

DIRECTORS' CORPORATE GOVERNANCE REPORT

OVERVIEW

Dhiraagu places strong emphasis on doing business fairly, ethically and sustainably, and the Board strives to promote and establish effective governance mechanisms which will help foster the trust of our shareholders and stakeholders.

Our corporate governance principles are set out in the Company's Corporate Governance (CG) Code, which was designed to align with the local legal and regulatory framework as well as the Batelco corporate governance framework.

The Remuneration, Nomination and Governance (RNG) Committee of the Board is responsible to review the CG Code of Dhiraagu.

The Dhiraagu Board and executive management undertook measures to ensure that for the year ended 31 December 2014 and up to the date of publication of the annual report, Dhiraagu was compliant with the compulsory provisions of Capital Market Development Authority's (CMDA) CG Code. Explanations are provided for variations, if any.

The Dhiraagu CG Code approved by the Board is uploaded on our website and can be downloaded from <http://www.dhiraagu.com.mv/investor/>.

DHIRAAGU SHAREHOLDERS

LISTING INFORMATION

Dhiraagu was listed on the Maldives Stock Exchange on the 19th of January 2012.

SHAREHOLDING STRUCTURE

Dhiraagu's shareholding structure as at 31st December 2014 was as follows:

SHAREHOLDING	%	NUMBER OF SHARES	SHARE CAPITAL (MVR)
BTC ISLANDS LIMITED (BATELCO)	52.0%	39,520,000	98,800,000
GOVERNMENT OF MALDIVES	41.8%	31,770,150	79,425,375
PUBLIC	6.2%	4,709,850	11,774,626
TOTAL	100%	76,000,000	190,000,000

BTC Islands Limited ("Batelco") is a subsidiary of Batelco Group and holds 52% majority of Dhiraagu. The Batelco Group, listed on the Bahrain Bourse {Bahrain Telecommunications Company BSC (BATELCO)}, operates across 14 markets in the Middle East North Africa region and internationally. The Batelco Group serves the consumer, corporate and wholesale markets in Bahrain and also delivers cutting-edge fixed and wireless telecommunications services to its customers in Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island, and Falkland Islands.

The Government of Maldives holds 41.8% of Dhiraagu shares, and 6.2% are held by the general public.

As at 31st December 2014, the two substantial shareholders were Batelco Group and the Government of Maldives. There were no other individual or institutional shareholders holding more than 5% of Dhiraagu shares.

DIRECTORS' SHAREHOLDING

Directors with Dhiraagu shares and the number of shares held as at 31st December 2014 are:

DIRECTOR	NO OF SHARES HELD
IMRAN ALI	15,000
ISMAIL WAHEED	1,510
ABDULLA AHMED	150
RILUWAN SHAREEF	11
IBRAHIM SHAREEF MOHAMED	5

5 LARGEST SHAREHOLDERS

The Top 5 holders of Dhiraagu shares at the end of 2014 are given below. These shareholders together holds 97.8% (74,353,540 shares) of the 76,000,000 shares.

SHAREHOLDER NAME	NO OF SHARES	% OF ISSUED SHARE CAPITAL
BTC ISLANDS LIMITED	39,520,000	52.00%
GOVERNMENT OF MALDIVES	31,770,150	41.80%
MALDIVES PENSION ADMINISTRATION OFFICE	2,813,390	3.70%
CHAMPA BROTHERS MALDIVES PVT LTD	125,000	0.16%
ALLIED INSURANCE COMPANY OF THE MALDIVES LTD	125,000	0.16%

INVESTOR RELATIONS & SHAREHOLDER COMMUNICATIONS

Dhiraagu strives to provide clear, accurate and timely information to our shareholders, and uses different mechanisms to ensure information are communicated in a transparent and non-discriminatory manner.

DHIRAAGU WEBSITE – INVESTOR RELATIONS (IR) SECTION

The investor relations section of our website is updated on a timely basis and contains all key information on Dhiraagu together with the financial reports, public announcements and details of shareholder meetings, allowing investors to be kept abreast of the business and its performance.

QUARTERLY REPORTS

Dhiraagu publishes performance reports on a quarterly basis within 30 days of each quarter end. Quarterly reports highlights the quarterly financial performance, key products and services, Board activities and share trading activities. Quarterly reports are submitted to CMDA, Maldives Stock Exchange and the Privatization and Corporatization Board (PCB) and uploaded in the IR section of the website.

ANNUAL REPORTS AND FINANCIAL STATEMENTS

Dhiraagu maintains all recent annual reports and financial statements on the IR section of our website at all times

ensuring all material facts are available to shareholders prior to any votes.

ANNUAL GENERAL MEETING (AGM)

The AGM is the principal platform where we interact with our shareholders, and shareholder participation is encouraged. Notice of AGM is provided 14 days ahead with proxy guidelines for shareholders unable to attend in person. Draft minutes of the preceding AGM are opened for public comments prior to issuing the Notice to ensure shareholder concerns raised at AGMs are truly reflected.

AGM agenda includes a video presentation on the Company's performance during the reported year. The Chairperson, Directors and key officials are in attendance to address queries and concerns from shareholders. The External Auditor also attends to help address any queries relating to the external audit and auditors' reports. Resolutions passed at the AGM are announced and uploaded on the IR section of the website together with the minutes of the AGM approved by the shareholders.

INVESTOR RELATIONS (IR) TEAM

Dhiraagu has a committed team responding daily to enquiries from shareholders and stakeholders. Information on shareholding details and dividend history are promptly shared at shareholders requests. Dhiraagu's customer service hotlines and offices also supports the IR team by forwarding queries from shareholders to the IR team.

BOARD OF DIRECTORS

ROLE OF THE BOARD & THE CHAIRPERSON

Dhiraagu Board is responsible for establishing the Company's policies and strategies and for regularly monitoring the effectiveness of executive management in carrying out those policies and strategies.

Dhiraagu Board is headed by the Chairperson, ensures that the Board fulfills its obligations under the Company's Articles of Association and under the relevant laws and regulations, through effective leadership and guidance to the Board and the Company.

The Board delegated responsibility for day-to-day management of Dhiraagu to the Chief Executive Officer/MD.

RESPONSIBILITIES

The Board Charter was revised in 2014, and under the new Charter the responsibilities are to:

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

COMPOSITION & MEMBERSHIP

As per Dhiraagu's Articles of Association, the Board consists of 7 Directors appointed/elected as follows.

- 4 Directors appointed by Batelco (inclusive of the Chief Executive Officer and MD).
- 2 Directors appointed by the Government of Maldives (inclusive of the Chairperson).
- 1 Director elected by the public shareholders at the Annual General Meeting.

Appointments to the Board made by the majority shareholder (Batelco Group) and the Government of Maldives are made in writing to Dhiraagu and are signed on behalf of the respective shareholder. Directors appointed by the majority shareholder and the Government of Maldives hold office until removed in writing by the respective shareholder appointing them. The Independent Director is elected by the public shareholders and holds office from the AGM in which they are elected to the following AGM, provided that such Independent Director has either not resigned or has not been removed from office during the intervening period.

Board Directors who served Dhiraagu during the year 2014, with their lengths of tenure and attendance are given below. All the Directors, except the CEO/MD, are independent and non-executive Directors.

DIRECTOR	REPRESENTATION	TENURE	ATTENDANCE
CHAIRPERSON			
Riluwan Shareef	GoM	Jan 2014 - Feb 2015	5/5
DEPUTY CHAIRPERSON			
Murad Ali Murad ⁸	Batelco Group	Jun 2013 - Mar 2014	1/1
AbdulRazaq AlQassim ⁹	Batelco Group	Jun 2013 to date	4/5
CHIEF EXECUTIVE OFFICER & MD			
Ismail Waheed	Batelco Group	May 2007 to date	5/5

⁸ Murad Ali Murad served as the Deputy Chairperson from August 2013 to March 2014.

⁹ AbdulRazaq AlQassim was appointed as the Deputy Chairperson of the Board in May 2014 following the resignation of Murad Ali Murad from Dhiraagu Board.

NON-EXECUTIVE & INDEPENDENT DIRECTORS

AbdulRahman Fakhro	Batelco Group	Mar 2014 to date	4/4
Ihab Hinnawi	Batelco Group	June 2013 to date	5/5
Abdulla Ahmed	GoM	January 2014 to date	4/4
Imran Ali ¹⁰	Public Shareholders	May 2014 to date	2/2
Ibrahim Shareef Mohamed	Public Shareholders	August 2012 to May 2014	2/3

On 17 February 2015, the Government of Maldives appointed a new Chairperson and Non-Executive Director to the Board. The current Board composition is given in page 18 to 25.

BOARD COMMITTEES

In order to assist the Board in discharging its functions effectively, the Audit Committee and the Remuneration Nomination and Governance (RNG) Committee were active during 2014.

Each committee operates in accordance with defined terms of reference approved by the Board, and the chairperson and members for each committee are appointed by the Board. The Board ensured that the committees are provided with all necessary resources to enable them to undertake their duties in an effective manner, and had access to such information and advice, both from within the Company and externally, at the Company's cost as it deems necessary.

Board committee meetings are scheduled before the Board meeting and updates from the committees are part of the regular agenda of the Board meetings. The committee chairpersons presents all key committee highlights to the Board including items requiring Board decision and approval. Details of the work carried out by the individual committees are highlighted in the respective committee reports.

¹⁰ Imran Ali was elected by the Public Shareholders at the 25th AGM held on the 8th of May 2014.

BOARD MEETINGS

The Board is scheduled to meet once every quarter. The Board may also have meetings in between to address specific or urgent matters requiring Board direction and approval. Where appropriate, the Board liaises with senior management outside meetings, and consults with external advisers.

Board agendas are set in consultation with the Chairperson (representing the Government of Maldives) and shared with the Board Directors in advance providing major shareholders opportunities to include their views on the both agenda. The Board agenda also includes a permanent item for any other business where Directors are welcome to voice any pressing issues concerns that they have on behalf of the shareholders they are representing.

A total of five meetings were held in 2014. Attendance at the Board meetings from January 2014 to December 2014 are given in page 53 to 54.

KEY BOARD DECISIONS IN 2014

- Approved capital expenditure for the implementation of LTE/4G services.
- Appointed AbdulRazaq AlQassim as the Deputy Chairperson of the Board.
- Recommended the approval of the Annual Report for the period ending 31st December 2013.
- Proposed Final Dividend of MVR 5.73 per share for the year 2013 to the shareholders.
- Proposed nominations for the position of Independent Director.
- Proposed to re-appointment of KPMG as the External Auditors for 2014.
- Approved capital expenditure for the Nationwide Broadband Rollout Project.
- Declared MVR 4.50 per ordinary share as Interim Dividend for 2014.
- Approved the 5 Year Plan for 2015 to 2019.
- Revised the Treasury Policy.
- Approved the banks and limits for the Company.
- Revised the Credit Control & Collections Policy.
- Revised the Board Charter, Board committee charters and Dhiraagu CG Code.
- Revised the Board of Directors Remuneration Policy of Dhiraagu & the Board of Directors Performance Evaluation Policy for the Company.
- Approved the Annual Operating Plan for the year 2014.
- Adopted a new Dividend Policy.
- Resolved not to declare an Interim Dividend for 2014.
- Reconstituted members to Board committees.
- Approved capital expenditure for the upgrading of 3G services.

DIRECTORS DECLARATION

GOING CONCERN

The Directors believe that the Company's healthy financial standing, and position as the market leader leaves the Company well placed to manage its business risks in the current economic conditions. After reviewing the audited financial statements for the year ended 31st December 2014, Company's strategy and five year plan, the Directors confirm that the Company has the adequate resources to continue in operation for the foreseeable future. Accordingly, Dhiraagu will continue to adopt the going concern basis in preparing the financial statements.

CONFLICTS OF INTEREST

The Board is aware of the other commitments of the Directors and Directors are required to take all necessary steps to avoid actual, potential or perceived conflicts of interest and to be sensitive to situations in which these may arise. The Maldives Company's Act (Law no 10/96), the Company's Articles of Association, the Company's CG Code and Board Charter requires Directors to disclose any conflicts of interest and, in certain circumstances, to abstain from participating in any discussions or voting on matters in which they have a material personal interest. During the year no such issues arose, and all material related party transactions of the majority shareholders and all Directors are regularly reported and reviewed by the Board.

INTERNAL CONTROL, RISK OVERSIGHT, AND RISK MANAGEMENT

Dhiraagu faces an array of risks due to the complexity of our business and the business environment in which we operate. Risks are monitored, reported and addressed regularly throughout the year, with the Audit Committee assisting the Board in its oversight function. A 'Decision Matrix' approved by the Board is in place that sets approval limits for all business transactions and expenditures within our Company. A 'Risks Register' is maintained and reviewed by the Audit Committee. The Internal Auditor supports the Audit Committee, through an approved internal audit plan, which is monitored closely by the Audit Committee.

CODE OF CONDUCT

Dhiraagu places great emphasis on conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Dhiraagu has adopted internal policies which promotes ethical and responsible conduct. These policies provide guidance to the Directors, executive management and employees on the standards of ethical business and personal conduct required of all employees in undertaking their daily business activities.

Dhiraagu's Ethics Policy, adopted in September 2011, recognizes that Dhiraagu's success depends on the ability to establish and maintain positive relationships, both internally within employees and externally with its stakeholders. It specifies the ethical standards of behavior expected of all our employees in their interactions with each other, customers, suppliers, government, business partners and the wider community in which we operate and targets all staff to be familiar with the policy.

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

ANTI-CORRUPTION

Dhiraagu has a zero tolerance to bribery and corruption. The Anti-Bribery policy emphasizes the principles that employees need to follow to ensure they show integrity, honesty and remain trustworthy in all dealings. Dhiraagu refrains from making any political contributions either directly or indirectly to political parties, causes or individuals.

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

A Donations and Sponsorships Policy is also in place establishing a clear and transparent framework for all donations and sponsorships made by the Company. It complements the Anti-Bribery Policy in working against corruption

by implementing good governance and establishing a formal application, assessment, approval, notification and reporting process in accordance to the policy.

SYSTEM TO RAISE CONCERNS

A number of steps were taken during the year to strengthen the Human Resource governance structures within Dhiraagu. Formalization and communication of Fraud Reporting and Whistle Blowing Policy & Procedure, and the establishment of a Committee to prevent sexual harassment were among some of the key initiatives completed during the year raising confidence of our colleagues and other stakeholders in our systems and processes.

LEGAL AND REGULATORY COMPLIANCE

We have conducted our business in compliance with the legal and regulatory obligations under the Maldives Company's Act (Law No. 10/96), the Maldives Telecommunications Regulation 2003, the Securities Act (Law No. 2/2006), obligations under our operational licenses, the Maldives Stock Exchange Listing Rules and the CMDA's CG Code. With appropriate controls and governance procedures in place, the Company continues to comply with relevant laws, regulations and industry codes.

AUDITORS

The Audit Committee reviews the appointment of the External Auditor, as well as their independence and effectiveness. The Audit Committee also monitors their relationship with Dhiraagu, including the use of the External Auditors for non-audit services.

Since becoming listed on the Maldives Stock Exchange, the appointment of the External Auditor is confirmed by the shareholders at each AGM. KPMG have been the auditors of Dhiraagu for more than 10 years, and the Company has ensured that CMDA's requirements on audit partner rotation are strictly adhered to.

As required by the Company's Act and CMDA's CG Code, a formal tendering process was conducted to select an External Auditor for the financial year 2015. The Audit Committee is recommending the Board to propose the re-appointment of KPMG to carry out the statutory audit for the financial year 2015, for a maximum fee of US\$ 39,000 excluding out of pocket expenses and subject to GST of 6%.

BOARD NOMINATIONS

Pursuant to the Articles of Association, and the Corporate Governance Code of Dhiraagu, only the Directors elected by the public shareholders (excluding Batelco Group and Government of Maldives) is proposed for election at the AGM. The RNG Committee manages the nomination process, and reviews the eligibility of the candidates.

For the year 2015/2016, Imran Ali was the only eligible candidate who applied for the position. To avoid any conflicts of interest, the RNG Committee referred the matter to the Board. The Board recommends that public shareholders elect Imran Ali to hold office from 16th April 2015 until the next AGM.

26TH ANNUAL GENERAL MEETING (AGM)

The 26th AGM is scheduled to be held on Thursday, 16 April 2015 at the Hotel Jen, Male', Maldives. Details of the timings and proposed resolutions will be communicated in the Notice of AGM.

DIVIDENDS

The Board is recommending a final dividend of MVR 4.72 per ordinary share for shareholder's approval. Registered ordinary shareholders at the close of business on 9th April 2015 will be eligible for this dividend. This final dividend together with the interim dividend of MVR 4.50 paid out during 2014 makes a total dividend payment of MVR 9.22 per ordinary share for the year ended 31 December 2014.

DECLARATION OF INTEREST

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

This Annual Report 2014 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.

There were no service contracts of the Director proposed for election at the upcoming AGM unable to be determined by the Company within one year without payment of compensation (other than any statutory compensation); and

There were no contract(s) of significance subsistence 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 27 "Related Parties Transactions" of the Audited Financial Statements as at 31 December 2014.



Mohamed Ashmalee
Chairperson



Ismail Waheed
Chief Executive Officer &
Managing Director