



Annual Report

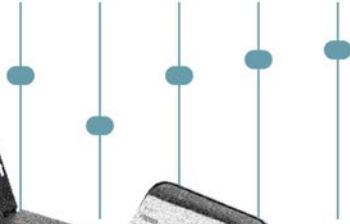
Bridging communities
across our island nation

ENRICH LIVES
THROUGH DIGITAL SERVICES

2019



Take on tomorrow



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Enrich lives through digital services

Bridging communities across our island nation

Our Business

Our Vision

Enrich lives through digital services

Our Mission

To lead the market through excellence in customer experience

Our Values



Collaborate

We work together to offer our customers a seamless experience



Innovate

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



Serve

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



Inspire

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

Who We Are

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

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

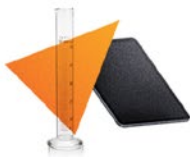
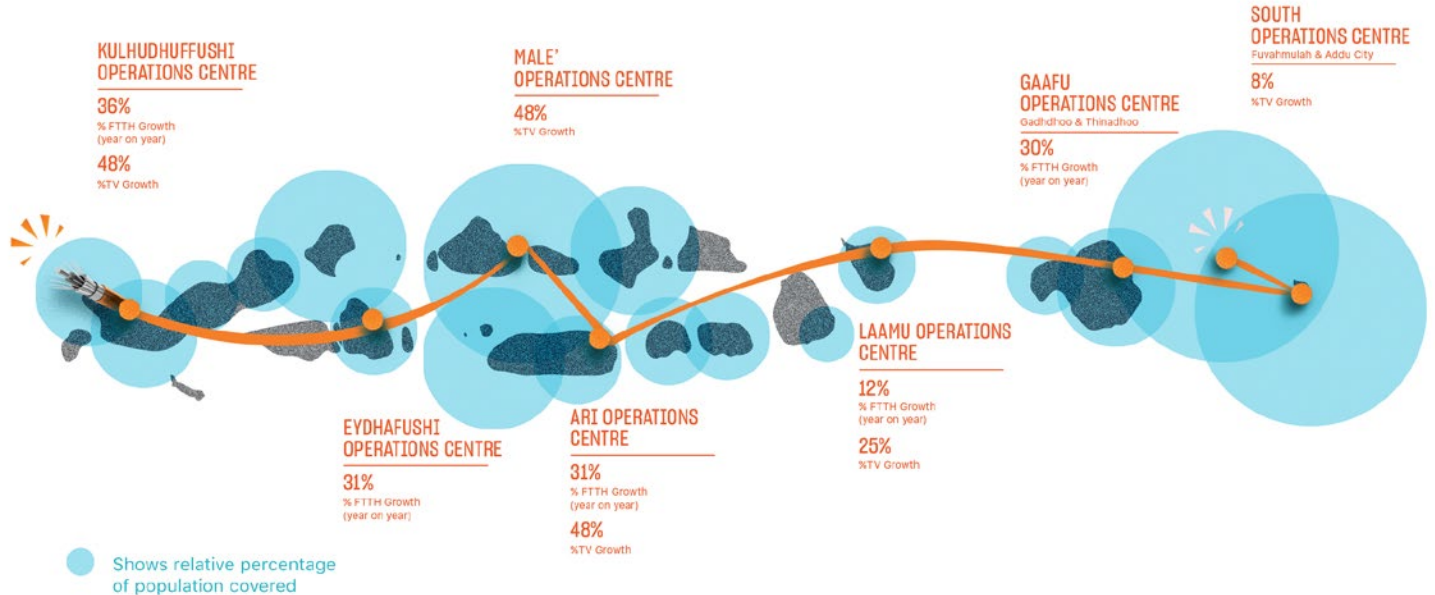
With over 500,000 customers and employing 99% trained qualified Maldivians present in 10 strategically located operating centres across the country, we remain the largest telecommunications provider in the Maldives. Our core strengths are in our leading network and our people. We continue to harness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

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

Presence

- We overcome geographic barriers and stay close to our customers through the nation's largest retail and distribution network of 23 partners, 17 wholesalers, 221 agents, 8 overseas agents and over 3,800 retailers.
- We provide the widest coverage in Maldives, which includes all of the country's 187 inhabited islands, all resort islands and all major industrial islands.
- We have linked the Maldives from North to South through a 1,253 km long fibre optic submarine cable network which supports the nation's largest 3G and 4G LTE and fixed broadband network.
- In July 2019, 5G became a reality for Maldives. We were the first in Maldives and the first in South Asia to have launched 5G commercial services. As pioneers in bringing the latest technology to the country, we are excited about the opportunity 5G offers as an enabler for new services and enhancing connectivity to our customers across the country. 5G is now available in selected areas of 3 population centres; areas in Greater Male', Addu City, Hithadhoo and Haa Dhaalu Atoll, Kulhudhuffushi.

Fibre To The Home: Bridging Communities



EDUCATION

Enabled digital classrooms through WiFi backed by high-speed internet to all **212** government schools.



JUDICIARY

Connected 155 courts through a unified communications solution, enabling virtual court sessions.



SMEs

61% growth in our reach to SMEs across the country.



GOVERNMENT

FTTH expansion to 58 islands enabled high-speed broadband connectivity to Government bodies on those islands.

Our Products & Services

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

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

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

Achievements & Awards

- Presented with the 'Corporate Governance Award' by Corporate Maldives
- Dhiraagu Maldives Road Race (DMRR) was recognised among the top 3 races for quality of engagement in social initiatives by the Association of International Marathons and Distance Races
- Dhiraagu Maldives Road Race (DMRR) wins the Bronze Award for the 'Best Use of Technology' in Sports at the prestigious Sports Industry Awards Asia 2019 (SPIA)



Financial Highlights

Revenue

2019

MVR 2,859m



2018

MVR 2,762m

Earnings Per Share

2019

MVR 12.39



2018

MVR 11.91

Capital Investment

2019

MVR 313m



2018

MVR 406m

EBITDA

2019

MVR 1,495m



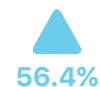
2018

MVR 1,418m

Free Cash Flow

2019

MVR 965m



2018

MVR 617m

Return On Capital Employed (Roce)

2019

38.8%



2018

42.8%

Return on capital employed (ROCE) for 2019 was 38.8% versus 42.5% in 2018. Like-for-like ROCE for 2019 would have been 42.1% (excluding impact from IFRS 16 changes).

Profit After Tax

2019

MVR 942m



2018

MVR 905m

Dividend Per Share

2019

MVR 12.00



2018

MVR 11.91

Commercial Highlights 2019

Q1



Business Support System

enhancements facilitated us to diversify our service portfolio.

FTTH expanded to **75%** of National Households

by deploying high speed Fiber Broadband services to 58 islands across the country.



Samsung S Series

launched with attractive packages

Q2



#DigitalRaajje
campaign launched.

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



Huawei P30 & Huawei P30 Pro

launched with free bonus data packages.

1Gbps

Introduced for the first time in Maldives, launched on 10 islands.



Q3

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



New Postpaid Plan
up to 50GB
data allowance

Samsung Galaxy Note 10 & Note 10+

among the first few markets to launch the phone.



Opening of our new customer experience centre
Dhiraagu @the Marina



Q4

Dhiraagu Fleet Manager

providing real time analytics of the crew as well as vessels.



Dhiraagu Pay: Bank integration

users can now directly transfer from their CBM accounts to their eWallet.

iPhone 11

launched in October with free data allowances.



DhiraaguTV Pay-per-view

on **VOD** for the first time in Maldives.

Key Sponsorships

Maldives Paramotor Expedition

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

Mamen Interschool Bike Championship

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

'Raalhu Gudi'- Kite Surfing

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

Dhiraagu Dhivehi Premier League

Title sponsor of the national football league.

Dhiraagu Top Achievers Award

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

Dhiraagu Maldives Tennis Open

Title sponsor of the most prestigious tennis tournament in the Maldives.

Dhiraagu Male' Open

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

Fannu Expo

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

Club Maldives Cup

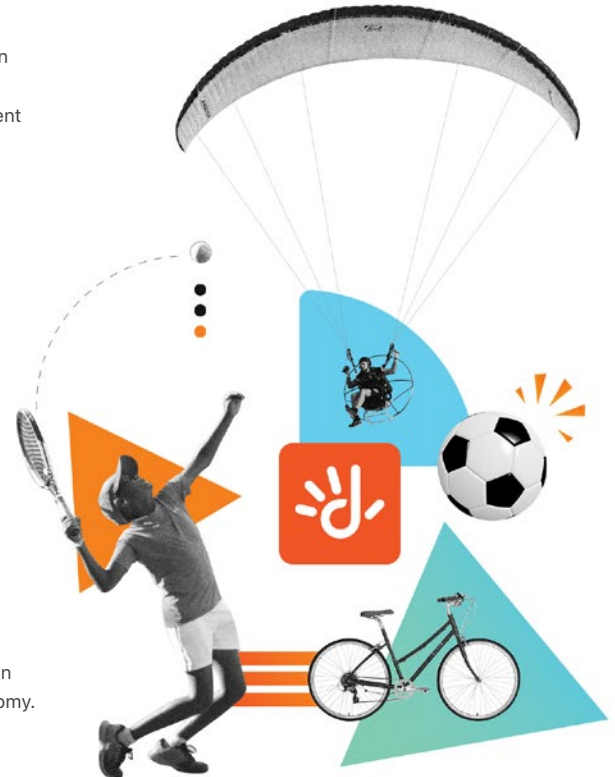
Platinum sponsor of the largest futsal tournament in Maldives.

Capital Market Forum

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

Mamen - Pre-School Futsal Tournament

One of it's kind annual futsal tournament among all the pre-schools in greater Male'.



Key CSR Highlights

Dhiraagu Maldives Road Race

MVR 721,652 raised through Dhiraagu Maldives Road Race 2019 was donated to 11 partner NGOs working in the area of child protection and support.

Dhiraagu Special Sports Festival

Participation by 14 schools, 4 NGOs and over 400 children with various disabilities

Startup Grind X

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

Lean Startup Machine

The world's leading startup workshop in Maldives.

Angelhack Maldives

The world's largest hackathon series

Techstars Startup Weekend Maldives

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

Ramadan Donation

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

Girls To Code

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

Surf Smart

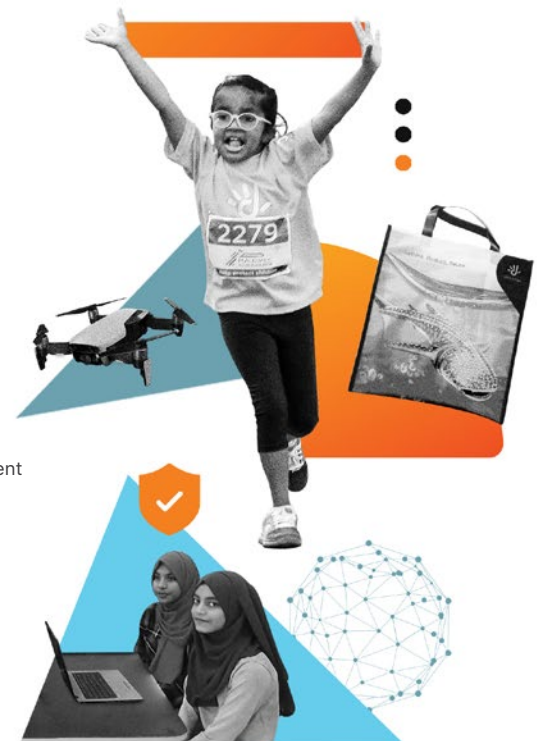
Helping to create a digital safe environment and educating young people to positively connect online

Drones For Resilience

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

Care For The Oceans

Supported beach clean-ups in Sh. Feydhoo, B. Eydhafushi, K.Dh. Kulhudhuffushi , A.Dh. Dhangethi, Fuvahmulah and Addu City.





Chairperson's Opening Remarks

Dear Shareholders,

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

Our primary focus has always been to harness the latest technology in order to enrich the lives of our customers and become their most

trusted partner to help them win victories in their lives and businesses. We wholeheartedly believe that the digital revolution has the power to make significant, positive progress on our nation's socio-economic well-being. By fostering more connected, smarter and more sustainable communities, digital technologies will open up more opportunities, empower more people and enable businesses to flourish.

I am pleased to update our shareholders that our 2019 financial results have been

positive overall, despite a difficult period with system changes, cost pressures, and intense competition. Gross revenue improved to MVR 2.9bn driven by strong growth from data and enterprise services. Despite increases in costs, net profit improved to MVR 942m and Earnings per share grew by 48 laari to MVR 12.39.

I convey my appreciation to our shareholders for their continued confidence in us. The Board continues to value return to our shareholders with dividends as the primary measure for

shareholder returns. The Board recommends a full year dividend of MVR 12.00 per share, which amounts to a total dividend of MVR 912m, of which MVR 315m (MVR 4.14 per share) has been paid out as interim dividend during 2019.

The telecom market is tough and highly competitive in nature. With emerging technologies, the industry is dynamic in nature and our tech-savvy customers demand access to the latest technology, digital products, and services. Furthermore, digital disruption has continually added pressure on our traditional revenue lines. We fully appreciate that sustained growth and cost efficiencies in our core business need to be complemented by selectively entering new adjacent markets to unlock additional and new revenue streams.

Our Fibre To The Home service, now available to 75% of national households across 58 islands; which spans the breadth and width of the country, is a testament to our continued commitment to keep the Maldives connected to the outside world. It enables our customers to be 'always on' and 'always connected' to their families and friends and do business anytime, anywhere. This is a reflection of our Company's long and proud history of investing in next-generation technologies to expand coverage, improve resilience, whilst overcoming geographical barriers in order to contribute to nation-building.

As pioneers of ushering in the latest technology to the Maldives, it is no surprise that we were the first to launch 5G in the Maldives and achieve a significant milestone of being the

first operator to commercially provide 5G in South Asia. We launched 5G in selected areas of 3 major population centres across the country, demonstrating the true spirit of our vision for a 'DigitalRaajje'. We are very excited about the potential of 5G and the new wave of innovation that it heralds in for transport, healthcare, disaster relief, public safety, energy efficiencies, and entertainment.

“We wholeheartedly believe that the digital revolution has the power to make significant, positive progress on our nation’s socio-economic well-being”

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

The progress we made this year is the result of our biggest strength; the collaborative efforts of our determined employees and their commitment to

serve our customers with innovative technologies and help us return value to our shareholders.

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



Ismail Waheed
Chairperson



CEO's Message

With the strong commitment and dedication of our teams Dhiraagu continued to deliver on its strategic objectives, which resulted in growth of customer numbers on our business in the highly competitive mobile, fixed broadband, enterprise and managed services categories. We held our market position, and enter new markets by offering digital tracking services as well as becoming the first IPTV service provider in Maldives to offer a Video-On-

Demand feature with premium local and international content. The fact these results were achieved despite the challenges faced both externally with market dynamics, and internally whilst carrying out significant upgrade work on our network and business support systems, shows the resilience, focus and resolve of our teams to deliver increased value to our customers, and shareholders.

Providing a better customer experience is at the heart of everything we do. Significant investments were done to upgrade mobile coverage, and enhance quality, which is increasingly becoming challenging, especially in the Greater Male' area with the new buildings coming up at a very fast, rate making it a constant battle to re-align our signals to reach the deep indoors.

We will continue to use the latest technology and re-model our networks to ensure better quality of service to our customers. Major work was also done to improve our business support systems and to create additional digital channels for customers to access Dhiraagu.

'#DigitalRaajje' was launched in April to leverage the power of the latest digital communications technology towards the social and economic well-being of our island nation. The programme complements our vision to use our services and capabilities to enrich people's lives by providing intelligent connectivity, which can make individual lives easier, healthier, smarter and for communities' bolster disaster response, revolutionise education, improve healthcare and extend financial services.

Our high-speed Fibre To The Home services are now available to 75% of national households. The extension of our FTTH network to 58 islands across the country, has made it the largest and fastest fibre network in the country. But more importantly this investment has meant that education and healthcare are more universally accessible, it has also created opportunities to build digital skills and capabilities to lift economic participation in those communities and thereby realise our commitment to bridge the digital divide and foster strong, resilient, inclusive digital communities.

With the commercial launch of 5G in selected areas of 3 population centres; Greater Male' Area, Addu City Hithadhoo and Haa Dhaalu Kulhudhuffushi, we became the first in Maldives and the first operator in South Asia to have offered 5G services on a commercial basis. 5G

is the next generation of digital technologies and we are very excited to explore opportunities it can offer, for the country's digital future, and enabling new ways of living and working. With the launch of 5G we have demonstrated our commitment to stay ahead at the forefront of technology and our resolve to "Take on tomorrow" and commitment to offer future services and stay relevant for our customers.

Through our Broadband offers, we continued to focus on providing customers with greater flexibility, more personalisation and make lives and business simpler. To meet the expectations of an increasingly connected digital society, we launched ultra-fast internet speeds of up to 1Gbps for the first time in the Maldives. The service is now available to both residential and business customers on 13 islands.

In collaboration with the Commercial Bank of Maldives we integrated personal bank account transfers between bank accounts and our mobile money service DhiraaguPay. This was a key step in the progress made on our aspiration to offer financial inclusion that overcomes geographical barriers and create a cashless society.

We want everyone to benefit from being connected to digital technologies. We make doing business simpler for small and medium enterprises through convenient and efficient ways of accessing, storing and communicating information, enabling them to better serve their customers and the community. Our unified communication solutions catered for the needs of small businesses, enterprises and the Government. Last year we delivered a nation-wide network enhancement for

Department of Judicial Administration and linked all the courts of Maldives through a dedicated high-speed internet network.

As a corporate citizen, we continue to play a vital role in nation-building and societal development and support the United Nations Sustainable Development Goals (SDGs) and have been a signatory to the United Nations Global Compact since December 2012. We are committed to the 10 principles of the United Nations Global Compact that promote the core areas of Human Rights, Labour, the Environment and Anti-Corruption.

Highlights from the year include a programme to cultivate a startup culture and foster innovation among potential young entrepreneurs. During the year, 26 young Maldivians fresh from school completed our ongoing apprentice program; a key initiative targeted at Maldivian youth to gain work experience and develop skills. As a champion for supporting and empowering persons with disabilities, we organise an annual sports event for children with various disabilities. Over 400 children, 14 schools and 4 NGOs participated in this year's Dhiraagu Special Sports Festival. We were also very proud to celebrate the success of the young athletes who won gold and silver for Maldives at the 2019 Special Olympics World Games for persons with intellectual disabilities.

2019 was a challenging period on many fronts with intense competition and increasing costs. It was also a period of transformation as we upgraded our network and systems. Despite these challenges, we continued to grow with our results reflecting our strategic focus on data services and delivering a better experience to our customers. Revenue increased by 3.5% to MVR

2.9bn. Results from operating activities and net profit increased by 4% despite increases in costs. Earnings per share grew by 48 laari to MVR 12.39.

We invested MVR 313m in our network and systems during the period, with our focus on improving mobile and fixed broadband experience. We announced two milestone achievements reflecting our investment commitments to deliver high-speed broadband, with the achievement of 75% coverage of national households of our fibre broadband network and the first 5G network in the Maldives and South Asia.

Our balance sheet remains strong, with cash position of MVR 486m at 31 December 2019, an increase of MVR 150m vs the prior year. We returned a dividend of MVR 767m during the accounting period, including MVR 452m as final dividend for the financial year 2018 and an interim dividend of MVR 315m for the financial year 2019 as we demonstrate our commitment to deliver returns to our shareholders.

My team and I are committed to work with the Board of Directors, and key stakeholders including the Government and the regulatory authorities to ensure our plans are aligned to deliver the nation's strategic development objectives, as we continue to grow the business, by enhancing our broadband, enterprise and other digital services, to deliver improved service levels and increased value to our customers, colleagues and shareholders.



Ismail Rasheed
Chief Executive Officer and Managing Director

18 Board of Directors

MR. KHALID
HUSSAIN TAQI



MRS. KHULOOD
RASHID ALQATTAN



MR. ISMAIL WAHEED



MR. ISMAIL RASHEED



MR. THAB HINNAWI



MR. IMRAN ALI



MR. OLIVER MCFALL





Mr. Ismail Waheed

Chairperson

**Non-Executive & Independent
Maldivian**

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

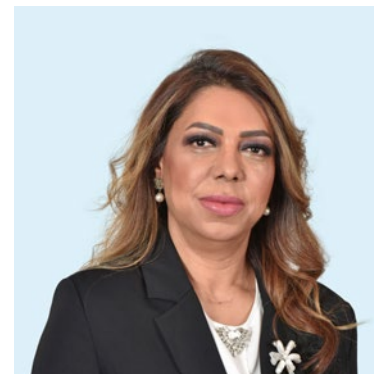
With over 41 years' experience in the telecommunications industry, Mr. Waheed was at the helm of Dhiraagu, as the Chief Executive Officer & Managing Director, from 2004 till his retirement in September 2015. During his career he held key positions including Head of Networks, Head of Marketing and Customer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

He started his career in telecommunications with Cable & Wireless Maldives in 1977 and later continued to serve in Dhiraagu with

its formation in October 1988. Mr. Waheed also went on to serve as an Executive Director of the Indian Ocean Region of Cable & Wireless Plc from 2006 to 2008.

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

Other directorship and appointments:
None



Mrs. Khulood Rashid AlQattan

Deputy Chairperson

**Non-Executive & Independent
Bahraini**

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

Mrs. AlQattan is the General Manager of Prime Advisory WLL.

Mrs. AlQattan has over 26 years' of extensive experience in banking, with a focus on investments. As a trader in US & European equities, she has experience in capital and money market instruments in international markets as well as portfolio management.

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



Mr. Ismail Rasheed

Chief Executive Officer & Managing Director

Executive & Non Independent

Maldivian

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

Other directorship and appointments:

- Board member and Chairperson of Audit Committee in Umniah Telecommunications Company (Jordan)
- Board member of Batelco Group (Bahrain)
- Board member in Sico Fund Services company (SFS)
- Member of the Advisory Board for the Master of Accounting and Finance at Applied Science University.
- Member of the Committee for the Young Women Entrepreneur award (Bahrain).

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

Mr. Rasheed previously served as Chief Executive of Dhiraagu from 2007 till September 2015 and held other key positions including Director of Networks from 2000 to 2007, Manager Networks Planning and Projects from 1999 to 2000.

With over 31 years' of extensive experience in governance, leadership and the telecoms industry, Mr. Rasheed has played a pivotal role in driving business strategy to transform Dhiraagu

into a leading digital solutions provider.

He holds an MBA from University of Reading (UK), BEng (Hons) in Telecommunications Systems Management & Design - Anglia Polytechnic University (UK). Mr. Rasheed is a member of the Institute of Engineering & Technology (UK).

Other directorship and appointments:

- None



Mr. Ihab Hinnawi

Director

**Non-Executive & Independent
Jordanian**

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

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

He has over 30 years of extensive managerial and operational experience to lead the operations and financial performance of large industry

pioneering corporate enterprises, which underpins his contribution as a director.

Mr. Hinnawi holds a BA in Business Administration.

Other directorship and appointments:

- Vice Chairman - SAMENA Telecommunications Council.
- Board Member - SURE Telecommunications Company (Channel Islands)
- Board member - SURE South Atlantic Limited (South Atlantic & Diego Garcia).
- Board Member – Etihad Atheeb Telecom Company Saudi Arabia.
- Board Member – Umniah Mobile Telecommunication Company-Jordan.
- Board Member- Sabafon Telecommunication Company-Yemen.



Mr. Imran Ali

Director

**Non-Executive & Independent
Maldivian**

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

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

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

Other directorship and appointments:

- Chairman of Dhonkeyo Group of Companies
- Managing Director of Reethi Rah Resort Pvt Ltd.



Mr. Oliver McFall

Director

Non-Executive & Independent

Danish

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

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

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

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

Other directorship and appointments:

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



Mr. Khalid Hussain Taqi

Director

Non-Executive & Independent

Bahraini

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

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

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

Mr. Taqi started his career with the Transaction Advisory Services Team at Ernst & Young,

Bahrain. During his tenure at Ernst & Young, he was exposed to a variety of different industries including real estate, banking, construction and telecom. He joined Osool Asset Management in 2013, his current mandate is to manage Osool's strategic investments in both listed and non-listed companies.

Other directorship and appointments:

- Member of the board of Gulf Hotels Group and is a member of the Investment and Audit committees.



Management Team



ROBIN WALL



MOHAMED
HAZMATH ABDULLA



ALI RIYAZ



MAHMOUD DASSER



MOHAMED
ABDUL GADIR

MOHAMED MUSAD



ATHIFA ALI



ISMAIL RASHEED



ABDULLA FIRAG



RAJAN SURESH



MUSTHAG
AHMED DIDI



Ismail Rasheed

Chief Executive Officer & Managing Director

Appointed CEO & MD in September 2015. Ismail works to ensure our Company has a sound strategy in place and applies his leadership and management capability to deliver on that strategy and run an efficient business. He has led his team in the digital transformation of Dhiraagu and continues to foster a culture of customer-centric innovation within the Company.

Prior to that Ismail was the Chief Executive of the Company for 7 years. In this role, he led performance and strategy and was directly responsible for the company's technical and commercial operations.

Ismail has been with Dhiraagu since 1988 and in that time, he has held senior roles including Director of Networks and Manager Networks Planning and Projects. Within Networks department, he has led and managed major transformation projects such as the Dhiraagu-SLT Submarine Cable deployment, installation of the Domestic Submarine Cable Network across the country and mobile broadband national roll-out plan to connect all the inhabited islands.

As an experienced Chartered Engineer with over 31 years of telecoms industry experience and over 16 years of strategic management experience, he holds an MBA, University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design, Anglia Polytechnic University (UK) & is a Member of Institute of Engineering & Technology (UK).

Robin Wall

Chief Financial Officer

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

Robin joined Dhiraagu in 2011 and has held key positions in the Company including Acting CFO, Financial Controller and Assistant Financial Controller.

Prior to joining Dhiraagu, Robin served as Financial Controller of Monaco & Islands region, CWC Group.

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

Mahmoud Dasser

Chief Marketing Officer

Appointed Chief Marketing Officer (CMO) in August 2019. Mahmoud brings his outstanding marketing skills and his focus on a customer-centric approach to drive all aspects of marketing, product development, innovation and market development for the Company.

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

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

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

Ali Riyaz

Director, Customer Services & Sales

Appointed as Director, Customer Services and Sales in 2004, he places the customer right at the center of Dhiraagu's initiatives and actions. Ali fully understands the dynamic, competitive market in which we operate in and focuses on developing clear insights into what customers value.

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

He also served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd and Manager Human Resources at Maldives Inflight Catering Pvt Ltd.

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

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

Athifa Ali

Director, Corporate Services

Appointed Director, Corporate Services in 2016 after being the Director of International, Legal and Regulatory since 2003. Athifa leads the Company's legal and regulatory functions by providing strategic guidance and insight to ensure that the business acts lawfully and with the utmost integrity. She also oversees the Company's CSR activities.

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

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

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

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

Musthag Ahmed Didi

Director, Customer Solutions

Appointed Director, Customer Solutions in 2009. With his strong technology background, Musthag leads the Business to Customer (B2C) & Business to Business (B2B) Solutions Architects and Professional Services Teams of the Company and collaborates with cross-functional teams and the customers to deliver innovative solutions.

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

Musthag holds a BSc (Hons.) Microelectronics & Computing from Aberystwyth University (UK).

Abdulla Firag

Director, Networks

Appointed Director Networks in 2016, Firag is responsible for building the best network experience. With his team, he leads the design, building, and maintenance of our core network and infrastructure.

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

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

Firag is a qualified engineer and researcher with over 17 years of experience in telecommunications, electrical and energy sectors. He holds a Ph.D. and Masters in Electrical and Electronics Engineering from the University of Canterbury (New Zealand) and Bachelor of Engineering in Electrical and Electronics Engineering from the University of Adelaide (Australia). Firag has been an IEEE member since 2006.

Rajan Suresh

Director, Human Resources

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

Prior to joining Dhiraagu he has held key positions in private and public sectors including Head of HR (India, ME & Africa) at ISYX Technologies Pvt Ltd,

Kochi, India; Senior Human Resource Director at Seddiqi Holdings, Dubai; Asst. General Manager of HR at Al Futtaim Group, Dubai; HR Operations Manager at Al Tayer Group, Dubai; HR Manager at Landmark Group, Dubai; and Senior HR Executive at Bharat Heavy Electricals Ltd, Bangalore, India.

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

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

Mohamed Hazmath Abdulla **Director, Property, Procurement & Administration**

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

Hazmath joined Dhiraagu in 2004.

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

Hazmath has over 21 years of operational and managerial experience in both public and private sector.

He holds Masters in Economics (Public Policy & Taxation) from Yokohama National University (Japan) and a Bachelor in Business Administration, Hawaii Pacific University.

Mohamed Abdul Gadir **Director, Information Systems**

Appointed Director, Information Systems in June 2017. Gadir is responsible for ensuring that the Company's Information Systems are built and maintained to optimise business needs.

Gadir joined Dhiraagu in 1988 and has served the Company as Manager IT Projects, Manager Information Systems and managed significant projects impacting a broad spectrum of services.

He has extensive knowledge and experience managing multiple departments across the Company including, Transmission, Switching, Internet & IP Solutions with over 30 years of experience in the industry.

Gadir holds an MBA in Information Management, TASMAC, India.

Mohamed Musad **Director, Digital Transformation**

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

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

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

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

** Mr. Ahmed Maumoon served as the Acting Chief Marketing Officer from February 2018 till his resignation from Dhiraagu in January 2019. He was also the Director of Business Development and had worked in various senior roles at Dhiraagu for 28 years.*



75%
OF HOUSEHOLDS
NATIONWIDE

ENRICHING LIVES
THROUGH
DIGITAL SERVICE

Strategy & Performance 2019

The digital revolution is transforming our everyday experiences at homes, in offices and on the go.

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

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

#DigitalRaajje High-speed connectivity for everyone

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

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



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

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

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

Driving more flexibility, greater personalisation & making business simpler

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

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

To realise our vision of 'DigitalRaajje' we have been working on digital platforms to drive greater simplicity of our business and make our products and services more accessible. We welcomed Sobi our digital care assistant,

and transformed the way we interact with our customers. Sobi assists customers to check balances, pay bills, activate add-ons and boosters and also effortlessly switch packages.

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

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



Mobile

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

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



Broadband

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

Devices

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

Mamen

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

Dhiraagu Fleet Manager

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

DhiraaguPay

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

DhiraaguPay Features

CASH IN TO E-WALLET

Bank account to wallet direct transfer instantly

Cash in via bank transfer or mobile banking app and cards



PAY WITH QR CODE

Scan & pay



ONLINE PAYMENTS

Bill payments & reloads



Creating a cashless society



OVER 240 MERCHANTS

across the country



NFC PAYMENT

Personalise your cards

Add 3 cards per wallet



SEND CASH TO FAMILY & FRIENDS

to any local number



DhiraaguTV

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

Fostering partnerships for economic growth

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

Government

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

Tourism

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

SMEs

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

Enterprise

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



Financial Performance 2019

Overall Financial Performance

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

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

Operating costs increased by MVR 7m mainly driven by IT and power costs reflecting the increased cost of providing services and transformation activities to provide better services across the country.

Reported EBITDA for 2019 grew by 5.5% (MVR 77m) to MVR 1.5bn. Like for like EBITDA grew by 1.1% (MVR 16m) excluding the impact of changes from the new IFRS 16 accounting standard.

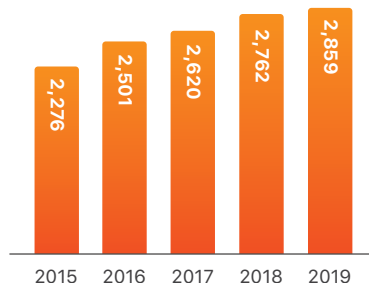
Net Profit for the year (MVR 942m) and Earnings Per Share both increased by 4.1% (MVR 37m) vs 2018.

MVR Millions	2019	2018	2017	2016	2015
Revenue	2,859	2,762	2,620	2,501	2,276
EBITDA	1,495	1,418	1,371	1,389	1,230
Profit After Tax	942	905	898	840	725
Basic Earnings per Share	12.39	11.91	11.81	11.05	9.53
Free Cash Flow	965	617	644	863	853
Net Assets	2,505	2,330	2,315	2,666	2,479

¹ EBITDA is calculated as Revenue less Operating Costs, less Impairment loss on trade receivables and contract assets.

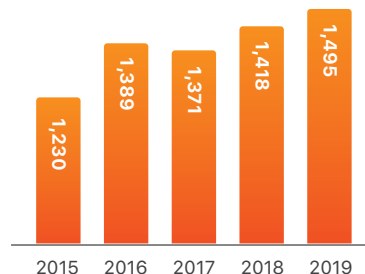
² Adjusting for adoption of new IFRS 16 accounting standard. Like for like EBITDA is calculated as reported EBITDA, less depreciation on right of use (ROU) assets, less interest on lease liabilities.

Revenue



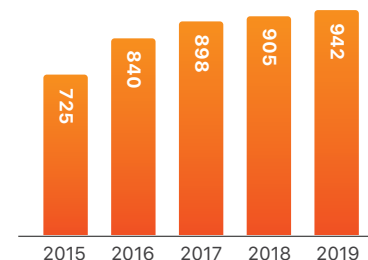
Revenue grew by MVR 96.5m in 2019 contributed by an increase in revenue from Mobile and Fixed Broadband, Datacom and Adjacent Services. Increases in customer numbers both on mobile and fixed broadband services along with targeted customer value propositions helped drive the revenue growth. Our commitment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

EBITDA



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

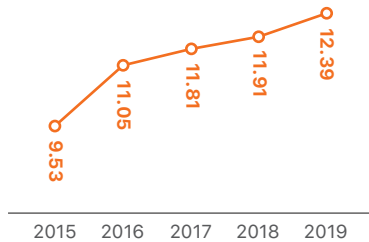
Profit After Tax



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

³ Operating profit is calculated as Results from operating activities, less Interest on lease liabilities.

Earnings Per Share



Basic EPS was MVR 12.39, a growth of 4.1% YoY, due to the increase in Profit After Tax.

Dividends

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

Assets & ROCE

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

Capital Investment

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

Free Cash Flow

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

Investor Relations & Sustainable Returns to Shareholders

Our Shareholders

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

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

Bahrain Telecommunications Company (BATELCO) has its headquarters in the Kingdom of Bahrain and is listed on the Bahrain Bourse. Batelco has evolved from being a regional Middle Eastern operation to becoming a major international communications entity operating under local brands in each market with direct and indirect investments across multiple countries, namely Bahrain, Jordan, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island and the Falkland Islands.

Shares Held	Number of Public Shareholders
1 to 10	4,363
11 to 100	8,169
101 to 1,000	1,589
1,001 to 10,000	188
10,001 and over	13

Shareholder Returns

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

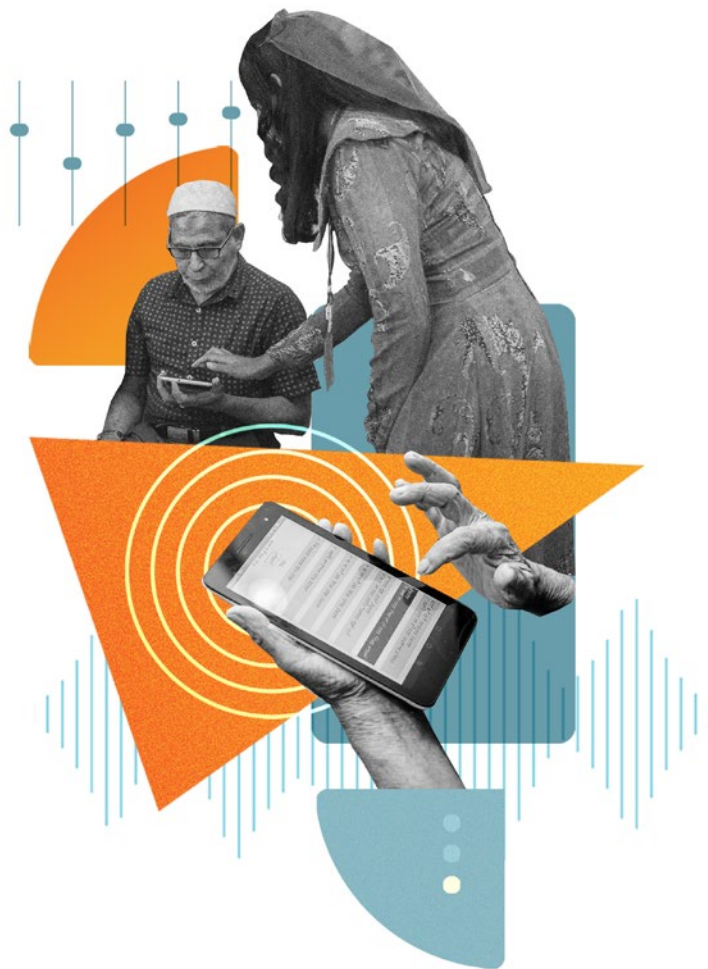
Since being listed on the Maldives Stock Exchange in January 2012, we have distributed a cumulative dividend of MVR 6 bn, which represents a return of 99% on the initial purchase price of MVR 80.

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

Key Trading Highlights

Trading Highlights	2019	2018	2017
Last Traded Price (MVR)	105.00	80.00	80.00
Highest Traded Price (MVR)	120.00	85.00	85.00
Lowest Traded Price (MVR)	80.00	78.00	80.00
Weighted average traded price (MVR)	98.10	82.91	83.84
No of shares traded	6102	8,751	3,900
No of trades	32	39	15
Market Capitalization (MVR bn)	7.98	6.08	6.08

Share Performance	2019	2018	2017
EPS (MVR)	12.39	11.91	11.81
P/E Ratio (times)	8.47	6.72	6.77
Dividend per Share (MVR)	12.00	11.91	11.81
Net Asset Per Share (MVR)	32.96	30.66	30.46
Dividend Pay-out Ratio	97%	100%	100%



Shareholder Communications

Our shareholders form an integral part of the Company. We ensure to provide clear, accurate and timely information to our shareholders via various mediums. In this regard, our shareholders are communicated through financial reports, which are published quarterly within 30 days of end of each quarter and Annual Reports which are published within 4 months of the year end. All quarterly and annual reports published since the Company became publicly listed are available on our website.

Annual General Meeting (AGM)

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

Dhiraagu Website

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

Investor Relations Team

We have a committed team responding to daily 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.



Sustainable Tomorrow

We Support The United Nations Sustainable Development Goals And Have Been A Signatory To The United Nations Global Compact Since December 2012.

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

Ismail Rasheed
CEO &MD



Corporate Social Responsibility

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

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

The three pillars in our CSR Strategy



Our People



Our Community



Our Environment

Our Community

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



Empowering young people

During the year, 26 apprentices completed Dhiraaqu Apprenticeship Programme - our key initiative targeted to Maldivian youth to gain work experience and develop skills.

With a focused programme to support the startup culture and foster innovation among our youth and inspire future entrepreneurs, we organised the following events together with our partner Sparkhub:

- Startup Grind X event featuring an AdTech Startup. Startup Grind nurtures startup

communities through events featuring successful local founders, innovators, educators and investors who share lessons learned on the road to building great companies.

- Lean Startup Machine, the world's leading start-up workshop in Maldives.
- Angelhack 2019, the world's largest and the only international hackathon series in Maldives.
- Techstars Startup Weekend Maldives 2019, bringing together startup enthusiasts to network, learn how to pitch, fine tune and demo new business ideas.

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

Empowering Women

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

We supported Maldives Girls Guide Association to conduct "Surf Smart" helping to create a safe digital environment promoting positive behaviour when connecting online. 290 girl guides, 50 leaders and 34 facilitators from 13 atolls across Maldives participated in the programme.

Care for Children

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

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

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

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

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

Community empowerment and wellbeing

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

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

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

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

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

Similar to last year, 10% of the proceeds from Ramadan Data Bundles was donated to a local charity. This year we donated MVR 366,000 to Maldives Association of Persons with Disabilities (MAPD).

Disaster Relief

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

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



United Nations Global Compact- Human Rights Principles

Principle 1:

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

Principle 2:

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



Our People

Our committed and talented people have always been the driving force behind our success. We closed the year with 597 permanent full-time employees, 99% of whom are Maldivian.

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

The Maldives is a signatory to the Universal Declaration of Human Rights and we remain committed to comply with all local laws and regulations pertaining to it.



Prevention of Harassment & Bullying at Workplace

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

Grievance Policy & Procedure

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

Whistleblowing and Fraud Reporting Policy

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

Medical Care

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

Retirement Care

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

Code of Ethics

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

Health and Safety

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

Our Health and Safety targets:

- ensure that work activities are not harmful to the health of our people or to the general public and are as safe as is reasonably practicable
- to provide and to maintain adequate measures to control in order to prevent accidents and cases of work-related ill health
- to provide our people with relevant information, instruction, training and supervision
- to ensure that a conducive work environment is established for our people

Implementation

Employee Induction Programme

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

Committee to Prevent Sexual Harassment at Workplace

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

Whistleblowing and Fraud Reporting

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

Health and Safety implementation

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

Through the Health and Safety Policy we:

- ensure that safe systems are implemented and reviewed;
- ensure that all personnel are given information, instruction, training and supervision as appropriate in order to carry out their work safely;
- carry out assessments of risk to the health and safety of persons involved in or affected by the operations of their departments;
- arrange induction safety training for all new employees; and
- ensure that all fire- fighting equipment is regularly inspected and serviced.

Employee wellbeing

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

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

Measurement of Outcomes

- The Induction Programme was conducted for all new staff and the Code of Ethics and safety procedures were briefed to ensure that our people are familiar with the policies from the very beginning.
- First Aid training was provided to 36 staff.
- Basic fire awareness training was provided for all teams at the Regional Operation Centres.
- Fire safety inspections and awareness sessions were carried out at all the Regional Operation Centres.
- A company-wide campaign was carried out to provide vaccine against H1N1 influenza for our people and their families.

United Nations Global Compact- Labour Principles

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labor;

Principle 5:

The effective abolition of child labor; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

We ensure to comply with local employment laws in the Maldives. We do not engage or employ child and forced labour in any of our operations. We also ensure to eliminate discrimination with respect to employment in all our operations.



Implementation

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

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

Employee Development

We equip our people with the tools and trainings required to foster a digital mindset and deliver increasingly responsive and customised services. We also give importance to ensure that our people have the right skills and competencies to further their own professional development. Our HR department actively creates learning and development opportunities for our people.

Dhiraagu E-Learning Platform

Dhiraagu e-learning platform was introduced to facilitate digital learning and knowledge sharing. The platform provides learning content regarding policies and procedures, best practices and links to facilitate and enhance work skills.

Staff Engagement

We seek to foster the engagement and a healthy work life balance for our people and their families. During the year, our HR department together with the E-Club organised the following events:

- Dhiraagu Employees Soccer Cup (DESCUP 2019)
- Grand Futsal tournament with the participation of over 300 staff.
- Roadha Festival (Darts, Billiards, Garlando, Carrom, Scrabble, FIFA)
- Quran and Madhaha Competition
- Maskeyolhu 2019
- 3 on 3 Futsal Tournament
- Inter-office tournaments, Club Maldives Cup
- Inter-office Billiards competition and chess tournament

Volunteerism

Our people are encouraged to be involved in the community. They contributed their time and efforts to a range of community-based activities across the country:

- our people volunteered to distribute Eid gifts to children across the Maldives on the occasion of Eid Al Fitr
- participated in International Coastal Cleanup activities in Kulhudhuffushi, Eydhafushi and A.Dh. Dhangethi and other beach cleanup events in Sh. Feydhoo, Fuvahmulah and Addu City during the year.
- engaged in activities to mark World Cancer Day, World Heart Day, World Children's Day, Earth Hour and Environment Day.

HRD Board

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

Legal Reviews

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

Measurement of Outcomes

- During the year, 326 employees received training in technical and non-technical programmes to enable them further their knowledge and skills.
- This includes 12 staff who completed professional certification programs during the year.
- At the Annual Award function, long service, outstanding work performance and leadership were recognised- A total of 79 staff received awards in these categories

United Nations Global Compact- Environment Principles

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of Environmentally friendly technologies



We place great importance in raising awareness against single use plastic. Advocating for the protection and preservation our natural environment and ensuring environmental sustainability in our corporate practices is an important aspect of Dhiraagu's CSR strategy.

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



Implementation

Care for the Oceans

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

We held a beach cleanup and awareness session in Sh. Feydhoo together with the NGO Feydhoo Environment Development Association, students

and members of the local community. We also distributed our reusable bags to households.

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

- We collaborated with Dhangethi School and organised a beach cleanup together with school children in A.Dh. Dhangethi.
- We collaborated with Baa Atoll Manta Festival and our people participated in a waste segregation awareness session in Eydhafushi
- We supported the NGO Bealeaf to organise a beach cleanup event and our people joined together with schools and other institutions from the community of Kulhudhuffushi.

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

Community Preparedness for Environmental Challenges

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

Raising awareness for Earth Hour and Environment Day

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

Renewable Energy

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

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

Energy Efficiency

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

Measurement of Outcomes

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

The energy saving features incorporated in Dhiraagu Head Office resulted in an annual reduction of approximately 390,228 kwh of electricity, which is also equivalent to 276 metric tons of CO2 or 636 barrels of oil.



United Nations Global Compact- Anti-Corruption Principles

Principle 10:

Businesses should work against
corruption in all its forms,
including extortion and bribery



POLICY AND GOALS

During the year, the following policies were issued;

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

Anti- Corruption and Anti-Bribery Policy

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

Confidentiality of Business Information

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

Disclosure of Conflicts of Interest Policy

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

- identify situations, that present potential Conflicts of Interest and

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

Gift, Hospitality and Entertainment

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

Implementation

Supplier Code of Conduct

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

Measurement of Outcomes

All supplier agreements contain the Acceptable Suppliers Conduct Policy.



Corporate Governance

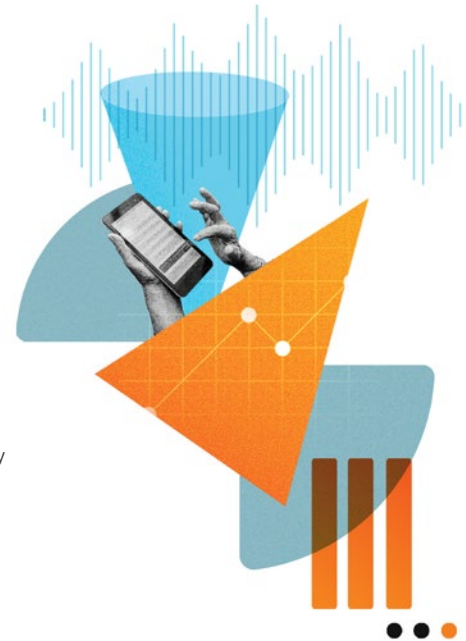
Directors Governance Report

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

Throughout the financial year that ended 31 December 2019 we continued to adhere to the principles and guidelines set by the Maldives Code of Corporate Governance, issued by Capital Market Development Authority (CMDA). Every effort was expended to ensure that we have complied with the compulsory provisions of the

CMDA's CG Code. In the event of any variations, explanations are provided. Additionally, our internal Corporate Governance Code lays the foundation for our sound corporate governance principles and can be downloaded from www.dhiraagu.com.mv/investor_relations.

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



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

Board

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

Chairperson

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

CEO & MD

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

Responsibilities of the Board of Directors

- As part of its overall responsibilities to serve the long-term interests of the shareholder, the Board:
 - reviews and approves, our strategic plans, management structure and responsibilities, systems and controls framework;
 - adopts the strategic guidelines for as proposed by Management or, where appropriate, on its own initiative;
 - reviews and discuss reports of our performance, our plans, and products; and
 - assess major risks facing the business by reviewing and approving strategies for addressing such risks.
- The Board also ensures that processes are in place for maintaining our integrity and reputation including:
 - the integrity of the financial statements;
 - compliance with applicable legislation accounting and auditing principles, and internal policies governing our business
 - the integrity of our relationship with our shareholders; and
 - overseeing the process of disclosure and ensuring that the communications are fair, transparent, comprehensive and timely.

Board Composition & Membership

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

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

Appointments from Batelco Group and Government of Maldives are received in writing from the respective shareholder, and they hold office until a written notice of their removal is provided. The Public Director is elected by the public shareholders at the AGM. He/she 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.

All Directors, except the Chief Executive Officer & Managing Director, are non-executive and independent directors as defined by CMDA's Corporate Governance Code. Whether independent or not, all Directors are required to act in the best interests of Dhiraagu and to exercise unfettered and independent judgment.

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 5 Board meetings were held in 2019.

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

Mr. Ismail Waheed

Position: Chairperson

Representation: Government of Maldives

Attendance: 5/5



Mrs. Khulood AlQattan

Position: Deputy Chairperson

Representation: Batelco Group

Attendance: 5/5



Mr. Ismail Rasheed

Position: Chief Executive Officer & Managing Director

Representation: Batelco Group

Attendance: 5/5



Mr. Ihab Hinnawi

Position: Non-Executive Director

Representation: Batelco Group

Attendance: 5/5



Mr. Imran Ali

Position: Non-Executive Director

Representation: Public Shareholders

Attendance: 5/5



Mr. Oliver McFall

Position: Non-Executive Director

Representation: Batelco Group

Attendance: 5/5



Mr. Khalid Hussain Taqi

Position: Non-Executive Director

Representation: Batelco Group

Attendance: 4/4*



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

Key Decisions in 2019

- Approval of Audited Financial Statements for the year ended 31 December 2018.
- Proposed full-year dividend of MVR 11.91 per ordinary share (total MVR 905.16m) to be declared as Full Year Dividend for 2018, comprising of MVR 5.96 per ordinary share for Interim Dividend and MVR 5.95 per ordinary share as Final Dividend for 2018.
- Appointment of Ms. Hazrath Rasheed Hussain to the combined role of General Counsel and Company Secretary.
- Proposed the re-appointment of KPMG as the External Auditor for 2019.
- Approval of 2018 Performance Bonus Payout.
- Approval of Bonus KPIs and Performance Bonus Payout Plan for 2019.
- Approval of the Annual Report for the year ended 31 December 2018.
- Appointment of Mrs. Khulood AlQattan as Deputy Chairperson to the Board and appointment of Mr. Khalid Hussain Taqi as Member to RNG Committee.
- Approval of the disposal and write-off of fixed assets with GBV MVR 289.1m (NBV MVR 0.01m).
- Approval of Revised Budget for 2019.
- Approval of recommending Standing Resolution to declare Interim Dividend in 2019.
- Review and revision of internal Banking and Treasury Policy.
- Review and revision of the Whistleblowing Policy.
- Review and revision of the Anti-Corruption and Anti-Bribery Policy.
- Approval of the Fraud Risk Management Policy.
- Approval of the Confidentiality of Business Information Policy.
- Review and revision of the Acceptable Suppliers Conduct Policy.
- Approval of the Disclosure of Conflicts of Interest Policy.
- Approval of the Gift and Hospitality Policy.
- Declared MVR 4.14 per ordinary share (total MVR 314.6m) as an Interim Dividend for the year 2019.
- Review and revision of the Credit Control Policy.
- Review and revision of the Authority Matrix.
- Review and revision of the Code of Ethics.
- Approval of the Prevention of Harassment and Bullying at the Workplace Policy.
- Approval of the proposed write-off and disposal of MVR 17.6 m of obsolete and damaged inventory.
- Approval to the disposal and write off of Bad Debt amounting to MVR 25.8m.
- Approval of the Strategy and Business Plan for 2020.

Board Committees

The Board has two standing committees; the Audit Committee and the Remuneration Nomination and Governance Committee, which operate in accordance with approved terms of references. The Board appoints members and the chairperson of each committee. Following each committee meeting, the Board receives a memorandum of the key deliberations, conclusions and recommendations. An overview of the roles and responsibilities, composition, and membership as at 31 December 2019, are provided in the respective committee reports.

Director's Shareholding

Details of Directors shareholdings as at 31 December 2019 are disclosed below.

Director	Number of Shares Held
Imran Ali	15,000
Ismail Rasheed	13,994
Ismail Waheed	1,510

Going Concern

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

Conflicts of Interest

Directors are required to take all necessary steps to avoid actual, potential or perceived conflicts of interest and to be sensitive to situations in which these may arise. In accordance with the Company's Act (Law no 10/96) and our Articles of Association, Directors must declare any conflict of interest they may have, and follow the procedures set out in our Board Charter including, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest. As a practice, all Board and Committee meeting agendas have a permanent provision for declaring a conflict of interest of any agenda item to be discussed at that meeting. In all instances where a conflict of interest arose or had the potential to arise, the respective Director excused himself/herself from the meeting of the Board and/or its subcommittee.

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

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

- *A risk and compliance function was established in 2016 and a full time Risk and Compliance Officer oversees all matters related to compliance and risk.*
- *The 'Authority Matrix' approved by the Board is in place and delegates approval limits for all business transactions and expenditures.*
- *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.*

We remain committed to continuous improvement in our approach to managing risks and ensure that we maintain a strong, integrated risk and compliance culture.

Governance Policy Framework

The Board regularly reviews our governance practice to reflect the developments in our business, market practice and expectations, as well as regulatory changes. We place great emphasis to conduct our business in a fair and responsible manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In order to meet all the legal and regulatory obligations and compliance and to ensure that strong good governance is implemented, we have adopted various internal policies, procedure and guidelines to promote ethical and responsible conduct and provide guidance to our Directors, and our people.

Our Code of Ethics was revised in July 2019, it contains our code of conduct and recognises that our success depends on the ability to establish and maintain positive relationships, both internally within employees and externally with all stakeholders.

Our Disciplinary Policy and Procedure adopted in October 2014 establishes a transparent, fair and consistent mechanism to deal with the consequence of failing to meet the required standards of behaviour and job performance.

We also have a separate Committee to Prevent Sexual Harassment at the Workplace set up in 2014 in accordance with the Anti-Sexual Harassment Act (Law No. 16/2014) and our Prevention of Harassment and Bullying at the Workplace Policy was introduced in October 2019 in order to safeguard our people and provide a safe working environment free from harassment and bullying, ensuring everyone is treated with dignity and respect.

Our Grievance Policy and Procedure has been established since January 2015, with the objective of documenting and formalising a mechanism for employees to raise grievances regarding any work-related matters, so that such matters can be resolved timely and amicably. The policy further enhances the transparency and consistency in dealing with grievances across our Company.

Our 'Authority Matrix' was last reviewed and amended in July 2019, it sets approval limits for all business transactions and expenditures within our Company. Due to the nature of our business and the environment within which we operate, we may be exposed to risks. Thus risks that we may face are monitored, reported and addressed regularly throughout the year. A 'Risks Register' is also maintained and reviewed by the Audit Committee every quarter.

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

in the areas of labour and human rights, health and safety, environment and ethical dealings.

Our Gifts and Hospitality Policy adopted in April 2019, ensures that highest standards of integrity and conduct are maintained and ensure that Gifts and Hospitality are provided in an open and transparent manner. We refrain from making any political contributions either directly or indirectly to political parties, causes or individuals. Furthermore, our Donations and Sponsorships Framework has been in place since 2012 and establishes clear and transparent guidelines for all our donations and sponsorships.

We have zero tolerance for corruption and bribery. Our Anti-Corruption and Anti-Bribery Policy adopted in September 2011 and recently revised in April 2019 is designed to educate our people on the many forms bribes can take and how to avoid inappropriate circumstances, including where acceptance may be perceived to compromise independence or be construed as a bribe. Our Confidentiality of Business Information Policy and Disclosure of Conflicts of Interest Policy which were both adopted in April 2019 also contribute to addressing our commitment to comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices.

In addition to this, the revisions to the Whistleblowing Policy coupled with a Fraud Risk Management Policy adopted in April 2019, provide a confidential process with appropriate protections for our people to report their concerns. It has also strengthened our

governance structures, raising confidence of our colleagues and other stakeholders in our systems and processes.

We adopted a Policy on Insider Trading in 2018, to comply with CMDA's Policy on Prohibition of Insider Trading. The policy imposes and provides guidelines, instructions and the codes of conduct in trading our shares. It applies to our Directors, our people and certain third-party agents and advisers. The policy is cohesive guide to ensure that we are in compliance with the Maldives Securities Act (Law No: 2/2006) and its related regulations.

Legal & Regulatory Compliance

Dhiraagu has a separate Legal Department to fulfil our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to comply with relevant laws and regulations. Dhiraagu has not been given notice of, or prosecuted for, or convicted of, any significant breaches of any relevant laws or regulation during the financial year.

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 Law (Law No. 43/2015), 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.

Auditors

A tendering process was conducted in 2016 to recommend an External Auditor. The tender covers three years, and is subject to shareholder approval at the Annual General Meetings. The Board ensures that regulatory requirements on audit partner rotation are strictly adhered to and the Audit Partner was rotated in 2018 in order to comply with the CMDA Corporate Governance Code.

Our KPMG Partner attends our AGM and will be available to answer any shareholder questions about the conduct of our audit and the content of the auditor's report for the year ending 31 December 2019.

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

31st Annual General Meeting

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

Dividends

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

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

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

Declaration of Interest

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2019, the Board of Directors of Dhiraagu affirms that:

- This Annual Report 2019 has been prepared in compliance with all the reporting requirements, and in accordance with the relevant laws and regulations;
- The Board of Directors of Dhiraagu and/or any of their associates did not have any significant interest in the equity or debt securities of the company, or had any right to subscribe for equity or debt security of the company; and
- There were no contract(s) of significant substance during or at the end of the accounting period in which a Board Director of the company has a direct or indirect interest. Details of material contracts for the provision of services entered into between Dhiraagu and Batelco Group and Government of Maldives are provided in Note 26 "Related Parties Transactions" of the Audited Financial Statements as at 31 December 2019.



Ismail Waheed
Chairperson



Ismail Rasheed
Chief Executive Officer
& Managing Director

Audit Committee Report

Composition & Membership

As at 31 December 2019, the following members served the Audit Committee. The Committee members were all non-executive and independent directors and possessed sufficient accounting and financial knowledge which allowed them to discharge their duties, ensuring compliance with CMDA Corporate Governance Code and Dhiraagu Corporate Governance Code.

Mrs. Khulood AlQattan

Position: Chairperson of the Audit Committee

Tenure: Jul 17 to date

Attendance: 4/4



Mr. Imran Ali

Position: Member

Tenure: Jul 14 to date

Attendance: 4/4



Terms of Reference

The Audit Committee is scheduled to meet once every quarter and provides a forum for communication between the Board, Management and both the internal and external auditors.

The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, compliance, external audit, internal control, internal audit and matters that may significantly impact the financial condition or affairs of our business.

Meetings

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

Key Decisions

- Review and recommendation of Audited Financial Statements for the year ended 31 December 2019.
- Review and recommendation of quarterly financial reports for the financial year 2019.
- Review and recommendation of revisions to the Internal Banking and Treasury Policy.
- Review and recommendation of revisions to the Anti-Corruption Anti-Bribery Policy.
- Review and recommendation of the Fraud Risk Management Policy.
- Review and recommendation of revisions to the Credit Control Policy.
- Review and recommendation of revisions to the Authority Matrix.
- Review and recommendation for approval of Bad Debt write off and disposal and write-off of fixed assets and obsolete and damaged inventory.
- Review and monitoring of all Internal Audit activities ever quarter.
- Review and approval of the Terms of Reference of the Audit Committee

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

External Audit

KPMG was appointed by the shareholders as our External Auditor for 2019 and our Partner was rotated in 2018 to ensure that we comply with the CMDA Corporate Governance Code.

The Audit Committee reviewed the non-audit services provided by KPMG and the explanation of how the provision of those non-audit services was compatible with auditor independence. The Committee is satisfied that appropriate measures are put in place by both KPMG and Dhiraagu to ensure the independence and objectivity of the External Auditor. The External Auditor has confirmed their compliance with the practice note of CMDA's CG Code.

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

Internal Audit

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

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

Furthermore, the Audit Committee is satisfied with the progress of the Internal Audit function during the year 2019 and the adequacy of the internal control measures in place.

Risk Management

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

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



Khulood Rashid AlQattan
Chairperson, Audit Committee

Remuneration, Nomination and Governance Committee Report

Composition & Membership

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

Mr. Ismail Waheed

Position: Chairperson of RNG Committee

Tenure: Government of Maldives

Attendance: 5/5



Mr. Imran Ali

Position: Member

Tenure: Jul 14 to date

Attendance: 5/5



Mr. Khalid Hussain Taqi

Position: Member

Tenure: March 2019

Attendance: 2/2*



**Mr. Khalid Hussain Taqi was appointed to the RNG Committee on 25 April 2019 and there were only 2 RNG Committee Meetings following his appointment.*

Roles & Responsibilities

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

Meetings

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

Remuneration Package Of Directors & Executives

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

The RNG Committee reviews and makes recommendations to the Board on Dhiraagu's overall remuneration strategy, policies and practices, and monitors the effectiveness of Dhiraagu's overall remuneration framework. The remuneration for key executives are determined in consultation with Batelco, and are based on individual scope of work, performance against agreed measures, market rates for comparable roles and other relevant factors. The Company's remuneration packages include fixed components and performance linked incentives which are designed to be competitive with the market, encourage sustainable performance and provide a retention element to retain key and critical talent. 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 that Dhiraagu operates in. Total remuneration (including short term benefits) paid to Directors and key executives in 2019 are MVR 1.08m and 19.57m respectively. Payments for service contracts, notice period, severance fees and stock options did not form any part of the remuneration paid to Directors or key executives in 2019.

Board Appointments

According to our Articles of Association, the Board of Directors shall be composed of:

- Five Directors appointed by Batelco;
- Three Directors appointed by the Government of Maldives; and
- One Director elected by the public shareholders.

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

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

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

During 2019, the following changes were brought to Dhiraagu Board:

- *In January 2019, we bid farewell to Mr. Abdul Rahman Fahkro who had served as a non-executive director of the Board since March 2014.*
- *In March 2019 we welcomed the appointment of Mr. Khalid Hussain Taqi as a non-executive director by Batelco.*



Key Decisions

- Review and recommendation of 2019 Performance Bonus Plan and 2018 Performance Bonus Payout.
- Review and approval of the Terms of Reference of the RNG Committee.
- Review and recommendation of candidates for the role of Company Secretary.
- Review and recommendation of revisions to the Whistleblowing Policy.
- Review and recommendation of revisions to the Anti-Corruption Anti-Bribery Policy.
- Review and recommendation of the Fraud Risk Management Policy.
- Review and recommendation of the Confidentiality of Business Information Policy.
- Review and recommendation of revision to the Acceptable Suppliers Conduct Policy.
- Review and recommendation of the Disclosure of Conflicts of Interest Policy.
- Review and recommendation of the Gift and Hospitality Policy.
- Review and recommendation revision to the Code of Ethics.
- Review and recommendation of the Prevention of Harassment and Bullying at the Workplace Policy.

Board Diversity

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

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

Effectiveness

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

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



Ismail Waheed

Chairperson, Remuneration, Nomination
and Governance Committee



Audited Financial Statements

72 DHIVEHI RAAJJEYGE GULHUN PLC. FINANCIAL STATEMENTS

For the year ended 31st December 2019

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Independent Auditor's Report

To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Opinion

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st December 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 84 to 131.

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

Basis for Opinion

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

Key Audit Matters

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

74 INDEPENDENT AUDITORS' REPORT (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC



Key Audit Matters (Continued)

Revenue Recognition – Accuracy of revenue recorded

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.12 and 5(c) of the financial statements)

Risk Description

Revenue recognition is one of the most judgmental and complex area of accounting especially with the added complexity of the vast array of rapidly changing offers, complexity of billing systems, complexity of products and services and due to high volume of low value transactions captured by the billing systems.

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

Further, during the year the Company has migrated its revenue billing system relating to mobile revenue to a Convergence Billing System. Our key focus is on the risk arising from the system migration.

Our Response

Our audit procedures in this area included, among others:

- Testing of key controls assisted by our IT specialists including, among others, those over the

input of terms and pricing of different services; accuracy of the data captured by different systems and interface between the systems;

- Testing the design, implementation and operating effectiveness of the controls over the billing system;

- Testing the IT general controls and data migration processes together with the new application controls of the system migration;

- Performing detailed analysis of revenue testing the timing of revenue through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the;

- Adjustments which are outside of the normal billing process,
- Revenue recognition on the bundled services offered,
- Deferred revenue and cost on installation which is considered as a part of the overall performance obligation of the respective service and;
- Revenue recognition related to the customer loyalty program of the Company.

- Evaluating the appropriateness of the allocation of the transaction price, including variable consideration to performance obligations and test the operating effectiveness of related controls;

- Assessing the appropriateness of the Company accounting policies set out in notes 4.12 and 5(c), and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.

Capitalization of Assets including useful lives, depreciation and impairment

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.3, 5 (b) and 5(g) of the financial statements)

Risk Description

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

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

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

Telecommunication industry is evolving continually



INDEPENDENT AUDITORS' REPORT (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Key Audit Matters (Continued)

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

Our Response

Our audit procedures in this area included, among others:

- Assessing the design, implementation and operating effectiveness of key internal controls over the capitalization of property and equipment, including the key internal controls over the estimation of useful economic lives of assets;
- Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalized meets the relevant criteria for capitalization and the depreciation is correctly calculated;
- Challenging the date of transferring construction-in-progress to Property and Equipment by examining the inspection reports and/or project progress reports, on a sample basis;
- Evaluating management's estimation of useful economic lives by considering our knowledge of the business;
- Inquiring the networks and the other relevant teams in order to assess on technological updates and actual replacements of assets, if any, with latest technology to identify any potential impairment indicators for the existing assets;
- Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property & Equipment based on the internal and external information assessed;
- Challenging the management's positions of the impairment assessment as to whether or not a reasonable possible change to key operating assumptions could result in impairment;
- Assessing the adequacy of the financial statements disclosures included in notes 4.3, 5 (b) and 5(g).

IFRS 16 – Lease Arrangements (Transition)

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3, 4.10 and 5(h) of the financial statements)

Risk Description

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company initially applied IFRS 16: Leases with effect from 01st January 2019. A number of judgements have been applied and estimates made in determining the impact of the standard. Further, adoption of IFRS 16 required new accounting policies and disclosures in the financial statements whereas the new policies and disclosures provided in the financial statements would not be adequate and accurate.

In order to compute the transition impact of IFRS 16, a significant data extraction exercise was undertaken by management to summarise all land and buildings and network assets lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate ("IBR") method has been adopted where the implicit rate of interest in a lease is not readily determinable.

76 INDEPENDENT AUDITORS' REPORT (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Our Response

Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice.
- Assessing whether transition gave rise to any indicators of management bias.
- Evaluating management's process and the controls implemented to ensure the completeness and accuracy of the transition adjustments.
- Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments.
- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments.
- Evaluating the completeness, accuracy and relevance of the transition disclosures.

Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements and

our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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.

Auditor's 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



INDEPENDENT AUDITORS' REPORT (Continued) To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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.

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

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare

circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is R.W.M.O.W. Duminda B Rathnadiwakara.

Chartered Accountants

4th February 2020

Male'

78 DHIVEHI RAAJJEYGE GULHUN PLC
Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 ST DECEMBER	NOTE	2019 MVR "000"	2018 MVR "000"
Revenue	7	2,859,006	2,762,487
Operating costs	8	(1,336,423)	(1,329,431)
Depreciation and amortization	13, 14 & 15	(351,405)	(317,215)
Impairment loss on trade receivables and contract assets	17.1	(27,160)	(15,459)
Other income	9	1,904	2,265
Results from operating activities		1,145,922	1,102,647
Finance income	10	20,528	7,405
Finance costs	10	(54,531)	(47,821)
Net finance costs		(34,003)	(40,416)
Profit before tax		1,111,919	1,062,231
Tax expense	11	(170,160)	(157,138)
Profit/ Total Comprehensive Income for the year		941,759	905,093
Earnings per share			
Basic and diluted earnings per share (MVR)	12	12.39	11.91

Figures in brackets indicate deductions.

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

DHIVEHI RAAJJEYGE GULHUN PLC
Statement of Financial Postition

AS AT 31 ST DECEMBER	NOTE	2019 MVR "000"	2018 MVR "000"
ASSETS			
Non-current assets			
Property and equipment	13	1,791,139	1,870,108
Right-of-use assets	14	248,999	-
Intangible assets	15	335,806	286,098
Deferred tax assets	11.2	6,144	15,363
Total non-current assets		2,382,088	2,171,569
Current assets			
Inventories	16	58,236	55,516
Trade and other receivables	17	690,371	584,664
Cash and bank balances	18	485,685	335,672
Total current assets		1,234,292	975,852
Total assets		3,616,380	3,147,421
EQUITY AND LIABILITIES			
Equity			
Share capital	19	190,000	190,000
Retained earnings		2,314,762	2,139,843
Total equity		2,504,762	2,329,843
Non-current liabilities			
Provisions	20	130,157	170,572
Lease liabilities	21.1	232,932	-
Total non-current liabilities		363,089	170,572

DHIVEHI RAAJJEYGE GULHUN PLC
Statement of Financial Position (Continued)

AS AT 31 ST DECEMBER	NOTE	2019 MVR "000"	2018 MVR "000"
Current liabilities			
Trade and other payables	22	648,431	559,871
Lease liabilities	21.1	25,320	-
Amounts due to a related party	23	1,386	1,638
Income tax payable		73,392	85,497
Total current liabilities		748,529	647,006
Total liabilities		1,111,618	817,578
Total equity and liabilities		3,616,380	3,147,421

Figures in brackets indicate deductions.

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



Mrs. Khulood Rashid AlQattan
Chairperson of Audit Committee
& Deputy Chairperson of Board



Mr. Ismail Rasheed
Chief Executive Officer
& Managing Director



Mr. Robin Wall
Chief Financial Officer

DHIVEHI RAAJJEYGE GULHUN PLC

Statement of Changes in Equity

FOR THE YEAR ENDED 31 ST DECEMBER	NOTE	SHARE CAPITAL MVR "000"	RETAINED EARNINGS MVR "000"	TOTAL MVR "000"
As at 01st December 2018		190,000	2,124,879	2,314,879
Adjustment on Initial Application of IFRS 09		-	369	369
Adjustment on Initial Application of IFRS 15		-	7,062	7,062
Adjusted Balance as at 01st January 2018		190,000	2,132,310	2,322,310
Profit and Total Comprehensive Income for the year		-	905,093	905,093
Transactions with Owners of the Company Distributions				
Dividends	19.2	-	(897,560)	(897,560)
As at 31st December 2018		190,000	2,139,843	2,329,843
As at 01st January 2019		190,000	2,139,843	2,329,843
Profit and Total Comprehensive Income for the year		-	941,759	941,759
Transactions with Owners of the Company Distributions				
Dividends	19.2	-	(766,840)	(766,840)
As at 31st December 2019		190,000	2,314,762	2,504,762

Figures in brackets indicate deductions.

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

82 **DHIVEHI RAAJJEYGE GULHUN PLC**
Statement of Cash Flows

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2019 MVR "000"	2018 MVR "000"
Cash flows from operating activities			
Profit before Tax		1,111,919	1,062,231
Adjustments for:			
Depreciation	13	264,474	284,624
Amortization of intangible assets	15	48,831	32,591
Depreciation of right-of-use assets	14	38,100	-
Provision for slow-moving/ obsolete inventories	16.1	8,753	2,281
Provision for impairment loss on trade and other receivables	17.1	27,160	15,459
Interest income	10	(4,981)	(7,405)
Unwinding of discount on network and asset retirement obligation	10	4,456	11,840
Reversal of unwinding of discount due to the changes in estimates	10	(15,547)	-
Interest on lease liabilities	10	24,211	-
Net gain on disposal of property and equipment	9	(161)	(202)
Operating profit before working capital changes		1,507,215	1,401,419
Changes in:			
Inventories		(11,473)	15,333
Trade and other receivables		(133,490)	(146,181)
Trade and other payables		52,491	36,282
Amounts due to a related party		(252)	279
Cash generated from operations		1,414,491	1,307,132
Income tax paid		(173,046)	(165,919)
Net cash generated from operating activities		1,241,445	1,141,213

DHIVEHI RAAJJEYGE GULHUN PLC
Statement of Cash Flows (Continued)

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2019 MVR "000"	2018 MVR "000"
Cash flows from investing activities			
Purchase and construction of property and equipment		(178,220)	(449,681)
Purchase of intangible assets	15	(98,539)	(74,819)
Proceeds from disposal of property and equipment		173	202
Interest received		4,972	8,242
Payment of lease liabilities	21	(53,058)	-
Net proceeds from matured fixed deposits		5,311	162,927
Net cash used in investing activities		(319,361)	(353,129)
Cash flows from financing activities			
Dividend paid during the year		(766,760)	(896,997)
Net cash used in financing activities		(766,760)	(896,997)
Net increase/ (decrease) in cash and cash equivalents		155,324	(108,913)
Cash and cash equivalents at beginning of the year		315,976	424,889
Cash and cash equivalents at end of the year	18	471,300	315,976

Figures in brackets indicate deductions.

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

Notes to the Financial Statements

For the year ended 31st December 2019

1. Reporting entity

Dhivehi Raajjeyge Gulhun PLC (the “Company”) was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and presently governed under the Companies’ Act No. 10 of 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”).

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and 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.

3. Changes in Significant accounting policies

3.1 New standards applicable from 1st January 2019

The Company initially applied IFRS 16 – Leases with effect from 1st January 2019. A number of other new standards are effective from 1st January 2019 but they do not have a material effect on the Company’s financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

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

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

3. Changes in Significant accounting policies (Continued)

3.1 New standards applicable from 1st January 2019 (Continued)

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

(a) Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease, as explained in Note 4.10.

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

(b) As a Lessee

As a lessee, the Company leases many assets, including land and buildings and network assets.

The Company previously classified leases as operating or finance leases based on its

assessment of whether the lease transferred significantly all of the risks and rewards incidents to the ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

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

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

(i) Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for the leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1st January 2019 (See Note 3 (c)). Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application; or
- An amount equivalent to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-to-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right of use asset at the date of initial application; and
- used hindsight when determining the lease term.

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

3. Changes in Significant accounting policies (Continued)

3.1 New standards applicable from 1st January 2019 (Continued)

(C) Impact on transition

On transition to IFRS 16, the Company recognized an additional of right-of-use of assets and lease liabilities. The Impact on transition is summarised below.

	1ST JANUARY 2019 MVR "000"
Right-of-use assets – land and building and network assets	225,849
Lease liabilities	225,849

When measuring lease liabilities for leases that were classified as operating leases, the Company discounts lease payments using its incremental borrowing rate as at 1st January 2019. The weighted average incremental borrowing rate applied is 10%.

	1ST JANUARY 2019 MVR "000"
Operating lease commitments at 31st December 2018 as disclosed under IAS 17 in the Company's financial statements	327,845
Discounted using the incremental borrowing rate at 1st January 2019	225,849
Lease liabilities recognised as at 1st January 2019	225,849

3.2 Standards issued but not yet effective

A number of new standards are effective for annual period beginning after 1st January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

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

4. Significant accounting policies

Except disclosed above on the changes of the accounting policies due to the adoption of IFRS 16 on 1st January 2019, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

4.1 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.

4.2 Financial Instruments

(i) Financial Assets (Non-derivative) Recognition and initial measurement

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.

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.2 Financial Instruments (Continued)

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

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

Classification and Subsequent Measurement

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

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

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

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

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

Business model assessment

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

The information considered includes:

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

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

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

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.2 Financial Instruments (Continued)

(i) Financial Assests (Non-derivative) (Continued)

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss. Financial assets at amortized cost comprise trade and other receivables, Bank deposits and Investment in fixed deposits.

(ii) Financial liabilities (Non-derivative)

Classification, subsequent measurement and gain and losses

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses

are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

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.

De-recognition

Financial Assets

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 Liabilities

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

Offsetting

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

(iii) Share Capital

Ordinary Shares

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

Dividends

Interim dividends to ordinary shareholders are 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.

4.3 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

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.3 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits

embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

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

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

The estimated useful lives are as follows:

Buildings	5 to 40 years
Plant and equipment	
- Civil works, cables and ducting	5 to 40 years
- Network and electronic equipment	5 to 40 years
Vehicle 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.

4.4 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.

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.4 Intangible assets (Continued)

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Software	3 to 10 years
Licences	10 Years or licence term whichever is lower
Indefeasible 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.

4.5 Inventories

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

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

4.6 Contract assets related to the Enterprise Sales Projects

Contract assets related to the sales project represents the gross unbilled amount expected to be collected from customers for performance obligations satisfied to date. It is measured at the consideration allocated to the performance obligations completed as at the reporting date recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

If progress billings exceed costs incurred plus recognised profits, then the difference

is presented as deferred income in the statement of financial position.

4.7 Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due for the residential segment.
- The financial asset is more than 150 days past due for the Government segment.

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Financial Instruments and contract assets (Continued)

- The financial asset is more than 120 days past due for the corporate segment. The Company has rebutted the presumption of 90 days past due for the Government and corporate segment as the Company has assessed the previous years' collections and the historic collections at a considerable levels after 3 months period.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or being more than 180 days past due of the significant government customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 180 days past due of the significant corporate customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 365 days past due of the wholesale customers;
- It is probable that the contractual party will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off based on historical experience of recoveries of similar assets and based on the assessment carried out by the Company. For wholesale segment customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.8 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.

92 DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.8 Employment Benefits (Continued)

(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.

4.9 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.

4.10 Leases

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

Policy applicable from 1st January 2019

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

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the

contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.10 Leases (Continued)

(i) As a lessee (Continued)

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

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

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is

reasonably certain not to terminate early.

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-use assets" and lease liabilities in "Lease liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-

term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1st January 2019

For contracts entered into before 1st January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right-of-use the asset if one of the following was met:
 - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

94 DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.10 Leases (Continued)

(i) As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

4.11 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.

4.12 Revenue from contracts with customers

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

(a) Sale of equipment

Revenue from handset and other equipment sales is recognised when the product is delivered to the customer.

In revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

(b) Provision of services

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when

utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

(c) Installation revenue

Installation services are specific services and does not have a standalone value without the data/ internet services, it has not been considered as separate performance obligation.

The installation revenue is considered as part of the overall transaction price and is amortized over the expected tenure of the contracts with the customers.

(d) Sales projects

Installation, device sale and service provision are considered to be separate Performance Obligation as those are distinct goods/ services. The customer can obtain each of the said good/ service on a standalone basis from different vendors and each has a standalone value to the customer.

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.12 Revenue from contracts with customers (Continued)

(d) Sales projects (Continued)

Standalone selling prices (“SSP”) is determined for installation service, sale of device and provision of service. Accordingly, transaction price collected from the customers are allocated to each Performance Obligation based on relative SSP allocation and recognize revenue accordingly.

(e) Contract costs

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS 15, the Group recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

(f) 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.

4.13 Expenditure

(a) 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, unwinding of discount on lease liabilities and foreign exchange losses that are recognised in profit or loss. Foreign exchange gains and losses are reported on net basis.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

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

(b) 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.

4.14 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

96 DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

4. Significant accounting policies (Continued)

4.14 Tax Expenses (Continued)

(d) Deffered Tax (Continued)

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.

4.15 Determination of Fair Values

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

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

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

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

(d) Valuation of receivables

Note 4.7 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

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 individual assessment of the customers, lifetime expected credit loss of the trade and other receivables, customer credit-worthiness and the Company's historical write-off experience etc.

Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(e) Interconnection with other operators

As part of the normal course of business, the Company interconnects with other telecommunications operators. In certain

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

(f) Provisions

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 4.9 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.

(h) Lease Term

Some leases related to Land and buildings and Network assets contain extension options

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

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

exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

6. Segment Information

Reportable Segments

The Company's operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the 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 summary 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 individuals, business and government customers.

(2) Fixed, Broadband and Enterprise

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

Information about Reportable Segments

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

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

	MOBILE		FIXED, BROADBAND & ENTERPRISE		OTHER		TOTAL	
	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"
External Revenue	1,745,312	1,776,654	1,047,884	922,482	65,810	63,351	2,859,006	2,762,487
Total Revenue	1,745,312	1,776,654	1,047,884	922,482	65,810	63,351	2,859,006	2,762,487
Operating Costs	(752,552)	(802,526)	(555,617)	(498,752)	(28,254)	(28,153)	(1,336,423)	(1,329,431)
Depreciation and amortization	(114,923)	(187,698)	(201,396)	(101,421)	(35,086)	(28,096)	(351,405)	(317,215)
Impairment losses on trade and other Receivables	(13,821)	(8,896)	(12,551)	(6,141)	(788)	(422)	(27,160)	(15,459)
Net finance costs	(21,007)	(26,177)	(12,155)	(13,243)	(841)	(996)	(34,003)	(40,416)
Non-operating income	1,176	1,467	681	742	47	56	1,904	2,265
Reportable segment profit before tax	844,185	752,824	266,846	303,667	888	5,740	1,111,919	1,062,231
Segment assets and liabilities								
Non-current assets	1,172,047	979,827	791,701	824,877	412,196	351,502	2,375,944	2,156,206
Current assets	473,444	399,204	264,263	229,838	10,900	11,138	748,607	640,180
Total assets	1,645,491	1,379,031	1,055,964	1,054,715	423,096	362,640	3,124,551	2,796,386
Non-current liabilities	344,454	170,572	-	-	18,635	-	363,089	170,572
Current liabilities	391,815	340,063	242,586	197,503	114,128	109,440	748,529	647,006
Total liabilities	736,269	510,635	242,586	197,503	132,763	109,440	1,111,618	817,578

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

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

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

6. Segment Information (Continued)

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

	2019		2018	
	NON-CURRENT MVR "000"	CURRENT MVR "000"	NON-CURRENT MVR "000"	CURRENT MVR "000"
Total assets for reportable segments	1,963,748	737,707	1,804,704	629,042
Total assets for other segments	412,196	10,900	351,502	11,138
Total assets for segments	2,375,944	748,607	2,156,206	640,180
Other unallocated amounts	6,144	485,685	15,363	335,672
Total assets as per the statement of financial position	2,382,088	1,234,292	2,171,569	975,852

7. Revenue

(A) Revenue Streams

The Company generates revenue primarily from mobile and fixed, broadband and enterprise revenue. Other sources of revenue include customer equipment maintenance services and other adjacent services.

	2019	2018
	NON-CURRENT MVR "000"	CURRENT MVR "000"
Revenue from contracts with customers	2,859,006	2,762,487

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

7. Revenue (Continued)

(B) Disaggregation of revenue from contracts with customers

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

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

	REPORTABLE SEGMENTS							
	MOBILE		FIXED, BROADBAND & ENTERPRISE		OTHER		TOTAL	
	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"
Revenue by timing of recognition								
Products transferred at a point in time	104,418	118,473	113,864	105,268	3,764	3,636	222,046	227,377
Products and services transferred over time	1,640,894	1,658,181	934,020	817,214	62,046	59,715	2,636,960	2,535,110
Revenue with contracts with customers	1,745,312	1,776,654	1,047,884	922,482	65,810	63,351	2,859,006	2,762,487
External Revenue as reported in Note 6	1,745,312	1,776,654	1,047,884	922,482	65,810	63,351	2,859,006	2,762,487

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

7. Revenue (Continued)

(C) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31/12/2019 MVR "000"	31/12/2018 MVR "000"
Receivables (included in trade and other receivables)	249,132	232,470
Contract assets (included in trade and other receivables)	357,144	256,453
Contract liabilities (included in trade and other payables)	(124,836)	(95,741)

The contract assets primarily relate to the Company's right to consideration for services performed and work completed, but not billed at the reporting date on customer contracts and costs that were deferred on installations and infrastructure projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and over the period of customer tenure expected in respect of the deferred cost.

The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognized over time as the related performance obligations are fulfilled and to the unredeemed customer loyalty points.

8. Operating Costs

	2019 MVR "000"	2018 MVR "000"
Direct cost of services	539,674	516,082
Personnel costs (Note 8.1)	231,016	225,791
License fees	120,010	115,207
Operating lease rentals	563	50,335
Support services	48,050	48,050
External publicity	40,675	53,480
Network costs	132,295	118,323
Property and utility costs	118,565	110,165
Professional fees	15,570	15,179
Other administrative expenses	90,005	76,819
	1,336,423	1,329,431

8.1 Personnel Costs

	2019 MVR "000"	2018 MVR "000"
Wages, salaries and performance reward scheme	205,630	205,329
Defined contribution expense	13,249	12,450
Other personnel costs	18,675	27,462
	237,554	245,241
Staff costs capitalized	(6,538)	(19,450)
	231,016	225,791

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

9. Other Income

	2019 MVR "000"	2018 MVR "000"
Net Gain on disposal of Property, Plant and Equipment	161	202
Miscellaneous income	1,743	2,063
	1,904	2,265

10. Net Finance Costs

	2019 MVR "000"	2018 MVR "000"
Finance Income		
Interest income under EIR on Bank Deposits	4,981	7,405
Reversal of unwinding of discount due to the changes in estimates	15,547	-
	20,528	7,405
Finance Costs		
Unwinding of discount on provisions	(4,456)	(11,840)
Interest on lease liabilities	(24,211)	-
Foreign exchange loss	(25,864)	(35,981)
	(54,531)	(47,821)
Net Finance Costs	(34,003)	(40,416)

11. Tax Expense

	2019 MVR "000"	2018 MVR "000"
Income tax expense (Note 11.1)	157,550	164,760
Under/ (over) provision for the previous year	3,391	(2,122)
Deferred tax asset recognized during the year (Note 11.2)	9,219	(5,500)
	170,160	157,138

**11.1 Reconciliation between accounting profit
and taxable income:**

	2019 MVR "000"	2018 MVR "000"
Accounting profit before tax	1,111,919	1,062,231
Disallowable expenses	406,114	375,414
Allowable expenses	(467,202)	(338,746)
Tax free allowance	(500)	(500)
Total taxable income	1,050,331	1,098,399
Income tax @ 15%	157,550	164,760

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

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

11. Tax Expense (Continued)

11.2 Deferred Tax Asset

	2019 MVR "000"	2018 MVR "000"
Opening balance	15,363	9,863
Deferred tax asset (reversed)/ recognized on temporary differences	(9,219)	5,500
Closing balance	6,144	15,363

11.3 Deferred Tax Asset is attributable for following:

	2019		2018	
	TEMPORARY DIFFERENCE MVR "000"	TAX EFFECT MVR "000"	TEMPORARY DIFFERENCE MVR "000"	TAX EFFECT MVR "000"
Property and equipment	(103,524)	(15,529)	(96,027)	(14,404)
Intangible assets	(42,548)	(6,382)	(13,338)	(2,001)
Leases	9,253	1,388	-	-
Provisions	177,780	26,667	211,786	31,768
	40,961	6,144	102,421	15,363

Deferred tax Assets and (Liabilities) are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15% (2018: 15%).

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

11. Tax Expense (Continued)

11.4 Movement in Deferred Tax Balances

	BALANCE AS AT 1ST JANUARY 2019	RECOGNIZED IN PROFIT OR LOSS	DEFERRED TAX ASSET / (LIABILITY) AS AT 31ST DECEMBER 2019
Property and equipment	(14,404)	(1,125)	(15,529)
Intangible assets	(2,001)	(4,381)	(6,382)
Provisions	31,768	(5,101)	26,667
	15,363	(10,607)	4,756

12. Earnings Per Share

Basic and diluted earnings per share

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

	FOR THE YEAR ENDED	
	2019	2018
Profit for the year attributable to the ordinary shareholders (MVR "000")	941,759	905,093
Weighted average number of ordinary shares outstanding ("000")	76,000	76,000
Basic and diluted earnings per share (MVR)	12.39	11.91

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

13. Property and Equipment

31ST DECEMBER 2019

	BUILDINGS MVR "000"	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 2019	421,849	3,754,237	14,836	17,842	253,461	4,462,225
CWIP Additions during the year	-	-	-	-	185,517	185,517
Transfer from CWIP during the year	6,106	252,623	11	1,719	(260,459)	-
Disposals during the year	(1,041)	(281,395)	(3,349)	(695)	-	(286,480)
As at 31st December 2019	426,914	3,725,465	11,498	18,866	178,519	4,361,262
Accumulated Depreciation						
As at 1st January 2019	163,963	2,406,470	11,505	10,179	-	2,592,117
Charge for the year	23,528	237,528	896	2,522	-	264,474
Disposals during the year	(1,041)	(281,383)	(3,349)	(695)	-	(286,468)
As at 31st December 2019	186,450	2,362,615	9,052	12,006	-	2,570,123
Carrying amount as at 31st December 2019	240,464	1,362,850	2,446	6,860	178,519	1,791,139

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

13. Property and Equipment (Continued)

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

31ST DECEMBER 2018

	BUILDINGS MVR "000"	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 2018	419,775	3,645,908	16,504	21,135	404,906	4,508,228
CWIP Additions during the year	-	-	-	-	331,396	331,396
Transfer from CWIP during the year	10,736	467,660	961	3,484	(482,841)	-
Disposals during the year	(8,662)	(359,331)	(2,629)	(6,777)	-	(377,399)
As at 31st December 2018	421,849	3,754,237	14,836	17,842	253,461	4,462,225
Accumulated Depreciation						
As at 1st January 2018	153,980	2,502,759	13,420	14,733	-	2,684,892
Charge for the year	18,645	263,042	714	2,223	-	284,624
Disposals during the year	(8,662)	(359,331)	(2,629)	(6,777)	-	(377,399)
As at 31st December 2018	163,963	2,406,470	11,505	10,179	-	2,592,117
Carrying amount as at 31st December 2018	257,886	1,347,767	3,331	7,663	253,461	1,870,108

13.2 Capital work in progress represents the costs incurred mainly on the projects of the service extension and expansion of the network which were in progress as at 31st December 2018.

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

14. Right-Of-Use Assets

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

31ST DECEMBER 2019

	2019 MVR "000"	2018 MVR "000"
Recognition of Right-of-use assets on initial application of IFRS 16	225,849	-
Additions during the year	61,250	-
Closing balance	287,099	-
Accumulated depreciation	38,100	-
Charge for the year	38,100	-
Carrying amount as at 31st December 2019	248,999	-

14.1 Right-of-use assets will be depreciated over 1 year to 35 years based on their lease period.

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

15. Intangible Assets

31ST DECEMBER 2019	INDEFEASIBLE RIGHTS OF USE MVR "000"	LICENSE MVR "000"	SOFTWARES MVR "000"	WORK-IN- PROGRESS MVR "000"	TOTAL MVR "000"
Cost					
As at 1st January 2019	77,102	28,768	206,335	157,015	469,220
WIP Additions during the year	-	-	-	98,539	98,539
Transfer from WIP during the year	1,976	67,638	94,065	(163,679)	-
Disposals during the year	-	-	(2,645)	-	(2,645)
As at 31st December 2019	79,078	96,406	297,755	91,875	565,114
Accumulated Amortization and impairment loss					
As at 1st January 2019	11,628	20,221	151,273	-	183,122
Amortization for the year	5,253	11,956	31,622	-	48,831
Disposals during the year	-	-	(2,645)	-	(2,645)
As at 31st December 2019	16,881	32,177	180,250	-	229,308
Carrying amount as at 31st December 2019	62,197	64,229	117,505	91,875	335,806

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

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

13. Intangible Assets (Continued)

31ST DECEMBER 2018

	INDEFEASIBLE RIGHTS OF USE MVR "000"	LICENSE MVR "000"	SOFTWARES MVR "000"	WORK-IN- PROGRESS MVR "000"	TOTAL MVR "000"
Cost					
As at 1st January 2018	47,693	23,678	179,803	152,752	403,926
WIP Additions during the year	-	-	-	74,819	74,819
Transfer from WIP during the year	29,409	5,196	35,951	(70,556)	-
Disposals during the year	-	(106)	(9,419)	-	(9,525)
As at 31st December 2018	77,102	28,768	206,335	157,015	469,220
Accumulated Amortization and impairment loss					
As at 1st January 2018	7,931	16,384	135,741	-	160,056
Amortization for the year	3,697	3,943	24,951	-	32,591
Disposals during the year	-	(106)	(9,419)	-	(9,525)
As at 31st December 2018	11,628	20,221	151,273	-	183,122
Carrying amount as at 31st December 2018	65,474	8,547	55,062	157,015	286,098

15.2 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 2018.

15.3 During the year ended 31st December 2016, the Company has made a provision for impairment loss for softwares under development amounting to MVR 4,236,341/-.

15.4 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 2019

16. Inventories

	2019 MVR "000"	2018 MVR "000"
Cost of inventories	71,475	77,630
Provision for slow moving/ obsolete inventories (Note 16.1)	(13,239)	(22,114)
	58,236	55,516

16.1 Provision for Slow-Moving/ Obsolete Inventories

Opening Balance	22,114	19,833
Inventory written-off during the year	(17,628)	-
Provision made during the year	8,753	2,281
Closing Balance	13,239	22,114

17. Trade and Other Receivables

	2019 MVR "000"	2018 MVR "000"
Trade receivables	249,132	232,470
Contract Assets	357,144	256,453
	606,276	488,923
Provision for impairment loss on trade receivables (Note 17.1)	(57,645)	(56,588)
	548,631	432,335
Prepayments	55,239	78,252
Other receivables	87,380	74,632
	142,619	152,884
Allowance for impairment loss on other receivables (Note 17.1)	(879)	(555)
	141,740	152,329
	690,371	584,664

The Receivables are considered to be held within held to collect business model consistent with the Company's continuing recognition of receivables.

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Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

17. Trade and Other Receivables (Continued)

**17.1 Allowance for Impairment Loss on
Trade and Other Receivables**

**Movements in the allowance for impairment in respect
of trade receivables and contract assets**

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year and movement of the impairment of other receivables are as follows.

	TRADE RECEIVABLES AND CONTRACT ASSETS		OTHER RECEIVABLES	
	2019 MVR "000"	2018 MVR "000"	2019 MVR "000"	2018 MVR "000"
Balance as at 1st January under IAS 39	-	41,498	-	555
Adjustment on initial application of IFRS 9	-	(369)	-	-
Balance as at 1st January under IFRS 9	56,588	41,129	555	555
Measurement of loss allowance for the year	26,828	15,459	332	-
Bad debt written-off during the year	(25,771)	-	(8)	-
Closing Balance	57,645	56,588	879	555

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

18. Cash and Bank Balances

	2019 MVR "000"	2018 MVR "000"
Cash in hand	10,868	6,368
Balances with banks	290,820	200,232
Short term deposits	183,997	129,072
Cash and bank balance in the statement of financial position	485,685	335,672
Short-term deposits with maturities exceeding three months (Note 18.1)	(14,385)	(19,696)
Cash and cash equivalents in the statement of cash flows	471,300	315,976

**18.1 Short-term deposits with maturities
exceeding three months**

Current Investments

Short term deposits - amortized cost	14,385	19,696
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Short term deposits are classified as amortized cost at the interest rates of 1.5% to 2.5% and mature within 6 months to 7 months.

19. Share Capital

19.1 Share Capital

	2019 MVR "000"	2018 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

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

19. Share Capital (Continued)

19.2 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.

	2019		2018	
	PER SHARE MVR "000"	DIVIDEND MVR "000"	PER SHARE MVR "000"	DIVIDEND MVR "000"
Dividend payment - 1st tranche	5.95	452,200	5.85	444,600
Dividend payment - 2nd tranche	4.14	314,640	5.96	452,960
		766,840		897,560

After the reporting date, the board of directors has proposed dividends which is disclosed in Note 28

20. Provisions

	2019 MVR "000"	2018 MVR "000"
Network and asset retirement obligation (Note 20.1)	130,157	170,572
Movement during the year		
Opening Balance	170,572	158,732
Provision made during the year	2,233	-
Unwinding of discounts on provisions	4,456	11,840
Disposals made during the year	(32,973)	-
Impact due to the changes in assumptions	(14,131)	-
Closing Balance	130,157	170,572

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

20. Provisions (Continued)

20.1 Network and assets retirement obligation

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

	2019 MVR "000"	2018 MVR "000"
Expected rate of increase of the dismantling cost	3.50%	7.00%
Discount rate	10.00%	7.70%

Sensitivity Analysis

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

	EFFECT TO PROFIT OR LOSS	
	INCREASE	DECREASE
Expected rate of increase of the dismantle cost (Change 1%)	(1,606,473)	1,634,667
Discount rate (Change by 1%)	1,523,668	(1,526,370)

21. Lease Liabilities

Leases as lessee (IFRS 16)

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

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

	2019 MVR "000"	2018 MVR "000"
Recognition of lease liabilities on initial application of IFRS 16	225,849	-
Additions during the year	61,250	-
Interest on lease liabilities	24,211	-
Payments of lease liabilities	(53,058)	-
Closing balance	258,252	-

116 DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

21. Lease Liabilities (Continued)

21.1 Lease liabilities included in the statement of financial position as at 31st December 2019

	2019 MVR "000"	2018 MVR "000"
Current	25,320	-
Non-current	232,932	-
	258,252	-

Extension Options

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

22. Trade and Other Payables

	2019 MVR "000"	2018 MVR "000"
Trade payables	47,717	18,616
Contract Liabilities	124,836	95,741
Accruals and payables	422,993	390,299
Dividend payable	1,636	1,556
Refundable deposits from customers	24,023	22,460
Customer loyalty points	1,601	1,607
Other Payables	25,625	29,592
	648,431	559,871

23. Amounts Due to a Related Party

	2019 MVR "000"	2018 MVR "000"
Bahrain Telecommunications Company BSC (Batelco)	1,386	1,638

24. Commitments

Capital Commitments

The Company had capital commitments at the end of the financial period relating to the purchase of property and equipment and acquisition and development of intangible assets of MVR 35,229,483/- (31st December 2018: MVR 80,191,099/-).

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management

Financial Risk Management

Overview

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

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

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

Risk management framework

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

Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through

its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Treasury Policy

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

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

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

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty 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.

118 DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued) (i) Credit Risk (Continued)

Impairment Losses on financial assets and contract assets recognized in profit or loss were as follows;

	2019 MVR "000"	2018 MVR "000"
Impairment loss on trade receivables and contract assets arising from contracts with customers	27,160	15,459

Trade and other receivables and contract assets

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

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

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

	CARRYING AMOUNT	
	2019 MVR "000"	2018 MVR "000"
Consumer Segment	138,134	132,809
Corporate Segment	121,086	124,155
Government Segment	73,752	33,570
Wholesale Segment	273,365	198,389
	606,337	488,923

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

	CARRYING AMOUNT	
	2019 MVR "000"	2018 MVR "000"
Trade receivables and contract assets	606,276	488,923
Other receivables	27,584	26,084
Cash equivalents	460,432	309,608
Short term deposits	14,385	19,696
	1,108,677	844,311

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

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

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

The Company uses an allowance Matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small customers except for its wholesale segment.

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

Consumer Segment

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

31ST DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
0 - 30 days past due	1.50%	99,842	1,501
31 - 60 days past due	38.70%	3,706	1,434
61 - 90 days past due	54.43%	1,997	1,087
More than 90 days past due	90.00%	32,589	29,330
		138,134	33,352

31ST DECEMBER 2018

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
0 - 30 days past due	1.38%	94,669	1,304
31 - 60 days past due	41.59%	3,655	1,520
61 - 90 days past due	55.94%	4,201	2,350
More than 90 days past due	90.00%	30,284	27,256
		132,809	32,430

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

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

Expected Credit loss assessment for the customers as at 31st December 2018 and 31st December 2019 (Continued)

Corporate Segment

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

31ST DECEMBER 2019

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
1 - 30 days past due	1.48%	64,701	957
31 - 60 days past due	8.42%	21,123	1,778
61 - 90 days past due	15.51%	6,453	1,001
91 - 120 days past due	28.89%	6,009	1,736
More than 120 days past due	60.00%	22,800	13,680
		121,086	19,152

31ST DECEMBER 2018

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
1 - 30 days past due	1.15%	88,121	1,011
31 - 60 days past due	8.13%	11,752	956
61 - 90 days past due	15.27%	6,347	969
91 - 120 days past due	29.63%	5,812	1,722
More than 120 days past due	60.00%	12,123	7,274
		124,155	11,932

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

Expected credit loss assessment for individual specific corporate customers as at 31st December 2019

All customers' receivables more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has recognized an specific impairment reduction of MVR 1,166,038/- as at 31st December 2019 (31st December 2018: incremental impairment of MVR 1,194,780/-).

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

Expected credit loss assessment for individual specific corporate customers as at 31st December 2019 (Continued)

Government Segment

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

31ST DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
1 - 30 days past due	4.22%	55,775	2,356
31 - 60 days past due	7.08%	4,188	297
61 - 90 days past due	13.60%	5,223	710
91 - 120 days past due	22.43%	869	195
121 - 150 days past due	34.54%	1,321	456
More than 150 days past due	45.00%	6,376	2,870
		73,752	6,884

31ST DECEMBER 2018	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	LOSS ALLOWANCE MVR "000"
1 - 30 days past due	4.65%	14,397	670
31 - 60 days past due	7.05%	9,718	685
61 - 90 days past due	13.46%	2,667	359
91 - 120 days past due	22.24%	1,043	232
121 - 150 days past due	34.62%	234	81
More than 150 days past due	45.00%	5,511	2,480
		33,570	4,507

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

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

All customers' receivable more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

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

Wholesale segment

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

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Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

Expected credit loss assessment for individual specific corporate customers as at 31st December 2019 (Continued)

Wholesale segment

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

31ST DECEMBER 2019	EXTERNAL CREDIT RATING MVR "000"	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	IMPAIRMENT LOSS ALLOWANCE MVR "000"
Grades 1 - 6: Low risk	BBB- to AAA	0.01%	183,847	16
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	51,995	1
Unrated customers			37,523	-
			273,365	17

31ST DECEMBER 2018	EXTERNAL CREDIT RATING MVR "000"	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT MVR "000"	IMPAIRMENT LOSS ALLOWANCE MVR "000"
Grades 1 - 6: Low risk	BBB- to AAA	0.02%	153,298	26
Grades 7 - 9: Fair risk	BB- to BB+	0.04%	7,277	3
Unrated customers			37,814	-
			198,389	29

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

Expected credit loss assessment for individual specific corporate customers as at 31st December 2019 (Continued)

Wholesale Segment (Continued)

Specific provision would be made for any of the following indicators;

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

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

Investments in Short term Deposits

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

Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR. 471,299,820,- as at 31st December 2019 (as at 31st December 2018: MVR. 315,975,549/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

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

(ii) Liquidity Risk

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

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Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)
Cash and Cash Equivalents (Continued)
(ii) Liquidity Risk (Continued)

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

31ST DECEMBER 2019	CARRYING AMOUNT MVR "000"	WITHIN ONE YEAR MVR "000"	1 TO 2 YEARS MVR "000"	2 TO 3 YEARS MVR "000"	3 TO 4 YEARS MVR "000"	4 TO 5 YEARS MVR "000"	OVER 5 YEARS MVR "000"
Financial Liabilities							
Trade and other payables	521,994	521,994	-	-	-	-	-
Amounts due to a related party	1,386	1,386	-	-	-	-	-
Lease liabilities	258,252	25,320	20,780	21,602	21,014	20,320	149,216
Total	781,632	548,700	20,780	21,602	21,014	20,320	149,216

31ST DECEMBER 2018	CARRYING AMOUNT MVR "000"	WITHIN ONE YEAR MVR "000"
Financial Liabilities		
Trade and other payables	462,523	462,523
Amounts due to a related party	1,638	1,638
Total	464,161	464,161

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

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

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

Cash and Cash Equivalents (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 as at 31st December 2019 (as at 31st December 2018: Nil)

Exposure to interest rate risk

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

	CARRYING AMOUNT	
	2019 MVR "000"	2018 MVR "000"
Fixed Rate Instruments		
Short term deposits	183,997	129,072

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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

(b) Currency risk

Exposure to currency risk

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

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

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

(iii) Market risk (Continued)

(b) Currency risk (Continued)

Exposure to currency risk (Continued)

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

	31/12/2019			
	US\$ "000"	EURO "000"	SGD "000"	GBP "000"
Cash and bank balances	13,919	98	25	60
Trade and other receivables	17,913	65	17	-
Amount due to related party	(90)	-	-	-
Trade and other payables	(10,655)	(27)	(60)	(54)
Net statement of financial position exposure	21,087	136	(18)	6

	31/12/2018			
	US\$ "000"	EURO "000"	SGD "000"	GBP "000"
Cash and bank balances	8,380	212	25	8
Trade and other receivables	16,657	301	-	24
Amount due to related party	(106)	-	-	-
Trade and other payables	(14,200)	(227)	(63)	(382)
Net statement of financial position exposure	10,731	286	(38)	(351)

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

(iii) Market risk (Continued)

(b) Currency risk (Continued)

Exposure to currency risk (Continued)

The following significant exchange rates were applied during the year:

	AVERAGE RATE		SPOT RATE	
	2019	2018	2019	2018
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	17.77	18.76	17.60	18.07
SGD 1: MVR	11.64	11.77	11.71	11.57
GBP 1: MVR	20.26	21.21	20.55	20.10

Sensitivity Analysis

Astrengthening / (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 2019		YEAR ENDED 2018	
	STRENGTHENING "000"	WEAKENING "000"	STRENGTHENING "000"	WEAKENING "000"
US\$ (10% Movement)	(32,516)	32,516	(16,547)	16,547
Euro (10% Movement)	(240)	240	(518)	518
SGD (10% Movement)	21	(21)	44	(44)
GBP (10% Movement)	(12)	12	705	(705)

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Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. 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 2019 (as at 31st December 2018: Nil).

(v) Accounting classifications and fair values

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.

	CARRYING AMOUNT		
	FINANCIAL ASSETS AT AMORTIZED COST MVR "000"	OTHER FINANCIAL LIABILITIES MVR "000"	TOTAL MVR "000"
31ST DECEMBER 2019			
Financial assets not measured at fair value			
Balance with banks	290,820	-	290,820
Short term deposits	183,997	-	183,997
Trade and other receivables and contract assets	575,336	-	575,336
	1,050,153	-	1,050,153
Financial liabilities not measured at fair value			
Trade and other payables	-	521,994	521,994
Amounts due to related party	-	1,386	1,386
	-	523,380	523,380

DHIVEHI RAAJJEYGE GULHUN PLC
Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

25. Financial Instruments and Risk Management (Continued)

(v) Accounting classifications and fair value

	CARRYING AMOUNT		
	FINANCIAL ASSETS AT AMORTIZED COST MVR "000"	OTHER FINANCIAL LIABILITIES MVR "000"	TOTAL MVR "000"
31ST DECEMBER 2018			
Financial assets not measured at fair value			
Balance with banks	200,232	-	200,232
Short term deposits	129,072	-	129,072
Trade and other receivables and contract assets	457,864	-	457,864
	787,168	-	787,168
Financial liabilities not measured at fair value			
Trade and other payables	-	462,523	462,523
Amounts due to related party	-	1,638	1,638
	-	464,161	464,161

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

26. Related Party Transactions

26.1 Parent and Ultimate Holding Company

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

26.2 Transactions with BTC Islands Limited

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

Transactions	YEAR ENDED	YEAR ENDED
	2019	2018
	MVR "000"	MVR "000"
Dividends	398,757	466,731
Management fee	43,245	43,245
	442,002	509,976

Subsequent to the period ended 31st March 2013, on 3rd April 2013, Batelco Islands Limited, a subsidiary of Bahrain Telecommunications Company BSC (Batelco), acquired the full shareholding of the Company held by CWC Islands Limited (52%). Effectively from 3rd April 2013, the Parent of the Company is Batelco Islands Limited, a Company incorporated in the United Kingdom and the ultimate parent is Bahrain Telecommunications Company BSC (Batelco), a Company incorporated in Bahrain.

26.3 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	YEAR ENDED
	2019	2018
	MVR "000"	MVR "000"
Directors Fees	1,087	1,306
Salaries to Executives	15,053	14,909
Short term Benefits to Executives	4,516	4,473
	20,656	20,926

Balances outstanding

	2019	2018
	MVR "000"	MVR "000"
Amount payable	(1,386)	(1,638)

DHIVEHI RAAJJEYGE GULHUN PLC Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2019

26. Related Party Transactions (Continued)

26.4 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2019 (31st December 2018: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

Individually Significant Transactions

Transactions	YEAR ENDED	YEAR ENDED
	2019	2018
	MVR "000"	MVR "000"
License fees	120,009	115,207
Rentals on land space	9,508	9,949
Dividends	320,560	375,205
	450,077	500,361

Balances outstanding

	2019	2018
	MVR "000"	MVR "000"
Amounts payable in respect of rentals on land space	(5,454)	(5,336)
Amounts payable in respect of license payments	(10,849)	(10,528)
	(16,303)	(15,864)

Collectively, but not individually, significant transactions

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

27. Board of Director's Responsibility

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

28. Events Occurring After The Reporting Date

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

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

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

General Counsel & Company Secretary

Hazrath Rasheed Hussain

External Auditors

KPMG

External Counsel

Mohamed Shahdy Anwar
Partner, S&A Lawyers LLP

Laila Manik
Attorney at Law

Shareholder Queries

Our Shareholders can contact us on

Email: investor-relations@dhiraagu.com.mv

Tel: 3311121 / 3311435

Investor Relations 7th Floor,
Dhiraagu Head Office

Our Annual Report has been prepared in accordance Companies Act of the Republic of Maldives (10/96), listing rules of Maldives Stock Exchange, the Securities Act of the Republic of Maldives (2/2006), the Continuing Disclosure Obligations of Issuers regulation (2019/R-1050) and the Corporate Governance Code of Capital Market Development Authority requirements.

Unless otherwise stated, the terms 'we', 'us', 'our' and 'Dhiraagu' refers to Dhivehi Raajjeyge Gulhun Plc. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reference to a year, unless otherwise indicated, refers to the financial year ending 31st December 2019.

Any forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events. These can generally be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect',

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



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