dhiraagu

Dhivehi Raajjeyge
Gulhun Plc

ANNUAL REPORT 2018

Take on tomorrow

Contents

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 customer 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

We are the leading telecommunications company in the Maldives, offering a full range of digital and communication services. Our business is to inspire and empower our customers to 'take on tomorrow' and thrive in the digital future.

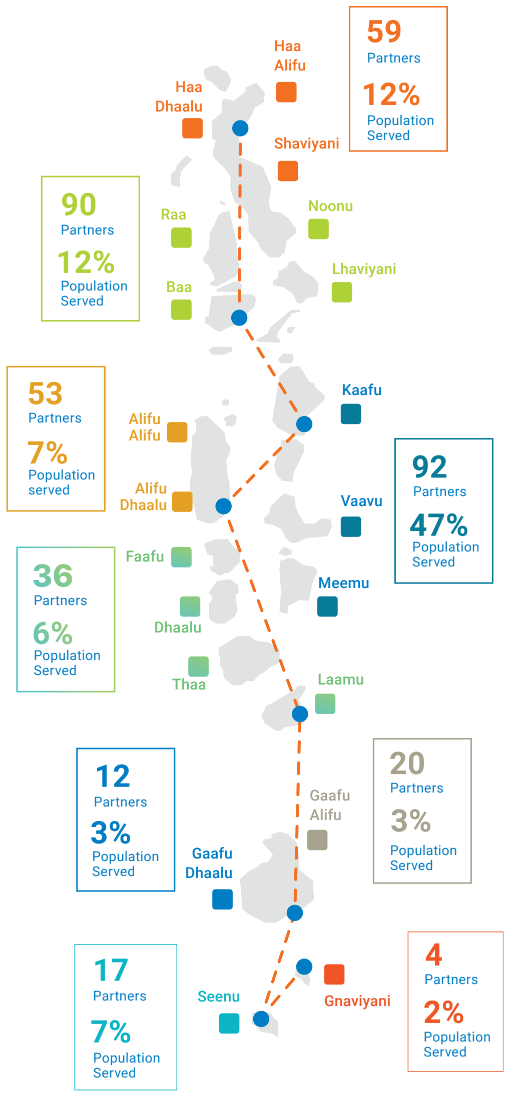
Our customers include individual consumers, small to medium businesses, corporate and government institutions. We provide total solutions and cater to specific needs ranging from simple telephone services to complex integrated private networking solutions for global corporate customers.

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.

With 30 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 73 partners, 31 wholesalers, 279 agents, 8 overseas agents and over 3,800 retailers.
- We provide the widest coverage in Maldives, which includes all of the country's 199 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.



Our Products & Services

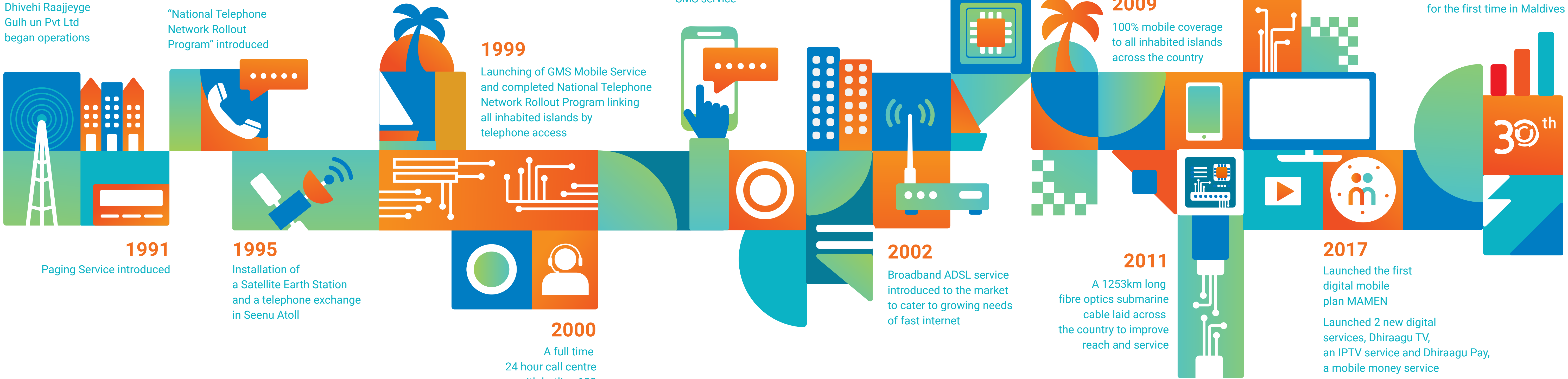
With telecommunications being an enabler in our increasingly connected society, our portfolio includes an array of mobile, internet, data, IPTV, mobile money and fixed services specially tailored to cater for the needs of both consumer and business segments.

We ensure reliable international connectivity and maintain our network resilience to deliver full coverage within the Maldives. We provide enterprise and government customers with fully integrated end-to end solutions.

Achievements & Awards 2018

- Recognised as one of the most effective 100 brand transformation of 2017 by Rebrand 100® Global Awards
- Presented with the 'Social Responsibility & Environment Awareness Award' at the Maldives Business and Customer Experience Awards 2018
- Won 'Public Enterprise of the Year' award at Maldives Business Awards
- Recognised for its contributions towards developing Maldivian Football community by the Football Association of Maldives
- Received 'Next Generation Employment Initiative Award' from HR Maldives for its Apprenticeship Program

30 Years Milestone



1988
1 Oct 1988
Dhivehi Raajjeyge Gulh un Pvt Ltd began operations

1991
Paging Service introduced

1994
"National Telephone Network Rollout Program" introduced

1995
Installation of a Satellite Earth Station and a telephone exchange in Seenu Atoll

1999
Launching of GMS Mobile Service and completed National Telephone Network Rollout Program linking all inhabited islands by telephone access

2000
A full time 24 hour call centre with hotline 123 introduced

2001
Completed installation of Prepaid system followed by launch of mobile SMS service

2002
Broadband ADSL service introduced to the market to cater to growing needs of fast internet

2006
An optical fibre cable link established between Maldives and Sri Lanka to improve bandwidth and quality of services

2009
100% mobile coverage to all inhabited islands across the country

2011
A 1253km long fibre optics submarine cable laid across the country to improve reach and service

2015
Launched Fibre broadband service on 31 March 2015 with speeds up to 100Mbps

2017
Launched the first digital mobile plan MAMEN

Launched 2 new digital services, Dhiraagu TV, an IPTV service and Dhiraagu Pay, a mobile money service

2018
100% Coverage of 4G Network in Maldives

Marked 30th Anniversary

Demonstrated 5G technology for the first time in Maldives

Commercial Highlights

Quarter 1 — Q1

38 islands

Dhiraagu Fibre Broadband Services

We deployed high-speed Fibre Broadband services in 7 new islands during Q1, covering a total of 38 islands which represents 66% of national households.

We offered free connection and discounts on our fixed broadband packages and DhiraaguTV

LTE Broadband

As we continued to enhance our 4G network across the country, we introduced initiatives to upgrade customers to 4G sims.

5GB

Mobile Services

Our Postpaid plans were enhanced with social media data allowances of up to 5GB.

DhiraaguTV

DhiraaguTV service was launched in 7 additional islands, covering a total of 28 islands which represents 62% of national households.

28 total islands | **62%** of national households

MORE merchants

DhiraaguPay

We secured over 130 merchants, including popular supermarkets and cafes across the country.

Samsung S9 launch

Samsung S9 and S9+ phones were launched with attractive packages, offering free data allowances and attractive payment plans.

Quarter 2 — Q2

41 islands

Dhiraagu Fibre Broadband Services

Substantial progress was made on our rollout of high-speed Fibre Broadband services.

By the end of Q2 high-speed Fibre Broadband services were available in 41 islands covering 68% of the households.

100% of population

4G

We completed expanding 4G coverage to 100% of the population.

With the expansion we offered LTE Broadband services to all inhabited islands and resorts.

Final 10 matches

4K UHD

Dhiraagu TV

We launched our DhiraaguTV app the perfect way for our customers to access content on the go.

We acquired rebroadcasting rights to show all live matches of the FIFA World Cup 2018 on DhiraaguTV. The final 10 matches were rebroadcasted in 4K UHD quality across the country.

With additional 8 new islands launched, DhiraaguTV became available in a total of 36 islands which represents 66% of national households.

MAMEN

We launched a **'double value'** promo through which customers recieved twice more Data/SMS/Voice with every recharge.

Prepaid Mini Data Bundles

Attractive mini data bundles were launched for our Prepaid customers. The bundles provide better value for our customers and more data when it is needed for a short period.

Dhiraagu Digital Elite Club

Our loyalty 'Elite Club' membership was digitised and offered through the Dhiraagu mobile self-care app.

Ramadan Campaign

For Ramadan, special data packs were offered and with every purchase of our data bundle, 10% of what was spent by our customers was donated to the NGO, Tiny Hearts of Maldives.

We launched a Ramadan app that featured alerts for prayer times, updates of grocery prices at the local market and the menus of popular restaurants. The app was also integrated with DhiraaguPay to enable customers to pay zakat using their eWallets.

World Cup Campaign

Special promotions and activities were run during the World Cup including a guess the score challenge.

We set up LED mega screens at 'Raalhugandu' and rebroadcasted all the matches live for public viewing. Customers were also offered an add-on to watch the World Cup through the DhiraaguTV app.

Quarter 3 — Q3

44 islands

Dhiraagu Fibre Broadband Services

At the end of Q3, high-speed Fibre Broadband services were deployed to a total of 44 islands which represents 70% of national households.

Our fixed broadband offers were revamped with more data allowances and bigger boosters. A new 5M Fibre Broadband package was also introduced.

Mobile Services

We launched a new Prepaid plan which offers customisation of voice and data add-ons and free data for social media apps.

Special roaming rates and discounted IDD rates to Saudi Arabia were offered during the Hajj season and Eid Al Adha.

On Eid Al Adha, two special data add-ons were made available for our Postpaid, and new Prepaid customers.

DhiraaguPay

We became the first to introduce personalised NFC cards in the Maldives.

The card was launched for Ghiyaasudhin International School students and is being used by students to pay for meals at the school's canteen.

Enterprise

Connectivity to all government schools was delivered to the Ministry of Education under the 'Digital Schools' project.

43 total islands | **69%** of national households

Dhiraagu TV

DhiraaguTV service was launched in 7 additional islands covering a total of 43 islands which represents 69% of national households.

Samsung Galaxy Note 9

Samsung Galaxy Note 9 was launched with attractive packages offering free data allowances and convenient payment plans.

Quarter 4 — Q4

5G

We pride ourselves in striving to introduce innovation and new technology and with great pleasure, we demonstrated 5G technology for the first time in Maldives.

50 total islands | **72%** of national households

Dhiraagu TV

DhiraaguTV service was extended to 7 additional islands and by the end of Q4, the service was available in 50 inhabited islands across the country representing 72% of household.

55 islands | **74%** of national households

FTTH expansion

At the end of Q4, high-speed Fibre Broadband services was extended to 11 more islands, covering a total of 55 inhabited islands which represents 74% of national households.

We offered customers a Fibre Broadband promotion during November and December which included free connection and 3 months of discounted monthly rental.

Mobile Services

We continued our Postpaid Social Media promotion under which all customers on the latest Postpaid plans were offered up to a 5GB social media data allowance.

30th Anniversary Campaign

To mark 30th Anniversary, '30 people 30 destinations' lucky draw held every week for a duration of 15 weeks where 30 lucky draw winners were offered all-inclusive trips to 1 of 30 international destinations.

Also, 1GB Data valid for 3 days was offered to mobile customers and 30% extra allowance was offered to fixed broadband customers during October.

Baiskoafu App

'Baiskoafu' app; the first ever Maldivian OTT video streaming service, was launched during the quarter in partnership with Baiskoafu. The app allows users to watch and listen to Dhivehi music, film, videos, TV channels and premium original content

Huawei Mate 20 series

In partnership with Huawei, Huawei Mate20 and Mate20 Pro were launched with attractive packages.

IPhone XS series

Apple's iPhone XS was launched with attractive packages offering free data allowances and convenient payment plans.

Key CSR Highlights

Angelhack
The first international hackathon held in Maldives to foster innovation and support startups.

Dhiraagu Apprenticeship Programme
28 new apprentices enrolled, and 14 apprentices graduated.

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

Dhiraagu Maldives Road Race
4000 registered runners and MVR 600,000 donated to local NGOs in the area of child protection and support

Care for the Oceans
Launch of Rethink. Reduce. Reuse campaign.

Over 1.5 tonnes of plastic collected through our coastal clean-up programme.

Film for Change
Young people trained to explore social issues and produce short films on SDGs through smartphones and tablets

Dhiraagu Special Sports Festival
Participation by 11 schools, 4 NGOs and over 350 children with disabilities

Key Financial Highlights

Revenue
2018
MVR 2,762m
2017
MVR 2,620m
5.4%

EBITDA
2018
MVR 1,418m
2017
MVR 1,371m
3.5%

Profit After Tax
2018
MVR 905m
2017
MVR 898m
0.8%

Earnings Per Share
2018
MVR 11.91
2017
MVR 11.81m
0.8%

Free Cash Flow
2018
MVR 617m
2017
MVR 644m
-4.2%

Dividend Per Share
2018
MVR 11.91
2017
MVR 11.81m
0.8%

Capital Investments
2018
MVR 406m
2017
MVR 389m
4.5%

Return on Capital Employed (ROCE)
2018
42.5%
2017
42.8%
-0.3 p.p

Key Sponsor Highlights

Maldivian Idol

Title sponsor of the popular reality music franchise Maldivian Idol for its third consecutive season.

Dhivehi Premier League

Title sponsor of the national football league.

Maldives Aero-press Championship

Title sponsor of Maldives Aero-press Championship the largest festival celebrating coffee, music and art.

Pole and Line Day

Title sponsor of Pole and Line Day with Gemanafushi Masverin to celebrate Fishermen's Day.

Top Achievers Award

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

GM Forum

Title sponsor of Hotelier Maldives' GM Forum, a dedicated platform bringing together over 100 general managers from the hotel industry.

Maldives Business Awards

Platinum sponsor the first local awards to acclaim businesses who have shown exceptional performance in their respective industry.

As pioneers in connecting the homes, businesses, communities and individuals across the country, **we are committed to making sure the Maldives become part of the connected world.**

Chairperson's Opening Remarks

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for 2018.

One of the key roles of the Board has been to find the right balance between strategic long-term investments to secure the sustainability of the business, a healthy balance sheet and a strong financial position to navigate through challenging market conditions whilst maintaining regular and sustainable returns for shareholders.

Sustainable Value for Shareholders

Our 2018 financial results reflect a strong performance with a gross revenue of MVR 2.8bn. Earnings per share grew by 10 laari to MVR 11.91 in 2018. The Board continues to view dividends as the measure for shareholder returns and recommends continuing with a full year dividend pay-out ratio of 100% of Profit After Tax, which amounts to MVR 905m as total dividend (MVR 11.91 per share) of which MVR 453m (MVR 5.96 per share) has been paid out as interim dividend during 2018.

Digital Raajje

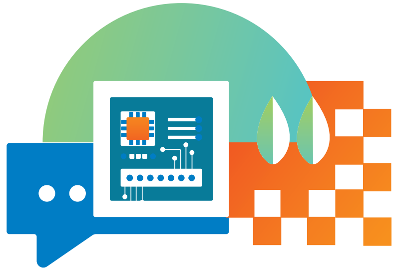
Last October we celebrated Dhiraagu's 30th anniversary. Today, we remain the industry leader and we continue to enrich lives and empower people through building strong, inclusive digital communities. Our brand transformation drives the expansion of FFTH, IPTV and the introduction of new and exciting offers to more islands across the country. We aspire to create Digital Raajje for everyone to enjoy the benefits of the mobile and digital revolution, whilst ensuring that our services are more convenient and accessible to our customers in their homes, offices and on the move.

During the year, we invested MVR 270.7m into network innovation and expansion. Our FTTH network; accessible to 74% of national households making it the largest fibre network in the country. These investments benefit businesses as much as individuals and by introducing our high-speed connectivity to new communities we aim to deliver on our brand promise and empower our customers to 'take on tomorrow'. With different connected technologies now permeating all aspects of our lives and with our future customers having grown up in a digital world where the internet is ever-present, our ability to translate this strong demand for data into revenue will be a key driver of our financial performance in the years ahead.

Our business has a clear strategy which focuses on providing a superior experience to our customers, continuing our investments to enhance our network and tap into new avenues for sustainable and long-term growth.

Board Changes

During the period under review, there were a number of changes to the Board. Mr. Ahmed Hafiz was appointed to the Board by the Government as a Non-Executive Director in January 2018. In



"We aspire to create **'Digital Raajje'** for everyone to enjoy the **benefits of the digital revolution"**

November 2018 we bid farewell to the three Government appointed Directors, including the former Chairperson Mr. Mohamed Ashmalee and Non-Executive Directors Mr. Abdulla Ahmed and Mr. Ahmed Hafiz. We also bid farewell to the longstanding Batelco appointed Non-Executive Director Mr. AbdulRahman Fakhro in January 2019, and welcomed the appointment of Mr. Khalid Taqi as his replacement to the Board in March 2019. I wish to acknowledge their valuable contributions to the Board and thank them for their services. Further details regarding Board appointments can be found in our Governance Report

Note of Appreciation

The success of our initiatives requires more than financial investment in infrastructure. The continuous hard work of our colleagues who tirelessly work together to know and serve our customers better than anyone else, is the reason why we continue to lead and consistently deliver the best experience digital technology has to offer.

I convey appreciation to the Board members, both past and present, for overseeing our company's transformation. I also thank the management for their sheer determination to achieve this change while maintaining financial and operational momentum and ensuring our business performance is to plan.
Our company was founded as a joint venture between the Government and a foreign investor. 30 years on, despite changes in administration and ownership the collaboration and support of our majority shareholders remains strong and evident. I take this opportunity to sincerely thank both the Government of the Maldives and the Batelco Group for being an integral part of our success. I am also grateful to all our shareholders for the interest they show in our company and the trust they have placed in us.

I look forward to working with the Board to help ensure that Dhiraagu is well placed to capitalise on the opportunities of the digital age. Our business continues to lead the market for the benefit of our customers, employees and shareholders by enabling and empowering a connected 'Digital Raajje'.

Ismail Waheed
Chairperson

CEO's Message

In 2018, we continued our robust performance delivering increased revenue, EBITDA and net profit over the previous year, as seen in our 2018 full year results. These achievements, despite the inherent challenges and in a dynamically changing operational environment with intense competition, is the result of our team's focus on "delivering an excellent customer experience" which is placed at the heart of everything we do, and the continued trust and confidence of our customers across the Maldives.

We saw strong customer growth and have made great progress in delivering our strategy, further enriching the lives of people in communities across the country. The investments made in the prior year in expanding our broadband service across the country have translated into strong performances in our broadband, enterprise and digital services as reflected in our gross revenue and EBITDA.

" Dhiraagu's connectivity enables digital services to reach people across the Maldives which powers socio-economic development. **This connectivity helps enrich the lives of people and communities across the Maldives."**

That is our vision, and we continue to demonstrate our resolve by rolling our services across the Maldives, including the very remote corners of the country. It is this resolve and our mission to deliver excellence in customer experience, that strengthens our brand as we endeavour to continue serving as a trusted partner offering high quality coverage and connectivity for voice, data, business and entertainment services across multiple technologies.

With the power of our newly refreshed brand and outlook, together with the depth and breadth of our coverage we have focussed on fostering a 'Digital Raajje' by building digitally inclusive communities. Our 4G LTE & LTE-A network now covers 100% of the country and high-speed FTTH service is now accessible to 74% of national households spanning 55 islands. Digitisation and transformation are at the heart of this expansion.

Our fibre optic submarine cable network forms the backbone for the nation's largest 3G and 4G LTE and fixed broadband network. We bring the benefits and ease of the digital revolution to our customers, through a range of digital services. Our fixed broadband offers were enhanced with more data allowances and bigger boosters to support the demand for increased speed and meet the capacity requirements of our customers. We also redesigned our prepaid plans, in order to meet the increasing need for quality mobile internet at affordable prices, and introduce digital lifestyle services.

Our digital IPTV service "DhiraaguTV", is now available on 50 islands and through our DhiraaguTV mobile app we offer customers seamless access to our suite of digital content throughout the country. We bring great content with high-quality experience to homes and personal devices. We showed all the matches of the FIFA World Cup 2018 on DhiraaguTV and to the delight of fans across the country, the final 10 matches were shown in Ultra HD (4K) quality.

DhiraaguPay, our mobile money solution, leverages on the high penetration of mobile phones in the market and the difficulties in accessing conventional banking. With an e-Wallet our customers can send and receive money, purchase goods and pay for bills. We became the first to introduce personalised NFC debit cards in the Maldives.

With purpose-built solutions for small and medium enterprises such as the guest house industry and customised fully integrated enterprise solutions for our corporates, **we help our business 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. We champion innovation and endeavour to continue serving businesses of all sizes as a partner offering new age digital solutions for them to thrive and prosper.

We have a structured Corporate Social Responsibility Programme which is underpinned by good governance, responsible business practices and giving back to the community, and supports the United Nations sustainable development goals (SDG's). Through our CSR Programme we continued to support various programmes. Key highlights include the annual Dhiraagu Maldives Road Race which has become a platform for local NGOs and the Dhiraagu Special Sports Festival; the only sports festival for children with disabilities. The Dhiraagu Apprenticeship Programme another key CSR initiative celebrated its 10th anniversary and enrolled 28 new apprentices. Developing young entrepreneurs and fostering innovation is a key focus area, with our partners we organised Angelhack, the first international hackathon in Maldives. Under our flagship CSR campaign for the "For the Oceans" we launched a focused campaign "Rethink. Reduce. Reuse" advocating against the use of single-use plastic.

Our success continues to be reliant upon the contributions of our dedicated colleagues. I thank our team for their continued efforts to deliver superior experiences to our customers and their hard work to implement our strategy. I am very grateful to the Board of Directors for their time, direction, and insight to create and oversee strategic goals, and their support to the management in executing those strategies.

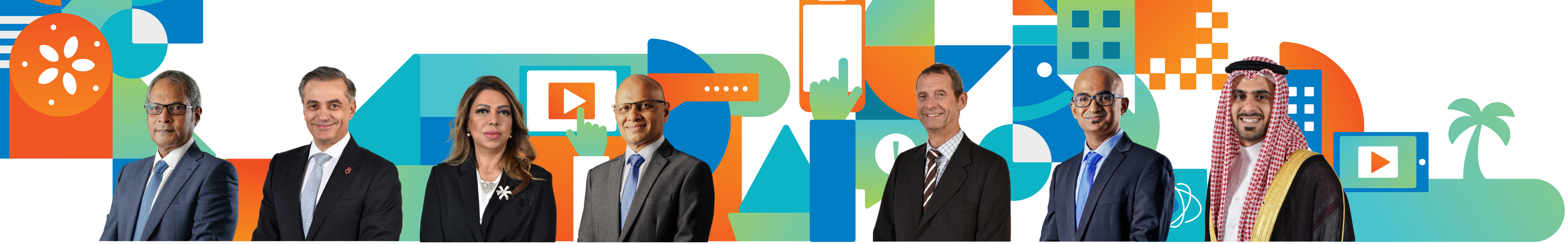
I extend a heartfelt thanks to all our customers for their loyalty and support, for choosing our services and assure them of our commitment to be bolder and deliver bigger value and the best user experience.

My team and I, will relentlessly continue our work to create a Digital Raajje and empower Maldivians to 'take on tomorrow', whilst maintaining increasing value for our shareholders.

Ismail Rasheed

Chief Executive Officer and Managing Director

Board of Directors



Mr. Ismail Waheed

Mr. Ihab Hinnawi

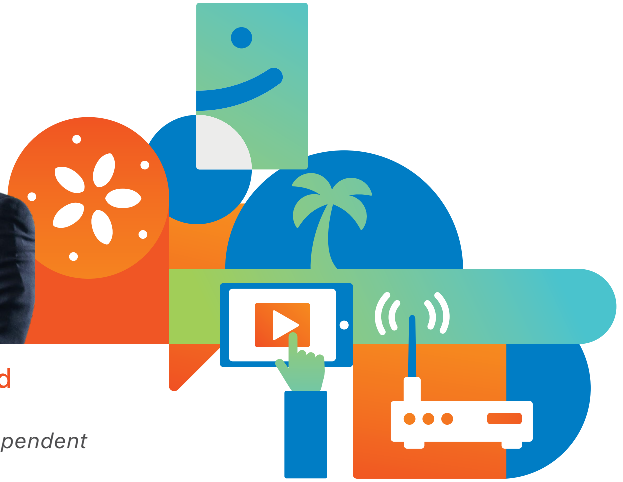
Mrs. Khulood Rashid AlQattan

Mr. Ismail Rasheed

Mr. Oliver McFall

Mr. Imran Ali

Mr. Khalid Taqi

Mr. Ismail Waheed

Chairperson

Non-Executive & Independent

Maldivian

Appointed as Chairperson of the Board by the Government of Maldives in November 2018.

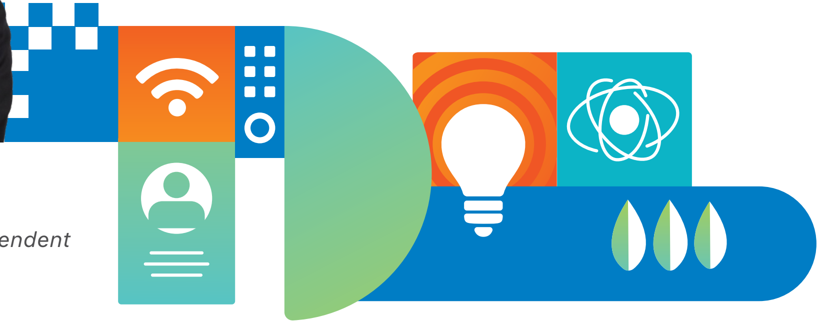
Chairperson of the Remuneration Nomination and Governance Committee.

With over 40 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 held various positions 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 directorships and appointments:
None

Mr. Ihab Hinnawi

Director

Non-Executive & Independent

Jordanian

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

Mr. Hinnawi has been the Batelco Group CEO since December 2015 and 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 of Batelco Bahrain in 2008, General Manager Special Projects in Batelco Bahrain in 2008 and Chief Executive Officer of Batelco, Jordan from 2007 to June 2008.

With over 25 years of extensive managerial and operational experience to lead industry pioneering operations, 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.
Mr. Hinnawi holds a BA in Business Administration.

Other directorships 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.


Mrs. Khulood Rashid AlQattan

Director

Non-Executive & Independent

Bahraini

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

Chairperson of the Audit Committee.

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

Mrs. AlQatan has over 25 years' of extensive experience in banking, with a focus on investments. She started her career as a trader in US & European equities and has experience in capital and money market instruments in international markets as well as portfolio management.

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

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

Other directorships 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 Committee for the Young Women Entrepreneur award (Bahrain).

Mr. Ismail Rasheed

Chief Executive Officer & Managing Director

Executive & Non Independent

Maldivian

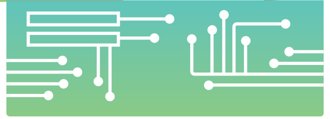
Appointed to the Board as Chief Executive Officer & Managing Director by the Batelco Group in September 2015.

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 30 years' of extensive telecoms experience, Mr. Rasheed has played a pivotal role in transforming 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 directorships and appointments:
None



Mr. Oliver McFall

Director

Non-Executive & Independent

Danish

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

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

With over 30 years' 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 has worked in North America, Europe and the Middle East with major industrial corporations within telecom, energy and metals. Mr. McFall is currently working as a special advisor for CEO's in a selected number of SME's in Europe.

He holds an MBA from IMD Business School, Switzerland and a M.Sc in Chemical Engineering from the Technical University of Denmark.

Other directorships and appointments:

- Board Member of Batelco Group (Bahrain);
- Board member and Chairman of the Audit committee of Sure Group Telecommunication Company (UK);
- Board member in Ballard Europe; Executive Director in Blue Ocean/HSV (Switzerland); real estate management and development in Europe;
- Board member in Ringford Holding (Switzerland).

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.

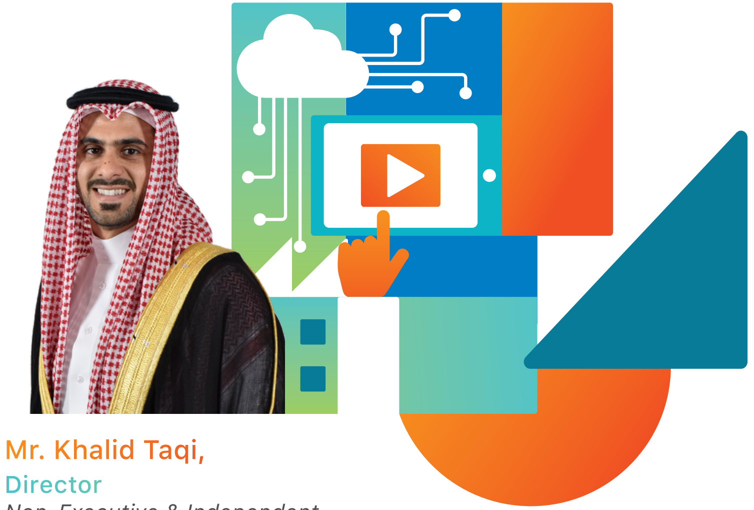
Mr. Ali has served on the Dhiraagu Board since May 2014. Member of the Remuneration Nomination and Governance Committee, and Member of the Audit Committee.

Mr. Ali is the Chief Executive Officer of Dhonkeyo Group of companies with over 16 years' of experience in tourism and real estate development.

He holds an MBA from Manchester Metropolitan University, UK and a BSc in Economics from the University College London, UK.

Other directorships and appointments:

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



Mr. Khalid Taqi,

Director

Non-Executive & Independent

Bahraini

Appointed to the Dhiraagu Board by the Batelco Group in March 2019.

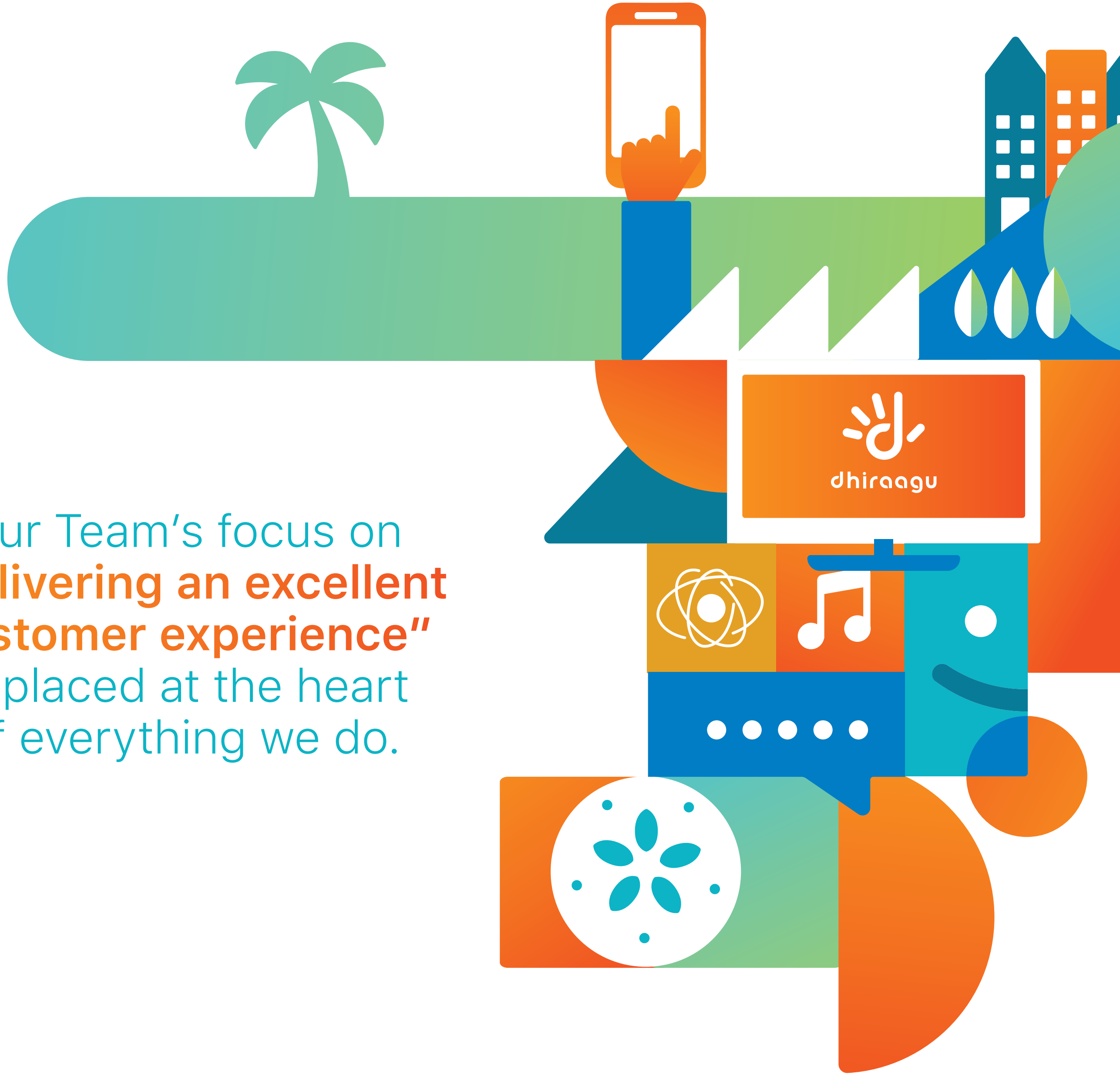
Mr. Taqi has served as a representative of the Social Insurance Organization (SIO) on the Batelco Board of Directors since January 2019. Mr.Taqi graduated from Concordia University, Montreal, Canada with a B.Comm in Finance. He also completed his Master's degree in Finance from DePaul University's Kellstadt 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. Mr.Taqi joined Osool Asset Management in 2013, his current mandate is to manage Osool's strategic investments in both listed and non-listed companies.

Other directorships and appointments:

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

Our Team's focus on **"delivering an excellent customer experience"** is placed at the heart of everything we do.



Management Team

Left to right:

1. Ajwad Ali
2. Athifa Ali
3. Ali Riyaz
4. Ismail Rasheed
5. Mohamed Musad
6. Musthag Ahmed Didi
7. Robin Wall
8. Mohamed Hazmath Abdulla
9. Mohamed Abdul Gadir
10. Abdulla Firag

Ismail Rasheed

Chief Executive Officer & Managing Director

- Appointed CEO & MD in September 2015. Ismail and his team are committed to building a culture of customer centric innovation at Dhiraagu to enable the business' digital transformation.
- 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 the 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 30 years of telecoms industry experience and over 15 years of strategic management experience, he holds a MBA, University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design, Anglia Polytechnic University (UK) and is a Member of the Institute of Engineering & Technology (UK).

Robin Wall

Chief Financial Officer

- Appointed Chief Financial Officer (CFO) in February 2015.
- Robin joined Dhiraagu in 2011 and held key positions in the company including Acting CFO, Financial Controller as well as Assistant Financial Controller.
- Prior to joining Dhiraagu, Robin served as Financial Controller of of the Monaco & Islands region in the CWC Group.
- He is a Chartered Management Accountant with over 14 years of financial & operational expertise in the telecoms industry. Robin holds a BSc Management Studies, University of Brunel (UK) and is an Associate Member of the Chartered Institute of Management Accountants (UK).

Ali Riyaz

Director, Customer Services & Sales

- Appointed as Director, Customer Services and Sales in 2004.
- 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 22 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 joined Dhiraagu in 1988 and has held key positions in the company including Financial Controller.
- She served as the Chairperson of the Board of Maldives Pension Administration Office for 6 years.
- Athifa is a Chartered Management Accountant with over 28 years of telecoms and finance experience. She holds an MBA, University of Bradford (UK) and is an Associate Member of the Chartered Institute of Management Accountants (UK).

Musthag Ahmed Didi

Director, Customer Solutions

- Appointed Director, Customer Solutions in 2009.
- Musthag joined Dhiraagu in 1994 and has served the company as the Manager Data & IP solutions and Manager Information Systems.
- As an IT specialist with over 23 years of experience in the telecommunications industry Musthag holds a BSc Microelectronics & Computing, University College of Wales (UK).

Abdulla Firag

Director, Networks

- Appointed Director Networks in 2016.
- 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 University of Canterbury in New Zealand, Project Coordinator at Ministry of Communications, Science and Technology in Maldives, and as an Engineer at the Maldives Airports Company Limited.
- Firag is a qualified engineer and researcher with over 16 years of experience in the telecommunications as well as the 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.

Ajwad Ali

Director, Human Resources

- Appointed Director Human Resources in 2016.
- Ajwad joined Dhiraagu in 2016. Prior to joining Dhiraagu, he served in the Public Sector and held key positions including Director Corporate Affairs at Maldives Pension Administration Office, Permanent Secretary of Ministry of Human Resources, Youth and Sports, Director General at Ministry of Higher Education, Employment and Social Security.
- Ajwad is a Human Resource Planning and Development Specialist with over 19 years of experience in Human Resource Management.
- He holds a Masters in Human Resource Planning and Development from GGS Indraprastha University (India, New Delhi) and Bachelor of Commerce in Human Resource Management and Industrial Relations from Curtin University of Technology (Australia, Perth). Ajwad is a Professional Member of the Society for Human Resource Management (USA).

Mohamed Hazmath Abdulla

Director, Property, Procurement & Administration

- Appointed as Director, Property, Procurement and Administration in 2004.
- Hazmath joined Dhiraagu in 2004. Prior to joining Dhiraagu, he held key positions in the Ministry of Finance and Treasury from 1995-2004 including Assistant Director of the Department of Inland Revenue.
- Hazmath has over 20 years of operational and managerial experience in both the 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 (USA).

Mohamed Abdul Gadir

Director, Information Systems

- Appointed Director, Information Systems in June 2017.
- 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 a MBA in Information Management, TASMAC, India.

Mohamed Musad

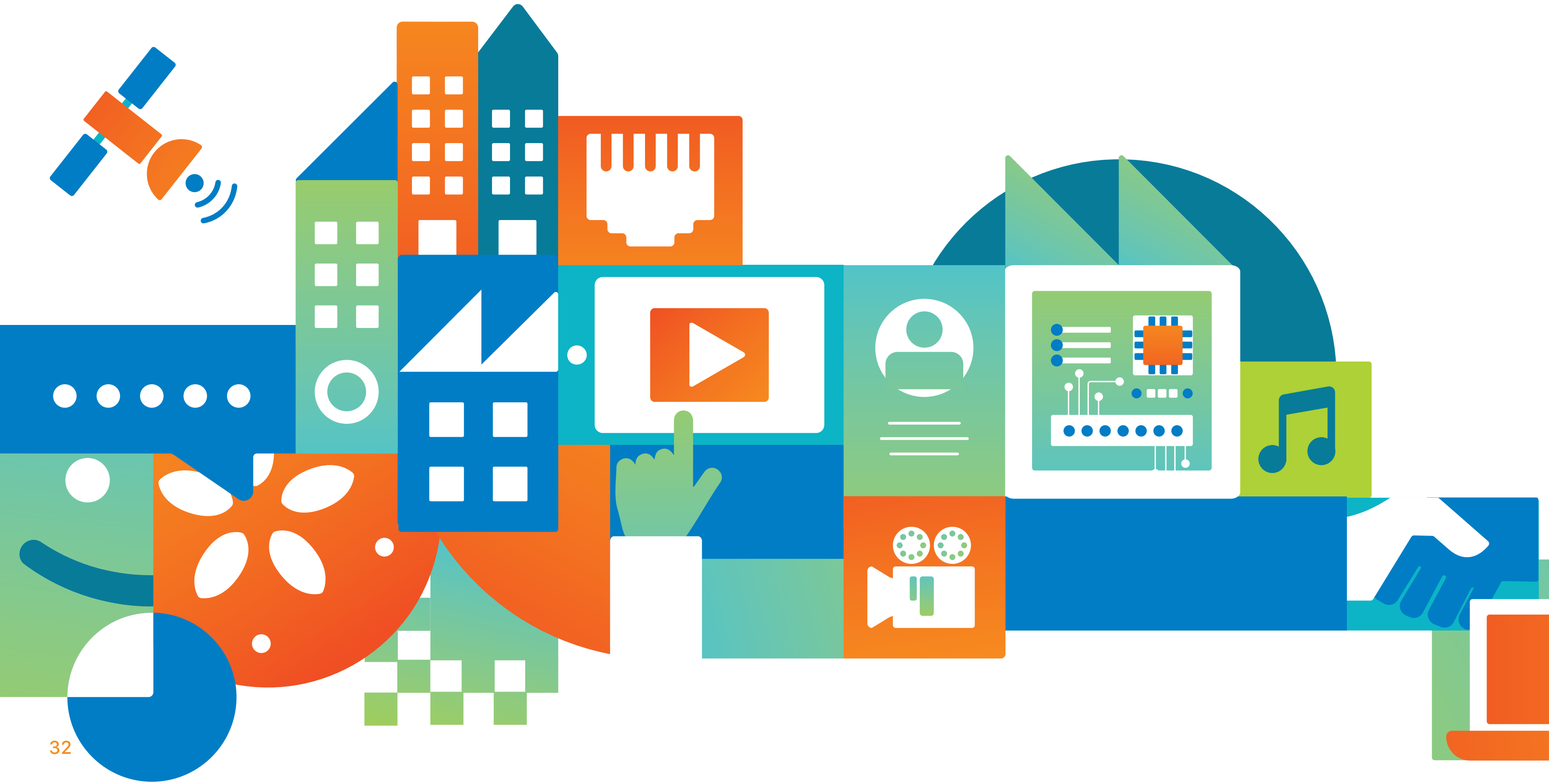
Director, Digital Transformation

- Appointed Director, Digital Transformation in November 2017.
- 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 20 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 Bachelor of Engineering in Mobile Telecommunications Technology, The University of Hull (UK).

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

Farewelled Mr. Ahmed Maumoon who 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 served as the Director of Marketing and other senior roles during his 28 year career with the company.

Strategy & Performance 2018



Digital technology has the power to **enrich lives and empower communities**

Digital technology is changing our world. We have seen a profound change in the way people connect and communicate in this data-driven era. We believe that network is going to matter even more to the next generation, than it does to this one.

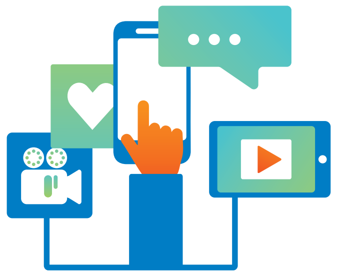
Our strategic initiatives to meet the expectations of an increasingly digital future, focuses on fostering strong, inclusive digital communities through transformation and growth to create long term value for our shareholders.

'Take on tomorrow'

We bridge communities across our island nation and digitally empower locals and residents of Maldives to enrich their lives. Our brand has a strong bond with our communities as it plays an integral part of everyday life of individuals and businesses, supporting them with reliable and robust digital connectivity.

Following the brand revitalisation programme that we undertook in 2017, we continue to deliver on our promise and enable our customers to 'take on tomorrow' through our innovative digital solutions. During the year, we established the revitalised brand and through independent surveys it is evident that the public has recognised our brand as the most well-known and the most remembered brand in the Maldives.

Our brand transformation continues to focus on the digital transformation that had paved the way to expand the FTTH and IPTV service coverage to more islands and the introduction of other innovative services.



Digital Transformation

We have made good progress on building digital platforms to drive greater simplicity of our business and make our products and services more accessible.

We expanded our digital footprint and offered an array of digital services from mobile payments and entertainment on-the-go, to personalised data plans.

Mamen

Mamen was launched in 2017 as a revolutionary digital youth offering; the first of its kind in the Maldives. It instantly became popular as it gave our customers full flexibility in managing their data, voice or text messaging needs, offering unprecedented levels of usage freedom at affordable prices.

Its appeal also lies in our ability to engage and empower young people through partnerships with trendy lifestyle outlets, popular hangouts, and opportunities to pursue entrepreneurial avenues. Mamen continues to evolve and stay on point with what matters to youth.

Dhiraagu app and My Account

Thousands of customers all over the country use the Dhiraagu app and My Account portal to self-manage their accounts and keep track of their usage. 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, topping up by purchasing bundles or making payment for their account.

Almost 35,000 customers are now active users of our Dhiraagu app, which was redesigned last year to include 24/7 chat option. The Dhiraagu app offers an intuitive means for customers to self-manage their account and services from their smartphone or tablet. With the growth in digital, many of our customers prefer to be served through digital channels. Digital channels now account for more than a quarter of our customer service transactions.

Dhiraagu Digital Elite Club

We digitised our Elite Club reward card. We partnered up with various businesses to offer our Elite Club members benefits and lifestyle offers which can now be accessed through a virtual card on their Dhiraagu app.

Baiskoafu

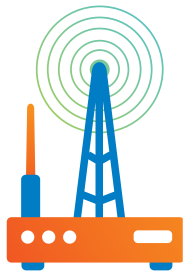
In support of local talent, we partnered with Baiskoafu, the first ever Maldivian OTT video streaming service.

The app has transformed mobile entertainment, paving the way for users to enjoy Dhivehi music, films, videos, TV channels and on demand premium original content.

DhiraaguPay

DhiraaguPay is our convenient, reliable and secure digital money platform. We aspire to create a cashless society, offering financial inclusion that overcomes geographical barriers. The growth in DhiraaguPay during 2018 is attributed to our partnerships with a wide range of merchants including retail, transport, insurance and healthcare providers.

We became the first to introduce personalised NFC debit cards in the Maldives. With NFC, our customers have the ease to simply touch-and-go to make a transaction.



High-Speed Connectivity for Everyone

Digitisation of information, entertainment and communication, has meant that our customers expect to have seamless connectivity wherever they go. We aim to enrich lives by maintaining an improved and more connected network.

During the year we invested MVR 270.7m, to enhance and expand our network. Our network innovations continue to provide our customers with a superior network experience across the country.

4G Nationwide Coverage

As a result of our investment, we completed establishing a nationwide 4G network.

High-speed 4G services are now available to 100% of the population across all inhabited islands and resorts.

Fibre to the Home (FTTH) Network Expansion

In line with our strategy of digital inclusivity, we seek to foster strong digital communities. We expanded our FTTH network to bring high-speed internet to 55 islands representing 74% of national households, making it by far the largest and fastest fibre network in the country.

5G Technology

We were the first company in the Maldives to demonstrate 5G technology. During a live demo we showcased that 5G delivers lightning fast speeds twenty times faster than LTE-A and very low latency.

Introducing the latest technology embodies our core value 'innovation'. Once 5G is commercially launched it will facilitate digital growth and open new avenues for the community in education, healthcare, transportation, community services, disaster management and more.

New Prepaid Plan

We improved our value proposition to prepaid and restructured our price plans to meet the increasing need for quality mobile internet at affordable prices. The new prepaid plan offers customisation of voice and data add-ons, while offering free use of social media apps. We also introduced mini data bundles to complement the plan.

Postpaid Value Enhancement

Our postpaid plans are the most popular amongst our customers showing a growth of 24% in 2018. We gave an additional 40% free data allowance to all our customers, offering the best social media value pack available.

Fixed Broadband

We continued to leverage our fixed broadband offerings by creating greater value for our customers through increased data allowances and bigger boosters.

We introduced further notifications to allow customers to effectively manage their monthly usage.

Device Launches

We successfully launched the latest smartphones; including Huawei Mate20, Mate20 Pro, iPhone XS, Samsung Galaxy Note 9, Samsung S9 and S9+, bundled with free data allowances and convenient payment plans for our customers.

DhiraaguTV

DhiraaguTV was extended to more islands and it is now available to 72% of national households across the country. Our DhiraaguTV mobile app was launched to offer customers seamless access to a diverse range of content wherever they go.

We extended our suite of digital content by offering 60% of the channels in HD quality, and rebroadcasted Ultra HD (4K) channels throughout the country, for the first time in Maldives.

Fostering Partnerships for Economic Growth

We are focused on ensuring that everyone benefits from being connected to digital technologies.

As pioneers in the industry, we have always had an eye to the future and champion innovation in our community through partnerships with the education sector, Government and businesses of all sizes.

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.

Likewise, we serve our enterprise and Government clients with fully integrated end-to-end solutions and products.

Education

By delivering a full ecosystem connecting 212 schools across the country through a high-speed dedicated internet access, we supported the Ministry of Education's 'Digital Schools' effort to augment internet-based learning into Maldivian classrooms. The end-to-end solution allows for over 70,000 devices to seamlessly work on this network, allowing teachers and students across the country to benefit from being connected to a digitised educational system.

Healthcare

We have enabled healthcare providers with fully customised managed services and played a critical role in improving healthcare in our communities. With modern and efficient ways of accessing, communicating and storing information, our ICT infrastructure and managed solutions for healthcare providers enable them to better serve patients and the community.

Tourism

We continue to work with and support the tourism industry by providing dedicated high-speed internet access to over 90% of resorts operating in the Maldives. As the leading telecoms and digital partner, we build technology solutions that are easy to use and provide managed solutions; SIP services, ICT infrastructure and network security management to meet the needs of our customers. With DhiraaguTV we also offer a resort only edition that aggregates great content with quality experience.

We provide specialised solutions for the guesthouse industry to drive and champion local tourism. We actively participated in the Guesthouse Forum organised by the Ministry of Tourism and reiterated our support to the industry by strengthening our portfolio of CloudVoice and Guesthouse Internet services.

Enterprise

We work in partnership with enterprises to create custom solutions to cater for their individual business requirements. Our full suite of enterprise ICT solutions; includes connectivity, hosting and cloud services, M2M services, integrated data centres and disaster recovery, are designed to offer our customers greater simplicity and peace of mind.

Through our strategy to drive digitisation we aspire to make businesses more efficient and accessible. Our aim is to enable our enterprise partners to thrive in the new digital communities that we are building.

Financial Performance

Our 2018 financial results reflect our strong performance in broadband, enterprise and digital services and the expansion of our high speed 4G mobile and FTTH broadband networks throughout the country. Our gross revenue grew by 5.4% and totalled MVR 2.8bn.

We are pleased to have again delivered on our financial commitments despite operating in a highly competitive and dynamic market. By maintaining our focus on delivering the best experience to our customers and with significant investment, our high-speed 4G LTE & LTE-A network now covers 100% of the country and high-speed fibre broadband covers 74% of the population, reaching over 55 islands by the end of 2018.

With the expansion of our core network, we were able to bring innovative new products and services to more communities; we launched hospitality TV and provided 4K UHD channels to viewers across the country for the first time, and improve our existing product portfolio. Although operational costs increased during the year by MVR 95m, mainly on account of increase in the revenue and the change in the mix of revenue, both the EBITDA and Profit after tax for 2018 grew 3.5% and 0.8% respectively.

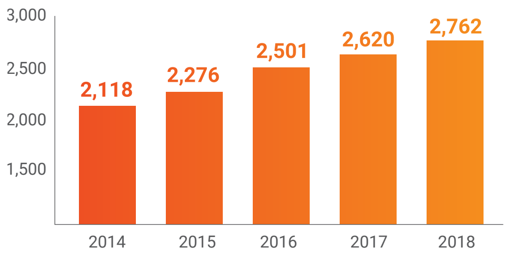
The Board has announced to recommend a full year dividend of MVR 11.91 (2017: MVR 11.81). This represents 100% payout of Net Profit for the year which is in line with our continued commitment to provide the best return to our shareholders.

MVR (millions)	2018	2017	2016
Revenue	2,762	2,620	2,501
EBITDA	1,418	1,371	1,389
Profit After Tax	905	898	840
Basic Earnings Per Share (MVR)	11.91	11.81	11.05
Free Cash Flow	617	644	863
Net Assets	2,330	2,315	2,512

Revenue

MVR 2,762M [+5.4%]

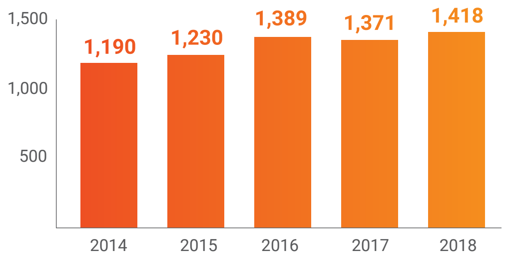
Revenue grew by MVR 142m in 2018 mainly contributed by an increase in revenue from major revenue lines – mobile, fixed broadband, enterprise and adjacent services. Customer growth in Mobile data, Fixedbroadband and TV with focus on providing new, value added services have helped to achieve this performance.



EBITDA

MVR 1,418M [3.5%]

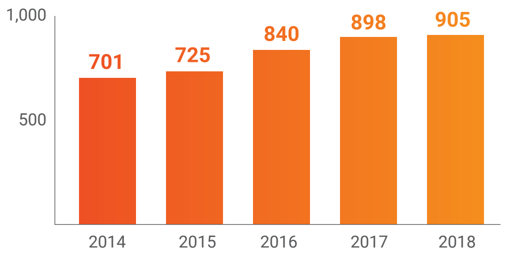
EBITDA increased by MVR 48m, a 3.5% increase over 2017, mainly due to increased revenue from Fixed Broadband, Mobile data and enterprise.



Profit After Tax (PAT)

MVR 905M [+0.8%]

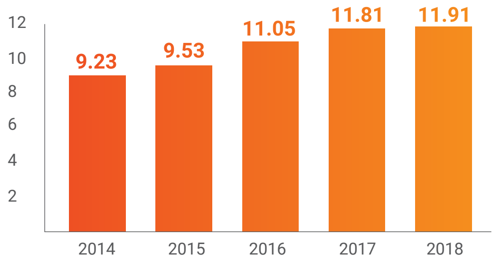
Profit after tax increased by MVR 8m (0.8%) compared to 2017.



Earnings Per Share

MVR 11.91 [+0.8%]

Basic EPS grew by 0.8% to MVR 11.91, resulting from the increase in profit after tax.



Dividend

MVR 905M [100% of PAT]

For the financial year 2018, a total dividend of MVR 905m is proposed to the shareholders (MVR 453m already paid as interim dividend and MVR 452m proposed as final dividend for 2018).

Assets & ROCE

MVR 3,147M [-7.2%]

At the end of 2018 Dhiraagu's total asset base stood at MVR 3.1bn and net assets were MVR 2.3bn. Return on capital employed (ROCE) for 2018 is at 42.5% from 42.8% in 2017.

Capital Investment

MVR 406M [+4.5%]

Total capital investment in 2018 increased by 4.5% to MVR 406m with significant investment in enhancing customer experience through investment in high speed broadband, expanding our network and upgrading customer support systems.

Free Cash Flow

MVR 617M [-4.2%]

Free cash flow (cash flow from operating activities less capital expenditure) was MVR 617m for 2018. This is a 4.2% decrease from 2017 primarily due to higher capital expenditure.

Dividends

The Board recommends a full year dividend of MVR 905,160,000 (nine hundred and five million, one hundred and sixty thousand) amounting to MVR 11.91 per share for the year 2018, to be declared as full year dividend for 2018. The full year dividend comprises of:

- MVR 5.96 per share (total MVR 452,960,000) paid as interim dividend during 2018, and;
- MVR 5.95 per share (total MVR 452,200,000) as the final dividend for 2018 which will be proposed for shareholder approval at the 30th AGM.

The final dividend for 2018 will be payable to all shareholders listed in the Company's register on the book closure day announced for the 30th Annual General Meeting.

Sustainable Returns to Shareholders

Sustainable Returns to Shareholders

Creating sustainable shareholder value is important to us and this continues to be demonstrated by the healthy dividends we pay to our shareholders. Since being listed on the Maldives Stock Exchange in January 2012, we distributed a cumulative dividend of MVR 5.7 bn, which represents a return of 94% on the initial purchase price of MVR 80.

Our Dividend Policy is sound and 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. We have consistently distributed over 90% of our Profit After Tax (PAT) as dividends and maintain a positive financial position.

Trading Highlights	2018	2017	2016
Last Traded Price (MVR)	80	80.00	81.00
Highest Trade Price (MVR)	85	85.00	85.00
Lowest Traded Price (MVR)	78	80.00	80.00
Weighted average traded price (MVR)	82.91	83.84	82.44
No of shares traded	8,751	3,900	5,458
No of trades	39	15	56
Market Capitalization (MVR bn)	6.08	6.08	6.16
Dividend Pay-out Ratio	100%	100%	130%

Share Performance	2018	2017	2016
EPS (MVR)	11.91	11.81	11.05
P/E Ratio (times)	6.72	6.77	7.33
Dividend per Share (MVR)	11.91	11.81	14.37
Net Asset per Share (MVR)	30.66	30.46	33.06
Dividend Pay-out Ratio	100%	100%	130%

Investor Relations

Our Shareholders

Our company is owned by 14,327 shareholders (as at 31 December 2018). With only 9.5% of our shareholders being corporate entities, the majority of our shareholders are individuals who have invested in Dhiraagu.

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) is headquartered 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 as the 'Batelco Group' with direct and indirect investments across 14 markets, namely Bahrain, Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island and the Falkland Islands.

Number of Public Shareholders

Shares Held	Number of Public Shareholders
1 to 100	12,529
101 to 1,000	1,595
1001 to 10,000	188
10,001 and over	13

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 AGM to ensure shareholder concerns raised at general meetings are captured accurately. The Board and management attend the AGM to address any queries and concerns from shareholders. The External Auditor is present to help address any queries relating to the External Auditors Report. Resolutions passed at the AGM are published and made available on our website.

Dhiraagu Website

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

Investor Relations Team

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

Corporate Social Responsibility

We undertake sustainable business practices to make a positive difference for our people, our community and our environment.

As a distinctly Maldivian company we have an important role in strengthening the social fabric of our society, which is why we remain committed to programmes that protect and preserve the sanctity of children and provide avenues of advancement for young people.

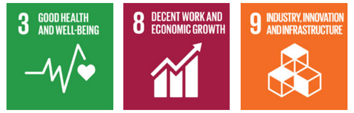
As one of the most climate vulnerable countries in the world, we are committed to ensuring environmental protection and building a more climate-resilient country. We place emphasis on our oceans and make efforts to reduce our carbon footprint by continuing to be one of the largest users of renewable energy in the Maldives.

We support the United Nations Sustainable Development Goals. As a signatory to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, we are committed to the universal principles of human rights, safe labour practices, environmental protection and anti-corruption.

Our People

Our people are a critical enabler to achieving our strategy transformation and growth targets and realising the benefits of our initiatives. 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)



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. Last year, 585 employees received training in technical and non-technical programmes to enable them further their knowledge and skills.

We also have a formal induction programme which helps ensure our people are aware of our policies and their responsibilities.

Health, Safety and Wellbeing

At Dhiraagu, we consider our people to be a family and maintain our focus on their health, safety and wellbeing.

We contribute 10% to the employee pension fund, which is beyond the 7% required by the Maldives Pensions Act (Law No. 8/2009). We have had a Retirement and Redundancy Policy and a Voluntary Retirement Benefit Scheme in place, even before the establishment of the national pension scheme.

In addition to complying with local legislations, we work towards achieving international best practices in areas relating to our industry and specific work environments.

We have the following targets:

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

Our proactive approach to health and safety management, has helped to prevent incident from occurring. During the past year we provided basic fire awareness training to 322 employees across our business. Our formal induction programme covers safety procedures and includes fire and first aid training.

Our in-house medical benefits scheme offers more comprehensive benefits than a basic health insurance scheme. The medical benefits scheme applies to all staff and to their dependent children under age of 18. Other activities carried out last year to promote wellbeing off our people include:

- physical fitness education sessions held in collaboration with Absolute Fitness
- a company-wide H1N1 influenza vaccine drive for our people and their families
- an awareness session conducted on World Cancer Day in partnership with the Cancer Society
- a Health Screening Programme conducted in association with Health Protection Agency (HPA)

Employee Engagement

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

- a Roadha Festival including Quran and Madhaha competition for our people
- a futsal tournament to celebrate our 30th Anniversary
- the Dhiraagu Employees Soccer Cup (DESCUP 2018)
- the Annual Award night to recognise and reward key innovators and the outstanding performers of 2017
- a gala evening to mark our 30th anniversary where long service contributions were appreciated and awarded.

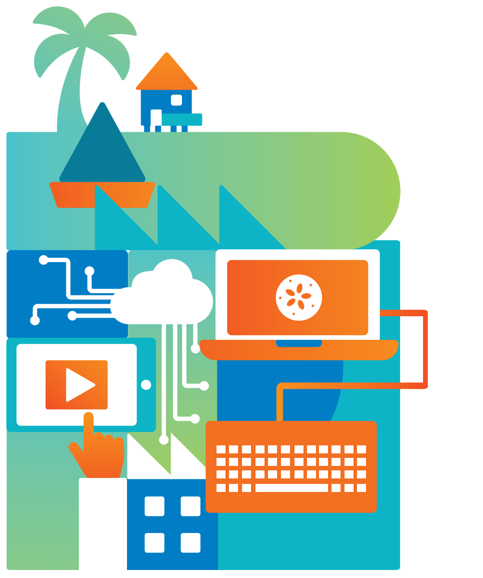
Our teams also participated in the Club Maldives Cup, Inter-office Basket Tournament, and the Inter Office TT Tournament.

Volunteering

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

- as part of our Eid Al Fitr celebrations, our people volunteered to distribute Eid gifts to children across the Maldives
- in collaboration with our partners; Parley Maldives and Maldives Airports Company Limited, we collected over 1.5 tonnes of ocean plastic on International Coastal Clean-up Day
- our people also volunteered in SaafuRaajje, the Nationwide Clean-up programme organised by the Ministry of Environment
- "Buddy Walk" to support the local NGO Beautiful Eyes Down Syndrome Association. Our people also contributed to a fundraising campaign "#meanddownsyndrome"

Our regional teams also work closely with their communities to strengthening the social fabric of our society.



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 Reduced Inequalities (SDG 10), Good Health and Wellbeing (SDG 3), Decent Work and Economic Growth (SDG 8) and Industry, Innovation and Infrastructure (SDG 9)

Care for Children

- Over 350 children participated in Dhiraagu Special Sports Festival 2018, an annual sports event organised and driven by Dhiraagu for children with disabilities in collaboration with 11 schools and 4 local NGOs.
- We contributed MVR 600,000 to local NGOs working for children's rights and protection through Dhiraagu Maldives Road Race 2018, the largest run in the Maldives with over 4000 participants.
- We donated 10% of the proceeds from our Roadha Special Data bundles (amounting to MVR 411,068) to the local NGO, Tiny Hearts of Maldives who work to support children with congenital heart disease.
- On Children's Day, we contributed resources to help establish a Children's Thalassemia Ward in Laamu Gan Regional Hospital.
- On World Autism Awareness Day, we pledged to help establish a children's playground at the Maldives Autism Association. The play area was completed and inaugurated during the year.
- We supported Cancer Society of Maldives to launch a campaign on childhood cancer and the common warning signs and symptoms in order to create awareness amongst parents, teachers and the wider community.
- We continued to be a member of the GSMA Mobile Alliance Against Child Sexual Abuse Content which blocks child sexual abuse content from our network.

Empowering Young People

- Our Dhiraagu Apprenticeship Programme another key CSR initiative which provides structured training and experience in a professional work environment celebrated its 10th anniversary and 28 new apprentices were enrolled. 14 apprentices graduated from the programme in 2018.
- We place emphasis to support the startup culture and foster innovation. Together with our local partner, Sparkhub, we organised Angelhack, the first and the largest international hackathon in Maldives.
- To inspire, educate and connect startup communities, the first Startup Grind X event for young entrepreneurs in Maldives was also held in partnership with Sparkhub. Startup Grind is the largest independent startup community, that nurtures startups through events featuring successful local founders, innovators, educators and investors who share lessons learned on the road to building great companies.
- We launched 'Film for Change 2018' in collaboration with UNDP Maldives, to empower young people to explore social issues through smartphones and tablets. The project consists of a training component and a post-production component where trainees produced short films that were inspired by the United Nations Sustainable Development Goals on Quality Education, Gender Equality, Climate Change and Life Below Water.

Disaster Relief and Community Awareness

- We became a platinum corporate member of the Maldivian Red Crescent to support humanitarian efforts across Maldives.
- We contributed MVR 200,000 to the National Disaster Management Centre to assist with the ongoing relief efforts following the Male' flooding.

Connecting Communities

- We continued to support the Blind and Visually Impaired Society of Maldives, by providing a customised phone meeting service; a digital space to empower and connect over 200 members across the country.
- We supported the Centre for Holy Quran by providing network solutions free of charge to facilitate digital Quran classes.

Our Environment

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).

Care for our Oceans

- Under the flagship CSR campaign "For the Oceans" Dhiraagu launched a focused campaign "Rethink. Reduce. Reuse" advocating against the use of single-use plastic.
- We distributed our new ocean themed reusable bags to our people and the community through our outlets and popular supermarkets on World Oceans Day.
- Together with local NGO Parley Maldives and Maldives Airports Company Limited, we collected over 1.5 tonnes of ocean plastic on International Coastal Clean-up Day

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.

Energy Efficiency

- Our Head Office was designed with sustainable green features and provides for to 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.

"Our commitment to excellence in corporate governance and responsible business practices that are ethical, sustainable and accountable is at the **heart of the long-term performance and sustainability of our Company."**

Corporate Governance

Directors Governance Report

We believe that our commitment to excellence in corporate governance and responsible business practices that are ethical, sustainable and accountable is at the heart of the long-term performance and sustainability of our Company.

To protect and enhance the interests of our shareholders and other stakeholders, the Board regularly reviews our governance arrangements as well as developments in market practice, expectations and regulation. As a listed company we adhere to the principles and guidelines set by the Maldives Code of Corporate Governance, issued by Capital Market Development Authority (CMDA).

Additionally, we have our own Corporate Governance Code which acts as our foundation for sound corporate governance. The Board's Remuneration, Nomination and Governance Committee is responsible for periodical review of the Dhiraagu CG Code to ensure our practices conform to regulatory standards. Throughout the financial year ended 31 December 2018, and up to the date of publication of this Annual Report, every effort was expended to ensure that we have complied with the compulsory provisions of the Capital Market Development Authority's (CMDA) CG Code.

In the event of any variations, explanations are provided.

The Dhiraagu CG Code can be downloaded from www.dhiraagu.com.mv/investor_relations.

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

Board

The Board is responsible for establishing our policies and strategy, 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 recently 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 Dhiraagu.

There is a formal delegations 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, and 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 holds office until a written notice of their removal is provided.

The Public Director is elected by the public shareholders at the AGM and holds office for a term of two years from the meeting he/she is elected to the second AGM following the election unless he/she resigns or is removed from office during the intervening period.

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 acts as the guardian to the company, determines the broad strategic and policy outlook for the company, and oversees the effectiveness of the executive management to implement such policies and strategies.

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 4 Board meetings were held in 2018.

The agendas for the meetings were set in advance, after consulting with the Chairperson and Batelco Group. Board papers were shared in prior to the meeting, providing an opportunity for Directors to better 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: 1/1

Mr. Abdul Rahman Fakhro
Position : Deputy Chairperson
Representation : Batelco Group
Attendance: 4/4

Mr. Ismail Rasheed
Position : Chief Executive Officer & Managing Director
Representation : Batelco Group
Attendance: 4/4

Mr. Imran Ali
Position : Non-Executive Director
Representation : Public Shareholders
Attendance: 4/4

Mr. Ihab Hinnawi
Position : Non-Executive Director
Representation : Batelco Group
Attendance: 4/4

Mrs. Khulood Rashid AlQattan
Position : Non-Executive Director
Representation : Batelco Group
Attendance: 4/4

Mr. Oliver McFall
Position : Non-Executive Director
Representation : Batelco Group
Attendance: 4/4

Mr. Mohamed Ashmalee
Position : Chairperson
Representation : Government of Maldives
Attendance: 1/3

Mr. Abdulla Ahmed
Position : Non-Executive Director
Representation : Government of Maldives
Attendance: 1/3

Mr. Ahmed Hafiz
Position : Non-Executive Director
Representation : Government of Maldives
Attendance: 2/3

Key Decisions in 2018

- Approval of Audited Financial Statements for the year ended 31st December 2017.
- Proposed full year divided of MVR 11.81 per share (total MVR 897.6m) to be declared as Full Year Dividend for 2017, comprising of MVR 5.96 per ordinary share for Interim Dividend and MVR 5.85 per share for final dividend for 2017.
- Proposed re-appointment of KPMG as the External Auditor for 2018.
- Review and revision of the Dhiraagu Authority Matrix.
- Approval of 2017 Performance Bonus Payout.
- Approval of the Annual Report for the year ended 31st December 2017.
- Approval of the Bonus KPI's and Performance Bonus Payout Plan for 2018.
- Recommending the Nomination of Public Director.
- Review and revision of the Credit Control Policy of the Company.
- Approval of the Insider Trading Policy.
- Declared MVR 5.96 per ordinary share (total MVR 452.9m) as interim dividend for 2018.

Board Committees

The Board has two standing committees; the Audit Committee and the Remuneration Nomination and Governance (RNG) Committee, which operate in accordance with approved Terms of References. The Board appoints members to and chairperson of each committee.

Following each committee meeting, the Board receives a report of the deliberations, conclusions and recommendations. An overview of the roles and responsibilities, composition, and membership as at 31 December 2018, are provided in the respective committee reports.

Going Concern

Considering our strong financial standing and position in the market, Dhriaagu is well placed to manage its business risks in the current economic conditions.

Having reviewed our strategy and business plan for 2019, and the audited financial statements for 2018, 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.

All material related to transactions of the majority shareholders and Directors is 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.

Shares held by Directors

Director	No. of Shares Held
Mr. Imran Ali	15,000
Mr. Ismail Rasheed	13,994
Mr. Ismail Waheed	1,510

Internal Control, Risk Oversight, and Risk Management

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

- A risk and compliance function was established in 2016 and a full time Risk and Compliance Officer oversees all matters related to compliance and risk.
- An '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

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 polices, procedures and guidelines to promote ethical and responsible conduct and provide guidance to our Directors, and our people.

Our Ethics Policy was revised in September 2011, 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. The Ethics Policy is communicated to our people through formal induction programmes and is shared on our internal portal.

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).

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 transparency and consistency in dealing with grievances across our company.

Our 'Authority Matrix' was last reviewed and amended in April 2018, 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 Supplier Code of Conduct was modelled to set out our minimum standards in the areas of labour and human rights, health and safety, environment and ethical dealings.

Our Donations and Sponsorships Framework has been in place since 2012 and establishes clear and transparent guidelines for all our donations and sponsorships. It complements the Anti-Bribery Policy by implementing good governance and establishing a formal application, assessment, approval, notification and reporting process.

We have zero tolerance for corruption and bribery. Our Anti-Bribery Policy adopted in September 2011 aims ensures that gifts, prizes and hospitality are not accepted in inappropriate circumstances, including where acceptance may or may be perceived to compromise independence or be construed as a bribe. We refrain from making any political contributions either directly or indirectly to political parties, causes or individuals. Our Code of Conduct also addresses the commitment

to comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices. In addition to this, a Fraud Reporting and Whistle Blowing Policy and Procedures were was established in 2014 to strengthen the human resource governance structures, raising the 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 a 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 obligations, with a dedicated team of internal and external lawyers appointed to ensure that we continue to comply with relevant laws and regulations. Other than in relation to the following matter, Dhiraagu has not been given notice of, or prosecuted for, or convicted of, any significant breaches of any relevant laws or regulations during the financial year.

As disclosed previously in the Fourth Quarter Report for 2018, Dhiraagu received a notice of penalty of MVR 28,000 (IMCAC-17/2018) and MVR10,000 (IMCAC-18/2018) respectively for contravention of the Rebroadcasting Regulation (2012/R-20) as a result of failing to seek authorisation from the Maldives Broadcasting Commission, prior to making additions to and/or removals from its DhiraaguTV channel packages. Dhiraagu has subsequently strengthened the internal process to ensure that, due process is followed. Dhiraagu has paid the penalty.

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 Maldives 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 is 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 2018.

In accordance with the Audit Committee's recommendation, the board is proposing to recommend the re-appointment of KPMG to carry out to carry out the statutory audit for the financial year 2019. The proposed remuneration is a maximum fee of US$ 45,000 excluding out of pocket expenses and 6% GST.

Board Nominations

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.

The Nomination process for the Public Director proposed for election at the 29th AGM was carried out by the RNG Committee and candidates were shortlisted following a public announcement made for the directorship position. Application details and evaluation criteria can be viewed from our website. Names and profiles of candidates recommended for election were released along with the Notice of the 29th Annual General Meeting.

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).

30th Annual General Meeting (AGM)

The 30th AGM is scheduled to be held on Thursday, 25 April 2019. Details of the venue, timings and proposed resolutions will be communicated in the Notice of AGM.

Dividends

The Board recommends a full year dividend of MVR 905,160,000 (nine hundred and five million, one hundred and sixty thousand) amounting to MVR 11.91 per share for the year 2018, to be declared as full year dividend for 2018. The full year dividend comprises of:

- **MVR 5.96 per share (total MVR 452,960,000) which was paid as interim dividend in 2018, and**
- **MVR 5.95 per share (total MVR 452,200,000) as the final dividend for 2018 which is proposed for shareholder approval at the 30th AGM**

The final dividend for 2018 will be payable to all shareholders listed in the Company's register on the book closure day announced for the 30th Annual General Meeting.

Declaration of Interest

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

- This Annual Report 2018 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 was 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 31st December 2018.

Ismail Waheed
Chairperson

Ismail Rasheed
Chief Executive Officer & Managing Director

Audit Committee Report

Composition & Membership

As at 31 December 2018, the following members served the Audit Committee. All members were non-executive and independent directors and possessed sufficient accounting and financial knowledge to allow them to discharge their duties, ensuring compliance with CMDA Corporate Governance Code and Dhiraagu Corporate Governance Code.

Ms. Khulood Rashid AlQattan

Position : Chairperson of the Audit Committee
Tenure: Jul 17 to date
Attendance: 4/4

Mr. Abdulla Ahmed

Position : Member
Tenure : Jan 14 to Nov 18
Attendance: 3/4

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 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 2018. 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 2018, were attended by the Chief Executive Officer & Managing Director, the Chief Financial Officer and the Internal Auditor. The meetings were also attended by Batelco Group's Chief Internal Auditor. The Secretary of the Board acted as the Secretary of all the meetings.

Key Decisions

- Review and recommendation of Audited Financial Statements for 2018.
- Review and recommendation of quarterly financial reports for the financial year 2018.
- Recommendations on the appointment of KPMG as the company's external auditor for the financial year 2019.
- Review and monitoring of all Internal Audit activities on a quarterly basis.

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 2018 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 confirmed of their compliance with the practice note of CMDA's CG Code.

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

Internal Audit

Internal audit activities are undertaken by our Internal Audit Department. The Internal Auditor reports directly reports to the Audit Committee with a parallel administrative reporting line to the Chief Executive Officer & Managing Director for day to day matters. Its role is to provide the Board and management with independent and objective assurance on the effectiveness of our governance, risk management and internal control processes.

A total of 10 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 of all the implementation of the action items.

The Audit Committee is satisfied with the progress of the Internal Audit function during the year 2018 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 exposure or effectiveness of controls were reported to the Board during the course of the year.

The requirements for disclosures and provisions on any material claims and litigations against the company was monitored closely with support from both external lawyers and external auditor when required.

The Audit Committee is satisfied with the Internal Audit function during the year ending 31 December 2018 and that a sound system for risk management and internal control is operating effectively.

Khulood Rashid AlQattan

Chairperson,
Audit Committee

Remuneration, Nomination and Governance Committee Report

Composition & Membership

The following non-executive and independent Directors served the Remuneration, Nomination and Governance (RNG) Committee during year ending 31 December 2018.

Mr. Ismail Waheed

Position : Chairperson
Tenure : Dec 18 to date
Attendance: -

**Mr. Ismail Waheed was appointed to the RNG Committee on 3 December 2018. There were no RNG Committee Meetings following his appointment.*

Mr. Abdul Rahman Fakhro

Position : Member
Tenure : May 14 to 1 Jan 19
Attendance: 2/2

Mr. Mohamed Ashmalee

Position : Chairperson
Tenure : Jun 15 to 22 Nov 18
Attendance: 1/2

Mr. Imran Ali

Position : Member
Tenure : Jul 14 to date
Attendance: 2/2

Roles & Responsibilities

The RNG Committee was reconstituted in August 2013 to facilitate effective and efficient discharge of responsibilities, by combining the three functions of remuneration, nomination and governance. Its role is to assist the Board in formulating remuneration policies, the framework for nominating the Public Director, and monitoring the performance of our corporate governance framework and compliance with relevant legislation.

Meetings

The RNG Committee met twice during the financial year ending 31 December 2018. 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. meetings were held in 2018. The Chief Executive Officer & Managing Director, and the Group CEO 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.

Key Decisions

- Review and recommendation of the 2018 Performance Bonus Plan and 2017 Performance Bonus Pay-out.
- Review and recommendation of HR Transformation initiative.

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 is determined in consultation with Batelco Group, and is based on the individuals 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 the level and mix of the 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 the Directors and key executives are MVR 1.30m and MVR 19.38m 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 2018.

Board Appointments

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.

The Nomination process for the Public Director proposed for election at the 29th AGM was carried out by the RNG Committee. As a part of the process, the RNG Committee establishes a criterion with respect to the qualifications, experience, skills and expertise that candidates should possess. The Committee then, undertakes appropriate checks of potential candidates before it makes a recommendation for a candidate to be nominated by the Board of Directors to put forward to the public shareholders for election at the AGM. Application details and evaluation criteria can be viewed from our website. Names and profiles of candidates recommended for election were released along
with the Notice of the 29th Annual General meeting.

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.

An induction including a meeting with the senior management as well as a tour of our company is organised for all new directors.

During 2018, there were several changes to the Dhiraagu Board:

- In January 2018 we welcomed the appointment by the Government of the Maldives of Mr. Ahmed Hafiz to the Board. Mr. Hafiz had previously served as a non-executive director on the Dhiraagu Board of Directors.
- In May 2018, Mr Imran Ali was re-elected as the Public Director by the public shareholders at the 29th AGM for a further term of two years.
- In November 2018, the Government of Maldives made changes to their appointees to the Board. As a result we:
  - Farewelled Mr. Mohamed Ashmalee who had served as Chairperson of the Dhiraagu Board of Directors since February 2015. During his term he also served as the Chairperson of the RNG Committee.
  - Farewelled Mr. Abdulla Ahmed who had served as a Non-Executive Director on Dhiraagu Board of Directors from Jan 14 and during his term he also served as Member of the Audit Committee.
  - Farewelled Mr.Ahmed Hafiz who had served as a Non-Executive Director on Dhiraagu Board of Directors from January 2018 to November 2018.
  - Welcomed Mr. Ismail Waheed as Chairperson of the Dhiraagu Board of Directors. Mr. Ismail Waheed had previously served as the Chief Executive Officer & Managing Director of Dhiraagu from 2004 until his retirement in September 2015.

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.

Board Effectiveness

Our Board Directors Performance Evaluation Policy, requires Directors to carry out a self-evaluation of the Board and the Committee's performance. A Board evaluation was carried out in January 2019. The results of the evaluation were reviewed by the RNG Committee in February 2019.

The RNG Committee confirms that Dhiraagu Board and its committees discharged their responsibilities satisfactorily during 2018.

Ismail Waheed

**Chairperson,
Remuneration, Nomination and
Governance Committee**

Audited Financial Statements

DHIVEHI RAAJJEYGE GULHUN PLC.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018

CONTENTS

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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 2018, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 68 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2018, 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.

Revenue Recognition – Accuracy of revenue recorded and the adoption of IFRS 15

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.11 and 5(c) of the financial statements and refer to the accounting policy 3.1 (A) for the transition disclosures provided for the adoption of IFRS 15)

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 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.

The Company has adopted IFRS 15 from the effective date of 1st January 2018 and revenue recognition from complex products / services and revenue generated and cost incurred on new service lines and customer acquisitions include judgmental criteria and may not be in compliance with IFRS 15 requirements, increasing the risk of misstatement of revenue and deferred income. Further, adoption of IFRS 15 required the 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.

Our Response

Our audit procedures included,
- Testing of key controls, assisted by our own IT specialists including, among others, those over the input of terms and pricing of different services; accuracy of the data captured by different systems and linkage between the systems.

- Performing detailed analysis of revenue testing the timing of its recognition through focused substantive testing performed based on our industry knowledge which include, among others, testing on a sample basis of the;
  - Adjustments which are outside of the normal billing process.
  - Revenue recognition on the bundled services offered.
  - Deferred revenue and cost on installation which 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.

- With regard to the adoption of IFRS 15, we have performed the procedures, assisted by our IFRS 15 specialist including, among others, evaluating the gaps identified by the management, assessing the impacts not considered on the materiality and the methodology used by the management over the computations and evaluating the completeness, relevance and accuracy of the data and evaluation of the reasonableness of management's key assumptions and estimates that have been used in determining the impact of IFRS 15. We have assessed the appropriateness of revenue recognition under IFRS 15 across significant revenue streams for a sample of contracts.

- Reviewing the adequacy, relevance and accuracy of the new accounting policies and disclosures in the financial statements including the transition disclosures required by IFRS 15.

Carrying value of property and equipment

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.3 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 2018 was MVR 1,870 million.

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

- determining which costs meet the criteria for capitalization;
- determining the date on which construction-in progress is transferred to property and equipment and depreciation commences and determining the values transferred from construction work in progress;
- the estimation of economic useful lives assigned to property and equipment.

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

Telecommunication industry is evolving continually due to changes in the technology. Further, the Company has significant number of physical assets related to telecommunication subject to the technological update. Therefore, technology changes would create obsolescence of Property & Equipment, which might require an impairment provision.

Determination of recoverable amount of Property & Equipment involves significant judgments and estimates. Therefore, an error in such estimates could result in material misstatements in the financial statements. We identified the carrying value of property and equipment as a key audit matter because of the high level of management judgments involved and its significance to the financial statements.

Our Response

Our audit procedures included:

- 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;
- Assessing, on a sample basis, costs capitalized during the year by comparing the costs capitalized with the relevant underlying documentation, which included purchase agreements and invoices, and assessing whether the costs capitalized met the relevant criteria for capitalization;
- 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 the performances of the new service lines introduced by the Company to assess whether adequate cash flows are generated by those service lines.
- 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 relevant for property and equipment

Other Information

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

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to 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 auditors' report is W.K.D.C. Chamara Abeyrathne.

Chartered Accountants

Male'

6th February 2019

Statement of Profit Or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2018 MVR "000"	2017 MVR "000"
Revenue	7	2,762,487	2,620,300
Operating costs	8	(1,329,431)	1,249,273
Depreciation and amortization	13 & 14	(317,215)	(310,529)
Impairment loss on trade receivables and contract assets	16.1	(15,459)	(1,052)
Other income	9	2,265	19,557
Results from operating activities		1,102,647	1,079,003
Finance income	10	7,405	9,920
Finance costs	10	(47,821)	(31,329)
Net finance costs		40,416	21,409
Profit before tax		1,062,231	1,057,594
Tax expense	11	(157,138)	(160,034)
Profit/ Total Comprehensive Income for the year		**905,093**	**897,560**
Earnings per share			
Basic and diluted earnings per share (MVR)	12	11.91	11.81

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 74-114. The Report of the Independent Auditors is given on pages 64-67.

Statement of Financial Position

AS AT 31ST DECEMBER

	Note	2018 MVR "000"	2017 MVR "000"
Assets			
Non-current assets			
Property and equipment	13	1,870,108	1,823,336
Intangible assets	14	286,098	243,870
Deferred tax assets	11.2	15,363	9,863
Total non-current assets		2,171,569	2,077,069
Current assets			
Inventories	15	55,516	73,130
Trade and other receivables	16	584,664	440,310
Cash and bank balances	17	335,672	607,512
Total current assets		975,852	1,120,952
Total assets		**3,147,421**	**3,198,021**
Equity and Liabilities			
Equity			
Share capital	18	190,000	190,000
Retained earnings		2,139,843	2,124,879
Total equity		2,329,843	2,314,879

Statement of Financial Position (Continued)

AS AT 31ST DECEMBER

	Note	2018 MVR "000"	2017 MVR "000"
Non-current liabilities			
Provisions	19	170,572	158,732
Total non-current liabilities		170,572	158,732
Current liabilities			
Trade and other payables	20	559,871	634,273
Amounts due to related party	21	1,638	1,359
Income tax payable		85,497	88,778
Total current liabilities		647,006	724,410
Total liabilities		817,578	883,142
Total equity and liabilities		**3,147,421**	**3,198,021**

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 74-114. The Report of the Independent Auditors is given on pages 64-67.

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

Mr. Ismail Waheed	**Mr. Ismail Rasheed**	**Mr. Robin Wall**
Chairperson	Chief Executive Officer and Managing Director	Chief Financial Officer

6th February 2019

Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER

	Note	Share capital MVR "000"	Retained earnings MVR "000"	Total MVR "000"
As at 1st January 2017		190,000	2,322,479	2,512,479
Profit and Total Comprehensive Income for the year			897,560	897,560
Transactions with owners of the Company, directly recognized in Equity				
Dividends	18.2		(1,095,160)	(1,095,160)
As at 31st December 2017		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 1st 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, directly recognized in Equity				
Dividends	18.2		(897,560)	(897,560)
As at 31st December 2018		**190,000**	**2,139,843**	**2,329,843**

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 74-114. The Report of the Independent Auditors is given on pages 64-67.

Statement of Cash Flows

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 MVR "000"	2017 MVR "000"
Cash flows from operating activities			
Profit before Tax		1,062,231	1,057,594
Adjustments for:			
Depreciation	13	284,624	281,127
Amortization of intangible assets	14	32,591	29,402
Provision for slow-moving/ obsolete inventories	15.1	2,281	4,259
Provision for impairment loss on trade and other receivables	16.1	15,459	1,052
Interest income	10	(7,405)	(9,920)
Unwinding of discount on network and asset retirement obligation	10	11,840	12,445
Net gain on disposal of property and equipment	9	(202)	(13,263)
Operating profit before working capital changes		**1,401,419**	**1,362,696**
Changes in:			
Inventories		15,333	(39,186)
Trade and other receivables		(146,181)	(104,912)
Trade and other payables		36,282	(71,140)
Amounts due to a related party		279	1,036
Cash generated from operations		**1,307,132**	**1,148,494**
Income tax paid		(165,919)	(149,158)
Net cash generated from operating activities		**1,141,213**	**999,336**

Statement of Cash Flows (Continued)

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2018 MVR "000"	2017 MVR "000"
Cash flows from investing activities			
Purchase and construction of property and equipment		(449,681)	(245,493)
Purchase of intangible assets	14	(74,819)	(110,303)
Proceeds from disposal of property and equipment		202	-
Expenses incurred on assets retirement and disposals		-	(574)
Interest received		8,242	10,723
Deposit made in custodian account		-	(500)
Net proceeds from matured fixed deposits		162,927	216,166
Net cash used in investing activities		(353,129)	(129,981)
Cash flows from financing activities			
Dividend paid during the year		(896,997)	(1,095,079)
Net cash used in financing activities		**(896,997)**	**(1,095,079)**
Net Decrease in cash and cash equivalents		(108,913)	(225,724)
Cash and cash equivalents at beginning of the year		424,889	650,613
Cash and cash equivalents at end of the year	17	**315,976**	**424,889**

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 74-114. The Report of the Independent Auditors is given on pages 64-67.

Notes to the Financial Statements

for the year ended 31st December 2018

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 15- Revenue from Contracts with Customers and IFRS 9- Financial Instruments have been applied. 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 and Amended Standards and Interpretation applicable from 1st January 2018

The Company has initially applied IFRS 15 and IFRS 09 from 1st January 2018. A number of other new standards are also effective from 1st January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attributed to the following;

- Change of the revenue recognition of the sales projects due to the consideration of the performance obligations.
- Change of the recognition of the installation income and installation costs as the installation income and costs are recognized over the period compared to early recognition as incurred and earned.
- A decrease of impairment losses recognized on financial assets.

(A) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

i. Impact on the adoption of IFRS 15 as at 1st January 2018

The Company has adopted IFRS 15 using the cumulative effect method, with effect of initially applying this standard recognized at the initial date of application (1st January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The following table summarises the impact, of transition to IFRS 15 on retained earnings as at 1st January 2018.

Retained Earnings	Impact of adopting IFRS 15 as at 1st January 2018 MVR "000"
Impact on over the time recognition of Installation Income	3,599
Impact on over the time recognition of Installation Cost	(9,975)
Impact on the recognition difference of sales project income	(686)
Total Impact on Retained Earnings as at 1st January 2018	**(7,062)**

The primary differences arose from recognition of contract cost assets, recognition of installation revenue over the time and the recognition of sales projects revenue based on multiple performance obligations.

ii. Impact on the adoption of IFRS 15 on the statement of financial position, statement of profit or loss and other comprehensive income as at and for the year ended 31st December 2018

The following tables summarise the impacts of adopting IFRS 15 on the Company's statement of financial position as at 31st December 2018 and its profit or loss and other comprehensive income for the year then ended for each line items affected. There was no material impact on the Company's statement of cash flows for the year ended 31st December 2018.

Impact on Statement of Financial Position

AS AT 31ST DECEMBER 2018

	As presently reported MVR "000"	Adjustments MVR "000"	Amounts without adoption of IFRS 15 MVR "000"
Assets			
Non-current assets	2,171,569	-	2,171,569
Inventories	55,516	-	55,516
Trade and other receivables	584,664	(34,527)	550,137
Cash and bank balances	335,672	-	335,672
Current assets	975,852	(34,527)	941,325
Total assets	**3,147,421**	**(34,527)**	**3,112,894**
Equity			
Share capital	190,000	-	190,000
Retained earnings	2,139,843	(27,655)	2,112,188
Total equity	**2,329,843**	**(27,655)**	**2,302,188**
Liabilities			
Non-current liabilities	170,572	-	170,572
Trade and other payables	559,871	(3,238)	556,633
Amounts due to related party	1,638	-	1,638
Income tax payable	85,497	(3,634)	81,863
Current liabilities	647,006	(6,872)	640,134
Total liabilities	817,578	(6,872)	810,706
Total equity and liabilities	**3,147,421**	**(34,527)**	**3,112,894**

Impact on Statement of Profit & Loss and Other Comprehensive Income

YEAR ENDED 31ST DECEMBER 2018

Revenue	2,762,487	1,223	2,763,710
Net Operating costs	(1,661,773)	(25,450)	(1,687,223)
Results from operating activities	1,102,647	(24,227)	1,078,420
Income Tax Expense	(157,138)	3,634	(153,504)
Profit and total comprehensive income for the period	**905,093**	**(20,593)**	**884,500**

iii. Key changes to the accounting policies on the adoption of IFRS 15

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determination of the timing of the transfer of control at a point or over time requires judgements.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out below.

Type of product /service	New revenue / cost recognition criteria	Change from previous accounting policy
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).	Under IAS-18, consideration for revenue arrangements from bundled contracts including more than one deliverable was allocated to each deliverable based on their relative fair values. IFRS 15 did not have a significant impact on the Company's accounting policy in respect of sale of equipment.
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.	IFRS 15 did not have a significant impact on the Company's accounting policies in respect of provision of services.

Type of product /service	New revenue / cost recognition criteria	Change from previous accounting policy
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 Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.	Previously, all contract costs were expensed as incurred. Adoption of IFRS 15 resulted in recognition of contract assets and subsequent amortisation in respect of these costs within the Company's statement of financial position.
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.	Previously, all contract installation revenue were recognized as the installation service is provided. Adoption of IFRS 15 resulted in recognition of contract liability and subsequent recognition of revenue in respect of these installation revenues over the period.
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. Standalone selling prices ("SSP") is determined for installation service, sale of device and provision of service. Accordingly, the transaction price collected from the customers are allocated to each Performance Obligation based on relative SSP allocation and recognize revenue accordingly.	Previously, the Company recognized the revenue based on the percentage of completion of the project considering the project as a whole

For additional information about the Company's accounting policies relating to the revenue recognition, see Note 4.11.

(B) IFRS 9 – Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in Operating costs.

Consequently, the Company reclassified impairment losses amounting to MVR 1,052 thousand, recognised under IAS 39, from 'operating costs' to 'impairment loss on trade receivables and contract assets' in the statement of profit or loss and OCI for the year ended 31st December 2017.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

i. Impact on the adoption of IFRS 9 as at 1st January 2018

The following table summarises the impact of transition to IFRS 9 on retained earnings as at 1st January 2018.

	Impact of adopting IFRS 9 as at 1st January 2018 (MVR "000")
Retained Earnings as at 1st January 2018	**2,124,879**
Reversal of Impairment allowance on expected credit losses recognized under IFRS 9	
-Trade and other receivables	369
As at 1st January 2018 retained earnings after IFRS 09 adjustment	**2,125,248**

ii. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1st January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1st January 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Trade and other receivables	Loans and receivables	Amortized cost
Cash and bank balances	Loans and receivables	Amortized cost
Short Term Deposits	Loans and receivables	Amortized cost
Total financial assets		
Financial liabilities		
Trade and other payables	Other financial liabilities	Other financial liabilities
Amounts due to related Parties	Other financial liabilities	Other financial liabilities
Total financial liabilities		

(a) Trade and other receivables

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Decrease of MVR 369 thousand in the allowance for impairment over these receivables was recognised in opening retained earnings as at 1st January 2018 on transition to IFRS 9.

Additional trade receivables of MVR 2,241 thousand were recognised as at 1st January 2018 on the adoption of IFRS 15. These were not included in the table above

(b) Short Term Deposits

Short term deposits that were previously classified as loans and receivables are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Based on the materiality ground, the Company has not recognized impairment for those balances.

(B) IFRS 9 – Financial Instruments (Continued)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1st January 2018.

	IAS 39 carrying amount as at 31st December 2017 MVR "000"	Re-measurement MVR "000"	IFRS 9 carrying amount as at 1st January 2018
Financial assets			
Amortized cost			
Trade and other receivables			
Brought forward : Loans and receivables	378,872	-	-
Re-measurement (Impairment)	-	369	-
Carried forward : Amortized cost	-	-	379,241
Cash and bank balances			
Brought forward : Loans and receivables	270,710	-	-
Re-measurement (Impairment)	-	-	-
Carried forward : Amortized cost	-	-	270,710
Short Term Deposits			
Brought forward : Loans and receivables	336,802	-	-
Re-measurement (Impairment)	-	-	-
Carried forward : Amortized cost	-	-	336,802
Total Amortized cost	**986,384**	**369**	**986,753**

iii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.
The Company has determined that the application to IFRS 9's impairment requirements as at 1st January 2018 results in an additional/ a decrease in provision for impairment as follows.

	(MVR "000")
Allowance for impairment as at 31st December 2017 under IAS 39	**42,053**
Reversal of the impairment recognised as at 1st January 2018 on:	
Trade and other receivables	(369)
Loss allowance for impairment as at 1st January 2018 under IFRS 9	**41,684**

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1st January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.

3.2 New and Amended Standards and Interpretations issued but not yet effective.

A number of new standards and amendments are effective for annual periods beginning after 1st January 2018 and early application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

Of those Standards that are not yet effective, IFRS 16 is expected to have a material impact on the Company's financial statements in the period of initial application.

(a) IFRS 16 – Leases

The Company is required to adopt IFRS 16 - "Lease" from 1st January 2019.
The Company is in the process of assessing the impact that initial application of IFRS 16 will have on its financial statements.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard.

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

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of lands, administrative buildings and indefeasible right of use (IRU), network tower sharing arrangements. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

ii. Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor.
No significant impact is expected for other leases in which the Company is a lessor.

iii. Transition

The Company plans to apply IFRS 16 initially on 1st January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings as at 1st January 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1st January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4

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

Title	Description	Effective Date
IFRIC 23	Uncertainty over Income Tax Treatments.	Annual period beginning on or after 1st January 2019.
Annual Improvements to IFRS standards 2015-2017	Miscellaneous improvements to the IFRSs Amendments to IFRSs 3 & 11, IASs 12 & 23)	Annual period beginning on or after 1st January 2019.

4. Significant accounting policies

Except disclosed above on the changes of the accounting policies due to the adoption of IFRS 15 and IFRS 9 on 1st January 2018, 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.

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

Financial assets – Policy applicable from 1st January 2018

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.

Financial assets – Business model assessment:

Policy applicable from 1st January 2018

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;

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

Policy applicable from 1st January 2018

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).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets – Subsequent measurement and gains and losses:

Policy applicable from 1st January 2018

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 deposit.

The Company has classified its financial assets into the following category;

- loans and receivables

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

- Receivables
- Cash and Cash Equivalents

Financial assets – Subsequent measurement and gains and losses:

Policy applicable from 1st January 2018

Receivables

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

Receivables comprise trade and other receivables and Investments in Fixed Deposits.

Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits which form an integral part of the Company's cash management which are held for the purpose of meeting short term cash commitments, cash at bank and cash in hand.

(ii) Financial liabilities (Non-derivative)

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

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 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	3 to 10 years
Vehicles and launches	4 to 7 years
Furniture and Fittings	4 to 10 years

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

Capital Work in Progress

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

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.

(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

Policy applicable from 1st January 2018

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.
- 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).

ECLs are discounted at the effective interest rate of the financial asset.

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:

- significant financial difficulty of the borrower or issuer;
- 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.

Policy applicable from 1st January 2018

Financial Assets (Including receivables)

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

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

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

(ii) Non-financial Assets

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

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

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

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

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

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.

(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 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.

4.11 Revenue from contracts with customers

The Company has initially applied IFRS 15 from 1st January 2018. Information about the Company's accounting policies relating to contracts with customers is provided below.

(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.

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 IFRS15, 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.

Revenue recognition prior to 1st January 2018

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

(a) Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from sales of telecommunications equipment is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecommunications equipment and ongoing service) is allocated to those components that are separable based on the estimated fair value of the components.

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

(b) Services

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

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

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

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

(c) 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.

4.12 Expenditure

(a) Operating lease payments

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

(b) Determining whether an arrangement contains a lease

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

(c) Finance income and expense

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

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

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.

(d) Operating Expenses

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

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

4.13 Tax Expenses

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

4.14 Determination of Fair Values

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

- **Level 1 :** Quoted prices (Unadjusted) in active market for identical assets and liabilities
- **Level 2 :** Inputs other than quoted prices included in Level 1 that are observable for the

assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)

- **Level 3 :** Inputs for the assets or liability that are not used on observable market data (unobservable inputs)

(a) Trade and other receivables

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

(b) Financial liabilities (Non-derivative)

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

5 Critical accounting estimates, assumptions and judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company.

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

(a) Depreciation of property, plant and equipment

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

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

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

The Company assesses the impairment of property, plant and 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.

6 Segment Information

Reportable Segments

The Company's operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the reportable segments based on segment operating income, consistent with the Chief Operating Decision Maker's ("CODM") assessment of segment performance. The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed and broadband) providing services and to provide emerging services to the customers. The Company excludes from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-operational nature

The Following summery describes the operations of each reportable segment.

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

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

Information about Reportable Segments

Segment information disclosed for the year ended 31st December 2018 and 2017 are as follows :

	Mobile		Fixed, Broadband & Enterprise		Other		Total	
	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"
External Revenue	1,776,654	1,765,829	922,482	800,336	63,351	54,135	2,762,487	2,620,300
Total Revenue	**1,776,654**	**1,765,829**	**922,482**	**800,336**	**63,351**	**54,135**	**2,762,487**	**2,620,300**
Operating Costs	(802,526)	(759,023)	(498,752)	(461,846)	(28,153)	(28,404)	(1,329,431)	(1,249,273)
Depreciation and amortization	(187,698)	(215,476)	(101,421)	(94,348)	(28,096)	(705)	(317,215)	(310,529)
Impairment losses on trade and other Receivables	(8,896)	(590)	(6,141)	(433)	(422)	(29)	(15,459)	(1,052)
Net finance costs	(26,177)	(14,597)	(13,243)	(6,347)	(996)	(465)	(40,416)	(21,409)
Non-operating income	1,467	13,532	742	5,614	56	411	2,265	19,557
Reportable segment profit before tax	**752,824**	**789,675**	**303,667**	**242,976**	**5,740**	**24,943**	**1,062,231**	**1,057,594**
Segment assets and liabilities								
Non-current assets	979,827	968,838	824,877	747,007	351,502	351,361	2,156,206	2,067,206
Current assets	399,204	331,794	229,838	173,664	11,138	7,982	640,180	513,440
Total assets	**1,379,031**	**1,300,632**	**1,054,715**	**920,671**	**362,640**	**359,343**	**2,796,386**	**2,580,646**
Non-current liabilities	170,572	158,732	-	-	-	-	170,572	158,732
Current liabilities	340,063	396,585	197,503	213,713	109,440	114,112	647,006	724,410
Total liabilities	**510,635**	**555,317**	**197,503**	**213,713**	**109,440**	**114,112**	**817,578**	**883,142**

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 2018 or 2017.

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

6 Segment Information (Continued)

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

Information about Reportable Segments

	2018		2017	
	Non-current MVR "000"	Current MVR "000"	Non-current MVR "000"	Current MVR "000"
Total assets for reportable segments	1,804,704	629,042	1,715,845	505,458
Total assets for other segments	351,502	11,138	351,361	7,982
Other unallocated amounts	15,363	335,672	9,863	607,512
Total assets as per the statement of financial position	**2,171,569**	**975,852**	**2,077,069**	**1,120,952**

7 Revenue

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in Note 3. Due to the transition method selected in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

	2018 MVR "000"	2017 MVR "000"
Revenue from contracts with customers	**2,762,487**	**2,620,300**

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.

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	
	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"
Revenue by timing of recognition								
Products transferred at a point in time	118,473	67,092	105,268	75,299	3,636	5,352	227,377	147,743
Products and services transferred over time	1,658,181	1,698,737	817,214	725,037	59,715	48,783	2,535,110	2,472,557
Revenue with contracts with customers	1,776,654	1,765,829	922,482	800,336	63,351	54,135	2,762,487	2,620,300
External Revenue as reported in Note 6	**1,776,654**	**1,765,829**	**922,482**	**800,336**	**63,351**	**54,135**	**2,762,487**	**2,620,300**

C) Contract balances

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

	Total	
	31/12/2018 MVR "000"	01/01/2018 MVR "000"
Receivables (included in trade and other receivables)	232,470	186,885
Contract assets (included in trade and other receivables)	256,453	220,936
Contract liabilities (included in trade and other payables)	(95,741)	(89,360)

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.

The amount of MVR 2,510,651/- recognized in contract liabilities at the beginning of the period has been recognized as revenue for the year ended 31st December 2018.

No information is provided about remaining performance obligations as at 31st December 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

8 Operating Costs

	2018 MVR "000"	2017 MVR "000"
Direct cost of services	516,082	466,735
Personnel costs **(Note 8.1)**	225,791	218,052
License fees	115,207	113,133
Operating lease rentals	50,335	45,162
Support services	48,050	47,212
External publicity	53,480	56,902
Network costs	118,323	112,014
Property and utility costs	110,165	108,138
Professional fees	15,179	12,733
Other administrative expenses	76,819	69,192
	1,329,431	**1,249,273**

An impairment loss on trade receivables of MVR 1,052 thousand in the year ended 31st December 2017 was reclassified from operating costs to a separate line item in the statement of the profit or loss and comprehensive income pursuant to the adoption of IFRS 09.

8.1 Personal Costs

	2018 MVR "000"	2017 MVR "000"
Wages, salaries and performance reward scheme	205,329	197,007
Defined contribution expense	12,450	11,885
Other personnel costs	27,462	24,934
	245,241	**233,826**
Staff costs capitalized	(19,450)	(15,774)
	225,791	**218,052**

9 Other Income

	2018 MVR "000"	2017 MVR "000"
Net Gain on disposal of Property, Plant and Equipment	202	13,263
Miscellaneous income	2,063	6,294
	2,265	**19,557**

10 Net Finance Costs

The effect of initially applying IFRS 9 is described in Note 3

	2018 MVR "000"	2017 MVR "000"
Finance Income		
Interest income under EIR on Bank Deposits	7,405	9,920
Finance Costs		
Unwinding of discount on provisions	(11,840)	(12,445)
Foreign exchange loss	(35,981)	(18,884)
	(47,821)	(31,329)
Net Finance Costs	**(40,416)**	**(21,409)**

11 Tax Expense

	2018 MVR "000"	2017 MVR "000"
Income tax expense **(Note 11.1)**	164,760	160,624
Over provision for the previous year	(2,122)	-
Deferred tax asset recognized during the year **(Note 11.2)**	(5,500)	(590)
	157,138	**160,034**

11.1 Reconciliation between accounting profit and taxable income

	2018 MVR "000"	2017 MVR "000"
Accounting profit before tax	1,062,231	1,057,594
Disallowable expenses	375,414	355,327
Allowable expenses	(338,746)	(341,595)
Tax free allowance	(500)	(500)
Total taxable income	1,098,399	1,070,826
Income tax at 15%	**164,760**	**160,624**

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%.

11.2 Deferred Tax Asset

	2018 MVR "000"	2017 MVR "000"
Opening balance	9,863	9,273
Deferred tax asset recognized on temporary differences	5,500	590
Closing balance	**15,363**	**9,863**

11.3 Deferred Tax Asset is attributable for following:

	2018		2017	
	Temporary Difference MVR "000"	Tax Effect MVR "000"	Temporary Difference MVR "000"	Tax Effect MVR "000"
Property and equipment	(96,027)	(14,404)	(104,596)	(15,689)
Intangible assets	(13,338)	(2,001)	(9,347)	(1,402)
Provisions	211,786	31,768	179,696	26,954
	102,421	**15,363**	**65,753**	**9,863**

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% (2017: 15%).

11.4 Movement in Deferred Tax Balances

	Balance as at 1st January 2018	Recognized in profit or loss	Deferred Tax asset / (Liability) as at 31st December 2018
Property and equipment	(15,689)	1,285	(14,404)
Intangible assets	(1,402)	(599)	(2,001)
Provisions	26,954	4,814	31,768
	9,863	**5,500**	**15,363**

The balance as at 1st January 2018 does not include the effect of initial application of IFRS 9.

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 2018	2017
Profit for the year attributable to the ordinary shareholders (MVR "000")	905,093	897,560
Weighted average number of ordinary shares outstanding ("000")	76,000	76,000
Basic and diluted earnings per share (MVR)	**11.91**	**11.81**

13 Property and Equipment

31ST DECEMBER 2018	Buildings MVR "000"	Plant and Equipment MVR "000"	Vehicles and launches MVR "000"	Furniture and fittings MVR "000"	Capital Work In Progress MVR "000"	Total MVR "000"
Cost						
As at 1st January 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**

13.1

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

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

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 2017.

14 Intangible Assets

31ST DECEMBER 2018	Indefeasible Rights of Use MVR "000"	Licenses 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					
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**

14.1

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

31ST DECEMBER 2018	Indefeasible Rights of Use MVR "000"	Licenses MVR "000"	Softwares MVR "000"	Work-in-progress MVR "000"	Total MVR "000"
Cost					
As at 1st January 2017	45,084	16,030	160,740	71,771	293,625
WIP Additions during the year	-	-	-	110,303	110,303
Transfer from WIP during the year	2,609	7,650	19,063	(29,322)	-
Disposals during the year	-	(2)	-	-	(2)
As at 31st December 2017	47,693	23,678	179,803	152,752	403,926
Accumulated Amortization					
As at 1st January 2017	4,674	12,912	113,069	-	130,655
Amortization for the year	3,257	3,473	22,672	-	29,402
Disposals during the year	-	(1)	-	-	(1)
As at 31st December 2017	7,931	16,384	135,741	-	160,056
Carrying amount as at 31st December 2017	**39,762**	**7,294**	**44,062**	**152,752**	**243,870**

14.2

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 2017.

14.3

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 Inventories

	2018 MVR "000"	2017 MVR "000"
Cost of inventories	77,630	92,963
Less: Provision for slow moving / obsolete items **(Note 15.1)**	(22,114)	(19,833)
	55,516	**73,130**

15.1 Provision for Slow-Moving / Obsolete Inventories

	2018 MVR "000"	2017 MVR "000"
Opening Balance	19,833	15,574
Provision made during the year	2,281	4,259
Closing Balance	**22,114**	**19,833**

16 Trade and Other Receivables

The effect of Initially applying IFRS 15 and IFRS 9 is described in Note 3.

	2018 MVR "000"	2017 MVR "000"
Trade receivables	232,470	186,885
Contract Assets	256,453	209,356
	488,923	396,241
Less: Provision for impairment loss on trade receivables **(Note 16.1)**	(56,588)	(41,498)
	432,335	354,743
Prepayments	78,252	61,438
Other receivables	74,632	24,684
	152,884	86,122
Less: Allowance for impairment loss on other receivables **(Note 16.1)**	(555)	(555)
	152,329	85,567
	584,664	**440,310**

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

16.1 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. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39.

	Trade Receivables and contract assets		Other Receivables	
	2018 MVR "000"	2017 MVR "000"	2018 MVR "000"	2017 MVR "000"
Balance as at 1st January under IAS 39	41,498	67,437	555	555
Adjustment on initial application of IFRS 9	(369)	-	-	-
Balance as at 1st January under IFRS 9	41,129	67,437	555	555
Measurement of loss allowance for the year	15,459	1,052	-	-
Bad debt written off during the year	-	(26,991)	-	-
Closing Balance	**56,588**	**41,498**	**555**	**555**

Increase of the trade receivables and contract assets as a result of the growth of the business has resulted in increase of the allowance for impairment loss.

17 Cash and Bank Balances

	2018 MVR "000"	2017 MVR "000"
Cash in hand	6,368	15,767
Balances with banks	200,232	254,943
Short term deposits	129,072	336,802
Cash and bank balance in the statement of financial position	**335,672**	**607,512**
Short-term deposits with maturities exceeding three months (Note 17.1)	(19,696)	(182,623)
Cash and cash equivalents in the statement of cash flows	**315,976**	**424,889**

17.1 Short-term deposits with maturities exceeding three months

Current Investments		
Short term deposits - amortized cost	**19,696**	**182,623**

Short term deposits are classified as amortized cost (2017: Loans and Receivables) have interest rates of1.5% to 2.5% and mature within 6 months to 7 months.

18 Share Capital

18.1 Share Capial

	2018 MVR "000"	2017 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**

18.2 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.

	2018		2017	
	Per share MVR.	Dividend MVR "000"	Per share MVR.	Dividend MVR "000"
Dividend payment – 1st tranche	5.85	444,600	8.45	642,200
Dividend payment – 2nd tranche	5.96	452,960	5.96	452,960
		897,560		**1,095,160**

After the reporting date, the board of directors has proposed dividends which is disclosed in Note 26.

19 Provisions

	2018 MVR "000"	2017 MVR "000"
Network and asset retirement obligation **(Note 19.1)**	170,572	158,732

Movement during the year		
Opening Balance	158,732	153,109
Provision made during the year	-	8,600
Unwinding of discounts on provisions	11,840	12,445
Disposals made during the year	-	(15,422)
Closing Balance	**170,572**	**158,732**

19.1 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.

	2018	2017
Expected rate of increase of the dismantling cost	7.00%	7.00%
Discount rate	7.70%	7.70%

Sensitivity Analysis

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

	Effect on networks and assets retirement obligation	
	Increase	Decrease
Expected rate of increase of the dismantle cost (Change 1%)	631,280	(583,448)
Discount rate (Change by 1%)	(574,670)	633,127

20 Trade and Other Payables

	2018 MVR "000"	2017 MVR "000"
Trade payables	18,616	7,398
Contract Liabilities	95,741	85,750
Accruals and payables	390,299	494,443
Dividend payable	1,556	993
Refundable deposits from customers	22,460	19,685
Customer loyalty points	1,607	2,558
Other Payables	29,592	23,446
	559,871	**634,273**

21 Amounts Due to Related Party

	2018 MVR "000"	2017 MVR "000"
Bahrain Telecommunications Company BSC (Batelco)	1,638	1,359

22 Commitments

Capital Commitments

The Company had capital commitments at the end of the financial period relating to the purchase of property, plant and equipment and acquisition and development of intangible assets of MVR 80,191,099/- (31st December 2017: MVR 108,970,739/-).

Lease Commitments - leases as lessee

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

The leases have varying terms and escalation clauses.

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

Lease Commitments - leases as lessee

31ST DECEMBER 2018	Less than one year MVR "000"	1 to 2 Years MVR "000"	2 to 5 Years MVR "000"	Over 5 Years MVR "000"	Total MVR "000"
Future Operating Lease Rentals on Land and Buildings	37,877	31,005	73,138	185,825	327,845

31ST DECEMBER 2017	Less than one year MVR "000"	1 to 2 Years MVR "000"	2 to 5 Years MVR "000"	Over 5 Years MVR "000"	Total MVR "000"
Future Operating Lease Rentals on Land and Buildings	29,522	25,295	56,043	78,205	189,065

Leases as lessor

31ST DECEMBER 2018	Less than one year MVR "000"	1 to 2 Years MVR "000"	2 to 5 Years MVR "000"	Over 5 Years MVR "000"	Total MVR "000"
Future Operating Lease Rental Receivables on Land and Buildings	7,732	6,428	11,008	540	25,708

31ST DECEMBER 2017	Less than one year MVR "000"	1 to 2 Years MVR "000"	2 to 5 Years MVR "000"	Over 5 Years MVR "000"	Total MVR "000"
Future Operating Lease Rental Receivables on Land and Buildings	7,535	6,400	12,052	1,150	27,137

23 Financial Instruments and Risk Management

The effect of initially applying IFRS 9 on the Company's financial statements is described in Note 3. Due to the transition method selected, comparative information has not been restated to reflect the new requirements.

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 counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

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

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

	2018 MVR "000"	2017 MVR "000"
Impairment loss on trade receivables and contract assets arising from contracts with customers	15,459	1,052

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.

	Carrying Amount	
	2018 MVR "000"	2017 MVR "000"
Consumer Segment	132,809	92,427
Corporate Segment	124,155	81,920
Government Segment	33,570	22,459
Wholesale Segment	198,389	199,435
	488,923	**396,241**

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

Trade receivables and contract assets	488,923	396,241
Other receivables	26,084	24,684
Cash equivalents	309,608	409,122
Short term deposits	19,696	182,623
	844,311	**1,012,670**

Comparative information under IAS 39

Analysis of the Trade receivables of not past due and past due together with the related impairment amounts of each as at 31st December 2017 is as follows;

Impairment Losses	2017	
	Gross MVR "000"	Impairment MVR "000"
The aging of trade receivables as at the reporting date was:		
Not past due	40,620	-
1-30 days	44,131	379
Past due 31-180 days	52,245	9,503
More than 180 days	49,889	31,616
Total	**186,885**	**41,498**

Expected Credit loss assessment for the customers as at 1st January 2018 and 31st December 2018

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 December 2018.

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.

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 2018.

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 2018

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 a specific incremental impairment of MVR 1,194,780/- as at 31st December 2018 (1st January 2018: incremental impairment of MVR 1,442,056/-).

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 2018.

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 2018

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 a specific incremental impairment of MVR 1,283,209/- as at 31st December 2018 (1st January 2018: incremental impairment of MVR 2,565,711/-).

Wholesale 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 2018.

31ST DECEMBER 2018	External credit rating	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**

Expected credit loss assessment for individual specific wholesale customers as at 31st December 2018

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 be 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 5,213,037/- as at 31st December 2018 (1st January 2018: incremental impairment of MVR 4,319,406/-).

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. 315,975,549/- as at 31st December 2018 (as at 31st December 2017: MVR. 424,889,450/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

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

(ii) Liquidity Risk

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

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

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 related party	1,638	1,638
Total	**464,161**	**464,161**

31st December 2017	Carrying Amount MVR "000"	Within One Year MVR "000"
Financial Liabilities		
Trade and other payables	545,965	545,965
Amounts due to related party	1,359	1,359
Total	**547,324**	**547,324**

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.

(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 2018 (as at 31st December 2017: 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	
	2018 MVR "000"	2017 MVR "000"
Fixed Rate Instruments		
Short term deposits	**129,072**	**336,802**

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 2018 by MVR 2,616,565/- (2017 : MVR 1,891,625/-). This analysis assumes that all the other variables remain constant.

Exposure to currency risk

The Company is exposed to the risk of available foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions (US Dollars, Euro, Sterling Pounds and Singapore Dollars).

The Company receives certain collections such as roaming and interconnect in terms of foreign currency and on the other hand, the Company makes certain payments such as capex payments, dividends, out payments, roaming settlements, payments relating to group management in terms of foreign currencies.

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

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

31/12/2018	USD $ "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)**

31/12/2017	USD $ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and bank balances	15,096	401	25	2
Trade and other receivables	14,697	296	-	1
Amount due to related party	(88)	-	-	-
Trade and other payables	(16,433)	(742)	(13)	(137)
Net statement of financial position exposure	**13,272**	**(45)**	**12**	**(134)**

The following significant exchange rates were applied during the year:

	Average Rate		Spot Rate	
	2018	2017	2018	2017
US$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	18.76	17.91	18.07	18.87
SGD 1: MVR	11.77	11.49	11.57	11.83
GBP 1: MVR	21.21	20.43	20.10	21.25

Sensitivity Analysis

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

	Year ended 2018		Year ended 2017	
	Strengthening MVR "000"	Weakening MVR "000"	Strengthening MVR "000"	Weakening MVR "000"
US$ (10% Movement)	(16,547)	16,547	(20,465)	20,465
Euro (10% Movement)	(518)	518	85	(85)
SGD (10% Movement)	44	(44)	(14)	14
GBP (10% Movement)	705	(705)	285	(285)

(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 2018 (as at 31st December 2017: 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		
31ST DECEMBER 2018	Financial Assets at Amortized cost MVR "000"	Other financial liabilities MVR "000"	Total MVR "000"
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**

(v) Accounting classifications and fair values (Continued)

31ST DECEMBER 2017	Loans and receivables MVR "000"	Other financial liabilities MVR "000"	Total MVR "000"
Financial assets not measured at fair value			
Balance with banks	254,943	-	254,943
Short term deposits	336,802	-	336,802
Trade and other receivables and contract assets	378,872	-	378,872
	970,617		**970,617**
Financial liabilities not measured at fair value			
Trade and other payables	-	545,965	545,965
Amounts due to related party	-	1,359	1,359
	-	**547,324**	**547,324**

24 Related Party Transactions

24.1 Parent and Ultimate Holding Company

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

24.2 Transactions with BTC Islands Limited

BTC Islands Limited had a 52% shareholding in the Company as at 31st December 2018 (31st December 2017: 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:

	Year ended 2018 MVR "000"	Year ended 2017 MVR "000"
Transactions		
Dividends	466,731	569,483
Management fee	43,245	42,491
	509,976	**611,974**

24.3 Transactions with key management personnel

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 2018 MVR "000"	Year ended 2017 MVR "000"
Directors Fees	1,306	1,414
Salaries to Executives	14,909	15,009
Short term Benefits to Executives	4,473	4,503
	20,688	**20,926**
Balances outstanding		
Amount payable	**(1,638)**	**(1,359)**

24.4 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2018 (31st December 2017: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

Individually Significant Transactions	Year ended 2018 MVR "000"	Year ended 2017 MVR "000"
Transactions		
License fees	115,207	113,133
Rentals on land space	9,949	10,593
Dividends	375,205	457,808
	500,361	**581,534**
Balances outstanding		
Amounts payable in respect of rentals on land space	(5,336)	(4,125)
Amounts payable in respect of license payments	(10,528)	(10,347)
	(15,864)	**(14,472)**

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.

25 Board of Director's Responsibility

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

26 Events Occuring after the Reporting Date

The Board of Directors of the Company has proposed a final dividend of MVR 5.95 per share (total: MVR 452,200,000/-) 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 Raajjeygge Gulhun Plc
Dhiraagu Head Office,
Ameenee Magu P.O Box 2082,
Male' 20403, Republic of Maldives

Tel: +960 3322802
Fax: +960 3322800
Website: www.dhiraagu.com.mv
Email: 123@dhiraagu
investor-relations@dhiraagu.com.mv

Chief Executive Officer & Managing Director

Ismail Rasheed

Chief Financial Officer
Robin Wall

General Counsel & Company Secretary

Hazrath Rasheed Hussain

Asiath Rilweena served as the Company Secretary till her resignation in August 2018.

Hazrath Rasheed Hussain served as the Acting Company Secretary from August 2018 till the Board of Directors combined the roles of General Counsel and Company Secretary in February 2019.

External Auditors
KPMG

External Counsel
Mohamed Shahdy Anwar,
Partner, Suood & Anwar LLP

Laila Manik,
Attorney at Law