45,162	44,347
Write-off and provision for impairment loss on trade receivables, net of the receipts from receivables written-off	429	12,938
Support services	47,212	43,918
External publicity	56,902	40,782
Network costs	112,014	105,273
Property and utility costs	108,138	97,247
Professional fees	12,733	10,508
Other administrative expenses	69,192	86,531
	<u>1,249,702</u>	<u>1,112,586</u>

7.1 Personnel Costs

	2017 MVR "000"	2016 MVR "000"
Wages, salaries and performance reward scheme	197,007	186,124
Defined contribution expense	11,885	11,543
Other personnel costs	24,934	25,088
	<u>233,826</u>	<u>222,755</u>
Staff costs capitalized	(15,774)	(10,995)
	<u>218,052</u>	<u>211,760</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

8 OTHER INCOME

2017	2016
MVR "000"	MVR "000"
13,263	893
5,671	1,100
<u>18,934</u>	<u>1,993</u>

Net Gain on disposal of Property, Plant and Equipment and Intangible Assets
Miscellaneous income

9 NET FINANCE COSTS

2017	2016
MVR "000"	MVR "000"
9,920	18,506
(12,445)	(10,419)
(18,884)	(41,951)
<u>(31,329)</u>	<u>(52,370)</u>
<u>(21,409)</u>	<u>(33,864)</u>

Finance Income

Interest income

Finance Costs

Unwinding of discount on provisions

Foreign exchange loss

Net Finance Costs

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**10 TAX EXPENSE**

	2017	2016
	MVR "000"	MVR "000"
Income tax expense (Note 10.1)	160,624	143,765
Under provision for the previous years	-	4,101
Deferred tax asset (recognized)/ reversed during the year (Note 10.2)	(590)	2,123
	<u>160,034</u>	<u>149,989</u>

10.1 Reconciliation between accounting profit and taxable income:

	2017	2016
	MVR "000"	MVR "000"
Accounting profit before tax	1,057,594	990,005
Disallowable expenses	355,327	397,624
Allowable expenses	(341,595)	(428,697)
Tax free allowance	(500)	(500)
Total taxable income	<u>1,070,826</u>	<u>958,432</u>
	<u>160,624</u>	<u>143,765</u>

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

10.2 Deferred Tax Asset

	31/12/2017	31/12/2016
	MVR "000"	MVR "000"
Opening balance	9,273	11,396
Deferred tax asset recognized/ (reversed)	590	(2,123)
Closing balance	<u>9,863</u>	<u>9,273</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

10 TAX EXPENSE (CONTINUED)

10.3 Deferred Tax (Liability)/ Asset is attributable for following:

	31/12/2017		31/12/2016	
	Temporary Difference MVR "000"	Tax Effect MVR "000"	Temporary Difference MVR "000"	Tax Effect MVR "000"
Property, plant and equipment	(104,596)	(15,689)	(119,027)	(17,854)
Intangible assets	(9,347)	(1,402)	(5,678)	(852)
Provisions	179,696	26,954	186,526	27,979
	<u>65,753</u>	<u>9,863</u>	<u>61,821</u>	<u>9,273</u>

Deferred tax Assets and (Liabilities) are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15% (2016: 15%).

10.4 Movement in Deferred Tax Balances

	Balance as at 1 st January 2017	Recognized in profit or loss	Deferred Tax asset/ (Liability) as at 31 st December 2017
Property, plant and equipment	(17,854)	2,165	(15,689)
Intangible assets	(852)	(550)	(1,402)
Provisions	27,979	(1,025)	26,954
	<u>9,273</u>	<u>590</u>	<u>9,863</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****11 EARNINGS PER SHARE****Basic and diluted earnings per share**

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

	For the year ended	
	31/12/2017	31/12/2016
Profit for the year attributable to the ordinary shareholders (MVR “000”)	897,560	840,016
Weighted average number of ordinary shares outstanding (“000”)	76,000	76,000
Basic and diluted earnings per share (MVR)	11.81	11.05

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

12 PROPERTY, PLANT AND EQUIPMENT

31st December 2017

	Buildings MVR "000"	Plant and Equipment MVR "000"	Vehicles and Launches MVR "000"	Furniture and Fittings MVR "000"	Capital Work in Progress MVR "000"	Total MVR "000"
Cost						
As at 1 st January 2017	418,247	3,573,734	13,825	19,596	225,111	4,250,513
Additions during the year	-	8,600	-	-	278,425	287,025
Recognized from CWIP during the year	2,292	91,419	2,790	2,129	(98,630)	-
Disposals during the year	(764)	(27,845)	(111)	(590)	-	(29,310)
As at 31 st December 2017	<u>419,775</u>	<u>3,645,908</u>	<u>16,504</u>	<u>21,135</u>	<u>404,906</u>	<u>4,508,228</u>
Accumulated Depreciation						
As at 1 st January 2017	136,615	2,268,238	13,255	13,382	-	2,431,490
Charge for the year	17,940	260,971	276	1,940	-	281,127
Disposals during the year	(575)	(26,450)	(111)	(589)	-	(27,725)
As at 31 st December 2017	<u>153,980</u>	<u>2,502,759</u>	<u>13,420</u>	<u>14,733</u>	<u>-</u>	<u>2,684,892</u>
Carrying amount as at 31st December 2017	<u><u>265,795</u></u>	<u><u>1,143,149</u></u>	<u><u>3,084</u></u>	<u><u>6,402</u></u>	<u><u>404,906</u></u>	<u><u>1,823,336</u></u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

12.1 Capital work in progress represents the costs incurred mainly on the projects of the service extension and expansion of the network which were in progress as at 31st December 2017

31 st December 2016	Buildings MVR "000"	Plant and Equipment MVR "000"	Vehicles and Launches MVR "000"	Furniture and Fittings MVR "000"	Capital Work in Progress MVR "000"	Total MVR "000"
Cost						
As at 1st January 2016	426,073	4,838,392	16,383	21,214	129,990	5,432,052
Additions during the year	-	9,578	-	-	232,923	242,501
Recognized from CWIP during the year	4,622	132,155	-	1,025	(137,802)	-
Disposals during the year	(12,448)	(1,406,391)	(2,558)	(2,643)	-	(1,424,040)
As at 31st December 2016	418,247	3,573,734	13,825	19,596	225,111	4,250,513
Accumulated Depreciation						
As at 1st January 2016	131,018	3,391,971	15,602	14,353	-	3,552,944
Charge for the year	18,045	281,324	211	1,672	-	301,252
Disposals during the year	(12,448)	(1,405,057)	(2,558)	(2,643)	-	1,442,706
As at 31st December 2016	136,615	2,268,238	13,255	13,382	-	2,431,490
Carrying amount as at 31st December 2016	281,632	1,305,496	570	6,214	225,111	1,819,023

Capital work in progress represents the costs incurred mainly on the projects of the service extension and expansion of the network which were in progress as at 31st December 2016.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

13 INTANGIBLE ASSETS

31 st December 2017	Indefeasible Rights of Use MVR "000"	Licenses MVR "000"	Softwares MVR "000"	Work-in- progress MVR "000"	Total MVR "000"
Cost					
As at 1 st January 2017	45,084	16,030	160,740	71,771	293,625
Additions during the year	-	-	-	110,303	110,303
Recognized from CWIP during the year	2,609	7,650	19,063	(29,322)	-
Disposals during the year	-	(2)	-	-	(2)
As at 31 st December 2017	<u>47,693</u>	<u>23,678</u>	<u>179,803</u>	<u>152,752</u>	<u>403,926</u>
Accumulated Amortization					
As at 1 st January 2017	4,674	12,912	113,069	-	130,655
Amortization for the year	3,257	3,473	22,672	-	29,402
Disposals during the year	-	(1)	-	-	(1)
As at 31 st December 2017	<u>7,931</u>	<u>16,384</u>	<u>135,741</u>	<u>-</u>	<u>160,056</u>
Carrying amount as at 31st December 2017	<u><u>39,762</u></u>	<u><u>7,294</u></u>	<u><u>44,062</u></u>	<u><u>152,752</u></u>	<u><u>243,870</u></u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****13 INTANGIBLE ASSETS (CONTINUED)**

13.1 Capital work in progress represents mainly the costs incurred on the development of new softwares which were in progress of development as at 31st December 2017.

31 st December 2016	Indefeasible Rights of Use MVR "000"	Licenses MVR "000"	Softwares MVR "000"	Work-in- progress MVR "000"	Total MVR "000"
Cost					
As at 1 st January 2016	19,707	23,380	193,625	44,794	281,506
Additions during the year	-	-	-	90,910	90,910
Recognized from CWIP during the year	25,377	-	14,975	(40,352)	-
Disposals during the year	-	(7,350)	(47,860)	-	(55,210)
Impairment loss of intangible assets under construction (Note 13.3)	-	-	-	(19,345)	(19,345)
Provision for Impairment of intangible asset under construction (Note 13.2)	-	-	-	(4,236)	(4,236)
As at 31 st December 2016	<u>45,084</u>	<u>16,030</u>	<u>160,740</u>	<u>71,771</u>	<u>293,625</u>
Accumulated Amortization					
As at 1 st January 2016	2,214	17,953	123,574	-	143,741
Amortization for the year	2,460	2,309	37,355	-	42,124
Disposals during the year	-	(7,350)	(47,860)	-	(55,210)
As at 31 st December 2016	<u>4,674</u>	<u>12,912</u>	<u>113,069</u>	<u>-</u>	<u>130,655</u>
Carrying amount as at 31st December 2016	<u><u>40,410</u></u>	<u><u>3,118</u></u>	<u><u>47,671</u></u>	<u><u>71,771</u></u>	<u><u>162,970</u></u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

13 INTANGIBLE ASSETS (CONTINUED)

- 13.2** Capital work in progress represents mainly the costs incurred on the development of new softwares which were in progress of development as at 31st December 2016.
- 13.3** During the year ended 31st December 2016, the Company has made a provision for impairment loss for softwares under development.
- 13.4** During the year ended 31st December 2016, the Company has fully impaired some of the development costs in respect of the software under construction due to certain modifications made to initial development of the software.

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

	31/12/2017 MVR "000"	31/12/2016 MVR "000"
14 INVENTORIES		
Cost of inventories	92,963	53,777
Less: Provision for slow moving / obsolete items (Note 14.1)	(19,833)	(15,574)
	<u>73,130</u>	<u>38,203</u>
14.1 Provision for Slow-Moving / Obsolete Inventories		
Opening Balance	15,574	14,330
Provision made during the year	4,259	1,244
Closing Balance	<u>19,833</u>	<u>15,574</u>
15 TRADE AND OTHER RECEIVABLES		
Trade receivables	186,885	187,446
Less: Provision for impairment loss on trade receivables (Note 15.1)	(41,498)	(67,437)
	<u>145,387</u>	<u>120,009</u>
Accrued income	209,494	132,234
Prepayments	61,438	95,941
Other receivables	24,546	18,357
	<u>295,478</u>	<u>246,532</u>
Less: Provision for impairment loss on other receivables (Note 15.1)	(555)	(555)
	<u>294,923</u>	<u>245,977</u>
	<u>440,310</u>	<u>365,986</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

15.1 Provision for Impairment Loss on Trade and Other Receivables

	Trade Receivables		Other Receivables	
	31/12/2017 MVR "000"	31/12/2016 MVR "000"	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Opening Balance	67,437	55,364	555	394
Provision made during the year	1,052	12,073	-	161
Bad debt written off during the year	(26,991)	-	-	-
Closing Balance	41,498	67,437	555	555

16 CASH AND BANK BALANCES

	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Cash in hand	15,767	12,452
Balances with banks	254,943	422,295
Short term deposits	336,802	614,155
	607,512	1,048,902

Cash and bank balances include MVR 182,622,502/- (2016: MVR 398,289,314/-) on account of short-term deposits with maturities exceeding three months. These have been excluded for the purpose of statement of cash flows.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**17 SHARE CAPITAL****17.1 Share Capital**

	31/12/2017 MVR “000”	31/12/2016 MVR “000”
Authorized share capital 80,000,000 ordinary shares of MVR 2.5 each	200,000	200,000
Issued and fully paid share capital 76,000,000 ordinary shares of MVR 2.5 each	190,000	190,000

17.2 Dividends

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

	31/12/2017		31/12/2016	
	per share MVR.	Dividend MVR “000”	per share MVR	Dividend MVR “000”
Dividend payment – 1 st tranche	8.45	642,200	4.69	356,440
Dividend payment – 2 nd tranche	5.96	452,960	5.92	449,920
		1,095,160		806,360

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017

18 PROVISIONS	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Network and asset retirement obligation (Note 18.1)	158,732	153,109
Movement during the year		
Opening Balance	153,109	135,305
Provision made during the year (Note 12)	8,600	9,578
Unwinding of discounts on provisions	12,445	10,419
Disposals made during the year	(15,422)	(2,193)
Closing Balance	158,732	153,109

18.1 Network and assets retirement obligation

The provisions of network and asset retirement obligations represent the provisions made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the network and asset retirement obligation.

	31/12/2017	31/12/2016
Expected rate of increase of the dismantle cost	7.00%	7.00%
Discount rate	7.70%	7.70%

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**18 PROVISIONS (CONTINUED)****18.1 Network and assets retirement obligation (Continued)****Sensitivity Analysis**

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

	Effect on networks and assets retirement obligation	
	Increase	Decrease
Expected rate of increase of the dismantle cost (Change 1%)	8,129,497	(6,726,458)
Discount rate (Change by 1%)	(6,619,131)	8,152,078

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**19 TRADE AND OTHER PAYABLES**

	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Trade payables	7,398	13,112
Accruals and payables	494,443	561,680
Deferred income	88,308	77,666
Dividend payable	993	912
Refundable deposits from customers	19,685	18,909
Other Payables	23,446	28,855
	<u>634,273</u>	<u>701,134</u>

20 AMOUNTS DUE TO RELATED PARTY

	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Bahrain Telecommunications Company BSC (Batelco)	<u>1,359</u>	<u>323</u>

21 COMMITMENTS**Capital Commitments**

The Company had capital commitments at the end of the financial period relating to the purchase of property, plant and equipment and acquisition and development of intangible assets of MVR 108,970,739/- (31st December 2016: MVR 21,471,646/-).

Lease Commitments

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**21 COMMITMENTS (CONTINUED)**

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

31 st December 2017	Less than one year MVR “000”	“1 to 2 Years” MVR “000”	“2 to 5 Years” MVR “000”	Over 5 Years MVR “000”	Total MVR “000”
Future Operating Lease Rentals on Land and Buildings	29,522	25,295	56,043	78,205	189,065
31 st December 2016	Less than one year MVR “000”	“1 to 2 Years” MVR “000”	“2 to 5 Years” MVR “000”	Over 5 Years MVR “000”	Total MVR “000”
Future Operating Lease Rentals on Land and Buildings	28,660	25,076	56,316	76,717	186,769

FOR THE YEAR ENDED 31st DECEMBER 2017

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Overview

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

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

Risk management framework

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

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Treasury Policy**

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

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

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

(i) Credit Risk

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) 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.

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

	Carrying Amount	
	31/12/2017	31/12/2016
	MVR "000"	MVR "000"
Trade and other receivables	420,925	338,037
Cash equivalents	409,122	638,161
Short term deposits	182,623	398,289
	<u>1,012,670</u>	<u>1,374,487</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Financial Risk Management (Continued)****(i) Credit Risk (Continued)****Impairment Losses**

	31/12/2017		31/12/2016	
	Gross MVR "000"	Impairment MVR "000"	Gross MVR "000"	Impairment MVR "000"
The aging of trade receivables as at the reporting date was:				
Not past due	40,620	-	38,176	-
1-30 days	44,131	379	30,492	458
Past due 31-180 days	52,245	9,503	60,506	10,485
More than 180 days	49,889	31,616	58,272	56,494
Total	186,885	41,498	187,446	67,437

The movement in the provision for impairment in respect of trade and other receivables during the year is given in Note 15.1 to the financial statements.

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

Investments

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR. 424,889,450/- as at 31st December 2017 (as at 31st December 2016: MVR. 650,612,609/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

(ii) Liquidity Risk

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

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

31st December 2017

Financial Liabilities

Trade and other payables
Amounts due to related party
Total

	Carrying Amount MVR "000"	Within One Year MVR "000"
	545,965	545,965
	1,359	1,359
	<u>547,324</u>	<u>547,324</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(ii) Liquidity Risk (Continued)**31st December 2016**Financial Liabilities**

Trade and other payables

Amounts due to related party

Total

	Carrying Amount MVR "000"	Within One Year MVR "000"
	623,468	623,468
	323	323
	<u>623,791</u>	<u>623,791</u>

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk

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

(a) Interest rate risk

Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate. There were no interest bearing loans held or interest rate derivatives used by the Company as at 31st December 2017 (as at 31st December 2016: Nil)

Exposure to interest rate risk

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

Fixed Rate Instruments

Short term deposits

Carrying Amount	
31/12/2017	31/12/2016
MVR "000"	MVR "000"
336,802	614,155

Sensitivity analysis for fixed rate instruments

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31st December 2017 by MVR 1,891,625/- (2016 : MVR 5,860,254/-). This analysis assumes that all the other variables remain constant.

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(iii) Market risk (Continued)****(b) Currency risk****Exposure to currency risk**

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

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

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Currency Risk (Continued)

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

31/12/2017

	US\$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and bank balances	15,096	401	25	2
Trade and other receivables	14,697	296	-	1
Amount due to related party	(88)	-	-	-
Trade and other payables	(16,433)	(742)	(13)	(137)
Net statement of financial position exposure	<u>13,272</u>	<u>(45)</u>	<u>12</u>	<u>(134)</u>

31/12/2016

	US\$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and bank balances	46,147	600	25	10
Trade and other receivables	10,650	500	-	13
Amount due to related party	21	-	-	-
Trade and other payables	(19,910)	(204)	(28)	(92)
Net statement of financial position exposure	<u>36,908</u>	<u>896</u>	<u>(3)</u>	<u>(69)</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

(iii) Market risk (Continued)

(b) Currency risk (Continued)

The following significant exchange rates were applied during the year:

	Average Rate		Spot Rate	
	2017	2016	31/12/2017	31/12/2016
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	17.91	17.43	18.87	16.14
SGD 1: MVR	11.49	11.45	11.83	10.79
GBP 1: MVR	20.43	21.28	21.25	18.94

Sensitivity Analysis

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

	Year ended 31/12/2017		Year ended 31/12/2016	
	Strengthening MVR "000"	Weakening MVR "000"	Strengthening MVR "000"	Weakening MVR "000"
US\$ (10% Movement)	(20,465)	20,465	(56,912)	56,912
Euro (10% Movement)	85	(85)	(1,446)	1,446
SGD (10% Movement)	(14)	14	3	(3)
GBP (10% Movement)	285	(285)	131	(131)

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(iv) Capital Management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no borrowings of the Company as at 31st December 2017 (as at 31st December 2016: Nil).

(v) Analysis of Financial Instruments by measurement basis

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

31st December 2017

	“Loans and Receivables MVR “000”	“Other financial liabilities MVR “000”	Total MVR “000”
Financial assets not measured at fair value			
Balance with banks	254,943	-	254,943
Short term deposits	336,802	-	336,802
Trade and other receivables	378,872	-	378,872
	<u>970,617</u>	<u>-</u>	<u>970,617</u>
Financial liabilities not measured at fair value			
Trade and other payables	-	545,965	545,965
Amounts due to related party	-	1,359	1,359
	<u>-</u>	<u>547,324</u>	<u>547,324</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(v) Analysis of Financial Instruments by measurement basis (Continued)**31st December 2016

	“Loans and receivables MVR “000”	“Other financial liabilities MVR “000”	Total MVR “000”
Financial assets not measured at fair value			
Balance with banks	422,295	-	422,295
Short term deposits	614,155	-	614,155
Trade and other receivables	270,045	-	270,045
	<u>1,306,495</u>	<u>-</u>	<u>1,306,495</u>
Financial liabilities not measured at fair value			
Trade and other payables	-	623,468	623,468
Amounts due to related party	-	323	323
	<u>-</u>	<u>623,791</u>	<u>623,791</u>

DHIVEHI RAAJJEYGE GULHUN PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2017

23 RELATED PARTY TRANSACTIONS

23.1 Parent and Ultimate Holding Company

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

23.2 Transactions with BTC Islands Limited

BTC Islands Limited had a 52% shareholding in the Company as at 31st December 2017 (31st December 2016: 52%). Transactions with BTC Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with BTC Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

Transactions	Year ended 31/12/2017 MVR "000"	Year ended 31/12/2016 MVR "000"
Dividends	569,483	419,307
Management fee	42,491	39,526
	<u>611,974</u>	<u>458,833</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**23 RELATED PARTY TRANSACTIONS (CONTINUED)****23.3 Transactions with key management personnel****Key management's remuneration**

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

	Year ended 31/12/2017 MVR "000"	Year ended 31/12/2016 MVR "000"
Directors Fees	1,414	1,167
Salaries to Executives	15,009	14,592
Short term Benefits to Executives	4,503	4,378
	<u>20,926</u>	<u>20,137</u>
Balances outstanding		
Amount payable	<u>(1,359)</u>	<u>(323)</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31st DECEMBER 2017**23 RELATED PARTY TRANSACTIONS (CONTINUED)****23.4 Transactions with the Government of Maldives**

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2017 (31st December 2016: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

Individually Significant Transactions

	Year ended 31/12/2017 MVR "000"	Year ended 31/12/2016 MVR "000"
License fees	113,133	111,180
Rentals on land space	10,593	9,376
Dividends	457,808	337,081
	<u>581,534</u>	<u>457,637</u>

Balances outstanding

	31/12/2017 MVR "000"	31/12/2016 MVR "000"
Amounts payable in respect of rentals on land space	(4,125)	(2,377)
Amounts payable in respect of license payments	(10,347)	(9,867)
	<u>(14,472)</u>	<u>(12,244)</u>

DHIVEHI RAAJJEYGE GULHUN PLC.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31st DECEMBER 2017****23 RELATED PARTY TRANSACTIONS (CONTINUED)****23.4 Transactions with the Government of Maldives (Continued)****Collectively, but not individually, significant transactions**

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

24 BOARD OF DIRECTORS' RESPONSIBILITY

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

25 EVENTS OCCURRING AFTER THE REPORTING DATE

The Board of Directors of the Company has proposed a final dividend of MVR 5.85 per share (total: MVR 444,600,000/-) which is to be approved at the meeting of the shareholders.

Except for the above, no circumstances have arisen since the reporting date which require adjustments to / or disclosure in the financial statements.



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